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EU-Russia relations: unfortunate continuity

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Introduction:

The year 2008 was widely expected to bring the positive momentum into the relations between Russia and the European Union. After Dmitry Medvedev, with his relatively liberal and legalist reputation in the West, replaced Vladimir Putin as the president of the Russian Federation, hopes for the Russian-European rapprochement featured strongly in various quarters of Brussels and some capitals of EU member states. In June the bilateral summit welcomed the launch of the negotiations on a new framework agreement that had been blocked for almost two years by the European side.

However, the reality, and a very dynamic one, turned out to be different from expectations. Domestically, Russia did not demonstrate any signs of liberalization which could have positively affected the bilateral dialogue and have signaled Moscow's readiness to narrower the so-called value gap, the existence of which makes the "strategic partnership" not too credible a declaration. Instead of reforming the system of governance, the new president limited himself with pushing through the legislation that extended presidential and parliamentary terms of office.

Externally, Russia for the first time in its post-Soviet history used the military power outside the own territory in order to achieve the forceful change of borders of another state, Georgia, a full-fledged member of the UN. In the aftermath of the conflict, president Medvedev announced a new foreign policy doctrine that included the claim of "zones of privileged interests". EU qualified Russia's actions as unacceptable, even though this qualification was more of a moral nature and did not entail practical consequences.

Finally, in January 2009, as a result of the Russian-Ukrainian gas crisis, logically following from a totally non-transparent system of gas trade and transit on the territory of the former Soviet Union, Europe found its energy security threatened. With Russia losing the reputation of Europe's reliable energy supplier, the key concept of an emerging energy community that could serve as a cornerstone of the bilateral partnership suffered a severe blow.

All these developments suggest that the process of mutual alienation of Russia and Europe not only did not stop. It has accelerated, all bureaucratic rhetoric and, more importantly, mutual economic interest notwithstanding. As Dmitry Trenin, the Director of the Moscow Carnegie Center argued in January 2009 in respect to both America and Europe, Russia is increasingly isolating itself from its once-potential Western partners.

In the short term the chances for the reversal of this trend are not very strong. There are at least three large sets of issues, which in the immediate future will render a negative impact on the prospect of creating a sustainable partnership between Russia and Europe. Those are Russia's rather uncritical self-perception vis-à-vis EU, a very long list of bilateral controversies and contradictions, and worsening mutual image.

Russia's growing self-confidence

Perhaps, nothing can illustrate better the evolution of the Russian assessment of EU and the relationship between the two parties that took place in the Putin era, than the comparison of definitions contained in Russia's Foreign Policy Concept of 2000 and in a similar document that replaced it in 2008. The former considered Russia-EU relations to be "of key importance" for Moscow. Its successor document treats the EU as "one of the main trade-economic and foreign policy partners".

The downgrade from "key" to "one of", especially taking into account that meanwhile the EU has enlarged and increased its share in the Russian trade from approximately one third to over a half, might seem hard to explain. However, the reasons that justify Russia's current analytical approach do exist. They can be found not only in the fact that after years of oil boom Russia started to view itself as economically stronger and more successful than it actually was with all its enormous economic, social and demographic problems, but also in a number of diplomatic victories which Moscow has obtained, or thought to have obtained, when dealing with the West, and in an emerging perception of EU as a whole as a weak and incapable foreign policy player.

As far as European actors are concerned, the following moments have to be taken into consideration. First, in the middle of the current decade Russia has successfully taken its internal order off the Russian-European agenda. With the help of a rather influential European school of thought, Moscow effectively promoted the line of being an "imperfect democracy" and lobbied for the prioritization of pragmatic interests over liberal values. Whereas the question whether or not Europe's consent not to lecture

Russia on its internal affairs helped the former to pursue those interests remains largely rhetorical, Moscow got an impression that in reality values did not matter for Europe. Rather, they were a bargaining chip which could be traded for economic or other concessions.

Second, in practical diplomacy, Russia learned to use the existing legal frame very selectively, not feeling obliged to comply with the whole body of mutual agreements, and EU acquiesced to that practice. Similarly, Russia prioritized bilateral ties with several EU member states so openly and transparently that it has almost legitimized the right to circumvent Brussels, when necessary.

Third, by design or by default, thanks to the newly-discovered attraction of the Russian wealth, Europe let the borders of morally acceptable in this relationship to be blurred. Coming to Russia, certain European business players found it totally possible for themselves to play by the rules of one of the most corrupt countries in the world, the domain of “legal nihilism”, in the words of the own president, thus perpetuating rather than improving the system. Furthermore, prominent European public figures performed paid services for Russian state companies and for this reason could hardly be considered impartial actors.

Against this background, 2008 should have apparently further increased Russian self-confidence towards the West in general and Europe in particular. In April, the NATO summit in Bucharest had to accept the position of several key European allies and deny Ukraine and Georgia the accession to the Membership Action Plan. The decision itself was logical, if not the only possible, as long as Ukraine was lacking the internal popular support to join NATO and thus democratic legitimacy of the application, while Georgia did not have peaceful borders with all its neighbours. But interpretations were allowed to circulate that Russia, indeed, had been given back the de facto veto power on the expansion of Euro-Atlantic institutions on the territory of the CIS, and this could only add to the assertiveness of Russia’s political line.

The outcome of the Russian-Georgian conflict strengthened the impression that Russia had regained exceptional rights in the post-Soviet space. After a short period of consideration, the European Union returned to the business almost as usual in its relations with Russia. The bilateral summit was not suspended, and the negotiations on the framework agreement continued. It makes little sense to discuss whether or not the EU had another option. It is quite conceivable that in practical terms the EU had enough reasons to be satisfied with the achieved compromise and the withdrawal of Russian troops from Georgia proper. Yet, for this analysis it is still worrying, as Charles King from Georgetown University in Washington has concluded, “that the Kremlin and average Russians can now imagine a world in which they do not have to care”.

On a separate note, a protracted political crisis in Ukraine was extremely encouraging for Moscow in the context of its European policy. The failure of the Orange forces to create an effective and transparent system of governance simultaneously brought to life a new wave of Ukraine-fatigue in Europe and helped Moscow to overcome an aftertaste of a painful foreign policy debacle that it had been suffering from 2004.

It is difficult to say so far, to what extent the outcome of the Russian-Ukrainian gas crisis of January 2009 have affected Moscow's self-confidence. On the one hand, Russian leaders seem to be concerned with both economic and reputation losses inflicted by the conflict and have to realize that this time the interests of "Europe proper" were at stake which is bound to have consequences. On the other hand, for as long as Ukraine remains outside Europe's perimeter of energy security, Europe's common energy policy is nascent at best and alternative routes of supply are non-existent, the situation is far from having dramatically changed.

The economic crisis at some point may have an impact on Russian approaches to European policy and make them more cooperative, but this will take time. Until then, it is much more likely that Moscow will not lose the ability to say "No" to Europe firmly and without hesitation, when it will see the need to do so.

Agree to disagree?

Meanwhile, the list of disputes on the bilateral agenda is becoming longer, not shorter. Even individually, these issues contain a lot of conflict potential, but when taken together, they may certainly make the negotiations of the new framework agreement a mission impossible, unless the sides agree to sign not a comprehensive treaty, but a meaningless political declaration. Major controversies concentrate around four areas.

First, it is the energy sphere, once seen as a catalyst of strategic partnership. Already before the most recent Russia-Ukrainian gas crisis it has been in state of a tug-of-war. European investors are interested in access to the Russian upstream market, which is, however, essentially closed for outsiders, except for some *ad hoc* individually negotiated deals. Russian companies, in turn, would like to come into European downstream and distribution markets, but face the resistance of both local monopolies, which are understandably unwilling to lose own profits, and all-European actors, which are concerned that external companies that can draw on the resources of their respective states, may receive unfair benefits if European markets are fully open. Russia enjoys a near monopoly on the transit of Central Asian energy resources and refuses to ratify the transit protocol to the Energy Charter, which would facilitate Europe's access to the region. In fact, Ukraine's gas transportation system is the only one in the region that the Russian gas monopoly *Gazprom* does not control, and that is an important element in the whole equation.

But most important, perhaps, is the fact that Europe no longer believes that Russia with its stagnant oil and gas production will remain a reliable long-term supplier. As stated in the Review of the EU-Russia relations prepared by the European Commission in November 2008, Russia's "disputes with transit states as well as insufficient upstream investment in the face of expanding demand raise concern about future supply". Given this concern, Europe has no choice but to diversify supply, which only promises more controversies. A competition between the *Nabucco* project that is gaining support in the EU and Russia-lobbied *Nord Stream* and *South Stream* pipelines (in the bottom of Baltic and Black Seas) may under certain circumstances grow into a real stand-off with political implications.

Second, Russia and EU cannot agree about the future of their common neighbourhood. Although the European Union would apparently not like to provoke Russia with its actions eastward from EU post-enlargement borders, it has no other choice but to increase, rather than decrease its regional activity. EU has to realize, that without profound transformation of the region and its incremental *de facto* inclusion into European economic and even legal space it will not be able to overcome the existing wealth gap and deal with multiple soft security challenges. Similarly, EU cannot accept the sphere-of-influence thinking.

Europe has been supportive of reforms in Ukraine, which demonstrates firm European aspirations. EU has been consistent in its demands of liberalization of the regime in Belarus, and this consistence started to bear fruit paving the way for the now on-going foreign policy reorientation of Minsk. The Union is acting as a donor for Georgian post-war economic recovery. And, finally, it has launched several regional initiatives, the most recent of which, the Eastern Partnership, is radical enough to reserve for Russia a position of a non-participant and outsider. There is little doubt that Moscow will consider all these actions as signs of a new quasi-geopolitical rivalry and take counter-measures, using a wide arsenal of instruments that it possesses vis-à-vis the region.

Third, rather then moving towards the common space of external security, Russia and Europe continue to argue about most topical issues of European security. The Kosovo controversy was an important bifurcation point. The US and most EU member states, when lacking a persuasive argument to overcome Russia's opposition to the independence of the territory, simply ignored Moscow's protest and presented it with a *fait accomplit*. This was simply mirrored in Russia's decision to recognize independence of South Ossetia and Abkhazia. Unilateral rather than concerted actions have thus become a new norm.

A Russian initiative to re-negotiate the overarching security order in Europe, even though it was not received negatively, may also eventually become a point of contention. The rationale for this initiative is not fully understood in Europe. Does Moscow intend to weaken the potential of existing organizations like OSCE, with which it is not happy due to its activity to promote democratic institutions? Is the intention to decrease the role of US and NATO in the continent? Is the idea to return Europe towards the security architecture of the late 1980-s, when two military alliances were engaged into some kind of a "relationship of equals"? Whatever thinking is behind, it is quite obvious that Russian dissatisfaction with the current security order runs contrary to the prevailing European views and in a symbolic way distinguishes two parties, not brings them closer.

Finally, EU-Russian relationship currently encompasses among other things a number of bilateral controversies. It is unavoidable that bilateral disputes are and will be finding their ways to the common agenda, because individual EU member states now have all institutional instruments to make this happen. But if in the first post-enlargement years this observation would mostly concern new member states – it's enough to recall the Polish veto on the start of negotiations of the new framework agreement linked to the Russian ban on imports of Polish meet or the Russian-Estonian crisis around the statue of the Bronze Soldier - recently some other bilateral disputes also surfaced. For instance, Russia's export restrictions on wood that hit hard the Finnish industry became a matter of concern for the Commission officials.

The image problem

All this has already seriously affected the mutual images of Russia and the European Union. In Russia, the EU has long ago ceased to be seen predominantly through the prism of partnership. Today, even in the expert community, it is often argued that EU policy is aimed at securing Russia's unilateral concessions in trade, economy and politics. Prime Minister Vladimir Putting, speaking at the Swiss Davos in January 2009, urged Western entrepreneurs to stop the "colonial practice", which apparently is his vision of the Western policy towards Russia. And it is worth repeating that as far as the common neighbourhood is concerned, Europe is seen as playing a zero-sum game versus Russia.

In turn, in Europe the image of Russia, once associated with reforms and emergence of democratic institutions, however weak, has been changed for the opposite. European media now focuses a lot on murders of opposition figures, actions of the riot police against protesters, legal cases that Russian citizens bring to the attention of the court in Strasbourg having failed to find justice in the own country etc. The general tone of comments concerning Russian authorities is skeptical, if not openly negative. And again, if until recently accounts of Russia's de-democratization were often accompanied with the praise of "stability", now that the low energy prices are ruining Russia's finances, even most Russia-friendly commentators are very cautious to predict it a cloudless future.

The value gap is an underlying issue here. European practitioners and especially the business community ignored it for some time, but not the European society as a whole. And in strictly operational terms its political representatives are likely to ask, for example during a possible parliamentary ratification procedures, whether today's EU, which after all is a value-based community of nations, can have a strategic partnership - let alone relationship of integration – with a state that does not adhere to the same principles. Recent attempts of the EU representatives to re-introduce the value issue by means of reminding Russia about its commitments in the Council of Europe and the OSCE is a response to the concerns of the society.

Is there a way out?

This analysis surely sounds extremely discouraging to all those who would like to promote a genuine partnership between Europe and Russia. Furthermore, it seems to be in a clear dissonance with the sound analytical premise that EU and Russia have common or at least converging interests. No doubt, the energy interdependence will remain a fact of life. Both Russia and EU face an increasing competition from other centers of power and might be interested to cooperate in addressing this challenge together. Russian people feel strongly the attraction of Europe, which was manifested in exponential growth of travel, educational exchanges, even property purchases and practically unproblematic integration of now millions of Russian citizens in European countries. In turn, Russia's modernization is hardly possible without European markets, technologies and investment. To put it shortly, the considerations that dictated the policy of "Russia's European Choice", declared during the first presidential term of Vladimir Putin, and an ambitious agenda of bilateral rapprochement, have not lost their validity.

The problem, however, is that they will not be translated into policies automatically. For this to happen, the Russian foreign policy elites which have in recent years consolidated in support of a tougher, conservative line towards Europe, would have to re-think their approaches.

The economic crisis may do its part of the work. The last months of 2008 demonstrated that the “energy superpower” was much more vulnerable to the market fluctuations than it was ready to admit originally, that instead of becoming a financial safe haven Russia experienced the capital flight on an unprecedented scale, and that the indebtedness was also running in one direction, from East to West.

But this is only part of the solution. The rest should be done by Europe. As a Finnish researcher Hiski Haukkala argued, when extending the hand of partnership to Russia, which it should do again and again, the EU through its own actions should “make it clear to Russia that it deserves respect and needs to be taken seriously”. EU has to restore self-confidence and cohesion of its policy. Otherwise all positive hopes and expectations will be futile.

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