Relations between the European Union and Russia: Recent Developments and Options for the Future

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Introduction

Relations between the European Union (EU) and the Russian Federation have become increasingly problematic over the past year and a half. There have been a growing number of significant disagreements on issues such as Kosovo, the Treaty on Conventional Forces in Europe, the planned US missile defense system in Poland and the Czech Republic, the future role of the OSCE, etc. In addition, Russian relations with a series of EU countries (Poland, Estonia, and the UK) have deteriorated, although in some cases there are signs of recent improvement. Furthermore, developments in Russia have starkly called into question the assertion that the relationship is based on common values. At the same time, economic relations have continued to improve, with both imports and exports between the two parties growing rapidly since 2000.

The difficulties in the relationship have led to a relative stagnation in developments, in particular on the most visible political level. This stagnation has been brought about in part by the intergovernmental nature of EU foreign policy, which has allowed one member state (Poland) to veto the start of negotiations on a new Partnership and Cooperation Agreement (PCA) between Russia and the EU. The previous PCA was scheduled to expire in December 2007, but was automatically extended for one year as neither of the two sides expressed a desire to abandon the agreement. Currently the path seems clear for Poland to rescind its veto, although Lithuania may assume the previous Polish role in blocking negotiations due to energy-related concerns and the unexplained disappearance of a Lithuanian businessman on Russian territory (Bonse 2008).

On the one hand, this state of affairs highlights the influence of individual EU member states in shaping the Union’s relations with Russia, as well as the harsher attitude toward Russia represented by some of the new member states. On the other, however, this “solidarity” is not the whole story, nor even its main theme. After all, despite the stalled relations, on the economic level the EU-Russia contacts have continued to intensify. Nor have there been more than pro forma calls for a new PCA on either side since the automatic renewal of the existing agreement in late 2007, although the EU harbors hopes that negotiations could symbolize a fresh start to relations under President Dmitrii Medvedev. It seems, however, fair to conclude that the inability to negotiate a new PCA has actually provided a more or less welcome respite on both sides from tackling a new agenda for EU-Russia relations. The goal of this paper will be to explore why addressing this agenda has become so difficult, and to point out, in light of the explanations provided, where the relationship might go from here.

In order to understand the difficulties in rejuvenating the relationship and to seek for viable paths to its improvement, it is necessary to review three clusters of factors which affect the EU-Russia situation. First, the broader international context, with particular attention to the changing roles of the US and China. Second, developments within the EU, including the evolution of the Common Foreign and Security Policy (CFSP) and the consequences of the 2004/2007 enlargement. Third, Russian foreign and domestic policy developments, which have culminated most recently in the selection of Dmitrii Medvedev as the next Russian president. An analysis of each of these factor clusters in turn will shed light on the current problems in EU-Russia relations and point to potential future scenarios for their development.
International context

EU-Russia relations do not take place in a vacuum, but are situated within the complex and dynamic context of contemporary international relations. This context, and the differing manner in which it is perceived by EU actors on the one hand and Russian actors on the other, affect the foreign policy behaviour of both Russia and the EU, and thereby their interactions with one another. Three aspects of this context will be addressed briefly in order to determine their impact on EU-Russia relations: the changing role of the US, the increasing significance of Asia in general and China in particular as an international actor, and the developments in the “common neighbourhood” shared by Russia and the EU.

The changing role of the US: On the one hand, expectations regarding the role the US should play have grown, due to the collapse of the USSR and the inability of the EU to take on a coherent foreign policy persona. On the other, the US foreign policy agenda under George W. Bush has raised significant questions about the continuing ability and authority of the US as the “world’s policeman”. Externally the US has been seen largely as a failure in Iraq and to some extent in Afghanistan as well. Its primarily military approach to the self-declared “war on terrorism” has been severely tested. Domestically the foreign criticism has increasingly penetrated, but more importantly US citizens have started to question the sense of enormous foreign policy and defense spending at the cost of internal social programmes and economic stability (Conetta 2007). The recent subprime mortgage crisis has thrown these questions into greater relief. Both the selected foreign policy emphasis and the escalating domestic problems have meant that the US has paid relatively little attention to Russia in recent years, and the declining US image has encouraged Russian policymakers in their belief in an evolving multipolar world in which Russia can play an important role (see below).

At the same time, the roles of other actors in the international arena have been changing as well. The real and perceived changes in the EU and Russia as foreign policy actors will be discussed below. However, the significance of the growing Asian and especially Chinese role in international relations should be briefly touched upon here, largely because the role of China is of crucial importance to the Russian Federation and has a significant impact on Russian relations with the EU. Many analysts have emphasized the economic and political potential of China for a number of years now. However, seen in conjunction with the collapse of the Soviet Union and, more recently, with the above-described crisis in authority and impact of the US on the global arena, China’s role has become more essential. First of all, China has become a potential Russian ally which theoretically represents an alternative to deeper cooperation with the EU. Second, however, China has become a competitor to Russia, in particular with regard to influence in Central Asia. In the energy, security and demographic spheres China can be seen as a potential threat to Russian territory and ambitions. Thus the relations between Russia and China are based on an extremely ambivalent foundation (see Kuchins 2007). Increased if somewhat problematic cooperation with India has sometimes been seen as another pillar of Russian foreign policy in Asia. However, China’s future trajectory and its relations with Russia are likely to be much more significant than developments concerning India, both due to the enormous potential of China and to its geographical location, including a long border with Russia.

The “common neighbourhood” of Russia and the EU refers to the countries of the western CIS (Ukraine, Belarus, Moldova) and those of the South Caucasus (Armenia, Georgia,
Azerbaijan). These countries (with the partial exception of Belarus) are included in the European Neighbourhood Policy as of 2004, and share a recent heritage as former Soviet republics (Commission 2004). During the 1990s these states were neglected both by a Russia struggling to emerge from the remains of the Soviet Union and by an EU increasingly focused on Eastern enlargement. After 2000, however, the EU began to look toward those states it would begin to border following enlargement in 2004, while Russia began to rediscover the potential inherent in the neighbouring countries. While this rediscovery has frequently been labelled in the west as a pragmatic and economically focused shift in Russian policy toward the former Soviet republics, political elements have never been absent, and it has become increasingly difficult to perceive any coherence in the Russian approach toward its quite varied neighbours. The countries “in between” have become starkly differentiated with regard to foreign policy orientation, internal political and economic development, and presence or absence of “frozen conflicts” and energy sources or transit routes (see Wipperfürth 2007). The increased attention to this area by both Russia and the EU in the course of the past decade or so has created a partially real and even more strongly perceived (in particular by the Russian side) competition for influence, which has not fostered the emergence of common initiatives or even institutionalized dialogue between the EU and Russia on goals and paths of development in the shared neighbourhood (see e.g. Samokhvalov 2007). This has led to a variety of strategies in the region for coping with the differing demands and approaches of both Russia and the EU, which have covered the entire spectrum from one-sided support for the west (Georgia) to primary reliance on Russia for economic and political protection (Belarus).

Thus the diminishing but still key role of the United States, the emergence of China as a potential new pole in a developing multipolar constellation, and the unsettled nature of developments in those countries between the EU and Russia have all contributed to creating an international environment in which Russia and the EU must (re)define and pursue their relationship with one another.

**Developments within the European Union**

In order to understand why the EU has been a difficult partner for Russia, and not only the other way around, it is necessary to return to the 1990s. The EU approach to dealing with the collapse of the Soviet Union proceeded in concentric semicircles which moved ever further eastward. The first of these was limited to the reunification of Germany within the frameworks of the EU and NATO. The second was the so-called Eastern enlargement, which took significantly longer and occupied many of the EU’s resources, including those which had previously been available for dealing with external relations. The third encompassed those countries on the eastern flank of the EU which were included in the European Neighbourhood Policy (ENP). While EU activity within these three circles was closely related to EU-Russia relations, it did not comprise an EU Russia policy, and in fact reduced the likelihood of the emergence of such a policy by placing the emphasis on geographical areas closer to the EU.

Certainly there were some elements of a policy toward Russia, most notably the Partnership and Cooperation Agreement (PCA), which was signed in 1994 but came into force only in 1997, and the 1999 Common Strategy on Russia. These were supplemented by the introduction of four “common spaces” of cooperation between the EU and Russia, which

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1 For this insight I am indebted to Piotr Buras.
were agreed upon in 2003 and fleshed out in 2005. The Common Strategy expired in 2004 and was not extended. Thus the cornerstones of the current relations are the PCA, which, although automatically prolonged for a year in late 2007, is clearly obsolete in some of its provisions, and the common spaces, in which progress has been relatively slow. In comparison to the enlargement process and its ongoing consequences, and to the development of the ENP, relations with Russia appear somewhat neglected. The response of the EU to the inadequacy of some components of its policy toward Russia has been to refocus its energies elsewhere, rather than to address the problems directly.

The impact of the Eastern enlargement on the EU did not cease in May 2004 (or in January 2007 for Bulgaria and Romania), once the accession process was completed. Rather, the process of adjustment to an EU of 27 members was only just beginning. This process has political, economic and social aspects. In the political realm, the focus has been on creating mechanisms which allow the EU to function effectively with almost double its pre-2004 membership. The attempt to pass a Constitutional Treaty, which was supposed to address the issue of effective functioning, failed at the referendum stage, ushering in a phase of internal stock-taking in mid-2005 which did not leave much room for developing grand strategies in external relations. This “pause for reflection” lasted approximately two years and was eventually ended by the process which led to the signing of the Lisbon treaty in December 2007.

The economic and social aspects of the enlargement process can only be touched upon here. One of the greatest impacts has concerned cohesion policy, as some previous net recipients are now net contributors, despite an overhaul of the policy which helped mitigate the effects of enlargement (The New EU Cohesion Policy, no date). Those countries which believe they have lost monetarily due to enlargement are understandably not interested in yet another wave of countries joining in the near future. With regard to social aspects, initial fears of significant migration from the new to the old member states, which could place a disproportionate burden on the latter, led to regulations allowing states to restrict the flow of migrants for up to seven years. On the whole concerns about large migration flows have proven unfounded, and the consequences of an increased influx of migrants have been both positive and negative (Drew/Sriskandarajah 2007). Nonetheless, the Eastern enlargement is still being “digested” on a variety of fronts, leading to a continued “enlargement fatigue” in certain circles and among some population segments. The membership prospect consistently offered to the western Balkan countries has not been jeopardized, however, and Turkey remains a candidate country, although its ultimate membership is by no means definite. Among the neighbourhood countries, especially Ukraine is on a path of ever closer association, but membership has not officially been declared an option by the EU, and Ukrainian domestic conditions make it unlikely in the near to medium term at any rate. Ostensibly separate from, but in fact intricately interlinked with the enlargement process is the Kosovo question, which has 1) recently engaged the external relations capacity of the EU to a large extent, 2) demonstrated the EU’s failure to reach foreign policy consensus and 3) complicated relations with Russia.

Should the Lisbon treaty eventually enter into force, the CFSP would be somewhat strengthened (Fondation Robert Schuman 2007: 22). The most visible change would be the introduction of a High Representative of the Union for Foreign Affairs and Security Policy, who would unite in his/her person the positions of the current external relations commissioner and the High Representative for Common Foreign and Security Policy. The new High Representative would also be Vice-President of the Commission and would be allocated additional personnel in the form of the European Diplomatic Service. In addition, the President of the Council will be elected for two-and-a-half years, instead of the current system
of rotation every six months. In the external relations sphere this could also give the EU a more coherent face. However, “[w]hatever changes the Lisbon treaty might precipitate in the EU’s foreign and defense architecture, the institution will remain an intergovernmental organization -- meaning that fundamental differences among its important members will continue to vitiate its external influence” (Weitz 2008). The treaty thus represents the next step in a series of incremental changes to increase the coherence of European external relations. However, these steps have not yet reached the threshold of being able to provide coherence in cases where the member states are in strong disagreement about the proper policy tenets, as is the case with regard to Russia.

The situation concerning the EU’s Russia policy is more complex than often assumed. The frequently heard distinction between the “old” member states with a more tolerant view of and desire to engage Russia versus the “new” members in the east with a more negative view of and desire to contain Russia is too simplistic. Each of these two groups encompasses a variety of approaches. The pre-2004 member states cover a wide spectrum. Some, such as Portugal, have little interest in or contact with Russia. Among those with an active Russia policy, differences are significant. While Germany stresses engagement with Russia and has a particularly vibrant trade relationship, the UK has been somewhat more skeptical of Russian aims, although open to cooperation. France has pursued an essentially friendly but limited policy toward Russia, while Finland has attempted to involve Russia in multilateral frameworks such as the Northern Dimension out of its own security concerns. Within the new member states, approaches have ranged from pragmatic support for Russian concerns, usually based on energy dependency, to harsh criticism of Russia’s domestic and foreign policy behaviour. Poland has been the most visible critic of the Russian regime, vetoing the start of negotiations on a new PCA, and the “bride soldier” issue in Estonia pitted that country even more firmly against Russia in the short term. However, Hungary has tended more toward a certain degree of cooperation, as seen most recently in its agreement with Russia on the South Stream pipeline, and Bulgaria has taken a similar position. Thus the widespread impression of highly differing takes on Russia across the EU is correct, whereas the division into two camps needs to be differentiated, in terms of both geography and degree (Leonard/Popescu 2007; see also EU-Russia Centre 2007).

Similarly to the enlargement process, the implementation stage of the ENP requires even more attention and resources than the conceptual and introductory stages. The differentiation of the policy across countries, which was inherent from the beginning, has started to take concrete shape and requires time and effort to achieve. The negotiations with Ukraine on an “enhanced agreement” are the best example of this. In addition, the Black Sea Synergy Initiative, which was introduced in 2007, essentially functions as a regional component of the ENP (Commission 2007). At the end of 2006 the ENP was assessed and a new and expanded version, dubbed “ENP plus”, was proposed by the Commission (Commission 2006). Finally, above and beyond the ENP, the EU interest in Central Asia was institutionalized through the strategy approved during the German EU Presidency in the first half of 2007 (The EU and Central Asia 2007). With regard to Russia, the initial idea to include it in the ENP was rejected by Russia itself, which did not accept being placed in the same category as the other CIS countries. Basically, no further EU initiatives were taken with respect to Russia after the failed attempt to include it in the ENP, although the European Neighbourhood Partnership Instrument does allow funding to be allocated to Russia. Thus no new basis for the EU-Russia relationship has been created, although both the international context and Russian behaviour at home and abroad have changed significantly over the past few years.
At the same time, the institutional capacity of the EU to perform as a foreign policy actor has been evolving since the Maastricht treaty incorporated the objective of a “common foreign policy” in 1993. Although this capacity has been increasing incrementally over time, the ability of the EU to pursue a coherent foreign policy line would seem to be decreasing. At least with reference to the initiatives mentioned above (German reunification, Eastern enlargement, ENP) the foreign policy coherence of the EU was significantly greater than it is currently with respect to Russia or to the related field of energy policy. This leads to two conclusions. First, the EU foreign policy instruments have not yet reached the point of making coherence feasible across the board. Severely contested issues such as Russia or energy policy cannot be addressed effectively with the current instruments. Second, the Eastern enlargement widened the gaps between the approaches to issues such as these, creating new obstacles to agreement on a common foreign and security policy. The threshold for achieving a shared line on such issues is likely to be significantly higher than the current achievements in the realm of CFSP, even should the “double-hatted” foreign minister as foreseen in the Lisbon treaty come into existence. Thus the introduction of new foreign policy attitudes and approaches into the EU through the Eastern enlargement has in part overridden the improvements in the CFSP and reduced their potential effect.

On the one hand, the EU has achieved an astounding amount over the past decade in terms of restructuring itself and its neighbourhood following the collapse of the USSR. Both the Eastern enlargement and the introduction of the ENP have been major external relations initiatives (becoming internal in the case of enlargement), which have contributed to a more stable, democratic and prosperous environment on the EU’s eastern flank. On the other hand, however, a key element in this environment has consistently been neglected: Russia. The reactions of European heads of state to the selection of Dmitrii Medvedev as the next Russian President revealed an ambivalence toward Russia, which includes a desire for productive cooperation on the one hand and a concern with a) Russia’s undemocratic domestic policy and b) its challenging foreign policy behaviour on the other. Discussing these two aspects of Russia’s recent development will complete the description of the environment in which EU-Russia relations are occurring and permit an analysis of possible directions for their evolution.

**Russian foreign and domestic policy**

It makes sense to begin with domestic policy, as foreign policy is to some extent an outgrowth thereof. The emphasis will be on three aspects of Russian domestic policy which are of relevance for relations with the EU. The first is the recent focus on what has been termed the “succession question”, namely the issue of how to manage the transition from Vladimir Putin to the next Russian President. The second is Russia’s clear trajectory toward an authoritarian state, in particular in the second Putin term in office, and the third is economic policy with special reference to the question of diversification vs. reliance on the energy sector.

With regard to the succession, the key point here is that the uncertainty of the situation has had two consequences for Russia’s relations with the EU. First, the intensive focus within the Russian political and economic elites on the new arrangements has meant that for months there has been a significant concentration on domestic power struggles. While some of these have surfaced in the press (Cherkesov, Shvartsman in Kommersant) and through imprisonments of various high-ranking officials (Bulbov, Storchak) or alleged resignations (Baluevskii), it is to be assumed that these are only the tip of the iceberg and that, while the various groupings appear to have initially accepted the transfer of power to Medvedev (with Putin apparently switching to the post of Prime Minister), there will be further squabbling and
repositioning in the first months of the Medvedev presidency. Second, periods of domestic uncertainty are more likely to provoke harsh rhetoric, as certain political actors try to increase their standing vis-à-vis others. Certainly harsh foreign policy rhetoric has characterized the Russian political and security scene over the past months. Assuming a relatively smooth transition and accommodation to Medvedev, it is probable that such rhetoric will be toned down somewhat in the period to come. Since Russia’s greatest interest in the EU is in the energy and other economic fields, it is unlikely that such rhetoric will be ratcheted up with respect to the EU, as economic actors are less prone to it than political or security ones. However, there could be an intensification of rhetoric regarding security issues (such as the planned missile system components in Poland and the Czech Republic), which would be targeted at individual EU member states.

Much has been written about the clear trend toward authoritarianism in Russia in the past few years and there is no need to repeat those arguments here (see e.g. McFaul/Stoner-Weiss 2008). Assuming that Russia is currently headed in an authoritarian direction, the question of interest to us is the ramifications of this development for EU-Russia relations. One of these is that the EU faces credibility problems if it attempts to style itself as a normative power on the one hand and fails to pay sufficient attention to undemocratic developments in Russia on the other. This problem is particularly acute with reference to Russia because it has entered into commitments in the Council of Europe and OSCE contexts which other third countries, e.g. China, have not. Furthermore, the EU began its relationship with Russia in the 1990s on the basis of supposed “common values” and is now confronted with the necessity to reconcile this basis with the political developments in the Russian Federation. Another ramification is that the authoritarian trends have enabled increased state control over “strategic sectors” of the economy, meaning that these sectors a) are difficult for foreign investors to access, b) can be utilized for political ends and therefore c) may suffer from decreasing economic efficiency, which can affect customers in the EU. A third ramification is that decision-making has become more concentrated in the hands of a few, making it less transparent but also quick and efficient in crucial cases. One example of this is Russia’s recent decision to offer Central Asian countries market prices for natural gas (Socor 2008). While probably primarily a response to Chinese efforts to gain greater control over Central Asian gas markets, this development also has clear implications for gas prices in Europe. The EU cannot compete with this type of coherence or speed in its decision-making, and is therefore handicapped vis-à-vis an authoritarian Russia.

Diversification of the Russian economy is clearly related to the creation and treatment of strategic sectors mentioned briefly above, but goes well beyond this to encompass a series of components which are of crucial interest to the EU. First, in any diversification scenario the energy sector will continue to play a key role in the Russian economy for the foreseeable future. As quick and drastic changes in energy sources are unlikely, the much-touted interdependence between Russia as supplier and the EU as consumer will continue in the near to medium term. However, beyond this the interesting questions for the EU lie in how and to what extent Russia will diversify its economy. While assessments of both the current state of the Russian economy and the prognoses for its future development differ, the underlying assumption in the EU is that Russia needs European know-how and investment to achieve the improvements in infrastructure and the degree of diversification it needs to develop further economically and avoid “Dutch disease” (see e.g. Oomes/Kalcheva 2007). The Russian approach of the past few years has been to allow European investors in to a certain extent, but

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2 Of course, the definition of „sufficient attention“ can be quite controversial. On the EU as a normative power see the recent CEPS series on normative foreign policy. The first paper, by Natalie Tocci, can be found at http://aei.pitt.edu/7580/01/Wd279.pdf.
increasingly to limit their participation in “strategic sectors” and to avoid foreign possession of controlling shares in Russian enterprises. The most recent demonstration of this inclination is Duma approval in the second reading of the law on strategic branches of the Russian economy. This law, if passed in the third reading and signed by the Russian president, would not only expand the number of strategic sectors, but also require approval for investments as low as five percent of shares in some cases if the investor is a foreign state (Russland verschärft das Investitions-Gesetz 2008). While a long time in the making, the law is to some extent a reaction to recent EU efforts to liberalize the energy market, which would include restrictions on foreign firms such as Gazprom. Thus while economic relations between the EU and Russia are quite good, the Russian Federation appears poised to create certain conditions which may provoke reciprocal actions by the EU and thus stifle certain opportunities for increased interaction and mutual profit. This attitude on the Russian side reflects both private interests and a tension inherent in the recently propagated idea of Russian self-sufficiency (samodostatochnost’) on the one hand and economic pragmatism (on both the individual and state/enterprise levels) on the other.

Several characteristics of Russian foreign policy are especially relevant for EU-Russia relations. These include: Russian concern about security issues in Europe and beyond; the idea of multipolarity; the anti-western trend in Russian rhetoric; and the perception of the world as dominated by competition rather than cooperation. I will address the latter two characteristics first, as they help to create the context from which Russia pursues its foreign policy.

The idea of a world dominated by competition can be repeatedly found in Putin’s yearly speeches to the Federation Council. The growth of this idea can be seen as a response to the previous phase (perestroika and the early 1990s), when hope was (mis)placed in the West, which was seen as a potential partner in creating “a common European home”, as Gorbachev put it. Since then Russian leaders have felt increasingly and at times bitterly disappointed in the West, and especially the US, which is seen as having exploited Russia’s weakness in the 1990s, as having encouraged anti-Russian developments in the countries of the former Soviet Union, and as threatening Russian security in particular through the encroachment of NATO toward Russian borders. The chance for a fresh start offered by the 9/11 events, which pushed counterterrorism measures to the top of the agenda, was only partially utilized. The shift since then to an “economic pragmatism” in foreign policy, which was noted in the middle Putin years and has since continued—although accompanied by an increasing politization and securitization—only heightened the Russian perception of international relations as being based on principles of competition. It is in part these developments which have fostered the trend toward an anti-western rhetoric in the past year or so. However, this rhetoric also and perhaps primarily serves a domestic audience, as one of the sources of Putin’s popularity has been the perception that he has restored Russia to its rightful place in the international arena. As the façade of democracy in Russia today rests in large part on the significant support for Putin (and now Medvedev) in elections, the regime will be tempted to continue such rhetoric for its domestic benefits, especially as it is also used to shore up support for some of the authoritarian trends mentioned above.

Russian security concerns derive in part from the perceptions described above, which help to explain Russian opposition to movement toward NATO membership for Ukraine and Georgia and to components of missile defense being positioned in Poland and the Czech Republic. Together with the Russian suspension of the Treaty on Conventional Forces in Europe, these

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examples demonstrate that security issues are steadily becoming a more significant part of EU-Russia relations. These individual issues are embedded in a larger Russian attempt to engage in a certain degree of revision of the European security structures currently in place. This attempt has been underway for a number of years and is evidenced by Russia’s initial interest in the ESDP and its efforts at reform of the OSCE. It is based both on arguments that the current security architecture is obsolete and on the belief that a stronger Russia should have a greater say regarding the design of a framework for European security. Within this framework the concept of multipolarity plays an important role (Stenogramma 2008). The Russian emphasis on an increasingly multipolar world results in part from the desire to be treated as equal to other global players, the US in particular. This emphasis is bolstered by the current weakness of the US in the realm of foreign policy, as mentioned above. This perspective encourages Russia to see the EU as a potential pole to help balance US influence.

However, since the EU is not strong in the security realm, this role is difficult for it to assume in Russian eyes. Because Russia sees the EU as weak in this sense, it prefers to develop bilateral relations with individual countries. The sense that this approach gives Russia the opportunity to divide the EU to Russia’s benefit leads to frequent calls by analysts in the EU for the development of a common policy toward Russia and/or on issues such as energy. However, in light of the divisions in the EU (see above) such calls appear at the least premature.

To wrap up: Due to domestic concerns it has been to Russia’s internal advantage to add an anti-western veneer to some of its foreign policy moves, which has also been in line with Russia’s growing disillusionment with the West, especially in the security realm. However, this rhetoric runs counter to Russia’s economic interests, as some key Russian actors have begun to point out. Medvedev will have to deal with this conundrum. If he gives up the anti-western stance, then he may lose ground at home, which he may not be able to risk due to the comparison that will inevitably be made with Putin and the claim that Russia is a democracy because the (significant) majority of the population supports the president. If he retains this stance, however, he will have to straddle the fence between cooperating economically with western firms and institutions (both necessary for Russia’s modernization plans and in the interests of significant portions of the political and economic elite) and risking further alienation of the west or running into credibility problems at home. The EU is likely to remain secondary in Russian foreign policy for two reasons. First, according to tradition and to the evolving Russian “great power” ideology, it is important to demonstrate that Russia is on a par with the US, which thus becomes a focal point of foreign policy. This is increasingly seen as a realistic goal because of the diminished authority of the US on the international stage. Second, because Russia (like many other political actors) is still uncertain how to deal with the EU (and why to bother) and will continue to prefer to deal with individual member states unless Brussels provides powerful arguments to do otherwise.

EU-Russia relations in future: potential scenarios

The above sections have pointed to a variety of difficulties in revitalizing EU-Russia relations. In addition to the uncertainties inherent in the international situation, various developments in both Russia and the EU have hindered a productive evolution of the relationship. On the EU side these include in particular the incapacity of the EU to act in a unified manner in foreign policy, and the primary focus in the past decade on a) enlargement and b) the European Neighbourhood Policy to the neglect of Russia. In the Russian case the obstacles have included an inward focus due to the change in presidents and a perception of
the EU as an unwieldy and relatively weak actor outside the economic realm. In addition, Russia’s growing disillusionment with western policies, combined with its focus on security concerns, generated an increasingly anti-western rhetoric which contributed to souring relationships with the West. Finally, the trend toward authoritarianism in Russia stymied the EU, which failed to respond in any systematic manner.

To arrive at some potential scenarios for the development of EU-Russia relations, we now look at directions in which some of the factors analyzed above could develop. As the factors are numerous, we assume certain directions and vary others, as indicated.

With regard to the international context, we assume an increasing economic and security role for China both regionally and globally. The “common neighbourhood” will remain a patchwork of countries with differing foreign policy orientations and little regional coherence for the foreseeable future. Thus the primary variable in the international context is the role of the US regime in global affairs. Here there are two basic options: Either 1) the US regains its authority and thereby a greater role in international affairs due to successful policies by the next American administration, or 2) the US becomes less significant internationally, due either to further foreign policy blunders or to selective withdrawal from the global arena. The latter case would place greater international responsibility on the EU and would encourage Russia to see both itself and the EU as significant poles in a new multipolar world. The former would relieve the EU of some responsibility, but might catapult Russia into an unproductive race to keep pace with the US in order to ensure its reputation as an “equal partner”.

As for the EU, we assume a correlation between the handling of the Eastern enlargement and the fate of the Lisbon Treaty. In the first scenario, the EU recovers from enlargement and the Lisbon Treaty is approved without great difficulty. In this case the EU is likely to move on to dealing more intensively with the Balkans. To some extent this will be necessary in any case due to the EU role in Kosovo. As the ENP is still in the process of developing and EU interest in Central Asia is significant, Russia will remain somewhat neglected under this scenario, except as it relates to these other areas. It will be dealt with “on the side” unless a) it forces its way onto the agenda through some turbulent developments, or b) influential EU member states provide an effective impetus for a new approach to Russia.

In the second scenario, the Lisbon Treaty hits a snag, similar to the previous experience with the Constitutional Treaty. In addition, the EU takes longer than expected to handle the consequences of the Eastern enlargement, which means that integration of the Balkans will be put on hold. In this scenario the EU’s interest is focused inward, or, in the case of a violent development in Kosovo, on the Balkans. Both the ENP and Russia remain neglected, but Russia accepts this outcome because the EU drift away from the ENP gives Russia more room for manoeuvre in the post-Soviet space, especially if the US simultaneously reduce their international activity.

Both scenarios for Russia assume that elite battles remain under control and no great social upheaval occurs. Furthermore, the oil price is assumed to remain relatively stable in the near to medium term. In the first scenario, Medvedev’s presidency represents a fresh start in relations with Europe, which places the focus on economic relations and on modernizing Russia. Intensified economic relations with the EU gradually become a lever to improving political ones, so that security issues can be dealt with amicably. There is some progress with regard to the rule of law in Russia, especially in the economic sphere. The conditions for European investors and firms to enter the Russian market are improved, leading to reciprocal
measures by the EU and/or some European countries, which leads to a greater interrelatedness of the various economies.

In the second scenario Medvedev follows Putin’s path, out of either necessity or conviction, for the foreseeable future. The negative rhetoric with regard to the West continues. Russia pursues a course toward self-sufficiency and allows very limited space for foreign economic actors. This leads the EU to become more suspicious of Russia and increase its protectionism. Due in part to the growing mistrust on the economic level, Russia and the EU are unable to reach agreement on an increasing number of security-related concerns. The relationship is essentially reduced to energy issues. Russia becomes increasingly isolated since an alliance with a China growing in power is not viewed as desirable, as Russia is not amenable to the role of junior partner. Russia becomes increasingly focused on domestic problems and less able to grow and diversify economically because it remains closed to many European inputs. This implies that Russia has less time and fewer resources to devote to the post-Soviet space, leading to a loss of its influence there. This opens up a potential opportunity for the EU, although whether the EU can take advantage of this chance depends on the EU-related factors described above.

While it is difficult to predict which combination of scenarios (or parts thereof) will occur, certain conclusions can be drawn from the above analysis. Most importantly, I argue that economic cooperation will be the key to EU-Russia relations in the coming period. As Russia’s interest lies in modernization, it is in the EU’s interests to engage with Russia economically and to facilitate improvements in the rule of law via increased economic contacts. This will not necessarily turn Russia into a democracy, even in the long term, but it can be a source of confidence-building which can open up the relationship for a more productive discussion of security and, in the medium to long term, sensitive political issues such as democratic development and human rights. This could also counter the neglect Russia is otherwise likely to experience, as the EU’s priorities are largely elsewhere in the short to medium term. This approach would make a virtue out of a necessity. Since a unified policy on Russia is currently improbable, those EU countries with good economic ties to Russia could be encouraged to intensify them and thereby build a basis on which to establish productive EU-Russia relations at a somewhat later stage. Furthermore, since Russia sees the EU primarily as an economic actor, cooperation on this basis is most likely to be acceptable to the Russian side. Considering that some of the difficulties the new member states have had with Russia have been in the economic sphere (the meat embargo in Poland; the pipeline issues in Lithuania), deepening relations by agreeing to common rules in economic transactions could also benefit these countries and help reduce their opposition to cooperating with Russia. This would in turn be a small step toward the long-term achievement of greater unity in Russia policy on the EU level.

References


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