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Russia: A Difficult Partner for the EU

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The EUISS organised a workshop entitled 'Russia – A difficult partner for the EU' on 23 April 2007 in Paris. The group of participants included experts from different EU member states and representatives of EU institutions as well as of Foreign Ministries.

The aim of the workshop was to set up a Russia Task Force, which will meet twice a year and discuss topical issues relating to Russia's domestic and international affairs. The next meeting is scheduled for the autumn and is likely to be dedicated to the upcoming Duma and Presidential elections and their implications for Russia's foreign policy and relations with the EU.

The programme of the first meeting focused mainly on three issues: Russia's domestic situation one year before the Presidential elections and the probable end of Vladimir Putin's term in office; recent changes in Russia's foreign policy; and policy options for the EU against the backdrop of domestic and foreign policy developments.

SESSION I: RUSSIA'S DOMESTIC SITUATION AT THE END OF PUTIN'S PRESIDENCY – A STRONG STATE?

The concept of 'competitive authoritarianism' was introduced as a tool to understand and describe Russia's political system one year before the 2008 Presidential elections and Putin's probable resignation. Although there is no real democracy in competitive authoritarian systems, elections create genuine uncertainty among political elites. This uncertainty emerges because elections decide who gets political power. At the same time elections can only be manipulated and rigged by the ruling elites to a limited degree, which therefore exposes them to the risk of losing power.

This uncertainty explains why the Russian leadership responded so nervously to the opposition demonstrations in St. Petersburg and Moscow on 14/15 March. The violent clampdown on the demonstrations was said to have had three main functions: first, it was a signal to the political opposition that it has no chance of participating in and winning the elections. Secondly, it aimed at demonstrating to the population that there is no choice but to vote for the ruling elite. And thirdly it was targeted at the ruling elite itself in order to stifle intra-elite competition, which could further increase pre-election uncertainty.

However, the presidential elections clearly remain an insiders' game as Putin's successor is certain to be a member of the ruling elite. Here Putin still has a lot of room for manoeuvre, because the majority of voters vote according to his recommendation. The longer he delays specifying whom he will support in the presidential race, the longer he maintains a very powerful position. Therefore ambiguity about his succession will most probably last until shortly before the elections.

As for the factions competing for power, not many programmatic differences are to be seen. While some actors represent more old-fashioned security thinking, others might be slightly more liberal and put an emphasis on socio-economic development, education, monetary policy etc. Most importantly, there is a broad consensus about the political system and the way it functions among the ruling elite. Therefore, this political system, which is called 'guided' or 'sovereign' democracy in Russia's elite discourses, will remain fairly stable in the near and middle-term future. Regarding foreign policy, there are no substantial changes to be expected. Competitive authoritarianism prevents the elite from discussing values with the West for two reasons: the internal logic of the idea of competitive authoritarianism forces Russia's elites to insist that it is appropriate for the country at its current state of development. Secondly, Russia tries to export the idea to countries in its neighbourhood, which adds to tensions with the West.

As to the future of economic development, two possible scenarios were pointed out. The country might either become one of the largest European economies, which would imply very profound changes compared to the Russia we see today. It is equally possible that Russia by now has reached the peak of its relative economic size and will, in that case, remain largely the Russia we know.

One essential driving force behind Russian economic growth is the deep structural changes in the Russian economy and society, rather than oil and gas, since oil and gas production has been quite modest since 2004, and the share of energy in Russia's overall GDP is declining. The most important result of these changes is the emergence of a middle class, which might become an agent of political change in Russia.

In the next few years, two decisive challenges will face Russia's economic development. Russia's purchasing power as regards foreign products will lower significantly. Hence, Russia's role as a consumer in the European economy will decline compared to previous years. Furthermore, the budget surplus, which has been very high during the last few years, will disappear due to a probable slowdown in the growth of gas prices. Hence, while the input of energy export revenues in public finances will become less in real as well as possibly absolute terms, the pressure for budget expenditures for social and other purposes will rise.

These processes characterise the Russian economy as a very typical emerging economy of a middle-income resource-dependent country. At the same time Russia is marked out by its distinctive geographical location and inheritance as the former Soviet superpower now in decline. The heterogeneity of these features will become more pronounced in terms of differences in technological developments compared to other industrialised countries, as well as in terms of openness to the European and World economies. There will also be other factors which are inclined to slow down Russia's economic growth, like the serious shortage of a qualified labour force, demographic problems and the declining health of a large swathe of the population, and the state of affairs in education, research and innovation. All these developments will make Russia's economy increasingly difficult to manage.

The main conflict, which could prevent the Russian elites from finding a solution to these challenges, arises from the gap between the goals of a more authoritarian political regime and a more open, normal economy, which would require innovation, openness and flexibility. It was stated that the current Russian leadership will most likely not be able to solve the challenges which the regime itself poses to the Russian economy.

The discussion evolved mainly around three points.

Competitive authoritarianism/role of elections: Some of the participants voiced doubts as to the concept of competitive authoritarianism and its applicability to Russia. The main argument put forward was that competition between elite factions was not about policies but about funds. Furthermore, the thesis that elections create uncertainty in Russia was challenged for two reasons: first, it is more the change in political leadership that creates uncertainty. Secondly, it was pointed out that elections are much easier to manipulate than the concept of competitive authoritarianism suggests, because electoral fraud nowadays takes place during election campaigns, with opposition candidates being denied access to the media etc. There was agreement that the elite factions (which encompass not only, and not even mainly, political parties, but also actors like Gazprom) compete for funds rather than for political programmes. However, the manipulation of election campaigns is more complicated than fraud at the polls, which increases uncertainty before elections. It was also argued that the opposition demonstrations as well as the government's violent reaction have to be assessed in a longer-term perspective: while it seems to be clear that the opposition has no chance in the upcoming elections, both sides are trying to prepare for the elections in 2012 and 2016. The opposition strives for visibility and legitimacy, while the ruling elite tries to discredit its opponents in order not to lose popularity.

Russia as a strong state? Several questions were raised concerning the strength of the Russian state under Putin. There was consensus that although the administration has succeeded in stabilising its position in domestic politics and foreign policy, the strength of the Russian state remains virtual in many areas, like for example the relationship between the centre and regions. With regard to efficiency, i.e. the state's ability to deliver political goods to its citizens, the participants agreed that the Russian state by now is a weak state, which lacks a clear strategic vision for the country's future.

Russia as a petrol state? Several interventions highlighted the significance of energy export revenues for the rise of the Russian economy and went so far as to call Russia a 'petrol state'. Others challenged the notion of deep structural change as the main driving force of Russian economic growth. Here the argument was put forward that change and reform, which characterised the first years of Putin's administration, have stalled almost completely in the last few years. There was agreement that the rise of energy prices might have had a kick-off effect in 2003/2004. However, this effect has lost its impact. The structural changes fuelling economic growth come from below and are difficult to control and be altered by the government. The possibility of Russia being a petrol state was denied by one speaker because of its large population (of which over 95% is not employed in the energy sector) and because of its economy which is not essentially based on point-specific (and hence easily to monopolise) resources. One participant strongly emphasised the advantages of Russian investments in Europe (and vice versa) because this implied the potential for the Europeanisation of Russia rather than the Russification of the EU.

SESSION II: RUSSIA'S INTERNATIONAL POSITION AT THE END OF PUTIN'S PRESIDENCY – A NEW FOREIGN POLICY?

The first presentation of this session started with the assumption that Russia is reconsidering its role in the larger international system, which could generate a new foreign policy. The foreign policy review published by the Russian MFA on 17 March, which could be read as Putin's foreign policy testament, is a good guide to this possible new foreign policy. In the Kremlin's view, the American-dominated unipolar system has peaked with the failure of the Iraq war and is now gradually being displaced by a multipolar constellation. Russia, in a mix of anticipation and wishful thinking, now looks forward to a pluralistic international system, in which Western primacy and monopoly on globalisation processes will be displaced by rising powers that pose new challenges: China, India, Brazil and Russia. The EU forms part of this multipolar picture, but is out of the game as a foreign policy actor due to its current internal crisis. Furthermore, the West's normative universalism is challenged by other concepts like 'sovereign democracy'. Russia aspires towards a collective global leadership in which Moscow's role is enhanced.

The foreign policy strategy that follows on from multi-polarity thinking can be called 'constructive isolationism': Russia now seems to be choosing its own orbit and is becoming more selective in picking its partners. This also implies that it doesn't want to share responsibility with the West; cooperation is limited to those cases where Russia needs it, but it doesn't want to follow the West any longer. As for relations with the US, in Russia's perspective full equality in threat analysis and decision-making is the indispensable minimum.

Russia also aims at confirming its role as a leading superpower in the CIS region. This trend is influenced by Eurasionist thinking about Russia's unique position between East and West, as well as a statist ideology, which depicts Westernisation as a threat to the unique character of Russian statehood. This change in Russian foreign policy thinking is undermining the pragmatism which characterised Putin's first term in office.

At the same time, this thinking does not support an effective policy towards the EU. The simplistic assumption that the EU is paralysed prevents the Russian leadership from developing long-term strategies about how Russia can relate to Europe. The idea of constructive isolationism and the new emphasis on bilateral relations with single EU member states contradict the density of interaction between Russia and the EU as well as the agreement on the Four Common Spaces.

It was emphasised that the way Russia is presenting its foreign policy towards the EU enforces the dividing lines that Moscow itself warns against. The new Russian consensus sees Russia as a centre of power, which is inclined towards Europe, but still independent and self-sufficient.

The next speaker pointed out that in comparison to the 1990s Russian internal and external change has been enormous. Moscow has returned internally to its central place within the federation; it has, albeit at great cost, restored central control in Chechnya; chaos and corruption have disappeared under Putin's hegemonic control and the system he has put in place. In its foreign policy Russia has become more concentrated and very competitive.

Russian foreign policy nowadays rests on several premises. It is much more active and comprehensive in that it encompasses the informational, political, economic, social and psychological spheres. From a Russian perspective, the current constellation of forces is very much in Russia's favour with American power declining and Europe paralysed, and Russia being stronger than ever before. Furthermore, from a Russian perspective, rivalry and competition are natural characteristics of international relations. The Russian elite sees sovereignty as a foundational premise of foreign policy and relations with the outside world. This implies that Russia no longer adopts Western ideas of democracy, humanitarian law, human rights etc. Instead it follows the concept of sovereign democracy. Russian foreign

policy today is idea-driven in that it tries to promote 'sovereign democracy' as a concept beyond its borders using all means of political and economic diplomacy.

This ideational change will decrease Russia's incentive for partnership with the West. Rather, Moscow will exploit the instruments it has (energy, frozen conflicts) in order to pursue its interests. Furthermore Russia is seeking to undo commitments to international regimes made during the 1990s. Its attempts to have a leading position in international fora are also motivated by the wish to shape them to Russia's own advantage. Moscow is trying to roll back what it perceives as a loss of influence in the former Soviet Union and seeks to exacerbate divisions within Europe and between Europe and the United States.

However, Russian foreign policy is also deeply constrained by a number of factors. Internal developments remain precarious in many ways (demography, socio-economics etc.). Russia's policy in the South-Caucasus and other sub-regions of the CIS has not been very successful. Despite its concentrated efforts it has lost much of its influence there.

Hence, Russia is no longer the West's automatic partner. At the same time it remains unclear what Russia will be, because it is still in a state of transformation. Russia and the EU find themselves increasingly on different sides when it comes to the interpretation of international developments and events. At the same time, the EU is losing leverage on domestic affairs in Russia. In this situation there shouldn't be any haste in drafting a new EU-Russia agreement. Instead, the EU should wait for the results of the elections. The West should not isolate Russia but continue engaging it within the international organisations and regimes to which it still belongs. At the same time, the EU and other Western organisations should engage in the CIS in order to strengthen the other Newly Independent States and alter Russia's regional context.

The third presentation also emphasised that Russia is back on the international stage and has gained much freedom of action as compared to the 1990s. However, the idea that there is a new foreign policy was denied. Real changes in Soviet/Russian foreign policy took place under Mikhail Gorbachev, whereas today we observe the return of 'old thinking'.

Russia is currently seen from the outside as an energy superpower and a pole in the multipolar international system. At the same time it is perceived as an unpredictable partner, as has been proven by its policies on Iran or the Shtokman gas field. The Russian elite itself assumes that it is Russia's destiny to be a great power. This idea of being a great power implies a stable and prosperous society as well as independence abroad. Therefore, the reassertion of 'gosudarstvennost'¹ should be expected to grow in domestic as well as foreign policy. Russia wants to be seen as a relevant counterweight in international affairs. It is unlikely that Moscow will risk direct confrontation, but it will continue to defend principles of interaction, which do not rely on values shared with the EU or other Western partners. As one consequence of its claim to be accepted on equal terms, Russia now resists any kind of economic assistance from outside.

With regard to concrete foreign policy output, this means that Russian external behaviour will continue to be shaped by a Hobbesian worldview. Relations with the West will be characterised by geopolitical approaches and an emphasis on security issues and zero sum games. One consequence of the return to 'old thinking' is Russia's attempts to roll back EU and US influence from the former Soviet Union. With regard to international organisations, Russia will continue to be a member without becoming substantially integrated. In general, Russia is at the moment rejecting Western values and taking 'soft revenge' on its Western partners, thereby using their current weaknesses.

The discussion that followed the presentations was not very controversial. One participant raised doubts that Russia would be able to hold up with the other B(R)ICs, because it is lagging behind in terms of modernisation and enhancement of its soft-power capabilities. Several contributions pointed out the internal functions of Russia's new

¹ Meaning strong statehood in the Russian context.

assertiveness on the international stage, which to a great extent aims at supporting internal identity-building processes. There was agreement that the return to 'old thinking' does not imply an end to the 'economisation' which Russia's foreign policy has undergone since 2000. The discussion tackled the debate about US anti-missile defence and about Kosovo and Iran as major international conflicts. There was agreement among the participants that the most important motive for Russia's partly obstructive attitude in these conflicts was to achieve a voice on the issues after it had been excluded from most decisions and developments concerning European and international security after the breakdown of the Soviet Union. Only one participant expected that Russia would risk a serious confrontation with the West on Kosovo and veto the Ahtisaari Plan in the Security Council, even if this implied a violent escalation of the crisis.

SESSION III: RUSSIA AS AN IMPORTANT AND DIFFICULT PARTNER – WHAT POLICY PRIORITIES FOR THE EU?

The first speaker argued in favour of a more active role and engagement of the new member states in the EU's policy towards Russia. He emphasised that the Polish veto was a good step which brought the new EU members to the centre of decision-making with regard to Russia. Because the EU is seen in Russia as a very weak player, it should strive for a coherent and also stronger position in its relations with Moscow. There are several priorities for concrete policies: because no breakthrough is to be expected in the most pressing conflicts between Russia and the EU in the near future, there is no necessity to quickly push forward a new agreement. The EU should furthermore strive for the consolidation of its position in the common neighbourhood. Here, there should be a new 'Ostpolitik'/Eastern policy, which leaves behind the 'Russia-first' approach which has characterised the EU's policy towards the region up to now. However, the EU should also avoid double standards in its relations with Russia. Finally, the EU should continue to cooperate with Russia in the energy field. The EU does not risk undermining its own standards in the energy trade with Russia, because Russia is equally dependent on the EU as an energy consumer and therefore determined to cooperate.

One of the speakers took a very critical stance on Western policy towards Russia in general. In his view, the West has been widely mistaken in its interpretation of the internal transition processes in Russia, and has not sufficiently realised that Russia is not European. Today, Russia has become an essentially important partner to Europe. As the EU is more dependent on Russia than vice versa, Russia now enjoys a considerable scope of action to put it under pressure. Changes also affect perceptions of the EU in Russia as demonstrated by a recent poll according to which over 80% of the Russian population see the EU as a threat to Russia's position and interests. Therefore the EU should stop lecturing Moscow and instead accept Russia's diversity. Russia should be seen as an independent player, who has the right to decline interference in its internal affairs.

The third speaker pointed out the critical juncture at which Russia-EU relations have arrived one year before the elections. It depends to a great extent on the EU's policy whether there is a chance to lay ground for a new partnership with Russia. He emphasised that the EU is currently not dealing with a 'lame president', but with a president of unprecedented power. At the same time, one should not underestimate the structural weaknesses of the Russian political and economic system, like for example Russia's dependency on the energy sector. In this sense he disagreed with the thesis that Russia needs the EU less than vice versa.

The EU should develop a 'new realism' in its relations with Russia. It has to assert its values and remind Russia to cooperate constructively. In order to be able to do this, however, it has to speak with one voice and avoid bilateral deals of single member states with Russia. This is particularly important for energy security, which should first be agreed upon among

member states and then be brought to discussion with external partners. The EU should also work on the diversification of its energy trade and intensify its relations with Central Asia. Furthermore, more linkages should be established between issues negotiated with Russia. The successful linkage between the agreement on Russia's WTO accession and the granting of over-flight rights to European airlines should be taken as a model for this approach.

Despite current uneasiness in relations with Russia, a new agreement is inevitable. A continuing blockade of negotiations could raise serious doubts about the EU in the Russian population. The EU should also continue to push forward Russia's WTO accession, which will be an important issue at the upcoming Russia-EU summit in Samara. Russia's membership in the WTO is an important precondition for the development of a free trade agreement between Russia and the EU, as it is foreseen in the current Partnership and Cooperation Agreement. The EU should furthermore strive to engage Russia in other multilateral activities, as for example the fight against climate change. Russia and the EU share important security interests in the CIS region. The EU should become a real actor in the negotiation processes about the frozen conflicts.

The following discussion focused mainly on the interrelations between values and interests in the EU's policies towards Russia and the question of whether the EU can and should interfere with Russia's domestic affairs. Most participants didn't want to accept any dichotomy between values and interests in the context of the relationship between Russia and the EU, because the two issues are densely intertwined. One participant pointed out that even if the EU puts values on the back burner in order not to complicate its relations with Russia, such a pragmatic approach would not guarantee common interests, for example in the former Soviet Union. It was also mentioned that the argument for non-interference in Russia's internal development as well as the developments in the former Soviet Union ignored the historical experience of the new member states. Rather, the EU should try to operate in issue areas where Russia really feels affected, and choose these areas very carefully, because its overall leverage on Russia has decreased significantly. Despite obvious divergence as to concrete policy measures and priorities, there was broad agreement that Russia's exclusion would not be a policy option and that the EU should continue to integrate and engage with Russia.

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