

European-Russian Partnership: What future?

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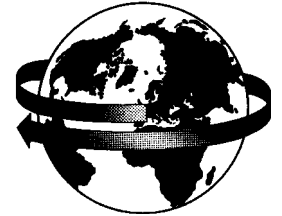
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European-Russian Partnership: What Future?

Zusammenfassung

Im Laufe des Jahres 1999 präzisierten die EU und Rußland in analogen Strategiedokumenten Charakter, Inhalt und Perspektiven ihrer wechselseitigen Beziehungen, wie sie im Vertrag über Partnerschaft und Kooperation (in Kraft seit Dezember 1997) grundsätzlich fixiert worden waren. In diesen Aktivitäten werden vor allem zwei Tendenzen deutlich. Zum einen gewinnt die europäische Richtung für die internationalen Beziehungen Rußlands an Gewicht: Die EU erweist sich für Moskau als leistungsstarker Handels- und Modernisierungspartner und entwickelt darüber hinaus in den Bereichen Wirtschaft und Finanzen internationale Beziehungen sowie zuletzt auch Sicherheit und Verteidigung zunehmend eigenständige Positionen. Zum anderen verweist ein Vergleich beider Strategiedokumente auf eine Reihe komplementärer Vorstellungen zukünftiger enger Kooperation. Allerdings hat Moskaus Krieg gegen Tschetschenien die Beziehungen EU-Rußland inzwischen stark beeinträchtigt, so daß die Implementierung der in den Strategiedokumenten anvisierten Ziele vorerst faktisch blockiert ist.

Russia's Interest

At the Cologne Summit Meeting of June 1999, Russia has become the first country to which the new instrument of the European Union's "Common Strategy", as laid down in Amsterdam, has been applied.¹ This is no accident. The preferential treatment demonstrates the great importance the EU attaches to Russia's inclusion into the process of European co-operation. The reasoning behind this strategy is obvious: in one way or another, the developments in Russia are going to influence developments in the rest of Europe to a very high degree. Isolating Russia, even if it were anybody's intention to do so, is impossible because of Russia's size, its geographic location and its potential. Europe has a strong interest that a stable, democratically oriented and prosperous Russia overcome its isolation during communist times and act with new self-confidence as an active and constructive member of the international community. Russia on its part has given a positive answer to the Common Strategy in a document entitled "Medium-Term Strategy for the Development of Relations between the RF and the European Union (2000-2010)".² It presumably has the support of head of government

¹ "The European Union's Common Strategy for Russia", adopted by the European Council in Cologne, Brussels 1999.

² According to the not yet published English version of the document. See also Foreign Minister Ivanov, Yevropa v preddverii XXI veka, in: Mezhdunarodnaya zhizn (henceforth: M.Z., Moscow) 1/1999, p. 8-13; and also V. Likhachev: Yevropeysky Soyuz v strategicheskoy perspektive, in: M.Z. 1/2000, pp. 40-49.

Putin for it was him who handed the document to the Union's Troika at the EU-Russia summit meeting in Helsinki (October 1999). It is not difficult to understand why Russia should react so positively:

- In Moscow, the EU is considered the most important partner for transformation and modernisation. Russia conducts almost 40 percent of its foreign trade with the EU. 64 percent of direct investment in Russia originates in EU member states. Exploiting this potential for economic development to the full is highly attractive for the Russian elites, the more so since Russia does not have to fear imperial ambitions on the part of the EU.³
- In Russia, the making of a European Foreign and Security Policy including a defence component is being watched with great attention even though Russian observers still find it hard to make up their mind about this new development. On one side are those who continue, in a traditional vein, to put the envisaged intensification of Russia's relations with the EU/WEU at the service of their dealings with the USA. At the same time, there is an increasing tendency to regard the EU and its Common Foreign and Security Policy (CFSP) as an important autonomous element of international relations, hence to stop considering it solely in terms of the Russian-American relationship. Such assessment adds to Moscow's efforts to support the establishment of a multipolar world in international relations and work against a US dominated unipolarism. According to the Moscow strategy paper the EU-Russia partnership would serve "to ensure pan-European security by the Europeans themselves without both isolation of the United States and NATO or their dominance on the continent".
- Russia is increasingly worried that the EU's eastern enlargement could lead to Russia being cut off from the process of European integration, as shown in such important areas as the Schengen regime or foreign trade restrictions. These developments, it seems, give rise to much stronger fears in Russia than the NATO opening towards Eastern Europe has done. Therefore, Moscow aims at intensifying its relations with Brussels in order to prevent any deepening of the dividing lines between Russia's western and Europe's eastern borders.⁴ The Russian leadership has repeatedly expressed its desire to Brussels to undertake research within the Tacis programme to look into the consequences of the EU enlargement.
- In case the Euro transforms the existing unipolar world currency order into a bipolar one, in other words if the Euro should become the dollar's rival as a world reserves currency and maybe even crowd out the dollar in Russia and the CIS, further Russian rethinking would be stimulated. The first analyses in Moscow were late in coming but they assessed the Euro's effects optimistically and considered the new currency an important contribution to the stabilisation of partnership between Russia and the EU. The Euro, so the argument went in Moscow, was blessed to "de-dollarise" Russia which had become dangerously dependent on the USD, as well as to substantially facilitate trade between the partners.⁵ Moreover, Moscow is observing with great attention that the Euro is in the process of "globalising" Europe. Already today, the Euro-zone countries possess 30 percent of all IMF votes, compared to the USA with 18 percent. However, the Euro needs to prove a stable currency if it is to realise such Russian expectations. Against this background, the Moscow Medium-Term Strategy argues for "a broader use of the Euro in the external economic activities of Russian firms and banks" as well as for enhancing and consolidating contacts with the European Central Bank, the European System of Central Banks and other bodies of the EU in order to co-ordinate actions in view of future reform of the international financial system.

³ For details see: H.-H. Höhmann/Chr. Meier, Conceptual, Internal and International Aspects of Russia's Economic Security, in: A. Arbatov/K. Kaiser/R. Legvold, *Russia and the West, The 21st Century Security Environment*, New York 1999, p. 77-97.

⁴ See H. Timmermann/T. Dudnikova, *Zadacha Yevropeyskogo Soyuzha i Rossii – ne dopustit novykh razdelitelnykh liniy*, in: *Yevro (Moscow)* 11/1999, pp. 21-24.

⁵ Cf. V. Shemyatenkov/O. Butorina/D. Butakov/M. Yershov, *Yedinaya yevropeyskaya valyuta yevro i natsionalnye interesy Rossii*, in: *Yevro* 12/1999, p. 34-41. This contribution is a specialist report for the government and Central Bank of Russia.

In this context, Putin evaluates the EU-Russia partnership in a positive way and emphasises that "if the EU on its part is interested, too, then the next century could be a time of practical work in order to create new, higher forms of co-operation between Russia and the EU".⁶ Ambassador Likhachov, head of the Russian diplomatic mission with the EU in Brussels, went so far as to declare Russia's relations with the EU as "the most important relationship of Russian foreign policy".⁷

Central Areas of Co-operation: Chances and Problems

For the time being, the implementation of the EU's Common Strategy has in actual fact been revised, reduced or even halted by the war in Chechnya. There is no doubt that this war has destroyed some illusions: Russia has visibly moved back from the European consensus on values as laid down, for instance, in the Treaty on Partnership and Co-operation. It has been the basic point of reference for EU-Russian relations since coming into force in December 1997. Meanwhile, Moscow is again considering human rights questions to be exclusively internal affairs of Russia. Putin's fundamental paper of December 1999 underlines this fact.⁸ Nevertheless, the Europeans should not resign themselves to mere attentism or – even worse – resort to punishing Russia by containment. The EU should remind Moscow that actions like the war of annihilation in Chechnya will prove costly to Russia: Thus, joint projects with the EU, as set out in the Common Strategy and for the most part taken up by the Medium-Term document, are suspended, postponed and possibly cancelled.

Generally speaking, the question is to establish a pragmatic-realistic partnership which takes account of the following statements of Putin's paper: Russia intends to pursue its own way domestically as well as become a key area, a point of reference of its own internationally. Moreover, the Medium-Term Strategy paper has stated with unprecedented clarity that Russia sees itself as a European *and* Asian power which has no intention to formally associate itself with or join the EU: "As a world power situated on two continents, Russia should retain its freedom to determine and implement its domestic and foreign policies, its status... and the independence of its position and activities at international organisations". Russia does not want to be a periphery but form a cosmos of its own, big and independent enough to be a central player itself. Taking this aspiration into account, the following will elucidate some of the EU Common Strategy's extensive offers which seem especially important and urgent, and which could serve as incentive to Russia to behave more reasonably and in accordance with common values and interests:

1. The Common Strategy proposes to develop the EU-Russia partnership within the framework of a "permanent dialogue on politics and security" as well as to create a "standing mechanism" for this purpose. According to the Common Strategy document, the development of joint initiatives with regard to Russia's neighbours can form part of such a dialogue. This, however, must certainly not further CIS integration under Russian dominance, as the Moscow strategy paper seems to suggest. A more realistic option, for instance, could be joint explorations for future developments in the southern Caucasus where EU partnership treaties with Georgia, Armenia and Azerbaijan came into force in July 1999. Maybe Russia might be prepared to co-operate more closely with the EU in order to solve open conflicts and to stabilise the region.⁹ It is interesting to note that the Russian strategy paper avoids any polemics against the regional infrastructural projects TRACECA and INOGATE, which bypass Russia and to which the EU has strongly committed itself. Instead, the Moscow paper's authors are content with demanding that Russian firms should be offered adequate participation in these projects aimed at developing the traffic and transportation corridor Europe-Caucasus-Asia and to repair, modernise and extend oil and gas pipelines. The, at last, successful inclusion of Russia into the Kosovo crisis management could also give impetus to a more

⁶ "Der Westen darf nicht Sieger spielen", in: Süddeutsche Zeitung (Munich) 23 December 1999.

⁷ V. Likhachev, *Rossiya i Yevropeysky Soyuz v strategicheskoy perspektive*, op. cit., p. 44.

⁸ *Rossiya na rubezhe tysyacheletiya*, in: *Nezavisimaya gazeta* (Moscow), 30 December 1999.

⁹ See V. Baranovsky/A. Arbatov, *The Changing Security Perspective in Europe*, in: A. Arbatov/K. Kaiser/R. Legvold, op. cit., pp. 44-73.

constructive Russian attitude concerning a closer co-operation with the EU when it comes to solving Caucasus conflicts.¹⁰ This could also apply to other regions. After all, in view of the emerging European defence identity, the Russian leadership declares in its Strategy paper to be prepared to co-operate in military matters and to "join hands when it comes to preventing and solving local conflicts".

Another difficult matter mentioned in the Common Strategy where it would be reasonable to find common ground is Kaliningrad: the peculiar, politically sensitive geographic location of the region as a future EU enclave entails an urgent necessity to find a solution with Kaliningrad remaining an integral part of Russia while at the same time functioning as an active partner of the EU and Baltic Sea Co-operation. The region's main problem, after all, it is not security but further economic and social decline. It is noteworthy that the Russian Strategy paper expresses a general consent to some special agreement with the EU whereas before Moscow had declared the Kaliningrad problem to be a purely internal affair. Thus Kaliningrad could for instance be declared an area of eased visa regime or, in fact, a visa-free zone. It seems that Moscow could agree to such a solution even though the people of Kaliningrad would then be strongly privileged compared to other Russians. This would be an important contribution to securing the survival of the Russian exclave Kaliningrad as part of the Baltic Sea Co-operation, its infrastructure and networks. According to the Russian strategy paper, the interests of the people of Kaliningrad could be protected, when the EU expands as long as Brussels and Moscow reach a pertinent agreement. At the same time, however, other interesting developments are possible: "the transformation of Kaliningrad into a Russian pilot region within the framework of the Euro-Russian co-operation in the 21st century".

2. In several places, the Russian Strategy paper emphasises conspicuously the significance of foreign investment for the stabilisation and modernisation of the economy and the state. Moreover, this aspect plays an important role in the Putin-paper, too. This should make the EU stress even more the central preconditions for stronger foreign commitment as laid down in the relevant passages of the Union's Common Strategy: the need for reliable tax laws, the possibility to acquire land, efficient institutions, a secure legal system, clearly defined rules of the game. At least with regard to the first two points – taxes and land – the new Duma might be prepared to abandon its predecessor's resistance.
3. Another key point of the EU's Common Strategy is European commitment to the Russian regions – quite rightly so because it is easier to manage the projects and find the right partners, to speak and work with people on a regional level. More importantly, these relations which are supplemented by a great number of decentralised agreements between Russian and West European regions are helping to integrate also the Russian regions into European structures. In contrast to some statements made in the media and by some politicians, the Moscow Strategy paper does not in the least envisage risks of separatism in this respect but explicitly encourages the regions to respond to these initiatives. The regions should have the opportunity, so the Moscow paper, to actively participate in the development of partnership with the European Union in the economic and humanitarian fields as well as in the implementation of transboundary co-operation programs. To Moscow, massive Western investment into regional projects are very welcome. As the former prime minister Stepashin explained, they support the build-up of centres "where new goods, services and labour markets arise, in short: centres of economic growth for the coming century".¹¹ This is especially true for Russia's western regions, Russian experts argue: regions located at the border to the enlarging EU and thus in a position to revive their traditional relations to former partners of East Central Europe.¹² And indeed, the Russian regions which enjoy comprehensive rights thanks to the liberalisation of foreign trade relations and the development of federalism are ever

¹⁰ For more details see D. Wolter, *Die Kaukasus-Politik der Europäischen Union*, in: *Aus Politik und Zeitgeschehen* (Bonn), B 42/1999, pp. 32-39.

¹¹ Stepashin's speech at the World Economic Summit Meeting in Salzburg on 1 July 1999, according to the manuscript.

¹² A. Shishayev, *Nashi dela s Yevropeyskim Soyuzom*, in: *M.Z.* 10/1999, pp. 100-112, here: p. 106.

more interested in the EU and its member countries. The central Moscow authorities' economic and financial policy failures will most probably compel the Russian regions to increase their initiatives in future. Against this background it would be counterproductive if the Moscow were to strengthen its central power while at the same time strictly limiting the regions' autonomy, as the Putin administration seems to be about to do.¹³ Such a step would greatly hinder for instance the ever more intensifying relations between German federal states and Russian regions.

4. In dealing with a co-operative Russia it would be advisable to make sure that the inclusive policy of partnership and co-operation will not be damaged or neutralised by an exclusive policy of containment and delimitation. One has to find a balance between securing the EU borders to Russia on the one hand and the need for cross-border co-operation on the other. Another example: Russia has indeed registered the advantages it may enjoy with the EU's eastern enlargement. Paradoxically, Moscow sometimes evaluates the EU's expansion – in contrast to NATO's eastern enlargement – more positively than some capitals of EU member states. Moscow realises quite well that the market for Russian products will increase, transit routes and border regimes for trade will be unified and become more reliable, customs tariffs within the EU area harmonised.¹⁴ Still, Moscow does have some worries. One of them is: as soon as the membership candidates take up EU norms, like for instance with regard to technical, consumer and environmental standards, the already greatly reduced trade between Russia and these countries might shrink even further. The EU should not try and push Russia out of Eastern and Central European markets. It is rather a question of concretising the help offered with the Common Strategy in order to assist Russia in adopting to EU norms and standards, especially since such help is expressly asked for in the Russian Medium-Term Strategy. It is noteworthy that in this paper Moscow declares its willingness to change the Russian laws accordingly.

The EU, Russia and the War in Chechnya: What Is to Be Done?

There are a number of other important dimensions of the Common Strategy which started to be implemented but have at least partly put on hold at the moment because of the war in Chechnya. This has happened, for instance, in the case of the "Northern Dimension" project, the further development of a trans-European infrastructure and energy pipelines, co-operation in the field of environmental protection and, last but not least, some decentralised initiatives – for the first time mentioned in detail in the Common Strategy – including city partnerships, cultural activities, partnerships between professional organisations, enterprises, educational institutions. Such activities "from below" are an important stimulus to the building of a civil society in Russia. Unfortunately, the Russian document provides no equivalent to these initiatives in support of local projects as advanced by the EU's Common Strategy. Many among Moscow's elites are not interested in developing a civil society. This lack of interest has a negative effect not only on the democratisation process in Russia but also on a possible increase in those links between the partner societies which form an important part of the EU-Russia relations.

The Russian side has repeatedly expressed interest in combining both strategy papers into a single one entitled "Prospective Plan of Mutual Long Term Relations" in order to develop further the Treaty on Partnership and Co-operation.¹⁵ But in view of the Chechen war, the chances that such a project will be realised are rather slim not the least because the EU is faced with a dilemma in its relations with Moscow. On the one side, tough measures are called for if only to maintain the EU's credibility. The brutal war that Russia is waging on its own population massively violates human and minority rights, norms, standards and principles which the country has committed itself to observe vis-à-vis the OSCE,

¹³ Cf. for example the "National Security Conception of the Russian Federation", in: *Nezavisimaya gazeta*, 14 January 2000.

¹⁴ Cf. Deputy Foreign Minister Ye. Ivanov, *Pora vkhodit na vzaimnye mery po pooschreniyu yevropeyskikh investitsiy v Rossiyu*, in: *Yevro* (Moscow) 9-10/1999, p 3 sq. Similarly E. Keshin, *The Intersection of Economics and Politics in Russia*, in: A. Arbatov et al., *Russia and the West*, op. cit., pp. 98-126, here p. 117 sq.

¹⁵ Ye. Ivanov, *My ne izhduevency a zrelye partnery*, in: *Kommersant Vlast'* (Moscow) 41/19 Oct. 1999, p. 11.

the European Council as well as by the Partnership Treaty vis-à-vis the EU. In addition, it is possible that the Putin regime is trying to modernise Russia on a authoritarian-technocratic basis with only limited room for European standards and values. Moreover, such a Russian approach might entail a certain distance to the West to satisfy the patriotic consensus in Russia. On the other side, the EU is hardly in a position to impose effective sanctions or, if it were, such punitive measures would probably harm the long term prospects of EU-Russia relations (for example in the form of aggressive nationalism, self-isolation and/ or growing chaos potential in the international environment). Because of these reasons, the EU restricted itself to mainly symbolic measures, among others by reallocating Tacis means to other areas such as the advancement of democracy and humanitarian assistance, stricter control of unfair Russian trade practices in the steel and textile sectors, and finally also to a re-examination of the "Common Strategy".

What can the EU do in this dilemma? Apart from restricting measures employed so far the EU could find a more constructive approach by constantly reminding the Russian elites of the harm Russia will suffer if it ignores rules of behaviour which are the basis for implementing and developing its partnership with the EU. Such loss of possible benefits could occur in exactly those areas where Moscow's strategy paper has asked the EU for support and commitment: foreign direct investment in real production, integration in the WTO, prevention of new dividing lines at the eastern borders of an expanding EU, adaptation of the Russian financial and trading system to the Euro with its challenges and chances for Russia. Such incentives could encourage the reform forces in Russia and put a check on the use of violence against Russia's own population which is incompatible with the partnership. In addition, such a European approach could compel the new Putin leadership to return to long term policy conceptions after a phase of short term domestic policy and tactical considerations during the Duma and presidential elections.

In view of the above the following can be stated firmly: unlike in the nineties, the EU's engagement must henceforth be based on current Russian realities and a reasonable assessment of its future possibilities, not on the hopes of the early nineties. What is important is a pragmatic long-term policy guided by European interests and the aim of increasing compatibility in the areas democracy and human rights, economic order and international relations. The Europeans should thus neither be guided by illusions nor get discouraged by setbacks. After all Europe will remain a central focus of Russian concerns. Despite widespread talk of Russia as a Eurasian power, the Russian political elite and public see their country first and foremost as a European power. In contrast to Soviet times, we now encounter a great number of different actors on the central, regional and local level where varying segments are interested in continuing reforms: politicians and professionals, economic and financial circles, the younger generations in general. For all of them, the implementation of the Common Strategy is of great significance. Among all regions of the world, Europe is the one to which Russia has the closest ties historically, politically, economically and culturally. Three quarter of Russia's population are living in the country's European sector – when they look beyond their borders they look mostly in the European direction.

Heinz Timmermann

This analysis is based on a lecture the author gave at a conference organised by the Bonn Institute for European Politics in Brussels with the participation of high ranking representatives of EU, WEU and NATO on January 28/29, 2000.

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