FALSE PREMISES, SOUND PRINCIPLES: 20

THE WAY FORWARD IN EU–RUSSIA RELATIONS

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BRIEFING PAPER 20, 16 April 2008

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Summary

- The post-Cold War EU–Russia relationship has been based on erroneous premises: Russia has not been willing to live up to its original aims of pursuing a western democratic and liberal path; nor have the European Union and its member states been able to develop a coherent policy line that would have consistently nudged Russia in that direction.

- The lack of a genuinely shared understanding concerning the relationship has resulted in chronic and growing political problems and crises between the parties. The increasingly fraught nature of the EU–Russia relationship has also played to Russia's strengths. It has enabled Russia to re-assert its sovereignty and walk away from the commonly agreed principles and objectives already codified in the Partnership and Cooperation Agreement of 1994.

- The erosion of the original central aims of the partnership has not resulted in an atmosphere of working relations. Although Russia has been able to get its own way in most of the issues, a relationship worthy of the name "strategic partnership" is currently more elusive than ever.

- Instead of toning down its relations with Russia, the EU should seek to re-invigorate its approach to the country. It should also acknowledge that despite the current problems the EU's policy on Russia has, by and large, been based on sound principles. Democracy, the rule of law, good governance, respect for human and minority rights, and liberal market principles are all factors that are badly needed in order to ensure a stable and prosperous future for Russia.

- The EU should, through its own actions, also make it clear to Russia that it deserves respect and needs to be taken seriously. It would be prudent to proceed from the sector that seems to be the key to the current relationship: energy. By pursuing a unified internal energy market and subsequent common external energy policy, the EU might be able to make Russia take the Union level more seriously again. It would also deprive some of the main culprits – Russia and certain key member states alike – of the chance of exploiting the economic and political deals cut at the bilateral level to the detriment of the common EU approach to Russia.

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The European Union research programme

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Red Square, Moscow

Photo: damian 78.

False premises

It has become something of a truism to contend that EU–Russia relations are in a state of semi-permanent crisis. Substantial and constantly deepening mutual economic and political interdependence notwithstanding, the actual interaction between the two seems to produce little more than deep-seated misunderstandings, mutual suspicion and growing overall disillusionment with the very idea of partnership. In hindsight, this is all rather surprising, even disappointing, and the current mood seems far removed from that at the beginning of the 1990s when the two were busily engaged in developing a mutually beneficial "strategic partnership".

The fact that the relationship between the EU and Russia has failed to live up to expectations stems from the fact that it has been based on erroneous premises on both sides of the table. To understand why this is the case, we must appreciate the exceptional circumstances during which the foundations of the relationship were initially laid. The end of the Cold War and the dissolution of the Soviet Union heralded an age of unprecedented, albeit brief, optimism. The beginning of the 1990s witnessed a period of Fukuyaman "End of History", during which time there was a strong expectation of a swift transition towards liberal forms of economy and politics in all of the countries in Europe, Russia included.

The political foundation of the EU–Russia relationship, the Partnership and Cooperation Agreement (PCA) adopted in 1994, should be seen as a reflection of the Zeitgeist of its era, departing from an assumption of the essential compatibility of the EU and Russian value systems and aiming at ever-closer economic integration and political cooperation between Brussels and Moscow. As a consequence, Russia was, largely due to its own insistence, subjected to the same objectives and principles, including political conditionality, as the rest of the emerging Central and Eastern Europe, with the important proviso that full membership of the EU would not be on the cards.

The course of events since then has proved otherwise. Russia has not been willing to live up to its original aims of pursuing a western democratic and liberal path, a path which the country itself declared it wanted to follow in the immediate aftermath of the demise of the Soviet Union. Instead, Russia witnessed a period of internal weakness and ideological disorientation, followed by the current phase of internal consolidation and growing assertiveness. Currently it is traditional Russian virtues, such as patrimonialism and authoritarianism, as well as a modern variant of protectionist state capitalism, not liberal democracy and market principles, that seem to be the order of the day in Moscow.

Neither has the European Union nor its member states been able to develop a coherent policy line that would have consistently nudged Russia in the direction originally envisaged. Instead we have witnessed a haphazard application of conditionality and an incoherent policy line with several divergences in key member state positions. Furthermore, the fact that there has been no efficient carrot to whet the Russian appetite has curbed Brussels' influence on Russia. In the last instance, the rising prices of several key commodities in the world markets, notably oil

Brussels Grand Place Photo: baby7

and natural gas, in recent years have insulated Russia from any external economic influence, leaving the EU with very little effective leverage over the country.

The lack of a genuinely shared understanding concerning the appropriate logic of interaction between the EU and Russia has resulted in chronic and growing political problems and crises between the parties. It is worth pointing out that the increasingly fraught nature of the EU–Russia relationship has mainly played to Russia's strengths. It has enabled Russia to re-assert its sovereignty and walk away from the commonly agreed principles and objectives already codified in the PCA. But the erosion of the original central aims of the partnership has not resulted in an atmosphere of working, mutually beneficial relations between the two. Instead it seems that Russia has been pressing hard for concessions while the EU seems to have mainly engaged itself in rearguard activities, hoping to preserve what it can of the original agenda in the hope that Russia will eventually reconsider its position and return to the wider European fold. Thus far, this has not transpired. As a result, a relationship worthy of the name "strategic partnership" has become more elusive than ever and the undeniable mutual gains to be had from a true partnership have eluded both parties.

Sound principles

Clearly, the EU–Russia relationship is caught up in a vicious circle of mutually decreasing expectations. On the Russian side, growing contempt towards the EU and its institutions can be detected. For its part, the EU, too, has witnessed increasing calls for a serious rethink of its approach to Russia. The advice seems to be that instead of an ambitious partnership based on shared values and principles, the EU should seek to cultivate a more pragmatic policy based on a commonality of certain key interests.

At first sight this might seem like sound advice, but it does not bear serious scrutiny. The EU is not like the United States, which can afford to concentrate on a narrow set of strategic issues in its relationship with Moscow. Geographical proximity and growing interdependence are simply too great for the Union to remain indifferent about the future trajectory of Russia. The way forward for the Union cannot therefore be a tempering of ambitions when it comes to Russia.

What is more, and despite the fact that the expectation of Russia's essential willingness to follow a liberal path has proved to be largely a chimera, this does not necessarily mean that all the principles underlying the Union's policy on Russia have been flawed. In fact, the reverse case can also be made. Although the original expectation of a rapid convergence towards the western ideals was overly ambitious, democracy, rule of law, good governance, respect for human and minority rights, and liberal market principles are nevertheless all factors that are badly needed in order to ensure a stable and prosperous future for Russia.

In addition, it may well be that Russia's current questioning of a closer relationship with Europe based on liberal principles is, in fact, based on an erroneous reading of certain conjectural factors that are unlikely to persist over the longer term. First, it would

Europe Square, Moscow Photo: Katri Pynnöniemi

seem to be that the current boom in oil and gas prices has made Russia look economically stronger and more successful than it actually is. Instead of engaging in serious economic reforms and modernization, the talk in Moscow seems to be that maybe such reforms are not even needed, and even if they are, the stagnant model of European "social democracy" is hardly one to emulate.

Second, the temporary post-enlargement malaise in the EU has created an impression that somehow the Union is in serious political trouble and facing growing irrelevance. Taken together, these two factors have created a false impression that even today Russia is somehow economically more vibrant and successful than the EU. In its rush to become the largest European economy by 2020, which would require surpassing Germany in the process, Russia has forgotten that it has very little actual chance of matching the combined economic strength of the European Union and its member states. In addition, in the political arena, the Grand Narrative of European integration is one of intermittent bouts of political sclerosis followed by periods of rapidly deepening integration and growing unity, something that is likely to persist also in the future. In this respect, it seems certain that Russia has overestimated the extent of the Union's current problems and written it off much too hastily.

For these reasons, Russia's current celebration of victory may very well prove to be premature. In this respect, for Russia the EU should be a force to be reckoned with and not trifled with. This is especially true when one bears in mind that Russia's sustainable economic, political and social success will require reforms that will essentially take the country back towards the original path of convergence with certain key liberal principles.

In this process the EU is the only partner and agent of modernization that is both capable of, and interested in helping Russia to succeed. As already mentioned, the United States is too far removed from, and not sufficiently interested in Russia to be that kind of partner. Also, the other currently available option, China, has not yet fully presented itself as a credible partner in the process, while it also poses Russia with the issue of strategic competition in Central Asia – a factor that is clearly lacking in the case of the EU.

Finally, the case can be made that it is perhaps only now, after having overcome at least some of the most centrifugal forces unleashed by the dissolution of the Soviet Union, that Russia can re-embark on a course of rapprochement with the European Union. Therefore, and if one wishes to put a positive spin on some of the most negative aspects of Putin's presidency – namely the clearly growing trend towards authoritarianism in the country – it is only now after stabilizing the domestic situation that the Kremlin, and especially its new master Dmitri Medvedev, might be ready for a change towards a more liberal direction yet again.

A change in Russia would, in fact, be required as the growing authoritarianism and lack of effective checks and balances make the current regime susceptible to serious and potentially fatal economic and political miscalculations. In this respect, the recent comments by the President-elect have been encouraging: the powers that be in Russia do in-

"Private area" Photo: Hannu Mourujärvi

deed need to engage the whole of the country in an open debate about its future. This means, naturally, also lending an ear to voices that are highly critical of the current comings and goings in the country. More importantly, this would entail a clear reversal of the current trends within Russia; away from growing control towards an increase in liberties, the rule of law and good governance.

The way forward for the Union

What might the role of the Union be in this process? The starting point must be the sober realization that the EU has very high stakes in its relationship with Russia. Russia is simply too big, too near and too important to be ignored. Therefore, and despite the current serious political problems, the EU should extend the hand of partnership to Russia time and time again. Any kind of scaling down of the engagement is hardly a feasible option.

At the same time, the EU should, through its own actions, make it clear to Russia that it deserves respect and needs to be taken seriously. The EU should start from the sector that seems to be the key to the current relationship: energy. Here a clear change in the way the Union does its business is required. The current situation only plays to Russia's strengths, enabling it to pick and choose the most convenient EU partners and economically juicy projects, making the EU look empty and hollow in the process.

By pursuing a unified internal energy market and subsequent common external energy policy, the EU could make Russia take the Union level more seriously yet again. There actually is an important historical precedent that should make us think hard about the issue. In the 1960s the EC started to develop its Common Commercial Policy. Particularly from the 1970s onwards, its development essentially forced the Soviet Union to start taking the EC more seriously as it could no longer solely engage the individual member states in preferential business deals as had been the case previously. This resulted in the gradual establishment of ties between the Soviet Union and the EC, as well as the process of wider rapprochement between the Council of Mutual Economic Assistance and the European Communities in the 1980s, paving the way for the dissolution of the Soviet empire and the eventual association and accession of Central and Eastern European countries into the Union.

With this precedent in mind, it is not too far-fetched to imagine that the same could happen again with Russia in the case of energy. As was the case with the Soviet Union, it would force Russia to deal more at the Union level instead of going to individual member states. And even if it failed to bring about a miraculous change in the Russian attitude towards the Union and its agenda, it would at least deprive some of the main culprits – Russia and the member states alike – of the chance of exploiting the economic and political deals cut at the bilateral level to the detriment of the common EU approach to Russia. Perhaps even more importantly, by making Russia play the market in the energy field to the full, the EU would also be able to diminish the potential scope for the Kremlin to use energy as a political weapon. This would single-handedly do away with the single biggest concern relating to the Union's large and, in the future, growing dependence on Russian resources, paving the way for a reciprocal and mutually beneficial relationship in the field of energy.

However, a successful EU–Russia relationship should obviously extend far beyond the energy question. In this respect, the Union should stick to a certain baseline in its relations with Russia. The EU must not let Russia shirk its commitments concerning certain liberal values and principles, no matter how difficult the issue might currently be. The reasons for this in terms of Russia's own development have already been alluded to in this paper. The EU should also keep in mind that more is at stake than 'just' its relations with Russia. In essence, the EU is in danger of losing its legitimacy in the eyes of its other partners, especially in Europe. One may ask, and with good reason, on what grounds the Union expects its other neighbours to heed its normative agenda and conform to the intense political conditionality and scrutiny implied by, for example, the European Neighbourhood Policy, if it has already allowed its biggest and perhaps most important neighbour to walk away from that table and agenda?

None of this should be taken to imply that the Union should go on the offensive towards Russia. Instead, a more moderate and essentially conservative stance is required. The EU should seek to consolidate its own energy policy, while insisting that any relationship beyond that sector must conform to a certain liberal baseline. At the same time, the Union should shy away from taking steps that would result in a drastically reduced scope for interaction with Russia in the future. In this regard, the EU should refrain from rushing into a new post-PCA agreement if it only meant codifying the current mood of pessimism and resulted in a less ambitious agreement than the one the parties have at present. In any case, the question of a new agreement is far from pressing: the current agreements and documents adopted by the parties provide them with ample scope to take the relationship forward in a mutually beneficial way.

This Briefing Paper has been prepared for the seminar "Unity in Diversity? The EU vis-à-vis Russia" co-organized by FIIA and EPC in Brussels, 16 April 2008.

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ISBN-13: 978-951-769-206-9
ISSN: 1795-8059
Cover photo: "Barroso and Putin", source: http://ec.europa.eu
Language editor: Lynn Nikkanen
Layout: Nordenswan & Siirilä

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