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The following paper is one of six chapters covering the state of the Union at the beginning of 2009.

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## CHAPTER 5

### EU relations with Russia and the eastern neighbourhood

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#### **Introduction**

Russia and the European Union's eastern neighbourhood were high on the EU agenda following the Russian-Georgian conflict over South Ossetia in August 2008; however, in the autumn the financial crisis began to overshadow all other developments. Even the Russian-Ukrainian gas crisis, while calling for shuttle diplomacy and crisis management on the part of the new Czech Presidency, did not occupy the space it would have in the absence of the negative financial and economic developments. Nonetheless, both the South Ossetian conflict and the gas crisis raised questions regarding regime stability in the eastern neighbourhood and Russia's intentions in the area. While these events buttressed the arguments of those within the EU who were sceptical of the possibility of partnership with Russia, the economic crisis has been emphasised by those seeking intensified engagement as an opportunity to pursue this course in the immediate future, because (i) the crisis has affected all of Europe and beyond and requires a joint solution, and (ii) the reduction in oil and gas revenues in Russia may create an environment more conducive to cooperation with other states and international organisations and less orientated towards an autarkic path on which Russia is certain of being able to 'go it alone'.

The conflict over South Ossetia has also convinced many in the EU of the need to become more involved in the countries of the eastern neighbourhood, both out of concern over Russia's intentions and because of the unexpected actions taken by the Georgian president, Mikheil Saakashvili, which have shed light on disturbing political developments in Georgia that were known before but were insufficiently taken into consideration. The gas crisis has had similar consequences with regard to Ukraine, as it highlighted the impact of the divided political leadership there on developments that directly concern the EU. At the same time, the effects of the economic crisis on the neighbourhood countries have made it clear how fragile both economic and political development has been in most of them and how much potential for instability still remains.

Thus, the time is appropriate for a review of EU-Russian and EU-eastern neighbourhood relations and for gaining a better understanding of (i) the

relationships between the two, and (ii) how they relate to the larger security context in Europe.

### **The state of EU-Russian relations**

It has become commonplace to assert that EU-Russian relations are in crisis. At the same time, a distinction must be made between political and economic relations, as well as between the relations at the EU level and those at the level of the member states. In this manner it is possible to arrive at a more differentiated conclusion about the current state of the relationship. While the primary focus here will be at the EU level, it is nonetheless possible on the basis of existing literature to attempt a comparison between this level and the bilateral one.

EU-Russian relations find their institutional format in a Partnership and Cooperation Agreement (PCA) and in the four 'Common Spaces' of economic cooperation; external security; freedom, security and justice; and education, research and culture.<sup>1</sup> Both these formats include political and economic aspects; we will analyse the former first and then the latter. As a matter of comparison, however, it should be stated that the economic space is the most developed of the four, just as the PCA is dominated by sections on economic cooperation. Based on the formal structures, therefore, it is possible to conclude that both parties see economic relations as the most important aspect.

In the years since May 2005, when the roadmaps for the implementation of the Common Spaces were established, more emphasis has been placed on the four spaces than on the PCA, which is sometimes characterised as largely outdated. However, the PCA is much more detailed and specific than the Common Spaces, and many of its provisions are still relevant. Nonetheless, two elements in particular can legitimately be mentioned in conjunction with its allegedly obsolete nature. Firstly, the references to shared values in the spheres of democracy and human rights. These are generally viewed on the EU side as clauses which were acceptable in the 1990s, when the agreement was drafted and signed, because the EU actors involved were working under the assumption that Russia would develop in a democratic fashion: however, given the clear trend towards authoritarianism under Vladimir Putin (and arguably under Boris Yeltsin as well), these clauses now appear inappropriate. The second element is the limited consideration given to energy-related issues in the agreement. Given the enormous amount of attention paid to energy questions in the EU-Russian relationship in recent years (of which the Russian-Ukrainian gas crisis in early

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<sup>1</sup> Links to both the PCA and the roadmaps for the Common Spaces can be found at: [http://ec.europa.eu/external\\_relations/russia/index\\_en.htm](http://ec.europa.eu/external_relations/russia/index_en.htm)

2009 is the latest manifestation), the short shrift given to such questions in the original PCA is no longer in line with contemporary developments.

While these concerns with the PCA are valid and need to be addressed in the ongoing negotiations about the new agreement (see below), it is nonetheless necessary to recognise that the existing PCA continues to function and remains pertinent in several areas. Still, as a basis for EU-Russian relations it is significantly weaker than would be an agreement that could count on Russian World Trade Organisation (WTO) membership in the near future and a consensus on principles similar to those contained in the Energy Charter Treaty, which has been signed but not ratified by the Russian Federation.

The sections of the PCA that are not dedicated to economic topics include the establishment of a political dialogue and some issues that are only tangentially related to economic cooperation, including health and safety, support for tourism, cooperation in the narcotics sphere and cultural cooperation. This list makes it clear that there is some overlap between the PCA and the Common Spaces. This overlap can be explained by the history behind the emergence of these spaces. They constitute a response to the Russian decision not to become a partner country within the framework of the European Neighbourhood Policy (ENP). As will be elaborated below, the EU designed the ENP in the period leading up to the eastern enlargement in order to establish a framework for its relations with the countries now on or close to the new EU border, including Russia. The Russian leadership, however, was unhappy with the EU decision to treat Russia on a par with countries such as Moldova and Morocco (which was included in the southern dimension of the ENP). Russia thus insisted on a separate framework, which would underline its special significance to the EU, and the result of this insistence was the creation of the four Common Spaces.<sup>2</sup>

Three of the four Common Spaces are related to non-economic topics. Activity in them can best be assessed by means of the progress report issued by the European Commission in March 2008, on which the following summaries are based.<sup>3</sup>

*The Common Space on freedom, security and justice.* There has been little progress in influencing Russian internal political developments. In fact, with

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<sup>2</sup> Hannes Adomeit and Rainer Lindner, 'Die "Gemeinsamen Räume" Rußlands und der EU: Wunschbild oder Wirklichkeit?' *SWP-Studie* 2005/S 34, November 2005, [http://www.swp-berlin.org/produkte/swp\\_studie.php?PHPSESSID=9257257bf1c43a1efddd101bf91c7599&id=5201](http://www.swp-berlin.org/produkte/swp_studie.php?PHPSESSID=9257257bf1c43a1efddd101bf91c7599&id=5201); Michael Emerson, *EU-Russia – Four Common Spaces and the Proliferation of the Fuzzy*, CEPS Policy Brief No. 71, 1 May 2005.

<sup>3</sup> EU-Russia Common Spaces Progress Report 2007, [http://ec.europa.eu/external\\_relations/russia/docs/commonsaces\\_prog\\_report2007.pdf](http://ec.europa.eu/external_relations/russia/docs/commonsaces_prog_report2007.pdf)

regard to freedom- and justice-related issues, there has arguably been a regression in the internal Russian situation. Visa questions have become a central issue of EU-Russian relations for the Russian side in particular, although they are relevant for the EU as well, since difficulties with work visas for EU citizens stationed in Russia arise periodically.<sup>4</sup> The major achievement within this space has been the implementation of a visa facilitation and readmission agreement that started on 1 June 2007. In the same year, a dialogue began on the prospect of establishing a visa-free regime between Russia and the EU as a long-term prospect. The ratification of a border treaty between Latvia and Russia in 2007 and the beginning of arrangements for border demarcation are further achievements within this space. More problematic have been the EU-Russian human rights consultations. While they occur regularly, attempts by the EU to improve their effectiveness by adding supplementary formats and/or holding the meetings alternately in the EU and Russia have been rejected by the Russian side. Meanwhile, the human rights situation in Russia has deteriorated along numerous parameters and this is of increasing concern to the EU.<sup>5</sup>

*The Common Space on external security.* This space is potentially the most innovative, as it allows for Russia and the EU to carry on a dialogue about the larger issues of international and European security. The five priorities are (i) strengthening dialogue and cooperation; (ii) fighting terrorism; (iii) non-proliferation of weapons of mass destruction (WMD); (iv) cooperation in crisis management; and (v) cooperation in the field of civil protection. Despite this broad agenda, progress has been extremely limited. In particular, difficult issues of crucial importance, such as the assessment of developments in the 'common neighbourhood' between Russia and the EU have not led to fruitful cooperation.

During the past year, it has become increasingly clear that some issues concerning the new security environment since the end of the Cold War are (i) seen as unresolved from the Russian side, and (ii) emerging as the topic of a potential discussion between the EU, Russia and the USA. The Common Space on external security could be used as a platform to discuss these issues at the EU-Russian level, without prejudicing the outcome of possible discussions in other forums, such as the debate on a new 'European security architecture' that

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<sup>4</sup> For a recent review of the EU-Russian visa regime, see Minna-Mari Salminen and Arkady Moshes, Practice what you preach: The prospects for visa freedom in Russia-EU relations, FIIA Report 2009/18, [http://www.upi-fii.fi/assets/events/FIIA\\_Report\\_18\\_2009.pdf](http://www.upi-fii.fi/assets/events/FIIA_Report_18_2009.pdf)

<sup>5</sup> See e.g. Human Rights Watch, *Choking on Bureaucracy – State Curbs on Independent Civil Society Activism*, 19 February 2008, <http://www.hrw.org/en/reports/2008/02/19/choking-bureaucracy-0>; Amnesty International Report 2008, *The State of the World's Human Rights – Russian Federation*, <http://thereport.amnesty.org/eng/regions/europe-and-central-asia/russian-federation>

has been given impetus by the Russian president, Dmitri Medvedev, for which the Organisation for Security and Cooperation in Europe (OSCE) is being considered as a possible framework. In short, the potential of this Common Space has been woefully underutilised due to the clearly differing positions both within the EU and between the EU and Russia, and an underlying lack of trust that makes tackling tricky issues difficult. It is revealing that an assessment of progress in this Common Space was excluded from the European Commission's March 2008 progress report, which covered the other three spaces but not the one on external security, simply remarking that it 'concerns principally matters related to the Common Foreign Security Policy (CFSP) and is not covered by this progress report'.<sup>6</sup> Nonetheless, the main achievements listed in the report include all four Common Spaces, and while between four and seven achievements are given for each of the other spaces, the one on external security can boast only one: 'EU Joint Action in support of chemical weapons destruction in Russia'.<sup>7</sup> Thus the conclusion appears justified that the decision not to assess progress in the third space is due not only to its relation to the CFSP, but also to the fact that very little has been achieved.

*The Common Space on research and education, including cultural aspects.* The results in this Common Space are relatively little publicised. There have, however, been multiple signs of activity: for example, Russia participated in 280 projects within the EU's Sixth Framework Programme and in this context received a total of about €120 million, while contributing another €20 million in co-financing. In addition, a number of thematic working groups have been set up, for example, on health, nanotechnologies, aeronautics, mobility and the environment. In the educational sphere, Russia has continued to participate in Tempus projects, although these have been limited to about €10 million per year. Under the Erasmus Mundus programme, 130 Russian students and 41 academics have been involved in exchanges in the EU, while approximately 15 Russian educational institutions have developed partnerships with EU counterparts on the level of programmes leading to a Master's degree. In addition, through the so-called Erasmus Mundus External Cooperation Window, groups of EU and Russian universities have been able to establish partnerships allowing for over 700 scholarships for exchanges at the student and university teacher level. These have been funded by the European Neighbourhood Partnership Instrument (ENPI), to which Russia has access despite its refusal to become an ENP partner

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<sup>6</sup> EU-Russia Common Spaces Progress Report 2007 (see footnote 3), p. 1.

<sup>7</sup> Ibid., p. 3.

country.<sup>8</sup> Finally, a European Studies Institute has been set up in Moscow, offering a one-year Master's programme in EU studies for young officials.

In the realm of culture, progress has been limited with efforts being focused on drawing up a Culture Action Plan to promote relevant (inter-)cultural projects. While it is not completely clear what the various activities within the fourth space add up to as a whole, the activity in this Common Space is encouraging and it appears to be one of the areas in which genuine progress is possible since many of the activities are in the realm of 'low politics' and 'people-to-people contacts', meaning that they can continue relatively untouched by the larger issues of 'high politics' and their accompanying difficulties.

An analysis of the economic aspects of the relationship, including energy, reveals that these are clearly the heart of EU-Russian interaction. Both in the PCA and in the Common Spaces roadmaps, the economic component plays a dominant role. In keeping with this, the progress report on the Common Spaces also focuses to a large extent on economic cooperation, with 29 of 39 pages being devoted to a description of progress in the 'common economic space'. The progress report makes clear that there are a plethora of forums in which all facets of economic cooperation are discussed, from trade to energy, transport and the environment. On the other hand, a closer reading of the document reveals that many of these forums are still relatively immature, and even the more established ones frequently have trouble moving from dialogue to concrete results. Those that have achieved results have generally needed years to address a given issue, for example the creation of an early warning mechanism in the energy realm. While there are a variety of joint projects that are finished, ongoing or planned in the various sectors, these are relatively small in nature, usually below the €10 million mark. (The largest is a sludge incineration plant in St Petersburg, with a cost of €29.8 million).<sup>9</sup> While such projects are exactly what is needed in the EU-Russian relationship and they are more capable of 'flying below the radar' of 'high politics', the sums indicated and the description of cooperation in the progress report suggest that, while the economic dimension of EU-Russian relations is clearly the most prominent, bilateral contacts between member states (and companies based in them) and the Russian Federation are much more significant than those at the EU level: for instance, the volume of trade between Germany and Russia reached €60 billion in 2008.<sup>10</sup>

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<sup>8</sup> The ENPI has replaced TACIS as the funding instrument in the post-Soviet area.

<sup>9</sup> EU-Russia Common Spaces Progress Report (see footnote 3), p. 17.

<sup>10</sup> Posol onlain, <http://www.germania-online.ru/index.php/2008-04-13-13-17-26/1032?task=view> (comments by the German ambassador to Russia, Walter Jürgen Schmid, 12 February 2009).

On the whole, an analysis of the EU documents pertaining to the relationship with Russia shows that the EU has tried to take an extremely comprehensive approach, attempting to initiate dialogue and/or concrete cooperation in an enormous variety of areas. However, this approach appears to have been based on the assumption that a genuine desire would continue to be present on both sides for a constructive deepening of relations. Instead, the EU has become increasingly disillusioned with Russia (not only because of its authoritarian development domestically but also because of its obstructive foreign policy), while the Russian side has become largely convinced that cooperation with the EU requires quite a bit of effort for very little benefit, in particular in comparison to the gains to be had from bilateral cooperation with interested member states. The ponderous technocratic workings of the EU, combined with masterful Russian techniques of dragging out processes indefinitely to give the impression of interest without achieving concrete results, often combine to ensure that very little of the original comprehensive agenda is genuinely addressed. The attempt to rejuvenate the relationship through the introduction of the four Common Spaces following Russia's refusal to participate in the ENP has largely failed, because the underlying problems in the relationship – such as mistrust on both sides and Russian scepticism about the EU's non-economic weight – have not been dealt with.

While a detailed analysis of relations between Russia and the individual member states must remain largely outside the framework of this contribution, it should be pointed out that this level of relations is the one on which Russia places the greatest emphasis. The recent signing of a declaration on strategic partnership between Russia and Spain and the parallel plans for increasing Gasprom's stake in the Spanish energy sector are only the latest indications of this tendency.<sup>11</sup> Despite official Russian rhetoric, which places a high value on relations with the EU and continues to call for a 'strategic partnership', analyses by Russian scholars make clear that Russia considers the EU a weak political and security player and does not have high expectations of what can be obtained through negotiations at the EU level.<sup>12</sup> Even with regard to economic issues, Russia prefers to deal with certain member states and/or corporations individually, despite recognising the economic might of the EU as a whole.

It is clear that while there are differences between the 'old' and 'new' member states (the latter comprising the group which acceded to the EU between 2004

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<sup>11</sup> 'Rossiiskii gaz rasširilsia do Ispanii: Strategičeskoe partnerstvo podkrepiat energetičeskim', *Kommersant*, 4 March 2009.

<sup>12</sup> Igor Yurgens (ed.), *Russia and the European Union: Exploring Opportunities for Greater Cooperation*, Institute of Contemporary Development, Moscow, December 2008.

and 2007), this distinction is inadequate to do justice to the complexity of EU members' attitudes towards, and relationships with, Russia. Hungary and Bulgaria, for example, have a less sceptical attitude towards Russia than do Poland and Estonia, while Sweden and the UK are more wary of Russia's behaviour than are Germany and France. That this disunity of approaches towards Russia has prevented the emergence of a EU policy towards the Russian Federation has been stated repeatedly and does not need to be dwelt upon further here.<sup>13</sup> It will be taken as a given for the purposes of this paper that the EU is currently unable to speak with one voice regarding Russia, and that remedying this situation should be a key goal of the EU and its member states.

In conclusion, a differentiated analysis of EU-Russian relations reveals that the bilateral level, while not our focus here, is the most active, particularly in the economic sphere. Bilateral political relations cover a broad spectrum from vibrant and largely positive to stagnant and difficult. At the EU level, economic aspects of the relationship, in particular with regard to energy, constitute an important component but one with significant limitations, while the political realm is experiencing great difficulties and is largely ineffective, especially with regard to external security matters.

### **The contours of contemporary Russia**

There is currently widespread agreement in the EU that a joint analysis of political, economic and societal developments is necessary as a basis for eventually forming a common policy towards Russia. While these developments have frequently been analysed, and a detailed investigation of today's Russia is not the goal of this section, it is nonetheless useful to point to five features of contemporary Russian development in order to reach appropriate conclusions on how EU-Russian relations might proceed and how the EU should seek to shape the relationship in the near future.

The first feature is the authoritarian nature of the Russian regime. Since the beginning of Vladimir Putin's second term as President of the Russian Federation (2004-2008), much has been written about the trend towards authoritarianism in Russia.<sup>14</sup> The key signs of this trend, which is quite advanced, include: a high level of centralisation of power around the executive, without adequate limits on or monitoring mechanisms for the exercise of this power; the increasing lack of civil freedoms, such as those of assembly and

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<sup>13</sup> For an analysis of the differences between the member states' relations with Russia, see Mark Leonard and Nicu Popescu, *A Power Audit of EU-Russian Relations*, European Council on Foreign Relations, 2007, [http://ecfr.3cdn.net/456050fa3e8ce10341\\_9zm6i2293.pdf](http://ecfr.3cdn.net/456050fa3e8ce10341_9zm6i2293.pdf)

<sup>14</sup> See e.g. Michael McFaul and Kathryn Stoner-Weiss, 'The Myth of the Authoritarian Model: How Putin's Crackdown Holds Russia Back', *Foreign Affairs*, January/February 2008.

expression, accompanied by widespread control over the media; and the manipulation of both parliamentary and presidential elections during the campaign, voting and vote-counting stages. A growing literature on 'hybrid regimes' tries to go beyond the category of 'authoritarian' and distinguish between various types of 'grey zone' regime, having received impetus from the unexpected transition paths of many post-Soviet states.<sup>15</sup> For our purposes, however, it is of greater interest to inquire into the connection between the authoritarian aspects of the Russian regime and its foreign policy in general and relationship to the EU in particular. This connection will be easier to analyse after taking the other four features of contemporary Russia into account.

The second significant feature is the intertwined relationship between the political and economic spheres in Russia. While the business sector interacts with government in any type of regime, a combination of factors makes this interaction in Russia particularly noteworthy. First, the concentration of power in the executive mentioned above, together with a strong tradition of a state-run economy, combine to ensure that a small group of the political elite can exercise a significant degree of control over important economic actors. Second, the high level of corruption in Russia creates an environment in which deals are done between the political and economic circles in a highly non-transparent manner. Third, there is often overlap in personnel in business and political circles, either through politicians doing business on the side or through businesspeople being co-opted into politics, and civil servants are often delegated to participate in oversight bodies in major corporations. All of this together creates an environment which is difficult to assess and different enough from the typical business-government relationship in the EU to make cooperation problematic.

The third feature is the foreign policy approach of the Russian Federation, which has frequently been called 'assertive' or even 'aggressive'. Again, many analyses of Russian foreign policy have examined continuities and/or shifts in emphasis in the recent past, but of particular interest to us here is a fundamental Russian ambivalence towards the West that has a long tradition and makes it difficult for Russia to determine the place it desires to occupy in the

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<sup>15</sup> Larry Jay Diamond, 'Thinking About Hybrid Regimes', *Journal of Democracy* 13/2, April 2002, pp. 21-35; Joakim Ekman, 'Political Participation and Regime Stability: A Framework for Analyzing Hybrid Regimes', *International Political Science Review*, 30/1, pp. 7-31, 2009; Steven Levitsky and Lucan Way, 'The Rise of Competitive Authoritarianism', *Journal of Democracy* 13/2, April 2002, pp. 51-65; Leonardo Morlino, 'Hybrid regimes or regimes in transition?' *FRIDE Working Paper* 2008, <http://www.fride.org/publication/504/hybrid-regimes-or-regimes-in-transition>

international arena and how it might best achieve that position.<sup>16</sup> Since this ambivalence is directed mainly at the USA, which is often the subject of hostile Russian rhetoric, the EU is not a primary target and, indeed, is generally portrayed rather favourably inside Russia, despite (or perhaps, in part, due to) the widespread perception of its weakness as a political and security actor.<sup>17</sup> However, the fact that the EU model has spread and is increasingly identified with 'Europe' as a geographical area by influential actors within the EU itself, leaves Russia at a loss with regard to defining its European identity. Although the Russian leadership regularly emphasises this identity, it is clear that Russia has neither managed to create an alternative 'European' model, nor developed the desire to pursue significant integration with the existing EU model. This leads to a high degree of sensitivity on the part of the Russian elite about an external model being 'imposed', which in turn hampers opportunities for genuine cooperation and assistance.

A fourth feature which characterises Russia today is a persistent decoupling of politics from society. While the business and political sectors are deeply interconnected, as explained above, the society is largely apolitical. Many analysts in both Russia and the EU have pointed to the existence of an informal 'social contract' between the state and the people during the Putin years, which implied that the state would provide a certain minimum level of support as well as create the conditions for people to increase their wealth and welfare, and in turn the population would not attempt to meddle in political affairs.<sup>18</sup> Clearly, there were always some exceptions to this rule in the form of courageous journalists, human rights activists and environmental campaigners, etc., but on the whole, the social contract functioned for a significant part of the population.<sup>19</sup> Now that Russia has been hit quite hard by the global economic crisis, it appears that the state will not be able to uphold its side of the contract. However, due to this informal agreement, no functioning mechanisms for feedback from society to state and vice versa have been developed and people are left only with the option of protest. Indeed, sporadic expressions of protest in the form of demonstrations have been increasing in Russia over the last few months, with a basically repressive although inconsistent response by the

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<sup>16</sup> See in particular Robert Legvold (ed.), *Russian Foreign Policy in the Twenty-first Century and the Shadow of the Past*, New York: Columbia University Press, 2007.

<sup>17</sup> It should be noted that the new member states, which joined during the course of the Eastern Enlargement, are often characterised negatively in the Russian media and in political rhetoric. On the other hand, the EU role in the management of the Caucasian crisis in August-September 2008 was presented quite positively, with particular praise going to the efforts of the French Presidency.

<sup>18</sup> See e.g. Arkady Ostrovsky, 'Reversal of Fortune', *Foreign Policy*, March/April 2009.

<sup>19</sup> This is less true for those living in rural areas of Russia. In these areas opportunities for political participation are extremely low, but chances to improve one's wealth and welfare are also poor.

authorities.<sup>20</sup> The political elite fears that it could be confronted with increasing instability in the country, jeopardising both existing control mechanisms and its basis of supposed legitimacy within the population. These developments relate in two ways to EU-Russian relations. First, the human rights situation may deteriorate further, placing the EU in an even greater quandary about how to address this key issue. Second, the Russian elite may turn increasingly inward, focusing on domestic problems, which may result in an intensification of hostile rhetoric towards external actors in order to distract the populace from growing problems at home.

The fifth and newest feature of the Russian environment is the economic crisis and its multiple impacts on economics, politics and society in the Russian Federation. Due to its recent nature, it is difficult to predict the principal consequences of the crisis for Russia, both internally and externally. However, some indications are already available. First, the crisis has hit Russia extremely hard. This seems to be a combination of negative external influences and the weakness of the Russian economy, particularly the banking sector<sup>21</sup>, and thus problems with rising unemployment and difficulty with loans are likely to be of some duration. This appears to have been recognised by the Russian elite, and has partially been conveyed to the populace.<sup>22</sup> Second, Russia seems so far to be using the crisis not as an excuse to pursue greater economic isolation, but rather as an opportunity to cooperate with other governments. However, there is clearly a certain amount of ambivalence within the Russian elite about this course of action. There have been some protectionist measures, such as raising import duties on used cars, and Vladimir Putin's speech at the 2009 World Economic Forum in Davos was both a sign of Russia's continued presence on the global economic scene and an indication of fundamental frustration with the fact that Russia's integration into the world economy has had such negative implications.<sup>23</sup> Acceptance of further costs of such integration goes strongly against the emerging Russian ideology of the past few years, which has

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<sup>20</sup> Clifford J. Levy, 'Tariff Protests in Eastern Port Rattle Kremlin', *The New York Times*, 15 February 2009, <http://www.nytimes.com/2009/02/16/world/europe/16russia.html>

<sup>21</sup> Carnegie Endowment for International Peace, '*Russia's Economic Meltdown: Consequences and Prospects for the Future*', transcript of event on 28 January 2009 with Clifford Gaddy, Barry Ickes and Mark Medish available at [http://www.carnegieendowment.org/files/Gaddy-Ickes-Medish\\_01-28-09%20Trans.pdf](http://www.carnegieendowment.org/files/Gaddy-Ickes-Medish_01-28-09%20Trans.pdf)

<sup>22</sup> See for example the television interview by Russian Federation President Dmitri Medvedev: Beseda vedushchego programmy 'Vesti nedeli' Evgeniia Revenko s Dmitriem Medvedevym, 15 February 2009,

[http://www.kremlin.ru/appears/2009/02/15/1100\\_type63379type82634\\_212884.shtml](http://www.kremlin.ru/appears/2009/02/15/1100_type63379type82634_212884.shtml)

<sup>23</sup> Prime Minister Vladimir Putin's speech at the opening ceremony of the World Economic Forum, [http://www.weforum.org/pdf/AM\\_2009/OpeningAddress\\_VladimirPutin.pdf](http://www.weforum.org/pdf/AM_2009/OpeningAddress_VladimirPutin.pdf)

constructed the idea of an autarkic, 'sovereign' Russia which is not dependent on other states for its further development.

It would thus appear that while there is a good chance of keeping Russia integrated into the global economy, pursuing such a course will involve dealing with a certain amount of ambivalence on the part of the Russian elite, meaning that some forms of progress (such as having Russia join the WTO) will continue to be slow and difficult. Furthermore, it is possible that the economic crisis will lead to widespread and systematic protest domestically, which could both provoke an internal crackdown and increase the elite's tendency to demonise certain actors in the west (the USA in particular) in order to distract the population from domestic woes and to offer an explanation for the source of these woes (again, the USA). A strategy of deepening Russia's economic integration will thus need to be implemented cautiously and will be dependent on internal developments in Russia over which external actors have little to no control.

#### **How to move EU-Russian relations forward**

As alluded to above, there is widespread agreement among both policymakers and regional experts in the EU member states that it is necessary to come up with a joint analysis of the domestic and foreign policy situation in Russia in order to discuss the implications of this situation for EU-Russian relations in general, and more specifically for the potential of the EU to influence these relations. The review of EU-Russian relations carried out by the European Commission together with the Council in the autumn of 2008 constitutes the beginning of such a process, but is insufficient as it fails to go much beyond what was already common knowledge and, due to the short duration of the process and the brevity of the report produced, remains relatively superficial, especially concerning developments in Russia itself.<sup>24</sup> The process of initiating such a joint analysis should be pursued by inviting contributions from analysts in a wide variety of EU member states with differing viewpoints on Russia. The resulting paper could then be circulated to relevant policymakers in the member states as a way of stimulating a debate on policy towards Russia based on a common starting point. The goal of this process should be the eventual elaboration of a common EU policy towards Russia, even if this is only feasible in the medium to long term.

Another way of addressing relations with Russia with an eye to this same goal would be to increase consultation mechanisms between member states on

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<sup>24</sup> Commission of the European Communities, 'Communication from the Commission to the Council: Review of EU-Russian Relations', COM(2008) 740 final, 5 November 2008.

policies that relate to Russia and could affect other EU countries. This would not involve imposing limits on particular member states in their foreign policy activity, but would be designed to heighten awareness of the interconnected nature of individual member state policies and to increase the degree to which information is shared. This would allow other countries to plan more accurately and could lead to discussions that would make each country's position and perception of its interests clearer to others. In conjunction with the joint analysis suggested above, this could represent a beginning in the development of an EU policy on Russia.

The joint analysis should further help to clarify for the EU the results of Russia's foreign policy behaviour. This in turn could lead to a discussion of what further steps Russia might take and how the EU could react. This should not be an exercise in scare tactics, but nor should there be a tendency to ignore negative Russian actions or to assume that unwanted behaviour is necessarily of a one-off nature. For example, Russian actions both before and after the August 2008 war with Georgia should bring about a process of questioning Russia's goals in the post-Soviet space and of pondering which types of influence Russia might be prepared to apply in other contexts, such as Ukraine. The weakness of both Russia and the eastern neighbourhood states resulting from the financial and economic crisis will change the calculations and priorities of these countries; this must be taken into account in the analysis and requires it to be of an interdisciplinary nature.

In the mean time, it will be necessary to continue with the negotiations concerning the new EU-Russian agreement. However, these can be expected to take some time due to the high level of mistrust and scepticism on both sides about the value and nature of the partnership. Thus, the EU should pursue a continuation of the current formats (PCA, Common Spaces) in parallel with the suggestions outlined above. This would keep the relationship at its present level while laying the groundwork for a more coherent EU position that could give Russia a more clear-cut alternative for cooperation in the future. However, fully addressing the scepticism and mistrust inherent in the current relationship will not be possible unless and until the character of the regime in Russia changes, and more transparency and other aspects of the rule of law are introduced. Unfortunately, the EU has very few possibilities to encourage change in Russian politics and society in the short term. Thus a mid- to long-term approach must be taken, and the short-term EU agenda in its relations with Russia should be as consistent with this approach as possible in the current foreign policy environment. In the short term, 'small-but-smart' projects, such as those pursued within the context of the Northern Dimension, can be an intelligent way of using

‘low politics’ to deepen the basis for an improved relationship at the ‘high politics’ level in future.<sup>25</sup>

### **The state of EU relations with the eastern neighbourhood**

The core of the EU’s approach towards the countries to its east is the European Neighbourhood Policy, or ENP. The ENP covers a total of 16 countries and is divided into a southern (the Maghreb and Mashreq) and an eastern (the western Commonwealth of Independent States – CIS – and South Caucasus) dimension. The impetus for this policy was the so-called Eastern Enlargement of the EU, which involved 12 (mainly post-Communist) countries and was completed with the accession of Bulgaria and Romania in 2007; however another round of enlargement to the east is by no means excluded in the medium to long term. Although the eastern dimension of the ENP originally focused on the three countries possessing land borders with the newly enlarged EU – Ukraine, Moldova and Belarus – the South Caucasian states of Georgia, Armenia and Azerbaijan were included soon after, *inter alia* as a response to the Rose Revolution in Georgia. Belarus has never been a full-fledged partner country of the ENP due to the undemocratic nature of its regime, although attempts have been made by the EU to support both the political opposition and some components of civil society in the country.<sup>26</sup>

The ENP is implemented primarily through action plans, which are formulated bilaterally with each partner country. These plans are quite comprehensive in nature, covering a wide range of topics from trade and environment to democratic development. Precisely because of their wide-ranging character, the action plans raise relatively high expectations for a broad spectrum of cooperation. Even the priorities they list typically cover from 12 to 15 areas. Unfortunately, due to the domestic conditions in the partner countries (see below), the expectations raised by the action plans are often disappointed. Many areas of cooperation are neglected, and in those where progress is made, it is often more on the level of dialogue and documents, and less on the level of implementation. This, in conjunction with the inability of the EU to offer full membership as an incentive to the partner countries, has led to a high degree of disillusionment with the EU, which has relatively low visibility in the partner countries anyway. Frequently, the EU is perceived as primarily interested in the

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<sup>25</sup> The Northern Dimension is a framework involving the European Union, Iceland, Norway and the Russian Federation in a variety of types of cooperation. See Pami Aalto, Helge Blakkisrud and Hanna Smith (eds.), *The New Northern Dimension of the European Neighbourhood*, Brussels, Centre for European Policy Studies, 2008.

<sup>26</sup> At the time of writing the EU was, however, considering a suggestion made by the high representative for the Common Foreign and Security Policy, Javier Solana, to include Belarus in the EP.

economic benefits it can achieve through cooperation with the ENP partners rather than in the type of overall development the action plans imply. The failure of the EU to engage in genuine dialogue with partners and take domestic conditions into account when formulating the action plans and in making sure that incentives offered conform to the main goals of both sides has been emphasised by analysts and policymakers alike.<sup>27</sup>

There have been several attempts to supplement the ENP through additional initiatives, in order to address its weaknesses and in particular to strengthen the regional aspect. These include the Black Sea Synergy initiative and the so-called 'ENP-plus', an effort to improve the ENP reflected in a communication from the European Commission in December 2006, while the Central Asia strategy passed under the German EU Presidency can be seen as a counterpart to the ENP for the Central Asian countries. Some observers have interpreted these endeavours at improvement as signs of the failure of the original policy. However, they can be better understood as indications that the ENP was a necessary and important step in dealing with the new geopolitical realities created by the Eastern Enlargement, even if it later proved to be insufficient and in need of supplementation. Nonetheless, the efforts to expand or intensify the ENP have met with mixed success, to say the least. The Black Sea Synergy initiative has tried to utilise existing formats such as the Black Sea Economic Council (BSEC), which brings together the countries of the region for economic coordination and cooperation. While involving existing mechanisms is a laudable effort, the institutional weakness of the BSEC, which stems from the undeveloped sense of 'region-ness' in the area, has meant that the Black Sea Synergy initiative has not made notable progress. The idea of ENP-plus was also a well-meaning attempt to improve the ENP, which, however, neither dealt with key problems nor met with the necessary political will on the EU side due to other external and internal issues which took priority for many member states.

The latest move to upgrade the eastern dimension of the ENP, the so-called Eastern Partnership (EP), may meet with a different fate. The EP began as a joint effort by Poland and Sweden to call greater attention within the EU to the relationship with the eastern border countries and to step up cooperation with them on a variety of fronts. The initiative was meant to be a counterpart to the

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<sup>27</sup> Barbara Lippert, 'European Neighbourhood Policy: Many reservations – some progress – uncertain prospects', *International Policy Analysis*, Friedrich-Ebert-Stiftung, June 2008; Andrey Zagorsky, 'Common European Neighbourhood and the Post Soviet Space', in: *Partnership with Russia in Europe: Economic and Regional Topics for a Strategic Partnership*, Fifth Roundtable Discussion, Potsdam, 19-20 March 2007, 'Gesprächskreis Partnerschaft mit Russland in Europa', Friedrich-Ebert-Stiftung, pp. 36-50, here p. 42.

Union for the Mediterranean suggested by the French president, Nicholas Sarkozy, and to ensure that the French proposal did not create a disproportionate shift towards the southern dimension within the ENP. The EP was initially met with some scepticism, converging around the questions of what it would provide that was new and how it would coexist with the Black Sea Synergy initiative. However, after the Russian-Georgian war in August 2008, attention within the EU focused more sharply on both the problematic nature of Russian policy in the neighbouring countries and developments within those countries. While it was widely believed that sanctions against Russia would be neither effective nor in the EU's interest, the perception of many decision-makers at the EU and member state levels was that the Caucasian crisis should stimulate more intensive forms of interaction between the EU and the eastern neighbourhood countries. Thus, the EP has a propitious context for its implementation, even if the economic crisis has reduced the willingness of the EU to substantially increase funding for the ENP and related programmes. The European Commission took up the Polish-Swedish proposal and converted it into an EU-level initiative, issuing a communication outlining the partnership in December 2008. The Czech presidency is planning a high-level conference in May 2009 to further the Eastern Partnership, and other players ranging from national governments to NGOs are preparing to get involved in the new format.

However, the questions initially raised upon the introduction of the proposal remain valid. First, what does the EP have to offer which adds to the value of the existing ENP? And second, how will the Eastern Partnership interact with the Black Sea Synergy? With regard to added value, it does appear that little will be available to the partner countries that would not have been achievable within the ENP framework. In particular for Ukraine, which is the most advanced country in terms of ENP cooperation in the eastern neighbourhood, and has progressed in some sense beyond the ENP to negotiations on an 'Association Agreement' with the EU, the EP seems to offer few incentives. On a positive note, however, the apparent orientation of the EP towards project-based cooperation has been welcomed by some actors in the partner countries. The 'super-incentive' of EU membership is missing in both frameworks, and so far it appears that the concept of 'joint ownership', which was supposed to be central to the ENP, has been inadequately applied and will continue to be insufficient in the EP as well. This concept was supposed to ensure that partner countries would be genuinely involved in setting priorities and developing plans for their implementation; however, at the action plan level there is sufficient informal evidence to suggest that in fact the EU has been the driving force behind drafting the action plans, creating a very asymmetric relationship with the partner countries. While the EP is still in the initial stages, there are no indications that this problem is being

addressed in the new context. Although it is understandable that the EU wishes to pursue its own priorities, nonetheless greater success in implementation is to be expected if the partner states are involved in the process of establishing focuses and determining how progress is to be achieved.<sup>28</sup>

As for interaction with the Black Sea Synergy, prospects for this look relatively bleak, not least because this issue does not appear to have been adequately addressed. Part of the reason for this may be that the Eastern Partnership originally seemed to have a bilateral focus, and indeed in the early stages came across as being concentrated primarily on Ukraine, which is certainly a priority of Polish foreign policy. While this one-sided approach has been largely corrected with the transfer of the policy to the Commission level and the introduction of a framework for multilateral cooperation, there is little evidence that a genuine mesh between the EP and the Black Sea Synergy has been found. One potential problem here is that the Black Sea Synergy initiative seeks to involve Russia as a regional actor, while the EP, though remaining open to Russian participation in individual meetings or projects, has not envisaged a role for Russia overall within the partnership, in part due to Russia's previous refusal to become involved with the ENP.<sup>29</sup>

The European Neighbourhood Policy constitutes an understandable response to the new situation in which the EU found itself after the Eastern Enlargement. However, endeavours to develop this initiative further have demonstrated too little ability to address problems associated with the ENP in an innovative and effective fashion. In the initial phase, the achievements of the ENP were somewhat overshadowed by the unmet need to deal with unresolved separatist conflicts affecting many of the partner countries, and currently the financial crisis threatens to expose the economic and political instability of these countries to an extent that will put the accomplishments of the ENP in the shade.

### **Developments in the eastern neighbourhood**

The eastern neighbourhood consists of six countries: Ukraine, Moldova and Belarus to the immediate east of the EU, and Georgia, Armenia and Azerbaijan in the South Caucasus. Analysts often point out that it is incorrect to consider these six, or even the two subsets of three and three, as a region, not only

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<sup>28</sup> Evidence from a recent investigation of the Northern Dimension indicates that genuine 'joint ownership' of projects and programmes results in more effective implementation. See Aalto, Blakkisrud and Smith (eds.) 2008 (footnote 25).

<sup>29</sup> See the interview with EU External Relations Commissioner Benita Ferrero-Waldner: 'U nas dostignuto soglasie ne po vsem voprosam': Komissar po vneshnim sviaziam ES dala interv'iu 'B', *Kommersant*, 5 February 2009.

because of the significant differences among the countries but also due to the lack of a regional mentality among their populations. These two reasons go a long way towards explaining why the regional component of the ENP has not been able to develop very far, despite repeated attempts to stimulate it. A brief overview of developments in each of the countries will illustrate similarities and differences in their paths, as well as lay the foundation for recommendations as to how the EU could proceed in its policy towards the eastern neighbours.

Although **Ukraine** has progressed the furthest in its relationship to the EU, recent developments there are extremely disturbing. After declaring independence in 1991, Ukraine was governed by a group of 'reformed' communist politicians in an uneasy coalition with several former dissidents, who played, however, a relatively small role in the formation of the new state's policies. Thus, former communists and their Soviet-era networks have shaped the political and economic development of independent Ukraine, which led to the emergence of a regime under President Leonid Kuchma that had some authoritarian components overlaid by a democratic façade. By 2004, growing indications of widespread corruption at all levels of Ukrainian society, as well as clearly manipulated presidential elections, led to mass protest now known as the Orange Revolution. While the success of the revolution (which led to the ousting of Leonid Kuchma and his chosen successor, Viktor Yanukovich) raised high hopes both in Ukraine and abroad with regard to democratic development in the country, these hopes remain largely unfulfilled. Instead, Ukraine has become politically incapacitated due to bitter infighting among elite groupings, and its economic development has been reversed as a result of the financial crisis, which has brought the country to the verge of bankruptcy. A further factor that must be taken into consideration is the role of Russia, whose leadership has at times called the sovereignty of Ukraine into question and has opted to use various types of leverage, from manipulation of energy prices to intervention in electoral processes and support for potential separatist movements.

**Belarus** has not attained the status of a full-fledged ENP partner country due to its undemocratic development. Except for a brief interval in the early 1990s, its current president, Alexander Lukashenko, has governed independent Belarus and, through a variety of tactics, gained widespread support among the electorate while managing to concentrate virtually all power in the executive branch and thus primarily in his own hands. The media is controlled, the remaining civil society is repressed, election results are falsified, and the political opposition has not been allowed to develop beyond an embryonic state. Belarus has greatly profited from Russian subsidies, apparently without having to provide much in return, and has entered into a 'union' with Russia that exists primarily on paper. Recently Belarus appears to be more interested in closer

cooperation with the EU, and EU visa sanctions for high-ranking Belarusian politicians have been lifted. However, the extent to which a qualitative step forward in relations is desired by the Belarusian side and the degree of willingness to accommodate EU demands are both unclear at the time of writing.

**Moldova**, while an active ENP partner and in principle interested in EU membership in the long term, is also quite dependent on Russia, both for its energy supply and due to the Transnistria conflict. Transnistria, a separatist region between Moldova proper and Ukraine, receives significant financial support from Russia, and 1,500 Russian soldiers are stationed there.<sup>30</sup> This means that Moldova does not control its entire official territory. In addition, due to the high level of poverty in the country, many of its citizens have emigrated, at least temporarily, to work in the European Union. A considerable number of these have received Romanian citizenship and many more have applications pending. Thus Moldova's development is linked in very different ways both to Russia and to Romania (and thereby the EU). President Vladimir Voronin, who has been in office since 2001, has attempted to straddle the fence and maintain good relations with both the EU and the Russian Federation. While the EU administers a mission to monitor trade flows out of Transnistria in order to control smuggling, genuine progress has not been made on resolving the Transnistria issue in the official 5+2 context, involving Moldova, Transnistria, Ukraine, Russia and the OSCE, with the EU and the USA in observer roles. Russia has made some efforts to resolve the conflict outside of this framework, apparently in return for Moldova's guaranteed neutrality, but these have not yet borne fruit either.

**Georgia** is similar to Ukraine in that both countries experienced so-called 'colour revolutions' and both were considered to have progressed furthest towards democracy in their respective sub-regions. Georgia, however, was burdened with two unresolved separatist conflicts, in Abkhazia and South Ossetia. After a brief period of chaotic nationalist rule by President Zviad Gamsakhurdia in the early 1990s, Georgia opted for a more stable and experienced leader with a strong communist past, Eduard Shevardnadze, USSR Foreign Minister from 1985 to 1990. Although partially responsible for the war with Abkhazia in 1992-93, Eduard Shevardnadze largely presided over a period of stability, in which, however, corruption was rampant and elections were manipulated. There were some elements of pluralism, in particular in the media sphere. Nonetheless, by 2003 the population's patience with the Shevardnadze regime had worn thin, and an attempt to falsify the results of parliamentary

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<sup>30</sup> Institute for International and Strategic Studies (ed.), *The Military Balance 2009*, Routledge, London, p. 227.

elections provoked the Rose Revolution, led by former Justice Minister Mikheil Saakashvili and a small group of Georgian NGO activists. Although these protests resulted in a change in regime and the introduction of a younger, more western-orientated political elite, democratic reforms were not forthcoming. Instead, while achieving some administrative improvements which positively affected the speed and effectiveness of government, the newly elected President Saakashvili chose to focus strongly on restoring Georgia's territorial integrity. Unfortunately, the diplomatic mechanisms in place for resolving the conflicts with regard to Abkhazia and South Ossetia had stagnated, and Mikheil Saakashvili had neither the patience necessary to rejuvenate them nor the capacity to evoke a more constructive Russian approach to conflict resolution in the region. His strong orientation towards NATO and the EU and his close contacts with the USA, particularly in the military sphere, contributed to the deterioration of Georgian-Russian relations and paved the way for a Russian military response to the Georgian attack on Tskhinvali in August 2008. Despite the strong international financial support promised to Georgia in the wake of the 'five-day war', the August events have caused the international community to take a closer and more critical look at developments in Georgia in general and the policies of the Saakashvili government in particular, and Mikheil Saakashvili's position has become weaker domestically.

**Armenia** has a low profile, both within the ENP and in the region. While stressing its desire to pursue closer cooperation with the EU, Armenia is nonetheless quite dependent on Russia, particularly in the security sphere. Although it can boast certain achievements in the field of economic development as well as overall stability, Armenia has had some problems relating to political corruption and repression of the opposition. These were particularly visible in the treatment of protesters following the presidential elections in February 2008 when eight people died during police attempts to disperse the protesters.<sup>31</sup> Armenia is to some extent geographically isolated due to its problematic relations with two key neighbours: Turkey and Azerbaijan. While there are attempts to improve the relationship with Turkey, the Turkish refusal to recognise the Armenian genocide of 1915 has kept relations extremely limited. Contacts with Azerbaijan are largely frozen due to the issue of Nagorno-Karabakh, a de facto independent region within Azerbaijan populated largely by ethnic Armenians and receiving significant support from Armenia. The Georgian-Russian war and the overall deterioration of Georgian-Russian relations have further isolated Armenia, which has no common border with

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<sup>31</sup> *Presidential Elections 2008*, Transparency International Anti-Corruption Center, [http://www.transparency.am/elections\\_2008.php](http://www.transparency.am/elections_2008.php)

Russia and is therefore dependent on connections by air or overland through Georgia.

**Azerbaijan** is economically in a much stronger position than the other two South Caucasian countries due to its significant oil and gas deposits. These energy sources have made Azerbaijan attractive to foreign investors, and have meant that western governments have often been reluctant to strongly criticise Azerbaijan's political development for fear of jeopardising energy-related cooperation. This has allowed Azerbaijan to pursue a multivectoral foreign policy, simultaneously cooperating with Russia, several Central Asian states, as well as western governments and corporations. At the same time Azerbaijan's regime has become increasingly authoritarian, with a relatively high level of repression of political opposition and civil society, although some encouraging signs can be found in the development of the NGO sphere.<sup>32</sup> Azerbaijan has used some of its revenue to increase defence spending in past years, which has awakened fears that it may eventually consider attempting a military solution of the Nagorno-Karabakh conflict.

#### **The way forward in relations with the eastern neighbourhood**

An intensification of relations with the eastern neighbourhood (for example through the Eastern Partnership) is desirable in light of developments in Russia and the fragility of both political and economic development in the neighbouring countries. However, it would be preferable to conduct a critical review of the ENP first, in order to avoid importing the problems of the existing neighbourhood policy into new initiatives such as the Eastern Partnership.

The ENP has come in for a great deal of criticism since being launched in 2003. The key points have been that the implementation approach is overly comprehensive, poorly tailored to specific country contexts and lacking in adequate incentives (including the prospect of EU membership). Since the crisis surrounding South Ossetia in summer 2008, the inability of the ENP to contribute meaningfully to conflict resolution in the partner countries has also been increasingly emphasised. The brief summaries of country developments given above highlight the significance of separatist conflict in the region, as well as the differing country trajectories, which call for customised EU approaches and suggest the continuing need to prioritise the bilateral over the regional component.

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<sup>32</sup> See Freedom House, Nations in Transit, *Country Report: Azerbaijan (2008)*, <http://www.freedomhouse.org/template.cfm?page=47&nit=445&year=2008>; USAID *The 2007 NGO Sustainability Index*, pp. 57-63, [http://www.usaid.gov/locations/europe\\_eurasia/dem\\_gov/ngoindex/2007/azerbaijan.pdf](http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2007/azerbaijan.pdf)

An approach to the Eastern Partnership that takes into account and attempts to respond to this criticism would firstly raise its chances for success even without new funding and, secondly, help to distinguish it more clearly from the ENP to date. Three related steps should be considered. First, realising the goal of 'joint ownership' expressed within the ENP should be a clear priority within the EP framework. This means that the partner countries are to be involved in the conceptualisation of joint projects, something that has happened to an insufficient degree so far. It is crucial to intensify communication with the partners at an early stage and in such a way that their priorities and concerns (i) must be clearly articulated, and (ii) are meaningfully included in decisions regarding activities to be conducted. Second, as a result of this dialogue, the EU should be in a position to offer incentives which correspond sufficiently to the partners' priorities to ensure genuine implementation of the agreed-upon measures. This would address the frequently occurring problem of implementation being carried out primarily on paper. Offering more attractive incentives could also help to defuse the dissatisfaction in some partner countries over the missing membership prospect. Allowing the partners a significantly greater voice would thus serve the EU's interests. Third, the EP should keep the number of priority areas for each country to a minimum. Genuine progress in two or three important areas is much better than superficial advances in many. Furthermore, this would introduce greater transparency into the relations, since the real priorities would become clear rather than remaining hidden in a list of 12-15 spheres of cooperation, many of which are not meaningfully addressed. A search for synergies among these reduced lists of priorities might reveal some potential for addressing the regional component of the EU approach at a later stage.

#### **The EU's relations with Russia and the eastern neighbourhood in the broader security context**

While the EU-Russian relationship and the one between the EU and its eastern neighbourhood are often discussed and analysed in isolation, there are important connections between the two sets of relations. First of all, there is the question of Russia's reaction to the EU's future policy towards the states to its east. Although this reaction is likely to be negative for a variety of reasons, it is unlikely to be very severe. Russia has been sceptical of the ENP from the beginning. As mentioned, it refused to become an ENP partner country although it has received some financial support from the European Neighbourhood and Partnership Instrument, particularly for cross-border cooperation with the EU.<sup>33</sup>

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<sup>33</sup> Although this money has been limited (€307 million over four years, with co-financing of €122 million by the Russian side), it has been used in some innovative ways that have fostered trust-

Russia's response to the EU's activity in the post-Soviet space has been largely negative, with an influential Russian think tank categorising it as 'in essence a strategy for creating an advantageously dependent periphery in the regions bordering the EU' and pointing out that 'the political and diplomatic presence of the EU in the space of the CIS has been strengthened, stimulating competition in this region with Russia'.<sup>34</sup> On the other hand, Russia views the EU as a weak actor in the political and security fields. Therefore it is improbable that Russia will feel overly threatened by an intensified EU involvement in the neighbourhood countries, especially as the EU tends to be a slow and poorly visible actor. In addition, Russia's current strong focus on relaunching its relationship with the USA under the Obama administration, and on hard security issues such as non-proliferation, NATO enlargement and missile defence in Europe, make it plausible that Russia's attention will not be focused primarily on the EU's activities in the western CIS and the South Caucasus. Furthermore, initial signs from the Russian Foreign Ministry indicate that Russia may be willing to participate in the Eastern Partnership with regard to specific projects deemed to be in Russia's interest.

However, the EU cannot be indifferent to the fact that Russia is concerned about the state of European security and participates in shaping that security. Even if Russia tolerates heightened EU activity in the eastern neighbourhood, this will not be sufficient if it chooses to play the role of spoiler with regard to European security more broadly. And a Russia dissatisfied with security developments in a larger Europe will be more likely to find fault with EU involvement in the neighbouring states. Thus it is increasingly necessary to place both EU-Russian relations and relations with the eastern ENP partner countries in a wider context, one that involves both NATO and the USA.<sup>35</sup> In this conjunction, the proposal made by the Russian president, Dmitri Medvedev, at the June 2008 Berlin conference to discuss the possibility of a new European security architecture should be taken seriously. Certainly, there are a variety of hurdles: the vagueness of the proposal, the valid suspicion that Russia is primarily interested in reducing the role of NATO, the possibility that the Russians will only feel themselves to be treated equally if their version of European security is accepted, and so on. Nonetheless, the alternative to a debate could well be Russia's self-isolation and this would harbour significant security risks for the EU.

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building through 'small-but-smart' projects. See Aalto, Blakkisrud and Smith (eds.) 2008 (footnote 25).

<sup>34</sup> See Igor Yurgens (ed.) 2008 (footnote 12), pp. 8-9.

<sup>35</sup> A revived OSCE may also play a role in the future European security framework, but it is still unclear whether this organisation will be able to overcome its current weaknesses.

Fortunately, the silver lining of the global economic crisis may be that Russia feels less inclined to isolate itself, although this remains open to question. Nonetheless, there are some favourable signs, such as the Russian prime minister, Vladimir Putin, attending the 2009 World Economic Forum in Davos and recent commentaries by influential figures, such as Sergei Karaganov suggesting working towards some sort of union between Russia and the EU.<sup>36</sup> On the other hand, the sense that the USA caused the crisis and that it has further weakened the West, possibly paving the way for a larger Russian role globally, is strong among a segment of the Russian political elite. Continuing to integrate Russia economically is in the interests of the EU, if it can be done based on agreement on a common set of rules and, crucially, a binding dispute settlement mechanism, and on this basis WTO membership for Russia should be clearly supported.

One fundamental problem is that the Russian elite believes that Russia should play a much larger regional and global role than it does currently, even though there is little evidence that would justify this. Russia does possess a seat on the UN Security Council and a large number of strategic nuclear weapons; however, Russia is also economically weak, on poor or difficult terms with a number of its immediate neighbours, and faces a series of tremendously serious domestic problems in the political, economic and social spheres. Russia's strong sense that it is entitled to a greater say in European and global decision-making will make any debate on economic and security issues in the European context or within a broader framework extremely difficult. Added to this is a disproportionate Russian preoccupation with the USA, which results in a paradoxical relationship to that country. While on the one hand, Russia compares itself to the USA and aspires to a similar role in world affairs, on the other hand Russian attitudes towards the USA are often fuelled by resentment, and the USA is portrayed quite negatively in the Russian media. At the same time, the USA's treatment of Russia occupies an overly dominant place in Russian foreign policy thinking. This preoccupation with the USA, combined with the Russian claims for a stronger global role, creates a problematic context for negotiations with Russia, which are nonetheless essential to pursue in a variety of bilateral and multilateral frameworks.<sup>37</sup>

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<sup>36</sup> Sergej Karaganow, 'Fortschritt statt Demokratie. Die Welt braucht eine neue Ordnung, und darin muss Russland zusammen mit der EU einen Pol bilden', *Süddeutsche Zeitung*, 17 February 2009, p. 2.

<sup>37</sup> On EU-Russian interaction within multilateral frameworks see Sabine Fischer, 'The EU and Russia: a contested partnership', in: Giovanni Grevi and Álvaro de Vasconcelos (eds.), 'Partnerships for effective multilateralism: EU relations with Brazil, China, India and Russia',

It is therefore necessary for the EU to work towards the development of a common policy towards Russia as a medium- to long-term goal and this would also make cooperating with the USA on issues regarding Russia more feasible. In the mean time, such cooperation will probably occur through bilateral relationships (USA-Germany, USA-France, USA-UK). In this arrangement, it is possible that the more critical view of some of the new member states will be underrepresented. A key difference between the EU and USA approaches is likely to be that the USA sees a need for cooperation with Russia in a limited number of areas (non-proliferation, disarmament, Iran, Afghanistan, etc.) while the EU has a more comprehensive agenda and is more concerned about energy security and economic relations.

Where does all this leave the eastern neighbourhood countries? It has proven to be extremely difficult to involve Russia in a dialogue about developments in the eastern neighbourhood, although this was originally foreseen within the framework of the Common Space on external security. This is not overly surprising, since Russia appears to have no overarching strategy for the post-Soviet space in general or the countries belonging to the eastern neighbourhood in particular. Perhaps even more importantly, Russia's discernible goals for the region are largely incompatible with those of the EU. Russia is content with, and even promotes, a lack of transparency in political and economic relations with its neighbours. In conjunction with this, Russia has no interest in a further democratisation of the neighbourhood countries, which would make their dealings more transparent and draw them closer to the EU. Finally, Russia is unwilling to treat the neighbourhood countries as fully-fledged players within international relations. This has been demonstrated both in its disrespect for Georgian territorial integrity and in its attitude towards and activities in Ukraine.

Thus for the time being the EU will need to pursue its policy towards the eastern neighbourhood without support from and with little involvement by Russia. Should the cautiously positive response towards Dmitri Medvedev's security-related proposals result in a moderately productive discussion on European security, this could create a context more conducive to some form of EU-Russian cooperation in the eastern neighbourhood. The debate on European security, however, can only achieve a degree of success if the USA-Russian relationship develops in a direction perceived by both sides as positive, which will allow for NATO-Russian cooperation to improve as well. In the meantime, the economic crisis is creating a situation in the neighbourhood countries that is more disturbing, and indeed dangerous, than it has been in the past decade. This

is especially true for Ukraine, as its probable financial default could exacerbate the growing political chaos and turn the country into a bone of contention for external forces. Thus the future trajectories of cooperation between the EU, the USA, NATO and Russia, in varying combinations, will play a large role in determining the evolution of the eastern neighbourhood and the potential for future EU involvement there.

### **Conclusion**

It may not sound particularly ambitious to call for a review of developments within Russia and a more detailed analysis of conditions within the partner countries, especially at such a troubled time when the economic crisis has created havoc globally and some of the ENP countries and Russia have been particularly hard hit. However, the problems of these countries and their fragility at this time of crisis are in part a result of the inadequate nature of their previous reforms, which leaves the political sphere especially vulnerable to cataclysms in the economic realm. While the inadequacy of the reforms must be laid primarily at the door of the countries themselves, nonetheless external actors (governments, international and regional organisations) are also to blame. Their too superficial knowledge and understanding of developments in the countries, and their resulting inability to link their support to the domestic conditions, utilise synergies and set realistic expectations, are part of the cause of the present misery. Thus, despite the dire situation which appears to call for major action, the most necessary step now is to remedy these inadequacies before proceeding to continue old policies or implement new ones that simply repeat former mistakes.

There is an urgent need for analysis in both cases, but for different reasons. In the case of Russia, discussion and generation of a joint assessment of its current state will help to determine where possible points of convergence are located within the EU. Since it is difficult to influence Russia's behaviour, and since the Russian elite is divided and may not be able to agree in the foreseeable future on a mid- to long-term strategy towards the EU and the West, the approach towards Russia should be focused primarily on making progress towards reaching a common EU position. With regard to the ENP partner countries, there is much more latitude for impact by the EU. However, up to now there has been too little understanding of how EU actions mesh with the domestic situations in these countries. Therefore in this case, analysis would serve the purpose of (i) allowing for more realistic assessments of what specific EU measures taken with regard to these countries can achieve, (ii) ascertaining how to achieve greater synergy with the priorities of these countries, and (iii) in cases where these priorities are still weakly defined, of achieving greater definition through dialogue with political, economic and social actors in the region.

