

The European Union and Russia:

Perception and Interest in the Shaping of Relations

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Introduction

André Gerrits

Few countries confront the European Union with its own divisiveness, with its own limitations, as much as Russia does. The European Union and the Russian Federation seem so distinctly different in their domestic order as well as their international behaviour, that their relationship looks almost inherently problematic. The European Union's policies towards the Russian Federation therefore need to be based on a sober understanding of the European Union's best interests, and a credible assessment of Russia's domestic and foreign policy priorities, keeping in mind the long-term perspective of cooperation and engagement as a *common* interest.

As often in politics, long-term interests are easier to formulate than the policies to realize them. The interests that the European Union and the Russian Federation share in the fields of security and energy are of great political value, but they do not necessarily translate into harmonious mutual relations. As much as Russia and the European Union depend on each other in the long run (and we believe that they do), it proves difficult to agree on the policies that serve these common interests. The current interdependence of both parties needs to be seen for what it is: a rather asymmetric type of dependence, which generates uneasiness and discomfort rather than security and harmony. This follows from the essentially different nature of Russia and the European Union as international actors, in addition to their critically dissimilar positions on energy, security and human rights. As Robert Kagan

formulates it: ‘Russia and the EU are neighbours geographically. But geopolitically they live in different centuries’.¹ The European Union’s attempts to overcome this geopolitical divide – if the initial strategy of ‘transformation through integration’ could be labelled as such – may have been rather successful during the early 1990s, but they have reached their limits. The European Union and the Russian Federation have changed significantly from the days when Brussels initially devised its Russia strategy.

To be effective, the European Union’s foreign policies need to be based on consensus and agreement (internally as well as between the Union and third parties), and on a credible use of conditionality. Conditionality presupposes an unequal power relationship, in which a stronger European Union induces others countries to accept EU requirements in exchange for certain privileges, ranging from access to the European common market or other economic advantages, to full membership. Consequently, it proves far easier for the European Union to reach agreement on positive policies (support and cooperation) than on negative ones (diplomatic démarches and sanctions). In EU–Russia relations, however, both consensus and conditionality are problematic. The relations between the European Union and the Russian Federation are under increasing pressure over a series of issues, relating to both parties’ internal conditions (growing authoritarianism in Russia and divisiveness in Europe) as well as to their mutual links (energy dependency and geopolitical competition in their common borderlands). In its policies towards Russia, Europe needs to take its weaknesses as seriously as it takes its strengths. Neither containment nor hard conditionality seem very effective (or even feasible) in EU–Russia relations. The same goes, *mutatis mutandis*, for the traditional ‘integrationist’ strategy, based on soft conditionality. The European Union should focus on how to cope effectively with uncertainty and conflict, rather than on conditionality and consensus per se. In this respect, and different from the expansive approach in the European Union’s Russia strategy so far, ‘more’ may not necessarily be ‘better’. We argue for a Russia strategy that may be less ambitious, less comprehensive, less politically ‘institutionalized’ even, but more productive in the end.

This publication discusses this pattern of consensus and conflict in European–Russian relations. The European Union’s strategy *vis-à-vis* Russia, as well as the current position of the Russian Federation with regard to ‘Europe’, are put in a larger historical context, which shows the continuities as well as the sudden twists in relations (perceptions and policies) between Europe and Russia. We do not aspire to give a full account of the current state of relations between Russia and the European Union. Instead, three issues are focused upon, which dominate these relations now and in the foreseeable future: security; energy; and human rights. The arguments put

1) Robert Kagan, *The Return of History and the End of Dreams* (New York: Alfred A. Knopf, 2008), p. 19.

forward in the following chapters may be far from revolutionary, but they do seem to nuance some of the reflexes and instincts of the European Union's Russia policy that has developed over the last two decades.

The European Union and the Russian Federation: Dealing with the 'Grand Other'

André Gerrits

Introduction

History has a strong impact on relations between the European Union and the Russian Federation. Europe's transformational strategy towards Russia is not only typical of how the European Union prefers to see itself and wants to be seen by others; it is actually rooted in the very history of Europe's relationship with its Eastern neighbour.

Historical generalizations need to be made with reservation. They may help us to understand the motives and patterns of Russian and European foreign policies, but they may also lead to false comparisons and undue determinism. Continuity does not reject change. And Russian–EU relations have dramatically changed over the last decade. Not only did Russia's foreign policy priorities shift, once its international position benefited so strongly from the favourable combination of domestic reform and international developments, but the European Union changed too. The EU went through a process of unprecedented enlargement, which complicated its foreign policies in general, and its relations with Russia in particular. These changes form the *conjunctural* context of current EU–Russian relations.

An Ambivalent Relationship

Russia has a long, multi-faceted and ambivalent relationship with Europe, in which perceptions as well as policies show remarkable continuities and sudden twists. The Russian debate about Europe has also always been about Russia itself, about its history and identity. Europe has been significant for Russia in various distinct yet interrelated ways: Europe as an idea; as a model; and as a geopolitical reality.¹ The idea of Europe involves post-Enlightenment concepts that particularly appealed to Russia's liberal political and intellectual elite: representative government; individual freedom; religious tolerance; and, ultimately of course the development of capitalism and democracy. Europe as an idea comes close to what the European Union today would identify as its norms and values. The fact that the liberal intelligentsia in Russia has always remained a small and, with minor exceptions (as in the early 1990s), rather insignificant part of the elite should help to explain the 'values gap' between Russia and the European Union, to which so many routinely refer. Europe as a model has a different meaning. It concerns the European experience as an example of economic modernization, of dynamism and power. The European model attracted those Russians, including the 'Westernizers' among its leaders, who aspired to follow Europe's economic, but not its political, pattern of development – those that want to make Russia stronger but not more democratic. The European model has faded considerably, and the United States now serves as the example for many Russians, certainly among the Russian elite. This leaves Europe as a geopolitical reality. Russia reached great power status through its relations with the major countries of Europe. Although in this respect too, the United States has largely replaced 'Europe' in sanctioning Russia's (global) position, in many respects Europe remains crucially important for Russia – as its neighbour, its strategic competitor and as its major trading partner. Of all of Russia's leaders, only one 'actively engaged in all three dimensions of the Russia–Europe question' (Europe as an idea, as a model and as a geopolitical reality), and that was Mikhail Gorbachev. The current Russian leadership shows more ambivalence and ambiguity, yet of the various dimensions of Europe, none is rejected out of hand. Putin deals selectively with the idea as well as the model of Europe, and he accepts its geopolitical reality, although reluctantly. For the revisionist power with global ambitions that Russia is, relations with the United States remain of supreme importance.

Russian foreign policy, including Russia's relations with the European Union, cannot be seen in isolation of the unprecedented crisis that the country went through from the late 1980s. For the third time within one

1) Angela Stent, 'Reluctant Europeans: Three Centuries of Russian Ambivalence Toward the West', in Robert Legvold (ed.), *Russian Foreign Policy in the 21st Century and the Shadow of the Past* (New York: Columbia University Press, 2007), pp. 393–394.

century, after the civil war of 1918–1921 and the German invasion and occupation of 1941–1944, the very existence of the Russian state was at stake. The Russian government could no longer secure Russia's external borders or its internal stability, nor could it stop the dramatic decline of Russia's international standing. It proved unable to protect its own population against the extreme dislocations of economic decline and the hazards of social, cultural and environmental degradation. Otherwise stated, one neither needs to be a hardened *gosudarstvennik* (or statist) to stress the crucial relevance of the Russian state to the national revival of Russia, nor does one necessarily harbour aggressive ambitions to advocate a revisionist agenda in foreign policies – to mention the two priorities of Putin's presidency. The mere fact that Russia wants to be accepted as a great power again and that it aspires to regain as much of its predecessor's power and influence as is practically possible, which together form Russia's revisionist agenda, automatically involves changes of the international order, and these changes will inevitably impact the position of the United States and the European Union, the two powers that benefited most from the geopolitical consequences of the end to the Cold War.

Russia's ambivalence towards Europe finds its counterpart in Europe's own uncertainties about Russia. Throughout its modern history, Russia has evoked feelings of fear, contempt, as well as admiration and hope, largely depending on the nature of the Russian regime and on the international threat that Russia represented. No wonder, therefore, that perceptions were never more articulated and conflicting than during the Cold War, when Russia was a communist superpower and a bigger menace to Europe's security than it had ever been before. Indeed, for most Europeans, Russia typically exemplified the antithesis, the counter-model, to their own enlightened society. For others, however, Russia (or rather the Russian state, never Russian society) represented a political ideal, a utopian world. Whether conservatives, *philosophes*, fellow travellers or communists, in their image and perception of Russia, Europeans recognize themselves. Today, after a brief respite of unparalleled self-confidence during the early 1990s, when Russia proved extremely weak, a recovering and increasingly assertive Russia again makes Europe ambiguous and insecure. Europe is as uncertain about Russia's domestic order as it is about its foreign policy. The stronger and more assertive that Russia becomes, however, the more that Europe tends to see it as the counter-image of its own post-modern self-identity.²

During the nineteenth century, when it became a major European power, Russia's military alliance with the countries of Europe ultimately depended on its assimilation into the politico-cultural realm of the European continent's old regimes. 'It was only by virtue of this deeper convergence that other

2) See the popular analyses of Robert Kagan or Robert Cooper, *The Breaking of Nations: Order and Chaos in the Twenty-First Century* (New York: Atlantic Monthly Press, 2003).

powers applied to her the same norms of international law that they observed among themselves', as the historian Martin Malia put it, 'thereby legitimizing the gains that her arms and her alliances had so abundantly afforded her'.³ This relates to the persistent tendency among Europeans (or 'Westerners') to perceive Russia as an essentially different, if not anachronistic, country, with which true partnership can ultimately be based only on its internal transformation. Europe may never have been closer to realizing this project than during the early 1990s, when transformation through integration seemed a realistic option. With hindsight, as is now generally recognized among Russia's intellectual and political elite, at the very same time when Russia was most open to Europe's ideas and models (and the European Union was most adamant to 'push' them), Russia's geopolitical position *vis-à-vis* Europe was weakest. In other words, Russians now tend to consider receptiveness to Europe's integrationist agenda as a symptom of the countries' weakness. Meanwhile, Russia and the European Union have created a wide network of bilateral relations. They are in closer political and economic contact than ever before, but the *communis opinio* is firmly established in Moscow: Russia may be *in* Europe, but it is not *of* Europe.

The historical patterns and conjunctural context of Russian–European relations suggest that the Russian Federation and the European Union make uneasy partners at best. Their self-perception and image of each other has given rise to diverging interpretations of crucial foreign policy principles and objectives. To illustrate this, two central notions in EU–Russia relations will be briefly discussed: national sovereignty; and international integration. These notions conceptually link the internal and foreign relations of both Russia and the European Union: they largely define their self-images as well as the images of the other, and they seriously complicate mutual relations, because they are perceived as mutually exclusive.

Integration and Sovereignty

The contours of current Russian foreign policy are well known. Russia sees itself as a sovereign great power in an essentially Hobbesian world. Domestic as well as international developments have strengthened its self-confidence and international standing considerably. The consolidation of state power under an undisputed and popular leadership arguably counts as the major domestic resource of Russia's increasing foreign policy autonomy and assertiveness. However, Russia also benefited hugely from factors that were largely beyond its control. The international system has been in a state of uncertainty and change over the last two decades, and few countries were

3) Martin Malia, *Russia Under Western Eyes: From the Bronze Horseman to the Lenin Mausoleum* (Cambridge MA: The Belknap Press of Harvard University Press, 1999), p. 75.

more deeply affected than Russia. Whereas global political and economic change reduced Russia to a state of almost irrelevance two decades ago, the consequences of US unilateralism, the divisiveness of the European Union and the massive rise in energy prices proved extremely conducive to Russia's recent revival and the elite's self-confidence too.⁴

The Russian Federation has a multi-focused foreign policy, which is supposed to meet the manifold interests of its political and economic elites: from traditional geopolitical interests in its neighbourhood to profit-creating opportunities in a globalized economy. 'Virtually anyone can be a partner', as Dmitri Trenin phrases it, 'and practically anyone can be an opponent'.⁵ Russia's current foreign policies have strong historical roots. The integrity of the country and the stabilization of Russia's borders have always been above all other objectives, and they have only gained relevance since the demise of the Soviet Union. This concern may be taken literally, as the military operations on both sides of the Caucasian frontier show, but it could also be seen in a metaphorical sense: to continue attempts by the Russian leaders to protect the country (and their self-defined interests) against subversive foreign political ideas and practices. The linkage of economic and national security interests is another historical continuity, and a crucially important – although generally underrated – aspect of Russian foreign policy today. After all, as it has been phrased: the very same people who rule Russia, own it too. Additionally, Russia historically interprets territorial advancement not as expansion but as unification: gathering the 'Russian lands'. It would be incorrect to suggest that the Russian Federation aspires to re-establish the old empire, but the almost principled emphasis on closer relations with the former Soviet republics, or the so-called 'Near Abroad', should be considered as one of Russia's major foreign policy priorities. A final continuity concerns Russia's approach to international coalitions and alliances. Only rarely has Russia sought long-term alliances; it has mostly settled with 'marriages of convenience', for practical and pragmatic reasons. Especially in periods of domestic turmoil and state transformation, 'policy was marked by manoeuvring rather than commitment, tactical accommodations rather than workable, long-term partnerships'.⁶ Again, current Russian policies comply with, rather than deviate from, these traditions.

4) From a longer-term perspective, Russia's developmental model may be seriously flawed (rent-seeking behaviour, lack of economic diversification, imbalance between energy production and consumption, and growing inequality), but as yet this does not seem to have any effect on the political elite's self-confidence and assertiveness.

5) Dmitri Trenin, *Getting Russia Right* (Washington DC: Carnegie Endowment for International Peace, 2007), p. 76.

6) Robert Legvold, 'Russian Foreign Policy During State Formation', in Robert Legvold (ed.), *Russian Foreign Policy in the 21st Century and the Shadow of the Past*, p. 123.

This pragmatic nature of Russian foreign policy does not necessarily exclude ideational, even ideological inspiration. In this respect, the notion of ‘sovereign democracy’ is frequently mentioned. Sovereign democracy represents a controversial political concept, of which Russia’s supreme leaders have repeatedly, although half-heartedly, distanced themselves. It remains present, however, in Russian political discourse. Sovereign democracy serves a double purpose: it guides and, more importantly, it legitimizes domestic and foreign policies. Second, it is a container concept, of which the ‘sovereignty’ aspect appeals to practically everybody, while the ‘democracy’ part is interpretable in many ways.⁷ Third, sovereign democracy links Russia’s domestic order with its foreign policies and international status. It postulates the domestic sphere in terms of a strong state, vibrant economy and stable popular support, bred by political stability and economic fortune, which is supposed to function as a requisite of foreign policy strength and independence, as well as international status. The domestic and foreign policy spheres are inextricably linked: either Russia is a great power; or Russia is not. Sovereignty may not be absolute and indivisible, but the margins are small. Whereas the European Union is essentially based on the idea and practice of *shared* sovereignty, Russia tends to harbour a strongly traditional, absolute definition of sovereignty. Finally, sovereign democracy is not devoid of international appeal. It represents a strong-handed, state-oriented approach to political and economic modernization, which may serve as an alternative to universal or ‘Western’ patterns of reform. Inspired by the rise of other ‘non-Western’ powers too, the legitimization of Russia’s domestic and foreign policies gradually acquire a normative dimension that resembles an ideological alternative to Western-style, liberal political and economic development.

How to assess the current state of relations between Russia and the European Union? Much can be argued for a positive appraisal. The EU–Russia narrative clearly has a success side. The relationship between the European Union, between *Europe* and Russia, has become closer, wider and deeper than ever before. Despite the fact that Russia has never been the principal priority of EU foreign policy and that Russian–EU relations are still relatively ‘under-privileged’ in comparison with the ties that the European Union has established with other parts of the world,⁸ Russia and the EU have established a routine of mutual contact and cooperation that goes beyond anything ever achieved before in the history of Russian-European relations.

7) See the various contributions to Nikita Garadzha (ed.), *Suverenitet* (Moscow: Evropa Publishers, 2006).

8) Marius Vahl, *A Privileged Partnership? EU–Russian Relations in a Comparative Perspective*, DIIS Working Paper no. 2006/3 (Copenhagen: Danish Institute for International Relations, 2006).

Relations between the European Union and the Russian Federation can also, however, be approached from a more problematic perspective. Neither the grand initiatives nor the long-term goals of these relations have been realized: there is no ‘strategic partnership’, no free trade area, and no democratic, free-market Russia. Russia and the European Union have persistently couched their relations as a ‘strategic partnership’. Eventually, this ‘partnership’ found expression in the four ‘Common Spaces’ within the existing Partnership and Cooperation Agreement (PCA), as agreed at the St Petersburg Summit in May 2003. The four ‘Common Spaces’ initiative aimed to allow Russia to enjoy the benefits of European integration without actually participating in its political institutions. Despite all of the rhetoric, the ambitions and policies that Russia and Europe hold *vis-à-vis* each other have never been fully compatible. Russia’s policies towards the European Union have generally been more modest in ambition and scope than the European Union’s strategy *vis-à-vis* Russia. The only exception, as discussed earlier, may have been during the early 1990s, when for a brief period Russia’s position seemed to fully coincide with that of the EU: both parties shared the integration-through-transformation paradigm. At that time, Russia’s approach was apparently based on genuine pro-Western reform ideas and ambitions; today, however, it is generally believed in Russia that its policies were dictated by its extremely weak position *vis-à-vis* the European Union, and the West in general.

Russia and Europe disagree on a wide range of concrete policy questions and on some underlying issues of a more fundamental nature. Europe’s post-modern and integrationist world outlook makes it difficult to accept that relations with the Russian Federation are and will remain cooperative *and* competitive. Relations between the European Union and Russia are as much about competition as they are about cooperation, and far from every competitive issue reflects the routinely mentioned value gap.

From the early 1990s, the European Union’s strategy towards Russia started from a strong transformational logic, which was based on two considerations: one, Russia’s interests objectively coincided with those of the European Union; and two, liberal change *in* Russia was a precondition of meaningful cooperation *with* Russia. The guiding, although mostly implicit, assumption of the EU’s strategy was that Russia will eventually socialize into – or, at a minimum, adapt to – the institutions and practices of the European Union. The European Union’s Russia policies may be different from its enlargement strategy, including its relations with Europe’s neighbouring countries, but in its relations with Russia the European Union continued to perceive its policies within the double logic of domestic change and shared interests – without a commitment to full integration (hence excluding Russia from some of the most symbolically relevant aspects of integration, such as a visa-free regime), and without the perspective of membership of course. Given the European Union’s limited conditionality *vis-à-vis* Russia, however, the success of this transformative strategy ultimately depends on a shared

understanding of its desirability and urgency. And although Russia has indeed declared 'integration into Europe' as one of its major foreign policy objectives, interpretations of the form and function of integration gradually diverged so widely that it rendered the objective almost obsolete.

Notwithstanding Russia's early integrationist ambitions and discourse, Russia increasingly perceived the European Union's discourse and policies as asymmetric, hierarchical and illegitimate – in brief as a form of intervention that deprived Russia of its equal standing and denied Russia its regained sovereignty and great power status. It took the European Union more than a decade to accept formally that the Russian Federation was not just another post-communist country, with the decision to comply with Russia's self-exclusion from the European Neighbourhood Policy in 2003. Although neither Russia nor the European Union ever formally revoked their integrationist objectives, Russia in particular adopted an increasingly restrictive or delimitative stance, especially with respect to the normative aspects of Europe's policies. The European Union's integrationist approach not only conflicts with Russia's self-defined national sovereignty and international status, as Moscow has emphasized time and again, but it also interferes with the highly non-transparent politico-economic interests of the Russian elite. Integration is not consistent with Russia's complex intertwining of its business and political spheres. Such political notions and ideas as sovereignty, independence and respect legitimize a self-exclusionary strategy that serves to protect very banal material interests. Russia's self-exclusionary moves have a clear defensive edge. Europe's integrationist strategy is not in the interest of the Russian elite – whether it concerns interference with Russia's domestic affairs or of its neighbours.

Democracy and Human Rights

Stable and workable relations between the European Union and the Russian Federation are of great relevance. Although countries of different domestic regimes can very well build stable security and energy relations, the strengthening of democratic governance in Russia is considered a long-term European interest and objective. A democratic Russia may not only be relevant in and of itself, but it should also be considered as a 'milieu-goal',⁹ as a foreign policy objective contributing to an international environment in which the interests of the European Union are ultimately best served. A democracy and human rights strategy *vis-à-vis* Russia meets with a series of problems, however, of which the issues of legitimacy and effectiveness are the most prominent.

9) Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore MD: Johns Hopkins University Press, 1962), p. 39.

There is an interesting discrepancy between the perception of Russian leaders by a major part – if not the majority – of the Russian population and their reputations in the West. Gorbachev remained particularly well liked in the West, even after he became the object of ridicule and aversion among most of his compatriots. In the case of Boris Yeltsin, the opposite occurred, although the contrast may have been less evident. Yeltsin, Russia's first democratically elected president, was initially popular among Russians, although generally distrusted in the West. Later, Yeltsin's reputation in the West climbed and remained relatively high – *faute de mieux* perhaps, and in spite of his erratic and unpredictable behaviour – while his domestic approval rates reached rock bottom before his first term in office expired. Vladimir Putin's presidency offers the most recent and evident example of an almost inverse relationship between domestic and international 'ratings'. While Putin's prestige in Russia reached record levels (judging from opinion polls and election results), his prestige in the West declined correspondingly. These diverging trends may have occurred for partly overlapping reasons: the strengthening of central governance; the restoration of a sense of law and order; and the formulation of a more assertive foreign policy stance.

Generally, political legitimacy is a problematic issue in the context of non-democratic regimes. Legitimacy rests on popular support, which typically finds its expression in free and fair elections. In the absence of free elections, as is the case in Russia today, estimating popular support is a risky business. Public opinion polls offer an alternative source of information. The *New Russia Barometer*, a series of fourteen surveys that were held in Russia from early 1992 to the mid-2000s, suggests various conclusions about popular support for the current Russian regime.¹⁰ Popular support for Russia's post-communist rulers fluctuated considerably: 30 per cent of the population backed the new regime in 1992; a low point was reached in 1995 (26 per cent); after which ratings went up to 65 per cent in 2004. As might be expected, assessment of the economic situation critically influenced regime support ratings. However, it is probably wrong to argue, as many observers are inclined to, that Russians acquiesced to the politically restrictive measures of the Putin government in exchange for stability and growth. Russians value freedom *and* order. A large majority of Russians have a clear sense of freedom, but in order to be able to enjoy it, they need a more or less secure, stable environment: politically and socio-economically. From this perspective, Putin's Russia is seen by many Russians as more 'free' than Yeltsin's. In the Russian Federation, as in other authoritarian states, public opinion research indicates that most of the population believes that democracy is preferable to alternative forms of government. Throughout the 1990s and 2000s, two-thirds of the respondents rejected dictatorship; one-third supported it.

10) See Richard Rose, William Mishler and Neil Munro, *Russia Transformed: Developing Popular Support For a New Regime* (Cambridge: Cambridge University Press, 2006).

However, the ideal of democracy that is shared by a majority of Russians has relatively little impact on support for the regime. People believe in democracy, yet still back their undemocratic government. This gap can be explained in various ways: a strong measure of resignation; clear ability to adapt; vivid memory of the recent past, including poverty and instability; strong responsiveness to nationalism; and, perhaps most importantly, the conviction that democracy, as much as the ideal is cherished, is not suitable for Russia.

Given the difficulties of measuring and interpreting public opinion in the Russian Federation, any policy conclusion can only be formulated carefully and with necessary reservation. As to the values' gap between Russia and the European Union, which is mostly understood (again) as a difference between the EU and the Russian *leadership*, not Russian *society*, one may consider the relevance of popular support for the current regime in Russia. As to the promotion of human rights and democracy, the possibilities for external actors to influence domestic policies in Russia are limited. The means and goals of democracy promotion have lost some of their practical relevance. Not only is there little reason to believe that the European Union's pro-democracy rhetoric may generate much positive response among the Russian population, but the institutions through which to transmit support for democracy (political parties, parliament and non-governmental organizations) are generally either absent or powerless. They lack interest, legitimacy, or public support.

This is not an argument for international passivity or deference. It is a case for effectiveness and for a balanced approach. The human rights situation and the state of democracy in Russia is far from perfect – serious enough to demand attention, yet not so grave, however, that it should be the European Union's major priority. If the countries of the European Union united around a common strategy, it would probably be more effective to focus on specific issues in the sphere of human rights and on aspects of the rule of law than on democratization per se. Attempts to support the rule of law in the Russian Federation, and to hold the Russian government accountable for policies that deviate from international agreements where it has a formal commitment, corresponds more closely with the priorities of the Russian citizens, with the interests of the Russian state, and with the interests (which include investments in Russia's energy sector) and potential leverage of external actors, the European Union included.¹¹

11) See also Mark Leonard and Nicu Popescu, *A Power Audit of EU–Russia Relations*, policy paper (London: European Council on Foreign Relations, 2008), p. 3.

External Security Cooperation: Friends or Foes?

Marcel de Haas

Introduction

Russia and the European Union are working together in a number of fields of external security. The results, however, are not impressive. Furthermore, Russia's war with Georgia of August 2008 has further complicated Russia's security-related cooperation with the European Union. Future cooperation in external security seems best served by specific and concrete projects, rather than by comprehensive, declaratory concepts.

This chapter first discusses both old and current developments that complicate external security cooperation between the European Union and the Russian Federation. It will then examine and discuss Europe-related entries in Russia's major security documents and will analyse Russia's security approach towards the European Union. The chapter subsequently deals with the priority areas of EU–Russia external security cooperation, as mentioned in the agreed Common Space of External Security, and concludes with discussion of the opportunities for enhanced EU–Russia external security cooperation and the outlook for the EU's and Russia's future relationship.

Hindrances of the Past

In order to understand Russia's security relationship with the European Union, Russia's perception of security and security-related developments in

Europe in the past must be taken into account. A number of new EU states – formerly part of the Soviet Union or the Warsaw Pact against their own free will – (may) regard the Soviet Union’s successor, the Russian Federation, as a threat to their existence. This not only influences their policy towards Russia bilaterally, but also their attitude towards the Russian Federation within the European Union. Likewise, the Kremlin considers their membership of Western institutions as counter to Russia’s own interests. These difficult relations result in frequent conflict, such as between Russia and the Baltic States, on the removal of the war statue, in April 2007; and with Poland regarding the export of Polish meat to Russia. The same countries delayed negotiations between Russia and the European Union for drafting a new Partnership and Cooperation Agreement. As a consequence of these confrontations with antagonizing new members of the European Union and NATO, but also to strengthen its international position by an alignment with neighbouring states, Russia takes a leading role in the Collective Security Treaty Organization (CSTO), a military alliance; and together with China in the Shanghai Cooperation Organization (SCO), a political, military and economic body.¹ The Central Asian former Soviet republics, except for Turkmenistan, are also members of the CSTO and SCO. Russia’s involvement in both organizations has the counter-effect that Russia repudiates closer ties between CSTO and SCO member states with Western institutions such as NATO and the European Union.² An even more important consequence of its increased involvement with the CSTO and SCO is that Russia seems to be replacing European or Western (security) arrangements for those in the East. An example is Russia’s suspension of the Conventional Forces in Europe (CFE) Treaty, which came into force on 12 December 2007. Russia considers the former Soviet Union’s area as its legitimate ‘privileged’ sphere of influence. It is reluctant to accept any Western interference in this area. For instance, although Russia promised at the Istanbul Summit of the Organization for Security and Cooperation in Europe (OSCE) of 1999 to withdraw its military forces from Georgia and Moldova, it maintains one military base in Georgia and refuses to withdraw its forces from the Transnistria region in Moldova.³ Russia still feels frustrated by the way that the West neglected and marginalized it during the 1990s, especially in military action in the former Yugoslavia, and it is adamant about

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- 1) See M. de Haas (ed.), *The Shanghai Cooperation Organization: Towards a Full-Grown Security Alliance?*, Clingendael Security Paper 3 (The Hague: Netherlands Institute of International Relations ‘Clingendael’, November 2007), available online at http://www.clingendael.nl/publications/2007/20071100_cscp_security_paper_3.pdf.
 - 2) Article 1 of the CSTO treaty forbids parties to join other military alliances. See ‘Dogovor o kolektivnoy bezopasnosti’, CSTO website, Tashkent, 15 May 1992, available online at <http://www.dkb.gov.ru/start/index.htm>.
 - 3) ‘OSCE Istanbul Summit Declaration 1999’, pp. 50 and 252, available online at http://www.osce.org/documents/mcs/1999/11/4050_en.pdf.

no longer accepting such treatment. This helps to explain Russia's firm rejection of the US missile defence shield, to be installed in the EU (and NATO) member states Poland and the Czech Republic. In this regard Russia has warned that as 'retaliation', Russia might re-aim its nuclear missiles towards Europe and could deploy missile systems in Kaliningrad. Another unsolved problem is Russia's resistance to Kosovan independence, which in September 2008 was recognized by 21 EU countries.⁴ The independence of Kosovo was one of the arguments used by Russia to recognize the independence of the Georgian separatist regions of Abkhazia and South Ossetia on 26 August 2008, after Russia had forcefully 'liberated' these regions from the last remnants of Georgian authority.

Hindrances Today: The South Caucasus and EU Involvement

From the early 2000s the European Union considered the unresolved conflicts in the South Caucasus as an obstacle for further development of the region. In February 2001 the EU stated that it intended to play a more active political role in the South Caucasus within the context of conflict prevention and resolution. Reasons for this policy initiative may be found in the development of the Common Foreign and Security Policy (CFSP), such as the Seville European Council of 2002, which defined the arrangements for crisis management operations; in the rapid advancement of the European Security and Defence Policy (ESDP); in the release of the European Union's own foreign political strategy, *European Security Strategy*, in December 2003; and in its enlargement eastwards.⁵ In July 2003 the EU appointed a Special Representative for the South Caucasus (EUSR). In 2004 the EU launched an ESDP mission to Georgia – EUJUST Themis – on the rule of law. Georgia, Armenia and Azerbaijan were subsequently offered participation in the European Neighbourhood Policy (ENP) in June 2004. The EU also started economic development confidence-building programmes in Georgia. While the EU's actions have been directed for the most part towards Georgia, Armenia and Azerbaijan have been somewhat neglected. The EU has been largely absent, however, in direct negotiations on the so-called 'frozen conflicts' of Abkhazia and South Ossetia in Georgia, as well as Nagorno-

4) 'Who Recognized Kosovo as an Independent State?', 20 May 2008, available online at <http://www.kosovothankyou.com/>, accessed on 12 September 2008. Russia claims that Kosovo's unilateral declaration of independence of 17 February 2008 is against UN Security Council Resolution 1244; see RIA Novosti, 15 May 2008, available online at <http://en.rian.ru/world/20080515/107452596.html>.

5) In September 2008 the EU conducted 11 ESDP operations in the Balkans, the Middle East, Africa and Asia; see online at: http://consilium.europa.eu/cms3_fo/showPage.asp?id=268&lang=EN.

Karabakh between Armenia and Azerbaijan. In April 2006 EUSR Peter Semneby discussed the Nagorno-Karabakh conflict with the leaders of the separatist region, thus indicating the EU's intention to play a more decisive role in conflict resolution, not instead of, but in addition to, similar efforts of the OSCE's Minsk Group. In May 2006 Semneby explained how the more active interest in resolving conflicts should not be seen as a reorientation of EU policies towards the South Caucasus, but as an indication of the fact that the European Union had the military means to support political settlements.⁶ The August 2008 conflict in Georgia, however, has changed the scene completely again, forcing the EU to rethink its strategy in this region.

On 7 August 2008 Georgian armed forces attacked the separatist region of South Ossetia. The following day Russia brought reinforcements from North Ossetia into South Ossetia, which responded fire, while its air force started attacks on targets in Georgia proper. During the following days, Russia's Black Sea Fleet disembarked 4,000 troops in Abkhazia, and installed a maritime blockade of Georgian ports. On 11 August 2008 Russian troops from South Ossetia and Abkhazia invaded Georgia proper. On 12 August Georgia and Russia agreed on a ceasefire, which was drafted by French President Nicolas Sarkozy (as France held the EU Presidency) and his Russian counterpart Dmitry Medvedev. In spite of the armistice, Russia continued military operations in Georgia proper until 22 August 2008, when it withdrew its military forces from Georgia, but retained its troops in the so-called buffer zones south of Abkhazia and South Ossetia. On 26 August 2008 Russia recognized the independence of Abkhazia and South Ossetia. The European Union was supposed to deploy at least 200 observers in Georgia, along with 220 other international monitors. However, Russia initially denied EU observers access to the regions. Russian forces were to withdraw from Georgia proper within ten days of 1 October 2008. According to Medvedev, the withdrawal was dependent on guarantees that Georgia would not use force again in the separatist regions. Russia intended to keep 7,600 troops in South Ossetia and Abkhazia with permanent military bases, at the request of the regions' authorities. International talks on the conflict and the future of the regions were to be held in Geneva from 15 October 2008 onwards.⁷

During and since the conflict in Georgia, the European Union has repeatedly and severely criticized Russia. On 1 September 2008 at an Extraordinary

6) Marcel de Haas, Andrej Tibold and Vincent Cillessen (eds), *Geostrategy in the South Caucasus: Power Play and Energy Security of States and Organizations* (The Hague: Netherlands Institute of International Relations 'Clingendael', November 2006), pp. 61–62. Concerning military means, Semneby probably referred to the Battle Groups, the military units that the EU now has available for conducting crisis-management operations; see online at: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/esdp/91624.pdf and <http://ue.eu.int/uedocs/cmsUpload/Battlegroups.pdf>.

7) See online at <http://news.bbc.co.uk/2/hi/europe>; <http://www.rferl.org/section/South+Ossetia+Crisis/454.html>; and <http://en.rian.ru/trend/osset/index1.html>.

European Council held in Brussels, the EU spoke out against Russia's disproportionate reaction, and condemned Russia's unilateral decision to recognize the independence of Abkhazia and South Ossetia. The EU decided that until Russia's troops had withdrawn to the positions held prior to 7 August 2008, meetings on the negotiation of the Partnership Agreement were to be postponed. The planned EU–Russia summit, scheduled to take place in Nice on 14 November 2008, was, however, neither cancelled nor postponed. Furthermore, the European Council decided on the immediate dispatch of a fact-finding mission with the task of helping to gather information and defining the modalities for an increased EU commitment on the ground, under the European Security and Defence Policy. The EU also decided to intensify its relations with Georgia, including visa facilitation measures and preparatory steps in the direction of a free-trade area. The EU would take the initiative of convening an international conference to assist reconstruction in Georgia and to that end to appoint a European Union Special Representative for the crisis in Georgia.⁸

Relations between Russia and the EU were undoubtedly harmed because of the Georgian conflict. However, both parties continued to cooperate. Although the EU suspended negotiations with Russia on a new Partnership and Cooperation Agreement, it would proceed with the regular summits. Russia, from its side, allowed the entrance of EU observers into the buffer zones, although (not) yet into the regions. Nevertheless, the conflict probably also affected long-term prospects for cooperation, especially with regard to reliability.

Russian Security Thinking towards Europe

Russia's external security policy is laid down in a number of formal documents. The triad of primary security documents, which were approved in 2000, are the *National Security Concept*, the *Military Doctrine* and the *Foreign Policy Concept*. In July 2008, a new edition of the *Foreign Policy Concept* was published. In addition to these fundamental documents, a *Defence White Paper* (2003) and an *Overview of Foreign Policy* (2007) were published.

8) 'Presidency Conclusions', Extraordinary European Council, Brussels, 1 September 2008, available online at http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/102545.pdf.

In relation to Europe, the *National Security Concept* (NSC) mentions the following:

Threats to the national security of the Russian Federation in the international sphere can be seen in the attempts of other states to hinder the strengthening of Russia as a centre of influence in the multipolar world, prevent the implementation of its national interests and weaken its positions in Europe, the Middle East, the Transcaucasus, Central Asia and Asia Pacific.

And additionally,

Russia is one of the world's largest countries, with a long history and rich cultural traditions. Despite the complicated international situation and internal problems, it continues to objectively play an important role in world processes, in view of its considerable economic, research, technical and military potential and unique situation on the Eurasian continent.⁹

The first passage, referring to attempts by states to obstruct Russia's increasing international position, can be related to its complicated relationship with some of the new EU member states. Although Russia has formally accepted EU involvement in the South Caucasus through the Agreement on Common Spaces, the passage expresses Russia's strong reluctance to foreign interference in the region. But other actions by EU member states – such as the US missile defence shield and recognition of Kosovo's independence – are also perceived by Russia as counter to its emerging international position. Such actions, although conducted by individual EU members and not by the EU itself, are thus detrimental for EU–Russia cooperation.

The second passage, on Russia's international position and on the Eurasian continent in particular, clearly expresses that Russia wants to be taken seriously as a partner.

The *Military Doctrine* does not explicitly mention entries related to Europe, but the *Foreign Policy Concept* (FPC) of 2000 does. The major passages read as follows:

Relations with European states are Russia's traditional foreign policy priority. The main aim of Russian foreign policy in Europe is the creation of a stable and democratic system of European security and cooperation.

9) National Security Concept (January 2000): in Russian 'Kontsepsiya natsional'noy bezopasnosti', available online at www.scrf.gov.ru/Documents/Decree/2000/24-1.html; and available online in English at www.fas.org/nuke/guide/russia/doctrine/gazeta012400.htm.

Relations with the EU are considered a key issue:

The ongoing processes within the EU are having a growing impact on the dynamic of the situation in Europe. These are the EU expansion, transition to a common currency, institutional reform, and emergence of a joint foreign policy and a policy in the area of security, as well as a defence identity. Regarding these processes as an objective component of European development, Russia will seek due respect for its interests, including in the sphere of bilateral relations with individual EU member countries.

The Russian Federation aspires to develop intensive, stable and long-term cooperation with the European Union, devoid of fluctuations in expediency:

The character of relations with the EU is determined by the framework of the June 24 1994 Agreement on Partnership and Cooperation, establishing partnership between the Russian Federation, on the one hand, and the European communities and their member states on the other, which is yet to achieve its full effectiveness. Concrete problems, primarily the problem of adequate respect for the interests of the Russian side in the process of the EU expansion and reform, will be dealt with on the basis of the Strategy for the Development of Relations between the Russian Federation and the European Union, approved in 1999. The EU's emerging military-political dimension should become an object of particular attention.¹⁰

Whereas the NSC does not mention the European Union explicitly, the FPC does, and extensively, emphasizing again that relations with the EU are of key importance. Overall, the tone of the 2000 FPC towards the European Union is constructive and positive. Russia recognizes the EU as one of its most important partners, while expecting due respect from the EU for Russia's own interests. The FPC conveys an interest in developing the political-military dimension of the EU. A collective European defence force would be an interesting development for Russia. The absence of the United States might offer opportunities for cooperation that would otherwise have been blocked by the United States: for example, conducting crisis management in regions where the United States considers itself hegemonic, such as in the Middle East. By engaging in military cooperation with the EU, Russia can cooperate with European nations without involving NATO, thus serving Russia's strategic interests, as it considers NATO and its continuing enlargement as a threat to Russia's national security. The extent to which EU and NATO

10) Foreign Policy Concept (June 2000): in Russian 'Kontseptsiya vneshney politiki Rossiyskoy Federatsii', available online at www.scrf.gov.ru/Documents/Decree/2000/07-10.html; and available online in English at www.fas.org/nuke/guide/russia/doctrine/econcept.htm.

member states seem to be aware of Russia's objective to create a 'split' between Europe and the United States, however, remains to be seen.

In October 2003 the Russian Minister of Defence at the time, Sergei Ivanov, published *The Priority Tasks of the Development of the Armed Forces of the Russian Federation*, which, by its contents, must be regarded as a defence white paper (DWP). In relation to Europe, the DWP states:

There are certain permanent security elements for Russia, whose western regions face Europe [...]. Consequently, the European, Middle Eastern, South-West Asian, Central Asian and Asia Pacific regions are of logical interest for Russia's national security.

And it adds:

Russia [...] expects that constructive political and economic relations with the countries of the European Union will develop further, proceeding from the need to establish mutually beneficial, fair and non-discriminating relations and also to recognize unconditionally the territorial integrity of the Russian Federation and respect its right to combat all manifestations of international terrorism.¹¹

The DWP is a military document. Different from the FPC, it stresses threats rather than opportunities for cooperation. Although the DWP was published three years after the 2000 FPC, it does not refer to military cooperation with the European Union, unlike the FPC. The DWP mentions the importance of mutually beneficial, fair and non-discriminating relations with the EU. In this respect, Russia's Minister of Foreign Affairs Sergei Lavrov has accused the European Union of imperial thinking and demanded that the EU treat Russia as a partner, and not as an object of its foreign policy.¹² Another salient remark of the DWP is the emphasis on Russia's territorial integrity. This entry is likely to be related to Russia's resistance against any outside – including EU – criticism and interference with the way that it dealt with the (second) Chechen conflict, which started in autumn 1999. Clearly, Russia considers cooperation with the European Union in a positive way, as long as this is played by Moscow's rules.

The *Overview of Foreign Policy* (OFP) of March 2007 discusses the EU at length. The OFP points out that the European Union is an important actor and partner that has to be taken into account in defining Russia's European and global policies. At the same time, the OFP notices that some countries

11) Defence White Paper (October 2003): Aktual'nyye zadachi razvitiya Vooruzhënnnykh Sil Rossiyskoy Federatsii [The priority tasks of the development of the Armed Forces of the Russian Federation], available online at http://supol.narod.ru/archive/official_documents/doctrine/war_doctrine.htm.

12) 'Russian Foreign Minister Assails EU', RFE/RL Newslines, 19 May 2006.

that joined the EU in 2004 attempt 'to use' the advantages of EU membership to realize their own political objectives against Russia, or to subject Russia–EU relations to their own narrow national interests.¹³ Additionally, the OFP underlines the importance of realizing the 'road maps' of the four 'common spaces' of EU–Russia cooperation. Regarding the Road Map on the Common Space of External Security, the OFP reports EU–Russia cooperation dialogue on various crucial international issues: a peace settlement in the Middle East; Iran's nuclear programme; and the situation in Iraq. Moreover, the OFP portrays a positive stance in the EU–Russia dialogue on the fight against terrorism. However, it also signals that a number of EU countries host representatives of the Chechen separatist movement, who conduct anti-Russian activities, including terrorist activity against Russia and its citizens.¹⁴ Remarkably, in relation to external security cooperation with the European Union, the OFP only mentions two out of the five areas of cooperation, as listed in the corresponding EU–Russia common space: dialogue on international security; and on international terrorism. This could mean that Russia gives less priority to the other three policy fields – that is, non-proliferation of weapons of mass destruction (WMD), crisis management and civil defence. By prioritizing dialogue on international security and international terrorism, the Kremlin seems to express its conviction that raising its international status and prominence is best served by cooperation in these two fields.

In July 2008, a new edition of the *Foreign Policy Concept* (2008 FPC) was published. It may be considered as new Russian President Medvedev's first security document. In relation to security in Europe, the 2008 FPC contains the following entries:

Russia strives to strengthen the international legal basis of cooperation within the CIS [Commonwealth of Independent States] and in other regional and sub-regional forums, put our strategic relations with the European Union on a solid and modern legal basis and establish a legal space under the auspices of the Council of Europe that would span across the entire Europe.

Russia intends to further promote enhanced regional stability in Europe through participation in the processes of conventional armed forces limitation and reduction as well as through confidence-building measures in the military sphere on the basis of the principle of equal security for all parties.

13) The accusation of 'misbehaviour' by new East European EU members was earlier made by Russia's ambassador to the EU. See George Parker, 'Russia Says Relationship with EU Damaged by Enlargement', *Financial Times*, 22 May 2006.

14) 'Overview of Foreign Policy of the Russian Federation', 27 March 2007 (in Russian: 'Obzor vnesheynoy politiki Rossiyskoy Federatsii'), available online at http://www.mid.ru/brp_4.nsf/0/3647DA97748A106BC32572AB002AC4DD.

The main objective of Russia's foreign policy on the European track is:

[...] to create a truly open, democratic system of regional collective security and cooperation, ensuring the unity of the Euro-Atlantic region, from Vancouver to Vladivostok, in such a way as not to allow its new fragmentation and reproduction of bloc-based approaches which still persist in the European architecture that took shape during the Cold War period. This is precisely the essence of the initiative aimed at concluding a European security treaty, the elaboration of which could be launched at a pan-European summit.

The 2008 FPC reports that Russia:

[...] calls for building a truly unified Europe without divisive lines through equal interaction between Russia, the European Union and the United States. This would strengthen the positions of the Euro-Atlantic States in global competition. The Russian Federation intends to develop its relations with the European Union, which is a major trade, economic and foreign-policy partner, will promote strengthening in every possible way the interaction mechanisms, including through establishment of common spaces in economy, external and internal security, education, science and culture. From the long-term perspective, it is in the interests of Russia to agree with the European Union on a strategic partnership treaty, setting special, most advanced forms of equitable and mutually beneficial cooperation with the European Union in all spheres with a view to establishing a visa-free regime.

And finally, Russia expresses its interest:

[...] in the strengthening of the European Union, development of its capacity to present agreed positions in trade, economic, humanitarian, foreign policy and security areas;

as well as its willingness:

[...] to interact with Latvia, Lithuania and Estonia in the spirit of good-neighbourliness and on the basis of reciprocal consideration of interests. Of fundamental importance for Russia are the matters relating to the rights of the Russian-language population in accordance with the principles and norms of European and international law, as well as questions of ensuring sustenance of the Kaliningrad Region.¹⁵

The 2008 FPC provides more details on Russia's views on Europe and the European Union than any previous foreign and security document. This

15) Foreign Policy Concept of the Russian Federation, 12 July 2008, see online at <http://www.kremlin.ru/eng/text/docs/2008/07/204750.shtml>.

could be seen as an indication of Russia's genuine interest in strengthening (security) ties with the EU. However, the policy objective of promoting conventional arms control and other confidence-building measures is contradicted by Russia's actual policy: in December 2007 Moscow suspended the Conventional Forces in Europe Treaty. East and West have always judged this agreement as the cornerstone of post-Cold War European security. By suspending this treaty the Kremlin not only 'violated' its own goals, but it also affected mutual confidence and security. After announcing the idea of a new European security architecture during his visit to Berlin in June 2008, Medvedev refers to this idea again in his FPC. It is still vague, however, what the specific contents of such a transformed European security arrangement are supposed to be. In the light of Russia's conflict with Georgia, the reference to the Baltic States and Kaliningrad has received a different connotation. One of Russia's arguments in using military force in Georgia's separatist regions was the protection of Russian minorities. Considering the presence of large Russian minorities on their territory, Estonia and Latvia rightly feel threatened by Russia. And as a consequence of the Georgian war, Poland was more eager to reach an agreement with the United States on the stationing of the missile defence shield. These worries by former Soviet republics or Warsaw Pact members were further strengthened by some of President Medvedev's foreign policy 'principles', as mentioned in a television interview on 31 August 2008. 'Protecting the lives and dignity of our citizens, wherever they may be, is an unquestionable priority for our country', the Russian President stated. 'Our foreign policy decisions will be based on this need. We will also protect the interests of our business community abroad. It should be clear to all that we will respond to any aggressive acts committed against us.' And Medvedev continued:

There are regions in which Russia has privileged interests. These regions are home to countries with which we share special historical relations and are bound together as friends and good neighbours. We will pay particular attention to our work in these regions and build friendly ties with these countries, our close neighbours.¹⁶

Although the protection of Russian minorities has been routinely mentioned in Moscow's security documents, it gained a strongly negative connotation and burdened Russia's relations with the European Union as a whole and the Baltic states in particular after the Georgian war. Whereas the earlier FPC (from 2000) demonstrated an interest in the political-military dimension of the EU, such an entry is absent from the 2008 FPC. Russia may not be impressed by the volume or quality of military operations or other political-

16) Interview given by Dmitry Medvedev to television channels Channel One, Rossia and NTV, 31 August 2008; available online at http://www.kremlin.ru/eng/text/speeches/2008/08/31/1850_type82916_206003.shtml.

military activities. Another reason for this absence might be that CSTO and SCO have developed since 2000 into usable tools for Moscow's ventures in military cooperation, not least because Central Asian countries such as Kyrgyzstan and Tajikistan largely depend on Moscow for their security. Taking into account the Kremlin's concept of a new European security structure, Russia has possibly replaced the objective of military cooperation with the European Union with political-security cooperation.

EU Security Policy towards Russia

An important fundament of the European Union's security ties with Russia is laid down in the four 'Common Spaces' of the framework of the Partnership and Cooperation Agreement, as agreed by both parties at the St Petersburg Summit of May 2003: a Common Economic Space; a Common Space of Freedom, Security and Justice; a Space of External Security; as well as a Space of Research and Education, including Cultural Aspects. At the Moscow Summit of May 2005, the parties agreed to create a single package of 'road maps' for the realization of the four Common Spaces. The road maps set out shared objectives as well as the actions necessary to make these objectives a reality, and determined the agenda for cooperation between the European Union and Russia in the medium term. The third 'Common Space' is the Common Space of External Security, and the road map for the Common Space of External Security underlines the shared responsibility of the European Union and Russia for an international order that is based on effective multilateralism, their determination to cooperate to strengthen the central role of the UN and to promote the role and effectiveness of relevant international and regional organizations, in particular the OSCE and the Council of Europe. Building further on their already ongoing cooperation, the European Union and Russia have agreed to strengthen their cooperation and dialogue on security and crisis management in order to address global and regional challenges, as well as key threats. They will give particular attention to securing international stability, including in the regions adjacent to Russian and EU borders, where they will cooperate to promote resolution of the frozen conflicts in Europe – such as in Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh – in line with UN and OSCE commitments.¹⁷ The European Union will continue to provide support through humanitarian assistance, economic rehabilitation, confidence-building and efforts to tackle poverty and human rights abuses. Furthermore, the road map for the

17) The Georgian conflict probably necessitates consideration as to how these entries can be carried out in the new situation, at least with respect to Abkhazia and South Ossetia. This applies especially to the priority area of 'dialogue and cooperation in the international arena' of the road map for the Common Space of External Security.

Common Space of External Security mentions five priority areas for increasing EU–Russia cooperation: dialogue and cooperation in the international arena; crisis management; the fight against terrorism; non-proliferation of WMD and disarmament; and civil protection.¹⁸

Concerning the first policy objective – dialogue and cooperation on international security – the EU stresses its objective to continue working for closer relations with Russia (as formulated in its political strategy *A Secure Europe in a Better World*). Russia is identified as a major factor in the Union’s security and prosperity. Having stated this expression of international ‘realism’, the European Union immediately adds a moral objective – that is, mentioning respect for common values to reinforce progress towards a strategic partnership. The *European Security Strategy* states that in the Balkans, the EU and Russia – together with the United States, NATO and other international partners – have accomplished stability and an end to the danger of major conflict. The European Union’s political strategy also refers to the Arab–Israeli conflict in the Middle East as an object of diplomatic cooperation with Russia.¹⁹ In addition to the Balkans and the Middle East, the document mentions diplomatic cooperation with Russia closer to home, in regions adjacent to the European Union and Russia, for instance on Belarus and the regional conflicts in Moldova and the South Caucasus. Within Russia’s borders – in the North Caucasus region – the European Union is also active. Since the beginning of the second conflict in Chechnya in autumn 1999, the European Commission has provided funds for humanitarian aid in this crisis, which made the European Union the region’s largest donor. The aid was aimed at supporting internally displaced persons and vulnerable groups in Chechnya, Ingushetia and Dagestan, as well as helping Chechen refugees in Georgia and Azerbaijan. Considering that the humanitarian situation has improved, the European Union has shifted the emphasis of its support to programmes in healthcare, education and economic development, in order to boost social-economic recovery.²⁰

Regarding cooperation in crisis management, the EU–Russia Summit in Brussels in October 2001 provided a *Joint Declaration* on stepping up dialogue

18) EU-Russia Summit, Moscow, 10 May 2005, available online at http://ec.europa.eu/external_relations/russia/summit_05_05/index.htm; and Road Map for the Common Space of External Security, available online at http://ec.europa.eu/external_relations/russia/summit_05_05/finalroadmaps.pdf#es.

The London Summit in October 2005 focused on the practical implementation of the Road Maps for the four Common Spaces. See EU–Russia Common Spaces, available online at http://ec.europa.eu/external_relations/russia/intro/index.htm#comm; The European Union and Russia: Close Neighbours, Global Players, Strategic Partners (Brussels: European Commission External Relations, October 2007), pp. 6 and 17.

19) *A Secure Europe in a Better World: European Security Strategy* (Brussels: European Council, 12 December 2003), pp. 14 and 8.

20) *The European Union and Russia*, pp. 3, 16 and 24–25.

and cooperation on political and security matters. The *Joint Declaration* stated that meetings would be organized in response to events between the EU Political and Security Committee and Russia. In addition, it announced monthly meetings between the EU Political and Security Committee Troika and Russia in order to take stock of consultations on crisis prevention and management.²¹ The options for Russian participation in civilian and military crisis-management operations increased as progress was made in European Security and Defence Policy (ESDP). At its Seville European Council of 2002, the European Union defined the arrangements for crisis-management operations. Areas in which the EU and Russia could cooperate are:

1. Strengthening arrangements for sharing intelligence and developing the production of situation assessments and early-warning reports, drawing on the widest range of sources;
2. developing our common evaluation of the terrorist threat against the Member States or the forces deployed under the ESDP outside the Union in crisis-management operations, including the threat posed by terrorist use of weapons of mass destruction;
3. determining military capabilities required to protect forces deployed in European Union-led crisis-management operations against terrorist attacks;
4. exploring further how military or civilian capabilities could be used to help protect civilian populations against the effects of terrorist attacks.²²

The EU and Russia are developing a policy dialogue in the fields of crisis management and ESDP, with the Russian side meeting the EU's Political and Security Committee and the EU Military Committee. However, the outcome of Russian–EU military and security cooperation – such as intended activities in strategic airlift, joint peacekeeping operations, naval cooperation and tactical missile defence – has remained limited. The same applies to more specific operational crisis-management cooperation, of which as yet only Russia's contribution to the EU's mission in Macedonia and Russia's participation in a EU–NATO crisis-management exercise could be mentioned. In that respect it was remarkable that on the same day that the

21) The 'Troika' represents the EU in external relations that fall within the scope of the EU's Common Foreign and Security Policy (CFSP). The Troika brings together: the Foreign Affairs Minister of the member state holding the Presidency of the Council of EU; the Secretary-General/High Representative for the CFSP; and the European Commissioner in charge of External Relations and European Neighbourhood Policy. See online at http://europa.eu/scadplus/glossary/troika_en.htm.

22) See EU–Russia Summit, Brussels, 3 October 2001, online at http://ec.europa.eu/external_relations/russia/summit_10_01/dc_en.htm; and 'Presidency Conclusions' of the Seville European Council, 21–22 June 2002, pp. 4 and 31–34, available online at http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/en/ec/72638.pdf.

European Council condemned Russia for recognizing the independence of the two Georgian separatist regions, Russia's President Medvedev signed a decree for the deployment of a Russian military contingent to the EU's mission in Chad and the Central African Republic.²³ Reasons for the limited EU achievements are lack of military capabilities and an unwillingness to share command (with Russia) in a mission. On the Russian side, enhanced cooperation in crisis management is curbed by the military leadership's reluctance to cooperate with the European Union, by insufficient readiness of its armed forces, and by Russia's negative attitude towards peace-support operations in general.²⁴

As to the fight against international terrorism, EU–Russia cooperation takes place in international forums such as the United Nations, OSCE and the Council of Europe. In November 2002 Russia and the European Union adopted a joint declaration on countering terrorism, which included exchange of information on terrorist networks and enhancing common efforts to stop the financing of terrorism, including freezing of funds.²⁵ Nevertheless, practical cooperation since then has not been visible, because of the abstract nature of the joint declaration as well as Russian doubts about the EU's capabilities in effectively dealing with the threat of international terrorism.

In the area of the EU's policy targets of non-proliferation of weapons of mass destruction (WMD) and their means of delivery, strengthening export control regimes and disarmament, the *European Security Strategy* identifies the proliferation of WMD as a key threat to the European Union's security. As part of the implementation of the *European Security Strategy*, the European Council adopted an *EU Strategy against the Proliferation of WMD*. The European Union and Russia both seek greater effectiveness of relevant international instruments, such as the Missile Technology Control Regime (MTCR) and the Australia Group on Biological and Chemical Weapons Control. Furthermore, the European Union has substantially supported the International Science and Technology Centre in Moscow, which aims to facilitate the redeployment of weapons' experts to projects of a more peaceful nature. The European Union also contributes to the G8 Global Partnership against the Proliferation of WMD, in which it has specifically committed itself to cooperation in the fields of non-proliferation, disarmament, counter-

23) 'Dmitry Medvedev Signed a Decree Sending a Russian Armed forces Unit to Take Part in a European Union Mission to Support the UN Presence in the Republic of Chad and the Central African Republic', 1 September 2008, available online at <http://www.kremlin.ru/eng/text/news/2008/09/206045.shtml>.

24) Andrew Monaghan, *Russian Perspectives of Russia–EU Security Relations* (Shrivenham: CSRC of the Defence Academy of the United Kingdom, August 2005), pp. 2–5.

25) 'Joint Statement on the Fight against Terrorism', available online at http://ec.europa.eu/external_relations/russia/summit_11_02/js_terr.htm.

terrorism and nuclear safety.²⁶ In spite of this large number of initiatives, EU–Russia cooperation in the field of counter-proliferation is seriously hampered by a Russian lack of faith in EU capabilities. The United States is a much better partner for the European Union. Moreover, the EU and Russia have different priorities. Russia first of all seeks support for the destruction of nuclear submarines and stocks of plutonium, whereas the European Union prioritizes the safe storage of highly enriched uranium and implementation of the Chemical Weapons Convention, both of which are related to countering terrorism.

The fifth and final priority area for strengthening EU–Russia cooperation in external security is civil defence and emergencies. In this sphere both parties are specifically committed to increasing ties in responding to disasters and emergencies. In 2002 Russia suggested establishing a Pan-European Centre for Disaster Management. Russia wanted to integrate this centre into the ESDP and strengthen it through contributions from disaster-management technology of both sides. Principle threats were considered to be forest fires, river flooding, volcanic activity, and explosions and fires at hazardous industrial transport, energy and military sites. Furthermore, Moscow proposed forming a special aviation pool of helicopters and transport aircraft, and also offered mobile detection laboratories.²⁷ In the *Russia–EU Joint Declaration on Strengthening Dialogue and Cooperation on Political and Security Matters* in Rome (6 November 2003), both parties agreed to establish cooperation in the field of civil protection. In May 2004, the European Commission and Russia signed an administrative arrangement to this effect. This arrangement – between the European Commission’s service responsible for civil protection, the Directorate-General for Environment, and its Russian counterpart, the Ministry for Affairs of Civil Defence, Emergencies and Disaster Relief (EMERCOM) – provided for cooperation between the EU Monitoring and Information Centre (MIC) and the Operations Centre of EMERCOM. It included the provision that members of the operational staff would spend one week per year in the operational centre of the other service in order to gain practical experience. EMERCOM officials are also attending MIC training courses on an ad hoc basis. Practical cooperation takes place

26) EU Strategy against the Proliferation of Weapons of Mass Destruction, available online at <http://www.regeringen.se/content/1/c6/01/38/52/cdd7374c.pdf>. In the MTCR, Russia and most EU member states participate on a bilateral level, thus not the EU as one entity; see online at <http://www.mtcr.info/english/partners.html>. Individual EU states, as well the European Commission, contribute to the Australia Group, but Russia does not fully participate in the national export controls of this organization; see online at <http://www.armscontrol.org/factsheets/australiagroup.asp>. For G8 Global Partnership against the Proliferation of Weapons of Mass Destruction, see online at <http://www.sgproject.org/about.html>.

27) Monaghan, *Russian Perspectives of Russia–EU Security Relations*, p. 12.

through arrangements for permanent communication lines and exchanges of information and staff between the operational centres.²⁸

Opportunities for Enhanced EU–Russia External Security Cooperation

EU–Russia cooperation in external security is a complicated matter. In spite of the aforementioned and often rather abstract plans and concepts, cooperation in practice has been limited and problematic, the reason being, foremost, the two parties' diverging approaches to security problems. This may be largely related to the often-mentioned 'value gap' between the European Union and the Russian Federation, and consequently by the ambition of the European Union to 'to bring Russia closer to Europe' (in terms of democratization, human rights and the rule of law). Russia, on the other hand, favours cooperation, also in the sphere of security, without this additional baggage. Another cause of the lack of practical results in external security cooperation is that often – for instance in the case of joint military operations – the European Union demands to have 'full command', treating Russia, or any other party, as the junior partner. A third reason may be the increased activity of the European Union concerning the 'frozen conflicts'. Moscow, although recognizing this role for the EU in the Common Spaces Agreement, in reality often opposes this involvement in its 'own' region.²⁹ In his principles of foreign policy, Russia's President Medvedev has once more made this explicitly clear:

There are regions in which Russia has privileged interests. These regions are home to countries with which we share special historical relations and are bound together as friends and good neighbours. We will pay particular attention to our work in these regions and build friendly ties with these countries, our close neighbours.³⁰

28) 'Joint Declaration between the European Union and the Russian Federation on Strengthening Dialogue and Cooperation on Political and Security Matters', Annexe IV, Rome, Italy, 6 November 2003, available online at <http://www.ln.mid.ru/ns-dos.nsf/162979df2beb9880432569e70041fd1e/fead0a783d15f4ac43256de1003aa1e1?OpenDocument>; and European Civil Protection, cooperation with Russia's EMERCOM, available online at http://ec.europa.eu/environment/civil/prote/cp11_en.htm#3count; <http://www.mchs.gov.ru/en/>. See also The European Union and Russia, pp. 16–17.

29) 'Kremlin Warns EU over "Frozen Conflicts"', RFE/RL Newslines, 7 February 2007.

30) Interview given by Dmitry Medvedev to television channels Channel One, Rossia, and NTV, 31 August 2008, available online at http://www.kremlin.ru/eng/text/speeches/2008/08/31/1850_type82916_206003.shtml.

A fourth and final reason for the lack of achievement in external security cooperation, and related to the former reasons, is Russia's aspiration to regain its great power status by strengthening its international position. Russia's 'Near Abroad', often containing large Russian minorities, is the priority area in this respect. Russia's often heavy-handed policies in its geographical neighbourhood – for instance by cutting off energy or other supplies, and the excessive use of military force against Georgia in August 2008 as the latest and most blatant example – have met with fierce criticism from Western countries and institutions, the European Union included.³¹

In spite of these difficulties, Russia–EU cooperation in the field of external security is not impossible. Progress can be made through practical and small-scale projects. Cooperation should be in the interest of both parties, on an equal basis, and, consequently, mutually beneficial. The sensitivities of both parties have to be taken seriously. Taking these conditions into account, the following options for cooperation in the earlier-mentioned five policy areas of the EU–Russia road map for external security seem to be feasible.

With respect to the priority areas of strengthened dialogue and cooperation on the international scene and crisis management, joint action towards the 'frozen conflicts' in Moldova (Transnistria) and the South Caucasus (Abkhazia, South Ossetia in Georgia and Nagorno-Karabakh in Azerbaijan) could be an option, and now even more so than before the Russian-Georgian conflict. In comparison with other Western states and organizations such as the United States and NATO, the European Union has two major advantages. First, the EU is in a much better position to be accepted as an unbiased partner by local and regional actors. It cannot be blamed for seeking military influence, or for being closely aligned with the United States. Second, the EU possesses a wide range of policy instruments for crisis management. In addition to military action in the framework of the ESDP, the EU also has social, economic, financial, legal and other capabilities available. The scope of the EU's instruments makes it possible to implement a more comprehensive approach to the problems of Moldova and the South Caucasus. After the August 2008 Georgian war and Russia's recognition of the separatist regions, it has become quite obvious that the Russian leadership will not withdraw its forces from the area or accept replacement of its peacekeeping forces by organizations other than the CIS, which formally conducts the Russian-led operations. The European Union

31) A Swedish researcher has identified 55 instances of (threatened) energy cut-offs between 1991 and 2007. See Robert Larsson, *Nord Stream: Sweden and Baltic Sea Security* (Stockholm: FOI Swedish Defence Research Agency, March 2007), pp. 80–82, available online at <http://www.foi.se/upload/english/reports/foir2251.pdf>; Iris Kempe and Hanna Smith, 'A Decade of Partnership and Cooperation in Russia–EU Relations', conference at the Center for Applied Policy Research, Helsinki, 28–29 April 2006, pp. 4 and 6; and 'EU Slams Russia over Blockade of Georgia', RFE/RL Newswire, 18 October 2006.

could therefore deploy an ESDP military mission in Georgia, preferably also in the separatist areas, not as a replacement of, but in addition to, the Russian forces. Likewise, ESDP missions could be deployed in Nagorno-Karabakh and in Moldova. These missions should be considered as part of a larger, more comprehensive EU operation, utilizing social and economic instruments to effect stability and reconstruction. Such an approach would counter the existing, largely illegal, economic structures, promote a 'normal' economic build-up, and be conducive to political stability in these areas.³² Currently, however, Russia will decline any such ESDP mission. International pressure or deployment without Russia's consent are alternative ways to achieve this objective. Although limited in its reach, such an approach towards the 'frozen conflicts' would be more fruitful than prolongation of the current inactivity.

Cooperation in the sphere of anti-terrorism will remain politically sensitive and complicated too, if only because of the diverging answers to the question of who qualifies as 'terrorists'. Moscow hosts delegations of Hamas, which the European Union considers to be a terrorist organization, whereas the EU disagrees with Russia on identifying all Chechen resistance groups as terrorists. It is also known that Russia supports and delivers arms to countries such as Syria and Iran, which allegedly support terror groups. Furthermore, lack of trust might prevent the exchange of information on terror networks. Cooperation in this field could best be done by joint action (such as information exchange) against groups that both parties regard as terrorists, such as al-Qaeda. And in addition to this, Russia and the European Union can continue to work together in international forums, to enhance common agreements against terrorism.

In the policy field of non-proliferation of WMD and disarmament, the European Union should focus on convincing Russia that the EU may be an important partner after all. Russia seriously doubts the EU's capabilities in this respect. One way of achieving this is that the European Union accepts Russia's priorities in this area, such as the destruction of nuclear submarines and stocks of plutonium. Russia might subsequently be more willing to agree on measures proposed by the EU.

The priority area of civil protection might be the most promising instrument of EU–Russia cooperation in external security, because this is the least politically sensitive topic of the five. Jointly countering forest fires, river flooding, volcanic activity and explosions and fires at hazardous industrial transport, energy and military sites is mutually beneficial. Russia's Ministry for Affairs of Civil Defence, Emergencies and Disaster Relief – tasked with search-and-rescue, fire-fighting and humanitarian aid – provides lots of options for cooperation with the European Union. One practical option could be Afghanistan, where the European Union is active, among other things, with a police mission; and where Russia's EMERCOM de-mining experts

32) De Haas, Tibold and Cillessen, *Geostrategy in the South Caucasus*, pp. 69–70.

have worked on de-mining long stretches of land.³³ By combining their civil protection efforts, the European Union and Russia could support reconstruction in Afghanistan, but also in other countries and regions.

Conclusions and Outlook

The content of EU–Russian external security cooperation is not overwhelming. ESDP is still relatively young and in a build-up phase. EU member states often differ on the course to be taken. France and to a lesser extent Germany strive for a more independent ESDP, detached from the United States, whereas others – such as the United Kingdom, the Netherlands, Poland and the Baltic states – wish to follow a more transatlantic route. Another reason for the lack of substance in this dimension of EU–Russia cooperation is the lack of urgency and priority on the part of the European Union itself. Additionally, the prospects for external security cooperation between Russia and the EU have been negatively affected by the Russo-Georgian conflict, although both parties have been sensible enough to keep the door open. Positive signs are the continuation of EU–Russia summits and the fact that Russia has decided to participate in another ESDP mission. Especially regarding the former Soviet area, which is, more than ever before, ‘claimed’ by Russia as its sphere of influence, the European Union should define its interests more carefully and, consequently, the aim and form of its involvement.

The consequences of the Georgian war are not exclusively negative. Relations between Russia and NATO have deteriorated more sharply than those between Russia and the European Union. The Georgian conflict was partly related to potential NATO membership for Georgia and Ukraine, as discussed at the Alliance’s summit meeting of April 2008. Furthermore, as a result of the conflict, cooperation within the NATO–Russia Council has been suspended by the Alliance. Again, the European Union may be in a considerably better position than NATO to play a role (in conflict solution) in the South Caucasus. Russia’s current strong assertiveness leaves little room for the United States and NATO to influence developments in this region. Since most of the Alliance’s members are also connected to the European Union, the EU has possibilities of enhancing a constructive development of this region. The EU may become *the* instrument of Western security policy in the South Caucasus. To avoid further political confrontations, the European Union and Russia should for the time being concentrate on those joint

33) For information about the EU Police Mission in Afghanistan, see online at http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1268&lang=EN; and for information about EMERCOM, see ‘EMERCOM of Russia: The Past, the Present and the Future’, online at <http://www.mchs.gov.ru/en/>.

projects that are not excessively politically sensitive. In that respect, non-proliferation of WMD, disarmament (for example, the destruction of obsolete nuclear arms) and civil protection come to the fore as the most fruitful areas of cooperation. If cooperation in these relatively non-politicized areas is successful, more complicated dossiers – such as a structural solution to the ‘frozen conflicts’ – could return to the agenda of EU–Russia external security cooperation.

The Energy Story: A Key Common Interest

Jacques de Jong

Introduction

While discussing EU–Russia relations – be they economic, political or cultural – the energy dimension always comes up sooner or later. Energy plays a major role in EU–Russia trade relations. Russia is the European Union’s third biggest trading partner, both for exports and imports. For all of the EU-27’s imports, Russia’s share is about 10 per cent, whereas for exports it is 6 per cent. And this is largely because of energy. Energy imports cover (in value) 25 per cent of all EU imports, with Russia’s share being about two-thirds.¹ Energy is therefore the main driver for the increasing economic interdependency between the two blocs. Some 50 per cent of all gas and 30 per cent of all oil imports into the EU-27 comes from Russia, whereas more than 50 per cent of all Russian energy exports go to the European Union. And these figures will increase further, in terms of money as well as volume. But the energy dimension has more to it. Energy and politics are increasingly interlinked. Political perceptions and emotions wield ever more influence on energy policy discussions or designs.

1) Eurostat figures for 2006 and 2008 yearbooks: total EU-27 imports of € 1,360 billion (Russia € 140 billion) and exports of € 1,165 billion (Russia € 72 billion); total energy imports of € 340 billion (25 per cent of all imports), and from Russia of € 94 billion (two-thirds of all imports from Russia).

Some of these components in the ongoing trends and discussions in EU–Russia energy relations will be discussed and explored in this chapter, which will briefly examine present and future trends in energy globally, then translating them to the European Union and Russia. The focus will then move to explore some of the differences within the EU-27 on the importance and leverage of Russian energy. Future trends are asking for supply security and demand security alike, whereas physical infrastructure is vital for transports and transmissions. Additionally, the political components, perceptions and experiences will be discussed. Institutional arrangements and mechanisms facilitating commercial trade relations have their own particular dimensions, such as the role of Gazprom and its bargaining powers. Finally, the chapter will move to the international legal instruments covering energy trade and investments, and will explore the external (energy) policy dimension for the European Union.

Global Energy Trends and the EU–Russia Dimension

Meeting energy needs is a basic condition for sustaining the European Union’s economic growth. Even with energy efficiency increasing and energy intensity declining, energy needs are still forecasted to rise quite substantially. EU figures indicate a rise in primary energy demand from some 1,800 Mtoe (million tons of oil equivalent) in 2005 to almost 2,000 Mtoe in 2030.² Energy balances will continue to be largely based on oil and gas (some 60 per cent), with coal (some 15 per cent) still strong, and uranium and renewables covering basically equal shares. The next 25 years will see dramatic changes in the EU’s dependence on energy imports, particularly for oil and gas. With overall energy import dependency rising from today’s 55 per cent to more than 65 per cent in 2030, around 90 per cent of the oil and gas demand will then need to be covered by imports. These developments reflect the global energy picture as a whole, as analysed in the International Energy Agency’s *World Energy Outlook*.³ The world at large faces a development where energy demand will be continuously increasing by 2030 by some 55 per cent. Fossil fuels cover more than 80 per cent of worldwide energy growth. Oil remains the single largest source with some 30 per cent, although decreasing from today’s 35 per cent. Coal pushes its share from 25 per cent to 28 per cent. Gas will increase slightly from today’s 21 per cent to 22 per cent. About half

2) European Communities, *European Energy and Transport: Trends to 2030 – Update 2005* (Luxembourg: Office for Official Publications of the European Communities, 2006), available online at http://ec.europa.eu/dgs/energy_transport/figures/trends_2030_update_2005/energy_transport_trends_2030_update_2005_en.pdf.

3) International Energy Agency, *World Energy Outlook* (Paris: OECD/IEA, 2005, 2006 and 2007).

of the increase in demand comes from the power sector, while the transport sector takes about one-fifth. The global role of electricity will therefore increase, with its use doubling and its share in final energy consumption growing from 17 per cent to 22 per cent. Global fuel use will therefore be increasingly driven by the electricity sector, as petroleum-based fuels are mostly used in transportation. All of these increases in fossil fuel consumption will drive up further import needs in many of the world's regions.

These trends will have major impact on the world's largest regions: the OECD area; and the developing countries, particularly China and India. The OECD world will face a strong decline in its share of the 'energy pie', from its present 50 per cent to some 40 per cent in 2030. The developing world, with China and India as the main drivers, will see its share growing from today's 40 per cent to more than half in 2030. Global growth shares come with about 75 per cent from the developing world, where China and India alone will be taking almost 45 per cent. Soon after 2010, China will overtake the United States as the world's largest energy consumer. The boom in China's and India's power sectors will make China a net importer of coal, taking a 7 per cent share of the world coal market in 2030. India also sees a strong rise in coal import needs, with coal import dependency moving from today's 12 per cent to almost 30 per cent in 2030. Similar patterns occur in oil and gas. Around 2025 India will be the third largest oil importer after the United States and China. Oil import dependencies are seen as rising to 80-90 per cent levels for China and India.

Increasing fossil fuel dependency is adding to public and political awareness about the availability of oil and gas resources. The global expert view⁴ is to estimate proven oil reserves at some 1,200 billion barrels, an amount that could sustain present production levels for some 40 years. Figures for gas are around 185 trillion cubic metres, covering more than 60 years of current-level production. More oil and gas will need to be found, and technology development should continue as well. Coal resources are abundant, with estimates around almost one trillion tonnes compared to a yearly consumption of around 1,900 million tonnes. Oil and gas resources, however, are geographically concentrated. For oil, this basically means the Middle East/North Africa (MENA) region, where some 60 per cent of world oil reserves are located. In terms of gas, Russia and MENA combined account for around 75 per cent of world resources. Since resources are concentrated in a handful of countries, their national state-owned oil and gas companies control roughly 90 per cent of total reserves. This fact brings the issue of access to the forefront: access to develop resources in relation to global market needs. Inter-regional energy trade, more particularly in oil and gas, will grow rapidly, with the Middle East, Africa, Russia and some other

4) See figures from BP's most recent statistical yearbook, available online at <http://www.bp.com/productlanding.do?categoryId=6848&contentId=7033471>.

transition economies and also Latin America as the net-exporting regions, with all others as net importers.

These developments are further affected by political instability in the MENA region, with its ongoing regional conflicts and wider security threats. Geopolitical issues will therefore be strong drivers for securing energy interests and needs. We already see governments in consuming countries organizing their energy supply security, in cooperation with national energy companies from countries such as China and India, but also from Japan and Korea. In addition, direct or indirect performances from Washington, Paris, Berlin and Rome are also becoming visible. Upstream and downstream, governments are focusing ever more on energy flows. Hydrocarbon molecules are increasingly asked for their passports. It is in this context that the world may move away from the prevailing multilateral and market-based frameworks into a much more scattered system of regional and national interests, with bilateralism and regionalism playing their part in energy relations. This potential shift will certainly influence future EU–Russia energy relations. The European Union, as the world’s largest global economy, must devise its role, its vision and its strategy in this context – globally and *vis-à-vis* Russia.

Russia’s political–economic system is in flux.⁵ Notions such as ‘managed democracy’ and ‘bureaucratic capitalism’ are indicative of the ongoing transition process. Russia’s economy has been through a period of rapid growth. The Russian state has largely regained control of Russia’s resources and is willing to use them to further economic recovery. Western companies saw themselves stripped of the promising energy assets that they had acquired under highly favourable terms. The market structure introduced in the 1990s and price increases for energy exports have brought Russia economic development and hard currencies. Under former President Vladimir Putin, the Russian state regained control over Russia’s domestic and external policies as well as over Russia’s most strategic assets. Although democratic achievements have been sacrificed in this adjustment process, most Russians seem to favour the strong state that protects Russian national interests at home and abroad. Oil and gas are at the very core of Russia’s economic recovery. They are the major source of its regained self-confidence. Despite the fact that the Russian leadership asserts considerable influence over the energy sector, it would be too easy to suggest that it generally uses energy supplies as a tool in foreign policy. Some of Russia’s recent actions in this regard⁶ were badly communicated and gave way to heated debate in the West.

5) See Clingendael International Energy Programme, *Energy as a Bond: Relations with Russia in the EU and Dutch Context* (The Hague: CIEP of Clingendael Institute, August 2007), available online at http://www.clingendael.nl/publications/2007/20071000_ciep_energy_handke.pdf.

6) Gas conflict with the Ukraine in early 2006.

In Russia and within the Commonwealth of Independent States (CIS), Russian energy prices – particularly those for natural gas – are part of the Kremlin’s political and economic agenda. In the European Union, however, Gazprom pursues business interests just like any other big energy corporation, relying on government support, which is not unusual for companies of that size and importance. As for the future, Russia’s Medvedev–Putin leadership still has to devise its long-term energy strategy, although recent indications by Russia’s Economic Development Ministry are already putting gas production and exports on the rise, from the present 650 billion cubic metres (bcm) to 750 bcm in 2015 and 880 bcm in 2030.⁷ Export shares will increase from today’s 30 per cent to more than 35 per cent from 2020–2030. Exports to the East will develop to some 15 per cent of all exports (with the Sakhalin area taking the lead), leaving the large majority of exports going to the West.

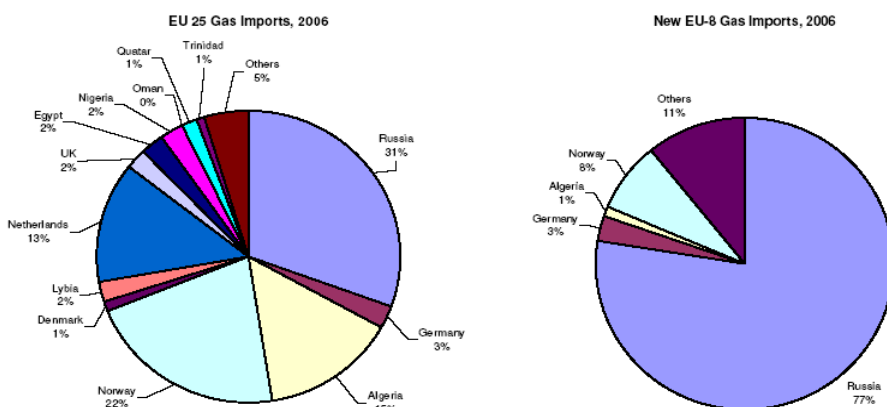
The new strategy should give more insight into the future development of Russia’s energy wealth, together with prospects for its national energy balance; into the role and relevance of energy efficiency, of coal, gas and uranium in the power sector; and into the desperate drive to attract (foreign) investment in order to expand and modernize the power system. The relevance of renewable energy might be mentioned as well, although one should not expect the same kind of policy focus that is apparent elsewhere. More insight might be given into Russia’s export strategies; its oil and gas exploration efforts; into the role of its infrastructure; and the way in which Russia’s national interests will be translated into the strategic positioning of its ‘energy giants’. Major policy changes are not to be expected, but mature and mutually beneficial long-term energy relations, such as the European Union is seeking with Russia, cannot exist without transparency of the needs and availabilities, of supply security and of demand security. Access to resources and access to markets need to go hand-in-hand. In defining European needs and perspectives, interests and accommodations, however, the wide variety of interests and approaches existing within the EU-27 have to be taken into account.

7) See European Gas Daily, 7 August 2008. Even more optimistic scenarios from the Ministry mention 900 bcm for 2020, and 950 bcm for 2030.

Gas in the European Union

There are some notable differences in the energy supply situation of the old EU-15 and the twelve new EU member states.⁸ And among these new members (EU-12), one should distinguish between the eight countries from the sphere of the former Soviet Union (EU-8) and the others, and within the EU-8 between the five Eastern and Central European countries (EU-5) and the three former Soviet republics (EU-3).⁹ Figure 1 gives an indication of these differences with respect to the structure of gas imports. As we can see, approaching the question of future EU–Russia energy relations from differing perspectives is understandable.

Figure 1: EU-25 and EU-8 Gas Import Structures



The issue becomes even more interesting if one compares gas dependency for overall GDP in the EU-8 economies. Per million euros (at 2000 prices) the EU-25's need is rather flat over the 1994–2004 period, with a gas input of some 20 toe (tons of oil equivalent), whereas most others in the EU-8 figure around a level of 150 toe. Because of the large coal basis in their energy mix, Poland and Slovenia are seeing levels around 40 toe, with Slovakia at the high end with an input factor of more than 200 toe.

It would also be interesting to elaborate on the role of Russian gas, as plotted in Figure 2. For the 2006 situation, the gas share in the energy mix

8) This section uses information from Peter Kaderjak's (of REKK-Hungary) presentation during the Clingendael seminar on 'Evolving Terms for EU–Russia Relations', 31 January 2008.

9) The EU-5 are: Poland; Czech Republic; Slovakia; Hungary; and Slovenia. The EU-3 are: Latvia; Estonia; and Lithuania. Malta and Cyprus are not considered in this context, whereas Bulgaria and Romania are not always mentioned in overall statistical data.

and the share of Russian gas in overall gas consumption are given for the EU-27 and Ukraine, Belarus and Turkey. There are again some striking differences. Except for Poland, Bulgaria and the Czech Republic, Eastern and Central Europe is running on a gas share of beyond 30 per cent, as do the United Kingdom and the Netherlands (although they hardly need Russian gas). Not all of the EU-8 countries, however, are equally dependent on Russian gas. Poland has a meaningful contract with Turkmenistan and some smaller contracts with Germany and Norway. Ukraine, like Romania, has substantial domestic production and has signed contracts with Turkmenistan, although these flows transit Russia through Gazprom pipelines.

Figure 2: European Gas and Russian Gas Import Dependencies



More generally, one may note that natural gas dependency is substantially larger in the EU-8 than in the EU-15, where especially Hungary and Latvia have additional high gas rates in power generation. Gas import dependency in the EU-8 is also significantly higher than in the EU-15, with a very strong reliance on Russian gas imports.

Although these trends will merge in the next decades, the starting conditions and experiences are perceived differently among the EU-15 and EU-8. In the EU-15 countries, Russia may be seen as part of the solution, whereas for the EU-8, Russia is perceived as part of the problem. To some of the EU-8 countries, therefore, the south-eastern Nabucco pipeline, which has been designed to bypass Russia, is seen as a major way out, whereas the northern EU-8 members are considering whether to build liquefied natural gas (LNG) terminals on their Baltic shores. More generally, these differences between the EU-8 and EU-15 also explain, to some extent at least, the different approaches towards EU–Russia relations in a more general way. In this respect, it would be helpful if the European Union developed internal solidarity mechanisms to manage regional and unforeseen energy supply disruptions, including for natural gas.

Future EU Energy Trends and Uncertainties

From the global energy trends and the role of the European Union, we now turn to the development of EU energy imports, focusing on supply security aspects and on supporting infrastructures. Russia's relevance is primarily based on gas. Future EU gas import needs are driven by the European Union's climate and energy policies. The 2007 Spring European Council set ambitious goals – the triple 20s in 2020 – comparing 1990 as the base year, it formulated: a 20 per cent reduction in CO² emissions; a 20 per cent share of renewable energy (RE) in the final energy mix; and a 20 per cent more-energy-efficient economy.¹⁰ In its *Green Package* of January 2008, the European Commission translated these targets and commitments into a set of concrete proposals,¹¹ focusing on: the ETS (Emission Trading System); the role of RE (with specific national targets); and carbon capture and storage (CCS). Many of these options are still in early stages of development and they compete with other global issues, such as economic growth and competitiveness, global trade, food production and biodiversity.

Natural gas demand in the EU is expected to increase further, mainly driven by the power sector. Yet major uncertainties about the extent of natural gas use in the EU's power sector remain, as other fuel options (such as coal, nuclear and renewable energy) are gaining more attention. Price, supply security and technology perspectives, they are all influencing the amounts needed for imported gas. Future nuclear policies are another dominating factor, loaded with – mainly political – uncertainties. The possible consequences for EU gas import needs are illustrated in Figure 3, which shows that a combination of the various options might already reduce EU import needs by some 100 bcm per year by 2015. Although realization of these policy targets is questionable, it will influence strategies for gas producers and pipeline companies, which are wondering to what extent they need to factor in the various policy scenarios. When the European Union is demanding security of supply, security of demand on the producer's side is a factor that must also be recognized.

In a recent Clingendael International Energy Programme (CIEP) paper on gas supply perspectives, a possible gas demand and supply scenario is sketched, leading to a requirement for Russian gas deliveries to EU-27 markets in the order of 100 to 130 bcm per year by 2010, strongly increasing thereafter to some 170 to 250 bcm per year by 2015.¹² Another indication for

10) Council of the European Union, Presidency Conclusions of the Brussels European Council, 8–9 March 2007, 7224/07.

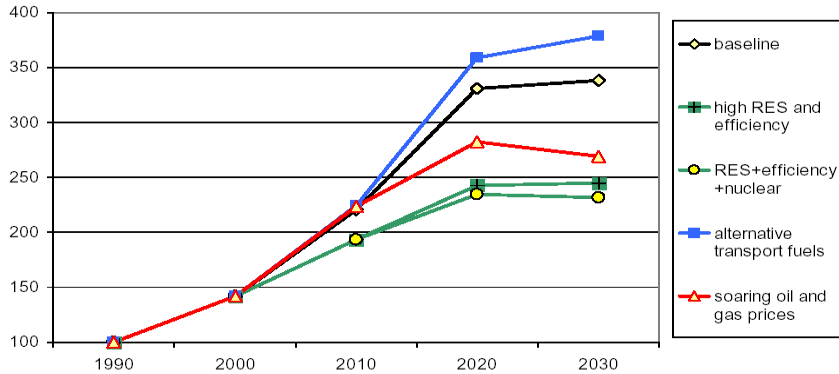
11) See the Green Package website: http://ec.europa.eu/energy/climate_actions/index_en.htm.

12) Clingendael International Energy Programme, *The Gas Supply Outlook for Europe: The Roles of Pipeline Gas and LNG* (The Hague: CIEP of Clingendael Institute, August 2008), available online at http://www.clingendael.nl/publications/2008/20080800_ciep_energy.pdf.

future EU gas demand comes from Eurogas (Figure 4), which puts gas demand in 2020 at around 590–640 bcm, with expected imports of around 70 per cent, including from Norway. Russia would cover some 180–190 bcm, as the advanced projects include the Nord Stream project and contracts. Uncertain supplies would still take some 150 bcm in 2020.

As indicated, the totals for gas import demands are uncertain, as is the supply side. The figures for Russia show some ambitious targets for Russian export levels to the EU-27 by 2015. EU calls on Russian exports will also be influenced by the call on LNG imports, as in this global market environment there is an increasing imbalance between liquefaction capacity on the producing side in relation to the receiving and regasification capacity in importing countries.¹³ Security of supply will not necessarily be compromised in a physical sense, even if Russian investments fall short of the requirements needed. Prices, however, might be bound to rise in order to attract additional LNG, while demand reductions might also contribute to supply security. The increasing demand for imports also highlights the need for additional gas infrastructure, including notably LNG-receiving and regasification infrastructure, but basically concentrating on long-haul pipelines. Especially these pipelines, with their wider international and geopolitical dimensions and the need to transit other countries, add further complexity to the European Union’s (external) energy policy, in particular *vis-à-vis* Russia. Figure 3 gives an indication of gas export potentials to the EU market.

Figure 3: EU-27: Net Gas Imports: Baseline and Scenarios (with 1990 =100)



Source: EU-OPEC Roundtable on Energy Policies, 30 May 2007, Brussels. Converting the index numbers to cubic metres, the high RES and efficiency scenario would reduce required EU imports by 2015 by about 100 bcm per year compared to the reference scenario.

13) The CIEP’s August 2008 paper, The Gas Supply Outlook for Europe, uses overall European import demand margins for 2015 of between 470 and 550 bcm, with pipeline imports ranging between 330 and 410 bcm, putting the burden further on LNG between 220 and 60.

Figure 4: Import Dependency of the EU Gas Market in 2020 (from Eurogas 2006 data)

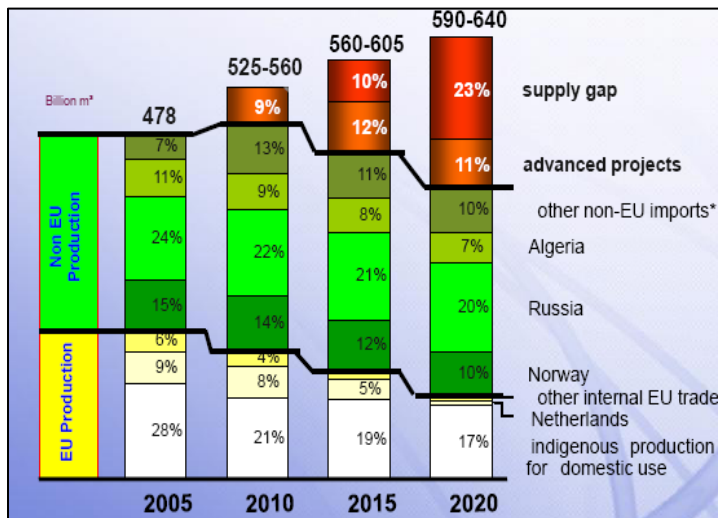


Figure 5: Gas Export Potentials to EU Markets (Energy Corridors, DGTREN Study, 2007)

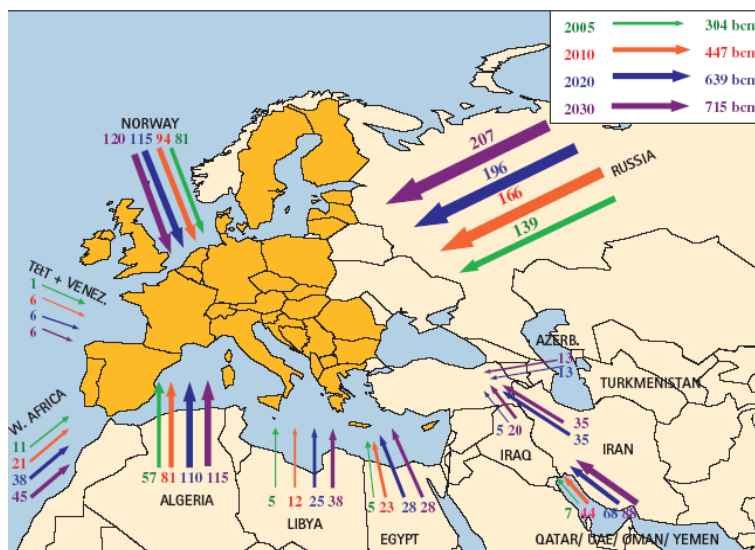
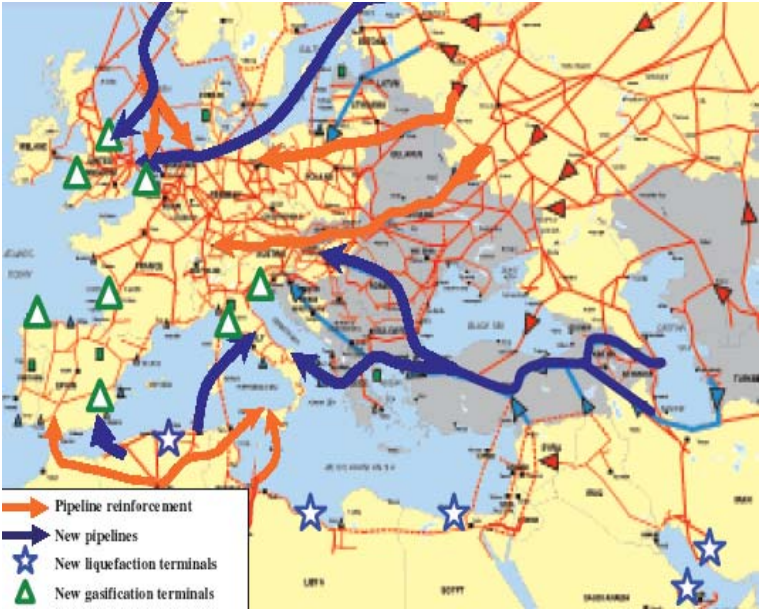


Figure 6 gives an indication of major existing and planned pipeline capacities for East–West gas transports to the EU market. As is shown quite clearly, existing East–West pipelines always transit other countries and therefore complicate the interests of the front and back ends of gas flows and the value

chains. Transit countries do not usually want to stick to ‘only’ asking for transit fees, but want to be involved in the gas commodity as well, for their own consumption and for trade reasons. This has generated a number of conflicts, both in a commercial sense but also politically. This political dimension will be discussed further in the next section.

Figure 6: Gas Corridor Developments to EU Markets (source: DGTREN, OME)



The major new developments are mentioned in Table 1, the two most controversial being the Nord Stream and the Nabucco pipelines. They are controversial because of their strong political components, as they pass through respectively the Baltic states and Poland, and Russia. This political dimension was reaffirmed as a result of the Russo-Georgian war in August 2008. Some would argue that the Russian intervention puts the Nord Stream line at additional risk, giving more clout to the Nabucco line. Others tend to believe, however, that the impact of the conflict on the two projects will remain marginal. Relevant in this respect is the already operational BTC line, which transports oil from the port of Azeri Baku on the Caspian Sea via Tbilisi in Georgia to the Turkish Mediterranean port of Ceyhan. This oil transport line through the Georgian corridor was not at risk during the conflict.

The proposed Nord Stream line, with its overall capacity of 55 bcm per year, will connect the Russian port of Vyborg to Greifswald in Germany through the Baltic and East Seas, thus bypassing the Baltic countries and Poland. The project – a joint venture by Gazprom and the German

companies Eon and Wintershall, together with the Dutch company Gasunie – has generated fierce political agonies within the European Union. Poland and other countries are complaining about the European Union’s lack of solidarity *vis-à-vis* Russia, whereas Sweden and Finland are concerned about the environmental impact of the pipeline. It cannot be denied that bypassing traditional transit countries creates additional supply security for Western European markets. Nord Stream will be filled by gas from the existing fields in the Nadym-Pur-Taz district and from the planned Shtokman and Yamal Peninsula fields. By making a substantial investment in Nord Stream, it is argued that Gazprom, as the world’s leading natural gas producer, is committing itself to continuous long-term deliveries to the European Union. Despite continuing debate within the European Union on the need to find a common approach, Nord Stream is expected to be built anyway.

The 25–30 bcm per year Nabucco pipeline – connecting the Caspian Basin through Turkey to Bulgaria, continuing through Romania and Hungary to Austria, where it is connected to the European gas grid – is supposed to create a gas corridor that is independent of Russian influence. This pipeline, which is heavily backed diplomatically by the United States, is a joint venture of the gas companies of the five countries mentioned (that is, Turkey, Bulgaria, Romania, Hungary and Austria), together with German RWE. It also has a strong political dimension. Different from Nord Stream, which could be seen as building a much-needed road for already-contracted gas traffic,¹⁴ Nabucco is planned as a road for traffic to come. Despite a number of political commitments about filling the line with Azeri and Turkmen gas, traffic is still uncertain. Nabucco is uncertain on the gas supply side; it will have to be connected further upstream. Options would include Azeri gas using the South Caucasus pipeline (to a maximum of 16 bcm per year), Turkmen gas (either through swap deals, Iranian transport or a new pipeline crossing the Caspian Sea), or directly with Iranian gas using the existing Tabriz–Erzurum pipeline (with a capacity of 20 bcm per year). It could also be argued that Nabucco would only make sense when gas is contracted directly from Iran, which is heavily opposed, however, from Washington. In conclusion, Nabucco is uncertain,¹⁵ all the more so since another project has emerged in the mean time – South Stream.

South Stream is a joint venture by Gazprom and the Italian company ENI, connecting Beregovaya on the Russian Black Sea coast to Varna in Bulgaria and from there onwards in two directions: southwards via Greece to Italy; and northwards via Serbia to Hungary and Austria. The pipeline has a comparable capacity to Nabucco, with an investment forecast of around 10 billion and a planned commissioning date of late 2013. South Stream is

14) This is largely true for the first phase of the line with a capacity of 27.5 bcm per year.

15) There are also difficulties on the Turkish side, which is not satisfied with its ‘only’-transit role.

bypassing Turkey, including Turkish Black Sea waters. Different from Nord Stream, although Gazprom is backing and investing in the line, no gas contracts have as yet been concluded. Neither is it clear which Gazprom production would be made available for the South Stream route. Austria, Hungary and Bulgaria have all jumped on this new opportunity, however, which seems realistic as Gazprom and ENI are already cooperating in the existing Blue Stream pipeline linking Beregovaya to Durusa (near Samsun) on the Turkish Black Sea coast. South Stream is also considered an alternative to expanding the Blue Stream line, but is not generally seen as an alternative to Nabucco. In this geopolitical ballgame of bringing Eastern gas to the West, another option has emerged – the Georgia–Ukraine White Stream gas link – which could also transport Turkmen gas. As yet, however, White Stream is still more of a proposal than a project.

In conclusion, on these energy trends and uncertainties it should be clear that all of these pipeline projects for bringing natural gas from the East to the West have their pros, cons and still ongoing uncertainties. This risks further discussion and even distrust among EU member states, frustrating the European Union’s external position as well. It could therefore be helpful to communicate more openly on relevant developments, and in a timely fashion, within the EU-27. This could be done in conjunction with existing EU mechanisms for energy consultation, such as the Gas Coordination Group or the EU correspondence network on early warning of supply disruptions.

Table 1: Some Major Gas Pipeline Projects to EU Markets (source: DGTREN)

Project	Supplier	From	To	Capacity [bcm]	Investment [M€]	Foreseen Start-up
Medgaz	Algeria	Hassi R'Mel	Spain	8 to 10	1300	End 2008
GALSI	Algeria	Hassi R'Mel	Italy	8 to 10	1200	2009-2010
ITG-IGI	Caspian	Greece	Italy	8 to 10	950 (IGI)	2011
Nord Stream	Russia	Vyborg	Germany	2x 27.5	4000	2010
Langeled	Norway	Ormen Lange	UK	22 to 24	1000	2006-2007
Nabucco	Caspian	Turkish border	Austria	25 to 30	4600	2010
Total additional supply capacity to Europe				98.5 to 139		

Political Dimensions: Perception and Reality

Energy relations and political power are becoming more and more interlinked. The ability to exert political power by commanding energy flows stems from the dependence of the importing country's economy and society on imported energy carriers. Interruptions or sudden price increases can disturb economic activity, lead to income losses and cause strong inconvenience in daily life, especially if heating systems are affected in winter time. Governments thus have an interest in preserving energy supply security and in preventing exporters from interrupting energy flows or increasing prices. Such an interest becomes stronger the more dependent that a country is on individual energy suppliers and the fewer alternatives that can be arranged. Governments might be tempted to accommodate the wishes of energy exporters in other policy areas if they receive secure and reasonably priced energy in return. However, employing energy pressure with the aim of destabilizing an 'inconvenient' government or pursuing political demands is not a sure strategy and has a number of negative consequences for the pressuring party. External pressure on a country for political reasons can have a unifying effect on that country's population and can counter-productively result in strengthening the position of the government in office.

Additionally, using energy deliveries as a political weapon might endanger the financial position of governments that strongly depend on income from these deliveries. All of the countries that could currently wield significant political power through energy are very much dependent on their energy exports for their economies and state budgets. The main, and arguably only, example in which the suspension of energy deliveries was explicitly used to achieve concrete political objectives was the oil embargo directed at the United States, Denmark and the Netherlands in 1973 by the Organization of Arab Petroleum-Exporting Countries (OAPEC). This embargo and its accompanying price increases were major factors in accelerating the development of alternative oil supplies – for example, those located in the North Sea, Alaska and the Gulf of Mexico – as well as a decline in oil consumption.¹⁶ Serious damage was done to the reputation (in terms of reliability) of major oil-exporting countries. Prices eventually dropped and major exporting countries suffered real income losses for almost two decades.

With respect to natural gas deliveries, European policy-makers are especially concerned about Russia. Unlike the other major suppliers of European gas markets, Russia is generally seen as a country with wider geopolitical ambitions. It should, however, be noted that during the Soviet era, gas supplies from Russia to Western European markets were never put at

16) See Robbert Willenborg, Christoph Tönjes and Wilbur Perlot, 'Europe's Oil Defences: An Analysis of Europe's Oil Supply Vulnerability and its Emergency Oil Stockholding Systems', in *The Journal of Energy Literature*, vol. X, no. 2, 2004, pp. 3–49.

risk. On the other hand, however, there is recent evidence of gas supply distortions from Russia to the CIS countries, gas relations that are much more politically defined than those between Russia and Western Europe. A 2007 analysis of Russian energy leverages to the CIS gives a total of 55 incidents, including 38 supply cuts, during the Yeltsin and Putin presidencies (1991–2006).¹⁷ Although the number of incidents under Putin was higher than under Yeltsin, 29 and 26 respectively, the number of supply cuts decreased from 22 to 16. The report concludes that the individual cases were primarily guided by an ambition to reach tactical goals. Although in some instances they were successful, in the most important cases they failed: preventing NATO or EU membership; influencing election outcomes; or gaining more control in major transit lines.

Well-publicized recent incidents have been seen by many observers as additional examples of a Russian government that is willing to employ energy deliveries, in particular those of natural gas, to achieve political objectives. Strong language is used, but the economic and commercial context of events is often overlooked.¹⁸

Ukrainian–Russian gas relations throughout the 1990s were characterized by recurring non-payment of natural gas deliveries from Russia to Ukraine, occasional diversions of Russian gas in transit and, in consequence, the accumulation of debt on the Ukrainian side. Settlement of the issues had been reached by 2004, including arrangements for debt settlement. The bundle of agreements also included provisions for the terms under which Russian gas was transited through Ukraine to Western Europe. Russia would pay in kind for transit, with implied transit fees and gas prices that were fixed through 2009. Transit payment gas would represent a very large share of all of the Russian gas actually delivered to Ukraine, with the remaining Ukrainian import requirements primarily met by Turkmen gas. Transit fees as well as gas prices were well below those paid in Western European countries. From 2004 onwards, gas prices charged to West European customers progressively increased in line with international oil prices, widening the gap with the implicit prices that Ukraine was paying.

Continuation of this situation would actually have meant that Russia would continually and increasingly subsidize the Ukrainian economy. Although the motives for increasing prices were clear and understandable, the way that they were imposed remained rather opaque. Russia's Gazprom stated that the existing contract with Ukraine was subject to annual

17) Jakob Hedenskog and Robert Larsson, *Russian Leverage on the CIS and the Baltic States* (Stockholm: Swedish Defence Research Agency, 2007).

18) Commentators often fail to link the tangible alteration of energy flows to concrete non-economic political objectives, but rather state general political objectives without identifying concrete ones. For example, see Zveno Baran, *Lithuanian Energy Security: Challenges and Choices*, White Paper (Washington DC: Hudson Institute, December 2006).

endorsement by ‘Intergovernmental Protocols’, basically suggesting that prices could be renegotiated on an annual basis. On 1 January 2006, Gazprom applied its earlier ultimatum and stopped gas deliveries to Ukraine, stating that sufficient transit gas for European customers, however, would still be injected into Ukrainian pipelines. It is unclear whether any Turkmen gas destined for Ukrainian markets still reached Ukraine. In any case, European customers suffered significant reductions in deliveries from the Ukrainian system, which suggested that transit gas was being diverted to Ukrainian markets. The Western media’s outcry certainly contributed to the speediness of the conflict’s resolution, which led to a re-establishment of gas flows by 4 January 2006. The commercial solution boiled down to Ukraine being supplied by a new intermediary, RosUkrEnergo, whose supplies would primarily be made up of Central Asian gas, which could be obtained at relatively low prices. It is still unclear whether either of the two sides actually broke existing contracts in 2006. What *is* clear, however, is that existing contracts did not offer much protection against price increases for Russian or Central Asian gas. It is also evident that during the period 2006–2008, a large number of little incidents and threats occurred with respect to Russian gas deliveries to the Ukraine. Some may have been related to the ongoing political struggles in Kiev, sometimes leading to rather shady commercial relations and arrangements. Never, however, did Russia pose explicit political demands. To our knowledge, negotiations almost always concentrated on the pricing of natural gas. Meanwhile, it seems that full settlements have been reached, both with respect to pricing and to the commercial partners involved, but as the political situation in Kiev remains very unstable, the gas conflict might return again.

In April and May 2007 Russia and Estonia were in conflict about the relocation of a statue honouring the Red Army from the city centre of Tallinn, Estonia’s capital, to a less prominent spot. Tallinn is one of the major energy export ports of the Baltic Sea, shipping mainly Russian fuel oil and coal, which is transported to Tallinn mainly by rail. The port underwent various extensions in 2004 and 2005. During the course of the conflict, the Russian state railway announced that it would schedule repair works that might disturb oil transit flows to Tallinn’s harbours. The railway company denied that these repairs were related to the conflict over the monument and it remained unclear as to what extent actual flows were affected. Russian government officials hinted at the possibility of economic sanctions, including bypassing Estonian ports for the export of Russian energy. Reportedly, by July 2007 fuel oil exports via Estonia had been halved, and plans to reroute fuel oil exports via Russian ports were firming up. Such diversion plans fit into a longer-term Russian strategy of prioritizing Russian ports over foreign ports, thus retaining a larger share of economic rent within the Russian economy. Aside from this strategy, shifting oil transport from railways to pipelines might simply make good economic sense. However, the timing of the apparent

acceleration of this strategy feeds suspicions that political motives related to the recent dispute between Estonia and Russia also play a role.

Oil deliveries to Lithuania through the Druzhba pipeline were also turned off in July 2006, after the Lithuanian Mazeiku oil refinery was sold to Polish PKN Orlen. Vilnius has been insisting ever since that turning off the pipeline was politically motivated, although Russia stated in 2006 that Druzhba was turned off for technical reasons and that repairs would take about a year.

In the post-Soviet era, Belarus has received natural gas deliveries from Gazprom at prices that have mostly been lower than for any other non-Russian customers. One justification for the low energy prices granted to Belarus was the prospect of an economic and political union of Russia and Belarus, implying the supply of energy to Belarus at Russia's low domestic prices. Additionally, since the early 1990s, Gazprom has sought control of Belarus' gas network operator Beltransgas in order to increase supply security of the transit flows to Poland (directly) and other Western markets (via Ukraine) through the Northern Lights pipeline system. Despite the low prices charged, Belarus has been in chronic and very significant default on payments for natural gas. In the 2000s, the provision of natural gas to Belarus at Russian domestic prices was made conditional on the sale of 50 per cent of Beltransgas' transit and transmission network to Gazprom, which led to discussions about the correct valuation of the network. In relation to this, Gazprom argued for higher gas prices, to increase stepwise to 'European levels' by 2011. By the end of 2006 a deal had been made on prices as well as on the network.

January 2007 also saw the escalation of a conflict between Russia and Belarus about oil deliveries and transit. Belarus had received oil deliveries at relatively low domestic Russian prices, again in view of a prospective economic and political union. Belarus processes the crude oil in domestic refineries and exports a significant share to Western markets, achieving comparably high prices. An agreement that dates back to 1995 assigned 85 per cent of the export duties that were levied on these exports to Russia and 15 per cent to the Belarus government, reflecting the idea that a significant share of the profits made was due to the provision of crude oil at domestic Russian prices. The agreement was never enforced. In 2001 Belarus cancelled it unilaterally, stating that the 'provisions of the [...] agreement were no longer acceptable to Belarus from the economic perspective'. Russia attempted to revitalize the agreement, but when Belarus still refused, it established an export duty. Belarus countered this measure with a transit duty on Russian oil to Western markets. Russia refused to pay, which motivated Belarus to take transiting oil from the pipeline. This again triggered a halt in Russian oil deliveries to Belarus, as well as oil in transit through the Druzhba pipeline, affecting Russian oil customers in Ukraine, Germany, Poland, the Slovak Republic and the Czech Republic. Belarus eventually stepped back and lifted the transit duty on 10 January 2007, which was followed by a resumption of oil flows. Both the gas conflict and the oil struggle appear to

have been primarily motivated by the wish to retain a larger share of economic rent within the Russian Federation. There were no political demands made in those two disputes. Although press coverage generally questioned the reliability of Russia as an energy provider, the two disputes between Russia and Belarus show little direct evidence of gas deliveries being employed as a tool of political pressure.

Russia and the Czech Republic quarrelled over gas deliveries after the Czech government signed an agreement with the United States in July 2008 on the location of part of a missile defence system on Czech territory. As a reaction and without explanation, Russia reduced its oil deliveries to the Czech Republic, exported through the Druzhba pipeline, by almost half. The Russians first blamed technical causes for the delivery reduction; later in July 2008, the cuts were explained by a lack of available crude, based on Russian oil industry decisions to refine more at home. It remains unclear, however, to what extent this shortfall is directly related to the missile agreement, because a number of oil and energy-related issues *are* at stake between Russia and the countries in the region. These relate to discussions on the forthcoming Odessa–Brody pipeline, on (Russian) ownership transfers in refineries and on the gas pipeline projects.

Apart from actually suspending gas deliveries, political influence can be exerted through pricing, if the supplying party has a dominant position in certain markets. Political support can be ‘bought’ by charging low prices, and political opponents can be punished by being charged relatively high prices.

Table 2: Russian Gas Prices in 2007 (US\$/million cubic metres, approximate figures)

Ukraine	230
Georgia	235
Moldova	170
Baltic States	~240
Armenia	110
Belarus	100
Western Europe	~250
Russia	~50

Sources: WGI, various newspaper articles

Table 2 gives an overview of prices charged by Gazprom to export customers in 2007, some of which were the result of gas price negotiations that included the temporary halt of gas deliveries, or threat thereof, to the respective export markets.¹⁹ There are differences in the prices applied that are beyond purely

19) In addition to the delivery stop to Ukraine, deliveries to Moldova were interrupted as well in a pricing dispute at the beginning of 2006. Georgia accepted a doubling of the gas price

economic explanations such as differences in transport costs, especially when comparing the prices charged to Armenia and Belarus with those charged to Georgia and Ukraine. In the case of Armenia, a relatively low price could be achieved as part of a package deal that transferred control of a pipeline to Gazprom.²⁰ In the case of Belarus, Gazprom paid a reasonable price for shares in the network. Being politically close to Russia or ceding infrastructure that Russia considers as 'strategic' could thus result in lower prices for importing states, making gas deliveries political, at least to some extent. However, the differences in pricing can also partly be explained by the outcome of negotiations that led to the highest 'bearable' prices for specific countries. For Belarus and Moldova it has been agreed that prices will gradually rise to net-back parity²¹ with Western European markets, whereas Armenia managed to obtain a fixed price at least through 2009.

Finally, the recent Georgian conflict has to be mentioned, if only because it is occasionally placed within the energy context. As a result of Russia's strengthened position in the region, the role of Georgia's energy corridor has been put at risk for Caspian oil, making Russian routes to EU markets all the more important.

The conclusion that the Russian government and Gazprom use energy as a tool to pursue geopolitical objectives needs qualification. Some of the incidents that have been quoted as examples of such behaviour reveal the prime relevance of economic objectives, which were largely aimed at optimizing revenues for the Russian economy and removing what were in effect subsidies to foreign states. The differential gas pricing that is applied and the diversion of oil exports away from Baltic ports suggest that political motives might have influenced the shape of external economic and energy policies, although evidence is weak. Russia appears to be careful in linking political demands to the suspension of contracted energy flows, supposedly in an attempt to preserve or restore the image of a reliable energy supplier and trade partner.

in December 2006 when supply was made conditional on accepting the new supply terms. See 'Gazprom of Russia to Double Natural Gas Price for Georgia', *International Herald Tribune*, 22 December 2006; and 'Moldova Agrees Russian Gas Deal', *BBC News*, 17 January 2006.

20) 'Gazprom Reaches Deal with Armenia', *International Herald Tribune*, 7 April 2006. The pipeline in question delivers Iranian gas to Armenia, and speculations were made as to whether it would provide a potential future export corridor for Iranian gas to Europe or Georgia and increase competition for Russia.

21) Net back parity price denotes a price equivalent to that obtained in a reference market corrected for differences in transportation costs.

Gazprom and its Bargaining Powers

The energy sector is at the heart of Russian economic policies and the Russian state is recovering its control of major companies and assets. This approach is conducted within Russia's current market economy and cannot be understood as renationalization. The policies are aimed at developing strong positions for the Russian energy industry in global energy markets. Economic rationale prevails in these policies, which are in line with modern economic theory on industrial economics. Major investments will have to be made in the Russian energy sectors in order to modernize outdated equipment and infrastructure and to keep up with growing domestic demand. Moreover, because of declining production at older fields, Russian energy companies will have to make major efforts to explore and develop new oil and gas fields. The timely beginning of these projects and the use of modern technology will be crucial for securing energy flows to all customers.

It is within this context that the role of Gazprom in EU markets has raised concerns from European policy-makers. Liberalization of the EU gas market has strongly influenced gas relations with Russia, allowing for more competition and resulting in uncertainties about the relevance of long-term contracts. Gazprom, on its side, reconsiders the question of how to secure its interest in its major export market. From a relationship of bilateral gas contracts with EU gas companies (directly or indirectly supported by the national governments), as markets are liberalizing, a new approach to secure market shares is beginning to evolve. There is some trepidation that Gazprom's investment strategy in the EU gas market will lead to a position of market dominance in an increasingly import-dependent EU market. The discussion on Gazprom's market strategy urgently needs factual information. The box below gives some insight into Gazprom's downstream activities in the EU-27.²²

22) Jochem Meijknecht, *Bedrijfsbelangen Gazprom in EU-27 in 2007* (The Hague: CIEP of Clingendael Institute, 2008), available online at http://www.clingendael.nl/publications/2008/20080400_ciep_misc_gazprom%20-n-eu27.pdf.

Gazprom in EU Markets

Gazprom, 50.002 per cent owned by the Russian state, has since July 2006 used its 100 per cent subsidiary Gazpromexport, with its monopoly on all Russian gas exports, as a vehicle for positioning its role in the lucrative EU gas market. It is Gazprom's stated strategy to include a wide diversification of its core businesses, gas, oil and power generation, and a reinforcement of vertical integration. To that extent, Gazprom has further entered the value chain, moving from upstream to midstream and downstream as well. Joint ventures have been concluded in a number of EU countries, with the 50/50 WIEH (Wintershall Erdgas Handelshaus GmbH) with German BASF as the most important. But this model is also being followed in France, Finland, Hungary, Austria and Slovakia. For the UK market, Gazprom created its 100 per cent subsidiary GTM (Gazprom Trading & Marketing), with the ambition of becoming a one-stop energy shop for commercial users of gas, electricity and heat.

These developments and their political concerns were translated into the so-called 'Gazprom clause' in the 3rd Energy Market package, which the EU Commission tabled in September 2007. This is a proposal to prohibit controlling network ownerships by non-EU entities unless the EU has concluded an agreement with the relevant government on a reciprocal basis. This idea is interpreted as principally directed at Gazprom, providing a direct linkage between internal (gas) market designs and direct energy (gas) supply security. Bargaining power is used as an argument and it could indeed strengthen negotiating positions *vis-à-vis* third countries, when their industries hold meaningful interests in energy infrastructure within the European Union. Frequent announcements by Gazprom to enter directly the EU's downstream markets might, however, bring further complications.²³ The proposal has largely been accepted in Council discussions, but has raised questions in the European Parliament. It is also expected to play a role in the new rounds of EU–Russia discussions on the new partnership agreement.

Within the EU, Gazprom plays a role in industry structures too. The current consolidation of Europe's energy industry helps to increase European companies' bargaining power as the customer bases of the merged entities form larger units and interdependence between individual importers and external producers grows. Moreover, with European gas importers becoming more European in ownership structure, the interest of individual member states' governments with respect to external gas matters will move towards alignment, improving the scope for common external energy policies. It is

23) See, for instance, the 28 January 2008 report in the International Herald Tribune, available online at <http://www.iht.com/articles/reuters/2008/01/28/business/OUKBS-UK-RUSSIA-BRITAIN-GAZPROM.php>.

important, however, to withstand the temptation to loosen internal competition policies with the objective of creating external bargaining power. Eliminating or restricting competition in the internal market does not appear to be the right answer to external producers' strong market positions.

In the discussion about how to manage Gazprom's market power, the establishment of a 'single buyer' for import gas or the stronger coordination of import contracts is also mentioned.²⁴ In the case of the single buyer model, such an entity would be the counter-party for all new imported gas, which could then be auctioned at the EU border to downstream companies. Although such an approach would probably help to set a counterweight to the bargaining power of major suppliers in tight markets, it remains a rather problematic suggestion. Such an approach would establish a strong role for a European public body (the single buyer), would very much interfere with long-term established relationships between producers and current importers, and it would probably add a few layers of bureaucracy. More importantly, such an approach would be especially suited to an environment of tight markets and producer power, but it would probably be difficult to abolish in times when the market environment shifts back to a buyers' market. It might be worth exploring the merits and disadvantages of this idea in more depth, but its benefits would probably be limited. Moreover, the diverging interests among industry players and EU member state governments make implementation of this mechanism very unlikely.

Designing and Managing EU–Russia Energy Relations

In the discussion about the European Union's attempts to manage its energy relations with Russia, the old paradigm holds that strategy should come for policy and instruments. Strategy includes reflection on the European Union's global role in the wider energy theatre, a theatre that will no longer be concentrated in the Atlantic hemisphere and its relations with the Middle East. Tomorrow's play will have new and stronger actors, such as China and India, Russia and Brazil, the United States and, depending on the degree of effectiveness of the European Union as a single actor, the EU as well. The EU, however, will most probably play a secondary, rather than a primary, role.

Although the EU-27 will remain the world's largest trading partner for the time being, as well as the largest market outlet for Russia's energy exports, EU–Russia energy relations will lose their preferential nature. US and Asian markets are becoming as interesting and challenging for Gazprom and

24) Dominique Finon and Catherine Locatelli, *Russian and European Gas Interdependence: Can Market Forces Balance Out Geopolitics?*, Working Paper (Paris: Centre International de Recherche sur l'Environnement et le Développement, February 2007).

Rosneft as European markets. And this reality will have to be taken into account when developing EU external policies *vis-à-vis* Russia. It is clear, however, that the EU has not yet developed a full policy toolbox to underpin any full-fledged external energy policy under the conditions of market integration.²⁵

Concentrating further on strategy and gas from Russia, it should be noted that European gas markets were traditionally supplied by three large exporters: Russia; Norway; and Algeria. The relative concentration of these external supplies was balanced by substantial EU domestic production capacities, although regional dependencies on one supplier could be rather extensive. Diversification was limited to mixing and matching domestic production in the European Union and importing from one or two of the external suppliers. Algeria mainly supplied southern European gas markets; Norway supplied mainly the north-west European market and the United Kingdom; and only Russia supplied both the continental northern, central and southern European markets. The limited level of diversification was because of the inflexible nature of pipeline supplies and bilateral delivery contracts. West Germany, France and Italy therefore decided in the 1980s to contract Soviet gas and to participate in extending the Unified Gas System (UGS) into Europe. European countries were about to embark on a long-term relationship with the Soviet Union through the pipeline, as embodied in the long-term take-or-pay gas contracts. The Reagan administration in the United States, however, protested strongly against becoming so import-dependent on a geopolitical adversary. The United States was afraid that the West European gas contracts could strengthen the Soviet economy and buttress its capability to challenge the United States strategically around the world, including in Europe. Gas imports from the Soviet Union were a serious bone of contention in the transatlantic relationship, not unlike today, and illustrated the fundamentally different policy of continental Western Europe's leading countries in the regional balance of power.

The dependence of the Soviet Union – and later Russia – on hard currency income from its energy deliveries, as well as the inflexibility of its gas transportation infrastructure, reduced the potential threat of disrupting supplies, particularly when the limits to growth and flexibility of the centrally planned economy were reached. The collapse of the Berlin Wall in the late 1980s and the breakup of the Soviet Union in the early 1990s heralded profound changes in the institutional make-up of economic and political relations on the European/Asian continent, also impacting upon energy trade and diplomacy, but they never affected gas flows to European markets. When it comes to the current energy relationship between Europe and Russia, the

25) Elsewhere, CIEP has developed some views about new toolbox approaches. See, for instance, Coby van de Linde, *Turning a Weakness into a Strength: A Smart External Energy Policy for Europe* (The Hague: CIEP of Clingendael Institute, 2008).

NATO dimension should be considered as well. The new EU and NATO member states in Eastern Europe tend to rely less on the European Union's soft powers and more often than not they side with the United States on security issues in the region. This has led to diverging foreign policy approaches and to different assessments of future energy relations with Russia among the member states of the European Union.²⁶ Additionally, Belarus and the Ukraine, left in the middle between an enlarged Europe and an assertive Russian Federation, remain crucially important to both the European Union and Russia for the security of oil and gas in transit. In the same context, the Caucasus region is becoming increasingly important for energy as well, given the ability and likelihood of developing new energy corridors beyond the borders of Russia and Iran, the world's two largest gas reserves' holders.

East–West energy flows and West–East energy capital flows may have been rather straightforward in the past, when there were only two legal and institutional arrangements to deal with (that is, the Council for Mutual Economic Assistance –Comecon – and the European Union), but the complexities of the gas (and oil) value chains have increased with growth of the number of institutional set-ups. This has also raised the prominence of the issue of transits in gas and oil. The European Union tried to manage this on the basis of its own internal market paradigms by developing new institutions and arrangements. The Energy Charter Treaty (ECT) was the first such arrangement in the mid-1990s, followed by the EU accessions in the early 2000s, which widened and broadened the EU energy market and the energy *acquis*. Under the Energy Charter Treaty a separate transit protocol was developed, with rules for third-party access and tariffs. The role of energy was further enhanced by development of the Energy Community Treaty, where the European Union and all South-Eastern European countries agreed to establish a common energy market on the basis of the EU model.²⁷ These measures can be seen as attempts to fill the void in regulatory control over export pipelines. They have obviously stimulated Russia to promote its own approach at controlling supplies and export routes, and to secure market access through the imposition of a transportation and export monopoly for gas, in order to manage the risks and benefits of the gas value chain.

One could argue about missed opportunities for the European Union, when, as the EU-15, it might have been able to negotiate a new strategic energy partnership with Russia ahead of EU enlargement in 2004. It could have helped the Russians to restructure CIS energy relations, when discussions in the framework of the Energy Charter ran aground. Clearly, the influence of the United States in the new Eastern European EU member states and the impact of this on foreign policy-making in the European Union as well as on the EU's relations with Russia should not be underestimated.

26) Yuliya Tymoshenko, 'Containing Russia', in *Foreign Affairs*, May/June 2007, p. 75.

27) See the ECT website: http://www.energy-community.org/portal/page/portal/ENC_HOME.

Only a few years ago, Russia was still eager both to conclude new and to renew old long-term supply agreements in order to solidify its position in the EU market. Its strategy has now changed, and Russia seeks new types of agreements, which not only allow it to reach the EU market through diversified routes, but also to gain direct entry to the EU market as a distributor.

On the other hand, there is growing distrust in the European Union about Russia's unwillingness to open up its huge reserves for foreign direct investments and the way in which the Russian government resolved its problems with the oligarchs and their companies. When foreign ownership of reserves and production seemed near, the Russian government closed the door on the sale of foreign majority holdings in Russian energy companies and ruled that foreign owners could only hold minority shares. The restructuring of Gazprom and the enlargement of Russian government ownership to a 50 per cent +1 share does, however, hold the promise of upstream investments in gas, much as investments in Qatar and other producing countries allow. Yet, participation in Russia's near gas monopoly and its new gas projects did not measure up to the EU's expectation that the Russian government could be persuaded to break up the monopoly.

Still, it cannot be denied that the Russian gas sector is becoming more market-oriented, internationally as well as in the domestic market. In March 2008, the Duma agreed that independent gas producers, which cover some 16 per cent of total gas production (a share that will increase further in the coming years) and which are only allowed to sell on the domestic market, would also share in the benefits from gas exports.²⁸ Increasing domestic gas prices and allocating their share of export income should help to optimize gas production and stimulate new investments. These and other investments are necessary to make the next step in developing a new generation of gas fields in faraway places like Yamal, Eastern Siberia and Shtokman. The success of the investment strategy and the development of domestic gas demand will be decisive in determining how much gas will, and can, find its way to the EU market. Developments in the Russian market, such as net back pricing by 2011, will also impact upon the volumes of Central Asian gas flowing to Russia and the European Union. Russia is trying to become an aggregator for Central Asian gas, offering both a spot market and longer-term market outlets through Russia.

It should also be noted that the Russian power sector follows a different path. Here we see an unbundling of transmission and generation and a breaking up of generator monopolies, with new opportunities for capital inflows from EU energy giants. From a strategic point of view, these partnerships cannot bypass the gas component, as these giants are active in

28) As expected, the proposal is facing fierce resistance from Gazprom and it seems that it is to be put in the wider context of the Kremlin power struggles.

gas too, just as Gazprom is investing in Russian power. Gazprom's collaboration with other gas producers, such as the Algerian company Sonatrach, is equally interesting, and so is the so-called Nordic dimension. Although Norway has legally committed itself to the European Union's energy *acquis* (without having a place at the table, but seeking full membership of the Energy Community Treaty), it is – with peaking oil production and northward-bound gas production to more inhospitable regions – reorienting itself as a major energy supplier to the European Union. The new merged StatoilHydro energy giant, wherein the Norwegian state has a 70 per cent stake, is another indication that Norway wants to maximize its energy wealth. This long-term strategy, stretching over many years, may run counter, however, to the immediate energy and diversification needs of the European Union. This is the more so as StatoilHydro is partnering Gazprom in the development of the huge northern Shtokman gas field, allowing for further cooperation between the two capitals on the new oil and gas frontiers in the Arctic.

The volumes of 'Russian' gas entering the EU market will, globally speaking, largely determine the development of the wider global gas markets, including LNG. The crucial position of Russia for balancing world gas markets is confirmed by the IEA: 'Russia is also important to the world because future trends in Russian gas exports to Europe are a key factor in determining the degree of tightness in global gas markets and pressures on alternative sources'.²⁹ The challenge for the European Union is then to create a market and regulatory system that attracts gas into the market. One decade ago, the buyers' market implied allowing suppliers of gas to compete for the buyers in the EU market, while the sellers' market of today implies buyers competing for gas with other buyers. This competition for flows is not localized in the EU market among the various consumer groups, but more and more at the international market level with other economies. Russia's gas strategy has evolved in the past decade from a regional to a global market strategy, to which national rather than regional economic interests are central. Russia has distinctly moved away from a position of captive supplier to the European Union, and the European Union, for its part, is seriously trying not to become a captive consumer of Russian gas. Supplies from the traditional suppliers – Algeria, Norway and Russia – will continue to play a crucial role in the EU gas market. The fact that all three have reinforced their governments' interest in their national oil and gas company illustrates the importance of the oil and gas sectors for the national economy.

Producer governments are reserving a role for themselves in managing the (long-term) risks and benefits. The European Union and its importing consumer governments will have to find a new approach in developing a long-term energy relationship with Russia. Existing institutional arrangements such

29) IEA, Natural Gas Market Review 2007 (Vienna: IEA, 2008), p. 129.

as the Charter Treaty, irrespective of their general importance, may not be the appropriate basis for doing so. The G8 2006 Summit in St Petersburg's 'Statement on Global Energy Security Principles' may indicate a more fruitful approach:

Free, competitive and open markets are essential to the efficient functioning of the global energy system. Efforts to advance transparency; to deepen and spread the rule of law; to establish and strengthen predictable, efficient fiscal and regulatory regimes; and to encourage sound energy supply and demand policies all play significant roles in maintaining global energy security. By reducing uncertainty these efforts improve understanding of energy market developments, and therefore sound investment decisions and competitiveness.³⁰

Similar novel suggestions have been made in the recent Mandil Report on energy security to the French presidency,³¹ in which former IEA Executive Director Claude Mandil proposes to concentrate on concrete projects rather than on politically inspired rhetoric. It would be more beneficial, he writes, to work on enhancing energy efficiency in Russia, limiting gas-flaring and developing CCS projects, than to keep on demanding Energy Charter ratification. It will be interesting to see how the European Union's leadership will manage the process of negotiating the energy components in the wider EU–Russia partnership agreement.

30) See online at <http://en.g8russia.ru/docs/11.html>.

31) Claude Mandil, *Sécurité énergétique et union Européenne: Propositions pour la présidence française*, report to the French Prime Minister (Paris: French Prime Minister's Office, April 2008).

Human Rights Promotion: Constraints and Opportunities

Max Bader

Introduction

Over the course of Putin's second term as president of Russia from 2004-2008, a near-consensus appeared in the Western media and among scholars and analysts regarding the undemocratic direction in which Putin had taken Russia. The gradual concentration of executive power in the hands of the current regime, in conjunction with the elimination of political pluralism, have for now ended the once widespread expectation that Russia would succeed in making the transition to liberal democracy, as most states in Central and Eastern Europe now have. Notwithstanding their authoritarian leanings, Putin and Medvedev maintain that Russia is heading towards democracy. The Russian government frequently professes its unwavering commitment to human rights principles.

Western states and intergovernmental organizations, however, are concerned about human rights violations in Russia and they have reason to be so. According to a recent survey, 68 per cent of Russians do not feel protected by the law.¹ Reports by international human rights organizations paint a grim picture of the human rights situation in Russia. Using different strategies and instruments, European actors have sought to promote the cause of human

1) Elena Klitsounova, Promoting Human Rights in Russia by Supporting NGOs: How to Improve EU Strategies, CEPS Working Document, April 2008, p. 3.

rights in Russia for close to two decades now. Among the organizations or governments that issue regular reports on the state of human rights in Russia are: Amnesty International; Human Rights Watch (HRW); the International Helsinki Federation (IHF) for Human Rights; the US government (USG); and the Commissioner for Human Rights of the Council of Europe (CoE). A cursory content analysis of human rights reports reveals differences in what are seen as the most crucial rights violations, reflecting the existence of different conceptions of human rights.² Four issues feature in practically all of the reports: violations of personal integrity rights (mainly torture, killings, and disappearances); the ramifications of conflict in the Northern Caucasus region; xenophobia and racism; and suppression of human rights activism. In addition, most reports refer to infringements on civil liberties, such as freedom of expression (in the reports by the USG, IHF, CoE and Amnesty International) and religious freedom (in the reports by the USG and CoE). The Russian government's failure to secure the political right of changing Russia's government through free and fair elections is cited by USG and IHF in their reports. Both IHF and CoE, lastly, criticize the disadvantaged position of ethnic minorities and violations of social and economic rights, particularly with reference to the healthcare system.

This chapter explores limitations to the promotion of human rights in Russia and puts forward suggestions on how the European Union and European governments can still contribute to human rights promotion in Russia despite the limitations. The chapter focuses on one prominent type of human rights promotion: assistance to independent non-governmental organizations. The first section of the chapter identifies the key constraints on human rights promotion in Russia. Subsequently, the second section argues how these constraints have complicated the work of independent NGOs that are active in human rights protection and advocacy. The third section provides an overview of European efforts at assisting Russian human rights NGOs, while the fourth section weighs assistance to independent human rights NGOs to top-down approaches to human rights promotion. Finally, the chapter concludes by proposing suggestions for a more realistic and effective approach to human rights promotion in Russia by the European Union.

2) For an overview of types of rights that are associated with human rights, see Charles R. Beitz, 'Human Rights as a Common Concern', in *The American Political Science Review*, vol. 95, no. 2, June 2001, p. 271. Also see Todd Landman, 'The Evolution of the International Human Rights Regime: Political and Economic Determinants', paper prepared for the 98th Annual Meeting of the American Political Science Association, Boston, 28 August–1 September 2002.

Constraints on Human Rights Promotion

After the collapse of the Soviet Union, a score of donors from Western countries moved into Russia to set up assistance programmes that were aimed at aiding the Russian Federation in its transition to democracy. In these initial years, the Russian government was generally receptive to Western initiatives and optimism reigned among donors regarding Russia's prospects for democratization. Assistance to NGOs in the area of human rights was often framed as an element in the development of civil society, and the development of a civil society was seen as an intrinsic constituent of Russia's democratization process. Inevitably, however, human rights promotion ran into certain constraints, some of which were imposed by the regime, and some of which were of a more structural nature. Especially during the second term of Putin's presidency, human rights promotion became more problematic. This section distinguishes among three types of constraints that have complicated human rights assistance in Russia: differences in norms and values of the Russian government on the one hand, and European donors on the other; ramifications of domestic politics for human rights promotion; and the limited extent of leverage that the West has over Russia in general, and in issues of human rights in particular.

Since the adoption of the 1948 Universal Declaration on Human Rights and the 1950 European Convention on Human Rights, the issue of human rights has come to occupy a prominent place in international political discourse. The signing of the Helsinki Accords in 1975 by a broad range of states, including the Soviet Union, could be seen as a 'tipping point', after which allegiance to human rights rapidly grew into an international norm.³ The number of human rights treaties and references to the principle of human rights increased dramatically, as well as the number of states that ratified these treaties. Once human rights were becoming an international norm, regimes opted to sign treaties, since this would boost their legitimacy and reputation, both domestically and abroad.⁴ During the first years after the breakup of the Soviet Union, the Russian Federation was eager to comply with these international norms. In addition, Russia committed itself to human rights by joining intergovernmental organizations, such as the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe, which had declared respect for human rights as among their basic principles.

The number of states that formally adhere to human rights, however, has increased at a faster rate than the number of states that are actually consistent

3) Hans Peter Schmitz and Kathryn Sikkink, 'International Relations Theory and Human Rights', available online at <http://kiosk.polisci.umn.edu/courses/spring2001/4485/ir2.pdf>, p. 15.

4) Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change', in *International Organization*, vol. 52, no. 4, autumn 1998, pp. 887–917.

in their observance of human rights standards.⁵ Under President Yeltsin, the situation in Russia, especially with regards to the separatist Chechen Republic, was a permanent concern to human rights advocates in the West. The general impression is that during the Putin years, observance of human rights, along with political pluralism, has deteriorated rather than improved.⁶ Notwithstanding the official endorsement of, and formal commitment to, human rights, the norms related to human rights have not yet been translated into ‘rule-consistent behavior’, the last step in Risse and Ropp’s five-step ‘spiral model’, which describes how states travel from unconstrained repression to unquestioned compliance with the human rights norm.⁷ Given the strong correlation between democracy and the observance of human rights, Russia’s failure to fully internalize the human rights norm is compatible with its failure to consolidate democracy under Yeltsin and the authoritarian trends of recent years.

The human rights norm has not only *not* been internalized by regime actors. Value surveys reveal that ‘Russians firmly support economic rights, but their support for rights of the person is substantially weaker, and their support for civil liberties emerges as tepid at best. A large majority is willing to see rights suspended for the sake of order or national security’.⁸ Similarly, on the basis of survey data, Richard Pipes contends that ‘no more than one Russian in ten cares about democratic liberties and civil rights’.⁹ And what is more, Russia’s youth does not seem to attach any more value to individual liberties than older Russians do.¹⁰ These findings are not wholly uncontested though:

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- 5) See Emilie M. Hafner-Burton and Kiyoteru Tsutsui, ‘Human Rights in a Globalizing World: The Paradox of Empty Promises’, in *American Journal of Sociology*, vol. 110, no. 5, March 2005, pp. 1373–1411; and Oona A. Hathaway, ‘Do Human Rights Treaties Make a Difference?’, in *The Yale Law Journal*, no. 111, pp. 1935–2042.
 - 6) For example, International Helsinki Federation for Human Rights Annual Report 2007, available online at http://www.ihf-hr.org/viewbinary/viewdocument.php?doc_id=7416; or US State Department, 2007 Russia Country Report on Human Rights Practices, available online at <http://www.state.gov/g/drl/rls/hrrpt/2007/100581.htm>.
 - 7) Thomas Risse and Stephen C. Ropp, ‘International Human Rights Norms and Domestic Change’, pp. 234–278, in Thomas Risse, Stephen C. Ropp and Kathryn Sikkink (eds), *The Power of Human Rights: International Norms and Domestic Change* (Cambridge: Cambridge University Press, 1999).
 - 8) Theodore P. Gerber and Sarah E. Mendelson, ‘Russian Public Opinion on Human Rights and the War in Chechnya’, in *Post-Soviet Affairs*, vol. 18, no. 4, 2002, p. 273.
 - 9) Richard Pipes, ‘Flight From Freedom’, in *Foreign Affairs*, vol. 83, no. 3, May/June 2004.
 - 10) Theodore P. Gerber and Sarah E. Mendelson, ‘Soviet Nostalgia: An Impediment to Russian Democratization’, in *The Washington Quarterly*, vol. 29, no. 1, winter 2005–2006, pp. 83–96.

Colton and McFaul invoke survey data that suggest that Russians *do* value liberties that are associated with democratic government.¹¹

The different degrees of adoption of the human rights norm in Russia *vis-à-vis* Europe is only one element in what more generally is considered to be a ‘values’ gap’ dividing Russia and the European Union.¹² In foreign relations, this values’ gap is characterized, when somewhat extrapolated, as that between the European Union as a post-modern entity that deals with its foreign partners through ‘soft power’, and Russia as a rebirth of ‘very old Europe’, whose Metternich-era geopolitical values correspond with a strictly realist view of international relations.¹³ The values’ gap and concomitant difficulties in mutual understanding present a persistent challenge in EU–Russia relations.

Difference in values is also revealed in the way that Russian authorities view the role of non-state actors in human rights protection. Roughly speaking, two different conceptions of the role of civil society *vis-à-vis* the state can be distinguished: in the first, common in Western societies, independent NGOs, as important elements of civil society, can serve as a healthy and sometimes necessary check on the activities of the state, in which cases they occasionally contradict and oppose the state; in the second, non-state actors are seen as operating in tandem with the state.¹⁴ NGOs, in this conception, are rather an addendum to state instruments. The fact that the Russian authorities tend to embrace this second conception of non-state actors in human rights protection explains their contempt for critical and independent NGOs and the creation of a parallel community of organizations that are loyal to the state.¹⁵

One explanation for why Russians – both regime actors and the population at large – allegedly attach less value to human rights than people in Western countries is that human rights are seen as something primarily Western and are associated with liberal–democratic political ideas, which are

11) Timothy J. Colton and Michael McFaul, *Are Russians Undemocratic?* Carnegie Endowment for International Peace working paper no. 20, 2001.

12) On the ‘values gap’, see Petr Kratochvil, ‘The Discursive Resistance to EU-Enticement: The Russian Elite and (the Lack of) Europeanization’, in *Europe–Asia Studies*, vol. 60, no. 3, May 2008, pp. 397–422. For a Russian perspective, see Konstantin Kosachev, ‘Russia and the West: Where the Differences Lie’, in *Russia in Global Affairs*, October–December 2007, p. 4.

13) Dmitri Trenin, *Russia, the EU and the Common Neighbourhood*, Centre for European Reform, September 2005, available online at http://www.cer.org.uk/pdf/essay_russia_trenin_sept05.pdf.

14) James Richter, ‘The Public Chamber of the Russian Federation: Presenting Putin’s Organized Civil Society’, paper prepared for presentation at the Annual Convention of the International Studies Association, San Francisco CA, 26–30 March 2008.

15) Richter, ‘The Public Chamber of the Russian Federation: Presenting Putin’s Organized Civil Society’.

distrusted by most Russians because the liberal–democratic agenda is held as responsible for the economic downturn and lawlessness of the 1990s.¹⁶ Unsurprisingly, Russia’s best-known human rights activists, such as former Soviet dissidents Sergei Kovalyov and Liudmila Alekseeva, are also ardent democrats, and most are close to the liberal opposition that held key government posts at times in the 1990s.

Russians are sceptical about the altruistic motives presumably underlying human rights protection. Politicians and state-controlled media often point to ‘double standards’ in the application of human rights norms by Western states, for example by contrasting the insistence on human rights in some parts of the world with the frequency of human rights violations in Iraq and in the ‘war on terror’. Human rights promotion is sometimes believed to be a smokescreen for the furtherance of implicit political aims. The occurrence of ‘electoral revolutions’ in what Russia terms its ‘Near Abroad’ heightened the Kremlin’s suspicion that the true aim of democracy promotion, of which human rights assistance is one element, is to bring to power pro-Western governments. It is widely believed that the Orange Revolution in Ukraine in late 2004 accelerated the suppression of opposition in Russia and the formulation of a new national idea – ‘sovereign democracy’ – which is popular among ruling circles and which to some extent epitomizes the political elite’s vision of the political course that should be pursued.¹⁷ Some elements of the crackdown on human rights defenders that is described in the next section started or intensified in 2005, shortly after the Orange Revolution. Putin’s annual address to the Federal Assembly in 2005, according to some, marked the birth of the idea of sovereign democracy.¹⁸ While no one is entirely sure what precisely is implied by sovereign democracy, in a most general interpretation it implies that Russia is a democracy or is on the path to become one, but it does so on its own terms – that is, without adhering strictly to the specifics of the type of liberal democracy that is commonly found in the West. This defiance of, or at least reluctance to accept, Western norms also potentially concerns the respect for individual liberties that is common to liberal democracy and that is seen by many Russians as being at odds with the alleged Russian tradition of placing the interests of the collective or the nation above those of individuals.¹⁹ President Dmitry

16) Mitchell Orenstein, ‘Lawlessness from Above and Below: Economic Radicalism and Political Institutions’, in *SAIS Review*, vol. 18, no. 1, 1998, pp. 135–150.

17) On the suppression of opposition in a number of post-Soviet states after the Orange Revolution, see Vitali Silitski, *Contagion Deterred: Pre-emptive Authoritarianism in the Former Soviet Union (the Case of Belarus)*, CDDRL Working Paper no. 66, June 2006.

18) Thomas Ambrosio, ‘Redefining Democracy in Russia: How the Kremlin uses Wordplay to Counter External Criticism’, paper presented at the International Studies Association’s Annual Conference, San Francisco CA, 2008, p. 14.

19) On collectivist values in Russia, see German Diligenskii, ‘Individualism: Staryi I Novyi (Lichnost v postsovetskom sotsiume)’, in *Polis*, 1999, p. 3.

Medvedev, however, has discarded the idea of sovereign democracy and has repeatedly spoken out in favour of individual liberties, leading some to expect a liberal thaw under his presidency.²⁰

A third constraint to human rights promotion in Russia is the limited extent of leverage that the West has in relation to Russia, especially when compared to the leverage that it had over most states of Central and Eastern Europe, and even to its influence over Russia one decade ago, when Russia was not only more dependent on the West but also more open to reform. Levitsky and Way posit that the degree of Western leverage over foreign states is determined by, among other things, the size and (economic and military) strength of target states, and by the importance that the West attaches to promoting its interests in a certain area.²¹ Although Russia tends to overstate its present might, it did become considerably stronger over the course of Putin's presidency, especially in economic terms. More importantly, for the most part because of its economic upswing, the Russian people's self-confidence has increased and their receptivity to Western ideas and practices has decreased. Russia has shed what has been typified as an inferiority complex and now demands to be treated as an equal partner to the European Union, to NATO and in the G8. With sky-high prices for hydrocarbons, the Kremlin realizes that Europe needs Russia as much as Russia needs Europe. In Russians' minds, the experience of recent years demonstrates that there *is* an alternative to Western-style liberal democracy for delivering economic success. Given the intimate association of human rights with liberal democracy, the abandonment of liberal democracy might be expected to entail a decrease in the observance of human rights.

Generally, Western leverage over the post-communist states of Central and Eastern Europe has been far greater than over Russia, because of these states' smaller size, greater dependence on the West, higher levels of linkage between these states and the West, and perhaps most of all because the West possessed a formidable instrument of conditionality related to these states' desire to (re-)integrate into Europe. This instrument of conditionality, which from the beginning was largely absent in relation to Russia, has been a major driving force behind many of the reforms that have been carried out in Central and Eastern Europe, and has provided an additional incentive for Central and Eastern European states to comply with human rights standards. Different types of linkage between the West and Russia – such as economic linkage, civil society linkage, information linkage and geographic proximity – have also been weaker than between the West and most of Central and

20) On Medvedev's rejection of sovereign democracy, see Viktor Yasmann, 'Russia: Ideological Doctrine Paves Kremlin's Course', Radio Free Europe/Radio Liberty, 4 August 2006, available online at <http://www.rferl.org/content/article/1070339.html>.

21) Steven Levitsky and Lucan A. Way, 'International Linkage and Democratization', in *Journal of Democracy*, vol. 16, no. 3, 2005, pp. 20–34.

Eastern Europe.²² In comparison with Central and Eastern Europe, Russia remains impenetrable to Western governments, companies and individuals, a situation that is made worse by the continued existence of stringent visa regulations.

Western leverage over Russia could be more extensive if it were not for the structural discord within the European Union over a common approach towards Russia. A common approach has been a far cry because of the member states' diverging bilateral relations, and because of the self-interested pursuit of lucrative economic agreements with Russia. Some members – including Italy, France and Greece – have been relatively uncritical of the authoritarian tendencies and the human rights situation in Russia. Germany stresses the importance of intensive and lasting engagement with Russia, while a number of new Central and Eastern European member states adopt an outright confrontational stance. Collectively, the European Union possesses neither the means nor the determination to hold Russia accountable for human rights violations.

Backlash against Human Rights Promotion

During Putin's second term, working conditions for independent human rights organizations in Russia became more difficult, in part as a result of pressure from the authorities. While human rights organizations in some cases were targeted discriminately, the crackdown on these organizations was part of a wider campaign against independent NGOs, especially those whose work could be interpreted as counteracting the wrongs of Russian society and that are funded from foreign sources. The campaign was depicted variably as fitting in with a worldwide authoritarian backlash against the promotion of international democracy,²³ as a reaction to the Orange Revolution in Ukraine,²⁴ and as one element in the drive to neutralize opposition.²⁵ Three elements in this multi-faceted campaign can be distinguished: first, harsh, incriminating rhetoric from politicians and officials about independent NGOs; second, new legislation that complicates the operation of NGOs and

22) Steven Levitsky and Lucan Way, 'Linkage versus Leverage: Rethinking the International Dimension of Regime Change', in *Comparative Politics*, no. 38, 2006.

23) Carl Gershman and Michael Allen, 'The Assault on Democracy Promotion', in *Journal of Democracy*, vol. 17, no. 2, April 2006, pp. 36–51.

24) Thomas Ambrosio, 'Reacting to the Color Revolutions: Democratic Diffusion and Russian Foreign Policy toward Ukraine and Georgia', paper delivered to the Annual Conference of the International Studies Association, Chicago IL, March 2007.

25) Robert C. Blitt, 'Babushka Said Two Things – It Will Either Rain or Snow; It Either Will or Will Not: An Analysis of the Provisions and Human Rights Implications of Russia's New Law on Nongovernmental Organizations as Told Through Eleven Russian Proverbs', in *George Washington International Law Review*, no. 40, 2008.

can be selectively used by the authorities to oppress individual NGOs; and third, the creation of an ersatz civil society of organizations that ostensibly deal, among other things, with human rights issues and that are loyal to the authorities.

High-ranking officials, starting with former President Putin, on many occasions put the work of independent NGOs under suspicion. During a meeting with the Presidential Council for Promoting the Development of Civil Society Institutions and Human Rights in 2005, Putin remarked that project grants received by NGOs from abroad were used for political activities, implying that foreign organizations or governments were seeking to interfere in Russian politics through local NGOs, an allegation that he repeated in a speech at the Conference on Security Policy in Munich in 2007.²⁶ Also in 2007, Putin criticized Dutch governmental support for civil society projects in the fields of human rights and media during an official visit of Dutch Prime Minister Jan Peter Balkenende to Russia.²⁷ On the other hand, Putin made a surprise move in 2007 by attending a memorial service to victims of Stalin-era repression, something that he had not done before.²⁸

Putin's confidant and head of the Russian security and intelligence service FSB from 1999 until 2008, Nikolai Patrushev, has indirectly confirmed that there is a connection between the new strict NGO legislation and the Orange Revolution:

Non-governmental organizations must not be allowed to engage in any activity they like [...] The NGOs must be told what problems they should tackle and for what purpose, and they should engage in activity of that kind [...] The Constitution and laws must be changed before the wave of orange revolutions spreads to the leaders of the Commonwealth of Independent States.²⁹

Patrushev has made particularly incriminating allegations against foreign non-governmental organizations that are active in Russia and that often maintain

26) Robert McMahon, 'Russia: Putin "Foreign Funding" Remarks Draw Civil Society Concerns', Radio Free Europe/Radio Liberty, 21 July 2005, available online at <http://www.rferl.org/content/article/1060072.html>. Putin's Munich Speech can be found online at <http://www.securityconference.de/konferenzen/rede.php?sprache=en&id=179>.

27) See 'Putin bekritiseert Balkenende', available online at http://www.nrc.nl/binnenland/article819114.ece/Poetin_kapittelt_Balkenende. Putin's allegations were reinforced by a number of Russian media reports, for example Vasilii Lenskii, 'Gollandskii syr byvaet tol'ko v myshelovke', in Nevskoe Vremia, 4 April 2008.

28) Aleksandr Latyshev and Bogdan Stepovoi, 'Vladimir Putin – o zhertvakh stalinskikh prepressii: My do sikh por oshchushchaem etu traegiu na sebe', in Izvestiia, 31 October 2007, available online at <http://www.izvestia.ru/russia/article3109872/>.

29) Cited in Nicu Popescu, Russia's Soft Power Ambitions, CEPS Policy Brief no. 115, 26 October 2006, p. 2.

close relations with local organizations, by claiming that spies work under cover of these foreign non-governmental organizations.³⁰ This allegation was followed up in January 2006 when an investigative television broadcast claimed that the FSB had unmasked four British spies who worked for the Global Opportunities Fund, a grant-making organization of the British Foreign and Commonwealth Office. A number of human rights organizations were named as grantees of the Global Opportunities Fund.³¹ The revealing information, which was confirmed by the authorities, was left without formal consequences: no charges were ever pressed against the Global Opportunities Fund, nor were the four alleged spies expelled.³²

There is reason to assume that the case was one bout in the longstanding diplomatic row between Russia and the United Kingdom. In 2007, Russian authorities ordered the British Council to close two of its offices in Russia, which Russian Foreign Minister Sergei Lavrov admitted was retaliation for the expulsion of Russian diplomats from the United Kingdom earlier in 2007, but at the same time has been linked to the wider crackdown on foreign-funded NGOs.³³ Russia's President Medvedev has to date no record of critical statements about NGOs or human rights activism. Despite Medvedev's purported liberal image, however, early on in his presidency there has been no indication of a thaw in relations between the authorities and independent civil society.

Recent amendments to the 1995 Law on Public Associations that narrow the operation of NGOs have caused an outrage from the Russian NGO community and opposition, and from foreign actors. The new legislation, which was approved by the Russian Parliament in early 2006, is widely seen as one of the clearest manifestations of the regime's oppression, not only of independent civil society but also of pluralism at large. As a consequence of the new legislation, NGOs are required to report more extensively on their activities and on their sources of income. In addition, NGOs can be subjected to inspection at any time and must be able to show any document immediately at the request of the NGO Registration Service.³⁴ Observers

30) Nick Paton Walsh, 'Russia Says "Spies" Work in Foreign NGOs', in *The Guardian*, 13 May 2005, available online at <http://www.guardian.co.uk/world/2005/may/13/russia.nickpatonwalsh>.

31) Julie A. Corwin, 'Russia: "Spy-Rock" Scandal Has NGOs Worried', *Radio Free Europe/Radio Liberty*, 24 January 2006, available online at <http://www.rferl.org/featuresarticle/2006/01/ca845953-bc9e-4bb0-a03a-faac03657eb4.html>.

32) Yuliia Latynina, 'Novosti bez prodolzheniia', available online at <http://www.gazeta.ru/column/latynina/2646019.shtml>.

33) 'Russia to Limit British Council', available online at <http://news.bbc.co.uk/2/hi/europe/7139959.stm>.

34) See Klitsounova, *Promoting Human Rights in Russia by Supporting NGOs*, p. 7; and Aleksandra Chauhan, *Collective Action Dilemma: State, NGOs and Foreign Agitators in*

believe that the new legislation makes it easier for the authorities to refuse registration to NGOs and to shut down NGOs at will. Since the formal regulations, as stipulated in the legislation, are nearly impossible to comply with fully for most NGOs, the authorities now have the legal means to move selectively against unwanted NGOs.³⁵ Suspicions are strong that the legislation will be used arbitrarily and repressively, given the intolerant posture of the authorities towards NGOs and especially given the inflammatory rhetoric of government officials. The new law creates a 'twilight zone of uncertainty' both for human rights activists and for donors, as they are unsure whether projects can be executed without obstruction or the risk of closure.³⁶ Human rights activists indicate that this uncertainty holds potential donors back from awarding grants to independent Russian NGOs.

A second set of legislation that human rights activists and others say can be misused against NGOs is the amendments to anti-extremism legislation, originally adopted in 2006, which expand the range of actions and statements that are classified as extremism. Vague formulations of what counts as extremism in these amendments leave much room for selective application of the legislation by the authorities.³⁷ According to Human Rights Watch, anti-extremism legislation has already been mobilized against three NGO leaders.³⁸

Putin and Medvedev have on numerous occasions reiterated the importance of non-governmental organizations for Russia's democratization process. The way that the Russian leaders envisage the role of these NGOs, however, is principally different than the view of NGOs that is prevalent in the West, where they are seen as a healthy check on the operation of the government, at times opposing government policies if they deem these policies to be wrong. Instead, Russian leaders see NGOs that criticize or counteract government policies as harming the general interest. Particularly during Putin's second term as Russia's president, the Russian authorities took to altering the outlook of civil society by the top-down creation of an array of organizations that cover most issues also covered by independent organizations, but in contrast to these independent organizations are certain not to work against the Russian government's interest. These government-organized, quasi-independent organizations are an intrinsic part of the type of

Russia, paper prepared for delivery at the Annual Conference of the MPSA, Chicago IL, 11–14 April 2007.

35) NGOs are now required, for instance, to report the number of participants and the start and end time of each event. See Chauhan, *Collective Action Dilemma*.

36) National Endowment for Democracy, *The Backlash against Democracy Assistance*, 8 June 2006, p. 31, available online at <http://www.ned.org/publications/reports/backlash06.pdf>.

37) Amnesty International Report 2007, p. 217, available online at <http://report2007.amnesty.org/document/15>.

38) Human Rights Watch, *Choking on Bureaucracy, State Curbs on Independent Civil Society Activism*, p. 50, available online at <http://hrw.org/reports/2008/russia0208/>.

civil society that corresponds with the conception of civil society that is embraced by the Kremlin.

The most prominent of the organizations that have been set up by the Kremlin is the Public Chamber, which comprises 126 individuals from the worlds of civil society, sports and culture. The Public Chamber can comment on legislation and government policy, but only has consultative powers. Occasionally the Public Chamber subjects the government to ostensibly serious criticism, for instance after the first draft of the new NGO legislation was announced, but considering the highly circumscribed formal powers of the institution, and the types of people that are represented in it, the Public Chamber cannot be regarded as a credible counterweight against possible failure of the government. The establishment of a presidential public chamber has been replicated in a number of ministerial departments and regions.

A common problem for independent NGOs in undemocratic or poor societies is their high degree of dependence on foreign funding. The new civil society that the Kremlin creates is funded from Russian businesses that are loyal to the regime, and from state resources. In recent years the Russian government has made substantial funds available in order to prop up the ersatz civil society. Among the larger NGOs that were set up at the government's instigation are *Mestnye* [Local People], which is involved in ecological protection, and two youth organizations, *Nashi* [Our People] and *Rossia Molodaia* [Young Russia]. A third youth organization, which is not organized as an NGO but that similarly professes loyalty to government authority and has been established from above, is *Molodaia Gvardia* [Young Guard], the youth wing of the One Russia ruling party. The creation of an ersatz civil society demonstrates the limited tolerance of the Russian authorities towards independent NGOs. Human rights protection and advocacy by independent NGOs is considered as principally illegitimate by the Russian authorities, a circumstance that substantially narrows these organizations' room for manoeuvre.

An example of the top-down creation of civil society, in this case by the Russian Ministry of Defence, is parents' councils at army bases, which officially are devised as checks against possible misdoings by the military authorities. As other elements of the new 'imitation' civil society, the parents' councils are not expected to be able to function as an effective check, and – unlike the well-known Soldiers' Mothers associations, which are among the most-respected human rights organizations – do not take an independent stance.³⁹

A further initiative by the authorities in the realm of civil society has been the creation of the Civic Forum, an overarching platform for 'civil society',

39) 'Tupik, polnyi gruzov-200. Pravo Materi', 16 January 2007, available online at http://www.yabloko.ru/Publ/2007/2007_01/070116_pm_gruz200.html.

which has met twice in the form of a congress, in 2001 and 2008.⁴⁰ In reaction to the fact that a number of prominent, longstanding NGOs were not invited to the Civic Forum in 2001, an alternative event was organized under the heading All-Russian Civic Congress, which united organizations that are more critical of the Russian government. The development of the All-Russian Civic Congress is supported by a grant from the European Initiative for Democracy and Human Rights, the EU's principal instrument for civil society assistance in non-member states. The parallel organization of the Civic Forum and the All-Russian Civic Congress is testament to the existence in Russia today of two mirror images of the idea of civil society.

Assistance to Human Rights Organizations

The European Union and its individual member states are, with the United States, the most vocal advocates of human rights in Russia. The two main instruments of EU human rights promotion are biannual human rights consultations behind closed doors during EU–Russia summits, and assistance to non-governmental organizations in the field of human rights protection. In principal, the institutional framework of the European Union also allows for other types of measures, including conditionality and monitoring, which, however, have not been applied to any meaningful extent in recent years.⁴¹ Monitoring of the human rights situation is instead carried out to some extent by the Council of Europe, of which Russia became a member in 1996.⁴² The human rights consultations provide an opportunity for the European Union to voice concerns over the human rights situation in Russia and to address specific rights violations. General scepticism, however, exists regarding the effectiveness of the consultations. Unable to reach common conclusions, Russia and the EU issue separate press releases after each round of consultations.⁴³ Prominent civil society leaders have spoken out critically on the lack of progress in the consultations and on the perceived unwillingness of

40) Marcia A. Weigle, 'On the Road to the Civic Forum: State and Civil Society from Yeltsin to Putin', in *Demokratizatsiya*, vol. 10, no. 2, spring 2002.

41) For an overview of instruments in EU human rights' promotion, see Sinikukka Saari, Human Rights Cooperation between Russia and the European Intergovernmental Organizations: A One-Way Transference of Norms or a Mutual Process of Adaptation?, paper presented at the 47th Annual ISA Convention in San Diego CA, 25 March 2006.

42) See Saari, Human Rights Cooperation between Russia and the European Intergovernmental Organizations.

43) Klitsounova, Promoting Human Rights in Russia by Supporting NGOs, p. 14.

the European Union to apply pressure on the Russian government concerning the issues that are discussed during the consultations.⁴⁴

Assistance to NGOs in the field of human rights protection is mostly provided through the European Instrument for Democracy and Human Rights (EIDHR). EIDHR-funded projects that started in 2007 had a combined budget of between four and five million euros.⁴⁵ Up to half of these projects are related to human rights, with a large proportion focusing on awareness-raising. EIDHR's human rights projects touch upon sensitive issues, such as police brutality, conditions in prisons, protection of the freedom of association, and human rights promotion among youths in the Northern Caucasus region.

In addition to EIDHR, several individual EU member states support human rights organizations in Russia: among others, Germany contributes to human rights promotion through branches of its party-affiliated political foundations; the British embassy in Moscow runs the Strategic Programme Fund, which supports human rights projects; the Netherlands Ministry of Foreign Affairs occasionally supports human rights projects in Russia as part of its MATRA programme, which more generally is aimed at contributing to the development of civil society; and finally, the Swedish government currently supports human rights promotion in Chechnya and Ingushetia with funds from the Swedish International Development Cooperation Agency (SIDA).

Aside from occasional interference by the authorities, bottom-up assistance to Russian civil society by European and other donors has encountered serious obstacles since the assistance to civil society kicked off in the early 1990s. Cooperation with Russian civil society has engendered a number of unintended effects, some of which are intrinsic to the donor-recipient relationship and are therefore largely inevitable, while other shortcomings have been rather context-specific.

An often-heard criticism is that Western engagement with Russian civil society has stimulated the creation of a 'civic elite', which operates overly professional organizations that are far removed from the interests of ordinary citizens.⁴⁶ Given the lack of constituency of these organizations, they can hardly be said to respond to the ideal of a grassroots civil society as it is

44) Ahto Lobjakas, 'Activists Say EU-Russia Rights Dialogue At "Dead End"', 3 October 2007, available online at <http://www.rferl.org/featuresarticle/2007/10/D264D180-8A70-4CC6-92E1-A0B0894184D1.html>.

45) European Instrument for Democracy and Human Rights, New Projects 2007, available online at http://www.delrus.ec.europa.eu/en/images/mText_pict/2/eidhr%20eng.pdf.

46) Lisa McIntosh Sundstrom, *Foreign Donors and Russian Activists: Who's to Blame for Russia's Weak NGO Sector?*, paper prepared for delivery at the 2005 Annual Meeting of the American Political Science Association, 1-4 September 2005.

envisioned by donors.⁴⁷ The original grand objective of many assistance programmes – fostering the development of a truly civil society – is therefore not achieved by virtue of the nature of this type of assistance. These problems may be more applicable to human rights organizations than to other NGOs. Surveys indicate that only a small minority of the Russian population is familiar with the work of the best-established human rights organizations, and an even smaller percentage would turn to human rights organizations for help in the event of their rights being violated.⁴⁸

A second problem with civil society assistance by foreign donors in Russia is that most recipients are dependent on foreign funds, and as a consequence their work may fall victim to a lack of sustainability. As we have seen, the Russian government has started to make substantial funds available for organizations in the loyal, top-down-created civil society. Independent NGOs whose stance *vis-à-vis* the government is more critical than ten years ago have to vie for funds in the ‘grant game’, in which the more professional NGOs have by now gained notable skills that give them an advantage over less well-established NGOs.⁴⁹ Few independent NGOs, then, have been able to sustain their activities over a longer period of time, and those that have are still vulnerable to an interruption of their activities because of dwindling resources.

A third and crucial problem in assistance to independent NGOs, and to human rights organizations particularly, is the frequent lack of willingness on the part of the authorities to engage in cooperation with NGOs or to consider their recommendations. In recent years the Russian government has wilfully promoted a negative image of foreign-funded independent NGOs, which are now widely seen as operating against the interests of the Russian state. As a consequence, authorities at all levels are now often interested in shielding themselves from contact or cooperation with independent NGOs.

Human Rights Promotion in Russia

Assistance to nongovernmental organizations is a form of human rights promotion from below. Additionally, European governments and intergovernmental organizations – to varying degrees and using different instruments – can scrutinize, pressurize, confront, engage, monitor, punish and reward the Russian government for its human rights record.

47) Sarah L. Henderson, ‘Selling Civil Society: Western Aid and the Nongovernmental Organization Sector in Russia’, in *Comparative Political Studies*, vol. 35, no. 2, March 2002, pp. 139–167.

48) Klitsounova, *Promoting Human Rights in Russia by Supporting NGOs*, p. 4.

49) Henderson, ‘Selling Civil Society’, p. 141.

The most potent source of impact on foreign states by the European Union is political conditionality, understood here as ‘a strategy of reinforcement by reward’, which is used by ‘international actors to bring about and stabilize political change at the state level’.⁵⁰ In fact, the conditionality that has been attached to the prospect of EU membership may be the most successful instance of democracy promotion that has ever been carried out.⁵¹ The phenomenon of political conditionality works through external incentives that are promised to foreign governments, and presupposes an asymmetric relationship between the party that grants the reward and the party that is rewarded. These factors render conditionality as hardly applicable to human rights promotion in Russia. First, apart from the limited scope of Europe’s policy *vis-à-vis* Russia because of European governments’ lack of consensus on how to deal with Russia, there are few concrete rewards that Europe has to offer, since Russia is not interested in far-reaching political integration into Europe. Second, Russia does not accept any premise of asymmetry in its relations with European governments or with the European Union, which is one of the main reasons why it did not want to become part of the European Neighbourhood Policy.⁵² EU–Russian relations, according to the Kremlin, should be those of principally equal partners that do not seek to impose norms on each other.⁵³ With Russia’s growing power and assertiveness, this stance is increasingly also shared by a number of EU member states. Russian Foreign Minister Andrei Kozyrev in the early 1990s once famously asked former US President Nixon: ‘If you [...] can advise us on how to define our national interests, I will be very grateful to you’.⁵⁴ Russia now defines its own interests, and by using its energy weapon it is to some extent even able to exert the instrument of conditionality itself.

The mirror image of ‘reinforcement by reward’ is the application of punitive measures in cases when foreign governments fail to implement certain reforms or policy changes. However, there is probably even less opportunity and willingness for negative conditionality in relation to Russia, as a response to human rights violations or repression of human rights

50) See Frank Schimmelfennig, ‘European Regional Organizations, Political Conditionality and Democratic Transformation in Eastern Europe’, in *East European Politics and Societies*, no. 21, 2007, p. 127; and Frank Schimmelfennig and Ulrich Sedelmeier, ‘Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe’, in *Journal of European Public Policy*, vol. 11, no. 4, 2004, p. 662.

51) Milada Vachudova, *Democratization in Postcommunist Europe: Illiberal Regimes and the Leverage of International Actors*, CDDRL Working Paper no. 69, p. 1.

52) Roberto Aliboni, ‘The Geopolitical Implications of the European Neighbourhood Policy’, in *European Foreign Affairs Review*, no. 10, 2005, p. 3.

53) Sergei Lavrov, ‘Containing Russia: Back to the Future?’, in *Russia in Global Affairs*, October–November 2007, p. 4.

54) Cited in Dmitri Simes, ‘The Results of 1997: No Dramatic Upheavals’, in *International Affairs*, vol. 44, no. 1, 1998, p. 28.

activists, than there is for rewards. Considering the frequent prevalence of other interests – economic interests first and foremost – it seems difficult to imagine the European Union collectively deciding to take punitive measures that would induce the Russian authorities to change their behaviour.

Even when not backed up by the ‘stick’ of punitive measures, European governments and intergovernmental organizations can still choose to criticize the Russian government on human rights. This can be done publicly (‘shaming’) as well as during talks with Russia’s leadership and government officials. These forms of criticism will perhaps not bring about immediate effects, but it should not be ruled out that the leadership is sensitive to repeated appeals to address human rights violations. Just as Russia is unlikely to regress to full-fledged, politically closed authoritarianism of the type that can be found in most Central Asian states, so it is unlikely that the Russian government will revert to massive and systematic human rights violations. International pressure can still to some extent and in certain instances exert influence on decision-makers, who are embarrassed about rights violations and who sense that rights violations impair the government’s legitimacy.

The second main strategy of human rights promotion at the level of governments or intergovernmental organizations is seeking to achieve internalization of the human rights norm through active engagement.⁵⁵ In this scenario, the norm is transferred to the recipient party in a strictly non-coercive, gradual manner, helped by extensive linkage between the recipient party and the supply party of the norm. The foreign government gets ‘socialized’ into adopting and internalizing a certain norm. Social learning, or socialization – defined as ‘a process of inducting actors into the norms and rules of a given community’ – can have two distinct effects: the first is that recipient actors start to act in accordance with the norm but do not yet consider this necessarily the only appropriate thing to do; the second effect is that recipients are led by a ‘logic of appropriateness’, that acting in accordance with the norm has become the only right thing to do.⁵⁶

In relation to Russia, the socialization approach of human rights promotion is problematic for two interrelated reasons. First, the transfer of liberal–democratic norms through socialization is difficult to imagine, when it is not accompanied by a genuine simultaneous intention to become a democratic country. There exists a strong correlation between democratic performance on the one hand, and observance of human rights on the other.⁵⁷ As Russia is currently either regressing towards authoritarianism or has

55) Amichai Magen, *The Shadow of Enlargement: Can the European Neighborhood Policy Achieve Compliance?*, CDDRL Working Paper no. 68, 2006, p. 389.

56) Jeffrey T. Checkel, ‘International Institutions and Socialization in Europe: Introduction and Framework’, in *International Organization*, vol. 59, Fall 2005, p. 804.

57) Todd Landman, ‘Comparative Politics and Human Rights’, in *Human Rights Quarterly*, vol. 24, 2002, p. 902.

already consolidated an authoritarian political system, it seems unlikely that authorities will become more receptive to the human rights norm. Second, socialization without external incentives is often – and certainly in this case – not sufficient to enforce reforms or behavioural change. In scholarship about the European Neighbourhood Policy (ENP), a general contention is that the ENP will not be as effective as relations with Central and East European (CEE) states were before they became members of the EU, because the main external incentive that induced CEE states into internalizing norms – the prospect of EU membership – is missing from the ENP palette.⁵⁸ *Ceteris paribus*, the absence of external incentives in relations with Russia should be expected to decrease the chances that mere socialization will suffice for Russian authorities to internalize the human rights norm.

In sum, top-down approaches to human rights promotion in Russia suffer from severe limitations. Although top-down approaches need not be fully discarded, assistance to non-governmental actors, in the current conditions, may be the most viable strategy through which outside actors can meaningfully and effectively contribute to human rights promotion in Russia. The final section of this chapter offers suggestions as to how this should be done and spells out a few core assumptions that should inform the assistance.

Conclusions and Suggestions

Although the Russian government has signed human rights treaties, pays lip service to human rights protection, and derives legitimacy from its self-proclaimed adherence to human rights, it cannot be said to have fully internalized the human rights norm, either in terms of behaviour or in a normative–moral sense. Further key constraints on human rights promotion in Russia that have been identified in this paper are the crackdown on independent NGOs generally and NGOs in the field of human rights in particular, and the shortage of determination and leverage on the part of the European Union and individual EU member states in pursuing human rights promotion in Russia. The failure of the Russian authorities to comply fully with the human rights norm runs parallel with the consolidation of authoritarian practices during Putin’s presidency. As is well understood, democratic government is the best guardian of human rights and democracy promotion, and when successful is the most effective strategy of human rights promotion. In 2008, there is hardly any illusion that Russia will soon (re-)enter a process of comprehensive democratization. At the same time, international actors continue to take an interest in the human rights situation

58) See Judith Kelley, ‘New Wine in Old Wineskins: Promoting Political Reforms through the New European Neighbourhood Policy’, in *Journal of Common Market Studies*, vol. 44, no. 1, 2006, pp. 29–55.

in Russia. Human rights promotion by Western governments and organizations has long been framed as part of the larger objective of democracy promotion and civil society development. To the extent that this is not already done, the goal of human rights promotion should be uncoupled from the unrealistic goal of simultaneously contributing to democratization. Human rights can and should be promoted for their own sake.

Assistance to non-governmental organizations that are engaged in human rights protection and advocacy should be a central element in efforts to promote the cause of human rights in Russia. Because of the political situation and the negative atmosphere that surrounds independent NGOs, assistance to NGOs for human rights purposes is a likely source of friction in relations with the Russian government. Providers of assistance to human rights NGOs would be well-advised for this reason to stick to a set of ground rules in dealing with the authorities. First, they should reassure the authorities that the assistance is not in any way targeted at weakening or undermining the regime or the Russian state. Rather, the goals of the supported NGOs are commensurate with those of the Russian government, and their efforts complement the efforts in which the government is itself investing, or purports to be investing, to counteract human rights violations. Second, the providers of assistance, if called for, should refer to commitments by the Russian government in the area of human rights – whether statements or international treaties to which the Russian Federation is a signatory – to bring home the message that Russia is bound by those commitments and that the goals of NGOs that are supported by European donors are not in conflict with these commitments. Third, European providers of assistance should underline that the assistance is not conditional upon the extent or the quality of relations with the Russian government, thus avoiding situations in which assistance becomes a subject in larger political arguments between the provider of assistance and the Russian government. Finally, when individual EU member states are criticized by the Russian government over their policy of human rights promotion, they should receive backing from other EU member states. When European providers of assistance adhere to these ground rules, focus on well-defined areas of assistance, and set themselves modest goals, they can make a difference in promoting human rights in Russia, notwithstanding the adverse conditions for human rights promotion in Russia that complicate the effort today.

Conclusions: Defining Priorities, Setting Policies

André Gerrits, with Max Bader, Marcel de Haas and Jacques de Jong

The pattern of interaction between Russia and Europe has changed dramatically over the last few years: from a strongly active European Union and a largely reactive Russia during the 1990s, to a Russian Federation that sets the agenda while the European Union mostly reacts, from the beginning of this decade. For the enlarged European Union, relations with an increasingly assertive Russia have gained a strong component of crisis management. The very different natures of the European Union and the Russian Federation as international actors, as well as the asymmetrical character of their ‘mutual dependence’, make a ‘power audit’ of predominantly theoretical relevance. The European Union may be a bigger power than Russia in ‘conventional terms’, but the many internal and external restrictions on its foreign policies (which includes its relationship with NATO) will probably prevent it from ever exercising these powers to the full, whether conventionally or otherwise.¹

Before conclusions are drawn on how the European Union may most effectively pursue its policy towards Russia, a few caveats seem in order. First, policy suggestions need to stand the test of time, but in the case of EU–Russia relations, which are so much determined by both actors’ *internal* developments as well as by global changes which can not be easily influenced

1) Mark Leonard and Nicu Popescu, *A Power Audit of EU–Russia Relations*, Policy Paper (London: European Council on Foreign Relations, 2008).

(energy prices), they will certainly remain in a state of flux for some time to come. One of the most important issues in this respect is the question of how Russia will further develop economically, and how this will affect Russia's domestic order and foreign policies. The state of Russia's economy defies easy generalizations. In absolute terms, Russia has experienced a grand economic revival (although it reached its 1991 level, which was still below its 1989 peak, only by 2007), but in relative figures it is still a middle power at best. Russia's gross domestic product has increased nine-fold in nine years (to reach US\$ 1 trillion in 2007), which accounts, however, for only 2.8 per cent of global GDP. This remains well below the GDP of China (US\$ 2.6 trillion), not to mention the EU (US\$ 12 trillion) or the United States (US\$ 13.2 trillion). A huge oil price hike was a crucial, although ambiguous, factor behind Russia's economic growth. During Putin's presidency, the price of oil rose from less than US\$ 30 per barrel to over US\$ 100. Energy price hikes may have enticed the political elite to engage in massive rent-seeking behaviour and to abstain from much-needed reforms in the social sector (infrastructure, education, pensions and healthcare), but it would be wrong to explain Russia's economic growth and modernization by referring to the boom in oil prices alone. Still, given the extent to which oil and gas account for Russia's export and especially its state treasury revenues, serious oil price decreases will have important though uncertain consequences for the Russian regime's domestic and foreign policies, including its relations with the European Union.² A further reduction in energy prices will undoubtedly diminishes Russia's current sense of self-confidence and assertiveness, but it will not dramatically change the nature of EU–Russia relations.

A second remark concerns the question about how the European Union's external relations *vis-à-vis* Russia relate to its external relations and foreign policy in general. The relationship between Europe and Russia has never been just another example of international relations. It represents a complicated hybrid of interests and perceptions, of identities and images, of foreign and domestic policies, of multilateralism and bilateralism. Historically, the complexity of these mutual relations may have proved particularly problematic to Russia, but today they seem to face the European Union with great challenges. Whether it concerns the lands 'in between' – that is, Russia's policies towards the countries of the Commonwealth of Independent States and the Union's 'European Neighbourhood Policy' – or energy relations, in many cases relations with Russia directly impact the European Union itself.

It may be of paramount importance for Europe to 'stand up' to Russia, as *The Economist* put it after Russia's intervention in Georgia in August 2008,³

2) The Russian government bases its budget for 2009–2011 on US\$ 78 per barrel of oil. It expects, however, to earn US\$ 95 per barrel. A budget deficit may occur if the price goes below US\$ 70; see 'Barrel' klonitsya k defitsity', in *Kommersant*, 17 September 2008.

3) As the cover story of *The Economist* put it, 6–12 September 2008.

but Europe is not particularly good at strong-handed policies. Second, if Russia and the European Union are engaged in, as Richard Sakwa puts it, ‘a traditional realist game of exclusive advantage and spheres of influence’,⁴ the question needs to be asked of whether this game can realistically be played with the soft-power or normative instruments that the European Union has at its disposal?

Especially in two spheres that may be seen as EU priorities *vis-à-vis* Russia – energy and security – Russia’s relations with the European Union have become increasingly less important than bilateral relations with individual EU member states. The European Union needs to find ways to cope with the bilateralism in Russia’s foreign policies towards individual EU member states. The European Union prefers to deal with other countries on an individual basis, so why should Russia act differently? The ideal option would be a European Union that speaks with ‘one voice’, as it actually did, under French leadership, in response to Russia’s use of excessive force in the August 2008 war with Georgia. Generally, however, the European Union’s policies towards Russia more closely resemble a superior form of *Schadenbegrenzung* (damage limitation). The European Union should continue to focus its efforts on a *common* policy, especially in the sphere of foreign policy and security. Its immediate concern, however, is to prevent the bilateralism of individual member states from spilling over into other fields of integration, to manage the potentially negative effects of relations with the Russian Federation on the cohesiveness of the European Union itself.

Naturally, the Russian Federation is a more coherent and purposive international actor than the European Union. The EU’s policy towards Russia is inevitable hindered by divisions within the European Union itself, and these divisions have only increased since its latest round of enlargement, which included a number of former Soviet allies and republics. These new members’ concerns and anxieties over the Russian Federation’s new assertiveness were not eased by Russia’s military and political initiatives during the August 2008 Russo-Georgian conflict – to put it moderately. The war in Georgia was another indication of the fact that ‘traditional’ foreign policy issues are becoming increasingly important in EU–Russia relations. The European Union is more and more challenged in the policy field where its members have often shown the least unity and cohesiveness.

In the sphere of external security relations, Russia has sent out mixed signals. Its major security documents demonstrate an increasing interest in cooperation with the European Union, which is countered, however, by initiatives as the suspension of a key arms control treaty as part of its demand for a new European security architecture. In the end, to realize come to a viable external security relationship with Russia, EU member states have to

4) Richard Sakwa, “‘New Cold War’ or Twenty Years’ Crisis? Russia and International Politics”, in *International Affairs*, vol. 84, no. 2, 2008, p. 258.

reach consensus on issues under discussion with Moscow. For the time being, however, external security cooperation should concentrate on less politically sensitive projects, such as non-proliferation of WMD, the destruction of obsolete weapon systems and civil defence. Practical, low-key projects may restore confidence and strengthen the relations between Russia and Europe, which may eventually offer the way ahead for cooperation in more complicated and controversial issues of external security.

Energy is another key element in EU-Russia relations. A more practical and pragmatic approach may also serve for the European Union's energy relations with Russia. The Russian Federation has the world's largest known natural gas reserves. Russia, which has always been a stable and reliable energy partner, will continue to be important for meeting the European Union's future gas needs. Building on the principles agreed in the 2006 G8 St Petersburg 'Statement on Energy', new avenues for discussing energy market designs, regulation and access should be explored in order to strengthen energy relations in a mutually beneficial way. Additionally, more clarity on energy supply and demand issues in a broader sense, including macro-economic backgrounds, policies and strategies on both sides, are highly desirable in order to sustain and continue stable and secure relations. Periodical information exchanges on oil and gas production, and on transport and planning, seem particularly relevant – they would require new mechanisms for joint monitoring and discussion.

Russia has been widely accused of using energy as a tool to pursue geopolitical objectives. Although incidents mentioned in this respect often seem to have been triggered by economic considerations, the explicitly political objectives of these actions are also stressed.⁵ Still, an early-warning mechanism on short-term and unforeseen disruptions in energy supply would certainly add to building further mutual confidence. In addition, EU–Russia energy relations offer fresh perspectives for enhancing related projects, including at regional levels, in energy efficiency and limiting gas-flaring activities.

EU–Russia energy relations should take into account the wide diversity that exists within the European Union on the role of Russian gas for national energy balances. Inter-EU mechanisms for information-sharing on projects for energy supply from Russia, including on the various necessary infrastructures, and on expanding internal solidarity devices in case of regional supply emergencies, would strengthen the effectiveness of the European Union's position in forthcoming negotiations on new partnership arrangements with Russia.

5) Robert Larsson, *Nord Stream, Sweden and Baltic Sea Security* (Stockholm: FOI Swedish Defence Research Agency, March 2007), pp. 80–82, available online at <http://www.foi.se/upload/english/reports/foir2251.pdf>.

Our focus on a more practical, less comprehensive or ambitious strategy towards Russia may apply to the sphere of democratization and human rights too. The European Union and individual member states should continue to voice their concern about human rights violations and press for action on the part of the Russian government to move against these violations. Considering the limited prospects for democratization in Russia at the moment, however, we believe that it is no longer an option to frame human rights within the broader goal of democratization, despite our conviction that human rights would ultimately be best served by comprehensive democratization. Human rights can, and should, be promoted for their own sake, both by supporting civil society in the sphere of human rights, and by engaging authorities. In communication with the Russian government about human rights affairs, European actors should first emphasize that human rights promotion in no way conflicts with Russia's interests, and refer to formal commitments that the Russian leadership has made as a signatory to international treaties; second, they should stress the legality of the work of NGOs that are involved in human rights protection and promotion and that are supported by European funding; and third, they should make it clear that human rights promotion is pursued irrespective of other, including political, elements of EU–Russian relations.

We have argued that the very notions by which Russia and the European Union tend to perceive the inter-linkage between their internal and foreign policies, sovereignty and integration give their mutual relationship a competitive edge, if not a zero-sum game dimension. The European Union and the Russian Federation were, are, and will remain very different animals, both domestically and geopolitically. EU policies on Russia started from this very difference, and basically aim at bridging the gap between Russia and the European Union. This policy has reached the limits of its efficacy. It may therefore be advisable to downscale the ambitions and discourse of EU–Russian relations: from comprehensive and value-ridden objectives as partnerships and common spaces, to more traditional and sober forms of dialogue and cooperation. Neither the transformational logic of the European Union's foreign policy nor its post-modern soft-power self-identity are very effective in relations with the Russian Federation.

'Interaction without integration', which is generally seen as the less than ideal state of relations between the European Union and the Russian Federation, may actually be the best option for beneficial long-term relations. There is no reason to believe that a mutually beneficial relationship between Russia and the European Union can only be achieved within the logics of integration, or, for that matter, full sovereignty.⁶ Russia's unique position among the European Union's foreign partners reflects its importance, but

6) Sergei Prozorov, *Understanding Conflict Between Russia and the EU: The Limits of Integration* (Houndmills and New York: Palgrave Macmillan, 2006), p. 174.

actually burdens its relationship with the European Union. Relations between the European Union and Russia are, in a sense, over-politicized – that is, over-institutionalized in the political sphere. Mutual relations are better served by further expansion of the already dense network of practical contacts and cooperation between Russia and (the countries of) the European Union, than by concentrating on their political, if not ideological dimension.

Additionally, the European Union may lower rather than raise its stakes in negotiations over the treaty that is meant to replace the Partnership and Cooperation Agreement with the Russian Federation. At best, the over-ambitious agendas that have so far guided the two parties will protract the negotiations and add to the already existing feelings of mistrust; at worst, they may be used as arguments to frustrate a new agreement altogether. Additionally, a smaller, less-ambitious and less-detailed agreement will probably enhance the chances of ratification by all 27 member states of the European Union.

The argument for a certain ‘depoliticization’ of relations between the European Union and Russia is motivated by a realistic interpretation of Russia’s current domestic situation and international position, by the changed nature of the European Union (which now includes a range of former Soviet republics and allies), in addition to the limited and perhaps even paradoxical success of the European Union’s integrationist approach. After the collapse of the Soviet Union, Russia opened to the West – faster and more comprehensively than it had ever done before. Russia was inspired, stimulated and pressured by the West. The European Union and the United States had a major, but not decisive, impact on Russia’s transformation. After all, Russia changed in directions that Europe or the United States had neither foreseen nor wanted. Ultimately, however, Russia largely reformed on its own terms, not on the conditions that were devised by the West. Russia followed a well-known historical pattern: borrowing some exogenous political, economic and administrative features, while rejecting others.

Should the downscaling of normativeness in EU policies *vis-à-vis* Russia be understood as an act of withdrawal on the part of the European Union? The EU tends to define its foreign policy as principally normative (that is, it pulls, rather than pushes, other countries). This policy approach has proven to be effective when coupled with the prospect of EU membership, but only moderately productive in the absence of such a ‘carrot’.⁷ To economize on the

7) Interestingly, the promotion by the European Union of its political, juridical and economic model with neighbouring states is considered by Russian observers as one of the European Union’s few foreign policy success stories. The ‘soft influence’ of the European Union is ‘tremendous’, a recent report states, although whether this applies to Russia too, remains unmentioned. See Sergei Karaganov (ed.), *The World Around Russia: 2017* (Moscow: The Council on Foreign and Defense Policy, with Moscow State University (Higher School of Economics) and the RIO-Center, 2007), p. 105.

normative aspect of foreign policy may indeed be interpreted as a concessionary act by the Russian political elite, which is not particularly eager to accept interference in its semi-authoritarian polity and murky businesses. However, even if the European Union puts less stress on norms and values, it would do so primarily for reasons of policy effectiveness. Although the European Union has always excluded Russia from some of the most symbolically relevant aspects of cooperation and integration (such as, for example, a visa-free regime), it proved rather persistent in its normative and integrationist approach, at least on the level of rhetoric. If the European Union changed its approach now, it would do so under the pressure of internal divisiveness and the relative failure of its earlier policies. The European Union basically adjusts to a new reality. A revision of the EU's strategy towards Russia would be in line with recent developments in Russia, with the changed nature of the enlarged European Union and consequently, to use an old Marxist-Leninist phrase, with the current 'correlation of forces' between the two parties. Moreover, such a policy reorientation would confirm the pragmatism that the European Union's policies have repeatedly shown, irrespective of its declamatory diplomacy. Finally, and most importantly, a more pragmatic approach does not need to conflict with a tough, firm position on specific issues, if the EU's interests (normative or otherwise) so desire and if divisiveness so allows. Generally, however, strongly normative policies should not be mistaken for strong policies. In the end, other, less rhetorical strategies may be more effective, also within the realm of democracy and human rights.

A European Commission press release on the draft negotiations for a new treaty with Russia (3 July 2006) states that the agreement 'will provide an updated and more ambitious framework for the EU–Russia relationship [...] based on recognition of common values such as democracy, human rights and the rule of law'.⁸ These are sound principles – sustaining friendly and fruitful relations between the European Union and Russia, as well as a stable and prosperous future for Russia. Still, our ultimate argument would be that mutually beneficial relations should work towards such common values rather than being necessarily based on them. As to the successor agreement to the Partnership and Cooperation Agreement (PCA), this implies that it should remain 'limited in length and detail': 'update not upgrade [...] the PCA'⁹, whereby references to shared norms and values are best formulated in terms of commitments taken by Russia and the European Union in other

8) 'European Commission Approves Terms for Negotiating New EU–Russia Agreement', 3 July 2006, available online at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/910>.

9) Fabrizio Tassinari and Marius Vahl, 'Small is Feasible: Pondering the Future of EU–Russian Relations', in *International Spectator*, vol. 42, no. 1, March 2007, pp. 24–26, at p. 24.

multilateral contexts.¹⁰ Such an approach would be in line with the human rights and democracy strategies outlined above.

‘Linkage’ may be considered to be a realistic option *vis-à-vis* Russia today. Linkage is understood as ‘a multidimensional concept that encompasses the myriad networks of interdependence that connect individual polities, economies, and societies to Western democratic communities’.¹¹ Linkage is not a policy; it is a ‘state of relations’ that is served by a policy – a policy of liberal engagement. This strategy of engagement aims at involving Russia in contacts and networks at various levels, not necessarily through the Kremlin or on the Kremlin’s terms, wherever and whenever the interests of the EU member states allow. Linkage works towards multi-level contacts and cooperation. Linkage neither presumes nor aims at partnership. Political and economic linkage – at the level of civil societies, businesses, governments and international organizations – may have a transformative or democratizing effect, but is gradual and uneven at most. The German Foreign Ministry’s concept of *Annäherung durch Verflechtung* (growing closer by interweaving) comes closest to a practical linkage approach.

Linkage may solve few of Europe’s immediate challenges with respect to Russia, but it does not in any way create major additional challenges. Some may consider it a policy of acquiescence, if not of appeasement in disguise, because it lacks the demonstratively normative dimension of the traditional EU approach. Whether linkage may generate much positive effect in terms of democratic governance remains to be seen, but there is little reason to believe that fierce declaratory policies will be more productive. One of the more agreeable features of a linkage strategy is the absence of overblown expectations. Linkage is not a panacea. It does not create a liberal Russia. It does not prevent a new Cold War if one ever breaks out. Linkage does, however, connect more effectively with the current Russian condition, with the priorities of the Russians as well as with their leaders’ guiding policy principles. And, most importantly, linkage responds to the real (and limited) possibilities of the European Union.

10) Tassinari and Vahl, ‘Small is Feasible’, pp. 24–26.

11) The concept of ‘linkage’ comes from Lucan A. Way and Steven Levitsky, ‘Linkage, Leverage, and the Post-Communist Divide’, in *East European Politics and Societies*, vol. 21, no. 1, 2007, pp. 48–66, at p. 53.

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