

EU-Russia relations- Where are we now?

The war between Georgia and Russia, which broke out in August 2008, led to a periodic suspension in negotiations of a new partnership agreement between the Russian Federation and the European Union. This demonstrated once more the fragility of contemporary EU-Russia relations; however, second round negotiations were opened since the European Union believed that Russia had fulfilled most of the obligations imposed by the ceasefire agreement. The new agreement which would replace the old Partnership and Cooperation Agreement (PCA) is supposed to bring new life to the “strategic partnership” between Russia and the European Union while addressing key areas of EU-Russia cooperation. To understand the background of current negotiations for a new partnership agreement, it is important to trace back the evolution of EU-Russian relations since the break-up of the Soviet Union. This article will firstly present a historic outline of cooperation between the European Union and Russia since the beginning of the 1990s and will then point to the conflicts of interest which have hampered the smooth formation of a mutual partnership. Finally, an outlook on the future partnership will be given, pinpointing crucial issues that will shape future relations.

EU-Russia relations since the 1990s

The break-up of the Soviet Union, which so fundamentally changed the geostrategic situation in Europe, marked the beginning of contemporary EU-Russian relations. The **TACIS** (Technical Assistance to the Commonwealth of Independent States) initiative was launched in 1991 as a direct response to the dissolution of the Soviet regime, with the aim of assisting the newly emerging states in their transition. TACIS was both a means for the European Union to “re-orientate” states that were formerly completely focused on Russia and to “support the process of transition to market economies and democratic societies in the countries of Eastern Europe, South Caucasus and Central Asia”¹. Between 1991 and 2006, Russia was TACIS’ biggest beneficiary and received €2.7 billion through the programme, which was invested in 1500 projects in 58 different regions². However, in its origin, financial assistance lacked clearly defined objectives since a legal framework for EU-Russia relations did not yet exist.

A legal and institutional framework

The adoption of the **Partnership and Cooperation Agreement (PCA)** in 1997 became the new legal framework for EU-Russia relations and introduced the term of a “strategic partnership” based on “common values” and “shared interests” which should contribute to the construction “of a united Europe free of new dividing lines”³. The agreement was proposed for an initial duration of 10 years and remains the basis for the current EU-Russia partnership. It reaffirmed the leading objectives of the EU to promote peace and democracy and to assist Russia in its transition to a free market economy with the ultimate goal of establishing a free-trade zone (under the condition that Russia becomes member of the World Trade Organization (WTO)). The PCA addressed a broad range of policy areas in order to strengthen political, commercial, economic and cultural ties between the two partners. It equally introduced institutional arrangements to establish regular political dialogue between Russia and the European Union at all political levels in the form of two yearly summits with heads of state, consultations within the Permanent Partnership Council (PPC) at ministerial level and regular meetings on senior official and expert level. Furthermore, the EU-Russia Parliamentary Cooperation Committee allows for the regular exchange of views between the European and the Russian parliament.

At the Cologne Summit of the European Council (1999), the European Union adopted a **Common Strategy on Russia (CSR)** which aimed at complementing the already existing framework of the EU-Russia partnership under the PCA and the Northern Dimension (The CSR ended in 2004). The Common Strategy stressed the necessity of enhanced cooperation and a mutual beneficial partnership based on reciprocal responsiveness and respect for human rights. The Common Strategy meant for the continuation of the EU’s approach to establish closer relations with a “stable, open and pluralistic democracy in Russia, governed by the rule of law and underpinning a prosperous market economy”⁴. As a response to the CSR, Russia adopted a medium-term strategy on EU relations in the same year.

At the EU-Russia summit in St. Petersburg (2003), a policy on the creation of **four common spaces** was adopted, an idea that was initially conceived by Germany and France. These



common spaces focus on the four following core areas: “Economy,” “freedom, security and justice,” “external security” and “research, education and culture”. Both partners have furthermore stressed their commitment to enhanced cooperation in areas that have become domains of strategic importance; these include climate change, drug and human trafficking, organized crime, counter-terrorism and non-proliferation. In 2005, additional framework to assure complete implementation of the four common spaces were adopted, including two special working groups focusing on two priority areas, namely the elaboration of a common European economic space and the establishment of an enhanced energy dialogue.

Enhanced regional cooperation

Finland’s accession into the European Union during 1995 had an important impact on EU-Russia relations, creating a shared border between Russia and the European Union. In 1997, Finland launched the project of the **Northern Dimension (ND)** in order to acknowledge the new geographical proximity to “prevent new dividing lines” and to enhance regional cooperation. Members of the ND include the EU and Russia in addition to Iceland and Norway, covering a broad geographic area and addressing various policy areas such as economic cooperation, environment, natural resources and education.

The goal of enhanced regional cooperation was also pursued in the approach to create a “**Black Sea Synergy,**” a project which was launched in 2007 to promote integration and close cooperation between the countries surrounding the Black Sea. Initiatives within this programme focus on policy areas such as transport, energy, environment, migration and the fight against organized crime.

Other important fora for cooperation between the European Union and Russia include shared membership in international organizations such as the Council of Europe, the United Nations and the Organization for Security and Cooperation in Europe (OSCE).

A turbulent relationship

Despite steadily increased cooperation, EU-Russia relations have been rather turbulent, marked by deep conflicts which have weighed heavily on the mutual partnership. The first Russian war in Chechnya of 1994 led to a periodic interruption of PCA negotiations and demonstrated how little influence the European Union's emphasis on human rights could be exercised upon Russia. The conclusion of the PCA in 1997 (after the outbreak of the second Chechen war in 1996) showed a rather pragmatic approach on the behalf of the European Union, which found itself in a dilemma between assisting the country in its development while at the same time condemning its actions and the increased appearance of human rights violations during the wars. The adoption of the Common Strategy was also an attempt to address shortcomings of the PCA and to better integrate Russia in European security structures, accelerate economic development and its transformation to a democracy in order to prevent similar crises. However, the Common Strategy was largely criticized for not having brought any significant changes since it did not succeed in providing clear definitions of the EU's priorities. The Russian medium-term strategy, which was adopted as a response to the EU's CSR, also underlined the paradox so that even though the partners agreed on the wish to increase cooperation, expectations of the partnership seemed to be fundamentally different. Russia's strategy did not include any comments on the willingness to speed up its transition to democracy or to a market-based economy, two principles the strategy of the EU was primarily based upon. Moreover, the EU participation in the NATO military operations in Yugoslavia during the 1990s were perceived by Russia as a threat to their own territorial integrity since it signalled a certain readiness of the EU member states to interfere with the internal affairs of states. The CSR and Russia's medium-term strategy remained silent on these most controversial issues, addressing in particular future relations between NATO and Russia in addition to further EU enlargements.

1) High hopes and the problem of enlargements

The election of Vladimir Putin as President of the Russian Federation in 2000 created high expectations amongst many European politicians that relations between Russia and the



European Union would drastically improve. This belief in a positive outlook was demonstrated by an almost complete withdrawal of EU sanctions imposed upon Russia after the Chechen wars and financial assistance through TACIS was immediately continued.

The biggest enlargement in the EU's history of 2004, which welcomed eight new countries of the former Soviet Union into the European Union, was followed with ambiguous behaviour by Russia. The special case of Kaliningrad in particular, which became a Russian enclave bordering the EU members of Lithuania and Poland, created tensions since Russia feared a reduction of access to Kaliningrad as a result of imposed visa requirements. Furthermore, new waves of NATO enlargement raised great resistance by Russia as it enhanced the fear of losing control over countries that were seen as situated within its own zone of influence. Russia's strong opposition was yet heightened by the apparent parallelism of enlargements since it had initially assumed that EU and NATO enlargements were to be seen as two distinct processes.

The initiation of the European Neighbourhood Policy (ENP) and the EU's support for revolutionary opposition in Georgia (2003) and the Ukraine (2004) further raised Russia's suspicions since it regards these countries as their "near abroad" rather than the neighbourhood of the EU. The year 2007 seemed crucial in this respect, marking maybe one of the lowest points in EU-Russia relations. At the conclusion of the EU-Russia summit in Samara, the partners did not even manage to formulate a common joint statement. Putin's speech at the Munich Conference on Security Policy, in the same year in which he called NATO enlargement a "serious provocation," complained about the "pitiable condition" of the Treaty on Conventional Forces in Europe (CFE) and criticized the OSCE for "interfering in the internal affairs of other countries" indicated the undeniable deterioration of EU-Russia relations⁵.

National interests vs. Coherence

A common criticism of European policy towards Russia points to the lack of coherence caused by the interest-based approach of individual member states. The former External Trade Commissioner Peter Mandelson addressed this persistent lack of unity: "Incoherence of European policy towards Russia over much of the past decade has been frankly alarming. No

other country reveals our differences as does Russia.”⁶ This applies in particular to energy policy, which best symbolizes differing national interests of EU member states and the inability to reach consensus at EU level. There is a clear divide between member states that are either not heavily reliant or dependent on Russian gas and oil imports and those countries either totally or largely dependent upon Russian gas and oil resources. The striking inconsistency of EU energy policy has hindered the EU from becoming a credible actor and has favoured the Russian strategy to take advantage of member states’ diverging interests and prefer to formulate bilateral agreements than negotiate at the EU level. The European Union has also still failed to convince Russia to sign the proposed Energy-Charter, which would regulate access to the European energy market for Russian firms. This is rejected by Russia due to the attached transit protocol that Russia regards as particularly disadvantageous.

Bilateral agreements, such as the German-Russian “North Stream” pipeline project, have led to great tensions amongst member states. The German initiative was hereby seen as a betrayal by the Baltic States and Poland, sometimes described as the “anti-Russian bloc,” who felt isolated by Germany and accused it of acting out of pure self-interest. The close relationship between former German chancellor Schröder, French president Chirac and their Russian counterpart Putin, whom Schröder described as an “impeccable democrat,” characterized the French and German approach of a “Russia first” policy that seemed to give the maintenance of good relations with Russia prioritization over establishing a coherent common “Russia policy” at the EU level. Poland’s veto against the beginning of a new PCA in 2006, due to Russian restrictions on Polish meat exports and the lack of support of Poland by other member states, was another occasion showing internal divides and the EU’s inability to agree on a common standpoint. The EU policy towards Russia has also raised criticism that interest-based policies have in the past sacrificed dialogue on human rights and democracy for economic interests. The arrest of M. Khodorkovsky, the former CEO of the Russian oil company Yukos, and the killing of several Russian journalists caused a stir amongst some European politicians who demanded harsher responses to these violations of freedom of speech and human rights. However, despite the introduction of a regular Human Rights dialogue in 2005, there are great disputes between member states that emphasize the EU’s normative power and push for stricter criterion in regards to human rights violations and those member states which favour close ties focussing on economic interests.

What way ahead?

The negotiations of a new Partnership Agreement take place in the context of ongoing conflicts, notably concerning energy and security questions. The outbreak of the war in Georgia last year was a serious test for EU-Russia relations and placed further negotiations of a new partnership agreement into question. In addition, the former US plans to deploy missile defense systems in Europe had provoked an immediate response of Russia to deploy their own missiles in Kaliningrad also leading to tensions at the European Union level. At the EU-Russia summit in Nice (2008), the Russian President Medvedev presented a proposition for a “zero-solution” which suggests that both the USA and Russia would abandon their plans and which would imply negotiations at a Common Security Conference under the authority of the OSCE. However, this proposition which was made on the occasion of the EU-Russia summit by Medvedev and the former EU Council president Sarkozy, provoked strong opposition from countries such as Poland and the Czech Republic which felt that Sarkozy could not make such a promise on behalf of the EU without consultation and felt that their interests were not taken into account. The missile dispute has however lost in intensity since the new American President Obama has not yet taken a clear stance on the installation of a missile defense system in European countries.

The current gas dispute between Russia and the Ukraine has also given new impetus towards discussions of the need for a Common EU Energy Policy. The EU covers 28% of its oil needs by Russian imports, while Russian energy exports account for 54.5% of its total exports⁷. This strong interdependency makes both partners increasingly vulnerable when it comes to energy issues. The European Union has initiated a policy of diversification in order to reduce dependency from Russian oil and gas imports and has pursued several projects to gain increased energy independence. The EU pipeline project “Nabucco” is regarded as the counterpart of the planned Russian pipeline project “South Stream” and recent discussions about Romania’s possible participation in both Russian and European initiatives have once again spurred a heated debate on the lack of a coherent EU energy policy.

Today Russia is after the USA and China, the most important trade partner of the European Union. The objective of Russian membership in the WTO, which is the precondition for the creation of a Free Trade Zone between the European Union and Russia, remains an important long-term goal that will play an important role in negotiations. Furthermore, issues such as the simplification of the European visa requirements or the handling of disputes linked to the legacies of the past have become apparent in conflicts between countries such as the Baltic



States, Poland and Russia and will decide on the future success of a stable strategic partnership.

Conclusion

It remains to be seen if the new PCA will succeed in addressing the most disputed issues, such as energy and security questions, or will facilitate trust between the two partners. With the creation of the Common Foreign and Security Policy (CFSP), which became institutionalized with the adoption of the Treaty of Amsterdam and has developed significantly over the past years (most notably with the foundation of a European Security and Defense Policy (ESDP) in 1999), the European Union has become a more important actor on the international scene. The creation of a standing Council President post for 2 ½ years and the strengthened role of the High Representative for Foreign Policy could also turn the European Union into a more credible actor for Russia, which would favour the creation of a more coherent EU policy towards Russia.

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