

Russia and the European Union A NEW “BALANCE OF SELF-CONFIDENCE”

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Most observers agree that in the latter half of the past decade, the EU-Russian relationship lacked substance, despite official parlance characterizing it as a “strategic partnership.” True, Russian energy kept flowing to EU member states, providing cash to pay for European exports to Russia, but that was about it. On all other fronts, disagreements prevailed, from interpretation of the legal commitments with which members of the Organization for Security and Cooperation in Europe and the Council of Europe should comply, to the tug of war in their common neighborhood. The last tangible deal between Russia and the EU – visa liberalization and re-admission of illegal immigrants – was endorsed in 2005 and entered into force in 2007. All attempts to revitalize the relationship by launching negotiations on a new framework agreement have failed. Numerous rounds of talks have been held, but with few results. No wonder that Russian Foreign Minister Sergei Lavrov, analyzing his country’s foreign relations at a press conference in January 2010, could not find much to say about the EU. He mentioned the “strategic partnership” in passing, as if it did not deserve a separate sentence. His single substantial EU-related comment dealt with the latter’s insufficient efforts to protect the rights of Russian speakers in Latvia.

Addressing a similar press conference a year later, Lavrov adopted a different tone. Referring to decisions taken during the two Russia-EU summits of 2010, he concluded that it was possible to increase interaction with the EU in a number of spheres. In particular, he mentioned the “Partnership for Modernization,” which aims to promote economic transformation in Russia, the proposal to establish a joint EU-Russia committee on security and foreign policy, and the advancement of discussions on visa liberalization.

It remains to be seen whether or not Lavrov’s official optimism is premature. But certain positive shifts on the ground can certainly be noticed. Russia currently has a more favorable attitude toward membership in the World Trade Organization, which

promises to eventually remove what has been a major obstacle to progress in negotiations on a new framework agreement. There have also been undeniable improvements in several bilateral relationships that previously complicated the overall agenda. The Russian-Polish breakthrough is the most important of these, and the December 2010 visit of Latvian President Valdis Zatlers to Moscow demonstrates the same trend.

Where has such a change in rhetoric and, to a certain extent, diplomacy come from, and how sustainable is it? This memo proposes that the source of the new dynamics between Russia and the EU is a growing realism in Moscow and Brussels, which has established a new “balance of self-confidence” in their relationship. Russia can no longer retain a condescending attitude toward Europe, motivated by the sense that as a rising power, its bargaining position continues to strengthen as it simultaneously plays the role of a balancer between Europe and Asia. The EU, in turn, has begun to internalize the conceptual premise that “it takes two to tango,” in other words, that it does not make sense for the EU to create an impression that it is more interested in a workable partnership than Russia. If this new balance is set correctly, it can be hoped that cooperation will go far beyond the current primitive commodity trade.

Interdependence, not Dependence

The EU, like every large bureaucratic body, is slow. By definition, it is much slower than any individual state to adapt to change, but when the policy pendulum does begin to swing, it is equally difficult to reverse the momentum. Therefore, the EU approach to Russia is likely to be preserved at least in the medium-term. The critically important revision in EU thinking concerns its view of mutual economic relations. The “Review of EU-Russian Relations,” prepared by the European Commission in November 2008 after the Georgian-Russian conflict, sent a clear signal in this regard. The document unequivocally concluded that the EU can be firm in its relations with Russia since Russia needs the EU and EU markets for economic reasons more than the EU needs Russia.

This conclusion both followed and, as it happened, preceded evolution in the EU-Russian energy relationship. Several years ago in Brussels, one constantly heard the mantra that the EU had no alternative to its energy partnership with Russia. Some actors used this formula to mask their interest in extracting economic gain from increased cooperation, while others just wanted to find an argument to defend their compliant attitude to certain requests from Moscow or their inaction when it comes to democracy promotion.

Time, however, has proved this mantra wrong. Russia’s apparent readiness to use energy as a political tool, at least toward its post-Soviet neighbors, raised the prospect that excessive energy dependence on Russia would undermine the economic security of EU members. The time came for energy diversification projects and serious consideration of how to hedge against possible Russia-related risks. At the same time, Europe’s energy markets also profoundly changed. Due to the profitability of new

technologies, liquefied and shale gas were entering the market. This boosted consumer confidence and Russian gas exports to EU markets plunged. In order to guarantee sales, Gazprom had to offer benefits, such as price discounts or supply guarantees (even to small countries like Latvia and Estonia).

Another significant change has been a growing realization, if not yet consensus, that harmonizing EU and Russian policies in their common neighborhood will be extremely difficult, if not impossible. The documents adopted at the May 2009 Prague Summit, which launched the EU Eastern Partnership program, did not mention Russia. On the contrary, the summit declaration stated that the Eastern Partnership will be developed “in parallel” with bilateral cooperation efforts between the EU and unnamed third states. The wording may of course be interpreted in different ways, but the precedent of not including Russia in Europe’s institutional cooperation with post-Soviet states was set, something that several years before would have been inconceivable.

European Union policy on its Eastern periphery is far from being a success story as far as Russia is concerned. For instance, Brussels supports the pro-European aspirations of the Moldovan government and thus finds itself on the other side of the fence from Moscow, which is seen as trying to return the Communists to power. Meanwhile, in November 2010, the EU gave Ukraine (but not Russia) a strictly conditioned plan for advancing toward visa freedom – a clear heresy from the standpoint of the earlier “Russia first” policy. EU engagement with Belarus in 2009-2010 showed little signs of being conducted in consultation with Russia. As a result, the EU – or rather Belarusian President Alexander Lukashenko’s hint at the possibility of rapprochement with the EU – became a factor in Russia’s decision to reach a compromise with Belarus. In all cases, the EU’s behavior contrasted sharply with earlier patterns when it was ready to admit that Russia had a controlling say or even a veto on all regional developments.

The EU seems to be moving much closer to a common policy on Russia. This is a result of internal cohesion building and mutual socialization, which are natural processes six years after the EU’s eastern enlargement. “New” member states are now sending their second generation of EU commissioners and European Parliament members to Brussels. More specifically, two complementary phenomena are visible.

First, “new” member states are less concerned about their security and potential “second-class membership.” This directly results from the above-mentioned changes in Europe’s energy markets and the fact that NATO finally provided the Baltic States with defense contingency plans. They see that they are subjects and not simply objects of EU-Russia policy and that they can successfully make themselves heard in the corridors of Brussels.

Second, Germany has become more reluctant to sacrifice the common interests of the EU in its Eastern neighborhood for the sake of its own mercantile interests. This development can be connected to worsening public attitudes in Germany toward Russia since the Georgian war.¹ According to a BBC poll in 2011, German citizens had

¹ A point the German Marshall Fund’s [Stephan Szabo](#) has elaborated upon.

the least positive attitude toward Russia among 27 countries polled globally, only 20 percent of respondents viewed Russia positively, while 58 percent expressed a negative attitude. Additional factors accounting for this development are the 2009 defeat of the Social Democratic Party (the leaders of which have traditionally been less critical of Moscow), and the lowered expectations within Germany's business sector (reflected in the withdrawal of German energy giant "E.ON's" investment in Gazprom in fall 2010). Against this backdrop, it is not surprising that Berlin approved of the launch of the Eastern Partnership program in its existing form and has maintained a fairly reserved attitude toward Russia's proposal for a new European security treaty (German Chancellor Angela Merkel also stepped up her criticism of Russia's domestic affairs).

Russia: The "Eye Openers"

The evolution of Russia's thinking on the relationship has little to do with Europe as such. Many have observed that the major change agent for Russia was the global economic crisis, which took Russian authorities by surprise in 2008. The following year, Russia had the worst economic performance among both the BRIC countries (Brazil, Russia, India, and China) and the G20. Under the best of circumstances, Russia will not return to the kind of growth it enjoyed during the past decade. Russia may or may not launch its course toward "modernization" that President Dmitry Medvedev announced, but if Russia does want to modernize, it makes sense to consider the EU as a natural partner in this endeavor – akin to when Vladimir Putin declared Russia's "European Choice" at the start of his first term in office ten years ago.

Russia can also no longer ignore external challenges. With its depopulating Far East, Russia appears to lack a strategy for coping with the rise of Asia (China in particular). It may not feel comfortable about its role as an energy appendage of Europe, but to replace that with the status of raw materials supplier to China is even less acceptable. After all, a majority of Russians consider themselves to be part of European civilization, even if many still find it difficult, after years of propaganda, to understand that today's Europe is not so much a concept of geography or history as it is a construct based on democratic norms. So far, Russia has failed to produce a clear response to the rise of China, but it is looking for one, and integration with Europe, even if not through the formal parameters of EU membership, is surely being discussed.

As far as Russia's view of the EU is concerned, the change is less pronounced. It is still possible to encounter in Russia a simplistic picture of the EU as an economic club, facing a currency crisis, and developing only limited police functions. But for the expert community: the implementation of the Treaty of Lisbon, the formation of the European External Action Service, the ability to help member states in need, the continuing enlargement of the eurozone (Estonia joined in January 2011), the stable, soft power of the EU in its eastern neighborhood, the willingness of states like Turkey and Ukraine to join – these, together with many other factors, point to strengths rather than weaknesses of the European project.

Conclusions

No doubt, the emergence of a more realistic Russia-EU relationship is still a feeble trend and can be reversed. With oil prices going beyond \$100 per barrel, Moscow may conclude that it can afford to continue a policy of strategic solitude. European businesses, watching the return of Russia's growing purchasing power, may in turn choose trade and pragmatism over democratic change and normative transparency. Alternatively, Russia's 2011-12 elections, which are unlikely to comply with expected European standards, may provoke a wave of criticism and point to the ongoing presence of a "values gap," to which Moscow may respond with EU-unfriendly rhetoric and another round of self-isolation from Europe. If, however, the EU stays its course and does not revise its current approach, its chances of convincing Russia that a rule-based partnership with Europe best serves its own interests will remain higher than before.