

A CRITICAL ASSESSMENT OF EU-RUSSIA RELATIONS:
CONFLICT, COMPETITION, OR CONSENSUS?

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ABSTRACT

Antoniya Georgieva: A Critical Assessment of EU-Russia Relations:
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The purpose of this thesis is to examine EU-Russian relations from an analytical point of view. Due to the changing climate in the European Union and Russia, caused by such factors as the EU's expansion to twenty-seven member states and Russia's establishment of itself as the main European petrol and gas provider, the relationship between the two is by necessity now vigorous and essential. This ultimately translates into numerous clashes, and competitive situations, but also an effort from the two powers to find new effective ways to make the relationship work. This paper aims to discover which term - conflict, competition, or consensus - best describes the target relationship and sets the tone for the future. Different countries from the EU have established different approaches to deal with the Russian superpower. As a result the EU- Russian relationship appears to be a combination of all of the above.

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LIST OF ABBREVIATIONS

CC— Cooperation Committee

CCc— Cooperation Council

CEU— Council of the European Union

CFSP—Common Foreign and Security Policy

GDP—Gross Domestic Product

IMF—International Monetary Fund

JHA—Justice and Home Affairs

EC—European Community

ECFR— European Council on Foreign Relations

ECm— European Commission

EP— European Parliament

EU—European Union

NATO—North Atlantic Treaty Organisation

PCA—Partnership and Cooperation Agreement

PCC— Parliamentary Cooperation Committee

USSR—Union of Soviet Socialist Republics

CHAPTER 1

Introduction

One of the main agendas of the European Union (EU) is to develop a strong strategic partnership with the Russian Federation. After the 2004 and 2007 Eastern European enlargements, Russia became closer than ever to the EU, sharing 2,257 kilometers of common land border with it (Antonenko and Pinnick 2005: 1). However, Russia is not only the largest neighbor of the Union, it is also the main actor in geo-political and security terms on the global and regional stage. Russia also shares deep historical and cultural ties with many of the European countries, which makes it an important player in the European arena. The Russian Federation is a key supplier of energy products to the majority of the twenty-seven members of the Union. The EU and Russia are each other's dynamic partners for goods and services, as many EU companies are investing in Russia and many Russian investors are encroaching on the EU's markets (European Commission, 2009:3).

However, Russia is not always able to keep up with the EU. Since the fall of communism Russia has been trying to convert to a 'European country', but the extent of Russian success has been debatable, which ultimately reflects on EU-Russia relations. There are too many examples of issues which question the EU-Russian relationship and

the direction it is heading in. There are situations where the two powers appear to be in competition, there are numerous conflicts, between the two and it seems as though consensus is not even on the EU-Russian agenda. Whether this is the case, or whether there is still hope for a solution and long-term partnership, is the subject under discussion in this thesis. Are these two great powers capable of leaving their history behind and looking ahead to where the light of friendship and cooperation is shining? Will they manage to leave behind the dilemma ‘who needs whom more?’ or will they stay stuck inside the dark tunnel of self interest and aspiration for power?

Russia has been widely criticized for its preference into working directly with a single EU member state instead of dealing with the EU as a whole. Russia is good at seducing the political and economic leaders of the great powers in order to pressure weaker and smaller states. However, the EU needs to ask itself if its actions are not contributing in any sense to this behavior. Is there anything wrong with the EU’s performance and how can the EU make the process of integration between the two smoother? According to Konstantin Kosachev, the Chair of the Duma’s International Affairs committee: “...We are sick and tired of dealing with Brussels bureaucrats. In Germany, Italy, France, we can achieve much more. The EU is not an institution that contributes to our relationship, but an institution that slows down progress...” (Leonard and Popescu 2007:20).

After the fall of communism, Russia struggled with many of the EU’s policies; however, today energy-rich Russia sets the pace of EU-Russia relations. While in the 90’s it was common to talk about Russian dependence on western credit, today the talks are

about western dependence on Russian gas (Leonard and Popescu 2007:7). Nevertheless, the EU continues to outrank Russia in almost all indicators of power. The size of the EU's economy is almost fifteen times bigger than that of Russia. Comparing in terms of population and military capabilities it is evident that the EU is again, more powerful again. The EU has over three times the population of Russia, and the EU's military spending is almost seven times greater than that of Russian.

The unpredictability of EU-Russian relations is another interesting aspect. After the fall of communism in Eastern and Central Europe, NATO and the EU took an active approach towards expansion. At the time no-one realized the role that Russia was about to take in the new European order. When either one of the two organizations began the process of enlargement it became clear that a new relationship with Russia was necessary. There was certainly a need to engage Russia with the EU's expansion to the east, but at the same time the new EU relations with Russia brought about challenges with the new member countries. For many of the former communist countries in Central and Eastern Europe a possible EU membership was a symbol of a 'new beginning away from Russia.' In fact, when the EU started to establish comfortable dialogue with Russia that created a certain tension between the EU, Russia and the new member states.

So in the early 90s these was an interesting development in EU- Russian relations, where the EU found itself in the position of assuring Russia that the EU enlargement was not any kind of threat to it. It was definitely an important moment in EU- Russian history, with a positive and a promising future development. Though, nothing in EU-Russian

relations is easy and natural; that is exactly what makes this topic interesting and unpredictable. In mid June, 1994, the first of its kind, the Partnership and Cooperation Agreement (PCA) was signed between the two powers, where the promotion of democratic norms took high priority, together with political and economic freedom and international peace and security. This agreement more specifically aimed to advance investment, support the reform process in Russia, and to create a future free trade arena between the two.

Since that point, many other steps have been taken towards a closer and more unified Europe, such as the Common Strategy on Europe and the Four Common Spaces. However, it is interesting to follow up on the development of a new Partnership and Cooperation Agreement, since the one signed in 1997 was for ten years only. Even though the existing PCA will live on automatically in an absence of a new agreement, there are many discussions about the possibility of one. A new agreement would possibly give a new lease of life to EU-Russian relations, but its likely direction is at present unknown (please check –not sure of sense). The priority on signing a new agreement is changing as a new EU presidency becomes effective every six months. During France's EU Presidency in 2008, negotiating a new agreement was an important part of the agenda on the one hand, but on the other hand, with the breaking crises in the Caucasus it slipped from the priority list. During the Czech Presidency it was never a top priority but with the gas crises between Russia and the Ukraine, which directly affected many EU countries, the importance of the negotiation of a new PCA was lowered. Today a new PCA is still

listed on Sweden's agenda as EU Country of Presidency, but Sweden will not "jettison its support for democratic values and human rights to attain it" (Frisell and Oldberg 2009:4).

Enlargement of the EU is something deeply rooted in the foreign policy of the Union; however, enlargement as far east as the Balkans and the Baltic still remains a shocking piece of history. There is nothing more interesting and fascinating in EU- Russia relations than watching these Eastern European countries coming from a completely Russian influence to the absolute reverse following down the path of reproducing Western ways. Since 1989, Russia has been shrinking down while EU has been expanding.

Guide to the Thesis

This thesis examines EU-Russia relations from an analytical point of view. After a brief introduction, the main part of the paper, Chapter 2, Chapter 3, Chapter 4, and Chapter 5, describes the essential points of EU-Russian relations. Chapter 2 looks at the five existing policy approaches of the EU member states towards Russia, in order to explore the challenges in finding a single European voice. With numerous examples, the paper outlines why a certain country belongs to a certain category, and which areas most impair EU-Russian relations. Chapter 3 illustrates the fundamental differences between the two parties, while at the same time putting an accent on the rising conflicts. Chapter 3 goes further with its analysis by categorizing the reasons behind the conflicts into three popular approaches. This section continues with the suggestion that competition might be visible in EU-Russian relations, especially in the Russian attempt to establish bilateral relations with

countries from the Union instead of with the Union as a whole. Chapter 4 follows the existing theoretical efforts for partnership between the two powers. There are two major cooperation and partnership agreements between the two, and Chapter 4 aims to explain their agendas, successes, and failings. It also focuses on the changes since the days the agreements were established and outlines the need for a new direction in EU-Russian relations. Chapter 4 also explores the bright side of EU-Russia relations, where progress and positive integration between the two powers has been achieved. Chapter 5 continues with a theoretical explanation of the EU's decision-making process. The last section of the body of this study, Chapter 6, details reflections and future outlooks on the subject. The conclusion, Chapter 7, presents the awareness that there is not a clear picture of conflict, competition, or consensus in EU-Russian relations, but rather, one which is a combination of all of the above components.

CHAPTER 2

DIFFERENT EU MEMBER STATES' APPROACHES TO RUSSIA

Different countries from the EU have different history, understanding and policy approaches towards Russia. It is important to understand all the different approaches in order to understand how complex and difficult is it for the EU to have common voice towards its largest neighbor, Russia. According to the European Council on Foreign Relations (ECFR) there are five different policy approaches that best describe the relationship between Russia and a European Union member state. For Example, the approach that best describes the relationship between Greece and Cyprus and Russia is 'Trojan Horses' because of their willingness to defend Russian interest in the EU, and, when needed, to veto certain EU proposals. However, countries such as France, Germany, Italy and Spain have chosen to keep 'Strategic Partnerships' positions in order to enjoy certain benefits that go beyond EU policies. 'Friendly Pragmatists' are countries such as: Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Portugal, Slovenia, and Slovakia and these have chosen to keep their business interests as a core factor of their relations with Russia. The fourth category are the 'Frosty Pragmatists', which also put their business interests first, but in addition openly criticize areas that Russia needs to

work on. The most controversial issue is the human rights issue, and countries such as the Czech Republic, Denmark, Estonia, Ireland, Latvia, the Netherlands, Romania, Sweden and the United Kingdom have expressed their concerns numerously in the past. The last category is the most controversial group, captured in the bold name of this group - 'New Cold Warriors.' Countries that belong to the 'New Cold Warriors' are Lithuania and Poland, and they are the least tolerant towards Russia from all the countries from the Union.

'Trojan Horses'

The aggressive actions of the Ottoman Empire, and later on of Turkey, have played a significant role in explaining why today countries from the Balkans are in the 'Trojan Horses' category. Russia has been a main defender of Greece in its battles with Turkey in the past, and the main provider of military equipment. Also, all the countries from the Balkans are completely reliant on Russia's energy sources, which put further pressure on them to keep Russian interests at heart. Bulgaria and Russia also have a history of long-lasting partnership for almost the same reasons as Russia and Greece. Firstly, Russia helped Bulgaria win their independence back from Ottoman rule in the 19th century, after five hundred years. Secondly, Bulgaria is completely reliant on Russia's supplies of energy and during the December 2008- January 2009 energy disputes, between Russia and the Ukraine, parts of Bulgaria lost power for over three days. However, after forty-five years of communism and close Russian influence, today we see a Bulgaria that is trying to put Russia behind it and focus on its democratic future with the Union and

protection through NATO, while trying to keep 'Friendly Pragmatic' relations with its 'former best friend.' In the case of Cyprus, Russia has been a firm supporter of the Cypriot position in the conflict over North Cyprus. For that matter, Cyprus usually follows the Greek approach to Russia (Leonard and Popescu 2007:27). It is also one of the leading investors in Russia, ahead of the Netherlands and the United Kingdom.

'Strategic Partnership'

Big powers such as Germany, France, Italy and Spain all belong to this next group 'Strategic Partnership'. Many of them have a record of a bilateral relationship with Russia - with a prime example being France (Leonard and Popescu 2007:32). The reason for that is France's ambition to strengthen its international relations with Russia. Another area where the two powers cross is in the area of opposition towards US domination. Even though France is not dependent on Russian energy sources that is definitely an area where France wants to extend its interests, and the recent Gazprom deal to develop the Shtokman gas field confirms those intentions. Although the France-Russia relationship never represented a strong economic partnership, that is not so in the case of Germany. The economic benefits have been, historically, essential for German- Russian relations. The two powers had strong economic ties before the First World War, throughout the war period, and during and after the Cold War. The trade partnership between the two is also on the up, with the remarkable sum of \$55.5 billion in 2005. Russia is Germany's main gas supplier; almost 50% comes from Russia. An important development in the energy

sector is the Nord Stream pipeline which aims to provide Germany with gas directly from Russia through the Baltic Sea.

Russia's biggest trade partners are: Germany, China, and Italy. Since Italy is one of the "Strategic Partners" it is important to discuss Italy's relations with Russia. During Silvio Berlusconi's presidency, strong economic ties were established with Putin's Russia; however, later on during Romano Prodi's presidency they have ended in effect - with one exception, the energy links. Today Italy is heavily dependent on Russian gas, which accounts for more than 30 % of supplies. There is also a current project between the two countries, the South Stream, that is projected to build pipelines under the Black Sea.

The last country from this category, Spain has very poor links with Russia. The two powers have been very careful with each other and 'respectful' is the best way to describe their ties at the moment. The two countries have minimum trade interaction - less than 1% - and Spain is not dependent on Russia's gas. For that matter, Spain supports full ownership of EU energy companies, something that countries as Germany, France, Greece, Cyprus, Bulgaria, Slovakia, and Austria are against.

'Friendly Pragmatists'

The countries that belong to the 'Friendly Pragmatists' group are mostly small member states such as: Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Slovakia, Slovenia, and Portugal. They take Moscow's interests into consideration and try to avoid confrontations (Leonard and Popescu 2007:36). Economic opportunities

are the core of the relationship between this group of countries and Russia; many of these small member states are also very interested in deepening their ties with the Russian giant Gazprom, since they are heavily reliant on Russia's gas (specifically Austria, Bulgaria, Hungary, Finland, Slovakia, Slovenia.) Bulgaria in particular seeks specific ties with the Russian company "Lukoil," which generates high percentage of Bulgarian GDP (over 5%.) Bulgaria is also expecting to be an important partner in the South Stream through the Black Sea. Slovakia is in a similar situation as Bulgaria. It is almost 100% reliant on Russian gas and oil, which leaves no choice for Slovakia but to support the Russian point of view in the EU. Hungary does not have as strong relations with Russia as Bulgaria and Slovakia, but economic deals in the sphere of energy securities are bringing them closer. Bulgaria, Hungary, and Slovakia tend to support a stronger political role for the EU in the Eastern neighborhood than other countries from this category. Countries such as Belgium, Luxembourg and Portugal do not have dependency on Russian gas, which lowers the priority of their relations.

'Frosty Pragmatists'

'Frosty Pragmatists' are countries that are questioning Russia's democracy and human rights record in a diplomatic manner, in order to keep their favorable business connections with Russia (Leonard and Popescu 2007:42). Countries that belong to that group, who are free to express their concerns, are: the Czech Republic, Denmark, Estonia, Ireland, Latvia, the Netherlands, Romania, Sweden, and one of the big powers, the United Kingdom. The United Kingdom used to belong to the group above, 'Strategic

Partnership’, but after the clash between the two countries caused by the 2003 refusal of the UK to extradite the oligarch Boris Berezovsky back to Russia, the newly established relationship between Russia and the UK fell apart. Russia later on, in 2007, acted similarly by refusing to extradite to the UK the main suspect in the murder of Alexandr Litvinenko, a Russian immigrant in London. As a result of this described tension, the relationship between Russia and the UK took a huge turn for the worse, and the strategic partnership that existed before was replaced with heavy suspicion. Denmark also got affected due to a similar dispute when the Chechen leader, Akhmen Zakaev, was arrested in Copenhagen but was not extradited to Russia. Later on the Chechen leader moved to the UK which contributed further to UK-Russia mistrust.

Two of the Baltic States belong also to this category: Latvia and Estonia. Russia and the Baltic States have a long-lasting history behind them and neither one of them is willing to put it aside - and that is what appears to be the crux of their relations. One recent example worth studying in this context is the sixtieth anniversary of the end of WWII on 9 May 2005, which was commemorated as ‘victory day’ in Moscow, and to which Russian President Putin invited heads of state and government from around the world, including the presidents of the three Baltic States. This invitation put the latter group of leaders in a difficult situation as this day for the Baltic nations, marks the continuation of foreign occupation of their countries. As Lithuanian President Valdas Adamkus remarked, 9 May 1945 meant “we traded Hitler for Stalin”. Confronted with a difficult decision, Latvian President Vike Freiberga decided in January 2005 to accept the

invitation, whereas the Estonian and Lithuanian presidents decided to stay away. A closer look at the decision-making process of the Baltic presidents reveals many levels on which European politics today are closely linked to questions of collective memory, history and culture. In this case, Russia managed to keep good relations at least with Latvia, but that does not necessarily mean that they do not have tension between them. Even though Latvia managed to ratify its border agreement with Russia and Estonia did not, Latvia was still under a lot of pressure when the oil supplies to Latvia were cut off at the end of 2008.

Sweden appears to be a main voice when discussing negative Russian development in the areas of Russian domestic and foreign policies. At the moment its main concerns are about using the international waters of the Baltic Sea to build North Stream-pipelines that will directly connect Russia with Germany. In 2007, Poland and the Czech Republic gave permission to the United States to locate a missile defence shield against Iran, on their territories. Russia was completely dissatisfied with these actions and threatened to establish a military base in Kaliningrad and to point missiles at Prague and Warsaw. Romania is another country from this group and it has often criticized Russian energy policies. Romania is not dependent on Russian energy supplies; it has its own natural resources that completely meet the needs of the country. Romania is also openly raising the issue with Moldova, a weak country vitally dependent on Russia.

Just like Cyprus, the Netherlands has established strong economic relationship with Russia, and its concerns about Russian human rights issues are often very lightly expressed in order not to jeopardize trade and economic benefits. The countries from this

group are almost always afraid to express their real concerns, in order to keep smooth relationship with Russia (Leonard and Popescu 2007:47). They have a major misunderstanding with Russia but choose not to use it proactively, so they can maintain their economic and political interests.

The New Cold Warriors

Poland and Lithuania are the two countries that belong to The New Cold Warriors group. These two countries are the active, critical voice of the EU against Russian pressure and manipulation. Poland and Lithuania have huge historical unresolved baggage with Russia which always brings the hate between one another into the spotlight. A good example is of when “Poland’s government under Jaroslaw Kuczynski blocked EU negotiations on a new EU treaty with Russia after Russia introduced a ban on Polish meat and the EU was slow to deal with the problem”(Leonard and Popescu 2007:50). Lithuania on the other hand tries to stay away from any possible irritations and unilateral disputes. Lithuania is heavily dependent on Russia’s energy sources, which softens the relationship in some respects. Since there is a new government in Poland the tension between the two is also mellowing, which suggests that these two countries might be exiting this last category, New Cold Warriors and moving towards the less controversial, as ‘Frosty Pragmatists’ (Leonard and Popescu 2007:50).

CHAPTER 3

RISING CONFLICTS AND POSSIBLE COMPETITION

Four Main Conflicting Dispositions

EU-Russia relations are characterized by the permanent presence of conflicting dispositions. During Putin's second term as president of the Russian Federation, EU-Russian relations reached a predicament. Indeed, there were several actions that directly led to a crisis situation between the two parties. During 1999, Russia initiated its second operation against the separatist rebellion in the Chechen Republic. Even though Russia always insisted that the situation in Chechnya was a domestic matter, the EU believed that by signing the PCA and other international agreements, that make the Chechnya matter an international one. The EU was highly critical of the launch of the second war against Chechnya in 1999. The EU Council made a declaration that accused Russia of attacking Chechen cities and crossing the line of human rights, rule of law and nuclear safety. As a result of these actions, Russia received strong disapproval and suffered the suspension of all EU financial and technical support in the area of science and technology. The lack of resolution of the situation in Chechnya and Russia's difficult political processes provided European politicians with an opportunity to criticize Russia; however, instead they should have looked at the situation as an opportunity to show their worth on defending

democratic norms and human rights. If the EU fails to make the situation in Russia better, then the Union will be a symbol of nothing more than an economic community with a few policing functions (Antonenko and Pinnick 2007:63). Both sides have plenty to work on; Russia needs to meet the obligations promised when it signed the PCA and to establish an appropriate system of interaction with the EU, while the EU needs to start to treat Russia as an equal strategic partner. In that situation, Russia would stop seeking independent bilateral solutions that represent personal interest, not EU interest.

Secondly, the 2003 arrest and the controversial prosecution of Mikhail Khodorkovsky, the CEO of the oil company Yukos, were highly unpopular in European public opinion. Khodorkovski's arrest and that of several high-profile business executives showed that in Russia, "the law of power is still stronger than the power of law" (Antonenko and Pinnick 2007:128). The 'rule of law' was questioned in Russia and showed clear "lack of commitment of Russian authorities to the liberal market economy" (Prozorov 2006:7). Putin's illiberal and authoritarian regime contributed further to the EU-Russian conflict. The removal of Eduard Shevardnadze, the Georgian President, from power and the controversial elections of Viktor Yushenko in the Ukraine, were both viewed by the EU as highly negative and unacceptable features of Russian foreign policy. As a result, at the end of 2005, EU-Russian relations had moved to a "condition of mutual suspicion and the attribution of hostility" (Prozorov 2006:8).

Thirdly, a major issue in EU-Russia relations has been the bilateral approach, on the Russian side, to deal with the EU. The 2003 invasion of Iraq, which greatly divided

Europe itself (letter of eight,) forced even further apart EU-Russian relations. Russia's relations with the EU became less important, and its foreign policy changed to establish bilateral relations with each country in Europe and more specifically the three big powers, France, Germany and the UK. EU-Russia relations cannot be understood without monitoring bilateral relations. During the years 2003- 2008, a clear division between member states became evident over the EU Eastern European enlargement, the war in Iraq, the 'Orange Revolution, and the energy crises. Countries from the "New Cold Warriors" group wanted the EU "to develop its discourse and action," while the "Strategic Partners" wanted Russia "to accept long lasting compromises" (Gotmart 2008: 13).

Lastly, the escalating source of conflict between the two powers became also evident in the recent development in Abkhazia and South Ossetia, where Russia was more willing to deal with France in its role as holder of the EU presidency , rather than with the Czech Republic (France's successor in the next six-month period). However, during the Georgian conflict, even though there was a wide division between new and old member states on a number of issues, the members seemed to have reached consensus on a type of power (soft versus hard) towards resolving the Georgian crises. "Most member-states and voters prefer the EU's concentration on soft power (based on the attraction and projection of the union's values) rather than hard power (based on military action and projection of force) - if it is feasible" (Gillespie 2008:4). It is important to comprehend that today we live beyond the era of the Cold War and Russia nowadays is viewed more as a regional rather than a global power.

During the Georgian crisis Russia chose to behave as a 19th-century power to reinforce its pride and inject fear into its former ‘servant.’ That is not a sustainable policy, but it is more understandable as a transitional one that grows out of the humiliating 1990s. Even though Russia appears to be much more confident and powerful thanks to its energy wealth, Russia's economy is still only 7% of that of the United States and the European Union. “All this suggests that the EU needs to develop a long-term response that takes full account of political mistakes made by its own members, separately and collectively, in managing relations with Russia during Vladimir Putin's presidency. Its leverage is more political and economic than military; but security looms large in both dimensions” (Gillespie 2008:4).

Three Approaches That Help in Understand the Conflicting Dispositions

There are many conflict situations that challenge EU-Russia relations and above are just some examples that demonstrate the different worlds that EU and Russia reside in. Nevertheless, it is important to understand that the above conflicts are just symptoms of a seriously ‘ill’ Russia and the EU is ‘the new kid on the block’ that does not know how to help its neighbor. The EU is new in its relations with the Eastern European world and the organization itself is lacking experience that could possibly smooth out the differences between the two. In general, there can be seen to be at least three approaches that could lead us to possible understanding of the conflict situations between the EU and Russia (Prozorov 2006:11).

The first one is the 'liberal approach' and the possibility of Russia becoming European in order to enter Europe. Russia has undergone a number of liberal reforms failures in domestic politics, which questions its achievements and ability to work with the political, economic and social operations practiced by the EU. Russia's foreign policy is viewed as "self-defeating" and "isolationist" (Prozorov 2006:12), which gives it no choice but to start changing its image with serious internal reforms such as: the abolition of military mobilization and decentralization of local government. According to the 'liberal approach' the conflict between the EU and Russia is viewed as Russia's incapability to complete domestic liberal reforms that would bring the East and the West naturally closer.

The second approach that talks about serious conflict between the two is the 'institutional approach.' In this view of things, the conflicting dispositions appear to be due to the fact that an institutional format of interaction is established without effective communication between the EU and Russia. Communication is the single most important factor in avoiding misunderstanding and in fact the two parties are lacking in this respect. That leads on to the third interpretation that explains the conflict between the EU and Russia, the 'cultural approach.' This final approach talks about the "deep-seated substantive cultural" divergence between the two powers that makes the occurrence of conflict "inevitable and therefore unpuzzling" (Prozorov 2006:14).

There are still people who live with Cold War ambitions and believe that Russia is targeting political isolation and political domination. The examples above show that Russia clearly does not aim at symbiotic relations with the former Soviet Republics of:

Georgia, Ukraine and Belarus, and that Russia's relations with the world began to be viewed as 'friend-enemy.' Many politicians in Russia feel as the EU is if "characterised by a Russophobic [anti-Russian] disposition" (Prozorov 2006:9) and is looking at Russia with suspicion and apprehension. As a result of this perceived disposition Russia is treated more and more with caution and distrust. As response, Russia is looking to strengthen itself domestically and internationally. The growing incompatibility of the EU and Russia's political position has become more and more evident, which logically complicates the communication between the two; EU-Russian relations starting to look more competitive. "Today the EU-Russian relations are at a stage of deep stagnation and EU structures are perceived in Russia as alien and hostile." (Prozorov 2006:9).

It is still a very vulnerable spot, the fact that many countries from the East and Central Europe, such as: Bulgaria, Czech Republic, Hungary, Poland etc., who after forty-five years of Soviet influence, have chosen the road of European Union integration. These Eastern countries are slowly but persistently moving towards the other side of the continent with more and more links to the West. However, the fact that former Soviet Republics such as Lithuania, Latvia, and Estonia have chosen full European Union membership and full isolation from Russia further aggravates, but in a way justifies, Russian's reach for power and competition on the European stage.

Eastern European integration is viewed largely as an area of competition. At the beginning of the 90s EU enlargement was viewed as a beneficial process in line with Russia's own visions of integration into Europe. However, in the aftermath of the Kosovo

operation and Chechnya war, Russian integration into the EU became a utopian idea. Although qualification for membership should be linked to proven observation of the Council of Europe's democratic and legal standards, accession should be open in principle to all countries across greater Europe - including the Russian Federation (Antonenko and Pinnick 2005:1). The opportunity has been missed to initiate and reach such as position over the last eight years and it will be much harder now that the Georgian crisis has hardened attitudes all round. So, a situation of competition and ambition for power has been created.

Energy politics is another area where Russia does not hesitate to show who the powerful one is. Between 1992 and 2006, there were more than fifty-five identified instances of energy cut offs or threatening of cut offs by Russia. Russia offered 'technical difficulties' as an explanation of all occurring cut-offs; however, the records indicate that all the cases happened exactly at times when Russia was targeting economical or political agendas. Recent events concerning the energy cuts-off between the Ukraine and the Russian Federation put the Union consistently under pressure. Naturally, Russia tends to negotiate with member states bilaterally rather than with the EU collectively; that confirms again Russia's ambitions to "play an independent role" in the international arena (Prozorov 2006:9).

Russia's position on integration is very different to that of the rest of the former communist countries. The main agenda remains Russia's own interests in the global environment under the umbrella of greatest possible effectiveness, and turning Russia into

part of the 'new West' has never been an option, possibility, prospect or likelihood. That goal is in itself very hard to achieve, and the line between self-interest and competition becomes very thin when trying to implement the above. Every time a new challenge comes into the European arena, historical background of mutual competition comes into place, and the integration between the two powers becomes questionable. Self interest appears to be the key pattern that forces apart EU-Russian relations.

CHAPTER 4

IS CONSENSUS POSSIBLE?

Partnership and Cooperation Agreement

The concept of 'strategic partnership' launched in the PCA, has been the official discourse of EU-Russian relations since 1997. In brief, the PCA is the legal base of EU relations with Russia. Encouragement of economic, political, commercial and cultural cooperation between the EU and Russia is the main goal of the PCA. The agreement came into force on 1 December 1997, even though it was signed on 24 June, 1994- four years prior, by former president Yeltsin. The delay was as a result of the first war in Chechnya. The PCA covers nearly all aspects of EU-Russian trade, and commercial and economic relations, and establishes political communication on the highest level. It also influences human rights and the democratic process. There are three bodies that have been established to monitor the implementation of the PCA: the Cooperation Committee (CC,) the Parliamentary Cooperation Committee (PCC,) and the Cooperation Council (CCo.) The CCo meets at the ministerial level once a year. The CC, composed of senior EU and Russian civil servants, assists the CCo. The PCC, made up of Members of the EP and the Federal Assembly of the Russian Federation, has the authority to make recommendations to the CCo.

There has been much discussion concerning the need for a new agreement to replace the PCA, even though the existing PCA will live on indefinitely in the absence of a new agreement. There are many reasons why a new agreement is needed and that might be the source of many of the EU-Russia misunderstandings. For example, the current agreement was negotiated in 1994 between the recently split Soviet Union and an EU in its infancy. At the time of negotiations on the PCA in 1994, the EU was undergoing a major transformation, from a European Community (EC) to a European Union. The European Union was formally established when the Maastricht Treaty came into force on 1 November 1993. Its initial twelve country membership was as follows: Belgium, Denmark, France, Germany, Greece, Ireland, Luxemburg, Italy, Netherlands, Portugal, Spain, and United Kingdom. A year later, after the negotiations of the PCA in 1995, three more countries joined the EU: Austria, Sweden, and Finland. The Maastricht Treaty not only created the EU, but also created its pillar structure: European Community (EC), Common Foreign and Security Policy (CFSP), and Justice and Home Affairs (JHA.)

However, the EU was not the only European transformation. Even more significant transformation was taking place in the former USSR territory. During that period, Russia undertook a wide range of reforms. In 1991, former president Yeltsin announced that Russia would proceed with “shock therapy” as recommended by the IMF. This consisted of three steps: liberalization of prices, stabilization of inflation, GDP and unemployment rates, and privatization of state ownership. This period was characterized by a declining GDP of fifty percent, between 1990 and 1995. According to the World

Bank, more than forty percent of the Russian population was living in poverty at the end of 1993.

Over ten years later, we are looking at an entirely different situation regarding the EU and Russian arena, but exactly the same tools from over ten years ago (PCA). Today, we see former Soviet republics, such as Lithuania, Latvia and Estonia, and former communist Eastern European countries, such as the Czech Republic, Hungary and Bulgaria, integrating into the Western world and becoming member nations of the EU. The EU undertook a major enlargement process and the twelve members in 1994 grew to twenty-seven in 2007. Today we have an enlarged EU that has grown over a hundred percent since the PCA negotiations. On one hand, we have a deepened and widened EU in 2009; on the other hand, we simultaneously have a stronger and economically stable Russia. The average salary in Russia grew from eighty dollar in 2000 to six hundred and forty dollars in 2008. The poverty level dropped significantly from the 1994 levels of forty percent to fourteen percent in 2008. Another economic indicator that significantly improved has been that of unemployment- at a rate of six percent today, compared to thirteen percent in 1999. Russia is the world's leading natural gas exporter and the second leading oil exporter.

There is one more major difference between the Russia of the 90s and Russia today. Back then, Russia was still considered a prospective candidate for EU membership, while later that fell completely off the EU's agenda. That appears to have been a major difference since the 90s, and was simultaneously reflected in the 2005 idea of the Four

Common Spaces. Russia's relations to the EU were depicted as: "ever-closer integration without eventual membership" (Prozorov 2006:3). Russia was given a chance to move towards a possible process of European integration without participation in the political institutions of the EU (Prozorov 2006:3).

So, knowing the agenda behind what seems to be the obvious makes it easier to understand the direction EU-Russian relations are heading in. Even though there are many conflicting dispositions, the reason why they appear is that, looking at the bigger picture, the two powers are making cooperation work. A great example of the effort put behind EU-Russian cooperation is that expressed in the Four Common Spaces.

Four Common Spaces

The Four Common Spaces showed the diversity that the two parties were working in. The Common Economic Space focuses on: economic integration, regulatory convergence, market opening, trade facilitation, infrastructure development, and energy dialog. The Common Space in research and education builds on achieving the greater integration of Russia, by participation in the Bologna process and the creation of possibilities for Russian scholars to participate in EU- funded programs. The project of Common Space of freedom, security and justice consists in strengthening cooperation in the field of justice and home affairs to tackle the common threats of organized crime, terrorism and other illegal activities of a cross border nature. This cooperation is envisioned to ultimately lead to the relaxation and abolition of visa regimes between

Russia and the EU. Lastly, the establishment of the Common Space of external security would result in greater coordination between the foreign policies of the respective parties in areas such as: proliferation of weapons of mass destruction, regional military conflicts, international terrorism, and so on (Prozorov 2006:4).

Russia is the main provider to the EU; it provides 50% of the EU's natural gas and 20% of its petrol. In that regard, the EU accounts for 78% and 90% of Russia's exported petrol and gas and 75% of Russia's export revenue depends directly on the EU's energy market (Gomart 2007:10).

Success Stories: the Cases of Euregio Karelia and Kaliningrad

Good examples of cooperation and mutual complementation have been seen in the cases of Euregio Karelia and Kaliningrad. The two areas are with the most extensive border with the EU and has been a examination for post-Cold War security relations between Russia and Europe. There have been many challenges in both areas in regards of sub-regional initiatives, the achievements and limitations of cross border cooperation programs, and the issues raised by the new border regimes with Finland, Poland, and Lithuania.

“The Euregio Karelia project, generally perceived as a success story and an exemplary model of EU-Russian relations” (Prozorov 2006:29), shows that consensus and positive outcomes are possible. In the 2000 project, Euregio Karelia, in brief, united the Russian republic of Karelia and the Finnish provinces of North Ostrobothia, Kainuu and

North Karelia, in the effort of achieving stimulation of cross-border integration for furthering economic, environmental, tourism and cultural benefits. The aim of the project was the implementation of a culture of 'transparent borders' in order to make cross-border contacts in trade, science, culture and tourism a natural activity in the every day life of the border communities. Karelia was an active participant in sub-regional arrangements designed to promote 'soft power' of security cooperation. Through devoted planning, the Euregio Karelia project aimed to "match resources and infrastructure development on both sides of the border in joint projects financed on a parity basis; reduce the gap in living standards by creating production and service-sector businesses; nurture regional cultural uniqueness; foster the development of civil society and democratic institutions; and work towards environmental protection" (Antonenko and Pinnick 2005: 158).

There were implemented number of programs aim to generate a sense of inclusion of both side of the border and provide learning models in the areas of regional administration, local self government and civil society. However, some resources on the Russian side such as: financial, human, and IT have been limiting the effectiveness of the project. There also have been criticisms of a lack of a federal strategy for the region to engage with international organizations and financial institutions in regional projects which enjoy the support of the Russian government. Russia has failed to establish a clear policy that would allow Karelia to deepen sub-regional integration. This remains the most challenging part of the Euregio Karelia. However, the border between Karelia and Finland is well equipped and is enjoying successful border regimes and has been seen as a model

of that matter.

In general there is a strong sense of insecurity coming from the regional elites towards Russia's political, economical, and social instability. More specifically that leads to "socioeconomic stratification, the weakness of democratic institutions and civil society, and the potential threat of a new authoritarianism" (Antonenko and Pinnick 2005:162). As a result Russia is still struggling with economic imbalances, technological stagnation, poor health indicators, and not enough employment opportunities for the young generation. Other countries from the region also share security concerns and recognize a common interest in: "sustaining economic development, preserving social and cultural identity and stemming the outflow of young qualified people from the more economically underdeveloped border districts" (Antonenko and Pinnick 2005:163). That is why the countries from the EU are supporting the development of Euregio Karelia and a broader sub-regional framework for development is seen as vital.

The second success story is the EU's cooperation with Russia's region, Kaliningrad. The EU enlargement in Eastern Europe led to this Russian area, Kaliningrad, being strictly surrounded by EU territory, which made it very difficult for the Russians living in this area. The complications came from the fact that the transit of goods and people to and from Kaliningrad became almost impossible. As a result, the efficiency of border crossings and the socio-economic development of the area have been a top priority of the EU and the growth rates in transit volumes suggests that the arrangements between the EU and Russia are working successfully. Kaliningrad's economic growth is higher

than the Russian average, since its establishment as an import center for manufactured goods from the EU. Recently, in an effort towards improving Kaliningrad's efficiency, major work from the EU has been done in the areas of Kaliningrad's administrative capacity, quality of health care services, intellectual potentials, and cross-border cultural exchange (European Commission 2009:23-4).

However, the positive attitude of EU towards Kaliningrad is already becoming a real problem for Poland for example. The country became very attractive destination for illegal migrants from Central and South-east Asia, and Kaliningrad appears to be a busy corridor on this route. Many travel to Moscow from where they arrive at Kaliningrad by air and then they reach Poland by sea without prove of visa. From Poland illegal migrants can further travel to any part of the Union.

Even though there are plenty of negative consequences of the new visa regime, Poland's EU membership should lead to positive impact on Kaliningrad. The EU's area should contribute to stability and prosperity in this Russian region, which ultimately should lead to increased interest from investors. The successful development of Kaliningrad should not only embrace Kaliningrad but the EU market as well.

Since the 2004 enlargement, the EU and Russia have been each others' important neighbors and as a result of that they had the challenge of ensuring greater convergence and mutual respect. Finding the appropriate strategy is key, in order to overcome each others fundamental differences. However, in order for cooperative relationship and consensus to be achieved, the EU and Russia have to focus on the amount of work that is

still ahead. On the one hand, the EU is facing the challenge of developing a strong set of incentives that promote political and economic reforms in Russia that could bring increased convergence between the integrated EU area and its largest neighbor. That would have a great impact on all spheres: economical, political, security, and social, which would naturally lead to a free trade area, economic benefits, free movement of people, better democratic values, and lastly, cooperation in the fight against terrorism and organized crime (Antonenko and Pinnick 2005:2).

On the other hand, Russia is facing the even bigger challenge of attaining convergence with the enlarged EU. Russia needs to look at modernizing its 'strong state model' by pulling away of its authoritarian rule of bureaucracy. The current model is a step back towards regional power and does not work with the pluralistic efforts of the EU. The 2004 enlargement welcomed many new members, but also new neighbors. After the 2004 and 2007 Eastern European enlargement, the EU is more than ever open and ready to work with its new neighbor. Even though there are many challenges facing both parties, working on these obstacles is what is going to pave the way of harmonized EU-Russia relations. If they are determined and keep working on the differences, consensus will come in many areas, just like it did in the case of Euregio Karelia and Kaliningrad.

CHAPTER 5

STRUCTURE OF THE EU DECISION-MAKING PROCESS

The process of decision making is complex and difficult to pin down, even within a single nation state, but it is even more challenging to do so within a system of twenty-seven member states - which is the current substance of the EU. It is also important to keep in mind that the EU is a new union that is in a process of discovering the appropriate distribution of power between its three main institutions: the European Commission, the European Parliament and the Council of the European Union. However, the Commission is the body that proposes new laws and it is the Parliament and Council that adopt them. The EU decision-making process is described in the Treaties, and every proposal for a new European law is based on a “specific treaty article, referred to as the legal basis of the proposal” (European Union 2009).

Consultation

There are three main decision-making procedures - consultation, assent, and co-decision. Under the first procedure, consultation, the Commission sends its proposal to the Council and the Parliament. The Parliament can approve the Commission proposal, reject it, or ask for amendments. The Commission needs to take into consideration all the changes suggested by the Parliament when the Parliament asks for amendments.

The EP sends the Council an amended proposal if it accepts any of the changes; next, the Council can adopt the amendments, or suggest new ones. There are many areas covered by the consultation procedure, such as: police and judicial cooperation in criminal matters; revision of the treaties; discrimination on the grounds of sex, race or ethnic origin, religious or political conviction, disability, age or sexual orientation; EU citizenship; agriculture; visas; asylum, immigration and other policies associated with the free movement of people; transport; competition rules; tax arrangements; economic policy; and so on (European Union 2009).

Assent

The assent procedure is a procedure where the Council has to obtain the European Parliament's agreement before any decisions are taken. However, it is important to know that the Parliament cannot amend a proposal in this context: it must either accept it with an absolute majority or reject it. The areas covered by the assent procedure are: specific tasks of the European Central Bank; amending the statutes of the European System of Central Banks/European Central Bank; the Structural Funds and Cohesion Funds; the uniform electoral procedure for the European Parliament; certain international agreements; accession of new member states; and so on (European Union 2009).

Co-Decision

In co-decision, the Parliament shares legislative power with the Council. Firstly, the Commission sends its proposal to the Parliament and the Council. Secondly, after reading and discussing it, if they cannot reach agreement, it is put before a 'conciliation

committee', consisting of equal numbers of Council and Parliament representatives, and with Commission representatives having a say in the discussion. Once an agreement has been reached, the proposal is sent once again to the Parliament and the Council so that they can approve it as law. The areas covered by the co-decision procedure are: non-discrimination on the basis of nationality; the right to move and to reside; the free movement of workers; social security for migrant workers; the right of establishment; transport; the internal market; employment; customs cooperation; the fight against social exclusion; equal opportunities and equal treatment; implementing decisions regarding the European Social Fund; education; vocational training; culture; health; consumer protection; trans-European networks; implementing decisions regarding the European Regional Development Fund; research; the environment; transparency; preventing and combating fraud; statistics; setting up a data protection advisory body; and so on (European Union 2009).

There are also some changes in process. Prominent changes include more qualified majority voting in the Council of Ministers, increased involvement of the European Parliament in the legislative process through extended co-decision with the Council of Ministers, eliminating the pillar system, the creation of a President of the European Council with the extended term of two-and-a-half years, and a High Representative for Foreign Affairs to present a united position on EU policies. If ratified, the Treaty of Lisbon would also make the Union's human rights charter, the Charter of Fundamental Rights, legally binding. As of 31 October 2009, 26 of the 27 member states have ratified

the Lisbon Treaty, with only Czech Republic signature remaining before the Treaty can be actualized.

Chapter 6

REFLECTIONS AND FUTURE OTLOOKS

Even though conflict and competition have been a major part of EU-Russia relations there is definitely a place for consensus, and that needs to take priority. It is beneficial for the EU, Russia to operate under liberal democracy rules; however, in its effort to accomplish this agenda, the EU is applying enormous pressure to its eastern neighbor. This has resulted in a total unwillingness to cooperation on the Russian side, and during Putin's administration it was very difficult to develop a partnership between the two powers. Now, with the 2008 election of the new Russian President, Dmitry Medvedev, it is time for a new era of partnership, cooperation and agreements. The EU should therefore unite around a more balanced relationship with Russia based on a new paradigm of promoting the rule of law. The first thing that the European Union must do is to examine its own failings. An important part of this strategy should be a commitment from member states to make sure that the bilateral relations they conduct with Moscow are guided by common European principles.

The EU needs to find a middle way, between those countries who think they can secure a better deal for themselves through bilateral relations, and those states who see such contact as a betrayal (for example, Polish politicians have compared the deal on the Nordstream pipeline to the Molotov-Ribbentrop pact). The goal should be to ensure that

bilateral contacts between Russia and individual EU member states reinforce common EU objectives. Firstly, to avoid further monopolization in the EU energy market, the European Commission could be granted the right to pre-approve big energy deals on long-term contracts and pipelines concluded between European and foreign energy companies. The aim should be to encourage open competition, respect for the rule of law and an integrated and flexible gas market. Secondly, the EU should use negotiations on the new PCA to develop a new approach of conditional engagement with Russia. Leaders such as: Gordon Brown, Nicolas Sarkozy, Angela Merkel, and Romano Prodi must redefine their foreign politics toward Russia.

As part of this process, the EU should insist on the implementation of contractual obligations and international commitments by Russia. The European Commission should, for instance, be given more political support to apply competition policy in the energy sector, and to investigate the more dubious deals between Russian and EU companies. More generally, the EU should demand the enforcement of the growing number of agreements which have not been implemented, such as the PCA and the Four Common Spaces. If the EU wants to turn the new Russia into a dependable and cooperative neighbor, it must build its partnership with Russia on the same foundations that made European integration a success – interdependence based on stable rules, transparency, and consensus. But these foundations will not build themselves; the Union must be much more determined about agreeing rules of engagement with Russia, and then defending them.

CHAPTER 7

Conclusion

Russia's foreign policy is motivated by "power, independence and control," while the EU's foreign policy stands on the idea of "consensus, interdependence and the rule of law" (Leonard, 2007:8). Different foreign policies have different aims; some target control, economic interest, and energy asset, while others search to insure human rights, economic stability, and democracy. It is clear though that the diplomatic approach needs to take high priority in order to achieve a secure European neighborhood because that is something that is going to be beneficial for everyone. The two powers have different concerns in their foreign policies; however, the one that aims at peacefulness and good governance needs to be the dominating one.

Regardless of the slow development of EU-Russian relations and frustrating drawbacks during the second term of Putin's presidency, it is still remarkable to be able to witness the two powers getting more comfortable and taking into account each other's interests. Only twenty years ago, these two powers were each other's enemies; today they freely discuss opportunities for partnership, such as free trade. It is an amazing inspiration to follow how, through disappointment and frustration, these two powers are making things work. Even though the pace of progress is slow, a vital network between the two is

apparent. Most significantly, the EU-Russia summit takes place regularly every six months, where the EU Troika meets Russian Counterparts.

After analyzing in detail EU-Russian relations from the early 90s to the present day, it is possible to conclude that consensus remains theoretical and there is a lot more work that needs to be done in order to succeed in the effort to make these two powers partners. On the one hand the, two powers have very different backgrounds and ways of implementing tasks, and it is foolish to believe that Russia is going to change overnight and adopt all the EU conditions in order to feel mentally part of Europe. On the other hand, the Russian Federation is geographically part of Europe and it's not going anywhere. For this reason, it is critical for the two parties to keep trying to find a common language and to start working together, rising above conflicts, looking beyond competition.

Every conflict needs to find a solution in the 'sea of compromise'; competition needs to be avoided and complementation needs to take place instead. Consensus is the future and cases such as Karelia and Kaliningrad are the living proof that that goal is achievable. However, a new strategy is necessary. The long-term goal, of course, remains the same: a liberal, democratic Russia. However, it is essential to set realistic smaller goals on the way. That will potentially encourage Russia to become a reliable partner by respecting the rule of law. The rule of law is obviously Russia's weakness, but it is central to the European Union. So in order for EU-Russian relations to pick up, it is critical to speak the language of democracy, which can happen naturally by focusing on the rule of

law. Russia needs to work on: law effective business, human rights, escape from authoritarianism, and avoidance of military intervention. There are many believers in democracy in Russia that have lost their faith and it is the European Union's job to bring that faith back by proposing a common strategy that will "use many points of leverage to reinforce it" (Leonard and Popescu 2007:9).

There are plenty of common interests between the two powers; however, there are fundamental differences in terms of outlook, approach and objectives, which makes it very hard for the two sides to see the full benefit of their cooperation. There is a certain fear coming from the EU that a trouble Russia could turn into a security threat, which pushes the Union to avoid any kind of competition and focus on mutual understanding. Russia can be a major source of organized crime, terrorism, illegal immigration and weapons smuggling, and in order to avoid any kind of threat, the EU needs to provide close relationship with Russia, which can only come from a close integration with its neighbor, the EU.

Many Russians argue that their country is special and unique, which gives them the right to do things the Russian way, not the European accepted way. After all, it is not important who needs whom more. Russia needs the EU and the EU needs Russia and that should be the connecting bridge between the two instead of looking for monopolistic situations in order to manipulate each other. There have been consensus situations in the past, there are some today, and that should be the guiding focus when building the road of future EU-Russia relations. There are areas where the relationship between the two

powers is conflicting and contradictory. There are examples of areas where the competitive mode is taking over, but also in areas where the two powers need to cooperate, there is a strong enough drive, and enough common ground, to overcome any of the challenges that the EU and Russia are facing today or may stumble upon in the future.

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