

Strategic neighbourhood: EU-Europe versus EU-East

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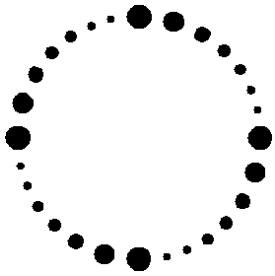
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Russia and the EU are the strongest actors on the European continent of the 21st century. Will the strategic partnership between the EU and Russia unite the entire continent under a "common European home" or will the continent be split in two? Russia joining the rest of Europe is set to proceed initially through the Energy Alliance.

Strategic Neighbourhood: EU-Europe versus EU-East

In the 15 years since the fall of the Berlin wall, the European continent has changed fundamentally. Western and Central Eastern Europe now form a unified EU-Europe, which seeks to expand its values and influence onto its direct neighbours in Eastern Europe, Eurasia, the Maghreb, as well as the Near and Middle East. Russia, the Ukraine and other former Soviet republics form what the EU sees as "Wider Europe".

Whether the relationship between the EU and "Wider Europe" will continue to develop constructively, or will turn confrontational, is still unforeseeable.

A lack of interest on behalf of the EU with regards to the eastern regions of Europe, where the processes of transformation are considerably slower than in Central Europe, as well as the growing disillusionment of Russians and Ukrainians with the EU, have slowed down the unification process.

The following article is based on comments of participants of the trilateral German-French-Russian conference, which took place at the DGAP at the end of June 2004 with the support of the Planning Staffs of the respective countries' foreign ministries. In addition, the content of the discussion by prominent Russian and Western politicians presented at the traditional DGAP EU-Russia Forum earlier this year in Berlin will also be related. Questions of

how the Ukraine, which is disappointed with the West, can be integrated into the vicinity strategy of the EU, are set to be discussed at the forthcoming Bergedorf Forum of the Körber Foundation in Lwiw (Ukraine).

The Four Common Spaces Strategy

The EU faces the problem of how to position itself towards an economically strengthened, but authoritarian new Russia under Vladimir Putin. There are different perspectives in the West.

After the integration of the formerly communist Central European states into the EU, it might have become more difficult to establish a common strategy towards Russia. Especially in these countries there exists strong anti-Russian resentment.

In Europe there are quite a few voices that propose a politics of isolation against the undemocratic and for Europe in many ways alien Russia. Others - among them the German Chancellor, Gerhard Schröder, the French President Jacques Chirac and the Italian premier, Silvio Berlusconi - in contrast advocate a concrete strategic partnership with Russia, which could stabilize the east of the European continent in the long-term, strengthen their country's own energy security, and potentially increase Europe's prosperity through a connection to the lucrative Russian market.

In order to address Moscow's desire to participate in the building of the future Europe, without simultaneously opening up a path for Russia to full membership in EU and NATO, the EU and Russia have established a model of "Four Common Spaces" comprising economy, foreign/security policy, domestic security, culture/information/education. Theoretically, the path towards a strategic neighbourhood leading to the formation of a "Common European House" could run along this construction. The countries "in between", such like Ukraine, could be tied into this initiative, as long as they wish to be.

At the core of the "Common Economic Area" is the energy alliance. According to uniform expert opinion, the global demand of oil and gas will increase. Russia, as stated recently at an energy conference in Washington, is forecasted to become the world's largest supplier of energy, along with Saudi Arabia, by 2015 and will consequently be in a position to determine world market prices. Then the EU might have to compete with Asia and the USA for partnership with Russia. In EU-circles it is becoming increasingly evident that Russia could soon position itself as an indispensable partner in questions of energy security. Russia's current continuing dependence on the West (foreign debt) would be reversed.

According to present estimates, the Russian supplies would not suffice to provide both Europe and Asia with the necessary quantities of oil and gas, unless there was a dramatic increase in production. For this reason, the question of who will furnish the necessary technology and capital transfer to Russia for the modernizing of its energy sector will be of particular strategic importance. These companies will have a better hand to deal in the future. The required investment for the next ten years is estimated at 85 billion US-Dollars. Russia cannot come up with it on its own.

As the industrial revolution unrolled in Russia 130 years ago, European industrial groups and banks streamed east, without shying away from risk, established oil companies in Baku and began to connect Russia to the West economically. Despite the fact that the industrialists suffered substantial losses, due to the events following the October Revolution and the consequent nationalization of the entire economy, they returned to Russia at the next

opportunity. Today, they are vehemently knocking at the door of the Russian market which still remains not fully open.

Russia says it needs the EU primarily as a partner for its modernization. Putin is enticing the Europeans with the promising energy alliance, and is dexterously betting on the European economy for the main support of his foreign policy. The economic circles applaud Putin's course of domestic modernization. His determined battle against regional separatism, corruption, the reduction of Russia's foreign debt, the new tax code, the establishment of more transparent privatization methods, the dismantling of state subsidies, and finally the begin of banking reforms are concrete policy triumphs, that one waited in vain for under Boris Yeltsin.

Putin wishes to build the Russian economy along four main pillars: energy, defence, transportation and banking. The key enterprises in these four areas are to be kept under the control of the state. The personnel decisions and the structural changes in these four economic branches leave no doubts open as to this question. Putin has declared the energy sector, which is responsible for 40 percent of the government tax revenue, 55 percent of the export profits and 20 percent of the entire Russian economy, the most important component of national state interests. The state will not allow this sector, on which Russia is dependent in order to reclaim its Great Power status to be controlled by the private interests of profit addicted oligarchs, or foreign transnational corporations.

Is it possible, under these conditions, in which it is obvious that unwritten rules exist, for foreign firms to be successful in the Russian energy market? Putin has just recently made new offers to German, French and British investors. Foreign companies are needed as partners in the energy sector; however, they cannot themselves be full-fledged owners of Russian energy companies.

Germany is the key country for Putin's realization of his conception of the energy alliance. With the aid of German firms and the German Chancellor's political support, a German-Russian-Ukrainian Gas consortium is to be developed. New massive pipelines across the Baltic Sea are to increase gas exports from Russia to Germany into the EU.

What are the perspectives concerning military collaboration and cooperation with regards to questions of foreign and security policy, i.e. the second "Common Area"? During the Iraq crisis in early 2003, Russia together with Germany and France formed an opposition to the American-British Iraq war. Thereby Russia distinguished itself as a subject of European policy in the formation of the future world order. Russia swung to the foreign policy line of the EU, the so-called quartet for the resolution of Middle East problems. While Germany and France at present secure peace in Afghanistan with the Eurocorps, there are indications that Russia could send a military contingency for peacekeeping to Iraq. Russia, France and Germany hold regular summits to draw a common foreign political line in global affairs. They also adjust their common approach towards the United States.

Russia has made its territory available for NATO transports to Afghanistan. Future cooperation within the framework of NATO as well as with the European Security and Defence institutions appears logical. For the first time in 100 years there are no obvious contradictions between Europe and Russia with regards to the architecture of the future world order.

Close cooperation can be witnessed in the "common area of interior security". The Kremlin has instated one of its most influential politicians, FSB-General Viktor Ivanov for this purpose. If significant progress is made in this field, it is quite possible that Putin's wish to abolish the visa regime between the EU and Russia could be realized. Differing opinions exist in the EU and Russia pertaining to the question of Russian minorities in the Baltic countries and the war in Chechnya.

Russia demands from the EU a strict adherence to the minority protection regulations with regard to ethnic Russians; Sergei Yastrzhembsky, Putin's Special-Envoy for EU Affairs, complained at a seminar of experts at the Körber-Foundation in the beginning of July in Berlin, that Russians in Lithuania and Estonia are still considered second-class citizens, in contradiction to EU-norms. On the European side, Russia is still being blamed for severe human rights abuses in Chechnya and for its wrongdoings in working with the population in the separatist republic.

Constructive relations between the EU and Russia have soured in the recent past. In the post-Soviet area serious conflicts threaten to arise between Russia on the one side, and between the EU and the US on the other. Moscow is observing the EU's neighbourhood strategy towards countries like the Ukraine, Belarus, Moldova and Georgia, which the EU has newly labelled it's "Near Abroad", with increasing suspicion. Up to now, these countries were perceived by Moscow to be its own exclusive "Near Abroad".

It is evident that Russia and the EU are not willing to consider the western CIS-states as a "Common Neighbouring Area". Possible EU peacekeeping operations in Moldova (Transnistria) and the Caucasus (Abkhazia, South-Ossetia, Karabakh) are denounced in Moscow. The EU criticizes that Russian peacekeeping missions in the post-Soviet area have the exclusive purpose of maintaining Russian influence. Both sides demand control for future planning of such peace missions.

The future and consequences of the historical processes of the EU and NATO's eastern expansion are evidently difficult to predict. Whether a new era of a united Greater Europe commenced on the 1st of May of 2004, or whether the expansion of the West into the east of Europe will provoke a new fracturing of the European continent remains unknown. Will the Russian elite, if it puts its traditional superpower dreams aside, search for a reunification with the "historic Europe", as the Poles and other Central Europeans have done? Then indeed the fourth "common area of culture, education and information" could receive a strong foundation.

Or will the Russians instead seek to establish an anti-western alliance in the post-soviet territory which would provoke the EU to push Russia into Asia?

Flirting with the idea of an EU-East

Russia would like above all to receive the right to have a say in the designing of the future architecture of Europe that reflects its size and importance. Russia rejects EU's sole posture on the European continent. At the same time, Russia is resisting Western intervention in the post-Soviet area, which Moscow continues to see as an area of its own national interest.

Russia would like to establish a common economic zone with the EU, leading to the amalgamation of the Siberian area, rich in raw materials, with the technologically advanced potential of Europe (Putin speech in the Bundestag 2001). By no means is Russia however willing to give up any aspects of its state sovereignty to Brussels; the reestablishment of Russia's Great Power position remains the top priority of Russian politics.

Russia, to this day, categorically rejects any Western criticism of its non-liberal value-system. A consensus has been established in the Russian elite and society that liberalism and democracy have to take a secondary position, until Russia has strengthened itself domestically and towards the outside world (Richard Pipes).

For Putin there is no reason to deny this "societal contract". Russia offers the EU a community based on interest, instead of values, economic pragmatism instead of civil dialogue, a modernization partnership instead of a democratic partnership.

This illustrates the different expectations that Russia and the EU possess for the future Europe. For Western Europeans, Europe represents above all a "system of universal values". For Russia, Europe was and remains a geographic entity. These differing perspectives on Europe are not new; the dispute is at least 200 years old. In the 19th century the countries of Prussia, Austria, Great Britain, France and Spain already considered the expansive Russian Empire at the east of the continent as something hostile and threatening. The Western press reported, as it does today, exceedingly critically of Russia.

Russia had then, as it still does today, an ambivalent image of the West. On the one hand the country wanted to learn from the technologically further advanced Western Europe, to emulate Western scientists, and to enjoy the Western lifestyle. On the other hand Russians saw themselves as spiritually superior (Idea of the "Third Rome") and rejected the "universal values" proclaimed by the West, as an unfitting foreign culture, unsuitable for its own society (see N. Ya. Danilevsky, "Russia and Europe", Saint Petersburg 1871).

No one should harbour illusions with regards to the current understanding of Europe by

Russians, that there is a generation of cosmopolitan, western values-embracing new breed of Russian leaders on the way. With the big money, and the rise of Russian businessmen hitting the rankings of the richest men in the world, the Russian-isolationist world view is gaining further influence. Russian values are increasingly perceived as independent and incompatible with the traditions of the Western world. Russia's approach to the West has, according to its own view, the sole purpose of strengthening its empire. Integration is not wanted (Die Welt).

Today's Russians want to live materially as they do in the West, however they do not desire a Western liberal model for their own country (Andrei Fedorov).

The Russian side has recently shown itself to be irritated, in many aspects with regard to the EU-Russia relationship. Moscow has underestimated the newly gained political might of an expanded Europe, and reacted with total surprise, as the EU began to show a never-before seen tough political stance in negotiations with Russia. The EU introduced visas for Russian travelers in transit to and from Kaliningrad, raised export restrictions for Russian goods into the new Central Eastern European EU member states, and reacted to the proposed energy dialogue with its own demands of Russia: to decentralize its state-run energy monopolies.

The Russian side reacted with indignation to two EU strategy papers in February of 2004, in which Russia was sharply criticized for its break from democratic principles.

Putin's uneasiness towards the EU is increasing. In his view, the EU has rejected many of his recommendations for cooperation. In his widely scrutinized speech to Russian diplomats, he did not mention the EU at all; instead he singled out Germany, France and Italy as the only European countries that were interested in a real friendship with his country.

According to Putin, the West is actually interested in preventing a strong Russia, and would therefore organize campaigns with the aim of damaging Russia's image. The Kremlin chief fiercely criticized "foreign forces", which seek to hinder him from reuniting Russia with former Soviet Republics. The earlier pragmatism, which formerly characterized Putin's foreign

policy, seems to have yielded to an emotional friend-foe philosophy.

Putin's second term illustrates a new foreign policy direction. The focus of diplomacy lies now on the CIS. Apparently Putin believes that he can no longer expect any reciprocity from the West, other than the green light to join the WTO, and the consolidation of Russia's membership to the G-8. He will not receive the go-ahead for reconstructing the lost influence in the former Soviet area that he hoped for.

Russia has ambitious plans, which aim far beyond a modernization partnership with the EU. Moscow wants to regain its Great Power role in world politics as soon as possible, and believes it can achieve this, due to its favourable starting point on the world energy market. Saudi Arabia admittedly has more oil reserves than Russia, but is not the world's second biggest nuclear power. In order to become a Great Power, Russia, however, needs an alliance with the former Soviet republics, which have however not made any attempts to again become a part of the Russian hemisphere.

Putin may try to use the time out, which the EU has given itself with respect to further expansion plans, in order to create a separate "Eastern EU".

Since Putin was not able to produce a reunification with Belarus in his first term in office, he is aiming his integration strategy at the Ukraine. The Ukraine has always been the most important corner stone of his future integration model. Just months before the end of his presidency, Leonid Kuchma was pushed to join the "Common Economic Area" comprised of Russia, the Ukraine, Kazakhstan and Belarus and to renounce the goal of a membership to the EU and NATO.

A strategic pipeline, which initially was going to transport Caspian oil to the West, circumventing Russia, was swiftly revamped, and will now pump Russian oil to the Mediterranean. The Ukraine, which until then had always spoken in favor of diversifying Russian energy deliveries, aided with these measures the cementing of Russia's transport monopoly.

The Ukraine is disillusioned. It had hoped for membership considerations to the EU and NATO. Instead, it was sidelined and offered

the cheap alternative of a vague vicinity strategy. Kuchma's dramatic swing towards Russia can be seen as a form of revenge against the EU and NATO for neglecting his country.

Two further building blocks already form the foundation of what the Kremlin chief envisages as the integration model for the future: the nuclear energy alliance with the two other most important oil and gas producing states in the territory of the former Soviet Union, Kazakhstan and Turkmenistan. A strategic union between these states could in fact amount to a gas-OPEC like organization, with which the industrial countries in Europe and Asia would have to be on good terms with.

From the present-day perspective however, Putin's "Eastern EU" strategy is destined to fail. Almost all the CIS states, with the exception of Belarus, secretly foster the hope to enter the EU and NATO in the not too distant future. Even Belarus, according to the politically moderate and potential presidential aspirant Natalia Masherova, who belongs to neither the Lukashenko-camp, nor the "radical" liberal opposition in Minsk, will not risk its sovereignty in exchange for a return to Russia.

The politics of the newly elected Georgian Head of State is set upon releasing Georgia as expediently as possible from the CIS and anchoring it firmly into Western structures. Even if countries like the Ukraine occasionally turn to Russia, because the doors to the West remain closed to them now, they will never lose sight of Brussels.

The EU and Russia are currently in a process of consolidation and identity searching. The EU will presumably expand into the Balkans and Turkey in the next decade. Russia will attempt to integrate the former Soviet Republics into a "Common Economic Area" and into a "Collective Defence Alliance".

He may try to assemble the former Soviet states into an "Eastern EU" to facilitate these countries' and Russia's perspectives in joining the EU together. But today, in the clash over "universal values", Russia feels increasingly pushed out of Europe and towards Asia (Mikhail Delyagin).

However, Russia and the EU are already fighting - which is much more dangerous -- over spheres of influence on the European conti-

ment. Problems that appeared to have long vanished under the ruins of the Cold War are suddenly reaching daylight.

Memories of long-ago are reawakening. Has Russia's turn towards Europe always been a means to an end? The erstwhile Chancellor of Tsar Peter I, Osterman, once said: "We need Europe for some decades, then however we must moon it" (A. W. Just, „Russland in Europa“, Stuttgart 1949, p. 221).

Putin has recently contradicted him, postulating that Russians and Germans could one day have a shared capital, Brussels. In fact, for Putin, the "Eastern-EU" project could represent the preliminary stage for joint Russian and former Soviet Republic integration with EU-Europe.

One of the most gripping questions of the 21st century is: can Russia strive for a Great Power status, while countries like China, India and the EU also compete for this position? This question is not digressive for the EU, it will have to consider how it is to use Russia's new potential to its advantage. The EU will be forced, whether it likes it or not, to double its energy purchases from Russia in the coming years.

The increase in potential danger from Islamic extremists for the entire Western and Eurasian civilization will make a security partnership with Russia, as conceptualized after the attacks of September 11, 2001, compulsory.

The question of how the relationship between a future EU-Europe and an enormous non-EU-European Russian state should develop must become a priority for the foreign- and security-strategy policy planning of the future Foreign Office of the EU.

The question is relatively easy to answer: a democratic Great Russia, which uses its newly acquired potential for the improvement in the standard of living of its huge population, represents no danger for the West, but in effect a guarantee for stability.

The West is observing anxiously how Putin executes his social-communal reform program. An undemocratic Great Russia, which invests its accumulated wealth into military programs, and which swings its mighty club with overwhelming state power, as presently in the "Yukos" case, awakens fear in Europe.

By Alexander Rahr