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EU-Russia: much ado about nothing?

PHILIPPE CONDÉ

Portuguese Institute of International Relations and Security (IPRIS)

Since the end of 2009, EU-Russia relations have become more positive, this much was clear at the 27th summit that took place in Nizhny Novgorod, on June 9th-10th 2011. The severe recession (-7.9%) that swept Russia in 2009 sounded like a wake up call to the Russian authorities. Moscow understood that the country had to update its economic model based on energy and raw materials, if it wants to become a leading power on par with China, India or Brazil, and have a say in the global arena by 2020.

In order to overcome the energy dependency inherited from the Soviet Union, Russia signed the Partnership for Modernization with the EU during the Rostov-on-Don summit (May 31-June 1 2010). It was also a way to give a new impetus to their bilateral relation as it has been somehow chaotic since the demise of the USSR, in late December 1991.

Limited achievements

From 2010 on, Brussels decided to go ahead with Moscow's modernization plans. The European Investment Bank and the Russian State Development Bank (VEB) signed for a €2 billion loan during the Nizhny Novgorod summit. The Partnership for Modernization is aimed at trading European technology and know-how for economic and political reform in Russia.

Also, the EU reiterated, several times, its backing to Russia's World Trade Organization (WTO) bid as it sees a way to avoid future trade tensions such as the latest one on vegetables, which started in June 2011. More importantly, Russia is Europe's third trading partner (€87 billion in 2010) after the United States and China. Moscow expects to become a full-fledged WTO member by the end of 2011 but Georgia is still opposing it, as Tbilisi wants to recover border control between Russia and its former republics (Abkhazia and South Ossetia). During the last two years, and notwithstanding strong insistence by all Russian government officials, little has been achieved in the way to a visa-free regime with the EU. European leaders have not found common ground on the issue yet. Denmark, Great Britain, Estonia and Latvia are dead against such a regime whereas France, Germany, Finland, Greece, Italy, Spain and even Poland support it.

In the foreign policy field, Russia often disagrees with the EU as it does not share the same interests. Russia does not welcome Brussels' Eastern Partnership as it sees a way for Europe to meddle in the former Soviet republics' affairs, which Moscow considers its sphere of influence.

And since the beginning of the Arab revolutions in December 2010, Russia showed European leaders its dis-



agreement regarding these events, especially in Libya and above all in Syria. President Dmitry Medvedev made clear that Moscow would use its veto right in the United Nations Security Council against the Franco-British resolution calling for tough sanctions against Damascus. This stance is understandable because Syria is the only Russian strategic partner in the Middle East region. Russia is completing the refurbishment of the once Soviet naval base in the port of Tartus. After 2012, it will be ready to accommodate twelve Russian warships – most of them coming from the Black Sea fleet based in Sevastopol – enabling Moscow to strengthen its positions in the Mediterranean Sea and to reach, in a matter of days, the Red Sea via the Suez Canal, and the Atlantic Ocean through the Strait of Gibraltar.¹

This current rift between the European Union and Russia reveals once again that their positions are far from being the same and these differences hamper the development of a genuine strategic relationship.

Distrust prevails

In fact, misunderstanding and distrust will continue to govern the bilateral relation in all fields, at least in the medium run.

The Partnership for Modernization, which was supposed to fill the gap between Moscow and Brussels' visions of the economic and political development in Russia, proved completely vain. While the EU stresses the need for political reforms, economic integration and cooperation on science, Russia intends to use European technology to modernize its industry in order to gain political clout in the global arena. Moscow prefers to achieve this goal by signing industrial contracts at a bilateral level, leaving the political component of the Partnership to the EU.²

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The EU's approach is too naive by thinking that its huge eastern neighbor will become a western democracy overnight, whereas it took 200 years to establish in Europe. Even the United States recognize that today it has limited power to influence the political situation in Russia.

The same distrust can be applied to energy relations even if Russia is eager to become a reliable partner through Nord Stream pipeline, which connects Russia to Germany directly via the Baltic Sea, and through South Stream (which bypasses Ukraine). In the meantime, Brussels considers these projects as a way to increase its dependence on Russia by offering it too big a leverage. But, if this distrust continues, Russia, as a Eurasian country, will look more and more to the East.

Preventing closer relations with Asia

Moscow has already been offering its cooperation to the Association Southeast Asian Nations (ASEAN) for a couple of years in disaster relief and counterterrorism matters.

For the first time ever, in early June 2011, Russia took part in the ASEAN summit in Malaysia. The Kremlin is eager to become a player in Asia's security architecture. This

policy is aimed at protecting its long-term interests as Russia wants to expand its energy exports to the Asia-Pacific region by the next decade. In order to gain strategic clout in Asia, the Pacific fleet based in Vladivostok will deploy one Mistral class ship. Russian authorities are pushing the pendulum towards Asia as they feel disappointed by the numerous and unsuccessful attempts to reach strategic relations with the EU.

So, if Brussels wants to prevent Russia from drifting away to Asia and defuse distrust, it should agree on a progressive visa-free travel. First, students, scientists and businesspeople could apply for this regime. Then, it could be extended to the other categories of the population in a three to five year period. The Russian government has already announced that foreign football fans could travel to Russia visa-free during the

1 Philippe Condé, "Le retour de la Russie dans les affaires mondiales" (*AGIR*, No. 45, February 2011).

2 On June 17 2011, the purchase of two French Mistral class helicopter carriers with all the sensitive technology transfer was a direct application of this policy.



FIFA World cup in 2018. So, it would be remarkable if such a regime between the EU and Russia could be in force by that time.

This measure could play a powerful incentive in helping Russia to become more global. As a result, Russo-European exchanges of students, small entrepreneurs, big businesses, could create the basis for evolution in terms of innovation, investment climate and property rights protection. The latter have never been protected by the state since the beginning of the economic transition in the early 1990s. This factor can easily explain Russia's poor performance in the innovation field during the last 20 years. The development of a small entrepreneur's class is particularly important since it is the first step to creating a genuine middle class. Then, sooner or later, this class will demand the liberalization of the political system, if it has not been previously done.

Conclusion

Since the end of 2009, despite warmer relations between Europe and Russia, the results are quite disappointing. The Partnership for Modernization and the visa-free regime, which are high on the Russian agenda, have different meanings in Brussels and in Moscow. However, the EU should approve a common and more realistic view regarding the pace of democratization in Russia. Brussels should also think thoroughly about all the positive consequences of moving to a visa-free regime, as it was pointed out. Otherwise, Russia could definitely drift away from Europe to Asia as it is becoming increasingly active in the Pacific Rim.

EDITOR | Paulo Gorjão

ASSISTANT EDITORS | Laura Tereno • Vasco Martins

DESIGN | Atelier Teresa Cardoso Bastos

Portuguese Institute of International Relations and Security (IPRIS)
Rua Vitorino Nemésio, 5 - 1750-306 Lisboa
PORTUGAL

<http://www.ipris.org>
email: ipris@ipris.org

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