

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

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## The Institutional Aspects of Russia-EU Relations

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KATJA MANN, APR 5 2013

### Strategic Partners, No Friends: An Analysis of Institutional Aspects of Russia-EU Relations

#### Introduction

Due to its geographic situation and cultural links, Russia has always had a special relationship to Europe. Struggling to define its own place in the world, it has at some times considered itself as genuinely European, while at other times insisted on being of specific 'Eurasian' type. Today's Europe is mainly composed of the European Union (EU). Since its origins in the 1950s, the EU[1] has developed into a regional power and a major international player, and through its enlargement process recently became a direct neighbour to Russia. It therefore seems natural for Russia to entertain a specific relationship with and to develop a strategic foreign policy approach towards the EU. In this paper, I am going to assess how relations between Russia and the EU have developed since 1991, and what elements have shaped Russia's foreign policy towards its neighbour in the West. In this way, I am trying to find out whether Russia has developed a unique bilateral approach towards the EU, which would be indicative for perceiving the EU as an independent political player, or whether it has mostly copied its general foreign policy approach towards the West, as applied in the relationship with the United States (US). I will concentrate on institutional aspects of the relationship between Russia and the EU, basing the analysis mainly on key agreements between the two parties on the one hand and Russian strategy papers or related documents on the other hand. In this way, I will focus on the broad picture of Russia-EU relations and less on specific policy areas. Relations to third countries/organisations and external conflicts are left out as the EU's power is limited in this sphere and it is mainly, though not exclusively, the member states that become active.[2]

My main finding is that Russia's relations with the EU throughout the last 20 years mostly constituted a microcosm of Russia's approach towards the US and the West in general, but that there can in recent years be detected moments when Russia has been reacting to changes within the EU and its foreign policy principles, notably EU enlargement and the European Neighbourhood Policy. This corresponds to Russia perceiving the EU more and more as an independent political actor.

The organisation of the paper follows a chronological order. The first part covers the period until the mid-1990s, in which the Cooperation and Partnership Agreement lay the foundations for Russia-EU relations. The second part describes the realistic reassessment of the relation that took place until the early 2000s, the third part covers a period of new disagreements connected mainly to EU enlargement, and the fourth part describes the most recent developments.

#### I. A Relationship on the EU's Terms

Although the end of the Cold War and the breakup of the Soviet Union in 1991 marked the beginning of a new political era in Europe, bilateral relations between the newly founded Russian Federation and the European Union did not have to be built up from scratch. Already in 1989, formal relations between the EU and the Soviet Union had been established based on a regional trade agreement, the Trade and Cooperation Agreement (TCA). It had been made possible in the climate of rapprochement between East and West that began when Mikhail Gorbachev came to power. The Soviet Union recognised the EU and the EU reciprocally recognised the Council of Mutual Economic

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

Assistance (COMECON) after having maintained no formal relations during the decades before. The TCA was however very limited in scope; it dealt exclusively with commercial and economic cooperation: Most Favourable Nation treatment was mutually guaranteed by the two parties, in this way laying favourable conditions for the development of reciprocal trade.

After the Russian Federation had been constituted as successor state of the Soviet Union, the EU proposed the conclusion of a new agreement. The Partnership and Cooperation Agreement (PCA), signed in 1994 and ratified in 1997, sets the contours of the relationship to be. In its format, it has not been developed uniquely to fit Russia-EU relations, but rather represents a strategic tool that the EU used for defining its relations with those countries of the former Soviet Union with which it was interested in building up bilateral relations, but did not intend to offer the prospect of membership.[3] The two parties entered into negotiations entertaining very different expectations about their future partnership. Russia aimed at being admitted into the international community of democratic states and pursued this goal not only when dealing with the EU but with Western states (most importantly the US) or organisations in general; stable political relations with the West were not seen as an end in itself but also as a ticket for enjoying economic prosperity and maintaining internal stability (see Kozyrev 1994). While the US were considered as the most important Western player and thus Russia's primary addressee under political aspects, the EU was attractive to Russia in economic terms. Economic (and political) assistance in its transformation process and favourable trade relations were Russia's priorities when negotiating with the EU. However, as a country undergoing rapid changes and struggling to (re-)build its national identity, Russia was having difficulties in defining its foreign policy priorities, especially with regards to a fuzzy entity like the European Union (Haukkala 2010: 71). The EU on the other hand had a more normative agenda: Being interested in maintaining peace and stability on the European continent after the collapse of the Soviet Union, a democratic Russia that shared the same values as the Western community seemed the best way of achieving this. However, the highly sophisticated and complex institutional architecture that had been built up the course of 40 years had led to a degree of interconnectedness between the EU member countries that made it impossible for the EU to promise Russia to fully becoming a part of Europe without offering it EU membership (which was not considered an option by the EU) (Haukkala 2010: 69). In this way, the EU set limits to the intensity of its relations with Russia from the start.

The different expectations of the partnership become apparent in the contents of the agreement. On the technical side, EU restrictions on trade with Russia were lifted and the Most Favoured Nation Clause confirmed, explicitly opening up the long-term perspective of establishing a free trade area.[4] Cooperation was also agreed upon in other areas like industrial and scientific cooperation, agriculture, transport, environmental protection and education. In areas like company and banking law, competition rules, public procurement and consumer protection, legal harmonisation was intended, the adjustment however resided entirely in the responsibility of Russia:

Russia shall endeavour to ensure that its legislation will be gradually made compatible with that of the Community. (PCA Art. 55.1)

On the normative side, the agreement states the aim of a "gradual integration between Russia and a wider area of cooperation in Europe" (Art. 1). Also,

Respect for democratic principles and human rights [...] underpins the internal and external policies of the Parties and constitutes an essential element of partnership and of this agreement. (Art. 2)[5]

Furthermore, a regular political dialogue was established including biannual EU-Russia Summits between the president of Russia and the EU equivalent, annual Cooperation Councils on the ministerial level and regular meetings at several working-group levels as well as between members of the Duma and the European Parliament.

The PCA raises high expectations about the future relationship between the EU and Russia. It implies the "Europeanization of Russia" (Lukyanov 2008: 1109), a gradual normative convergence and the adoption of European values in return for Russia being granted access to the European Economic Area. Russia appears as the junior partner in the bilateral relations, it is the *demandeur* that agrees to a partnership on the EU's terms. The value component is a new element in the relationship compared to the TCA and reads like the apparent triumph of Western

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

liberalism in the post-Cold War world proclaimed by many Western scholars at that time (see Tsygankov 2006: 11). In the uncertain situation after 1991 and in the absence of its own foreign policy model, Russia embraced the integration model offered by the EU. President Yeltsin and Foreign Minister Kozyrev can be attributed to the 'Westernist' camp of the Russian political elite which embraced liberalism and saw integration into the West as the only way for succeeding in political and economic transformation (see Tsygankov 2006: 18).

However, it turned out that the terms and conditions of the prospective Russia-EU partnership laid out in the PCA represented more a statement of intent than a real commitment to Russia. When it came to the implementation of the agreement, Russia turned out not to be as willing to comply with the EU's normative standards. During the Yeltsin era, Russia never aimed at a full implementation of many of the agreement's provisions, especially with regards to Article 2 and Article 55 (Lynch 2003: 56; Haukkala 2010: 129). Disagreements between the EU and Russia arose over this issue as well as over Russian concerns about EU anti-dumping measures (Smith and Timmins 2001: 82). Apart from those relatively specific and technical issues, however, the political relations between Russia and the EU at that time were non-confrontational – but they were also not very deeply developed. For Russia, the EU represented first and foremost an "economic appendage to NATO" (Bordachev 2005: 153) and not a geopolitical actor. The interaction with the EU was regarded as important to secure market access for Russian exporters and attract foreign direct investment, but in terms of European security policy and political dialogue, Russia considered the United States, NATO and OSCE as the important players (Haukkala 2003: 9).[6]

Throughout the 1990s, Russia lacked a unified strategy towards the EU. While until 1999, there had been three strategy papers of the EU on Russia, there was no official document from the Russian side (Bordachev 2005: 153). One reason for this is Russia's focus on bilateral relations to the big European countries. In the eyes of Russian diplomats the real power in Europe lay with the intergovernmental element of the EU – and therefore with the big EU member states – rather than with supranational entities like the European Commission (Bordachev 2005: 155). In reality, most aspects of economic cooperation, including the single market which Russia was so interested in gaining access to, are those areas where the European Commission enjoys the most (and almost exclusive) competences. This shows that Russia under Yeltsin did not fully understand how the EU works. In general, it is characteristic of Russia's approach towards Europe that it often resolves to dealing with the big EU member states separately instead of addressing the Commission on issues of community competence. Considering that member states are in general more pragmatic and less critical in their dealings with Russia (and happy to leave sensitive topics to the EU), this '*divide et impera*' strategy provides opportunities for Russia to play out the member states against the EU authorities (Barysch 2004: 54). Therefore, while sometimes being a sign of Russia's ignorance with respect to the functioning of the EU, addressing member states instead of the EU Commission is at other times a well-chosen strategic tool.

In the same way as the EU did not constitute Russia's core addressee when dealing with the West, Russia did not rank on the top of the EU's agenda either. The beginning of the 1990s marked a period of fundamental changes within the EU, which is why the EU was rather engaged in establishing a new institutional structure, preparing more for monetary union and for Eastern enlargement than elaborating its strategy towards Russia (Haukkala 2003: 11).

Thus, while the PCA on paper looked like a promising start for deep and multi-faceted (though Western value-based) bilateral relations, the reality fell short of these expectations. Indeed, what happened within the following years has been described as "vicious circle of mutually diminishing expectations" (Haukkala 2003: 9) due to the fact that both sides had to find out that their aspirations proved illusionary: Russia was not to be admitted rapidly into the circle of important Western powers, while the path of its political and economic transformation disappointed the EU. That the relationship would not be as harmonious as the agreement suggests becomes clear with regards to the lagging ratification process. The EU suspended ratification when Russia invaded Chechnya in 1994 as a symbolic way to show its protest against Russian military actions and to underline its commitment to its normative agenda (Forsberg and Herd 2005: 460), and only completed the ratification process in 1997. In general, the war displayed that a relationship based on common values was still a distant dream.

## II. Pragmatism Gaining Momentum

In the course of the 1990's, Russian politicians became increasingly disappointed with the turn their relationship to

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

the West was taking. Yeltsin's ideological diplomacy and liberal policies failed to integrate Russia into the Western power sphere and the positive view that Russia's had taken towards the West and specifically towards the United States gave way to the impression that the West was trying to dictate Russia's reform policies (Lynch 2011: 96.). A new path in Russian foreign policy was taken when the pro-Western liberal Russian foreign minister Andrei Kozyrev was succeeded by the Statist Yevgeny Primakov in 1996. It was Primakov's dictum of a multipolar world in which a sovereign Russia would be recognised as a great power that was to dominate Russian foreign policy not only during his term, but also under Vladimir Putin's presidency (Mankoff 2007: 125). In general, the Statists argued for more restrained relations with the West and a more balanced foreign policy.

The EU for its part was dissatisfied with Russia's internal reforms and its actions in conflicts such as Chechnya and former Yugoslavia. Reacting to increasing concerns about Russia's course, the EU in June 1999 published a major strategy paper, its Common Strategy on Russia. Limited in terms of practical proposals, this document stresses again the importance the EU attributed to common values in their partnership with Russia. The EU,

Welcomes Russia's return to its rightful place in the European family [...] on the foundations of shared values enshrined in the common heritage of European civilization. (Common Strategy of the European Union on Russia, Part 1)

The main strategic goal is:

a stable, open and pluralistic democracy in Russia, governed by the rule of law and underpinning a prosperous market economy benefiting alike all the people of Russia and of the European Union. (Common Strategy of the European Union on Russia, Part 1)

As in the PCA, Russia was offered an integration path into Europe on a 'take it or leave it' basis: Either it would comply with the terms set by the EU or it would have to stay outside. Thus, the EU clearly did not consider Russia an equal partner.

Russia's reaction followed promptly, presenting an alternative vision of their relationship. The Medium-Term Strategy for the Development of Relations between the Russian Federation and the European Union 2000-2010, published in October 1999, conveys the view that Russia is not a petitioner to the EU, but an independent partner whose sovereignty is to be respected. Contrary to the EU strategy, no reference is made to common values, but the relationship is seen in highly instrumental terms. The Strategy talks about the "development of a strategic partnership" which "will be reflected in active interaction between the parties to achieve major collective objectives of mutual interest" (Medium-Term Strategy, Part 1.2). These mutual interests concern not only economic issues (a prospective free trade zone is mentioned again), but also the European security architecture and the Commonwealth of Independent States (CIS), where the hope is expressed that the integration experience of the EU could serve as a role model. Russia renounces any aspirations to become associated with (or even to accede) the EU:

As a world power situated on two continents, Russia should retain its freedom to determine and implement its domestic and foreign policies [...]. (Medium-Term Strategy, Part 1.1)

So the Russian view on the Russia-EU relationship in 1999 was much more pragmatic than the EU's, it stressed the functional aspect of a strategic partnership which would serve both partners to better pursue their national interests in the international sphere. Russia still acknowledged its need for EU support in its reform process, but contrary to the PCA, it was no longer eager to comply with the EU's expectations on Russia's internal course. In general, the impression is conveyed that Russia is a sovereign state claiming its rightful place in a multipolar world. The same tone prevails in other important foreign policy documents of the Russian Federation which were published around the same time. The Foreign Policy Concept of the Russian Federation of 2000 states as Russian foreign policy's first objective to:

preserve and strengthen its sovereignty and territorial integrity, to achieve firm and prestigious positions in the world community, most fully consistent with the interests of the Russian Federation as a great power. (Foreign Policy

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

Concept 2000, General Principles)

However, both Medium-Term Strategy and the Foreign Policy Concept also show that during the first years of formal bilateral relations, Russia has gained a better knowledge of the EU. The Foreign Policy Concept acknowledges that:

the on going processes within the EU are having a growing impact on the dynamics of the situation in Europe. These are the EU expansion, transition to a common currency, institutional reform [...]. (Foreign Policy Concept 2000, Regional Priorities)

Obviously the regular dialogue set up with the PCA triggered a learning process in Russia about the functioning of the EU. However, bilateral approaches to bigger EU member states still ranked high on Russia's agenda and were seen as a "stabilizing factor in international relations in Europe" (Ivanov 2002: 95).

From the comparison between the EU's Common Strategy and the Russian Medium-Term Strategy it can be concluded that the two partners differed widely in their expectations of the relationship. While the EU continued to view their relationship under the terms set out in the PCA, Russia's position had changed, consolidating its national interests and taking a more realist stance on the relationship. Also, the two strategy documents show that by the turn of the millennium Russia and the EU still had not developed a full understanding of the other's position and priorities. Russia failed to acknowledge the EU's nature of a community based on common values that embraces and exports the idea of harmonisation (of legal provisions as well as of policy concepts) while the EU was unable to take into consideration Russia's gain in self-confidence and its development of a new foreign policy agenda based on the concept of balance of power.

When Vladimir Putin took over the office of President of the Russian Federation in 2000, the relationship to the EU and to the West in general became re-evaluated once again. While embracing and further elaborating the concept of Russia as a great power, Putin gave up Primakov's balancing approach in favour of an explicit preference to the West in Russia's search for international partners (Tsygankov 2006: 19). Also, Russia ceased to view the EU as purely functional to NATO and to the United States, but recognised it as an important player both in regional affairs and in the international system (Lynch 2003: 18). In his Annual Address to the Federal Assembly of the Russian Federation in April 2001 Putin stated that:

Dynamic processes are now at work in Europe and the role of large European organisations and regional forums is changing. In this respect, our efforts to build up a partnership with the European Union will become even more important. Integration with Europe is one of the key areas of our foreign policy. (Putin 2001a)

In the Foreign Policy Concept of 2000, relations to the EU were now ranked higher than those to the US, contrary to the Foreign Policy Concept of 1993. For Putin, relations with the EU could serve Russian interests in essentially two ways (see Haukkala 2003: 9; Barysch 2004: 11): 1) economically, trade with and investment by the EU provided a way of modernising and strengthening the Russian economy and thereby of enhancing Russia's influence in the world, and 2) politically, the EU presented a potential ally in the effort to counterbalance US hegemony in the international system. During the first years of the Putin era, economic dialogue was strengthened and an EU-Russia Energy Dialogue was initiated in 2000 which aimed at improving investment opportunities in the energy sector, expanding the energy infrastructure, opening up the market and promoting energy efficiency (European Commission 2012).[7] Also, Putin secured support for Russia's accession to the World Trade Organisation (WTO) and the EU agreed to consider inviting Russia to participate in crisis management operations being carried out under the Common Foreign and Security Policy (CFSP), an intergovernmental pillar of the EU (Smith and Timmins 2001: 85). In return, Putin reaffirmed Russia's commitment to democracy, human rights and the rule of law. Still, he forbade any interference of the EU in domestic Russian affairs[8], and the regular EU reference to 'shared values' was continuously looked upon with suspicion in Russia (Barysch 2004: 13).

The terrorist attacks of 9/11 brought about a temporary rapprochement between Russia and the West. Putin immediately afterwards made Russia the most important US ally in the fight against the Taliban and also included Europe in this new alliance. In a speech in the German Bundestag he emphasized that large-scale and equal pan-

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

European cooperation was needed in order to solve some of the most pressing economic and social problems of the time (Putin 2001b). All in all, the period between autumn 2001 and spring 2002 was marked by a “culmination of declarative rapprochement, a kind of ‘honeymoon’ between Russia and the European Union” (Lukyanov 2008: 1110).

## III. Divided Paths

The period of rapprochement between Russia and the West soon came to an end. Russia and the US discovered that they had rather different expectations about their post-9/11 alliance and so their relationship entered into a new phase of mutual disappointment and distance (see Stent 2008: 1096). The relations between Russia and the EU equally experienced a cooling-off. While this was partially due to Putin’s general drift away from integration with the West, a new source of discontent for Russia arose from the dynamics of EU enlargement.[9] The EU was to admit eight Central Eastern European (CEE) states in 2004, three of them – the Baltic states – part of the former Soviet Union. The enlargement process had been envisaged by the EU since bilateral agreements in 1992 opened up the prospect of membership to the CEE countries. For ten years the process had basically attracted no interest from Russia’s part, but in 2002, conflicts suddenly arose over transit agreements for the Russian Kaliningrad oblast. With enlargement, Kaliningrad would become fully surrounded by EU territory since the neighbouring countries Poland and Lithuania were both to join the EU. Accession to the Schengen area (abolishing internal borders between EU countries) would require Poland and Lithuania to adopt stricter border controls and a stricter visa regime towards non-EU countries, which meant that Russian citizens travelling to or from the Kaliningrad oblast would need a visa. This treatment was highly objected to by Russia as Russians feared a loss of sovereignty of Kaliningrad (Karaganov et al. 2005: 8). “The direction [...] of the development of our relations with the European Union will depend on how far we can advance toward resolving this issue”, Putin declared in a televised interview on the Kaliningrad issue. “This has, without any exaggeration, a serious geopolitical aspect” (Putin 2002). An agreement on Kaliningrad could be concluded in November 2002, but EU enlargement provided new grounds for disputes between Russia and the EU. Immediately before the enlargement, Russia presented to the EU a list of 14 demands which were intended to soften the negative effects Russia foresaw for its economy and society, such as the continuation of trade preferences and the protection of Russian minorities in the Baltic states. Were these demands not met, Russia threatened not to sign the extension of the PCA to the new EU member states. This move led to a serious political crisis in Russia-EU relations. The EU retorted that Russia had no right to do so and indirectly threatened trade sanctions (Barysch 2004: 2). The conflict was solved when Russia agreed to extend the PCA and the EU promised to take into account Russia’s legitimate concerns over EU enlargement.

Why did Russia suddenly become so worried about EU enlargement? On the one hand, Russia feared that the expansion of the common external tariff to include the CEE states would result in immense economic losses to Russia.[10] On the other hand, the EU expanded into a space of traditional Russian predominance which bordered CIS (and might even one day include CIS countries). Russia was afraid of losing its regional power and gradually came to think about the EU as a new regional hegemon that was making its conquests not on a battlefield, but by attracting ever more countries with the promise of prosperity that was conveyed by the success of its economic model (see Haukkala 2010: 144). A new EU approach towards neighbouring regions, the European Neighbourhood Policy, further amplified Russian concerns. With this strategic tool, launched in 2004, the EU offered a privileged relationship to Belarus, Moldova, Ukraine, Georgia, Armenia, Azerbaijan and some Mediterranean countries in return for fulfilment of a series of EU requirements (Bordachev 2005: 163). Russia itself had been offered to be included in the Neighbourhood Policy, but had immediately rejected the offer. A piqued Russian ambassador to the EU, Vladimir Chizhov, referred to the fact that:

Russia is a large self-sufficient country with its own views on European and Euro-Atlantic integration. In contrast to some smaller Eastern European or South Caucasus countries striving for EU membership, Russia is neither a subject nor an object of the European Neighbourhood Policy. (Chizhov 2006)

However, the new European policy towards the East clearly signalled that the EU was going to become more involved in the CIS. The Orange Revolution in Ukraine in 2004 and EU plans for the settlement of the Transdniestria problem without active Russian participation (Bordachev and Moshes 2004: 92) soon turned the region into a hotspot

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

for Russia-EU relations and further fuelled Russia's critical view on the EU.

Thus, the Russian-EU 'honeymoon' did not end in a happy marriage, but in new conflicts. While in the economic sphere, Russia continued to maintain interactions with the goal of benefiting from the European economic and technological model (after all, the EU is Russia's biggest trading partner and an important foreign direct investor), the political partnership stagnated and Russia's integration into Europe came to a halt. Russian leaders distanced themselves from European ideas and from becoming part of the Western sphere; instead, they started to create their own Moscow-centred system which implied that Russia as a big country was essentially friendless (Stent 2008: 1090). Also, from internal developments in Russia it became clear that Russia had turned away from the European democratic state model: under Putin, Russia became increasingly autocratic and centralised.

The change in Russia-EU relations also becomes clear in the negotiations on another major common project, the Four Common Spaces. Proposed by the European Commission as early as in 2000, the aim of producing a new strategic document was to 'operationalize' the rather abstract clauses in the PCA and to lead to more concrete agreements against the background that the implementation of the PCA was lacking. The first years of negotiations did not produce any noticeable results, but the process gained speed with the start of the European Neighbourhood Policy: Russia vigorously demanded a specific kind of strategic (economic) partnership with the EU, and the EU was eager to signal to Russia that it occupied a distinct place among the new neighbours of the EU (Haukkala 2010: 134). In 2005, the Road Maps for the Common Spaces were finally presented. The document divides into four areas of cooperation: 1) the Common Economic Space aiming to make the EU's and Russia's economies more compatible and in this way to boost investment and trade, 2) the Common Space on Freedom, Security and Justice covering justice, home affairs, the rule of law and human rights, 3) the Common Space on External Security aiming to enhance cooperation on foreign policy and security issues, and 4) the Common Space on Research, Education and Culture dedicated to the promotion of scientific, educational and cultural cooperation. Contrary to the aim of making the relationship more tractable, the Common Spaces remain vague on how exactly to implement the four areas of cooperation. The agreements are non-binding and still have to be translated into concrete actions. A Western expert on Russia concluded that "the defining characteristic of space is emptiness" (Barysch 2004: 14), while in a workshop of high-level Russian experts on the EU, the participants came to the conclusion that the Common Spaces were going to be "unpromising, at best, and dangerous, at worst" (Karaganov et al. 2005: 7). Nevertheless, the document provides meaningful insights into the state of Russia-EU relations. Contrary to the PCA in which Russia was required to adjust its norms and regulations to the European ones, the Common Spaces only mention the "development of harmonised and compatible standards, regulations and conformity assessment procedures" (Road Map for the Common Spaces: 1) without specifying from which part convergence should come (though in most parts it can be expected to be Russia). Regarding energy relations, a reference is made for the first time to Russian guidelines and strategies, although in general the energy part remains rather vague. Another notable aspect of the agreements is that the EU's focus on 'common values' still is reflected in the document, but only in some subchapters and not in the preamble as in the PCA.

In the document, as in the agreements concluded before, there is a general lack of references to the overall strategic goals or direction of the relationship. The assessment of the Russia-EU relations provided by Russian experts as documented in Karaganov et al. (2005) is very telling on that point:

At present, the only clearly formulated point of Russia's policy towards the European Union is the assertion that "Russia does not seek EU membership". This can hardly be viewed as an adequate programme of action and as a strategic agenda. (Karaganov et al. 2005: 3)

On the other hand, the experts also perceive that Russia is not the main priority of the European Union, "which has affected the quality of its Russia policy" (Karaganov et al. 2005: 4). Thus, the course that the relationship was to take in the future still remained unclear by the end of the first half of the 2000s.

## IV. Partnership at a Standstill

The search for direction in Russia-EU relations was further complicated by the effect of EU enlargement. The

## The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

accession of CEE countries to the EU had diversified preferences within the EU and made it more difficult to find a common position with regards to Russia. Among the new members, the Baltic states and Poland were, due to their troubled history, particularly critical towards Russia. Having taken them on, the EU had equally imported their problems with Russia, for example the complicated issue of Russian minorities in the Baltics or struggles over how to deal with the common past. That such problems influenced the EU's approach towards Russia can be seen from a dispute between Russia and Estonia over the removal of a Soviet war statue in Tallinn in April 2007. This topic led to tensions between the EU and Russia influenced negatively the EU-Russia summit in Samara in May 2007 (EU Presidency 2007).

An even more serious conflict was evoked by new member states during the negotiations over a follow-up agreement to the PCA. The PCA had been concluded for a period of ten years, and would be automatically renewed on a yearly basis. As both sides expressed the wish for concluding a new framework agreement instead, preliminary discussions were initiated in 2005. However, the talks were soon brought to a halt by a dispute between Russia and Poland. Russia had started to block imports of Polish meat citing health concerns, while Poland claimed that the ban was politically motivated and retaliated by vetoing the official opening of negotiations on a new framework agreement in 2006 (Debardeleben 2009: 95). Despite the view in some EU member states that Poland's use of a veto violated some unwritten EU rules, solidarity prevailed. The conflict was settled a few months later when Russia lifted the embargo and Poland consequently lifted its veto. However, in April 2008 the talks on a new basic agreement were brought to a halt again, this time because Lithuania threatened to use its veto. The Lithuanians argued that the previously agreed negotiating position was too soft and too limited, given Russia's drift towards autocracy at home and evolving conflict in Georgia. Their veto was finally avoided by including some of their reservations into the EU mandate, and thus negotiations could finally be opened in June 2008 (Debardeleben 2009: 95). However, the new member states had blocked the process for almost two years. Until today, negotiations on a post-PCA are on-going. Twelve negotiation rounds have been concluded, but have not led to a major breakthrough so far (Russian Mission to the EU 2012). This provides evidence of the serious disagreements between the two sides as well as of their lack of strategic goals for the partnership. While the EU aims at a long and detailed agreement that includes all spheres of the economy as well as political and security cooperation, Russia wishes for a short and concise agreement concentrating on the basic principles of cooperation and its institutional framework (Romanova 2010: 72). In the meantime, the PCA has been automatically renewed each year since 2007 and, in fact, many of its provisions (like the MFN treatment) have been rendered obsolete since Russia joined the WTO in 2012.

While EU enlargement has thus clearly made the relations between Russia and the EU more complicated, it is not the only reason for Russia and the EU having further drifted apart in the second half of the 2000s. A promise of NATO membership to Georgia and Ukraine in 2008 as well as plans for the establishment of an anti-missile defence system in Europe met with fierce Russian opposition and affected not only Russia's relations with NATO and the US but also spilled over to Russia-EU relations. The EU, its member states Poland and Czech Republic being in the centre of the planned anti-missile system, failed to present itself on this occasion as an independent player in the field of security (Gomart 2008: 14) and thereby was included in Russia's disapprobation. In a speech at the Munich Conference on Security Policy, President Putin warned Europe against the construction of a new Berlin Wall (Putin 2007), the speech in general bore evidence of a disillusioned and embittered Russia turning its back on the West. The temporary take-over of the post of president by Dmitry Medvedev in May 2008, welcomed by some Western politicians as an opportunity for a new start in Russia-EU relations, did not bring any major change in Russia's foreign policy approach or in Russia's relations to the West. EU worries about Russia's continued backslide from democracy and critique on its war in Georgia in 2008 further distanced the partners from each other. Russia rejected any criticism from the EU on these grounds (Gomart 2008: 3), now rejecting any conditionality on the relationship with the EU which had been readily accepted 15 years before.

Russia's enhanced confidence in international affairs was rooted non-negligibly in newly gained economic strength. As a major exporter of oil and gas, Russia benefited from the oil price hike that started around 2004. The Russian political elite skilfully engaged in 'energy diplomacy', the strategic use of energy to achieve political goals. This tool was applied in order to preserve Russian influence in the 'near abroad' (see for example the gas cut-offs to Ukraine in 2006 and 2009 and to Belarus in 2007) as well as in Russia's dealings with the EU. By striking separate deals with each EU member state and in this way circumventing the EU, Russian gas supplier Gazprom managed to secure



# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

more favourable contracts than it would have done had it chosen a joint European approach (Youngs 2009: 82). Here it becomes clear once again how Russia uses a *'divide et impera'* strategy towards the EU – and succeeds because of the lack of a common European energy strategy.

Overall, on commercial grounds relations between Russia and EU intensified even when political relations deteriorated. Russia remained eager to attract foreign investment from the EU, recognised the huge economic power of the EU and tried to benefit from it. But economic interactions were tried to be kept separate from any reference to values; this is underlined in a speech that Medvedev delivered at the Meeting with Russian Ambassadors and Permanent Representatives to International Organisations in 2008:

A strategic partnership between Russia and the EU could act as the so-called cornerstone of a Greater Europe without dividing lines, which would include intensive economic interpenetration on the basis of agreed 'rules of the game'. [...] We are open to this, and ready to this. [...] The issue lies in goodwill and the desire to establish working economic mechanisms. But I repeat that first we must conduct our relations in a business-like fashion and without being influenced by ideology. (Medvedev 2008)

With prospective NATO accession of Georgia and Ukraine as well as a possible Ukrainian candidature for accession to the EU off the table, plans for an anti-missile defence system in Poland and Czech Republic abandoned in 2009/2010 and a new Russian-Polish rapprochement taking place since 2010[11], Russia-EU relations ameliorated and there has not been any diplomatic crisis in recent years. However, a more positive outlook on the relationship is not due to a new understanding between the partners, but rather follows from the fact that both sides have accepted the fundamental differences in their positions and have given up any attempt at a closer relationship. Russia and the EU remain strategic partners, but are no friends. The EU has almost completely abandoned the idea of promoting common values through bilateral cooperation, which leaves the relationship essentially a pragmatic cooperation on (technical) issues of mutual interest. A good example is the Partnership for Modernisation, launched in 2010, a "flexible framework for promoting reform, enhancing growth and raising competitiveness" (European Union and Russian Federation 2010) which involves a lot of different areas of co-operation from student exchanges to space technology but has so far resulted in little concrete action.

## Conclusion

It has been shown in the analysis that Russia-EU relations from 1991 until today did not develop in a steady path towards an ever closer cooperation (or on the contrary, an alienation), but experienced ups and downs. The high and low points in the Russia-EU 'fever curve' correspond mostly to the general course of Russia's relations to the West and its most powerful player, the United States: Under President Yeltsin and Foreign Minister Kozyrev, Russia showed itself eager to integrate into the Western sphere, which for Russia-EU relations has become clear in the PCA. When the West hesitated to make Russia an equal member of its community of democratic states, disappointment prevailed. This has found expression in the 1999 Medium-Term Strategy which provides a more realistic view on cooperation with the EU. Insistence on Russia's 'great power status' and the attempt to create a multipolar world shaped Russian foreign policy in subsequent years, which, on the one hand, broadened the gulf between Russia and the West, but, on the other hand, made Russia turn to Europe as a potential ally for balancing US power. Nevertheless, no major advances have been made in the deepening of what is often called a 'strategic partnership'. Relations have stabilised in recent years, but are based on mutual interests rather than on common values. The Four Common Spaces and fruitless negotiations over a new basic agreement provide good evidence for this.

But Russia-EU relations have not always followed Russia's general view on the West. Changes within the EU, most notably Eastern enlargement, have altered EU preferences and thereby influenced its actions in the international sphere. The effect has become evident from accession negotiations and even more from the enlarged EU's new stance towards the East. Conflicts with Eastern member countries, like Poland's and Lithuania's blocking of negotiations on a post-PCA, and the European Neighbourhood Policy have made Russia perceive the EU increasingly as a geopolitical player which is being active in exactly the region that constitutes a core interest of Russia and the foundation of its status as regional hegemon, the CIS. It can be expected that in the future, new conflicts between Russia and the EU will arise over Russia's 'near abroad' in Eastern Europe. While security policy

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

thus provides grounds for disagreement, economic relations between Russia and the EU are likely to be the main basis of cooperation for the foreseeable future. Especially Russia has an interest in deepening the ties with the EU, which has an attractive single market to offer as well as foreign investment. The EU on the other hand remains economically dependent on Russia for its energy supplies.

What has also become clear in the analysis is that both Russia and the EU still lack a coherent strategy for approaching the bilateral relations. There is no common long-term perspective on the partnership. This is on the one hand due to the fact that the EU is a 'moving target', an entity whose nature is undergoing constant changes, and therefore it not only frequently readapts its own policy principles, but also requires a constant re-evaluation of its partners' foreign policies. For Russia's part, a lack of expertise on the EU and the 'divide and rule' practice hinder the process of defining an overall strategy on the EU. Nevertheless, the 20 years of interaction with the Western neighbour have produced a learning process which has (at least partially) made Russia understand the strategic importance of the European Union.

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Written by Katja Mann

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Written by Katja Mann

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[1] Throughout the paper, I will for simplicity always speak of the European Union although until 1993 it was called European Community.

# The Institutional Aspects of Russia-EU Relations

Written by Katja Mann

[2] It is beyond the scope of this paper to give an overview of the EU structure and competences, but in order to further the reader's understanding of the scope of Russia-EU relations it is nevertheless helpful to give a brief overview of the EU's main areas of responsibility. The supranational bodies of the EU (European Commission, Parliament, Court of Justice) enjoy vast responsibilities in the areas of trade, single market, internal energy issues, competition policy, agriculture, transportation and consumer protection, whereas for example foreign and security policy, social policy, justice and home affairs remain in the hand of its member states but are increasingly coordinated through the intergovernmental European Council. For further information on the EU structure and functioning, see for example Cini and Perez-Solorzano Borragan 2010.

[3] The EU concluded similar agreements with Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Ukraine and Uzbekistan.

[4] A common free trade area has still not been implemented today, although Russia repeatedly pressed for it over the last years (see for example Putin 2010). The issue is included in the negotiations about a post-PCA agreement (see part IV of the paper).

[5] The term 'essential element' implies a suspension clause for the EU, which was much discussed during negotiations: the EU was given the right to terminate the agreement if it detected a breach of any of the values Russia committed itself to (Haukkala 2010: 84).

[6] This can also be seen from the fact that Russia was highly critical towards the prospective NATO enlargement to include countries of the former Soviet Bloc, but much more positive towards EU enlargement and in fact until 2002 never voiced major concerns about the latter, as will be shown later (see also Smith and Timmins 2001: 82).

[7] This dialogue has not produced any legally binding document, however. Since Russia never ratified (and in 2009 formally renounced) the European Energy Charter Treaty which is the legal basis for energy relations between Western European buyer countries and Eastern European/Central Asian supplier countries, there is no legally binding document to which Russia or the EU could refer in energy relations. This provides evidence for the fact that energy relations are a sensitive topic in their relations.

[8] For example, during the Second Chechen War Russia dismissed any critique by the EU and argued that Chechnya was an internal separatist problem of Russia and therefore of no concern to other states (see Forsberg and Herd 2005: 467).

[9] Russian officials usually use the term 'expansion' instead of the official EU term 'enlargement', giving the process a more aggressive touch.

[10] In reality, tariff expansion was no great issue since oil and gas – the main exports of Russia to the EU – were to remain tariff-free (Barysch 2004: 18).

[11] The relations between Russia and Poland, one of the EU member states most critical towards Russia, softened after an air crash in 2010 when the Polish president and other politicians were killed over Russian territory. The tactful Russian handling of the catastrophe was interpreted very favourably in Poland.

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*Written by: Katja Mann*

*Written at: Graduate Institute of International and Development Studies Geneva*

*Written for: Prof. Andre Liebich*

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