

EU-Russia Relations: The Baltic Agenda 2010

ROUND-TABLE SUMMARY / 1 DECEMBER 2009

In December 2009, the Konrad-Adenauer-Stiftung and the policy centre EuroCivitas, with the support of the Finnish Institute of International Affairs, held an expert workshop on the state of EU-Russia relations titled *The Baltic Agenda-2010*. The participants were asked to assess the agenda and challenges for the EU-Russia relations in 2010 and to address the central topics from the perspective of the Baltic region.

The expert panel included Senior Fellow for Russia and Eurasia at the International Institute for Strategic Studies (London) Oksana Antonenko, Senior Researcher at the Danish Institute of International Studies Pertti Joenniemi, Director of the Estonian Foreign Policy Institute Andres Kasekamp, Researcher at the Finnish Institute of International Affairs Vadim Kononenko, Director for International Development at the Institute of Contemporary Development, (Russia) Sergey Kulik, Professor at the Military Academy of Lithuania Grazina Miniotaite, Program Director at the Finnish Institute of International Affairs Arkady Moshes, Secretary-General of the EU-Russia Centre (Brussels) Maria Ordzhonikidze, and others. The summary below reflects the ideas and view expressed during the workshop under the Chatham House rule.

Domestic Developments in Russia

On the Russian side, the EU-Russia relations are influenced by the domestic policy clashes between the Kremlin (the President) and the White House (the Prime Minister and government), as well as the different

foreign policy preferences of the Russian political elite. While some look for closer ties with Europe, others want Russia's foreign policy redirected towards China. There are significant differences of opinion on such issues as WTO accession and the future of the Energy Charter Treaty.

On WTO, Russia needs a positive signal from the EU – because of the history of the issue. In 2004, Vladimir Putin took a personal decision to accelerate WTO accession – on behalf of EU and despite the opposition from the business community. As this move did not succeed, Putin no longer feels personal interest in the issue. Today, while Medvedev has supported various solutions of WTO accession for Russia, others oppose WTO membership and promote the customs union with Belarus and Kazakhstan. Positive signals from the EU could help sway the domestic debate in Russia in favour of WTO accession.

In the view of the pro-European politicians and intellectuals in Russia, the country needs the EU for economic modernization, which will also lead to political change. Brussels needs to think about how the EU can help Russia's technological modernization, and the Spanish EU presidency is seen by some as an opportunity to achieve progress on this issue. However, President Medvedev's modernization is very different from the transition experienced in Eastern Europe: it is based on a strong nation state plus some political change. There are doubts about the success of Medvedev's project and no trust in the West which is

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skeptical of economic modernization without political modernization.

Russia wants integration with Europe; at the same time, it is sensitive to the developments in its neighborhood, where it wants to be the primary actor. In reality, however, it is the EU that is emerging as the most important actor in the area. This will cause more tensions in the future, and marks another reason why the expectations in Russia that the EU will support Russia's economic modernization could be unrealistic.

Internal Developments in the EU

After the adoption of the Lisbon treaty, the EU is in search of purpose, inventing new constituting 'stories' (narratives) about itself, as the old ones ('EU as a peace-project') no longer work. The European Neighborhood Program (ENP) is relevant in this respect, as the concept of the Neighbor has become instrumental for the European Union in the creation of a new story. In this respect, Russia has refused to provide the EU with recognition through ENP. Russia has a voice of its own, and this makes the EU's constituting story more vulnerable.

On a practical level, the Lisbon treaty makes the EU more easily recognizable for Russia, more state-like, with a 'phone number', etc. As the EU-Russia relations have been affected by the change in the change in the EU's bureaucratic structure, the Kremlin is still thinking how change in the EU would effect its relations with the Union and needs to listen to expert community on this.

The Global Context

The Russian–Georgian conflict has shown that both the United States and Russia are realpolitik-oriented; security and sovereignty are constitutive to both. Therefore both engage in securitization (conflicts) and de-securitization (e.g., arms control). Thus, in the aftermath of the conflict the US and Russia decided that the Russia–Georgia conflict had come too far and found each other in the de-securitization logic. The EU, on the other hand, only securitizes itself (its

past) and fights against the security logic in current politics.

The global context for the EU-Russia relations changed in 2009, most notably, with Obama's 'reset' in relations with Russia and the new beginning with NATO. The pendulum has swung from negative to positive. The EU-Russia relations have shown more maturity: there has been less swing in these relations, they have become less rhetorical and more based on an understanding of common interests and risks.

The impact of the financial crisis has not been as severe as feared and both the EU and Russia are looking forward to a rapid economic turnaround. At the same time, the global economic turmoil has led to a shift towards a new global world order – with a stronger China and Asia, a constrained US and less powerful traditional global institutions (the influence has shifted from G8 towards G20). Russia's geopolitical thinking has changed as a result. While Russia earlier envisaged its role as an independent global player, it now sees itself faced with the choice between the EU or China, with whom Russia can only be a junior partner.

The European Union, although it has capitalized on being a non-securitized actor, and acted as negotiator during the conflict, has now, some experts believe, become more humble and feels sidelined. Still, there is a demand for the EU as a soft security actor in Transnistria, Caucasus and other regions, as well as in energy security, e.g., in the Black Sea region. Such role does not contradict the EU's original peace-project identity.

The Union has acquired a 'post-enlargement identity' where the 'old-new' divisions on foreign policy have given place to a new mix, which is good for EU-Russia relations. These relations are likely to develop undramatically. It is NATO that has the best chance of achieving a breakthrough in relations between Russia and the West through a new NATO strategy.

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The EU-Russia relations after the Stockholm Summit

The recent EU-Russia summit in Stockholm, despite some difficulties, became a success ("one of the best in history"). Unlike previous summits resulting in numerous statements and agreements that remained on paper, the Stockholm summit produced concrete and implementable agreements. Of particular interest is the agreement on cross-border cooperation.

The summit has also generated a good mood and reaffirmed plans for the future. In Russia, the Stockholm summit strengthened the position of those in Russia's government who want better relations with the EU and advocate 'partnership for modernization'

The main challenges in the EU-Russia relations look differently for each side. The EU puts emphasis on democracy and rule of law in Russia, such issues as visas and illegal immigration, the potential EU enlargement, climate change, use of energy by Russia as a political weapon and strained economic cooperation. In the Russian perspective, the issue of democracy and rule of law applies to the situation of Russian minorities in Baltic states; the visa and illegal immigration issues are primarily a matter of visa limitations for Russian citizens; the EU enlargement becomes a question of spheres of influence in Moldova, Ukraine, Georgia, Belarus, Kazakhstan, etc. As for use of energy as a political weapon, Russia now realizes the perception it has created. The strained economic cooperation in Russia's view should be improved by WTO accession for the Customs Union and better investment for Western businesses. Lastly, differently from the EU, climate change remains a non-issue in Russia.

There are also numerous sensitive issues of technical regulations and standards. 90% of Russia's commercial legislation is based on the country's agreements with the EU. The work on this issue has to continue. Another problem is the future of the Energy Charter Treaty. The EU insists on it, while some in Russia are ready to compromise, agreeing to ratify the Treaty with amend-

ments. Together, the WTO and the Energy Charter Treaty could create an effective basis for the EU-Russia relations.

Cross-border cooperation is another important aspect. It should extend beyond economic transactions into such areas as civil society, humanitarian cooperation and cooperation on municipal level. One can learn from the successful examples of cross-border cooperation, such as in the Lapeenranta area, especially for development of civil society in Russia. As Russian domestic policy of previous years has been hierarchic reconstruction, little regional policy was allowed. Now as Russia is more stable and rule-bound, more regional cooperation between the country and the EU may be possible.

The Eastern Partnership and Baltic Sea Strategy

The Eastern Partnership program poses a challenge in relations with Russia: the limit has been reached for working with Russia in the 'common neighborhood', and Eastern Partnership is about doing things without Russia, although not against it. While Russia has expressed dissatisfaction with being outside the program, it has shown little interest in other projects where it could participate, e.g. the Black Sea Synergy, aimed to bring together Turkey and Russia plus the EU. While the Black Sea Synergy is on hold, the Eastern Partnership is working – for pragmatic reasons. For this reason, there will be more emphasis in the future on regional cooperation not involving Russia and on bilateral cooperation with the members of Eastern Partnership Program. To the Baltic States, the Eastern Partnership is very important, not because of an anti-Russian sentiment, but as a moral obligation.

Concerning the Baltic Sea Strategy (BSS), there is a feeling in Russia that it was initially developed without consulting Russia (a feeling of 'humiliation'). While the official Russian position may be positive, lack of bureaucratic goodwill could make success with EU-Russia consultations on the BSS difficult.

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Yet despite some potential for bickering, there is no big conflict in sight in the region, as it is of too low priority for all parties. For Russia, the Baltic Sea region is not a priority and Russia has no strategic interests there, except Nordstream. Russia sees the Baltic Sea region not so much as a region, but as a number of countries to be dealt with bilaterally. Even for the Baltic States, their home region is not that important, it remains peripheral in their foreign policy. For the EU, the Baltic Sea area is a region, but the Union so far has failed to acknowledge that the region has to include Russia.

Russia and the Baltic States

Several areas in the EU-Russia relations are going to be of particular importance in the context of the Baltic region. Russia will be taking interest in the situation of the Russian minorities in Latvia and EE; the clashes over history issues between Russia and the Baltic states will continue (the issue is not a problem between historians in the respective countries, but rather a political issue); there is demand for increased economic cooperation, especially in energy and transport area.

As far as the differences between the three Baltic States are concerned, from the Russian perspective, with Latvia a breakthrough has already happened; with Lithuania, a breakthrough is possible; with Estonia, it is unlikely to occur as long as the current Estonian president is in power. From the critical perspective of the Baltic states, the precondition for a successful EU-Russia summit in Stockholm was the acceptance of Nordstream – a project Estonia and Lithuania struggled against, but lost. The Baltic politicians have become more calm and pragmatic in relations with Russia, yet, what is on the agenda is not breakthroughs, but small steps policy: practical, technical and nonpolitical things that create a positive and polite atmosphere.

Some experts believe that there is no correlation between the situation of the Russian minorities and the Baltic-Russian relations. Estonia and Latvia could improve the status of the minorities in their coun-

tries, but that would not improve the Baltic-Russian relations much. At the same time, president Medvedev's statement about protecting Russian citizens abroad has worried the Baltic countries and raised suspicions of a 'fifth column' in these countries. Also history wars will continue:

The meaning of 'good relations' is open for discussion. Some experts refer to Finland as model of good relations with Russia which do not necessarily, or always, translate into specific policy outcomes. The relations are good for the sake of them, not as an instrument, and are not personified.

Despite difficulties, here are several opportunities in EU-Russia relations that are relevant in the Baltic context:

- Strive for full transparency and accountability on the status of minorities. This should apply to the issue of the Russian minorities in the Baltic states, but also to Russia's treatment of Tajik, Chinese, Azeri and other minorities within Russia itself;
- Ease visa requirements;
- Address disagreements over history by creating a joined EU-Russia commission on study of events of recent history;
- In energy policy, diversify energy sources. This would be an insurance for the EU against energy cuts;
- Continue economic cooperation, there are already many successful Russian – Baltic joint-ventures. It is the EU and not the Customs Union that is Russia's main trading partner.