

Only closer EU-Russia links can halt Europe's global decline

Russia shares many of the challenges and interests of EU countries, says **Alexey Gromyko**, yet progress towards a closer and improved relationship is painfully slow. He warns that unless a new partnership is forged, both sides will lose out to the emerging powers across the world

Europe is still firmly in the grip of the global economic crisis, and it is far from over. Its repercussions range from the precarious situation of the eurozone to Russia's uncertain prospects of sustaining its return to assertiveness and self-confidence.

That the European Union and Russia have to confront serious problems is hardly new, both of their histories are littered with challenges and pitfalls. But they have demonstrated many times in the past their ability to weather these storms and keep going against all the odds. This should never lead to complacency, of course, as the histories of most successful countries and of supranational organisations too have been as much about fall as about rise. The credibility of EU and Russian hopes of consolidating their roles as major power centres in the 21st century will not depend on providence or good luck but rather on people taking concrete decisions at very precise moments of time.



Alexey Gromyko is a Deputy Director for Research at the Russian Academy of Sciences' Institute of Europe

The EU and Russia are very different in many ways, but they face quite similar strategic problems and it is doubtful that either can solve them independently. The EU's share of global GDP along with its share of international trade is set to go on dropping thanks to the inexorable shift of power from west to east. The share of the world economy belonging to western and central Europe and north America has shrunk from 66% in 1990 to 58% in 2010. The Russian share of global GDP, meanwhile, has been on the rise, even though it is far from certain that it will even expand much beyond 3%.

The EU's social and economic situation after its latest enlargement rounds has become highly uneven. And in Russia this sort of

unevenness is deeper still. Europe's capacity to push forward its borders is now almost exhausted, yet its enlargement mechanisms embrace more and more states even though there has been no proper long-term analysis of whether this would be of benefit to the European project as a whole. Post-Soviet Russia, too, has yet to tackle the problem of its own integrity. The difference is, of course, that while the EU will have to deal with overly powerful centripetal forces, Moscow has not yet managed the centrifugal forces that it must contend with.

Above all, though, it is now up to the EU to change its perception of Russia. The Russian Federation is no longer a country with a chaotic and crumbling economy in the early stages of capital accumulation, as was the case in the 1990s. Russia is now one of the top ten world economies, with its GDP expected to regain its pre-financial crisis volume by the end of this year. For two decades, Russia has been building for itself a new development model that is in many respects different from the western European model. And for better or for worse, this is a situation that won't change radically in the next 10 to 15 years. Russia may still be in a state of flux, but there are a number of elements that a clear majority in both the Russian establishment and society as a whole now see as fixed and unchangeable. Russia's role as an autonomous trans-regional power centre with many of the attributes of a global power is one of them, so in the foreseeable future Russia won't be looking for membership either of NATO or the EU. The EU and many of its member states recognise this, yet when it comes to practical politics, the EU-Russia relationship remains fraught with economic and diplomatic difficulties.

Russia also has to alter its own perceptions of the EU. Far too many misleading and harmful myths still exist in my country about the European Union, and it's a poor excuse to say that many of these myths are also widespread in some of the EU's own member states. The all-too-common perception is that the EU is an overburdened, overstretched and doomed organisation on the verge of collapse, especially when seen in the light of recent events in the eurozone. Others take an opposite view and imagine the EU to be a looming super state bent on banishing all national sovereignty in its members. Equally popular is the vision of the European Union as an economic giant but political pygmy. All these characteristics are false or half-truths.

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**Background Briefing**

Now the question is Europe's response to Putin's return to the Russian presidency

It seemed a generous offer when Russia's then President Dmitry Medvedev pledged during last December's summit with the EU to "invest all necessary financial means to back the European economy and eurozone." His economic advisor clarified that Moscow would make a minimum contribution of \$10bn to the International Monetary Fund to help the eurozone. "Other countries should provide conditions for Europe to liberate itself from the crisis burdens as soon as possible," Medvedev proclaimed.

There may, though, be strings attached. With Europe already heavily dependent on Russian energy imports, there are concerns that Moscow is looking for commercial and political advantages in an EU weakened by the debt crisis.

"In the past, the EU has sometimes hindered inbound Russian investment," Kirill Dmitriev, CEO of the Russian Direct Investment Fund, told a Brussels conference in December. "In the new economic environment ... they need to understand that barriers need to be removed."

Russia is the EU's biggest energy supplier and third largest trading partner after the United States and China. It accounts for 30% of the crude oil consumed in the Union and 23% of the gas. Energy and other raw materials sales ensure that Russia has a healthy trade surplus with the EU. Its exports to the Union rose to 158bn in 2010, while imports from the EU were around 87bn.

December's summit coincided with Russia's accession to the World Trade Organization, a long-time Russian foreign policy aim. And there was progress on another Kremlin priority; the easing of visa restrictions for Russians seeking to travel to the EU. Many in Europe are just as keen to make it easier and cheaper for Russian tourists and business people to travel.

Beyond that, there was little sign of the EU getting a positive reply to its perennial summit wish-list, which includes guarantees for stabilising energy supplies and allowing European companies greater access to the Russian market, as well as improvements on human rights and less interference in countries like Ukraine, Georgia or Moldova.

The EU's reaction to the popular protests in Russia that followed December's elections to Russian State Duma were muted. How the EU responds to the new Putin presidency and the prospects that it could generate a wider protest movement could prove a major test of the EU's ability to take a determined foreign policy stance while at the same time seeking support from the BRIC countries to backstop its wounded economy. ■

Paradoxical as it may seem, in the wake of the Transcaucasian crisis and conflict with Georgia in August 2008, Russia and the EU in fact achieved significant progress in their relations. Moscow showed that it is serious about protecting its interests, and the European Union (led by some national capitals) demonstrated its political maturity and an ability to carry out crisis management in a balanced manner. For Russia and the EU base their foreign policies on similar general foundations; they share visions of the world as a polycentric and multi-lateral structure, and as well as emphasising the central role of international law and the UN, both have been calling for the modernisation of many of the most traditional global governance mechanisms. Both adhere to the principle of collective decision-making, and both rely primarily on their soft power resources rather than on hard power capabilities.

“ **Would Boeing and Airbus applaud Russia if its economic modernisation plans were to include a revival of its own long-haul aviation industry?** ”

In terms of long-term Russian thinking, Europe is of paramount importance, and not only because of economic considerations; Moscow would like to have the EU as its strategic partner in security matters. Our continent has many challenges of its own, but they cannot compare in magnitude with either existing or potential external threats. To cope with these it is essential that we should first put our own home in order. That is why Russia persists in promoting a pan-European security project based on the twin principles of co-operative security and the indivisibility of security. But so far the western partners we want have been lukewarm about the idea. On the bright side, though, it's an idea that has done much to stimulate discussion, and a certain amount of progress has nevertheless been achieved on a number of issues.

All the international organisations that deal to some extent or another with the politico-military dimension of European security are helpful, so nobody would want to dismantle any of them. But the bottom line has to be whether or not they have made our continent a safer place. The conflicts in Yugoslavia and more recently in Transcaucasia, together with the continued existence of frozen conflicts, along with growing disparities between Europe's different security regimes as they are often not properly attached to each other, show clearly how imperfect European security still is.

NATO is the most efficient and powerful security player in Europe. But can it become a basis for pan-European security? Even the EU doesn't think so, and therefore continues to develop its own security and defence capabilities, even if in close co-operation with the Atlantic alliance.

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It would be impossible to provide adequate European security without the involvement of the United States. That doesn't mean that Europe should forever rely on the U.S. as the main vehicle for delivering this. The U.S. would itself like to see Europe becoming more active and self-reliant in terms of its security, so there is a growing consensus that Europeans should take the initiative in discussing and promoting the modernisation of their own security.

Relations between Russia and the EU are thus strategic by nature and with great potential. Yet the pace of progress towards that is lamentable. In many respects – economic, security, political – the two sides genuinely need each other, but many hurdles remain. And Russia's modernisation agenda does not always correspond with the economic interests of leading EU players. For example, 30 years ago there were globally only two producers of long-haul passenger aircraft – the USSR and the United States. Now there is still a duopoly, but in the hands of the EU and the U.S. Would Boeing and Airbus applaud Russia if its economic modernisation plans were to include a revival of its own long-haul aviation industry? The same applies to many other branches of the Russian economy, including motor vehicles, industrial machinery, agriculture and so on. It is a hard fact of life that in the past 20 years Russia has lost many markets and many industries, but it's also true that foreign investors will increasingly see profits for themselves in Russia's economic modernisation.

For the foreseeable future, it will in many spheres still be easier for Moscow, along with Washington, Beijing, Delhi and others, to promote its interests on a bi-lateral basis with European states rather than with the EU as a whole. And so far almost all steps forward in the EU-Russia relationship have been driven by Europe's national capitals rather than by eurocrats in the European Commission. This will remain an unavoidable situation unless and until the EU's supranational dimension gains the upper hand over sovereignties of its nation-states. But this should not excuse the lack of political will on both sides to reach a new basic agreement between Russia and

the EU. Hopefully in light of Russia's accession to the World Trade Organisation the new agreement will be signed in 2013. Neither is it acceptable that there are no robust existing mechanisms for the co-ordination of foreign and security policies. In the meantime, the vexed question of a visa free regime remains unresolved, although the EU-Russia summit, which was held in Brussels in December 2011, made a step in the right direction on this issue.

So let's stop deceiving ourselves – unless they can create comprehensive new strategic links, Russia and the EU will be doomed to slide into irrelevance. Instead of making itself a loosely united centre of power to be reckoned with, European civilisation from Lisbon to Vladivostok may find itself no more than a fading power that is dwarfed politically, economically and militarily by other more farsighted global players. ■

alexey@gromyko.ru

Commentary

But we can't turn a blind eye to Russia's many abuses of power

Over the last two years the sovereign debt crisis and the travails of the euro have absorbed the attention of Europe's leaders to the virtual exclusion of all matters and sucked most of the oxygen out of all intra-European discussions, but with President Putin's hardly surprising re-election this spring, there is a renewed and entirely understandable appetite within the EU for a re-examination of our relationship with Russia.

Alexey Gromyko is right to argue that a strategic partnership between the EU and Russia is vital. From security to economic co-operation to energy infrastructure, the two clearly have a lot to learn from one another.

But his article supposes that a renewed spirit of co-operation can be instigated by simply dispelling shared misconceptions. The reality is that there are far deeper issues to be resolved as the past decade has seen a wave of authoritarianism and a lack of respect for the rule of law sweeping through Russia and some of its Eastern European satellites. This should concern the EU on pragmatic as well as ethical grounds.

Crudely put, this wave began in 2003 with the arrest of oil industry oligarch Mikhail Khodorkovsky. His arrest was all the more significant for it ushered in an era that saw the decay of the rule of law at the very heart of government and emboldened the Silovki – Vladimir



Chris Bryant MP is Chair of the All Party Parliamentary Group on Russia in the UK House of Commons

Putin's inner circle of former KGB officials and the like – to crush those who challenged their power and perks. In the intervening years, journalists who dared to expose "inconvenient" wrongdoing have been intimidated and murdered. The lawyer Sergey Magnitsky was left to die in jail because he challenged state-sanctioned corruption. The keenest example of the corruption of Russian justice was the harsh sentencing in Khodorkovsky's second trial.

Why, though, should the EU worry? Is it not better to turn a blind eye and engage in pragmatic co-operation of the kind that Gromyko suggests? This is not an option. As Litvinenko's murder in the United Kingdom showed (and other recent attempts on Russians' lives), it is only a matter of time before the virus of lawlessness and corruption spreads across the EU's borders. What's more, as the Arab spring has demonstrated, you can only buy off a restless and oppressed populace for so long. The EU cannot afford to see Russia remain a lacuna of lawlessness and corrupt practices or descend into turmoil. Nor can individual countries within the EU afford to allow bi-lateral deals to undermine a shared EU approach based on the rule of law. It is, as Gromyko recognises, simply too important to our interests.

The EU has begun to realise this. With increasing regularity we have seen strong statements of condemnation from the European Parliament and the Commission. But it must go further. To have any meaningful relationship, we

must not be afraid of showing Russia tough love, and that means translating words into actions. Where Russia shows steps of progress we should offer incentives. Gromyko discusses closer dialogue with the EU, negotiations over visa relaxation and entry into the WTO, but where there are violations the EU must make clear there will be consequences.

For inspiration we should look across the Atlantic, where in a rare display of bipartisanship U.S. senators from both sides of the political divide have united to propose legislation that would restrict the visa rights of anyone involved in human rights abuses, including the cases of Khodorkovsky and Sergei Magnitsky, the lawyers who in 2009 died mysteriously in police custody. I am certain that these same people are effectively and quietly banned in the UK – but now the government should make public the list of banned Russian officials and others.

The EU's original purpose was to ensure that conflicts like World War II would never be repeated. And its guiding principle is the encouragement of harmony, democracy and co-operation. That mission must now be deployed in Europe's dealings with Russia, because by taking firm action in support of President Medvedev's reform efforts, and so bringing Russia back into the international fold, we can create the partnership Gromyko envisions. ■

bryantc@parliament.uk