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Russia and the European Union: Between Partnership and Rivalry

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Russia and the European Union: Expectations of a Partnership

In light of the Russian presidential elections on 14 March 2004 and EU enlargement on 1 May 2004, the Development and Peace Foundation (SEF) selected relations and cooperation between the European Union and Russia as the theme of its Potsdam Spring Dialogues 2004, which were organised in collaboration with the Renner Institute, Vienna, and the foreign policy quarterly WeltTrends, Potsdam. After enlargement, the shared border between the EU and the Russian Federation will extend for more than 2000 km. The close links between the EU and Russia are economic as well as geographical. However, a corresponding political partnership between these two neighbours – which are both undergoing major transformation processes – has yet to emerge. Both partners' internal development processes are highly unpredictable, and expectations vary widely on both sides. The EU's capacity to act in the foreign policy field is limited and is likely to be restricted further by enlargement and the wrangling over the European constitution. Russia has been in the throes of radical political, economic and social transformation for more than a decade. Which direction will the country take under President Putin, with his concept of "Managed Democracy"?

On behalf of Minister-President Matthias Platzeck, *Steffen Reiche*, Minister for Education, Youth and Sport of *Land Brandenburg*, welcomed the participants attending the Potsdam Spring Dialogues 2004. He underlined the special importance of Brandenburg – where formerly the largest contingent of Russian troops outside Russia was stationed – for German-Russian dialogue. Brandenburg's geographical proximity to Eastern Europe – evident from its extensive border with Poland – also bears witness to a transnational history in which a "new normality" has emerged over the past 13 years.

Partners for a multilateral world order

The most recent phase in the transformation of the geopolitical situation – characterised, firstly, by the end of the East-West conflict and, secondly, by the rise of international terrorism since 11 September 2001 – has been a time of major change in Russia and Central and Eastern Europe, according to *Vladimir I. Seregin*, Head of the EU Division at the Ministry of Foreign Affairs of the Russian Federation, in his opening speech. With its strategic decision in favour of democracy and a market economy, Russia has also opted in favour of Europe, with which Russia feels a

common bond based on universal values such as freedom and equality within a multilateralist policy framework. *Seregin* stressed that Russia has always been European in orientation and is linked with the EU through various integration processes, especially in the economic and energy sectors. As strategic partners for a multipolar world order, the EU and Russia must strengthen the role of the United Nations, international law and human rights, and work together to combat international terrorism, poverty and weapons of mass destruction (WMD). *Seregin* paid tribute to the successful cooperation with the European Security and Defence Policy (ESDP) in the fields of civil protection, disaster and crisis management. However, the relative immaturity of the ESDP, combined with the wrangling over a constitution for Europe, have so far impeded deeper cooperation. The USA's responsibility for security in Europe must also be acknowledged. Security can only be achieved through international cooperation. As regards the impacts of EU enlargement, *Seregin* indicated that he was optimistic, but he also highlighted the key problem areas from a Russian perspective: transit of people and goods between Kaliningrad and the rest of Russia; the

protection of the Russian minorities in some of the new EU Member States; visa issues; and the trade in nuclear materials. With Russia's volume of trade with the EU already standing at € 78 billion, increasing

extension of the Partnership and Cooperation Agreement (PCA) – which came into force in 1997 – so that it applies to all new EU Member States. At its meeting in Brussels in March 2004, the European Council



left to right: Eckart Cuntz, Vladimir I. Seregin, Steffen Reiche, Burkhard Könitzer

to around 50% of Russia's foreign trade after enlargement, it is extremely important to resolve as many contentious issues as possible in advance. In this context, *Seregin* also drew attention to the negotiations on Russia's accession to the WTO, whose criteria could create massive problems for Russia's energy sector. Overall, however, *Seregin* was confident that mutual interests will lead to more intensive cooperation and partnership in future.

"We are friends, but we still need to fill this relationship with substance."

In his opening speech, Dr *Eckart Cuntz*, Head of the European Department at the Federal Foreign Office, qualified the almost entirely positive picture of Russian-EU relations presented by *Seregin*. According to *Cuntz*, there are specific expectations of Russia as regards, for example, the ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, the improvement of institutional cooperation within the Permanent Partnership Council (PPC) and the

welcomed President Putin's stated commitment to continue the modernisation of his country and looked forward to closer relations between the EU and Russia after the forthcoming enlargement. In *Cuntz's* view, neither side will suffer any negative effects as a result of enlargement. On the contrary, the opportunities for economic growth will increase, e.g. through the lifting of customs barriers. *Cuntz* also spoke in more detail about the envisaged four common spaces – the economy, foreign/security policy, justice /home affairs, and culture/civil society – which are intended to promote greater cooperation and integration. "We are friends, but we still need to fill this relationship with substance", said *Cuntz*. Difficulties arising, for example, in relation to minority rights or the handling of the "frozen" conflicts in the Caucasus should be dealt with through these four spaces.

The ensuing discussion, which was chaired by Dr *Burkhard Könitzer*, Executive Director of the Development and Peace Foundation, initially focussed on the transit arrangements for Kaliningrad. *Christian*

Meier from the German Institute for International and Security Affairs (SWP) raised the still unresolved problem of the calculation of tariffs on freight transport. Should goods be transported through EU territory at international tariffs, or can special tariffs be negotiated? In reply, *Eckart Cuntz* said that cooperation on the Kaliningrad issue is proceeding far better than expected. Issues relating to the transit of persons have largely been resolved and even the outstanding issues concerning the transit of goods seem to be moving towards a solution. The EU has a strong interest in ensuring Kaliningrad's positive development.

Dr *Heinz Timmermann* (SWP) voiced criticism of the EU's failure to respond to a list, presented by Russia, of possible negative impacts resulting from enlargement. Instead of identifying the benefits and disadvantages at an early stage, the EU is waiting until the very last moment. Yet the lessons learned from the previous enlargement – when Finland joined the EU, resulting in a common border between the EU and Russia for the first time – show that Russia will not necessarily suffer any disadvantage as a result of the forthcoming enlargement, when the Central and Eastern European countries join the EU. Despite this assertion, *Vladimir Seregin* still took the view that negative impacts are probably unavoidable during the initial phase. He confirmed, however, that both sides have learned lessons from Finnish-Russian cooperation.

Reactivation of the West's "enemy image"?

Dr. habil. *Raimund Krämer*, editor of the journal *WeltTrends*, Potsdam, introduced the "third player" – the USA – into the debate alongside the EU and Russia. Its starting position has been modified as a result of the shifts in the transatlantic relationship, especially NATO enlargement and the formation of the NATO-Russia Council. From a Russian perspective, according to *Seregin*, the USA is

"certainly important, but simply as an equal partner in a multipolar world order." Professor *Kurt P. Tudyka* from the Institute for Peace Research and Security Policy at the University of Hamburg disagreed: he drew attention to the asymmetry in the partnership with the hegemonic USA and questioned whether the USA should continue to play a strategic role in Europe at all. Emeritus Professor *Franz Nuscheler*, Director of the Institute for Development and Peace in Duisburg, and Dr *Lothar Schröter* from the Rosa Luxemburg Foundation, Brandenburg, voiced concern that NATO enlargement could give rise to a feeling of "encirclement" in Russia and thus reactivate the image of the West as the "enemy". This was refuted emphatically by Professor *Peter W. Schulze*, Senior Lecturer at the Center for European and North American Studies at the University of Göttingen, who described NATO as a "paper tiger" which no longer poses any military threat to Russia. *Seregin* confirmed that from the perspective of the Russian Ministry of Foreign Affairs, the border with NATO territory is peaceful, requiring no special measures. However, he described possible NATO air patrols over the Baltic region as a counterproductive act to which Russia must respond.

Dr *Peter Lock* from the European Association for Research on Transformation (EART e.V.) called for a common strategy on Belarus. So far, the policies pursued by Russia and the EU have tended to conflict. *Cuntz* sought to allay this concern; in his view, no major differences exist here. *Seregin* cautioned against over-dramatising the situation in Belarus; in the interests of exerting a positive influence on Belarus's development, it is important not to exclude it from international dialogue.

The EU – "an announcement machine"?

Schulze warned that the EU's credibility abroad is being massively undermined by its image as a heterogeneous collection of

individual actors. The EU has the reputation of repeatedly making announcements on cooperation – e.g. through the PCA or the "four common spaces" – but failing to deliver in any systematic way. The partial lack of coherence within the EU makes it a highly unpredictable cooperation partner.

In the context of economic cooperation, the energy sector plays the key role. Professor *Kazimiera D. Prunskiene*, former Prime Minister of Lithuania, raised the issue of a "vision for the unification of

energy markets". In *Seregin's* view, a technical approximation of Russian electricity standards to EU standards is feasible. However, a harmonisation of the energy market, resulting in the increase in Russia's domestic energy prices demanded by the WTO, would precipitate the collapse of Russian industry. Increases in energy prices would also have massive social impacts. According to *Seregin*, the energy sector is Russia's "natural advantage" which is being used to develop national welfare.

After the Parliamentary and Presidential Elections: Where is Russia Going?

Victory in the presidential elections on 14 March 2004 has further reinforced President Putin's position of power. He already has the two-thirds majority in the new Parliament, elected in December 2003, that is necessary to allow him to amend the constitution and thus stand for a third term. The first panel therefore focussed on the issue of the political course that President Putin is likely to pursue from this position of strength. Will he continue the process of economic and democratic transformation and bring Russia closer into line with Western standards, or does his concept of "Managed Democracy" herald the re-emergence of a more authoritarian system?

Dr Irina Kobrinskaya, Executive Director of the Foundation for Prospective Studies and Initiatives and Leading Research Fellow at the Institute of World Economy and International Relations (IMEMO) of the Russian Academy of Sciences, began her introductory lecture by analysing the election results. From her perspective, the election campaign was massively influenced by the notorious anti-oligarch "report" of May 2003, the Yukos affair, and Khodorkovsky's arrest. Nonetheless, the results provided for unquestionable legitimacy of the President. The role of the Duma has decreased to a minimum, i.e. "to unquestionably adopt the laws and sometimes [voice] anti-Western rhetoric", according to Kobrinskaya. As a result, Parliament's scope for reforms is now extremely limited. The broad support for Putin bears witness to a "dominating concern for political and economic stability by any means", while the stable support for the communists reflects continued dissatisfaction with the situation in the social sphere. The clear dominance of the "United Russia" party in the Duma is accompanied by the failure of the Russian liberal democrats.

Domestic policy priorities

Kobrinskaya identified the priorities for Putin's second term as lying in the domestic policy field: decreasing the rate of poverty; economic restructuring; and providing for security. To this end, it is necessary to convert the dividends from the (still)

high world oil prices into domestic policy objectives, although this task will be virtually impossible without a shift towards an autocratic political regime. In view of the time deficit, the combination of strong presidential power and state control is Putin's only option; the prospect of more democracy in the next four years is therefore very slim. Putin must now utilise his full legitimacy in order to drive forward the necessary reforms – especially the modernisation and diversification of the economy.

With the stability achieved under Putin, Russia has become a much more predictable and comfortable partner for the West. Putin will remain open to the West, but now buoyed up by the clear legitimacy conferred by the elections, he will focus to a greater extent on internal affairs, according to Kobrinskaya. Russian partnership with the United States will mainly concern the security domain in future too, while the economy will be the priority in cooperation with the EU, with a few symbolic joint measures in the foreign policy field. At present, there are signs of stagnation in Russia's relations with the EU: for the EU, the process of "digesting" the new Member will leave little room for the elaboration of further concepts in its relations with Russia. It remains to be seen how the EU will develop under the impact of the new Member States: either towards more cohesion in its own development, which would define the real framework of EU-Russian cooperation, or in an enhanced ideological component, thus moving the EU towards further accelerated enlargement to

the East (Moldova, Ukraine), not accompanied by enhanced partnership with Russia.

In the last four years, Russian policy towards the newly independent states (NIS) has acquired new substance, according to *Kobrinakaya*. Russia has arrived at a basic perception of the NIS as "genuinely independent states" with potential for economic integration.

A perfectly normal partnership?

Dr *Roland Götz*, Head of the Research Unit Russian Federation and CIS, German Institute for International and Security Affairs (SWP), condemned the naivety of the paradigm prevailing in Western Europe in the 1990s that Europe's democracy and market economy would extend eastwards quite

initiated as a political project first and foremost. In order to prevent a resurgence of communism, functionaries were made into millionaires. Putin has an interest in allowing this elite to flourish in order to safeguard the country's stability. Without corruption, however, it is impossible to become rich from nothing. That is why the current trial of Khodorkovsky is unjust, with Khodorkovsky well on the way to becoming a "Russian saint".

The weaknesses of the Russian economy are still the low rate of investment (20%), capital flight and the lack of foreign investment. *Götz* identified the price of oil, which has remained buoyant on the world market, as the only plus point. He criticised the Russian economy's concentration on the energy sector and the low domestic prices of gas, which he claimed are not sustainable



from left to right: Gerhard Mangott, Irina Kobrinakaya, Raimund Krämer, Susanne Scholl, Roland Götz

automatically. Russia's "Managed Democracy and Economy" have now become reality and are the result of a "false start", according to *Götz*. The transition from Gorbachev to Yeltsin was a peaceful coup within the *nomenklatura* in which the "more skillful" protagonists managed to assume power. A history defined by paternalism was thus perpetuated. This also applies to Putin, who has brought a secret service milieu with him into power. *Götz* asked how a modern economy can flourish in an autocratic atmosphere. He emphasised that the liberalisation and privatisation of the Russian economy, which have created massive social injustice, were actually

in the interests of economic diversification and the sparing use of natural resources. Overall, he argued that relations with Russia should be described not as a "strategic partnership" but as a "perfectly normal partnership to mutual advantage".

"Complicity of the West"

Professor *Gerhard Mangott* from the Institute for Political Science at the University of Innsbruck also challenged the view prevailing in the current political debate that Russia is only now on the brink of autocracy. He agreed with the previous speaker that the 1990s have been idealised, and

was scathing about the "West's complicity" in the policies pursued by Russia, which are now being widely criticised. The betrayal of "grassroots *perestroika*" began under Yeltsin, although at that time, there was still a pluralistic, although not a free, media landscape, an oppositional Duma and regional autonomy, all which have now been lost. Admittedly, the Duma had been an apparatus dominated by a weak and complacent opposition, and the regions had been "regional princedoms" with no accountability. *Mangott* stressed that the neoliberal transformation process has failed politically. Despite its "electoral façade", Russia was on the verge of becoming a "failing state" when Putin came to power in 1999. *Mangott* accepted the need for a "strong state" as a prerequisite for democratisation, but warned that the state must not become an end in itself as it would then merely comprise an "accumulation of the instruments of power, accompanied by the atrophy of the purpose of power". What is problematical, in his view, is Putin's motivation, which exploits modernisation concepts in the interests of an ethnically homogeneous Russian nation.

In *Mangott's* view, Putin's electoral triumph was mainly due to the opposition's lack of concepts and weak personalities. He therefore called upon the liberal democratic opposition to field a genuine challenger to Putin from a new generation of politicians. Factors such as the manipulation of the media were of secondary importance. Putin derives his popularity from the high expectations vested in him for the future, and from the lack of alternatives. Both could quickly implode.

Impacts of the war in Chechnya

Dr *Susanne Scholl*, Head of the ORF Office in Moscow, who has lived in Moscow for ten years, also confirmed that Putin's popularity has less to do with him personally than with the country's fear of a descent into chaos, which is rooted in histo-

ry: "Throughout history, Russia was always an autocracy – at best; at worst, it was a dictatorship."

Scholl criticised the failure to address one key factor – the war in Chechnya – in the discussions so far. Both the West and Russia itself largely ignore the fact that Russia is prosecuting a war in Chechnya and that the entire country's democratic development is therefore doomed to failure. In this context, *Scholl* drew particular attention to the rollback of human rights organisations under Putin and the role of the state-controlled media whose current programmes are strongly reminiscent of Soviet programming in the 1970s. There is a lack of basic information, and there is no longer any critical reporting about Chechnya. This, according to *Scholl*, is a key feature distinguishing the Putin era from the more pluralist media landscape and civil society which prevailed under Yeltsin.

Scholl challenged the official stance of the Russian Government, i.e. to view EU enlargement as a natural process. She drew attention to the sense of loss now emerging within society (e.g. in relation to the Baltic states) and the possible weakening of national self-esteem. Against this background, she cautioned against underestimating Putin's "dangerous game with nationalism".

In the plenary discussion, which was chaired by Dr. habil. *Raimund Krämer*, Dr *Olga Potemkina* from the Institute of Europe, Russian Academy of Sciences, Moscow, pointed out that Western journalists also present a one-sided picture of the situation in Chechnya. One problem is Russian journalists' poor knowledge of EU issues, which is due to inadequate journalistic training. *Bartosz Cichocki* of the Centre for Eastern Studies, Warsaw, criticised the fact that astonishingly, many Russian journalists have adapted without any hesitation to Putin's media policy, out of a sense of "pride in the new imperial image presented by Putin".

Common values as a basis

Dr *Heinz Timmermann* underlined the two sides' divergent interpretations of the EU-Russian partnership. Russia sees the partnership mainly as economic, whereas the EU would like to set it on a broader footing and therefore continually underlines common values such as pluralism and democracy as the basis for partnership. *Mangott* added that Russia still views the European Union as a "concert" of states on the 19th century model, and tends to focus on individual European states on a bilateral basis. *Bernard von Plate*, a former researcher at the SWP, called for both partners – the EU and Russia – to undertake an evaluation of each other's domestic development as a basis for deeper cooperation. However, he felt that the prospects of this occurring, or of the substantive development of the "common spaces", were fairly slim.

Professor *Peter W. Schulze* condemned the production of new myths and clichés about the "false start" postulated by *Götz* : in 1991, no state – and no "failed state" – had existed. For that reason, the establishment of "regional principedoms" had been the only safeguard preventing complete collapse and even a descent into civil wars. In response, *Mangott* argued that anarchic decentralisation leads to a weakening of democracy over the long term. While *Kobrinskaya* cautioned against underestimating the risk of civil war, *Peter Lock* emphasised that from a sociological perspective, post-Soviet society was never a candidate for civil war, as no one would have survived this disruption to the productive balance.

In light of the arguments presented, Dr *Ernst Piehl*, a member of the Executive Committee of the European Movement, Brussels, doubted whether a genuine transformation process has actually taken place in Russia, and questioned whether the country has in fact successfully negotiated the transition from a Soviet empire to a nation-state. *Schulze* defended the

political and economic transformation process and drew attention to the emergence since 1998 of a middle class, which already accounts for 25% of the population. In his view, Russia should be compared with middle-income countries such as Brazil or South Korea rather than with the Western industrialised states. *Roland Götz* disagreed: the new propertied class is not a middle class but a conglomeration of the rich, new rich and bureaucrats. Professor *Margareta Mommsen* from the Institute of Political Science at the University of Munich also suggested that the supposed "middle class" may be a new myth. She was pessimistic about the prospects of implementing the new democratic experiments which have been announced, such as the establishment of a genuinely pluralistic multiparty system and administration reform. *Kobrinskaya* also stressed that at present, there is no basis on which to conduct democratic experiments. The necessary "bottom-up" process will need time to take effect.

The intermeshing of power and economy

Vasily Astrov, an economist at the Vienna Institute for International Economic Studies, responded to *Mangott's* criticism of the Russian opposition. The liberal democrats did not lose the election due to their lack of concepts; Putin's own party, "United Russia", had also been unable to present any persuasive policy concepts. Dr *Galina Michaleva*, Head of the Yabloko Party's Analytical Center and Director of the Center for Contemporary Political Studies, Moscow, endorsed this view. She condemned the electoral fraud and the injustices committed against smaller parties in the election campaign, and voiced criticism of the failure to consider the intermeshing of power and economy in the current debate. *Susanne Scholl* also underlined this connection and cited the *Khodorkovsky* case to illustrate the impossibility of any critical intervention in social policy, as this would call the entire

system of power and business into question. The Kremlin decides who is a "good" and who is a "bad" oligarch. By contrast, *Gerhard Mangott* argued that

Khodorkovsky had been arrested not on account of his democratic commitment but due to his outward-looking autonomous action in the energy policy field.

A "Common Space for Internal Security":

A Possible Response to New Security Risks?

Following an agreement on 31 May 2003, the EU and Russia are seeking to establish four "common spaces", including a common space for internal security, described by the EU as an area of freedom, security and justice. Yet there is still no overall strategy for this project, and Moscow's main interest remains the introduction of a visa-free travel regime between the EU and Russia. But without effective measures to combat the new soft risks such as organised crime, human and drug trafficking, money laundering, illegal immigration and terrorism, the EU will not contemplate introducing visa-free travel. The second panel therefore discussed how these security risks can be tackled successfully through joint action, and where the limits to such joint action lie.

"Paradigm of interdependence"

Opening the panel, *Bartosz Cichocki* presented the hypothesis that the EU is moving into dangerous territory with its plans for a "common space for internal security" – for despite the EU's concept of the "common values" shared by Russia and the EU, these are the very values which are lacking in Russia. Nonetheless, he regarded cooperation as essential, especially on border control and the liberalisation of visa requirements. *Cichocki* voiced condemnation of the "suitcase trade" which is currently flourishing on the borders with Kaliningrad and called for more stringent and effective border controls after EU enlargement. He also doubted whether Russia has any genuine interest in lifting the visa requirements. For Russia too, the visa regime is important as an instrument of control. In reality, the desired objective is merely to achieve some measure of liberalisation in the current rules. Like *Götz* in the earlier session, *Cichocki* also concluded that it would be preferable to refer to a "paradigm of interdependence" rather than "common values" in the context of EU-Russian relations.

Dr *Olga Potemkina* was pleased that for her visit to Potsdam, she had already benefited from the easing of visa regulations for academics. She made it clear that in addition to the four official "common spaces", a fifth also plays an important role: the European "space" for crime. This

is a very flexible area which is not concerned about formalities such as the Partnership and Cooperation Agreement (PCA). On a positive note, it is important to recognise that the preparations for the desired liberalisation of visa regulations have already led to progress in combating international crime, e.g. the establishment of a legal basis for international cooperation on prosecutions under UN conventions and Council of Europe agreements. The legal bases are now substantial, but they are divided among numerous different documents. There is therefore an urgent need to merge them more effectively. The same applies to the various actors. It is still unclear how Europol will fit into the existing institutional architecture, e.g. its relationship with Interpol.

Potemkina suspected that the EU's motive for creating a common space for internal security is partly due to its interest in using Russia as a "bulwark against human and drug trafficking". However, the problem does not lie solely on the Russian side, for there is clearly an enormous demand in the EU for illegal goods and services such as drugs and prostitution. The example of trafficking in women shows, among other things, that laws are only being broken in the destination countries. In Russia, the trafficking of women is carried out in a very "civilised" manner, without abductions or other similar methods. Legal contracts are concluded with women who are "interested".

Combating organised crime

In his contribution, Dr *Peter Lock* also emphasised the demand side of crime. He presented a provocative hypothesis: that worldwide, there is "no possibility of making borders safe against anything". However, cross-border activities are not necessarily criminal *per se*: in many cases, they involve the informal economy and labour migration. The pressure to migrate results from global injustice and the weakening of states, and from the unwillingness of countries – including many EU states, where there is a demand for illegal labour – to legalise the de facto presence of illegal migrants. Around US \$ 800 billion can be earned worldwide per annum through crime, especially in the drug trade; it is

Transnational identities - blessing or curse of European security?

It is also an illusion "to believe that terrorists have to cross borders". In the EU states, there are already many transnational citizens from the second and third immigrant generation. "Being a terrorist is a mental problem" which is constructed through the exclusion of specific transnational groups of persons from society, according to *Lock*. Yet the positive potential of these transnational migrants for conflict management and development in their countries of origin – one example being the financial flows to the successor states of the former Yugoslavia – is generally overlooked.

Rudolf Bindig, Spokesman on Human



from left to right: Peter Lock, Olga Potemkina, Michèle Roth, Rudolf Bindig, Bartosz Cichocki

impossible for the state to combat such a lucrative economic sector. Instead, the problem must be addressed on the demand side, for it is the criminalisation of drugs, which would otherwise have no value as economic goods, which determines the price. Organised crime is thus being encouraged through state regulation. As the logical consequence of this insight, *Lock* called for a debate about the legalisation of drugs and a constructive dialogue with Russia, which is an important hub for the drug trade.

Rights and Humanitarian Assistance of the SPD parliamentary group in the Bundestag and Vice-President of the Parliamentary Assembly of the Council of Europe, underlined the common values shared by Russia and the EU, which are reflected in a number of key documents as well as in Russia's membership of the Council of Europe. The benchmark for Russia's accession to the Council of Europe was not that it already fulfilled the criteria relating to democracy, rule of law and human rights, but that it is working constructively towards their fulfilment. The conclusion of the Partnership and Cooperation Agreement (PCA) is a further indication that Russia upholds

these common values and is moving in the right direction. He underlined its achievements to date: the commencement of the reform of criminal law, the separation of the judicial system from political influence, and the start of administrative jurisdiction. Progress towards the desired democratisation of the military has been slow, however. Similarly, the unresolved conflict in Chechnya remains an ongoing concern. Freedom of the media, which were under the oligarchies' control in the 1990s and are now dominated by the Kremlin, has still not been achieved, according to *Bindig*. He also cast doubt on the credibility of the recent election results which showed that in the northern Caucasus, more than 90% of electors had supposedly voted for Putin. Nonetheless, *Bindig* paid tribute to the Russian Government's fundamental openness: "Where formal international law exists, Russia abides by it." However, he voiced concern about the shortcomings in the practical implementation of human rights.

Securing borders

In the discussion, which was chaired by Dr. des. *Michèle Roth*, Deputy Executive Director of the SEF, *Bartosz Cichocki* reiterated his call for an improvement in border security, arguing that the EU's future neighbours, such as Ukraine, must be given financial and technical assistance for this purpose. *Olga Potemkina* proposed the introduction of international border controls which might be more effective in combating corruption. She directed a comment to Lock: "Even if the door is locked, you can still get burgled. But if you leave the door open, you increase the likelihood of this occurring." *Peter Lock* nonetheless opposed a strategy which is based on technical perfection at the borders but still fails to reduce migration and crime. Not only for humanitarian reasons but also to minimise tax spending on criminal prosecution and security, labour

migration – which is caused by the demand for labour on the other side of the border – and the drug trade must be legalised. *Holger Moroff*, a postgraduate student at the University of Osnabrück's Research Training Group on European Integration, which was established by the German Research Foundation (DFG), contradicted this hypothesis: in his view, economic logic dictates that if border regimes are dismantled, the demand for previously illegal goods will increase. This cannot be politically desirable. *Jörg-Werner Marquardt*, Head of the Task Force on Organised Crime and Drugs at the Federal Foreign Office, also condemned Lock's approach as one-sided, since it focusses solely on the demand side, and called for measures to combat drug cultivation and promote legal alternatives in rural development.

Dr *Burkhard Könitzer* posed a critical question: how is a common space for security actually supposed to function when Russia itself is not yet a state under the rule of law? *Cichocki* also drew attention to the lack of compatibility in the application of law in Russia and the EU, which he described as problematical. In his view, the Russian legal system is "half legal, and half negotiable". According to *Cichocki*, the cooperation on the Finnish-Russian border, which had been described by *Timmermann* as "Russia's most secure border" and a good example for the future, cannot be a positive model for future border arrangements on account of its specific geographical circumstances and the long waiting times for freight transport.

Despite all the difficulties, *Rudolf Bindig* concluded the session by appealing for political vision. For this reason, signals such as Russia's accession to the Council of Europe are important as they bear witness to its resolute determination to reform.

From Visions to Action: Policy Areas for EU-Russian Cooperation

There are already numerous cooperation frameworks and action programmes between the EU and Russia and new ones are being launched all the time. Yet in practice, there is little real action. What changes must be made in Brussels and Moscow to ensure a more positive balance-sheet in future? How can institutional cooperation be improved? And which specific areas are suitable for well-functioning cooperation in future? These issues were addressed at the final session.

Dr *Heinz Timmermann* began his introductory paper by emphasising that the desired strategic partnership between the EU and Russia is based on "parallel and complementary interests" – especially in the field of the economy and modernisation. As yet, however, the mutual expectations have not been fulfilled completely. The causes of the difficulties, according to *Timmermann*, lie in the asymmetries between the partners' political systems, economic performance and approaches to economic governance. In particular, the need for internal reform in Russia and its adaptation to European standards are proving problematical. Furthermore – as emphasised the previous day – there is a different understanding of the concept of partnership: Russia tends to view the EU as a partner in economic modernisation, whereas the EU expects the partnership to be based on shared democratic values as well. But according to *Timmermann*, as Russia has not yet established a state under the rule of law or a democratic civil society to a satisfactory extent, the EU must abandon its overly ambitious expectations. To this end, it has launched a review of its policies towards Russia.

The creation of a common economic space with its four freedoms sends out a political signal, but the EU should concentrate instead on achieving progress on specific issues: increasing Russia's domestic energy prices, transacting foreign trade in euros instead of US dollars, promoting small and medium-sized businesses, and implementing transport projects to link Russia to Europe. *Timmermann* called for

cooperation with Russia to be intensified through early consultations within the framework of the European Security and Defence Policy (ESDP), participation in the Petersberg tasks, and the granting of observer status in the Committee of the Regions (CoR).

"New realism" required

One issue identified by *Timmermann* as a problem for the deepening of the partnership, besides the trend towards autocracy described above, is Great Russian nationalism, which requires EU recognition of Russian dominance in the NIS region – a position which is unacceptable to the EU. Conflicts could thus arise in the context of ESDP projects in Moldova and Georgia, or in relation to the EU's position towards the Lukashenko regime in Belarus.

In conclusion, *Timmermann* appealed for Russia not to be marginalised or ignored despite all the profound differences: "Due to its size, its geographical proximity, its potential to do good or harm, and its role as a regional and global actor, Russia's involvement in a diverse programme of well-functioning cooperation is essential." Relations should therefore be guided by "pragmatism" and "new realism", but this demands a coherent position from the EU too if it is to be taken seriously by Russia.

Professor *Kazimiera Prunskiene* nonetheless underlined the need to develop common values. This could mainly take place within society, culture and the media. Non-government organisations play an important role in this context. In

Lithuania, the issue of security still tends to be associated with NATO and the USA, whereas the EU is assigned the primary role in economic integration. However, according to Prunskiene, it would be desirable to view the EU and its new Member States as partners for modernisation as well.

- the ratification of the Kyoto Protocol;
- the signing of the European Energy Charter;
- the settlement of the conflict in Chechnya;
- and finally, the EU's concern about the development of democracy and human rights in Russia.



from left to right: Vasily Astrov, Kazimiera D. Prunskiene, Heinz Timmermann, Christian Meier, Gernot Erler, Galina Michaleva

Seven problem areas

Gernot Erler, Coordinator of German-Russian Intersocietal Cooperation at the Federal Foreign Office, underlined that there are currently a great many "pitfalls" in the EU's relations with Russia. These problems must be solved before new projects can be launched. He identified seven unresolved issues:

- coping with EU enlargement; here, Russia's hardened position on the extension of the PCA to the new Member States is highly regrettable. It shows that Russia has not yet come to terms with the Baltic states' accession to the EU;
- the functioning of the Permanent Partnership Council (PPC), which has so far been unable to meet because no agreement could be reached on its format;
- the issue of visa regulations, including the conclusion of a Russian readmission agreement;

In recent years, Russia has relied too heavily on its international role as an ally in the "war on terrorism" and as an economic partner and has failed to address other problems and reforms. In that respect, the "mood was better than the reality" before the mood shifted in Europe and the USA. According to *Erler*, a useful joint reform project – provided that the seven issues identified above can be resolved – could focus, for example, on reducing energy consumption, which would also fulfil the WTO's demand for an adjustment of domestic energy prices.

At the same time, cooperation in the security field must be intensified; for example, Russia should be closely involved in any comprehensive Middle East strategy launched by the USA and EU. The frozen conflict problems in Georgia and Moldova could also be tackled jointly. Such cooperation could even pave the way for a joint solution to the Chechnya conflict. *Erler* also called for the revival of the international youth exchange with Russia

in order to enhance mutual understanding.

Dr *Galina Michaleva* identified various problems associated with cooperation in the economic field. Major European companies investing in Russia have adapted to the prevailing rules of corruption. She cast doubt on the benefits of publicly-funded EU assistance programmes such as TACIS, the problem being that EU funding trickles away in corrupt Russian administrations, especially at regional level. The democratic institutions and local civil society, with which the EU rarely cooperates, have been sidelined. *Michaleva* pointed out that both sides have played a part in the failure of cooperation. A research project on political development in the Russian regions, which she managed, revealed that through its funding programmes, the EU has continued to finance autocratic movements. She summed up this situation as follows: "A fool and his money are soon parted."

Energy: still a burning issue

Vasily Astrov referred yet again to the asymmetry in the economy. Russia's economic performance amounts to just 12% of the EU's, and is therefore hardly comparable. He called for the EU to rethink its position on the WTO's demand for energy price adjustments. The low domestic energy prices are not due to Russia's "natural advantage", i.e. its plentiful resources; rather, a 400-500% increase, which is what the WTO is demanding, would place a heavy burden on industry and private households and have massive social impacts. In the field of foreign trade, EU enlargement – by reducing tariffs from 6.5% to around 4.5% – will boost economic growth in the accession countries and thus generate more demand. It will therefore have overwhelmingly positive effects.

The plenary discussion, chaired by *Christian Meier*, initially focussed on the ratification of the Energy Charter. While *Astrov* ruled out any signing of the Charter

in the near future, *Erler* was certain that Russia will have no option but to sign in the medium term. According to *Erler*, the key issue in this context is energy security. The implementation of energy-saving strategies is also possible without the Charter, however. In any event, in the long term, Russia will be unable to distort competition by keeping domestic energy prices low. But one option is to adopt transitional arrangements for private households and social institutions. *Astrov* interjected, pointing out that to achieve energy savings on the scale being demanded (up to 90%), massive investments would be required over a longer time period.

Prunskiene returned to the issue of harmonisation in the electricity sector. Here, there is already a five-country agreement between the Baltic states, Russia and Belarus. *Timmermann* identified three key prerequisites for closer cooperation in the electricity sector: reciprocity of market access, environmental protection and nuclear safety.

Lack of coherence within the EU

Timmermann criticised the fact that bilateral agreements with Russia are constantly being signed by individual EU states, obstructing a unified approach by the EU and the development of the ESDP. *Erler* pointed out that these reactions – e.g. the recent formation of a Franco-Russian security cooperation council – are the logical outcome of the non-functioning of the Permanent Partnership Council (PPC). There are no plans to set up a German-Russian security cooperation council; the current working group will continue its work as before.

Professor *Kurt Tudyka* also viewed the fact that the EU is still a "community of countries" without the structure of a nation-state as problematical. He cautioned against any over-institutionalisation of cooperation through "spaces" and "dimensions". The OSCE is already a forum for

cooperation, and he considered it very suitable for this purpose since non-EU states can also participate. *Erlar* disagreed: in his view, the OSCE does not offer an alternative because the Russian side has increasingly withdrawn from cooperation within the OSCE framework recently.

Former Ambassador Dr *Hans Arnold* pointed out that the notion of EU-Russian cooperation in the Middle East is "extremely audacious". Furthermore, the interests of the USA – which is trying to prevent Russia from establishing a position of power in the Middle East – conflict with the principle of more intensive cooperation between the EU and Russia.

Russia's domestic development: a political outlook

In his political outlook, which concluded the Conference, Professor *Peter W. Schulze*

returned once more to the trend towards autocracy in Russia – evident from the recent election results. Since the collapse of the Soviet Union, the state has been re-established, but it is still unclear which function it is likely to adopt vis-à-vis society and business. The urgently needed reconstruction of the economy must take place with due consideration for social aspects, according to *Schulze*. As regards financing, he proposed investing the revenue from the sale of oil and gas in economic and social reform projects. Now that the power of the communist and regional elites and the oligarchies has been broken, Putin – with his comfortable two-thirds majority – can no longer abdicate responsibility for reforms.

