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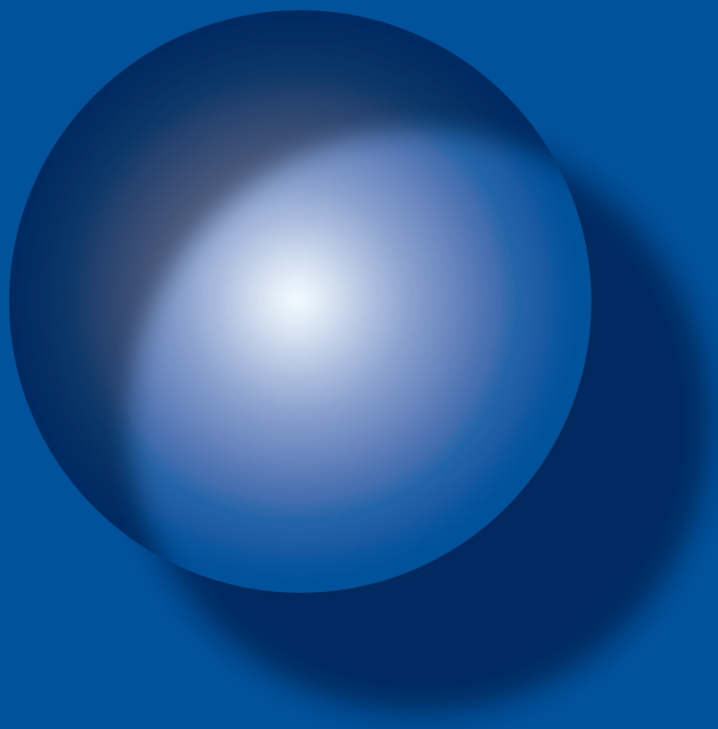
Rethinking the Respective Strategies of Russia and the European Union

Arkady Moshes (ed.)



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Foreword

This publication is the final product of a project aimed at clarifying and evaluating the broad policy choices and strategies underlying the Russia-EU relationship. Conducted jointly by the Finnish Institute of International Affairs and the Carnegie Moscow Center from the autumn of 2002 through the spring of 2003, the project has been animated by several considerations. One was the simple fact that the EU "Common Strategy on Russia" is due to expire in June 2003. Clearly, much has changed – in the EU, in Russia, and in the character of their relationship – in the four years since the Common Strategy was adopted. Is the Common Strategy still adequate as a statement of the European Union's "strategic" vision? Is it a useful guide to policy? How well does it reflect the changing political and economic environment in Europe? Similar questions could, indeed should, be asked of Russian policy, and specifically of its "Medium-Term Strategy" for the development of relations with the EU.

Secondly, the question of longer-term prospects for the Russia-EU relationship was becoming more prominent – and in some respects more controversial – on the policy agendas of both sides. Is the relationship between Moscow and Brussels a "strategic" one, in fact? What does each truly want from the relationship? What does each truly expect? As the imbroglio over the Kaliningrad transit issue demonstrated, the need to resolve concrete issues raised by EU enlargement, and thus to move beyond political declarations to tangible practical cooperation, has dramatized the need for clarity on these points.

The analytical content of the project thus reflected the double meaning of the word "strategy." That is, it sought to assess, first, the long-term – or "strategic"– policy approaches pursued by Russia and the EU *vis-à-vis* one another, in light of the stated interests of the sides and the visions they have articulated for the

partnership between them; and, secondly, whether the guiding documents – called "strategies" by both – are up to the task set for them. The project's approach, in other words, was to use the formal political guidelines as a prism through which to illuminate the broader policy choices facing both sides.

The current volume presents three different but, we believe, complementary perspectives on these matters. The first chapter, written by Konstantin Khudoley, Dean of the School of International Relations at Saint Petersburg University, provides a concise and representative Russian overview on areas where bilateral cooperation with the EU seems most plausible and useful, and where the most important obstacles and impediments lie. The chapters by Dr. Timofei Bordachev and Hiski Haukkala, researchers at the Carnegie Moscow Center and FIIA respectively, focus specifically on the implementation of EU and Russian strategies, and discuss how these documents – as statements of and guides to policy – might evolve.

Earlier drafts of these papers served as the focal points for discussion at a seminar held in January 2003 in Helsinki. Participants included members of the Finnish academic and foreign policy communities, Helsinki-based diplomats from EU capitals and Moscow, and representatives of the Foreign Ministry of Greece – the holder of the European Union's rotating Presidency at that time.

The project organizers would like to thank Stephen de Spiegeleire, RAND Europe, who gave a co-presentation concerning the European view of future cooperation with Russia, as well as Dr. Pekka Sutela, BOFIT, Dr. Markku Kivinen, Aleksanteri Institute, and all the other academics and diplomats who were able to take part in the seminar for their extremely valuable contribution to the discussion. We are also very grateful to the Finnish Ministry of International Affairs for its support and participation. We owe a special debt of gratitude to Sannamari Honkanen, project coordinator at FIIA, without whose energy the suc-

cess of the project would hardly have been possible.

We hope that this publication will encourage further discussion on Russia-EU relations and that both academics and practitioners will find it useful.

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Russia and the European Union: New opportunities, new challenges

Konstantin Khudoley

There can be little doubt that relations between Russia and the European Union (EU) have been, and will continue to be, of great importance not only for each party but also for global politics as a whole.

Following the accession of Finland to the European Union in 1995, Russia and the European Union became neighbours. Once the current wave of enlargement is completed, with the Baltic, Central and East-European countries joining in, the Russia-EU common border will become even longer. Of course, this would only serve to bring Russia closer to the hub of European integration efforts. However, the existing disparities between Russia and the European Union continue to be substantial. While Russia remains an industrial society, the European Union countries have already entered the post-industrial phase of evolution. For example, one of the more ambitious projects launched by the Russian leadership at the turn of the new century had been to achieve an annual GDP growth rate in the region of at least 8 percent and to secure within 15 years the current per capita GDP posted by Spain and Portugal – the two countries that in no way emerge as EU economic leaders.[1] One cannot help admitting that the Russian-Finnish border today appears to harbour more contrasts than any other national boundary elsewhere in the world. Clearly, the problems faced by both countries are considerably (sometimes radically) different.

The inconsistencies of Russian transformation

Following the fall of communism and the breakup of the Soviet Union, Russia undertook a number of decisive moves towards building a democracy and a market economy. Notably, that evolution has now become irreversible. Unfortunately, the reforms of the 1990s were implemented rather inconsistently and even somewhat chaotically. Many old government structures were left either untouched or modified only marginally, which largely explains the contradictory results of the last decade's reforms, with its mix of positive and negative trends and some plainly bizarre features. The more unwelcome trends obviously included large-scale social disparities, the emergence of actually two distinct societies within a single country, and growing nostalgia for "stable" Soviet times on the part of large numbers of Russian people, old people in particular.

As Putin assumed the presidency in Russia, the country began to experience a measure of stable growth, which was greatly helped by high oil prices. Importantly, Putin sought to outperform his predecessor and pursue more ambitious reform goals, including efforts to transform the spheres that had hardly been touched throughout the 1990s. While the executive and legislative branches had seen some radical shifts following the adoption of the 1993 Constitution of the Russian Federation (with the Soviet ways being nearly totally scrapped), the state of affairs in the judicial branch of government remained almost unchanged. Under President Putin, the Presidential Administration had submitted for consideration by the State Duma a range of bills aimed at bringing the Russian judicial system into line with the Council of Europe standards, with relevant laws being passed accordingly. Efforts are currently being made to draft a series of bills on local self-governance (with most of the Russian regions maintaining local self-governments that either hold no substantive functions or operate superficially). The prospective laws on that

score are similarly supposed to be reflective of the applicable Council-of-Europe-established rules. Whenever Russian laws or statutes (customs regulations, etc.) happen to be updated or amended, the existing EU and WTO requirements are duly taken into account. Steps are being made to rejuvenate the educational system and have Russia's schools of higher learning involved in the ongoing global (primarily pan-European) integrative efforts aimed at building up a universal educational arena.

Regrettably, structural economic reforms appear to have been largely put on the back burner. Also, recently, government pressure on the mass media (particularly television operations) has been increasing.

Many in the Russian elite fail to grasp Russia's new role in today's world, and are still imbued with "superpower" visions. Certain interest groups claim they are prepared to go even further than that and call for a "restoration", while seeking to reinstate in the public consciousness not only the creator of the Soviet secret police, Dzerzhinsky, but also Stalin's henchmen such as Beria or Kaganovich, who have been officially condemned since the late 1950s.[2]

Over the past few years, the Russian ruling elite has also been through some changes that affected the current balance of power. By the end of the 1990s, the federal authorities had been greatly weakened. The then president, Yeltsin, had been almost continually confronted by a State Duma dominated by communists and nationalists. In fact, even though the impeachment motion of the opposition was not supported by the legislators in May 1999, it actually amounted to the first Russian president being defeated to all intents and purposes, according to Yeltsin's aids.[3] Radical erosion of the economic situation in the country following the August 1998 default-generated financial crisis served to severely undermine the federal centre's standing and boost the centrifugal trends in the regions, particularly in the provinces where the nominally majority ethnic group tended to exert real power.

It so happened that local elites had moved to gain control of part of the regional-level federal government offices that had come to be persistently under-funded. Furthermore, Yeltsin's attempts to take advantage of the differences between regional elites and to build up special links with them by way of concluding the so-called power-sharing agreements likewise failed to produce the desired results. Given the unsavoury situation, President Yeltsin and his aids started to engage the emerging financial and industrial groups ("oligarchs") whose influence on government policies had been increasingly on the rise.

President Putin has managed to turn things around to a certain extent. Notably, the role of regional elites has now been meaningfully reduced. In addition, President Putin and the Russian Government have basically succeeded in building and maintaining steady working relationships with the State Duma. Unlike Yeltsin, who for the most part ruled the country by issuing numerous decrees, President Putin prefers to do his job by way of securing the passage of relevant laws, which obviously makes the whole process more stable and predictable. Apart from many other measures, the Government of the Russian Federation has secured the adoption of some laws that, over the longer term, are expected to help put in place a better structured and more influential system of political parties in Russia.

During the course of the 2000 presidential election campaign, Putin repeatedly stated that there would be no oligarchs in Russia.[4] Clearly, that implied no real "war" against big business. What actually happened was that the authorities merely started to target the two oligarchs – B. Berezovsky and V. Gusinsky – who clearly sought to place themselves above the established government institutions. Furthermore, this drive against these two oligarchs, who were obviously disliked by the citizenry, also served to boost Putin's popularity ratings.

Other financial and industrial groups had quickly been coerced into operating within the prescribed constraints.[5] Never-

theless, given the regional elites with their declining clout and largely irrelevant political parties, the role of big business in Russia has actually grown, rather than diminished. For example, the dialogue between the central power and business tycoons has been continued, with bones of contention surfacing from time to time.

Although the Russian big business foreign policy preferences have not always been clearly articulated, some general preferences have been pretty explicit. In the 1990s, nearly all financial and industrial groups were heavily state-backed and rather significantly dependent upon official funding for their livelihood. Given the circumstances, they had little interest in either setting up common and equitable rules of the game for all market players, letting foreign investors bring their capital into Russia, or developing unconstrained competitive relations. Pressures exerted by those groups came to provide one of the key reasons why isolationist foreign policy trends under Yeltsin escalated, with Russia-EU links being no exception in that regard.

At the turn of the 21st century, Russian big business became more diverse. Some domestic oligarchs persisted in practising their old habits, while seeking to secure the best possible chunk of the state pork barrel. However, the opportunities on that score have become rather limited because, contrary to what had been happening during the previous decade, no large-scale privatization deals have been in the offing. Under the newly established conditions, some of the bigger financial and industrial groups are trying to evolve towards building up transnational corporations. At this point in time, it is too early to say whether this shift is going to be a success. However, it is important to highlight the following: while in the 1990s nearly all major business players had been looking to the West ("Gazprom" apparently leading the pack) for their growth, now some of them are attempting other approaches. By way of example, M. Khodorkovsky, head of the giant "Yukos" oil company, has repeatedly voiced concerns

about the feasibility of growing economic ties with European Union countries.[6] Naturally, this has had an impact upon Russia's foreign policy.

European Union evolution challenges

At the turn of the new century, the European Union has also been going through some major changes. For the first time in the history of European integration there are a number of large projects that have come to be implemented nearly concurrently: the introduction of the Euro – the single European currency unit, the European Union expansion to the Baltic, Central and East-European states joining in simultaneously, the promotion of cooperative bonds in the defence area and the transformation of the existing governing institutions with the EU Constitution being one of the issues up for debate and resolution. Given this grandiose agenda, West European politicians appear to be mostly focused on the questions of EU evolution, rather than on problems which lie elsewhere.

Now, as far as the foreign policy field goes, West European countries appear to have pursued different agendas. For the first time, those disparities came to be publicly revealed following the September 11, 2001 attacks on the United States. Although the atrocities were universally condemned, different conclusions were then drawn by national players. The disparities grew to be even sharper in the days of the Iraq crisis. Clearly, it was absolutely unprecedented that France and Germany should come out against the US-UK-sponsored draft resolution at the UN Security Council, to say nothing of the fact that those countries ended up in the minority of governments not only in Europe but also within the confines of the European Union *per se*.

All in all, the newly emerged disparities can serve to slow down the pace of European integration, particularly in the foreign

policy, security and defence fields, with the overall effort most likely being sustained. Apparently, with the more pressing internal problems being eventually resolved, the European Union is expected to pursue an increasingly pro-active foreign policy course, while seeking to position itself as a self-contained power centre within the trans-Atlantic partnership.

Groundwork for cooperation

In the course of the 1990s, Boris Yeltsin and Viktor Chernomyrdin made repeated pronouncements on the possibility in principle for Russia to join the European Union. What is more, the issue had been discussed by quite a few Russian and European politicians (for example, by Sergei Kirienko, head of the Russian Government in 1998, and by Silvio Berlusconi, the Italian prime minister). With time, however, it became obvious that existing disparities between Russia and the EU made it unlikely for Russia to join the European Union in the foreseeable future. Notably, Russia-EU relationships in the years ahead are most likely to develop on the basis of bilateral treaties and ad hoc agreements, whereas Russia will not be seeking EU membership.

The 1994 Partnership and Cooperation Agreement, signed on the Island of Corfu, has certainly served as a solid groundwork underpinning the developing ties between Russia and the European Union. Though the Document continues to play a constructive role, one cannot help but acknowledge that it has never been used to capacity. Admittedly, the established vehicles for consultations and collaborative links have largely functioned as expected. At the same time, regrettably, many of the Document's economic provisions are yet to be put into effect. Surprisingly, those commitments have been put on hold until Russia's accession to the World Trade Organization (WTO). It is worth re-

membering that under the Corfu Partnership and Cooperation Agreement, Russia can build up its commercial relations with the European Union countries on the basis of the applicable WTO requirements prior to Russia officially securing WTO member status. Some analysts have occasionally suggested that the Agreement should be updated or amended. Considering that this approach would take too much time, it is unlikely to produce the desired effects.

Clearly, many issues can be clarified without amending or changing the language of the Corfu Agreement. This primarily applies to the notion of "strategic partnership". While Russia has seen a variety of definitions of this notion, the European Union likewise is yet to be governed by a single understanding of the term "strategic partnership". (The phrase "strategic partnership" has been used in numerous EU agreements with other countries to imply different things, with no single interpretation of the notion, as applied to Russia, clearly being offered). Clarification of the matter evidently requires the passage of a political document (either a declaration or statement) to dispel all misconceptions or misunderstandings, rather than an effort to amend the Corfu Agreement.

In 1999, the European Union adopted the Common Strategy on Russia, while the Russian leadership responded by passing the Medium Term Strategy for Development of Russia-European Union Relations for the period 2000-2010. Naturally, the very fact that these two important documents were passed at all should be a cause for satisfaction. It should be remembered that the European Union came up with that initiative when Russia's relations with the West were at their lowest ebb because of the Kosovo conflict (with Russia-NATO relations being nearly frozen altogether). Foreign policy analysts in Russia duly appreciated that the first common EU strategy was the one involving the European Union and Russia. The reciprocal Russian document was prepared by Moscow within just a few months. All this was going

on during a time when European mass media kept criticizing Russia for its military operations in Chechnya. Also, the newly adopted Russia-EU Strategy came to be indicative of the Russian Federation seeking a constructive dialogue, rather than wanting to be left alone.

However, from the very outset, it was clear that the two documents had a different emphasis. While the Common EU Strategy assigned top priority to helping build up a civil society in Russia, the relevant Russian Document had the key emphasis placed on joining forces in order to create a multi-polar world and safeguard national economic interests, with pressure from the advocates of isolationism and protectionism clearly evident in some of the Document's wording. What is more, the two Documents featured different duration periods, which came to be 4 and 10 years accordingly.

Since Vladimir Putin's accession to the Russian presidency, Russia has steadily worked to meaningfully improve its relations with the European Union. The Russian Federation's foreign policy concept, adopted in 2000, particularly stresses the "key significance" of the country's relations with the European Union.[7] After the tragic September 11, 2001 events in the United States and Russia's joining the counter-terrorist coalition, President Putin appeared in Germany before the German Bundestag to emphasize the need for Russia to achieve rapprochement with the West.[8] Unfortunately, no big substantive shifts in Russia-EU relations have yet taken place.

What stands in the way of partnership?

Apart from dramatic disparities in development levels, Russia and the European Union confront a good number of other challenges. Firstly, the European Union of late has been attaching primary importance to its relations with the Islamic world. This

issue is two-dimensional. The first dimension is internal, with nearly all EU countries holding sizeable migrant minorities. Interestingly enough, while the EU countries have pursued different policies with regard to those minorities, Islam in the meantime has been generally recognized as a major European religion, the corollary stake being to have European-based immigrants variously integrated into European society. To all intents and purposes, that goal has yet to be reached. In fact, it appears to be rather a contentious issue as to whether these immigrants are going to be fully integrated into European society at all. Admittedly, while the pressures of local Islamic communities on the policies pursued by EU countries continue to be limited (with the Muslim minority in the UK failing to prevent the authorities from dispatching the British military contingent to the Iraqi theatre of war), it now appears to be pretty obvious that the EU political elite seems to be reluctant to aggravate the issue and allows for significant concessions in favour of these minorities. The issue's second dimension is external, and it has to do with the European Union seeking to maximize its relations and grow large-scale cooperative links with the Arab world, Iran and other contiguous countries. Given the circumstances, the ongoing meaningful EU assistance to the Palestinian Authority appears to be of special significance.

Understandably, this policy has sometimes run counter to Russia's national interests. It would suffice to mention the case of Turkey seeking membership of the European Union. The debate pursued on the matter in the summer and autumn of 2002 was particularly revealing. To provide an example to this effect, in November Gui Vehrhofstadt, Prime Minister of Belgium, argued that "Turkey clearly has its niche in the European Union, and it ought to be emphasized that the positive answer to the question on whether Turkey can join the European Union was given as far back as three years ago in Helsinki".[9] It is rather hard to imagine any head of an EU member country uttering those words in re-

spect of the Russian Federation. Surely, one can hardly talk of any rivalry between Russia and Turkey on that score, particularly given that the geopolitical differences between the two nations are not so strong. However, suspicions about the application of double standards when making assessments of the situation regarding human rights, ethnic minorities and other sensitive issues have cropped up from time to time.

These disparities particularly come to the fore in connection with the pressing challenge to counter terrorism. Importantly, while the US leaders appear to understand that the Chechen situation is rather complex and multi-dimensional and that Russia indeed has been compelled to deal with confirmed terrorists, West European politicians and analysts have often seen the Chechen problem as a violation of human rights on the part of federal forces, with the terrorist activities of the Chechen separatists being completely overlooked.

The perceptions of this problem can have far-reaching implications for the state of public consciousness in Russia. Over the last few years, domestic public opinion has increasingly been in favour of building up cooperative ties with the European Union. To illustrate this, pro-EU sentiment for the most part has been expressed by people with high or medium incomes, higher education, of middle and younger ages, with these categories making up the more dynamic and influential segment of the population. However, following the terrorist attack in Moscow in the autumn of 2002, terrorism has started to be regarded as the most burning issue by the Russian public. According to the public surveys conducted in Saint Petersburg in December 2002, nearly 75 percent of the respondents regarded terrorism as the principal hazard, with Russia's relations with other countries being viewed against this particular backdrop. Arguably, similar attitudes seem to prevail all across Russia. Hence, the steps undertaken by certain European countries and viewed in Russia as being supportive of terrorists might come to be most destructive for Russia-EU

relations.

Secondly, we would have to deal with a number of problems that are expected to result from the ongoing EU expansion. To date, some compromise arrangements have already been reached on the transit of Russian citizens travelling from and to Kaliningrad. Admittedly, those agreed rules are unlikely to be applicable for long. Under the Schengen Agreement, member countries agreed that all kinds of exceptions to the established rules should be increasingly phased out, with the fate of Kaliningrad transit arrangements being no different. A radical solution to the pressing problem could be achieved by Russia joining the Schengen Agreement. This point was specifically made by President Putin in his recent talks with EU leaders.[10] Russia and the European Union agreed to set up an *ad hoc* working group to tackle the matter.[11] Notwithstanding the circumstances, Russia continues to have doubts as to whether the European Union is serious about reaching an agreement on repealing the visa rules for Russian nationals. Importantly, those concerns were reinforced by the recent EU decision to make Russian tourists planning to visit EU countries fill in extra forms. Furthermore, Russia is unlikely to accept suggestions made by some EU experts to the effect that Russia should unilaterally repeal the visa requirements for nationals of EU member countries planning to visit the Russian Federation.[12] Understandably, this particular aspect of Russia-EU relations should in no way be disregarded. Given that many Russians, especially the younger ones, are eager to visit Western European countries, any obstacles to obtaining the visa (compounded by the pressing bureaucratic procedures) would more than irritate the applicants. Of course, Russia should likewise have its immigration legislation appropriately updated, the struggle against illegal immigrant flows bolstered, and readmission agreements duly signed with relevant EU countries.

Also, one should take account of the fact that the European Union in the short run is expected to expand by way of embrac-

ing a large number of Baltic, Central and East-European countries. Importantly, those are the states that Russia has more difficulty in promoting relations with, when compared with the country's relations with Western European countries. Some of the former countries still regard Russia as a threat. Obviously, while threatening no one today, Russia definitely needs to modify its policies (primarily those related to the pressing need to strike border demarcation agreements with Estonia and Latvia, and to ratify those with all three Baltic states). Clearly, what we all need to do is undertake a set of mutual efforts (including concerted moves by the current EU member countries) to have Russia's relations with prospective EU members fully sorted out and normalized.

Thirdly, Russia-EU economic cooperation appears to have reached its limit. Significantly, though the idea of a "single economic arena"[13] is most definitely a healthy one, it is facing a lot of impediments when it comes to its implementation. For the idea to be effectively put into effect, radically new approaches would have to be applied and new actors involved and motivated to achieve qualitative shifts in the development of economic links between Russia and the European Union. This requirement also applies to the energy talks that unfortunately have been proceeding rather slowly. Of course, much in these matters depends on Russia's securing WTO membership. Regrettably, the relevant talks (that have often been close to successful completion) have been repeatedly postponed. While being generally supportive of Russia seeking WTO membership, the European Union should probably be more proactively involved in finding solutions to the specific problems that are yet to be resolved.

Fourthly, Western analysts have been generally pessimistic about Russia's future. Many observers articulate their concerns about the direction Russia is likely to take and the kind of country Russia will become after the 2008 presidential elections. Notably, European public opinion has rather firmly maintained

that Russia has established an authoritarian dictatorship[14] (with American analysts for the most part refraining from evaluating the current Russian scene so bleakly[15]). These perceptions have apparently had a bearing on some of the moves undertaken (or that fail to be undertaken) by the European Union in respect of Russia.

Prospects: Opportunities for specific promotion options

Given the current circumstances, it appears to be rather uncertain whether Russia-EU relations will see any impressive breakthrough in the short term. What is more likely to come to pass is a string of minor but real steps aimed at creating the right grounds for positive shifts in the years ahead.

Now, it would be logical to consider some specific steps that might be undertaken by the European Union and Russia in the near future.

Firstly, that effort should include some concrete moves designed to review the TACIS programme, with the PHARE programme's principles being partly applied. Given that the PHARE programme is expected to expire shortly, in 2004 nearly all candidate countries would become EU members.[16] Though in terms of scale the TACIS programme is very different from the PHARE undertaking, the funding matters should not be the only aspects worthy of close scrutiny. The efficiency questions also appear to be debatable. Russian experts provide a broad variety of assessments: from high praise all the way down to rejection of the programme. EU experts likewise offer a range of perceptions on the matter. Overall, it needs to be admitted that the TACIS programme has failed to live up to its expectations defined in the early 1990s – the years of high hopes. Notably, the Programme has particularly contributed to resolving some local problems,

though it has failed to provide the right incentives for executing Russian reforms.

Although in the short term the European Union is unlikely to increase financing to support its TACIS projects, the established guidelines for shortlisting the applicants and committing the allocated resources could be reviewed. In effect, the TACIS programme had basically been designed to tackle environmental security or acute social protection (including healthcare, poverty and related issues) problems, the overriding goal primarily being to assure stability. Conversely, the PHARE programme had been put together to help the selected candidate countries to effectively join the European Union by way of restructuring their domestic systems. Although Russia's pursuit of EU membership is not on the current agenda, the ongoing projects definitely need to be amended in order to effectively support relevant structural reforms and maximize the EU-Russia rapprochement (or integration in some lines of business) in the economic area. Compared with the PHARE engagement, the TACIS programme does not provide for any loans. This policy might be reconsidered. And finally, it would be feasible to decentralize the Programme management system to a certain extent, with local project managers being increasingly empowered to run specific undertakings.

In effect, these kinds of transformations would not only improve economic efficiency but also provide a sort of political signal to indicate the European Union's preparedness to engage Russia.

Secondly, the rejuvenating effort should include steps to promote and develop the Finnish "Northern Dimension" initiative. Finland's significance will grow because the European Union-Russian border will get longer in the North West. Given the circumstances, the role played by Russia's North Western regions (serving to link Russia with the European Union) would be steadily on the rise. It is precisely Russia's North West that ought to be

engaged to launch a pilot cooperative project, particularly given that the Kaliningrad area constitutes a special case and can hardly be tapped for pilot purposes.

The relevant action plan[17], as a matter of fact, made the Northern Dimension initiative more practice-oriented. Still, at this point in time one can only talk of some measures to coordinate the ongoing projects, rather than of some dedicated resources released in order to carry out specific practical tasks. Regrettably, this Initiative has largely remained a Finnish undertaking since none of the larger European Union member countries has considered it a top-priority programme, with Southern-European countries clearly being concerned about the risk of EU resources being redistributed in favour of some Northern-European countries. In Russia, the Northern Dimension initiative likewise has not always been adequately received. There have been some local pronouncements to the effect that the Initiative should primarily be geared towards salvaging heavy industry, while some federal officials maintain that the Northern Dimension programme has been designed to "split" Russia, etc. However, despite all such sentiments, it appears to be of paramount importance for the Northern Dimension initiative to be continued, irrespective of the strategy developed and applied by the European Union in the years to come.

Thirdly, Russia and the European Union (especially following completion of its 2004 expansion wave) should reach some common understanding on the future of Belarus, with the role of the United States also being appropriately taken into account. Alexander Lukashenko came to power in Belarus in 1994 only because the West at some point in time failed to show any interest in the state of affairs in that country[18], while Russia (deeply involved in interminable domestic political battles) likewise failed to adequately respond to the events unfolding in the neighbouring state. Moreover, Lukashenko managed to take full advantage of Yeltsin's political failings, while playing on the "guilt complex"

experienced by Russia's first president on account of the Soviet Union's fragmentation. Being reluctant to achieve unity with Russia in earnest, Lukashenko just kept reiterating the "unification" mantra, while securing more and more economic concessions from Russia. Notably, President Putin is now seeking to have Russia-Belarus relations put on a more pragmatic footing[19], the challenge certainly being a hard and time-consuming one.

Clearly, Russia, the European Union and the United States would like to see Belarus develop a democracy and a marketplace economy. However, it is important that this kind of transition should not produce any instability in East-European countries or confrontation involving some external players, like the European Union and Russia.

Fourthly, more transparency and predictability is needed in matters related to cooperation between Russia and the European Union in the area of security and defence. Following the 1999 Helsinki EU-summit conference, which ruled to create the European rapid reaction corps, Russian military analysts appeared to be rather optimistic about the prospects for enhanced cooperation with the West. Admittedly, that upbeat attitude might not always have been justified, particularly given that the EU defence-related moves had invariably served to make Russian military leaders dream of NATO's erosion. Since then, the Russia-EU defence cooperation issue has incrementally faded out of the limelight. Without a doubt, many Russian politicians and military planners would like to see Russia-EU security and defence collaborative efforts developed and sustained. Unfortunately, they are not adequately equipped to provide any practical prescriptions on this matter.

Fifthly, Russia and the European Union can share excellent prospects in the area of higher education. In 1999, the European countries signed the Bologna Declaration designed to promote integration of national systems of higher learning within the confines of the emerging united Europe.[20] That was definitely a wa-

tershed event *per se* because, in the previous stages of European integration, educational questions had only been addressed superficially, one of the reasons for the shift being the fact that in the global market for educational services the continental European schools have started to lag behind those maintained not only by the United States and the UK but also by Canada, Australia and New Zealand. One of the objectives of the Bologna effort is to make European universities more competitive. The job of creating a single European educational arena would certainly take some time because European countries (particularly local universities) are renowned for clinging to their long-established indigenous models rather strongly.

Russia's educational system is also in the process of radical transformation. The reform of the higher schools of learning in the 1990s had been performed inconsistently, with few good results as a consequence. Basically, the entire effort boiled down to establishing a multi-tiered (bachelor-master) system at some universities and developing a non-governmental sector in the field of higher education. Overall, the domestic system of higher education failed to effectively embrace marketplace relations and ended up beset by numerous hardships. This is illustrated by the fact that the current Russian leaders have been paying a lot of attention to educational matters. It would suffice to point out that for the first time in Russian history, government allocations for educational purposes have exceeded the level of federal defence spending. Today, the Russian Government is providing solid incentives for domestic schools of higher learning to be effectively modernized.[21]

Hence, in the area of higher education we seem to have transformations going on concurrently, both in terms of timing and substance. Thus, a concerted effort should be undertaken in order for this excellent opportunity for change and concurrent integration of Russia into the European educational arena not to be lost altogether.

Sixthly, cross-border cooperation has become increasingly important in Russia-EU relations. In the initial stage, this cooperation should primarily be aimed at reducing the pressing tensions that have been building up on either side of the border over the past decades, and enable people and local self-governing bodies to establish direct cross-border links. Now, it is safe to conclude that even bigger challenges can be tackled within the framework of cross-border cooperative ventures. Without a doubt, promotion of cross-border cooperation would help to develop a single economic arena. Importantly, in Russia this effort would emerge as one of the incentives to grow local self-governing structures and decentralize the entire system of national governance. In addition, cross-border cooperation can play a stabilizing role whenever tensions flare up at a higher level. We should all carefully examine the possibility of striking a framework agreement between Russia and the European Union on issues relating to the promotion and development of cross-border cooperative links.

Seventhly, the Baltic Sea region is something of a "trailblazer" in the field of network cooperation. Notably, most of the proposals to initiate this large-scale effort came from none other than the European Union. The network cooperation initiative has, for the most part, depended on European funding for its viability. It is of the utmost importance for Russia to be involved in the relevant network cooperation-related projects because this would definitely help to develop local NGOs and grow links between political and social parties and interest groups at different levels.

Finally, and inevitably, a few words on the prospects for Russia-EU relations over the longer term. The European Commission is known to have been bent on developing "cooperation without institutional memberships" for a number of countries that are categorized as "family of friends".[22] Remarkably, Russia has come to be included in that "family". Naturally, the European Union's friendly attitude towards Russia is of some relevance.

However, this approach features a number of moot points. First of all, the "family of friends" ostensibly includes the lands that feature the most disparate political systems, economic development levels and foreign policy strategies, to say nothing of the fact that some of those countries have been experiencing serious tensions in relations with one another. Furthermore, those nations have been, and are likely to be, variously motivated to grow links with the European Union. By way of example, the Mediterranean countries are almost certain to seek maximized cooperative ties with the European Union, which appears to be a natural hub of attraction for those southern lands. This observation also applies to Moldova (especially after Romania joins the European Union).

However, when it comes to Russia, things seem to be more complex. Russia's endeavours to have its laws brought into line with the rules established by the European Union in no way means that it would automatically adhere to those international requirements that had been drafted and put into effect without Russia being involved in the process. Obviously, when developing its conventions or covenants, the European Union is highly unlikely to take into account any relevant perceptions of a country which is not an EU member country and which is unlikely to secure that status in the foreseeable future. What is more, Russia will continue to be different from the lands included in the "family of friends", especially in the sense that it will never have its course exclusively set on the European Union. In the foreign policy area, Russia's relations with the United States, China and some other major countries will always be regarded as top priority. Undeniably, of particular significance are the Russia-US relations within the framework of the ongoing counter-terrorist coalition, in view of the Russian security threats that have emerged on the country's southern periphery. Unlike other countries that make up the "family of friends", Russia's foreign policy will always be reflective of the global dimension, which would not necessarily

be linked only with the availability of strategic nuclear arsenals. Hence, although the aforementioned EU policy *per se* would really contribute to building better Russia-EU relations, it is unlikely to assure a radical breakthrough.

The desired breakthrough would be more likely to come about only when, on the basis of shared practical experiences, an effort is jointly undertaken by Russia and the European Union to draft a document on the strategy for bilateral relationships in the years ahead. Notably, a key element of that would-be strategy should be made by dedicated provisions to eliminate the persisting "democracy shortcomings" that have been complicating bilateral relations. For the desired rapprochement to be achieved and for Russia to be fully integrated into the European house, it is essential that this effort become a motivating cause not only for political elites and businesspeople but also for millions of ordinary people from the countries involved.

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Strategy and strategies

Timofei V. Bordachev

Introduction

In spite of the generally conflict-free agenda, with the only exception being an intense discussion surrounding the Kaliningrad transit problem, Russia's and the European Union's views on the character, methods and ultimate goals of mutual relations are essentially different. The overall objective of the EU policy *vis-à-vis* Russia is deep internal transformation of this country on the basis of gradual acceptance of a complex of European norms and values. This objective is clearly formulated in EU programme documents.[1] Its resolution will allow the united Europe not only to obtain economic gains from its geographical closeness to Russia, but also to resolve a number of serious challenges in the sphere of security. Since the new president's arrival in the Kremlin, Russia's policy in relation to the West and, in the case in hand, to the European Union, was subordinated to the global problem of economic modernization of the country and securing its competitiveness in the world market.[2] The European Union is considered by Moscow as the most important source of modernization resources for Russia. Thus, even the broadest cooperation with Europe should not constrain the sovereignty of Russia, or lead to an EU intervention in its internal affairs. A competitive Russia should, as one might assume, become an equal partner and, if necessary, compete with the European Union under the conditions of *"formation of a multipolar world"*. [3]

Differences between Russia and Europe concerning the principles and aims of Russian-European relations were repeatedly highlighted both in European and, to a lesser degree, in Russian aca-

demic literature and publications.[4] The majority of authors, with the exception of official representatives of Russia and the European Union, converge in a rather critical assessment of the state of affairs in Russian-European relations. At the same time, this criticism seldom entails sceptical assessments of cooperation prospects. Moreover, the possibility and need for its expansion becomes, in the majority of research works, a certain initial axiom, which the subsequent arguments are tailored to correspond to. In other words, in the 1990s quite an optimistic insight into the future became common in both Russian and European research works. Research works devoted to purely economic aspects of the rapprochement stand out in a sense. Their authors are somewhat more cautious in assessing the potential of Russian-European integration and its possible velocity.[5]

The policy of a new Russia in relation to the EU has passed through three stages. The first stage occurred at the beginning of the 1990s when the European Union was living through the post-Maastricht period of emerging as a single player with, and partner of Russia. At that time, Moscow did not have the necessary administrative and expert resources to conduct an adequate assessment of the EU's nature, role and development trends. As a result, the main achievement of that period was the conclusion of the Partnership and Cooperation Agreement, which Russia is still unable to fully abide by. The second stage (1996-1999) reflected the common tendency towards a cold snap in Russia's relations with the West. In this context, Moscow regarded the EU more as an element of its uneasy relations with the USA and US-led NATO. Finally, the third stage (after 1999) is characterized by (a) Russia's resolute withdrawal from confrontation positions (Putin's so-called foreign policy "revolution"); and (b) the desire of the new Kremlin administration to use the policy of rapprochement with the West for obtaining maximum economic gains, such as the recognition of Russia's market economy status, or its accession, on beneficial terms, to the World Trade Organization

(WTO). During the same period, the "Eurasian" rhetoric ceases, the concept of multipolarity is quietly put to one side, and the Russian government takes advantage of the concept of "the European affiliation" of Russia, which in May 2000 was officially declared by the new president at the Russia-EU summit.[6]

The medium-term strategy of development of the Russian Federation's relations with the European Union (2000-2010) incorporates both Russia's foreign policy strategy of the second half of the 1990s, and the Kremlin's "new deal" under President Putin. The policy of containment characteristic of Moscow during the late period of the Yeltsin presidency, and the cooperative course of the new administration were linked together by Russia's standing as "*a world power spanning two continents*" which must "*be free at all times to determine and carry out internal and foreign policy.*" [7] In spite of the fact that the Russian Medium-Term Strategy was, according to David Gowan's quite outspoken definition, a raw document[8], it nevertheless accurately reflects the contradictions of Russian internal and foreign policy at the beginning of the 21st century.

The main objective of this study is to analyze the 1999 Medium-Term Strategy as the basic programme document intended to determine the strategy and tactics of the Russia policy with regard to the European Union. This analysis includes an assessment of the degree to which the document reflects key principles of the Russian policy in relation to the EU; achieves the objective of formulating a political agenda; to what extent it can be practically implemented; and which positions of the document do not correspond to the realities of time, or can be corrected or removed.

An adequate analysis of Medium-Term Strategy requires that it be considered in the broader context of both Russian-European relations, internal developments in Russia, evolution of its foreign policy, and external economic interests. In other words, the purpose of this chapter is not only to assess the Russian Strat-

egy in terms of its conformity with modern international realities or EU attitudes, but also to analyze it in the context of actual Russian interests as they are understood by a dominant part of the national political and economic elite.

Symbolic value of the Strategy: Better late than never

As former deputy foreign minister of Russia Ivan Ivanov put it, for Russia, Europe is "*more of a moral, world outlook guidance, than an institutional concept*".[9] This definition was used by its author to support the idea that rapprochement with the EU must not mean that Russia should accept without fail the European norms and rules if they conflict with the interests of the Russian economy[10] (generated during ten years of "wild capitalism"). At the same time, the vision of the EU as "world outlook guidance" or even an amorphous **concept** was typical of the Russian foreign policy throughout the 1990s. As a matter of fact, only the crisis surrounding the Kaliningrad transit issue has convinced Moscow that on the Western borders of Russia there operates a deeply integrated community, whose uniform legal norms frequently become more important than the wishes of the individual leaders of its member states.

Moscow's preference for bilateral relations with the leading EU countries, which reaches the point of irrationality when Russia tries to engage in a bilateral dialogue even on trade questions long since transferred to the Commission's jurisdiction, has been repeatedly criticized by its European partners. Finally, the exaggerated propensity to direct dialogue with Berlin, London or Paris, and the absence of an arsenal of Russian diplomacy or a programme document on European affairs leads one to conclude that Russia has no coordinated policy *vis-à-vis* the European Union.

At the same time, in the 1990s the aspiration to join the largest possible number of prestigious international "clubs", such as the G7, the Council of Europe or interstate associations in the Asian-Pacific region was typical of Russia. The signing in 1994 of the Partnership and Cooperation Agreement (PCA) was one of the outcomes of this obsession of the Russian authorities, as well as the overestimation by the European Commission of the potential for reforms in Russia. To this day, the PCA remains the main legal document underlying relations between Russia and the EU. It is no coincidence that the EU Strategy on Russia, and the Russian Medium-Term Strategy appeal to the PCA exactly in this capacity.

In spite of the fact that the PCA has entered into force between Russia and the European Communities, there are no serious reasons to believe that its signing affected Moscow's perception of a united Europe in any way. A number of European authors point out, quite fairly in my opinion, that in the 1990s Russia did not develop a uniform and coordinated policy on relations with the EU.[11] As soon as the PCA was signed, Russia sought to establish constructive relations with leading European powers.

There are at least three reasons for this state of affairs. First, contacts with leaders of the European states were characterized by personal diplomacy that was (a) consonant with the personal propensities of President Boris Yeltsin, and (b) designed to compensate for the weak competitiveness of the Russian economy.[12] Second, orientation to the European powers corresponded with Russian diplomats' and foreign policy experts' customary construction of different sorts of geopolitical combinations. And, third, the Russian Foreign Ministry was used to dealing with European countries on a bilateral basis, and its internal structure is arranged correspondingly: to this day in the Foreign Ministry there is no division working on the European Union *per se*.[13]

And finally, the phenomenon of European integration had not been entered in the system of coordinates of Russian foreign

policy, and contradicted its spirit. For Moscow, the1990s became a period of returning to the principles of diplomacy of the 19th century instead of looking for new solutions. It seems to me that the main reason for this phenomenon is that the concept of political realism[14] has become dominant both in the Russian theory of international relations and foreign policy. With a policy based on such principles, throughout the decade Russia regarded the EU as a regional interstate association in which the supranational element does not play an essential role, and all basic decisions are taken by the European **powers** independently. In a wider context, Moscow was building its foreign policy line on the policy of opposition to the West and, in a certain sense, even on the power game.

In this respect, 1999 became a critical year for Russia. The NATO operation against Yugoslavia put Moscow in a state of shock, and has highlighted the inconsistency of *the quasi-imperial* foreign policy of 1996-1999. The second blow was the adoption in June 1999 of the Common Strategy of the EU on Russia. In spite of the fact that for the EU the document was only an operations manual, in Moscow it was perceived as a policy statement conveying the following messages: (a) to let Russia know that the EU countries consider it more as an object of foreign policy of the united Europe, rather than an equal partner; and (b) the European Union is capable of developing a really concerted position on Russia, which will underlie national foreign policies of the EU member countries and be reflective of their interests.[15] Although some Russian observers also saw the adoption of the Common Strategy as the EU's desire to establish with Russia certain exclusive relations[16], the Strategy's general sense and Brussels' view of the substance of such relations after the economic crisis in Russia in the summer of 1998 were obvious not only to European observers[17], but also to the Russian foreign policy community.[18]

As a result, Moscow faced the need to urgently respond to the European challenge and to formulate an alternative vision of the

strategic aims and prospects of cooperation. The rules of the game had thus been determined by the European Union, and Russia only had to follow its example and formulate its views as a Strategy document. Thus, albeit at the level of declarations, the Kremlin also reacted to the criticisms in connection with the absence of a single European policy. Despite the fact that even after the adoption of the Strategy Russia preferred to develop bilateral contacts with EU countries, from the formal point of view the vacuum of its **all-European** policy was now filled.

In summary, one can say that the Medium-Term Strategy of 1999 was the first attempt to formulate a consolidated Russian policy in relation to the European Union as a single partner of Russia and a single actor in the international arena. Although this attempt had also been provoked by the EU adoption of the Common Strategy on Russia, the importance of acceptance **of an integrated** Russian document on relations with the EU cannot be underestimated.[19]

Strategy as a signal: The Medium-Term Strategy of 1999 and that of President Putin

The strategy of the development of the Russian Federation's relations with the European Union for the medium term (2000-2010) was presented by the Chairman of the Russian Government and, at the same time, by Yeltsin's official successor, Vladimir Putin[20] at the Russia-EU Helsinki summit in October 1999. The Russian Medium-Term Strategy was quietly accepted in Brussels, and received a critical assessment from the European expert community as "*a demanding and angry answer*" to the EU Common Strategy adopted in the summer of 1999, which Moscow perceived as a "*condescending and arrogant*" document.[21] Some Russian observers even conclude that the Strategy was prepared in haste specifically to introduce Yeltsin's successor to leaders of the major

European states.[22]

At the same time, the Strategy became the first large-scale foreign policy document of the new regime in Moscow.[23] Although the Medium-Term Strategy was born in autumn 1999, that is several months before Putin's arrival in the Kremlin, and more than one and a half years before his so-called foreign policy "revolution" which came after the events of 9/11, one can assume that even during that period (summer to autumn, 1999) the Russian political and economic elites came to recognize the need to drive the country away from the condition of foreign policy semi-isolation, a result of Evgeny Primakov's confrontational style. This tendency was confirmed by Vladimir Putin's trip to the Russia-EU summit in Helsinki. It must be noted that against the background of a partial freeze in relations with the USA connected with the conflict around former Yugoslavia, and the change of administration in the White House, during the period under review the European direction seemed to be the most appropriately suited for rebuilding Russia's hard-hit relations with the West. Therefore, the Medium-Term Strategy became the first (of few) official document reflecting the Russian elites' dissatisfaction with the results of the second half of the 1990s, and comprised basic attributes of the new foreign policy consensus for the post-Yeltsin period. It is in this sense that the document should be considered.

Russia's contemporary policy in relation to the European Union is based on two pillars. The first pillar is the general foreign policy strategy of president Putin and his administration, which is aimed at rapprochement with the West for the purposes of accelerated modernization of the Russian economy and the country's becoming relatively competitive. This approach reflected the Russian political elite's impression of a compromise between the aspiration to make sure that the country maintains a semblance of superpower status, and a more adequate perception of foreign policy dependence on real economic weight. In the pre-

Putin period, the differences between the Russian elite's view of itself, and how it was viewed in the West repeatedly resulted in political confrontation. Examples include conflicts surrounding NATO enlargement and NATO's policy in the Balkans. Putin's policy is aimed at mitigating tensions while preserving the fundamental principle of the sovereign rights of Moscow.

The second pillar is the political economy of Russian capitalism. During 10 years of reforms, a certain internal balance of economic and political forces and interests has been generated in this country.[24] Russian economic and political actors cannot be competitive in the international arena. At the same time, operating through lobbyist structures in the government and parliament, they are quite ready to influence the formulation of national foreign policy or, for example, the development of an investment climate.

The latter factor is the most important one in relations between Russia and the EU in its function as, primarily, an economic actor. Purely internal decisions of the Russian government or parliament frequently denote friendly or unfriendly steps with regard to the European Union. There is no doubt that economic questions occupy a prominent place in Russia's relations with other partners. But on the EU foreign policy agenda they are incomparably more important than military or purely political issues.

The foundation of national foreign policy described above, in the case in hand in relation to Europe, also reflects particularities of the system of state-bureaucratic capitalism, which was created in Russia at the turn of the 20th and 21st centuries. A merger between the state taking political decisions and business affirming its commercial interests[25] is a typical feature of such a system. Both the Russian state and Russian business are interested in maintaining friendly relations with the West, which they regard as a source of technologies and investment, as well as a reliable consumer of Russia's major exports – natural energy resources.

At the same time, the state is not interested in losing sovereign rights, while business is not interested in a considerable strengthening of competition on the part of European colleagues.

Strategy: Content and message

Having considered the basic ideological imperatives of the Russian Strategy, it seems reasonable to raise the question about the extent to which the document reflects those imperatives, i.e. acts as a political action plan.

As a whole, the Russian Strategy is written in pompous and not entirely precise language, rather typical of diplomatic agencies' products. As far as its substantive part is concerned, it is necessary to stress several most important points:

First, the Strategy is formulated in such a way that it mentions practically all possible questions of interaction between Russia and the European Union in the political, economic and, partially, humanitarian areas. Such "pantophagy" is a demonstration of the authors' desire (a) to give the European Union the fullest possible answer; and (b) to reserve for Moscow an opportunity to present practically any positive changes in Russian-European relations as results of the Strategy's implementation.

Second, the Strategy defines, with mixed success, Moscow's priorities in all important directions of mutual relations between Russia and the European Union. As David Gowan rightly noted, generally speaking the proposals and assessments stated in the Strategy are extremely vague.[26] At the same time, it is impossible to ignore the fact that the Strategy, as a political document, reflects a compromise vision of the problem by the elites and, as such, simply cannot contain any precise formulations.[27] Nevertheless, almost all the key positions of the Strategy contain certain key words. For example, in the second paragraph of the Preamble the Strategy unequivocally notifies Russia's European

partners that "*during the transition period of reforms in certain sectors of the national economy there may be justified protection of domestic manufacturers*". At first glance, there is nothing unusual in a statement like this. Protection and support of national commodity producers remains an important duty of any state. However, in this case the emphasis should be viewed in the context of negotiations on Russia's accession to the WTO, and disputes with the EU concerning the 1994 PCA implementation. The position in the Strategy about the need to seek the opening of the European market to Russian exports is accompanied by an unambiguous warning that Moscow will counteract possible attempts by the EU to establish special relations with "*certain*" countries of the CIS. Belarus, Ukraine and Moldova are the likeliest countries hinted at here. Speaking on the attraction of European capital in the Russian banking sector, the Strategy promises "***to investigate*** *opportunities for increasing its share <…> in the cumulative capital of the Russian banking system*"[28]; and where the problem of European investors' activities in Russia is mentioned, the Strategy promises the EU only ***"to study"*** the question of "*trading, financial and economic, tax and other privileges which would be compensated for by an influx of investment*". In many cases, these key words have crucial importance and can serve as an ultimate justification for the lack of progress in a sphere.

Third, as well as the EU Common Strategy, the Russian document is focused on the 1994 PCA parameters, and recognizes its role as the main document determining the objectives and tasks of rapprochement between Russia and the EU. The Preamble of the Russian Strategy mentions the PCA as the "main legal and organizational" base of cooperation, "the fullest possible implementation of which" Russia intends to achieve in the context of strategic partnership with the EU. Moreover, Moscow suggests that "efforts towards achieving <…> a new broad-format agreement on strategic partnership and cooperation in the 21st cen-

tury to replace or change the Agreement (1994 PCA - TB)" should be taken "as the PCA is implemented" and "on the basis of the results achieved".

Finally, the Russian Strategy contains a precise definition of future relations with Europe as "a strategic partnership", not aimed at Russia's incorporation into European institutions. It is also the main declarative sense of the document. Such a strategic partnership, in Moscow's opinion, should be based on (a) preservation of Russia's freedom to act as a world power; (b) interaction of Russia and the EU in resolving individual large problems, all-European and global problems; (c) cooperation in maintaining all-European security by Europeans without isolating the USA and NATO, but without their monopoly on the continent; (d) further opening of the EU market for Russian exports; (e) preservation of the CIS as the main institution of economic and political cooperation in the post-Soviet space.

Some positions in the Strategy were already outdated at the moment of its adoption. For example, the need to develop "*Russia's position with regard to the defence identity of the European Union*" (1.5), in addition to the ritual mentioning of the need to create a counter-balance to "*NATO-centrism in Europe*", which caused a negative reaction among European observers[29], assumes "*the development of political and military contacts with the Western-European Union*". It should be remembered that according to the decisions of the EU summit in Cologne (June 1999), the WEU was soon to crease to exist as an institution. Also questionable is the special emphasis on the role of the OSCE found in the Strategy section on cooperation with the EU in the sphere of security. The exaggerated attention to the organization which, since the late 1990s has been more and more concentrated on human rights and activities of democratic institutions that could enter into conflict with some Russian interest (e.g. the situation in the Chechen Republic, integration of Russia and Belarus), looks a bit out of place.

In addition, the Strategy contains numerous stylistic errors and vague formulations, frequently intentional. Therefore it is quite difficult to identify the primary goals which the Russian diplomacy is going to pursue in Europe. Nevertheless, we can still identify some tactical tasks. Moscow would like:

· To use relations with the EU for Russia's accelerated accession to the WTO and to obtain EU concessions in the accession talks;

· To hammer a wedge between Europe and the USA, this time through cooperation with the EU in the sphere of the CFSP;

· To limit the EU's presence in the CIS;

· To defend the role of the OSCE as the main institution of European security;

· To secure the opening of the European market for Russian exports; termination of antidumping procedures, and recognition by the EU of Russia's market economy status;

· To expand the network of Russian-European institutions of cooperation, including those at a high level;

· To increase exports of nuclear materials to the EU; preserve positions in the Central and Eastern European countries; and ensure involvement in a number of European nuclear projects;

· To secure a partial debt write-off or restructuring by EU countries;

· To expand EU programmes of technical assistance; and direct a significant part of TACIS resources to the restructuring of the Russian banking system;

· To receive maximum benefit from EU enlargement while avoiding the associated political and material costs;

· To agree with the EU on the development of the Kaliningrad Oblast after EU enlargement.

Implementing the Strategy

As we have already noted, the Russian Strategy, as well as the majority of programmatic foreign policy documents, is formulated in such a manner that practically any Russian action in the European direction can be viewed as an effort to implement Strategy provisions.[30] At the same time, to determine the extent to which the Strategy guided Russia's policy with regard to the EU after 1999, the actual scale of its implementation is only possible in a wider context of Russian foreign policy and reforms at home. Therefore, for the purposes of such an analysis, it is necessary to compare positions of the Strategy and other programmatic documents, as well as top-level statements and practical steps taken by the Russian authorities.

Besides, unlike the Common Strategy of the EU, the Russian document is intended for a much longer period of time – 10 years. Therefore, in spite of the fact that more than three years have passed since the moment of its official coming into force, the remaining time span can be considered by Russian official structures as sufficient for implementing the objectives, which had remained unresolved by the spring of 2003.

It must also be noted that from the moment of Putin's so-called foreign policy "revolution" (autumn 2001) until the time of writing (February 2003) Russia has not adopted any programmatic document at an official level confirming the change of the Kremlin's foreign policy paradigm towards rapprochement with the West. In this sense, the annual State of the Nation addresses of the President of the Russian Federation to the Federal Assembly can be regarded as the only serious source. For example, in the 2001 address, Vladimir Putin called the course of integration with Europe "*one of the key directions* of [Russian] *foreign policy*".[31] In the 2002 address, the need for integration with Europe and formation of a single economic space are defined as the main tasks in the European direction.[32] It is necessary to take into account the

fact that Russia's new foreign policy agenda and the format of its mutual relations with the West after 9/11 resulted, to a large extent, from the personal decisions, statements and actions of the head of state.

When speaking about how successful the work to implement the Strategy has been so far, one can say that the most important achievements of Russia include, without doubt, the following: (a) official recognition by the European Union of the market status of the Russian economy; (b) in the field of political dialogue, after the events of 9/11 a mechanism of monthly meetings between the EU Political and Security Committee Troika and Russia was established to discuss issues of crisis prevention and settlement.[33] At the same time, the initiative of the Strategy on the creation of a mechanism of annual meetings between the head of the Russian government and the President of the European Commission has not yet been implemented.

The most frustrating results were those of implementation of the last section of the Medium-Term Strategy concerning internal implementation mechanisms. Of all the directions listed here, relative success has been achieved only in the field of reviewing draft legislative acts of the Russian Federation for compliance with the 1994 PCA. In fact, the creation of such supervising mechanisms only became possible due to the results of the TACIS reform between 1999 and 2000. After the TACIS reform, the problem of coordination of the national programme was assigned to the Ministry of Economic Development and Trade, producing an additional bureaucratic resource. As for the objectives listed in paragraph 12.3 of the section, none of them has been implemented.[34]

I will now elaborate on the objectives which, according to the Strategy, Russia is expected to address. In spite of the above-mentioned span of time remaining until the official expiration of the Strategy, it is already possible to assess progress in attaining the objectives stipulated by the Strategy.

WTO. So far, Russia has not managed to obtain any concessions from the European Union on key issues in the negotiations, including internal energy pricing, magnitude of support to the agrarian sector, restrictions on the presence of Europeans in the Russian insurance and banking market, and in the telecoms sector. Closer to the end of 2002, European partners gave Russian negotiators an unpleasant surprise[35] by addressing their claims concerning continued closeness of the Russian services market, state support for agriculture, low prices for energy, and high rates of customs duties on imported cars and planes directly to the vice-premier of the Russian government, Alexei Kudrin.[36]

Military-political sphere. The European Union has supported, and Russia has recognized, NATO's eastward enlargement. Cooperation between Russia and the EU in the sphere of defence and security is limited to a high level of political dialogue, albeit (after 9/11) in a more systematized form. While the anti-terrorist campaign was being waged, the OSCE continued to degenerate and Russia did not put forward a single serious initiative designed to breath life into that organization.

CIS. Over the past three years, the European Union has not been able to achieve any considerable expansion of its presence in the states of the western part of the CIS. At the same time, in October 2002, the European Council and Brussels approved launching the development of the "New Neighbourhood" Concept of the EU's future relations with Belarus, Moldova and Ukraine. It was later supplemented by the related Communication from the European Commission.[37]

Opening of the European market. The most appreciable result of Russian activities in this direction was the official recognition by the EU of Russia's market economy status. However, the amendments prepared in the summer and autumn of 2002 by the European Commission will uphold all existing anti-dumping tariffs on a dozen Russian export commodities, including steel, aluminium, and fertilizers.[38] Moreover, in the opinion of leading

Russian observers, even after the market-economy status had been formally granted, "*the European Community, <…>, is determined to find covert ways to help close the European markets for Russian goods*". [39] For the past three years, Russia has not been able to occupy any visible place in the European market for nuclear power generation products.[40]

Institutions of cooperation. In a certain sense, Russia has managed to expand the network of permanent institutions of cooperation with the EU. At the 2001 summits, a decision was made to create several institutions and hold monthly meetings on pressing issues of international security. (Joint High-Level Group to elaborate the concept of a Common European Economic Area, High-Level Committee on Energy Cooperation, joint Parliamentary Committee of the European Parliament and the Russian Duma. At the October 2001 Summit it was agreed that the Troika of the Political and Security Committee would meet with the Russian Ambassador to the EU on a monthly basis to discuss ongoing international issues.) At the same time, the initiative in the Strategy on carrying out regular meetings at the level of Chairman of the Government of the Russian Federation-President of the European Commission is yet to be implemented.

In the financial sphere the question of writing off or seriously restructuring Russian external debts to EU countries has been taken off the agenda for internal political reasons. In addition to the fact that right at the beginning of the Putin presidency the European partners led Russia to understand that no debt write-off would be possible, the new regime in the Kremlin finds it politically beneficial to consistently repay debts, all the more so since high world energy prices make such repayment possible.

As for the desirable expansion of EU technical assistance programmes, one can say that the Russian authorities have managed to achieve some changes here. First, state control over TACIS funds distribution was considerably amplified after the core coordination role had been assigned to the Russian Ministry of

Economic Development and Trade.[41] Second, the TACIS programme in Russia as a whole has been reoriented to support the reforms carried out by the Russian government. The estimated TACIS budget for 2003 provides only 16 % out of the total amount of grants (94 million euros) for the development of civil society, education and training. Thus, all other funds should go to support governmental initiatives.[42] Based on the experience of reforms during the past two years, the substantiation of the need to cooperate with the Russian government looks very questionable:

> *"[the Russian government] consistently carries out reform programmes in the field of natural monopolies (electric power industry, fuel and energy sector, gas sector, railways and telecommunications), advancing market principles for the purposes of providing additional support to economically viable activities".*[43]

At the same time, the objective to direct TACIS funds to the restructuring of the Russian banking system (Strategy: 4.1) was not possible to attain. The TACIS Indicative Programme for 2002-2003 states in no uncertain terms that:

> *"Russian agencies should be engaged in questions of restructuring of banks and enterprises. In the conditions of active growth of private consulting companies it will gradually become necessary to discontinue direct EU support to individual banks and companies ".* [44]

As for the benefits and losses of Russia resulting from the EU eastward enlargement it is difficult to assess how successful the Russian policy has been. There exists a well-grounded point of view that Russia will benefit from granting the most favoured nation treatment (MFN) to the countries of Central and Eastern Europe. Besides, the majority of EU tariffs are lower than in candidate countries. At the same time, representatives of the Russian government are inclined to see the situation differently. According to the Deputy Minister of Economic Development and Trade, Maxim Medvedkov, Russia *"will face big problems because countries joining the EU will be obliged to apply import tariffs starting from the joining date".* According to Medvedkov's assessments,

"losses resulting from the fact that current import tariffs of Eastern, Central European and Baltic countries are relatively low in comparison with the EU levels may amount to about 200 million dollars a year".[45]

The most disputed relations between Russia and the EU concern ground transit of Russian citizens to Kaliningrad and back after the Lithuanian Republic joins the EU. Russia has not managed to conclude with Brussels a separate agreement on Kaliningrad, although at the Brussels summit of November 11, 2002 the parties adopted a Joint Statement on Kaliningrad Transit. Neither Russia nor the European Union has made much progress in resolving much more pressing problems in the social and economic development areas.

What went wrong with the implementation of the Russian Medium-Term Strategy?

Despite the fact that the Russian Medium-Term Strategy offers an opportunity to interpret almost any foreign policy action (even one not directly connected to it) in an effort to implement the Strategy, during the first three years of its implementation Russia has not been able to make much progress in attaining the proclaimed objectives. As for the exceptions on the list of non-realized objectives of Moscow's European policy, they are either connected to the generic radical changes in the Russian security policy after 9/11 (the creation of a mechanism of political consultations with the EU), or result from tactical changes in the EU policy on Russia (TACIS reform, Russia's market economy status).

The reason for this state of affairs is most likely that the Strategy proved to be inadequate for the developments in the European policy and economy. In the military-political sphere, the primary goals of the Strategy were defined based on foreign policy

principles of the previous period, and cooperation with the EU was assigned the role of an auxiliary tool in the implementation of other, more global objectives – opposition to the USA and NATO. After Moscow had decided on adopting the tactical route to cooperation with the USA, the interest in Europe diminished considerably. In the economic field, the moderate, integrationist objectives of the Strategy contradicted strong protectionist tendencies inside Russia, or conflicted with the interests of EU market development.

Conclusions and revision scenarios

The Medium-Term Strategy became the first consolidated document designed to define Russia's policy concerning the European Union. Despite its rather indistinct style, the Strategy, nevertheless, symbolizes a qualitative shift in the perception of the EU by the Russian diplomacy, and the emergence of a unified approach to relations with Europe. In comparison to Moscow's previous position, which all but ignored the EU as an independent actor and partner, the emergence of a document like this was extremely important and even gives reason for cautious optimism about the possible evolution of the Russian policy.

The Medium-Term Strategy reflects the process of formation of a new consensus vision of the national foreign policy by the Russian political and economic elites. This consensus was generated at the end of the Yeltsin period and, with some corrective amendments, defines the foreign policy practice of President Putin. Russia's policy concerning the European Union is a part of that consensus. Changes in Russian priorities in the sphere of national security exert minimal influence on the substance of the agenda of relations with the EU as an economic player.

The Medium-Term Strategy reflects the general uncertainty of the Kremlin's current policy, which aims to combine a regime of

"controlled democracy" inside the country with a rapprochement with the West in the military-political and economic areas. Such a policy does not assume a restriction of Russia's sovereign rights in the international arena, which would become an inevitable consequence of economic integration with the European Union.

The Medium-Term Strategy illustrates the modern vision shared by the Russian ruling circles of European integration processes and Russia's place in Europe. The Russian elites still do not have an adequate picture of the character of European integration and the role of the European Union, or of the possible consequences for Russia of the EU's evolution. Moscow also underestimates the strategic consequences of rapprochement with the EU under the formula *"to share everything but institutions"*, on which both the effective PCA, and planned Common European Economic Space are based. Recognizing in practice the opportunity for the further rapprochement of Russian and European legislation, Moscow nevertheless expects to retain all its sovereign rights. At the same time, the main practical aim of the Strategy was to demonstrate to the European Union Moscow's attitude towards the whole spectrum of problems of mutual concern. Such a demonstration, undoubtedly, was provoked by an exercise in the application of the qualified majority procedure in the sphere of common foreign policy, which the EU carried out in the summer of 1999. Therefore, the Russian Strategy is an element of reactive behaviour, typical of Moscow's foreign policy in the 1990s.

Finally, the Russian Medium-Term Strategy is a document that is entirely incompatible with its European "counterpart" – the Common EU Strategy of July 1999 on Russia. At the same time, these two documents share a common orientation to the existing PCA as a recognized programme of rapprochement for the medium term that includes the creation of a free trade zone – EU-Russia.

Nevertheless, these two binding links are now being questioned. First, in Russia the possibility and even the desirability of a PCA revision is being confirmed at the highest level.[46] Second, during several Russia-EU summits the agenda of mutual relations was complemented by ambitious energy dialogue projects and the future creation of the Common European Economic Space.[47] The latter development will, apparently, require Russia to adopt the lion's share of European legislation known as the *acquis communitaire*. At the same time, Russia is already inclined to react sharply enough to EU actions which somehow restrain its economic or political sovereignty. In turn, the EU has serious reasons to believe that its emerging strategy in relation to Russia and, in the medium term, with Belarus and Ukraine, will be based on the principle of sharing everything but institutions.[48] EU relations with countries of the European Free Trade Area and Switzerland represent the closest analogy of such policy. In practice, it means that new partners of the EU will be compelled to adopt the *acquis communitaire* practically in full. Thus, even EU partners in the European Economic Area (Norway, Iceland, Liechtenstein) are deprived of a formal opportunity to participate in the development of European legal norms beyond the "pre-drafting" stage.[49]

The strategic course to full preservation of Russia's sovereign rights and, simultaneously, deepening cooperation with the European Union which, in the unanimous opinion of Moscow and Brussels, does not mean Russia's inclusion into, or association with the EU, may result in a very unstable and crisis-prone situation. The state of affairs, when the EU remains a unique source of law for the common economic space, and Russia has to adopt the EU legislation, would be rather unstable strategically for two reasons. First, it contradicts Russia's need and desire to act as a fully sovereign international player that is not only underlined within the national foreign policy documents but is also a fundamental part of "Putin's Russia project". Second, this will create a huge democracy deficit in Russia-EU cooperation and even make

the entire Russia-Europe project illegitimate. Although at present neither Russian nor European executives need to take Russian parliamentary bodies seriously, their role can increase in the future. Therefore, the most important objectives are to strike a balance between the partners' economic integration and political independence. Such a balance could form the basis for a formal legal framework of mutual relations between Russia and Europe, of which the Russian Medium-Term Strategy of 1999 is a part.

The prospect of the Russian authorities' revising, in the foreseeable future, the Medium-Term Strategy of mutual relations with the EU, is rather poor. There are at least two reasons for that: first, it is still seven more years before the 1999 Strategy formally expires, and the spectrum of the objectives included in it is quite wide. It allows the use of the existing Strategy, at least until the country formally accedes to the WTO. Second, the Strategy was never a foreign policy programme of actions in the literal sense of the word. The opposite outcome appears more likely – unexpected results of Russia's foreign policy activity in Europe have already been considered *post factum* as examples of Strategy implementation. In this connection, the practical importance of recommendations on revisions of the document in question, unlike the results of similar exercises with the Common EU Strategy on Russia, is rather insignificant.

At the same time, development of relations between Russia and the European Union, and also the expected revision, even cosmetic, of the Common EU Strategy on Russia assume the possibility of revisions in the Russian document as well. The experience of adoption of the Medium-Term Strategy of 1999 as an answer to the Common EU Strategy makes it possible to assume that Moscow still cannot leave a European action without a reaction. Therefore, after the new version of the Common EU Strategy is approved, it will be possible to expect a similar move on the part of Russia as well. In the current circumstances one can con-

sider three highly probable development scenarios of the Russian policy on the European front, which will be reflected in the substance of the Strategy.

Scenario 1. "Groundhog Day"

The likeliest scenario. The main obstacle to successful implementation of the integration model of Russian-European relations is the political economy of Russia. Incompatibility between the Russian capitalism of 2003 and EU requirements is obvious enough, but the bureaucratic logic demands that the relations be substantiated by new binding documents. Russia, in turn, cannot guarantee compliance.

The CEES concept will be based on the principle of rapprochement of the legislation, i.e. partial acceptance by Russia of the *acquis communitaire*. As they did prior to the signing of the PCA-94, Russian authorities do not give enough serious thought to the prospects of the new agreement's implementation. The vicious circle familiar from PCA history will be repeated: commitments – non-performance – claims. Events may take a similar course if the EU does not demonstrate a consistent enough position at negotiations on Russia's accession to the WTO. All this would result in political instability of relations and sporadic conflicts.

If this scenario becomes a reality, there will be no need to introduce serious substantial changes into the Strategy. It will be possible simply to remove from the text the most out-of-date and inadequate realities (the mention of the Common EU Strategy-99, some softening of the anti-American rhetoric, Russia's market economy, cooperation with the deceased WEU, some questions of EU eastward enlargement), and to replace the provisions dealing with the Free Trade Area. On the whole, it is quite probable that the new version of the Strategy will be based on three "whales": cooperation in the sphere of security, the CEES, and energy dialogue. Thus, the role of the PCA as an "obsolete"

document will be reduced, especially in the context of Russia's accession to the WTO.

Scenario 2. "Gas in exchange for sausages"
Less likely than the first variant. This scenario assumes the toughening of the Russian stance *vis-à-vis* the European Union. Russian authorities are fully aware of the strategic danger of rapprochement with the EU based on the integration model, and they are increasingly annoyed with the interference by the EU in Russian internal affairs. The most contentious issues are negotiations on WTO accession, the problem of the Chechen Republic and human rights, and the rights of foreign investors.

In this case, the following changes may be introduced into the text of the Strategy: (a) formalization of the "strategic partnership" concept with an emphasis on the sovereign role of Russia, and a more distinct statement of constraints for integration with an emphasis on the greater degree of political and economic self-sufficiency of Russia; (b) deletion from the Strategy of moderate integrationist positions and their replacement with more "pragmatic" objections of developing trade in a number of sectors; (c) elimination of obsolete positions (see Scenario 1).

Scenario 3. The realistic purposes
The best and least likely variant of developments. Russia must receive maximum opportunities to participate in the development of the legal parameters of the future pro-integration association with the European Union. The question about the institutional form of such an association (be it a free trade area (FTA) or the Common European Economic Space (CEES)) remains open. The optimal scenario assumes gradual acceptance by Russia of four basic freedoms of the EU – free movement of goods, services, capital and people. For that, Russia will have to adopt a significant share of the already effective EU laws, and to abide by those that will be accepted by Europeans in the future.

As Dmitry Trenin rightly noted, "*Russians have a happy ability to adopt another people's experience if it proves to be more effective that the national experience, but they are very sensitive to the prospect of losing political sovereignty*".[50] It is difficult not to agree with this statement. Its correctness finds excellent confirmation in the most successful example of Western-style modernization of Russia during Peter the Great's reforms in the early 18th century. But at the same time, the specificity of any advanced cooperation with the European Union will require that Russia really surrenders a significant share of its sovereign rights first in the sphere of economic regulation (partial adoption of the *acquis communitaire*), and then and in areas – justice and internal affairs, and security – that represent the fundamental rights and duties of a sovereign state. The aforesaid means that while reflecting on prospects of rapprochement, both Russia and the European Union should pay attention to how they could make their relations politically sustainable. Otherwise, a conflict between the integrationist logic of relations and the state sovereignty of Russia becomes inevitable.

The CEES concept as an advanced form of cooperation is expected to be adopted at the 2003 Russia-EU summit in the autumn. Nevertheless, unclear prospects for Russia's accession to the WTO, and PCA implementation failures make it possible to assume that the parties still have enough time for detailed development of legal parameters of the common economic space within the framework of the idea of a Wider Europe. The new edition of the Strategy could be directed precisely at protecting Russia's legitimate rights in the CEES or FTA context.

First of all, it will have to become a more focused document. Many purely ritual positions must disappear from the text, as must the objectives, which are not connected to the planned CEES or FTA parameters. Second, the Strategy should become not only a formal, but also a motivated and argued answer to the ambitious EU agenda. As a matter of fact, real compatibility between

the Russian and European documents must be achieved. By the way, consultations on the latter issue could begin right now – within the framework of the Patten-Khristenko consultations on the CEES, and EU preparations for revision of its Strategy. Third, the Strategy must accurately describe the design of the institutional basis of relations in the CEES or FTA frameworks, which would be acceptable to both Russia and the European Union.

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[3] Strategy of the Development of Relations of the Russian Federation and the European Union for the Medium Term (2000-2002) as presented by the Chairman of the Government of the Russian Federation, Vladimir Putin at the RF-EU summit on October 22, 1999, in Helsinki, paragraph 1. http://www.ieras.ru/journal/journal.2000/9.htm

[4] E.g.: *Vahl M.* Just Good Friends? The EU-Russia "Strategic Partnership" and the Northern Dimension. Brussels: CEPS. 2001.; *Borko Y.* The European Union's Common Strategy on Russia: a Russian View. The EU Common Strategy on Russia - Learning the Grammar of the CFSP. No 11, 2001.; *Emerson M.* The Elephant and the Bear: The European Union, Russia and their Near Abroads. Brussels, CEPS, 2001; *Leshukov I.* Beyond Satisfaction: Russia's Perspectives on European Integration. ZEI Discussion Paper C. 26, ZEI, Bonn; *Leshukov I. Rossiya i Evropejski Soyuz: Strategija vzaimootnoshenij* (Russia and the European Union: strategy of the relations). *Rossija i osnovnye instituty bezopasnosti v Evrope: vstupaja v XXI vek* (Russia and European Security Institutions: Entering the 21st Century). Trenin D. (ed.). M.: Carnegie Moscow Center, 2000. C. 23-48; *Baranovsky V.* Russia's Attitudes towards the EU: Foreign and Security Policy Aspects. 15. 2002; *Gowan D.* How the EU Can Help Russia. L.: CER, 2001; *Zhurkin V.V. Evropajski Soyuz: vneshnjaja politika, bezopasnost, oborona* (European Union: foreign policy, security, defence. Doklady Instituta Evropy RAN M.: 1998. No 47; *Danilov D.A. Rossija v Bol'shoj Evrope: strategija* bezopasnosti (Russia in Big Europe: Security Strategy), Sovremennaja Evropa 2000. No 2; *Bordachev T.V.* "*Terra Incognita*" *ili evropejskaja politika Rossii* ("Terra Incognita" or Russia's European policy). Pro *et* Contra. 2002. Vol. 6, No 4. P. 23-33.

[5] See: *Havlik P. Otnoshenija mezhdu Rossiej i Evropejskim Soyuzom v svete rasshirenija ES* (Russia-EU relations in light of the EU enlargement), Nauchnye trudy RECEP. M., 2002. C. 2-3; *Hamilton C.* Russia's European Integration: Escapism and Current Realities, mimeo. Sept. 2002. However, there are some "eurooptimists" among the economists. See: *Mau V., Novikov V. Otnoshenija Rossii i ES: prostranstvo vybora ili vybor prostranstva* (Russia-EU relations: space of the choice or choice of the space. Voprosy ecobomiki. 2002. C. 133-143; *Samson I.* Establishment of a Common European Economic Area as a Factor of Russia's Sustainable Growth. RECEP Policy Papers. M., 2002.

[6] *Putinu ustroili evropeiskie smotriny* (Putin was given a European 'bridal showing'). Izvestija. 2000. May 30.

[7] Strategy, para 1.1

[8] *Gowan D.* How the EU can help Russia. Op. cit. P. 18

[9] *Ivanov I. Ne poddavajas' na ulovki Brusselja* (Yield to no tricks of Brussels). Nezavisimaja gazeta. 2002. Oct. 7

[10] It must be noted that this "selective" approach is also characteristic of Russian

more liberal or "pro-Western" representatives (See: *Mau V. Novikov V.* Op. cit.). At the same time, the PCA between Russia and the EU stipulates the Russian commitment to bring its legislation closer to European legislation in such areas as "*corporate law, <…>, labour legislation, environmental legislation, protection of consumers' rights*".

[11] See e.g.: *Kempe I.* Direct Neighbourhood Relations between the Enlarged EU and the Russian Federation, Ukraine, Belarus and Moldova. Gütersloh: Bertelsmann Foundation Publishers, 1998; *Vahl M.* Just Good Friends? The EU-Russia "Strategic Partnership" and the Northern Dimension. Brussels: CEPS. 2001. *Black J. L.* Russia Faces NATO Expansion: Bearing Gifts or Bearing Arms. Lanham, MD. Rowman and Littlefield, 2000.

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[13] The competence of the existing Department of All-European Cooperation covers NATO, OSCE, CoE and EU-related issues. At the same time, Russia's relations with EU countries fall under the competence of four different European departments organized on a subregional basis.

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[15] The Common EU Strategy on Russia (later: on Ukraine and the Mediterranean Region) was adopted on the basis of Article 13 (formerly J3) of the Amsterdam Treaty. http://www.europa.eu.int/eur-lex/en/treaties/dat/eu_cons_treaty_en.pdf

[16] *Danilov D. Potentsialnyj sojuznik Moskvy* (Potential Ally of Moscow). Nezavisimaja gazeta. 1999. Dec. 3.

[17] *Gowan D.* How the EU can help Russia?; *Vahl M.* Just Good Friends? The EU-Russia "Strategic Partnership" and the Northern Dimension. Brussels: CEPS. 2001.

[18] In spite of the fact that there were fewer publications in Russia devoted to the Common EU Strategy than in Europe, the very definition of the Strategy as "a special form" (See.: *Lichachev V.N. Rossija na putjach mirostroitel'stva* (Russia on the roads of costraction of the World). Nezavisimaja gazeta. 1999. Sept. 12.) of the expression by the EU of its position makes it possible to conclude that Moscow accepted the Strategy with very mixed feelings. See also: *Borko Y.* The European Union's Common Strategy on Russia: a Russian View. The EU Common Strategy on Russia - Learning the Grammar of the CFSP. No 11, 2001.

[19] As David Gowan put it after the Russian Strategy had been adopted: "the EU and Russia may have been talking past each other, but at least they were doing so in the same room" See: *Gowan D.* Op. cit. P. 13.

[20] *«The presidential elections are in exactly a year from now. I have now decided to name the person who I believe can consolidate society, <…> ensure that reforms continue in Russia, <…> That person is Vladmir Vladimirovich Putin, Secretary of the RF Security*

Council, Director of the Federal Security Service". TV address by President Boris Yeltsin on August 9, 1999. 1999. Federal News Service - Kremlin Package. 1999. Aug. 9.

[21] *Gowan D.* Op. cit. P. 13.

[22] *Leshukov I.* Russia and the European Union: A Strategy of Interaction. P. 34-36.

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[28] It must be noted that the PCA stipulates the lifting of such restrictions.

[29] *Mahncke D.* Russia's Attitude to the European Security and Defence Policy. European Foreign Affairs Review. Winter 2001. Vol. 6, No 4; *Gowan D.* Op. cit. P. 11; etc.

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[31] Address 2001. http://www.president.kremlin.ru/text/appears/2001/04/10329.shtml

[32] Address 2002 http://www.president.kremlin.ru/text/appears/2002/04/10691.shtml

[33] EU-Russia Summit 3 Oct. 2001. Joint Joint Declaration on stepping up dialogue and cooperation on political and security matters. http://www.europa.eu.int/comm/external_relations/russia/summit_10_01/dc_en.htm

[34] These objectives included: "*the creation in bodies of state power involved in issues of Russian-EU cooperation of groups of experts possessing profession knowledge of issues pertaining to EU activities and EU-Russian cooperation; creating and updating an information system for Russian entrepreneurs on EU activities, their privileges and rights on the EU market as determined by the Agreement and other bilateral instruments; organizing at the Permanent Mission of the Russian Federation to the European Communities and Russian embassies in member and candidate states monitoring of the EU compliance with the provisions of the Agreement and decisions of its working bodies; as well as identifying new capacities for developing cooperation.*"

[35] *Neprijatnyj sjurpriz v Zheneve* (Unpleasant surprise in Geneva). Vedomosti. 2002.

Dec. 18.

[36] See: Op.cit.; *Nas ne vzjali v VTO* (We have not been accepted into the WTO). Vremja novostej. 2002. Dec.19; *Poezd uchodit* (The train is leaving). Kompanija. 2002. Dec. 23.

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[48] See.: *Prodi R.* A Wider Europe - A Proximity Policy as the key to stability. Speech at the Sixth ECSA-World Conference. Jean Monnet Project. Brussels, 5-6 Dec. 2002. http://www.europa.eu.int/comm/commissioners/prodi/speeches/index_en.htm

[49] See an analysis of EU-EFTA relations in: *Emerson M., Vahl M., Woolcock St.* Navigating by the Stars: Norway, the European Economic Area and the European Union. Brussels: CEPS, 2002.

[50] *Trenin D.* Russia within a "Greater Europe". M.: Carnegie Moscow Center Briefings 2002. No 10. P. 3.

What went right with the EU's Common Strategy on Russia?

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Introduction

It has become commonplace to argue that the European Union has largely failed in its aspirations towards forging a Common Foreign and Security Policy (CFSP). It is often said that although the CFSP machinery is good at producing declarations, it is rather useless when it comes to adopting and implementing actual policies that would have an impact on the outside world. As a result, the EU is seen as an economic giant, which despite its vast potential sadly remains a political pygmy that "pulls its punches below its weight".

Although it is all well and good to criticize the fledgling CFSP by examining it through, for example, a capability-expectation gap[1] lens or dwelling on its other numerous shortcomings, it can also be argued that perhaps it is the research community itself that has been erroneous in their premises. At times it seems that the expectations have been highest on the part of scholars and it

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has been in the pages of journals and books that the shortcomings of the CFSP have been felt most acutely. By comparison, the practitioners on the EU side seem to be more at ease with the restrictions of the "European foreign policy". It is, after all, a product of their own making.

But how does one measure success or failure in the case of the CFSP; and how to discern what went 'right' (and 'wrong') as the title of this article suggests? Is it viable to look at the expectations and then compare them with the capabilities that the EU possesses, as Christopher Hill has suggested? But who are the actors that are directing expectations at the Union, and what are those expectations? And are they relevant from the point of view of assessing the track record of the Common Strategy on Russia (CSR)? We also have to ask, *whose* expectations should be examined? The external actors that might have a set of demands towards the Union but who ultimately might have only little or no leverage over how the EU develops its policies? Or should we look at the member state expectations as, after all, they are the ones who are calling the shots when it comes to the form and substance of the CFSP?

Indeed, these are not easy questions. Knud Erik Jørgensen has suggested that it is not wise to look at either internal or external factors alone when drawing conclusions about the EU's international successes or failures: rather one should seek to do both.[2]

This starting point implies that it is not sufficient to merely analyze the stated aims of the Union (i.e. engage in textual analysis in order to find out what the aims of the European Union policy – in this case the CSR – are) and then to compare them to the EU's track record in the field of international politics in order to separate success from failure. According to Jørgensen, that would be problematic for two reasons: firstly, the *actual* content of a policy may change although the name and substance remain the same (for example in the case of former Yugoslavia). And secondly, the policy, even if pursued energetically and consist-

ently, might have unintended and negative consequences resulting in a *de facto* failure of that very policy.[3]

Therefore, in order to understand what the Common Strategy on Russia is really about – and how best to assess its track record so far – it is imperative that it is examined in the right context. The main argument in this article is that it is meaningless to analyze the document against a set of abstract notions, such as how "strategic" the document has proved to be, or whether it has been able to insert a certain measure of coherence into the EU's relations with Russia or not. Instead, it is important to take a closer look at the political and institutional context within which it was adopted in the first place. This is, however, only one side of the coin. It is also important to take a glance at the external factors, how the EU policy on Russia has been working. The other contributors in this publication do this, but the impact of EU policies on Russia should, of course, also be assessed in the EU context. Therefore, the analysis put forward in this article comes in two stages: first the adoption of common strategies in general and the CSR in particular are discussed. Then the performance of the CSR to date is analyzed. The first conclusion of the article will be that the CSR, and the EU's policy on Russia, have fallen prey to the very danger that Jørgensen has warned the analysts about: that the content of the policy might change halfway through, although the name and the substance of the document have remained unaltered. The second will be that the current CSR with all its problems and various shortcomings reflects the common will of the member states and therefore any dramatic improvements in the content or the performance of the document are unlikely in the near future.

The first Common Strategy on Russia[4]

Negotiating common strategies in Amsterdam

The Treaty of Maastricht stipulated that an intergovernmental conference (IGC) should convene in 1996 to ponder the workings of the Treaty on European Union and make amendments where necessary. By the time of the IGC, one of the sectors where the shortcomings of the Treaty had become most painfully clear was the CFSP.[5] The new provisions had been put to the test in the tumultuous events of the dissolving Yugoslavia, where the CFSP and the member states had failed spectacularly. One of the biggest stumbling blocks on the road to a coherent EU foreign policy had been the rigid decision-making procedure in the Council, which was based on strict unanimity. There existed a widespread consensus, especially among CFSP scholars, that the unanimity principle had led to constant delays in the decision-making process, while the decisions which were finally taken were usually watered down to the lowest common denominator.[6]

Thus it was obvious from the beginning of the IGC that the development of a more coherent and effective CFSP would be high on the agenda. The CFSP provisions that were to be reviewed in the 1996 IGC revolved around the problems of how best to analyze the international events that required EU action, how to plan that action, how to take decisions on the action and how to implement those decisions effectively. These contentious issues were transformed on the IGC agenda into concrete questions of whether or not the member states should (i) establish a Policy Unit, (ii) appoint a High Representative for the CFSP, (iii) merge the Western European Union (WEU) into EU structures, and (iv) whether or not the decision-making procedures should be streamlined by injecting the CFSP with increased scope for flexibility. The debate over increased flexibility revolved mainly around constructive abstention and an increase in the use of qualified majority voting (QMV).[7]

At the start of the IGC there were roughly two opposing camps to be found concerning the extension of qualified majority voting: Germany, Belgium, the Netherlands, Luxembourg, Italy and Austria were in favour of increasing majority voting, whereas the others remained sceptical.[8] Of those member states that were opposed to the injection of QMV, France, Greece, Portugal and especially the United Kingdom[9] were most adamantly against the reforms.[10]

The original positions remained virtually intact throughout the IGC with very little headway being made in the matter. However, by the spring of 1997 the IGC was running out of time. A solution had to be found, which would allow QMV to be 'sneaked' into the CFSP in such a manner that even the British Government could accept it. It is against this background that the French proposal of March 1997 of "common strategies" has to be examined as a compromise tailored in order to facilitate the almost irreconcilable British and German interests while protecting the French prerogatives at the same time.

The French proposal, which was strongly backed by Germany, included a stronger role for the European Council in the CFSP through the formulating of new common strategies, which would be decided on a geographical basis for areas of importance to the European Union. In addition, the common strategies would set out "objectives, duration and means to be used by the member states and the European Community."[11]

The question of decision-making procedures was at the heart of the common strategy concept from the very beginning. The French proposed that the common positions on the basis of common strategies would be taken by qualified majority voting. Initially, however, the adoptability of QMV in the realm of joint actions was somewhat unclear in the minds of the French. This ambiguity was enforced by several other member states, which were rather reluctant to accept QMV in adopting joint actions.[12]

On the occasion of the 40th anniversary of the Treaty of Rome

in Campidoglio on 25 March, the Dutch Presidency tabled a report on the IGC where it formally proposed a distinction between general policy guidelines decided by the European Council through unanimity, and decisions for implementing these guidelines that the Council might take through QMV. QMV would thus be enabled only under the common strategies and decisions affecting defence or would be decided unanimously where there were military implications.[13]

At this juncture, the French proposal for "general and strategic guidelines" for the CFSP on the basis of which common positions and joint actions would be adopted "if not systemically by qualified majority, at least in most cases"[14] was welcomed by the majority of the member states. However, the Conservative Government of the United Kingdom presented the toughest opposition for the concept, mainly criticizing the adoption of QMV in the CFSP in the first place.[15]

In May there was a compromise on the usage of QMV in which the concept was amended with the so-called "escape clause" or "emergency break" where a member state "for reasons of national policy" can prevent the voting from taking place.[16] However, the "escape clause" was not entirely unproblematic either as France and Germany in particular wanted to pose at least some obstacles to it. One proposal put forward for doing this was a clear definition of what "vital interests" would entail.[17] Another proposal put forward by Germany was that when invoking its vital interests, this would have had to be done by "the Head of Government, in writing and for specific reasons."[18] At the end of the day, conceptualizing of this sort never took place and these openings failed to show up in the final text of the Treaty.

On May 30 the Dutch Presidency circulated a preliminary draft Treaty where all the final ingredients of common strategies were already decided on: the European Council was to decide on common strategies unanimously on the recommendation of the Council of Ministers. The common positions and joint actions

adopted on the basis of common strategies were to be taken by QMV. However, for "reasons of national policy" a member state could veto the adoption of decisions for the implementation of common strategies. All in all, the compromise had been reached and the common strategy concept proved to be the only way, which allowed the British government to accept qualified majority for use in the implementation of the CFSP.[19]

In the Treaty of Amsterdam, the provision describing the common strategies reads:

> "*The European Council shall decide on common strategies to be implemented by the Union in areas where the Member States have important interests in common. Common strategies shall set out their objectives, duration and means to be made available by the Union and the Member States. The Council shall recommend common strategies to the European Council and shall implement them, in particular by adopting joint actions and common positions.*" [20]

First of all, the above passage makes it clear that the drafting of the common strategies is *intergovernmental* by its very nature. What is most striking in the provisions is that the role of the main decision-making body, the Council, is reduced to that of recommending and implementing common strategies. Instead, the European Council is, for the first time, given a formal role in taking decisions in the European Union. When the European Council decides (unanimously) on common strategies this translates into *de facto* increased intergovernmentalism in the CFSP.[21]

This point has been forcefully made by Simon Nuttall, who has argued that the adoption of common strategies will result in the tendency for the level of decision-making to move upwards as "those Member States which are committed to the principle of consensus will endeavour to make certain that the largest possible number of decisions are taken at the level of the European Council, where that principle applies, and will exploit the requirement that the common strategies must set out their objectives, duration and means to ensure that as few details as possible

are left for decision by QMV at the lower level."[22] This analysis proved to be a correct one. As will be shown next, the drafting of the first Common Strategy on Russia fell prey to the very tendency that Nuttall was describing in 1997.

This basic weakness was reinforced by the fact that, in the Treaty the content of the future common strategies is defined only in the sense that they are to include their "objectives, duration and means." This is extremely vague wording indeed. It can be argued that with only these formal guidelines in mind, the drafting of the common strategies was effectively without any formal treaty-based guidance.

The vagueness of these provisions stemmed from the nature of the negotiations on common strategies. As was shown above, the main object of arguments was the problem of qualified majority voting. Otherwise, the common strategies seemed to be a rather problem-free area in the negotiations. This ease, with which the common strategy concept was adopted in the Treaty of Amsterdam, had, however, a serious downside: the provisions on the actual substance of the policy, besides those dealing with decision-making, were not particularly well thought out or discussed. The main idea was to find a suitable compromise, which would enable the injection of QMV into the CFSP. Once that had been achieved, little time or energy was devoted to developing the details of the new instrument.

Adopting the first Common Strategy on Russia

The notion of the profoundly 'unstrategic' nature of common strategies has become a standard starting point for academic examination of the topic. For example, when writing about the Common Strategy on the Mediterranean Region, Claire Spencer has argued that the strategic shortcomings of the document are due to the fact that the object of the policy is itself so diverse that it was very difficult for the European Union to arrive at clear priorities and uniform policies.[23]

However, and curiously enough, the same problem is also to be found in the other strategies that are of a bilateral nature. Therefore the Common Strategy on Russia lacks the same strategic qualities, as is the case also with the Common Strategy on Ukraine.[24]

In the case of the CSR (as well as other common strategies no doubt), the answer to the riddle is to be found not in the nature of the object – be it Russia or the Mediterranean region – but in that of the subject: the way common strategies have been drafted so far has in effect precluded the emergence of strategically viable documents. To prove this point, the adoption of the first Common Strategy on Russia is briefly introduced in the following.

The economic and political crisis of August 1998 in Russia acted as a wake-up call for the European Union and the preparations for the drafting of the first Common Strategy on Russia were started in the aftermath of the crisis. During the autumn of 1998, the Council of Ministers instructed COREPER to prepare a progress report on the development of "comprehensive policy towards Russia." The resultant report was a comprehensive survey of the challenges facing the European Union in Russia with the main emphasis placed on the effects of the recent economic crisis. The main conclusion of the report can be summed up as a realization of the multi-faceted nature of problems in Russia, plus the fact that an effective EU response requires a multidimensional policy, which takes into account all the aspects of Russian reality as well.[25]

The report was presented in December 1998 to the Vienna European Council, which decided on the preparation of common strategies on Russia, Ukraine, the Mediterranean region and the Balkans, on the "understanding that the first common strategy will be on Russia."[26] The drafting of the Common Strategy on Russia was to be left to the German Presidency in the first part of 1999.

From the start of the German Presidency the negotiations were

overshadowed by uncertainty over the precise nature of the common strategy concept. As was discussed earlier, the wording to be found in the Amsterdam Treaty is vague and did not offer a very good starting point for drafting actual strategies. Thus it came as no surprise that some voices emerged arguing that the Common Strategy on Russia faced the risk of becoming a shopping list of grand political ideas without anything specific to back them up. France in particular demanded that the member states should embark on a detailed debate on what the common strategy should really be about. The German Presidency, however, insisted that such detailed considerations would only slow down the process unnecessarily.[27] In general, the differences between the German and French approaches can be summed up as Germany wanting a broadly agreed framework within which QMV could be used, whereas France wanted to limit the use of QMV within the boundaries of a clearly defined common strategy document.

The drafting of the CSR was beset by two major problems: financial resources to be allocated on implementing the strategy and the decision-making procedures used in agreeing about its implementation. From the start there was a budding consensus between the member states and the Commission that the cooperation with Russia should not be given any new resources in the common strategy. The southern member states in particular argued that Russia, together with the eastern enlargement, were already consuming too large a share of the scarce EU resources.

Moreover, some southern member states were afraid that the possibility of QMV could be extended to areas where it did not belong. The issue was raised because of the vague wording to be found in the Amsterdam Treaty, which stipulates that QMV is to be used when adopting joint actions, common positions or taking *any other decision* on the basis of a common strategy.[28]

The issue where the problems of money and decision-making collided was that of the European Investment Bank's (EIB) role in the implementation of the Common Strategy on Russia. The

EIB did not have a mandate on granting loans to Russia. Even today it has only a limited mandate agreed on a case-by-case basis. However, the EIB statute states that the board of the bank can on specific occasions grant loans to Russia. However, this is possible only through a unanimous vote in which a representative from every member state has one vote. The fear that especially the Spanish representative voiced during the negotiations was that the CSR could be used as a cover for 'sneaking' the possibility of qualified majority voting into the EIB as well and thus *de facto* increasing the financial resources made available for cooperation with Russia.

This problem was finally resolved by adopting a declaration at the end of the document, which clearly stated that in the implementation of the strategy *only* those common positions and joint actions which fall within the scope of Title V of the TEU (i.e. the CFSP) will be taken by QMV whereas other decisions will be taken according to "the appropriate decision-making procedures provided by the relevant provisions of the Treaties."[29] Thus, the southern member states were finally assured that the EIB would continue to grant loans to Russia only in unanimity.

The consensual result of the COREPER and Political Committee was presented to the General Affairs Council on May 17 1999, which endorsed the draft to be presented at the Cologne European Council in June. The heads of state and government then formally adopted the first Common Strategy on Russia almost without discussion.

Assessing the performance of the first CSR

There is hardly any need for a detailed description or analysis of the content of the CSR, as there are already a number of works on the topic written from that angle.[30] The possible problems in the implementation of the CSR were also identified fairly early on.

For example, Stephan De Spiegeleire has identified some central weaknesses in the implementation of the CSR: the logical inconsistencies in the document and the unclear marching order between the CSR and the EU's other instruments of Russian policy, such as the PCA and the Tacis Programme.[31] These problems and shortcomings still apply and they have to be taken into account when, and if, the strategy is revised.

In the following, an analysis of the CSR's operation during its first three years of existence (1999-2002) is nevertheless undertaken. It is not presented chronologically (presidency by presidency), but along thematic lines instead.

The overall performance of the CSR can be assessed in four different dimensions, which can be drawn from the strategy document itself. In Part II of the CSR, the document sets out four "areas of action" that are to be a priority for the European Union in its relationship with Russia: (i) Consolidation of democracy, the rule of law and public institutions in Russia; (ii) integration of Russia into a common European economic and social space; (iii) cooperation to strengthen stability and security in Europe and beyond; and (iv) common challenges on the European continent. In the following, the performance of the CSR and the impact of EU policies and actions is briefly evaluated under these four labels.[32]

Consolidation of democracy, the rule of law and public institutions in Russia: This is a sector of influence and cooperation where it is particularly hard to make an assessment of the CSR's effectiveness.[33] In any case, the possible democratization of Russia is a very slow process – too slow to be achieved during the four-year period envisaged by the CSR. What is more, the events inside Russia especially during the presidency of Vladimir Putin have shown that the development inside the country in this respect is not linear, to say the least, and that the efforts of external parties in civil society building and grass-root democratization are not always well received in the country. This is mainly due to the fact

that democracy promotion unlike, for example, traditional economic aid, touches upon the balance of power inside the country.[34] This is a rather delicate issue in present-day Russia as during the 1990s the country experienced serious strains on its internal cohesion and unity – an issue that is still largely to be resolved.[35]

Another factor to be taken into account is the amount of financial resources that the European Union has been willing to invest in democracy promotion in Russia. Officially, the so-called Democracy Programme is a central element of the Tacis Programme. The reality, however, seems to be otherwise. An examination of allocated Tacis funds during 1991-1999 reveals that the Democracy Programme received only a fraction of the overall Tacis funding: only 240.85 out of 4,220.9 million euros (or 5.7 per cent) allocated for Tacis were used for the Democracy Programme.[36] There is a clear discrepancy between the rhetoric stressing the importance of democracy promotion and the reality, where it is rather hard to see what the actual impact of EU policies has been in this respect.[37] Instead, it would seem that changes in this sector within Russia are driven by endogenous factors, and actors external to the country can exert only a marginal impact on its development. As a result, Russia can at best be seen as an electoral democracy, which still has a long way to go in order to establish its credentials as a democratic country where rule of law would be well established. In this respect, the aims of the CSR do not seem to have been achieved, but it is worth repeating that the time span of the first CSR is not long enough to allow for a serious analysis of the impact of EU policies in this field.

Integration of Russia into a common European economic and social space: There have been some important developments in this field since the adoption of the CSR. The "high-level policy-dialogue" on economic issues envisaged by the CSR was realized in the EU-Russia summit in May 2001 when the European Union

and Russia launched a dialogue aimed at the establishment of a "common European economic space" (CEES) between the European Union and Russia. The previous EU-Russia summit in October 2000 in Paris had already witnessed the start of another high-level dialogue on energy issues. Both dialogues were established largely on the EU's initiative, and they still remain at relatively early stages, making it hard to assess their significance in achieving the stated goals of the CSR.

Of the two dialogues, the CEES process has attracted more attention and publicity, although the energy dialogue would seem to have a more substantial agenda with better prospects of producing concrete results. One needs only to compare the reports on the energy dialogue and the CEES presented to the EU-Russia summit in Brussels in November 2002 in order to see that the energy dialogue has resulted in a much more concrete agenda compared to the CEES process.[38] However, the fact that the rhetorically more grandiose CEES has stolen the limelight from the energy dialogue should not come as a surprise. It seems to be a central feature of the EU-Russian relationship that ambitious rhetoric and high aims sideline the actual forms of cooperation and concrete 'achievables'.

Both the CEES and the energy dialogue rest on the contractual foundation laid out in the Partnership and Cooperation Agreement (PCA) between the European Union and Russia. As a process, they would seem to be attempts at generating a forward momentum in a process of economic harmonization and legal approximation that has so far been disappointing, to say the least. In this respect, the CEES in particular seeks to 'operationalize' the rather monolithic and abstract obligation for Russia to harmonize its trade-related laws and rules with that of the EU *acquis* – a task that Russia took upon itself when signing the PCA in Corfu in June 1994.[39] Therefore, the aim of the first part of the CEES process (2001-03) is to agree on the "ultimate objectives" of the actual work to be done under the auspices of the

CEES.[40]

It is, however, important to note that for the time being it is not the European Union that will play the central role in integrating Russia into the system of free trade. At the moment, the ongoing and admittedly difficult negotiations for Russia's membership of the World Trade Organization (WTO) are the most important factor in this respect.[41] One can say that until Russia's WTO membership is clear, the prospects for the CEES and the eventual free trade (FTA) between the EU and Russia are negligible. This is partly due to the fact that it is unlikely that Russia will have enough qualified civil servants to run two parallel processes that include intensive dialogue and negotiations of very technical issues of trade and economic cooperation.[42] Also, the EU has made this clear by arguing that the marching order is WTO membership first, and that only then will other institutional arrangements in the field of economy be feasible. Simultaneously, the EU has reiterated its willingness to support Russia's bid for WTO membership, as long as it is done according to the rules and regulations of the Organization. The EU stance is understandable and natural, as Russia's eventual WTO membership would require the country to make a host of domestic reforms that would automatically make Russia more compatible with the EU rules and regulations as well, thus facilitating the creation of a CEES and the possible FTA too. For example, two Russian scholars have estimated that Russia has to make changes to about a thousand laws and regulations in order to comply with WTO rules.[43] This is a task that would make the CEES process with the EU much easier in the future.

Cooperation to strengthen stability and security in Europe and beyond: This is a sector of cooperation where the events have clearly overtaken the original plans set out by the strategy document. Although paying lip service to Russia's importance to "lasting peace on the continent", the CSR failed to develop a clear understanding of how Russia's role could in practical terms be

facilitated. Rather, a tentative answer given to the challenge was the usual EU one; that it shall be achieved within a "framework of a permanent policy and security dialogue" that is to be further developed with Russia.[44]

In reality, the understanding of the actual means through which Russia is expected to make this contribution remained rather shallow, at the level of a declaration of good intentions. This is particularly so in the realm of military security where there are no provisions for actual cooperation. Instead, the CSR only contends that the EU is willing to consider "the participation of Russia when the EU avails itself of the WEU for missions within the range of the Petersberg tasks." Indeed, the lack of *any* detail concerning the actual mechanisms for this cooperation seems to testify to the fact that the member states could not agree on the terms of actual Russian participation. This is, however, hardly surprising, as the process of institutionalizing the European Security and Defence Policy (ESDP) was in its early stages at the time of negotiating the CSR: the declaration of St. Malo was only six months old, and the decisions of Helsinki, Nice and Laeken were yet to be taken.

Since then, EU-Russian cooperation in the sphere of security has assumed both qualitatively and quantitatively different characters. The most important feature of this change is the security dialogue launched at the EU-Russia summit in Paris in October 2000. Later on, in the aftermath of the terrorist attacks of 11 September 2001, the dialogue has been given further impetus and it has been institutionalized as Russia has been granted monthly meetings between the COPS and the Russian Ambassador in Brussels.

Despite this positive momentum, the ties between the EU and Russia especially in the field of the ESDP have remained strained. So far, the whole creation of the ESDP has been rather inward looking with most of the EU's attention being paid to the mustering of internal capabilities and institutional development. This

has resulted in some problems at the level of EU-Russia interaction: Although the emergence of the ESDP has stirred a lot of positive Russian attention and initiatives, actual results have been slow in coming.

There are three factors which explain the problems the EU and Russia have faced in the development of closer ties in ESDP-related activities. Firstly, after a brief period of rapid development and high expectations between the Helsinki and Nice European Councils, the ESDP seems to have lost most of its own momentum. The problems the EU has faced in making the ESDP operational have culminated in the useless, although eventually resolved feud between the EU (i.e. Greece) and Turkey over the right to borrow NATO assets in EU-led crisis-management operations. Moreover, the "national reaction" that has been visible in the aftermath of the terrorist strikes in September 2001 has managed to seriously undermine European solidarity as well as show Russia that dealing with the national capitals of especially the "Big Three" (France, Germany and Great Britain) instead of Brussels is the best avenue for dealings in the realm of security policy.[45] What is more, the internal EU disarray over the issue of the US-led war against Iraq in the spring of 2003 has cast the idea of any common foreign and security policy, let alone defence and security policy, into serious doubt.

Secondly, and largely stemming from the first factor, serious misunderstandings on both sides of the table hamper the development of practical cooperation. For Russia, the ESDP is seen as offering an avenue through which it can enhance its position and capabilities as a security actor of the first rank in the emerging European security architecture. Russia also wants the ESDP to be clearly defined in terms of its geographical scope as well as the range of different operations that can be undertaken under its auspices. In addition, Russia wants to tie the activation of the ESDP strictly into the UN and OSCE structures where Russia, of course, will always have a veto on the application of force.[46] And

finally, Russia wants to have a stake in the decision-making when it comes to deciding on ESDP operations.[47]

These are all things that the EU finds hard to accept, particularly since the main point behind the whole ESDP exercise is to establish the European Union as an independent actor in its own right. Therefore, the cooperation in crisis-management between the EU and Russia seems to be under a triple lock: the EU is neither capable nor willing to cooperate very closely at this stage and where there might be avenues for joint action, mutual suspicion spoils the game.

The 'underdevelopment' of the security relationship between the European Union and Russia could prove to be a source of problems and complications in the future. This is so, because it is Russia which has been the keener partner in developing a European security architecture that would ensure wide Russian participation and influence in security matters. This has not, however, been on the cards at any stage on the EU's part. Instead, Russia has been offered "consultation" where it can voice its complaints but does not have any real say over the decisions – the very thing that Russia desperately needs; or at least needed until the NATO-Russia Council started its operation.

But the problems have not only been political and 'psychological', they have also been institutional. The ESDP itself is far from a finished product as it is still in its early stages of development. When viewed from this perspective, Russia has been able to use this opening to its advantage by securing a surprisingly strong role in the ESDP machinery. The aforementioned monthly meetings between the COPS and the Russian Ambassador are an institutional novelty that no other third party, not even the United States or the applicant countries, enjoys with the European Union.

The institutional underdevelopment poses problems as well.[48] The problems that the EU has faced in making the ESDP operational have decreased Russia's interest towards the whole project.

It has become evident to Moscow that Europe has a long way to go to a stand-alone defence policy that would be independent from NATO and the United States. This has indeed dashed the hopes put forth by Russia's Mid-Term EU Strategy that the EU could become an independent pole that could have a balancing effect on the perceived US hegemony in the international system.[49]

Although cooperation under the auspices of the ESDP has been slow in the making, in other sectors of security, and especially in the field of Cooperative Threat Reduction (CTR), the EU has been gaining in prominence during recent years. The issue has gained increased importance in the aftermath of the events of 11 September 2001, and it has been the G-8 group of industrialized countries that has taken the lead in this endeavour. The G-8 Summit organized in Kananaskis, Canada, in June 2002 adopted a "G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction (WMD)". The Partnership seeks to develop a comprehensive and global approach to CTR aimed at securing funding of $20 billion over the next decade. A large part of the activities of the Partnership will concentrate on solving the multitude of WMD-proliferation-related threats and problems that emanate from the Russian Federation.[50]

The European Union and its member states are expected to play a major role in securing the funding as well as implementing the projects. But it seems evident that the EU's hands will be tied until the close of the current budgetary period, which runs until the end of 2006.[51] However, for the most part of the 1990s, the EU has already been engaged in activities *vis-à-vis* Russia that can be seen as having clear significance in terms of CTR. As has been shown in a comprehensive study by Burkard Schmitt *et al*., the catalogue of planned and implemented projects is already impressive, including a strong arsenal of projects dealing with the Soviet nuclear, biological and chemical weapons legacy.[52]

And finally, *common challenges on the European continent*:

There is a host of different themes enumerated under the rubric of "common challenges" in the CSR. They are, however, all derived from a conception that there is a growing interdependence between the EU and Russia. The CSR mentions energy policies, nuclear safety, and protection of the environment as well as the fight against "common scourges", such as organized crime, illegal immigration, money laundering, and illegal trafficking in people and in drugs.

In the Northern Dimension initiative (ND), the EU has adopted a special regional approach to tackling these issues with Russia. The Northern Dimension has, however, proved to be a rather problematic policy for the European Union and rather than offering a panacea to the multitude of "common challenges" between the EU and Russia, it has instead highlighted some core problems in the way the EU conducts its external relations. Firstly, it has revealed a growing 'dimensionalization' in the Union. Although it is perhaps too simplistic to argue that there would be a clear-cut North-South divide within the Union, it is evident that the previous enlargements together with the present one do bring increased diversity into the Union. This is unavoidable and in a sense natural as the member states, both old and new, do of course bring their own priorities and national interests to the common table. The question that does emerge, however, is how these different sets of priorities can be made to fit together in the future into an entity that would deserve the label "European foreign policy".

One of the biggest issues behind the divergence in member state interest between these different dimensions will be the competition for scarce (financial) resources in the external relations of the European Union. There already seems to be a certain North/East-South divide where the northern member states are eager to increase spending in the North, whereas the southern member states are naturally concerned with being sidelined in the future use of funds, especially after the enlargement.[53] In addition, ac-

cording to a study conducted by the Trans-European Policy Studies Association (TEPSA) in 1998, the southern member states perceive the existence of a Northern Dimension as a potential threat to their own national interests.[54] As a consequence, the southern member states have an interest, albeit an obstructive one, in the ND: their main priority lies in curbing the importance of northern issues on the European agenda when compared to the relative importance of the 'southern dimension'.

In addition, the eastern enlargement seems to result in an emergence of an 'eastern dimension' where the new eastern neighbours, Belarus, Moldova and Ukraine will play a prominent role. To date, Poland in particular has played an active role in promoting the new dimension, and Warsaw has already made it clear that it intends to advocate a policy for this 'eastern dimension'.[55] At the beginning of 2003, well before its actual date of likely EU accession in May 2004, the Polish government presented its future EU partners with a background paper outlining the content of the 'eastern dimension'. According to news sources, the Poles used the paper to argue the case for a new dimension by using vocabulary essentially borrowed from the ND: the aim of the initiative would be to "eradicate divisions between the enlarged Union and its eastern neighbours" by promoting stability, security and prosperity in Ukraine, Belarus, Moldova and Russia. The main aim of the new dimension would be to find a suitable compromise that would meet the new neighbours' demands for closer ties with the EU while ensuring that actual EU membership would not be on the cards. Although the official Polish rhetoric denies any element of competition with the other dimensions – and although some synergies can undoubtedly be identified – it is evident that the 'eastern dimension' will only manage to accelerate the competition for financial resources within the European Union.[56]

Secondly, the Northern Dimension has blurred the clear demarcation between inside and outside in policy formulation and

implementation within the European Union. The partner-orientated approach in the ND has meant that the EU has been required to allow outsiders' ('the partner countries') views to affect what its policies should entail in the North.[57] This externalization of EU policy-making has proved to be problematic. On the one hand, it has not been greeted with enthusiasm within the EU, as it runs largely counter to the standard approach to external relations where, particularly in the second pillar, it does not want to prepare its policies in cooperation with its intended 'objects'.[58] The gradually diminishing role of the regional councils in the implementation of the initiative can be seen as a symptom of the pervasiveness of this thinking. On the other hand, there are also increasing signs that the EU door is not sufficiently ajar to satisfy the outsiders either. Russia in particular has repeatedly voiced its frustration over its inability to influence the policy-making in the Northern Dimension.[59]

Thirdly, the Northern Dimension injects EU external relations with an entirely new logic, which requires a vastly increased amount of internal coherence and coordination between different programmes and policies. Therefore, and in order to be implemented successfully, the ND requires a multilevel approach, where not only the European Union and its member states but also other existing actors in the North must play a significant role.[60] Moreover, the Northern Dimension requires horizontal coordination and co-operation within the EU across previously separate programmes, pillars and initiatives.[61] Although there have been some attempts at increased coordination and complementarity of the existing instruments, such as two inventories on current activities[62] and the guide on how to combine INTERREG and Tacis funding[63], the results have so far been fairly modest. Indeed, overcoming the sectoral logic of the Union has proved to be an extremely difficult challenge for the Northern Dimension, which seems to be effectively bogged down in the infighting of the Brussels bureaucracy.[64] In short, the experience of the ND has so

far mainly revealed the many difficulties the EU faces in trying to implement its CSR agenda in the realm of 'soft' security.

Conclusions: What should be done to the CSR?

This article set out to answer the question "What went right with the Common Strategy on Russia?" On the basis of the analysis presented above, it would seem to be that the CSR has only two undeniable successes under its belt:

1. The "QMV trick" has succeeded in what it set out to do: to insert the *possibility* of qualified majority voting into CFSP procedures whilst knowing that it would never be used. In this respect, the concept has been successful as there has not been a single vote in the Council about the implementation of the CSR.

2. To a certain extent, the CSR and EU's policy on Russia in general has also managed to perform the rather useful scapegoat function. According to Knud Erik Jørgensen, at times EU policies can be useful for member states as they can be used to take the blame for failures while the member states take the credit for successes.[65] This has indeed seemed to be the case with the EU's Russian policies and the CSR in particular: it has enabled individual member states to conduct their bilateral business with Russia on a normal basis even during a serious crisis (the second war in Chechnya) while the EU façade of condemnation has satisfied the pressures coming from the domestic audiences.

Another, less clear victory could be the fact that the obligation for every presidency to prepare a work plan has ensured that every presidency has to take EU-Russian relations at least into consideration. However, the experience so far suggests that the result has been mixed: the presidencies most interested in the topic have provided more detailed and concrete work plans whereas others have shrunk from the responsibility and have just copied the main points of the previous presidencies. Overall, and

as the High Representative Javier Solana has commented, the work plans have remained "routine exercises to which little attention is paid."[66]

What is more, the impact of the activism of some presidencies has not been entirely positive. It has resulted in the EU's Russian policy developing in fits and starts without continuation and clear understanding of the strategic objectives that the EU as a whole should seek to achieve with regard to Russia. It has also resulted in an overkill of EU-Russia high-level dialogues, as almost every presidency in most of the EU-Russia summits has sought to start a new one with Moscow. The EU now enjoys a much wider network of dialogue with Moscow than was originally envisaged by the CSR.[67] It is, however, important to note that despite this mushrooming of EU-Russian dialogue, the overall quality and consistency of the EU's Russian policy has not improved to any great extent, and may well have worsened. As a result, and as was hinted at the beginning of this article, the EU's policy on Russia has fallen prey to the very danger that Jørgensen warned analysts about: that the content of the policy might change halfway through, although the name and the substance of the document have remained unaltered.

This is by no means a spectacular record for the first Common Strategy on Russia. Now, as we are approaching the expiry date of the CSR and it is up for revision, we must ask what should be done in order to improve the instrument.

The first question to be asked is, has the present CSR passed its sell by date: is it really so irrelevant as the prevailing wisdom would have us think? There are two possible answers: "yes" and "no, unless…" The first has been put forward by the High Representative, Javier Solana, and the other, more qualified one, will be provided by the author of this article.

In January 2001, a confidential report prepared by the High Representative Javier Solana about the common strategies was leaked to the public.[68] In the report, the High Representative

painted a very bleak picture of the overall performance of the whole common strategy concept. They had not – at least not yet – contributed to "a stronger and more effective EU" in international affairs. The main thrust of Solana's critique was two-pronged; one stemming from the very nature of the instrument and the other from the way the individual strategy documents had been adopted.

According to the High Representative, the fact that the common strategies were instruments of public diplomacy was a major hindrance to the applicability of the concept. It had led to "smooth, declaratory texts" being adopted as EU strategies which did not balance the pros and cons of individual EU policies. Neither did they address sensitive questions such as EU interests not suited for publication, nor internal problems and disagreements that the EU faced in its policies *vis-à-vis* third countries.

In addition, the process by which the member states negotiate the content of common strategies resulted in sub-optimal results. According to Solana, the process enabled individual member states to inject the common strategies with very detailed national concerns, which easily resulted in a document based on the "lowest common denominator" that had difficulties "in distinguishing priorities from questions of secondary importance".[69] As a result, the common strategies lacked the "sharpness" that would have been needed in order to make them useful as internal EU strategies.[70]

Solana's answer to the problems was to suggest that, in order to have truly strategic common strategies, they should be made, firstly, confidential. This would allow for addressing delicate and difficult questions *vis-à-vis* third parties that would be politically incorrect in public documents. Secondly, the strategy documents should be drafted differently: they should be based on high-quality preparation where the process would proceed from the initial identification of EU interests (as well as prioritizing them!) to the clear allocation of resources, as well as establishing mecha-

nisms against which progress in implementation could be measured.[71] In sum, the High Representative wanted the EU to have truly strategic common strategies in the future.

Although it is hard to disagree with Solana's criticism, it might nevertheless be that he is actually missing the point. Although he departs from a sober, almost bleak analysis of common strategies, he ends up wandering into the realm of the ideal; to a place where it might be possible for the EU and its member states to have a working and coherent CFSP. One could say that in the report the High Representative wandered into the terrain that has usually been reserved for researchers.[72]

By contrast, and in order to further justify the more qualified answer to the question posed below, it can be argued that the whole common strategy concept, and the CSR in particular, are precisely what they are because they accurately reflect the common will of the member states. They are an instrument of a common foreign and security policy of the Union that the member states have seen fit to devise and implement. Therefore, the common strategies in general, and the CSR in particular, are not just the document the EU and its member states deserve, they are the product they actually wanted.

It is, of course, true that if the aim was indeed to create a new CFSP instrument that would bring clear added value (as Solana seems to think), then the CSR has certainly fallen short of the mark. But if instead – and as is argued in this article – the member states were seeking to retain firm control of the EU's policy *vis-à-vis* Russia, then the whole exercise can be considered a success.

Even if we accept this notion, we cannot help but conclude that as a strategy and a foreign policy instrument, the CSR has been far from satisfactory. Therefore, it is possible and necessary to come up with some suggestions for the future development of the instrument.

The first and most immediate recommendation is that the EU

should not waste time and energy on revising the document at this juncture. In light of the work of the Convention and the forthcoming IGC, it is likely that the institutional structures of the CFSP will face reform in the near future, so it would not be prudent to make long-term strategies that would be based on the current "rules of the game".[73] What is more, if increased flexibility and use of qualified majority voting are adopted in the constitutional process, then the very rationale of common strategies might be in jeopardy as there would be no need for cumbersome strategies in the future in order to 'sneak' QMV into the CFSP procedures.

Secondly, the drafting of future documents will be facilitated by the eventual sad outcome of version 1.0. Therefore – and in contrast to the first time around when there was no effective guidance for the process – the next batch of common strategies is likely to benefit from the fact that there is an example, albeit a negative one, available. The current Common Strategy on Russia (as well as on Ukraine and the Mediterranean) can act as antinomies; examples of the kind of outcome which is no longer tolerable for the European Union if increased coherence and effectiveness in its external relations and foreign policy are required. Therefore, the CSR can be seen as a starting point for an incremental process of arriving at better strategy documents over time.

Thirdly, and particularly over the longer term, a more coherent CSR could be achieved by tinkering with the internal aspects of the document. For example, by dropping the current single presidency work plans and replacing them with multi-presidency work plans the EU could achieve continuity in the EU's Russian policy. What is more, this move would at least partly ensure that it would be harder for Moscow to 'wait out' the difficult presidencies and concentrate on doing business with member states that might be more willing to listen to specific Russian concerns.[74]

Also in the future, the EU should refrain from launching new high-level dialogues with Moscow while the previous ones still

have a lot of untapped potential. In fact, at times it has seemed as if form has dominated substance and that the image of "positive momentum" and "dynamism" – as has been manifested in the launching of new dialogues – has been more important than the actual results of EU-Russian cooperation.

The EU should also resist the Russian siren calls for the adoption of a *common* EU-Russia strategy. In all likelihood, the negotiation process would be long, difficult and mutually frustrating.[75] This word of caution also applies to the ideas of re-negotiating the PCA. The process of negotiating a new "PCA plus" would be very difficult with the new, more assertive Moscow and the process should therefore not be hurried. The EU still has plenty of time, as the current PCA is in force until 2007.

To conclude, it must be admitted that if there were no EU Common Strategy on Russia, then one would most certainly have to be invented, as there is clearly a need for one. This is particularly true in light of developments during recent years when there has been an explosion of different EU-Russian dialogues and working groups. This expanding network of EU-Russian interaction would benefit from, and is currently clearly lacking, a strategic vision on the EU's part. The vision should have at least two essential elements: what it is that the European Union wants from Russia, and how the different mechanisms of EU-Russian interaction help to achieve that goal.

In a previous analysis of the CSR I have argued that the document was part and parcel of a wider learning process for the European Union. One in which it endeavoured to come to terms with both the kind of animal the post-Soviet Russia was, and the common interests and policies that should be pursued by the EU.[76] The experience from the first CSR somewhat paradoxically reveals that most of the learning has so far seemingly taken place on the Russian side after all. During the Putin presidency, Russia has seemed to be finding its place in the world and cementing a certain westward-leaning stance in its foreign policy. This has

made the task of the EU somewhat easier and has, at least partly, removed the other side of the difficult equation as the EU has been given a set of answers to the first part of the learning process. Now it remains for the Union to continue along the path towards the second part as well. The future common strategies on Russia can be helpful in this process but no quick fix should be expected. Instead, a piecemeal and, at times, painful and even humiliating process of coming to terms with the pressures of growing actorship can be foreseen for the EU at this juncture.

References

[1] Christopher Hill, "The Capability-Expectations Gap, or Conceptualizing Europe's International Role", *Journal of Common Market Studies*, vol. 31 (3), 1993: 305-328.

[2] Knud Erik Jørgensen, "The European Union's Performance in World Politics: How Should We Measure Success", in Jan Zielonka, ed., *Paradoxes of European Foreign Policy* (The Hague, London and Boston: Kluwer Law International, 1998), p. 87.

[3] Jørgensen, "The European Union's Performance…", pp. 89-90.

[4] This part draws on my previous work published in Hiski Haukkala, "The Making of the European Union's Common Strategy on Russia", in Hiski Haukkala and Sergei Medvedev, eds, *The EU Common Strategy on Russia: Learning the Grammar of the CFSP*. Programme on the Northern Dimension of the CFSP No. 11 (Helsinki and Berlin: Finnish Institute of International Affairs and Institut für Europäische Politik, 2001).

[5] Regelsberger and Wessels captured this mood of "doom and gloom" when they wrote that the "mood in expert circles is depressed" and that the first experiences of the CFSP are "on the whole negative." Elfriede Regelsberger and Wolfgang Wessels, "The CFSP Institutions and Procedures: A Third Way for the Second Pillar", *European Foreign Affairs Review*, vol. 1 (1), 1996: 29-54, p. 29.

[6] Cf. Jörg Monar, "The European Union's Foreign Affairs System after the Treaty of Amsterdam: A 'Strengthened Capacity for External Action'?", *European Foreign Affairs Review*, vol. 2 (4), 1997: 413-436, p. 418.

[7] For an account of the role of flexibility in the 1996 IGC, see Antonio Missiroli, *CFSP, Defence and Flexibility*. Chaillot Paper 38/2000 (Paris: WEU Institute for Security Studies).

[8] Monar, "The European Union's Foreign Affairs System…", p. 418.

[9] For an account of the British position, see Heather Grabbe, "CFSP Reform Debate and the IGC: A British Perspective", in *CFSP Reform Debate and the Intergovernmental Conference. National Interests and Policy Preferences*. Working papers of a joint project Research Group on European Affairs and Ludwig-Maximilians-University Munich. March 1997.

[10] According to Anderson, Great Britain and Greece in particular were most strongly opposed to the increase in QMV in the 1996 IGC. See Stephanie B. Anderson, "Problems and Possibilities: The Development of the CFSP from Maastricht to the 1996 IGC", in Pierre-Henri Laurent and Marc Maresceau, eds, *The State of the European Union, Vol. 4: Deepening and Widening* (Boulder, CO: Lynne Rienner, 1998), p. 141.

[11] *European Report* 2207, 15 March 1997.

[12] *European Report* 2207, 15 March 1997.

[13] *Agence Europe* 6940, 22 March 1997.

[14] *Agence Europe* 6932, 12 March 1997.

[15] *European Report* 2211, 28 March 1997.

[16] *Agence Europe* 6966, 1 May 1997.

[17] *Agence Europe* 6966, 1 May 1997.

[18] *Agence Europe* 6978, 22 May 1997.

[19] *European Report* 2229, 4 June 1997.

[20] Treaty on European Union, Article 13.2-3.

[21] Claire Spencer, "The EU and Common Strategies: The Revealing Case of the Mediterranean", *European Foreign Affairs Review*, vol. 6 (1) 2001: 31-51, pp. 38-39.

[22] Simon Nuttall, "The CFSP Provisions of the Amsterdam Treaty: An Exercise in Collusive Ambiguity", *CFSP Forum* 3/1997, p. 2.

[23] Spencer, "The EU and Common Strategies…", p. 48.

[24] Cf. Hiski Haukkala, "The Making of the European Union's…"; John Pinder, "The Union's Common Strategy on Russia", in John Pinder and Yuri Shushkov, *The EU and Russia: The Promise of Partnership* (London: Federal Trust, 2002); and Gwendolyn Sasse, "The EU Common Strategy on Ukraine: A Response to Ukraine's Pro-European Choice", in Ann Lewis, ed., *The EU & Ukraine: Neighbours, Friends, Partners?* (London: Federal Trust, 2002).

[25] *Russia: The Progress Achieved in the Development of a Coherent EU Policy*. A report presented to the Vienna European Council, 11-12 December 1998.

[26] *Vienna European Council*, 11-12 December 1998, Presidency Conclusions, 74. Claire Spencer has offered an interesting anecdote that reveals the rather shallow process by which the European Council decided on the themes for the first common strategies. Citing the then Political Director of the Foreign and Commonwealth Office, according to whom: "[T]here was a deal between the Member States, frankly. The acceptance of Russia should be first; Ukraine logically followed and then five Member States who are very obvious said: 'What about us? What about the south?' The deal was [that] the next one would be the Mediterranean, I do not think it unfair to say that it did not have more attention than that at that stage and then someone said, 'The Balkans are a big issue. Let us now take the Balkans as the fourth." Spencer, "The EU and Common Strategies…", p. 40. Later on, disheartened by the meagre performance of the first three common strategies, the EU "implicitly dropped" the idea of drafting another one on the Balkans. See the originally confidential "Common Strategies Report" written by the High Representative Javier Solana. The report was published, for example, in *Agence Europe* 2228, 31 January 2001.

[27] European Report 2373, 13 January 1999.

[28] TEU Article 23.2.

[29] European Council Declaration related to the Common Strategy on Russia. Cologne European Council, 4 June 1999.

[30] Cf. Hiski Haukkala, "The Making of the European Union's…"; and John Pinder and Yuri Shushkov, *The EU and Russia*...

[31] Stephan De Spiegeleire, "The Implementation of the EU's Common Strategy on Russia", in Hiski Haukkala and Sergei Medvedev, eds, *The EU Common Strategy on Russia*…

[32] This is justified also in the sense that the European Union is using the same approach in evaluating the CSR's performance. Cf. *Council Report to the European Council on the Implementation of the Common Strategy of the European Union on Russia*. Press Release: Brussels (14/6/2000) Nr: 9405/00.

[33] Stephan De Spiegeleire has commented that this is a problem that plagues the overall assessment of the impact of the CSR: it is hard to distinguish it from other EU actions and policies *vis-à-vis* Russia. De Spiegeleire, "The Implementation of the EU's…", p. 81. One might add that in the case of assessing democratization, it is impossible to distinguish the EU impact from that of the other actors' policies and initiatives.

[34] Hans-Joachim Spanger, *Demarcation versus Cooperation: Peculiarities of Western Democracy Promotion in Russia*. PRIF Reports No. 61 (Frankfurt: Peace Research Institute Frankfurt, 2002), p. 9.

[35] For more about Russian regionalism, see Markku Kivinen and Katri Pynnöniemi, eds, *Beyond the Garden Ring: Dimensions of Russian Regionalism* (Helsinki: Kikimora Publications, 2002).

[36] It is important to note that the figure above also includes some "miscellaneous" costs, making the precise estimation of funds *actually* used for the Democracy Programme impossible to arrive at. Source: The Tacis homepage at http://www.europa.eu.int/comm/external_relations/ceeca/tacis/figures.pdf. Visited 26 January 2003.

[37] To be fair, the European Union is not alone in this respect. According to Hans-Joachim Spanger, *all* western actors give democracy promotion less actual attention than the grandiose rhetoric would suggest. See Hans-Joachim Spanger, *Demarcation versus Cooperation: Peculiarities of Western Democracy Promotion in Russia*. PRIF Reports No. 61 (Frankfurt: Peace Research Institute Frankfurt, 2002), p. 7.

[38] See *EU-Russia Energy Dialogue – Third Progress Report*; and *Report of the High-Level Group on the common European economic space.* Both documents are available at http://www.europa.eu.int/comm/external_relations/russia/summit_11_02/concl.htm. Downloaded 13 February 2003.

[39] Article 55 of the PCA states unambiguously: "Russia shall endeavour to ensure that its legislation will be gradually made compatible with that of the Community."

[40] See *Report of the High-Level Group…*

[41] Russia has been engaged in the membership process of the WTO and its predecessor GATT since 1993. However, it is only under Putin that Russia has seemed to take the goal of membership seriously. Even so, the negotiations have remained difficult, although some optimistic voices have suggested that membership might be possible in 2004. This can, however, be considered highly unlikely.

[42] Cf. the remarks of President Putin before the State Council on 22 January 2003 where he warns that Russia does not have enough qualified people to run the WTO process. http://www.kremlin.ru/text/appears/2003/01/23417.shtml. Visited 26 January 2003.

[43] S. Prikhodko and A. Pakhomov, *Problems and Prospects of Russia's Accession to WTO*. Russian-European Centre for Economic Policy (RECEP), Policy Paper Series, September 2001, p. 13.

[44] To be fair, the idea of reinforcing political dialogue with Russia is a central theme in the document. It is mentioned frequently throughout the document and is perhaps the most elaborated of the so-called "specific initiatives" that can be found at the end of the document.

[45] Dmitry Danilov, *Europe & Russia in the Changing International Security Relations*. Paper prepared for "The EU and Russia: A Security Partnership?" seminar, organized by the EU Institute for Security Studies, in association with the Royal Institute of International Affairs, Paris, 25 March 2002. 2002, p. 4.

[46] Clelia Rontoyanni, "So far, so good? Russia and the ESDP", *International Affairs* (London), vol. 78(4), 2002: 813-830. See also Dmitry Polikanov, "ESDP and Russia after the Laeken Summit", *Croatian International Relations Review*, vol. VII(24/25), 2001: 5-6. The 'moral' arguments of Russia concerning the supremacy of international law have been analysed in Charlotte Wagnsson, *Developing the 'Moral' Arguments: Russian Rhetorical Strategies on Security Post-Kosovo*. WEU Institute for Security Studies, Occasional Papers 28, July 2001.

[47] Danilov, *Europe & Russia in the Changing…*, p. 5.

[48] Tuomas Forsberg has commented that the "bureaucratic inertia" on both sides has managed to hamper the development of cooperation between the EU and Russia in the ESDP. Tuomas Forsberg, "Russia's Role in the ESDP", in Esther Brimmer, ed., *The EU's Search for a Strategic Role: ESDP and Its Implications for Transatlantic Relations* (Washington, D.C.: Center for Transatlantic Relations, The Johns Hopkins University, 2002), pp. 92-94.

[49] Medium-term Strategy for Development of Relations Between the Russian Federation and the European Union (2000 – 2010). An unofficial English translation of the document is available at http://www.europa.eu.int/comm/external_relations/russia/russian_medium_term_strategy/index.htm. Downloaded 14 February 2003.

[50] Burkard Schmitt, ed., "European Union", in *Protecting against the Spread of Nuclear, Biological and Chemical Weapons* (Washington, DC: CSIS, January 2003).

[51] *Ibid.*

[52] *Ibid.*

[53] Esther Barbé, "Balancing Europe's Eastern and Southern Dimensions", in Jan Zielonka, ed., *Paradoxes of European Foreign Policy* (Hague, London and Boston: Kluwer Law International, 1998), p. 126.

[54] Wolfgang Wessels, *National vs. EU Foreign Policy Interests: Mapping 'important' national interests* (Cologne/Brussels: TEPSA, 1998), p. 15.

[55] *Financial Times*, 19 February 2002.

[56] *Financial Times*, 28 January 2003. For an analysis of the effects of growing 'dimensionalization', see Hiski Haukkala, *Towards a Union of Dimensions: The effects of the eastern enlargement on the Northern Dimension*. FIIA Report 2/2002 (Helsinki: Finnish Institute of International Affairs). http://www.upi-fiia.fi/english/publications/upi_report/reports/fiia_report22002.pdf. Downloaded 3 February 2003.

[57] Hanna Ojanen, "Northern Dimension – Fuel for the EU's External Relations?", in Hanna Ojanen, ed., *The Northern Dimension: Fuel for the EU?* Programme on the Northern Dimension of the CFSP No. 12 (Helsinki and Berlin: Finnish Institute of

International Affairs and Institut für Europäische Politik, 2001), p. 225.

[58] Ojanen, "Northern Dimension…", p. 226.

[59] Cf. the speech of the Vice-Prime Minister Victor Hristenko at the International Forum for the Northern Dimension, Lappeenranta, 22 October 2001.

[60] For more on multilevel implementation of the Northern Dimension, see Nicola Catellani, "The Multilevel Implementation of the Northern Dimension", in Hanna Ojanen, ed., *The Northern Dimension...*

[61] As Hanna Ojanen has put it: "its [ND's] instruments stem from the first, its objectives from the second, and its problems from the third." Hanna Ojanen, "The EU and Its 'Northern Dimension': An Actor in Search of a Policy, or a Policy in Search of an Actor?", *European Foreign Affairs Review*, vol. 5 (3), 2000: 359-376, p. 374.

[62] A Northern Dimension for the Policies of the Union: An Inventory of Current Activities, April 2001. http://www.europa.eu.int/comm/external_relations/north_dim/conf/formin2/invent_01.pdf; and A Northern Dimension for the Policies of the Union: An Inventory of Current Activities, September 1999. http://www.europa.eu.int/comm/external_relations/north_dim/doc/inventory.pdf. Both Downloaded 30 January 2003.

[63] *A guide to bringing INTERREG and Tacis funding together* (Luxembourg: Office for Official Publications of the European Communities, 2001). http://www.europa.eu.int/comm/external_relations/north_dim/conf/formin2/intreg_tac_en.pdf. Downloaded 30 January 2003.

[64] The external relations commissioner Chris Patten and the foreign minister of Sweden Anna Lindh acknowledged this in a joint article published on the eve of the Swedish EU presidency when they wrote that 'it has been absurdly difficult to link money from [these] different sources'. Chris Patten and Anna Lindh, 'The Northern Dimension of EU foreign policy: from words to action', *Financial Times*, 20 December 2000. For an excellent account of the 'structural' problems related to the Northern Dimension, see Holger Moroff, "The EU's Northern Soft Security Policy: Emergence and Effectiveness", in Holger Moroff, ed., *European Soft Security Policies: The Northern Dimension*. Programme on the Northern Dimension of the CFSP No. 17 (Helsinki and Berlin: Finnish Institute of International Affairs and Institut für Europäische Politik, 2002), esp. pp. 164-182.

[65] Jørgensen, "The European Union's Performance…", p. 91.

[66] Cf. *Agence Europe* 2228, 31 January 2001.

[67] At the moment there is an EU-Russian "high-level dialogue" on the creation of common European economic space, on the development of energy partnership, and on political and security matters. There is also a dialogue on JHA with an action plan on organized crime in Russia.

[68] Cf. *Agence Europe* 2228, 31 January 2001.

[69] Cf. *Agence Europe* 2228, 31 January 2001, p. 3.

[70] Cf. *Agence Europe* 2228, 31 January 2001, p. 4.

[71] Cf. *Agence Europe* 2228, 31 January 2001, p. 4.

[72] To be fair, Solana does mention in the report that common strategies can become

a strong and useful EU instrument *only* if there is the necessary political will to enable such a development. However, and instead of taking that as a point of departure, he goes on to enumerate the different and rather unrealistic ideas for the future development of the concept.

[73] The unofficial signals from within the EU machinery so far suggest that this will indeed be the case: there will be no major revision of the CSR at this point.

[74] Unofficial signals during the Danish presidency hinted that the Russians were boycotting most of the EU-Russian interaction as they were waiting for more favourable Greek and Italian presidencies to take over. Indeed, it seems that up to a point the Russians have been vindicated. The Greeks have already agreed to place the issue of Russian-speaking minorities in Estonia and Latvia on the agenda of the EU-Russia foreign minister meeting on January 24 2003. This Russian initiative had been flatly rejected by the previous presidencies. See RFE/RL 24 January 2003, http://www.rferl.org/nca/features/2003/01/24012003172240.asp.

[75] Curiously enough, the Commission website already talks about a Common Strategy *between* the European Union and Russia when referring to the Common Strategy *on* Russia. This is an interesting slip of the tongue, considering that the former version makes one think that the document has already been agreed on by the parties. http://www.europa.eu.int/comm/external_relations/ceeca/com_strat/index.htm. Downloaded 14 February 2003.

[76] Hiski Haukkala, "The Making of the European Union's…", pp. 66-68.

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Rethinking the Respective Strategies of Russia and the European Union

Arkady Moshes (ed.)

Articulated changes in Russian foreign policy under Putin, and enlargement of the European Union with all the problems it brings, are propelling the evolution of Russia-EU relations towards a new phase, in which success will be measured not so much with partnership rhetoric, but with tangible practical benefits. The new situation will question the validity of the reciprocal conceptual approaches of Moscow and Brussels. Is their emerging relationship indeed a "strategic" one? What does each side truly want from the relationship? What does each truly expect? In more instrumental terms, are the EU Common Strategy on Russia and Russia's "Medium-Term Strategy", adopted back in 1999, still adequate as statements of the long-term vision? Are theyuseful guides to policy?

This joint FIIA - Carnegie Moscow Center report contains three different, but complementary perspectives on these issues. The authors examine in detail what went right and wrong with the guiding documents of bilateral relations and offer their conclusions on whether, and in which respects, they are up to the task set for them. Analysis of the main impediments that hinder cooperation is juxtaposed with a list of areas where it would be quite feasible and mutually beneficial. Looking to the future, the authors take a stand of cautious optimism as they recognize strong, although asymmetrical, interests that drive the sides together, and positively estimate the results of the learning process that has taken place.

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