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# Conference Report

EU-Russia: Prospects for a Strategic Partnership

—

Brussels, 22 November, 2011

## EU-Russia: Prospects for a Strategic Partnership

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**Derek Averre, Jakub Kulhánek**

*Brussels, 22 November, 2011*



UNIVERSITY OF  
BIRMINGHAM



Czech Republic  
Permanent Representation  
to the European Union



Zastoupení  
Evropské komise  
v České republice



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The Second EU-Russia International Conference took place in Brussels on 22 November 2011. The conference was a collaborative effort of the Association for International Affairs (AMO), the University of Birmingham (UoB) and the EU-Russia Centre. It built upon a successful meeting in February 2011 of experts and policy practitioners at AMO in Prague at which the challenges and opportunities facing EU-Russia relations were discussed.

The conference was divided into a plenary session with high-level key note speakers; and then two sessions focusing on political and economic cooperation and prospects for a new strategic framework for the EU-Russia relationship.

## Executive Summary

The following conclusions and policy recommendations represent key findings from the Second EU-Russia International Conference, held in Brussels on 22 November 2012. They have been compiled from a transcript of the conference proceedings and as such might not necessarily fully correspond to particular views held by some of the conference participants.

### EU-Russia relations today - challenges & opportunities

- The EU and Russia continue to have close institutional and functional relations but their dialogue on a more substantive partnership is at a virtual standstill.
- Consensus is yet to be achieved on the successor treaty to the Partnership and Cooperation Agreement (PCA):
  - Russia wants a framework political agreement to underscore the strategic character of its relationship with the EU as an equal partner
  - The EU is interested in a more detailed agreement incorporating an emphasis on fundamental shared values and provisions on energy and regulation of trade/investment.
- The Partnership for Modernisation has made progress but differences in approach between the two sides persist:
  - Russia sees modernisation mainly in terms of technological innovation and access to European financial, industrial, and energy markets, as well as visa-free travel
  - The EU recognises the potential mutual economic benefits but places emphasis on domestic political and institutional reform in Russia.
- Energy interdependency continues to be a source of much tension, thanks to undue politicisation of the energy security debate.
- NATO remains in Moscow's eyes the primary security partner for Russia in Europe; partly as a result of this, progress on conflict resolution in the common neighbourhood has been limited.
- Future trajectories of the EU-Russia relationship will be characterised by the following approaches:



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- Russia's EU policy, and Russian foreign policy in general, will be guided by status building and economisation of its external relations. This presents both opportunities and challenges for Brussels, but is likely to rule out any major breakthrough in EU-Russia relations, at least in the short term.
- The EU will continue to pursue a more sober and pragmatic policy towards Russia, driven partly by recent shifts in the foreign policies of some of the leading EU member states, but should and will insist on maintaining its standards of governance in dealings with Moscow.

### Policy Recommendations

#### *Political relations*

- **Political will on both sides is needed to breathe new life into the stalled EU-Russia talks.**

A high profile restart of EU-Russia negotiations on the new post-PCA agreement is needed to regain momentum on key issues.

- **In the short term, an incremental approach is more likely to succeed; in the longer term, both sides should be guided by the concept of an inclusive security community.**

The EU and Russia need to focus immediately on concrete proposals to enhance their relationship in areas where cooperation is both desirable and mutually beneficial. Alongside this, Moscow and Brussels should prioritise a long-term shared vision which returns to the concept of a common European home and commits both sides to the renegotiation and redefinition of common interests, values and the rule of law.

- **Revitalise institutional mechanisms.**

Russia and the EU should make more use of lower level working groups to stimulate new ideas. There should be only one EU-Russia summit per year (instead of two) in order to reduce the pressure for success prior to each summit. This will give more breathing space for new thinking both at the expert and political level.

- **A more realistic and measured approach is needed on the part of the EU.**

The EU has begun to recognise that overzealous 'lecturing' in dealing with Russia should be avoided: it is for Russia to work out its own way forward. However, Brussels should continue to engage Moscow in developing shared approaches to fundamental norms and standards across a number of issue areas, foremost among them the rule of law, judicial reform and anti-corruption policy.

- **Make travelling between the EU and Russia easier.**

This will be of enormous benefit to both Russia and the EU. Both sides should work hard to facilitate steps towards a visa-waiver agreement, starting with easing the application process for a multiple entry visa for citizens, such as businessmen and experts, who frequently and lawfully cross the common EU-Russia borders.



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### *Trade and economy*

- **The Partnership for Modernisation: innovate, but don't try to reinvent the wheel.**  
Russia needs to be selective about developing indigenous technologies, which is time-consuming and resource-intensive, while seeking to maximise collaboration with European hi-tech companies, and to pay more attention to infrastructure modernisation and improving the investment environment.
- **Focus on legal and administrative reforms.**  
More emphasis should be placed by Russia on legal and administrative reforms, including curbing corruption and easing the bureaucratic burden, which in the longer run will do far more for competitiveness of the Russian economy and industry than attempting to 'pick winners' in sectors such as nanotechnology.
- **Russia's entry into the WTO is only the beginning.**  
The EU and Russia should strive for a much more open and transparent non-discriminatory trade and investment regime in both directions, aiming for regulatory approximation and establishing common standards around existing international standards. More encouragement for small and medium enterprises is needed. Greater clarity on how the Customs Union will affect EU trade with Russia and with other members of the Customs Union should be forthcoming.
- **Rethink the energy relationship.**  
Much remains to be done in this sphere. Moscow needs to improve investment security and provide greater access for European companies working in Russia, with reciprocal measures on the part of the EU, and in the longer term sign up to a transparent and competitive gas market. This will encourage badly-needed European investment in Russia's energy infrastructure. Europe should also respect Russia's concerns over security for suppliers; pushing Moscow to sign up to the Energy Charter Treaty, which faces problems in EU countries themselves, is counter-productive.

### *Security*

- **Seek common approaches to shared global security challenges.**  
Interdependence is recognised but commitment is needed by both sides to address and narrow down the conceptual differences that exist over key aspects of international law and norms.
- **Act now to improve security and stability in the shared neighbourhood.**  
Russia and the EU both lack a coherent strategy for the fragmenting shared neighbourhood. Both sides need to build on cooperation hitherto in crisis management to work out modalities for conflict resolution. For the EU this entails a clearer commitment to conflict management, clarifying the division of responsibilities with NATO, and engaging Russia in a more equal decision-making partnership. For Russia, this means recognising that efforts to reintegrate the post-Soviet space have had limited success and that Europe has legitimate interests there and can play a constructive role. The parties should take advantage of the current relatively benign environment to explore regional initiatives which link security and development.



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## Conference Programme

09:45 – 10:05

### OPENING REMARKS

**Milena Vicenová**, Ambassador of the Czech Republic to the EU

**Derek Averre**, Director, Centre for Russian and East European Studies, University of Birmingham

**Maria Staszkiwicz**, Director, Association for International Affairs

10:10 – 11:00

### KEYNOTE SPEECHES

**Sergey Kopyrkin**, Deputy Permanent Representative of the Russian Federation to the EU

**Gunnar Wiegand**, Director for Russia, European External Action Service (EEAS)

11:05 – 11:20

### COFFEE BREAK

11:20 – 13:00

### PANEL ON EU-RUSSIA POLITICAL AND ECONOMIC COOPERATION

This panel will focus on key issue areas in which the EU and Russia might advance cooperation and examine concrete steps and policies which Moscow and Brussels may pursue in order to build a more stable and mutually beneficial partnership.

Chair:

**Fraser Cameron**, Director, EU-Russia Centre

*Trade and Economic Cooperation: The Partnership for Modernisation*

**Nathaniel Copsy**, Head of Politics and International Relations, Aston University

*External Security: Cooperation on Conflict Resolution and Crisis Management*

**Dmitry Danilov**, Head of the Department of European Security, Russian Academy of Sciences, Institute of Europe

**Nadia Arbatova**, Department on European Political Studies, Institute of World Economy and International Relations (IMEMO)



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*Internal Security and the Visa-free Regime*

**Vadim Voynikov**, Faculty of Law, Immanuel Kant University, Kaliningrad

*Energy Security: Mutual dependency?*

**Amelia Hadfield**, Senior Research Fellow, Institute for European Studies

13:00 – 13:20

## KEYNOTE SPEECH

*EU–Russia Relations: Political dialogue*

**Hannes Swoboda**, AFET Rapporteur for the new EU–Russia Agreement, European Parliament

13:20 – 14:10

LUNCH

14:10 – 15:50

## ROUNDTABLE ON A NEW FRAMEWORK FOR THE EU-RUSSIA PARTNERSHIP

The session assessed the current institutional setting of the EU-Russia partnership and debated possible ways to improve both the management of day-to-day interaction as well as setting and sustaining the long-term course of the partnership. The participants addressed *inter alia* the following questions:

- ✓ What form should a new framework for relations take?
- ✓ How effective are existing fora for dialogue within the framework of the EU-Russia partnership?
- ✓ Does the Partnership for Modernisation demand a different institutional setting to advance the EU-Russia relationship?
- ✓ How might we improve political and security cooperation? What form might a political and security committee, as proposed in the Meseberg Memorandum, take?
- ✓ What steps do we need to take to enable better links between Russian and European business communities and societies?



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Chair:

**Jakub Kulhánek**, Coordinator of the East European Projects, Association for International Affairs

**Mark Entin**, Moscow State Institute of International Relations

**Katarzyna Pelczyńska-Nalęcz**, Head, Center for Eastern Studies (OSW) in Brussels

**Hannes Adomeit**, European Interdisciplinary Studies Department, College of Europe

**Dennis Kredler**, European Roundtable of Industrialists (ERT)

**Vladislav Maslennikov**, Deputy Director, Department of European Cooperation, Russian Ministry of Foreign Affairs

17:00 – 18:30

**EVENING RECEPTION** (*by special invitation only*)

Venue: University of Birmingham, Brussels Office

West Midlands European Centre, Avenue d'Auderghem 22-28/22-28,  
1040 Brussels, Belgium

Guest Speaker:

**Elmar Brok**, European Parliament



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## Appendix: Conference transcript

### **H.E. Milena Vicenová – Ambassador of the Czech Republic to the EU:**

In 2008, I'm sure there will be further progress and we will have the whole framework for the further cooperation of EU and Russia. Both EU and Russia face very important events from the point of view, as I mentioned, of the European Council on 9 December. We are already now taking preparations for this important Summit, and I would have to mention the circumstances, economic crisis, and not only economic but also crisis of financial markets, and I would add that it's a real a global crisis. There will be also elections in Russia. I can mention the Parliamentary elections on 4 December this year and Presidential elections on 4 March next year. These are other very important issues and this is why I congratulate the organizers . I can also congratulate them for having invited very important speakers and I would like to mention both speakers that will start the first panel: Mr Sergey Kopyrkin, from the Permanent Representation of Russia [to the EU], and Mr Gunnar Wiegand, a Representative of the European External Action Service, responsible for cooperation with Russia, with Eastern Partnership countries, for Central Asia and for regional cooperation. So, very important people are invited here for this very important event. I am sure there will be enough food for thought and I am sure that you will enjoy this event and I wish this conference a lot of success.

### **Derek Averre – Director , Centre for Russian and East European Studies (CREES), University of Birmingham:**

Thank you very much Ambassador Vicenová. My name is Derek Averre, from the Centre for Russian and East-European studies at the University of Birmingham, one of the co-organizers as has already been said. I'll be very brief here. AMO – the Association for International Affairs- took the initiative and it staged, as already mentioned, an event in February, a smaller event in Prague which I attended, and Fraser Cameron from the EU-Russia Centre attended, and we thought it would be a good idea to try to bring some of the expertise that we have gathered together to Brussels for the policy community, as well as the expert community. So we conceived this conference with the explicit aim to look at the prospects for a strategic partnership. In other words, how we can explore concrete steps forward. It hasn't yet been mentioned, so I will mention, that there will be a report and a policy brief prepared at the end of the conference. We have the comments transcribed on tape, so we'll be writing that up and putting together a detailed report which will be sent to all of the delegates here. Feel free to disseminate it more widely.

I want to say just a few brief words of introduction before handing over to Mr Kopyrkin. It seems to me that, despite positive developments in a lot of areas, that the experts often say the EU-Russia partnership probably still falls somewhere short of the genuine strategic partnership. And I think there are several reasons for this. No doubt they will come out in the discussions later, but as I said that's the emphasis we'll be looking forward. So a few questions which I think we'll be addressing today: what should the strategies be in Moscow and Brussels to take this partnership forward; what are the key issues which might create, if you like, a critical mass for progress in the partnership. At a time when relations are currently, let's say sober and pragmatic, can we move on with this vision towards something which approximates to a security community in the wider Europe? And finally how do we help develop shared approaches to economic and political challenges and problems of both



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security and development in the wider Europe and particularly in the shared neighbourhood. As Ambassador Vicenová says, I think it's particularly timely at the moment when there is a fair amount of economic upheaval in Europe which is leading to a degree of political upheaval in certain countries, and at a time when obviously there are prospects for a new Presidency in Russia, which even if the actual elections themselves may not be terribly exciting, then obviously what happens is of interest to all of us and will probably shape the partnership for the next decade. So without further ado we have two speakers, two distinguished speakers here, the Deputy Permanent Representative of the Russian Federation to the EU Sergei Kopyrkin and Mr Gunnar Wiegand, Director for Russia for the External Action Service. So without further ado, I would ask Mr Kopyrkin to start the conference off.

### **Sergei Kopyrkin - Deputy Permanent Representative of the Russian Federation to the EU:**

Madame Ambassador, ladies and gentlemen, first of all I would like to thank the organizers of the conference for inviting us and taking the initiative to hold this conference, which is very important. We need to discuss new ideas in order to move forward the partnership, the strategic partnership, partnership between Russia and the European Union. Let me start with some things that will help to illustrate this thesis. The annual turnover between Russia and the European Union member states currently exceeds 200 billion euros. In recent years Russia became the third trade partner of the European Union after the United States and China. More than half of Russian foreign trade turnover and over two thirds of cumulative foreign investments in Russia form the European Union's share. The European Union is the largest consumer of Russian energy products with 63% of Russia's oil exports and 65% of its gas exports heading to the European Union. Russia is the largest single external supplier of the energy products to the EU, accounting for 20% of total influx of some 27% of total European oil consumption. Russia also accounts for some 44% of raw materials and 24% of total gas consumption(?). I don't want you to get tired of figures here, but the conclusion is that we need each other with trade, energy issues, and security issues. And not only are we interdependent in many spheres, but we are also linked by our civilization, culture, history, and future. So the full potential of Russia-European cooperation, strategic partnership is still not realized. And I agree on this issue with my colleague who spoke before me.

But the main achievement of the recent years, which can be hardly overestimated, is the understanding that partnership between Russia and the European Union is one of the cornerstones of maintaining stability and prosperity, not only in Europe but worldwide. Certainly, we do not always share the same positions, but our partnership is mature enough to effect a search for solutions to most topical international and regional issues; the Iranian nuclear programme, conflicts in our common neighbourhood area, crisis management. All this shapes the genuinely strategic character of the Russia-European Union partnership. The understanding and authorization of the fact that we need each other, that we are so much interdependent, transforms itself into a solid and multifaceted infrastructural cooperation.

First of all, the legal basis to the present stage of the relationship was the Partnership and Cooperation Agreement signed in 1994. This in itself was a visible step forward as it provided for the development of a consultation scheme in all the different spheres. The next milestone in our relationship was the endorsement by the Summit in 2003 of the concept of four "common spaces": the economic issues and the environment space, the space of Freedom, Security and Justice, the common space of External Security and the common



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space of research and education, including cultural aspects. The implementation of the Roadmaps for these common spaces, which were developed at the Moscow Summit in 2005, remains a key track of interaction between Russia and the European Union. The relationship between us is supported by world's institutional architecture that enables us to discuss at different levels practically all the problems of today's world. There exist different formats of Russia-European Union political dialogue. And the dialogue includes Summits, in which the President of the Russian Federation and the President of the European Council and the President of the European Commission take part. In Brussels, meetings between the Russian government and the European Commission; sessions of the Permanent Partnership Council at the level of foreign ministers and of ministers in other sectors, for example home affairs, energy, transport, science and technology, meetings at diverse political levels and also regular parliamentary meetings. We have very active dialogue at the expert level in different spheres. And I would like to highlight one more point. In 2010 the Russia-European Union Summit in Moscow and London launched a new area of cooperation: the Partnership for Modernization. So the ideology of our approach to this partnership is that, today's environment, the economic, scientific, technological and ideological basis for modernization differ very much from those that accompanied the modernization processes in the past. And that's why to solve the problems, if they occur, we now need new different methods and means. First of all, it should be taken into account that the modern Europe represents a deeper and wider modernization and this means that no country, nor a group of countries, can succeed in social, economic, scientific and technological developments alone on its own without diverse international relationships. The recent or current global financial and economic crisis has demonstrated the interdependence of the modern world. Under these circumstances the optimal alternative is to move forward jointly from mutually reinforcing diversity and in the case of the Russian Federation and the European Union there is every reason and opportunity to achieve this. In its documents the European Union defines its aims, very similar to those that put forward by the Russian Federation. I will point out the long term development strategy up to the year 2020, so called Europe-2020 strategy. It defines three main priorities: development of an economic base of innovation, promoting and enforcing a sufficient greener and more competitive economy and fostering a high employment economy, delivering social and territorial cohesion. It is not a secret that Russia faces these same tasks. Our vision of the Partnership for Modernization is that of an important quantitative addition to the serious internal work undertaken in that direction. We understand very well that it cannot replace all efforts either for Russia or for the European Union in this area, but it means a synergy of efforts, it means a substantial increase of our efforts.

I must say that our partnership does not limit itself to the economic, scientific and ecological areas. In another priority area, of the rule of law, strengthening of the legal environment and improving investment in social climate, a joint project with the Council of Europe to support the setting up in Russia of an appeal system for criminal and civil court cases has been launched and is being successfully implemented. Anti-corruption cooperation is emerging. A list of common steps towards the visa-free travel for the Russian and European Union citizens is on the verge of being finally approved. We proceed from the understanding that its implementation will open the possibility to engage without delay in negotiations on the Russia-European Union visa waiver agreement. Surely the Partnership for Modernization did not take off from square one, it builds on results, achievements in context of the four Russia-European Union common spaces. Certain sectors of dialogues have become a key



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implementation instrument for the initiative, providing a framework for mutual and beneficial projects and priority areas of cooperation. Russian and European Union leaders have appointed coordinators of the partnership. From the European side it's Mr Wiegand on the Russian side it is Deputy Minister for Economic Development Mr Slepnev. The coordinators set up appointment working mechanisms, usually held in bilateral format or together with representatives of the Secretariat. Such a framework allows for new productive discussions on priority areas of cooperation, gives an opportunity to send additional signals. A wide form of activities within the Russian-European Partnership for Modernization was established nearly a year ago. The workplan is an informal working tool that is being regularly updated.

I will stress another important aspect – the Russian-European Union Partnership for Modernization is complemented with modernization partnerships between the Russian Federation and individual European Union member states. Up to now relevant bilateral memoranda have been signed with 18 European Union member states. We see this multi-level scheme of cooperation as very contagious as it provides for the effective use of benefits of the existing industrial and research specialization between European Union members states, contributes to the establishment and deepening of regional cooperation. There is strong interest in development of substantial mutually beneficial energy dimension in Russia-European Union cooperation. Needless to say, that we are not afraid of competition within the energy field, nor of the European Union energy cooperation with other countries. Our main goal is to make our relations in this field more predictable, more partnership-like. This includes the application of the standards including the infrastructure projects and the environment of the Baltic Sea region and the Caspian region is of the same importance.

At the Summit in London in October 2005 Russia and the European Union agreed that it would be reasonable to review the foundation of our relationship, which is no longer matching the ambition of creating of four common spaces and more generally doesn't reflect the level of cooperation which has been achieved. At the Summit in Sochi in 2006 the parties reached a political agreement to start working on replacing the existing document, also with an idea of the strategic partnership and establishment of effective mechanisms of its implementation. And negotiations on this future agreement were launched in 2008 and now it remains one of the very important and key points of our cooperation agenda. It would be pointless to speak of when the negotiations may be concluded. In any case there is no intention for us to set any dates today or to speak of the extensive quality of the document, there is still a substantial amount of work of Russia and European Union concluded a simple rephrasing of the existing PCA won't be sufficient. For us the main aim of this agreement is to create a new framework of the strategic partnership and to establish effective mechanisms for its implementation. I must say that we doubled the amount of Russians stationed in [the PermRep?] and they are very much used to the process of negotiations on the new agreement. The progress which has been achieved recently will be an issue of Russia's accession to the WTO and should positively influence the process the negotiations on the agreement, especially its economic and trade agreement.

One point we consider to be important for the prospective of Russia-European Union relations in egocentric world, an international architecture can only be created if it rests on regional building blocks. The strengthening of the regional level of global governance and the increased movements of the regional organizations is an essential issue for present-day



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international relations, and it is with these considerations in mind that integration unions are emerging within the Commonwealth of Independent States, including the Customs Union between Russia, Belarus and Kazakhstan. The same assumption is valid with regards to Single Economic Space, to be launched on 1 January 2012 with a further perspective for the forming of the Eurasian Union.

I would like to remind you of the Russia-European Union movement for the ‘common space’ of cooperation in external security. Integration processes within the CIS states, as the European integration process, should be developed in a mutually advantageous way. That we think it is our relevant task to find a working link while moving forward towards the economic space between Russia and the European Union, as well as creating a Single economic space within the Commonwealth of Independent States. From the Russian standpoint, we do believe that this is feasible.

Surely, we fully realize that a lot of work still is ahead, difficulties will arise in developing our cooperation and strategic partnership with the European Union. Difficulties may arise along this road and it is quite natural, since the interest and priorities sometimes differ, especially taking into account the fact that in some areas Russia and European Union are objectively competitors. But the most important thing is that we carry on jointly to achieve results and we are ready to work together. Thank you.

**Derek Averre – Director , Centre for Russian and East European Studies (CREES), University of Birmingham:**

Thank you very much, Mr Kopyrkin. I think it was a very full description and analysis of the EU-Russian partnership to date. My understanding is that Mr Wiegand must leave at 11 o’clock. So, without further ado may I ask you to respond.

**Gunnar Wiegand – Director for Russia, European External Action Service:**

Thank you very much. Yes. Such a comprehensive description of what we are doing and in such constructive terms of description makes my job much easier. The prospects for the strategic partnership is a rather intrusive subject as such because it implies that we haven’t reached yet the state of strategic partnership. I guess, this has been a secret shared by both sides, but in our complete relations we really can’t say that we are real strategic partners. To be real strategic partners we need to be able to agree on many more issues and to become operational in terms of producing results. Results not only of the bilateral relationship, and there we have entered a new much more constructive phase indeed, but also results when it comes to theatres abroad. Sometimes it is, unfortunately, easier to agree on theatres far abroad than theatres close to us. And that will be the key test for the resilience and the capacity of the strategic partnership. So, overall we are on a good path, but we are here of the opinion that our potential is still largely untapped, that we are too slow introducing results. There is no lack of meetings, there is no lack of structures, rather it’s a lack of progress. Nevertheless, lately we are making progress and it’s a pleasure to be here at this critical juncture, on the eve of Duma elections and soon Presidential elections, at the conclusion of the process of Russia’s WTO session which will happen on the same day when we will celebrate the twentieth EU-Russia Summit. We just had very constructive Foreign Ministers



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discussions at the Permanent Partnership Council last week in Moscow, preparing this Summit.

In bilateral relations, and my Russian colleague pointed to this, we have very positive development of economic relations. The trade has increased by more than 30% last year, and we are making good progress on mobility as well as on the Partnership for Modernization. Given our strong interdependence, which exists not only in the field of energy, but also in the monetary affairs – more than 40% of Russian reserves are held in euros – we need to face common challenges by working very closely together. That refers not only to the economic area but also to European security and the global issues as we can witness in the context of OSCE, the context of G-20, with reference to climate environment and non-proliferation, counter-terrorism, where we have many common interests. This all provides concrete substance and good prospects for a useful and productive Summit on 15 December in Brussels.

The untapped potential I talked about at the beginning is, however, considerable and therefore we aim to further develop our partnership to become fully-fledged strategic partners. Let me mention a few variants. First, WTO accession of course will mean first and foremost opening up of the Russian market in a way that the initial rules are applied, and this will provide first and foremost the opportunities for European business. This WTO accession and the new agreement, to which my colleagues have referred, are the key issues of the new agreement, and have been stopped over the last one and a half years because of the lack of progress, absence maybe we should say, complete absence of progress on economic provisions. In the meantime experts have speeded up their work and I hope that we can catch up with them very soon and that we will be able to resume the entirety of the negotiation process at the beginning of next year, which is something which we hope the Summit will also agree upon. The Agreement of course should be comprehensive and substantial which is what we have always said and have even said in the common Summit statement in Khanty-Mansiisk a few years ago. And it should include energy provisions; let's face it, energy is the core of our economic relationship at this stage. It is the largest part, as my colleague pointed out, of the Russian exports at this stage, and Russia is not part of the Energy Charter, unfortunately, at this stage. WTO rules apply, but they are not specific enough to govern the energy trade and investment relationship. We have, with regard to this agreement, had always some differences. We have said always it should be comprehensive and substantial, but at the same time Russia keeps adding that it should be a framework agreement and that there should be a series of sectoral agreements added to it. I was very pleased to hear now from my colleague that you said a simple facelift of the old PCA will not be enough and the whole PCA is already a pretty substantial agreement. So it must be better, covering more policy areas.

Energy dependence continues to form the basis of our economic relationship, it is mutually beneficial. And there are really many win-win situations, including significant investments of the European companies in Russia. What Russia has difficulty with is EU choices for competition. You just said that you are not against competition, except that you are against the Third Energy Market globalization package, increasingly so. And you are also against the diversification efforts of the European Union in having more supply corridors opened towards the European Union's market. We cannot continue with monopolistic structures in the field of supply of energy, neither inside the EU nor from the outside. And therefore we



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are also against pressure against partners who are helping us to diversify the energy supply of the European Union. Investment security and market access in Russia must improve for our companies and of course the same applies to the EU with regard to Russian companies. Our alleged dialogue has built much common ground and it does avoid possible new tensions between supplying and transit countries in principle, but very often when it comes to concrete projects it is, perhaps, not so easy.

Nuclear safety is a high priority, including credible stress tests and transparency of existing and new nuclear power stations. When it comes to the EU-Russia Partnership for Modernization, I'm very pleased to be able to coordinate these efforts together with Andrei Slepnev. This is a very good example of results-oriented, catalyzing work as opposed to trying to camp on one's position. We have developed pragmatic cooperation with our own workplan with mutually beneficial activities and we have given through this mechanism new life to the 'common spaces', to all the dialogues in which our respective colleagues are active with each other. Just to name a few examples, when recently the first satellites of the Galileo system have been put into orbit this was done with Russian rockets. We have agreed between Vneshekonombank, EBRD and EIB to put together not less than two billion euros to finance complete modernization projects.

We have the important attention also beyond technological modernization, beyond energy saving, energy efficiency, to the rule of law. And I'm pleased that you referred to the common efforts to establish an appeal-support system, both criminal and civil law in Russia. To work together on corruption, we will now have for the first time a corruption seminar involving a number of agencies in the Kremlin just before Christmas. And I hope that we will also make more progress soon on data protection issues. These are important questions, important not only as a matter of principle for a modern society, our governance itself, important also for our investors, for investment confidence, important also to advance further in some policy fields. For example, if you want to come to Europe [], several of these issues have to be addressed, including the field of visa liberalization, which I count obviously too.

What is important to realize, I think, is that Russia is genuine and I think will stay genuine in its interest to do modernization in the widest sense. Modernization means, of course in the economic sense, to create a real industrial base. Russia is so strong because of its energy base but Russia is not strong because of its industrial production. Our companies can help to develop this and the best example we now have is with the European carmakers who have invested massively in Russia. It means, however, also a necessity to create sustainable development, so that an environmental dimension is built into the modernization process. This is something which was largely absent so far in the Russian industrial efforts. And it means a massive modernization of the infrastructure in Russia. All this gives massive new opportunities to European companies, who wish and I think will be the key partner for Russia in this, and as you have pointed out, not less than - you say 18, I heard 19 - of our member states have entered into bilateral partnerships for modernization, focusing on the concrete projects while we focus more on the framework conditions.

On mobility, we have made very important steps now in identifying so-called 'common steps' towards visa-free travel. This will require many concrete implementation efforts both on the legislative side as well as on agency functioning side in several areas. Once these common steps are implemented, we will work towards seeking a mandate to be able to



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negotiate a visa waiver agreement. There can be no automaticity in this, but this is our way. We also have at the same time enhanced visa-facilitation agreement, it was just negotiated and it's now being finalized and we will find the specific solution for local border travel visa-free for Kaliningrad citizens of the Russian Federation with regard to travel into border areas of Poland. These steps together are I think a significant signal with regards to more mobility for normal citizens.

Of course, all this cannot be taken in isolation from the internal developments in Russia. And there, I will not hide it, we remain very concerned about the fact that there seems to be a free internet in Russia, but that the TV reality is very different. And that the freedom of assembly is still a very relative concept. And that journalists do not live in safety, as so many murders have shown. Just to mention a few areas. The state Duma elections on 4 December will be monitored by a relatively limited number of OSCE observers, but we are pleased of course that OSCE has come to an agreement with Russian authorities about this mission. Several opposition parties were banned from elections. We mean real opposition parties, who differ from what the United Russia thinks, for example, the People's Freedom Party. We were not convinced of the reasons to exclude such real competition from happening. So the EU will continue to observe closely and critically such developments and to encourage real changes also in political modernization. But it is for Russians to achieve it in Russia, it is not for outside pressure. It is something which we will always uphold and we will always discuss, but it is clear that the realization has sunk in that this is something that can only come from within Russia.

Finally, you did refer to regional integration. Your President set out a vision earlier of close economic integration from Vladivostok to Lisbon, based on mutual rules. You are now creating the so-called Eurasian Union. We are still committed to what was already set out in the Partnership and Cooperation Agreement in the early 90s, that we are working towards trade liberalization between Russia and the EU. This would come after the new agreement will have been finalized. If your integration scheme advances in the way you would like to see it advance, it will become a Eurasian economic union with a Single economic space, not only a Custom's Union. And even in that case already the question comes up: with whom will we negotiate? And it may be in the end, this is your wish, that it should be negotiation between two Unions – the Eurasian Union and the European Union. These matters still need to be carefully discussed and depend on the actual competences transferred from Russia and the other members to the Eurasian Union and the capacity of the new structures to exercise those competences. We have taken careful note of the remarks made by Minister Khristenko, who was I think two days ago nominated the new head of the Eurasian Economic Commission. He said that any integration before an economic space in this Union will have to be based on WTO and EU norms and standards. I repeat, WTO and EU norms and standards. This we can only welcome, because that will avoid empty rivalry over economic norms. And in fact it is only that which will allow us build the best conditions for our business in mutual interest. We have had enough of difficulties between Russian and EU norms and technical standards. And the WTO accession makes a huge step towards converging in this sphere and, if we could agree on using existing norms in our space, which is what your current President has already said at the last Summit here, I think that we can avoid an economic competition. Last point, I would like to encourage the Russian Federation, when building this new economic space, to do this exclusively on voluntary adherence of partners and not to try to pressure new partners into such a Union. Thank you.



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**Derek Averre – Director , Centre for Russian and East European Studies (CREES), University of Birmingham:**

Thank you very much, Mr Wiegand. Well, I find it hard to imagine that we could have two more comprehensive and frank presentations than the ones we've just had. Happily we have about 10 or 15 minutes for questions and answers. There will be a microphone passed around. We'll take questions. Can we keep questions very brief please, no kind of long speeches, just very very brief questions.

**Question:**

I represent the EU-Russia Cooperation Forum[?]. Our main focus is on business corporations, especially for small and medium sized companies, and I would like to ask a question: how far is the rolling work plan, and also the EBRD joint loan that you were referring to, part of such cooperation, especially between SMEs?

**Gunnar Wiegand – Director for Russia, European External Action Service:**

Well, very quickly, we have a need for support for setting up SMEs. That means either European SMEs setting up business in Russia, or more importantly, Russia SMEs to be helped; because, of course, much of the economic growth in Russia is driven by big companies, and it is not underpinned by a strong development of SMEs, particularly not if you look across the country. So this is indeed one of the activities, we are currently trying to find the right SME promotion action, there were many proposals submitted. I don't whether one of your organisations is among them. This, however, I would like to underline, this just a kind of monitoring of established actions and your support for investments could only be done by our banking side.

**Question:**

I was interested in what you said about the Eurasian Union, and I just wondered if you could comment. If the common norms were to be adopted, would it be possible, do you think, for a state such as the Ukraine to be a member of both the common deep free trade area and the association with the EU, as well as in the Eurasian economic common space, or is it a question of choice, do you reckon?

**Gunnar Wiegand – Director for Russia, European External Action Service:**

Well, Ukraine has the possibility to become now an associated partner of the EU, with a full-fledged and deep comprehensive free trade area which entails already a considerable take over. In fact it is a condition for us, granting market access, that the acquis in those areas would be taken over. So this is a very high form of economic integration. I am not sure that we will achieve the same degree of economic integration with the Eurasian Union. Keep in mind that there are currently three members of the - it's currently not even called the Eurasian Union - three members of the Customs Union who are not members of the WTO. In a few weeks, one will be. Kazakhstan will not be. Belarus, I don't know how many years this will take, and when it will be enlarged to countries like Tajikistan, who are also not members of WTO. So it's not, I think, something which is a realistic alternative. It would be a step back, but we were talking here about the development of strategic partnerships in the long term.

**Question:**



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To return to the issue of the two billion Euro facility. First of all, those are credits to be granted by the EIB and EBRD? Secondly, is this with the participation of Russian institutions, and thirdly, are there already specifics for projects or programmes which manage to be financed?

### **Gunnar Wiegand – Director for Russia, European External Action Service:**

Yes, of course, these are credits. There is nobody with two billion in grants like this for an organisation with business interests. Secondly, and if we are understanding each other completely, between these organisations and Vneshekonombank, they would select the projects, not us. We are not trained for selecting investment projects. We will, however, then be seized by the banks when they consider that they are selecting projects which would fulfil the terms of the Partnership for Modernization, as it was decided by the EU-Russian summit, but frankly, the selection, the project part of it, the due diligence of this project, is their work, and then we look at it. So, so far I cannot say we have seen many projects, but they are working on it.

### **Nathaniel Copsey – Head of Politics and International Relations, Aston University:**

In the standard of living, in the development index, Russia is ranked 66, which isn't bad but places Russia into a sort of high category, just below some very highly developed category which the wealthiest economies of the world. So what Russia needs to do is the modernization process, I suppose, in a very simple way is to move from merely having a high level of human development, economic development, into a very high level of human development. Now, that's extremely difficult because if you look at the history, the economic history of the world since the industrial revolution, very few countries have gone from being either undeveloped, or a medium level of development and to a high level of development. For example, in the course of the last 30 years or so South Korea, or Japan or Hong Kong, or Singapore and you could also, you could argue, that somewhere like Qatar and Brunei has a very high level of development, at least economically. I would say they don't really count, because they have small population and very high dependency on hydrocarbons. And another case which is counted and a lot of people worry about, is China. And I think we have to bear in mind that China is obviously still, and will remain probably for the rest of our lives, at the least a developing country. So the challenge for Russia is I would say very considerable, very few countries have managed to achieve this leap in the course of the last 30 years. But somehow. So difficult, but not insurmountable.

In terms of what Russia might need to do to move up its level of development, to increase it to a very high level of development. There are a number of things and there are four points that I think are the most important. The way to do that clearly is through a sustained increase in the rate of investment. And the second point is that Russia needs to increase the rate that it acquires and absorbs more advanced technologies, change the best organizational practices. And, thirdly, Russia's institutions, the innovation, efforts for competition, trade, that kind of thing. But lastly, and I think most importantly of all, and this is the one point that I would make, is that what Russia really needs is institutional innovations along the line of what the Germans refer to as Ordnungspolitik, or regulatory policy. That means things like the provision of legal certainty, the protection of copyright, and efficient and fair courts, efficient and fair, and though often rather bureaucratic, states to support business environment. So I think that's the most important thing of all.



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In terms of where we are at the moment for the past ten years or so the rate of investment is hovering around 20%. That's way below where it needs to be, and it's concentrated in the energy sector. In the longer run, in recent years of the Presidency of Mr Medvedev, Russia has come up with all sorts of new strategies for how it sees itself in future under the framework of modernisation, and the scope of the projects and so on. There is an emphasis on Russia's development of new technological barriers, Russian specialities. And the idea of Russia picking particular sectors in the economy to invest in from a state perspective, that seems to me to be a bit too much like picking winners. So the industrial policy when they say that this company or this sector has a right to be successful in the future. I don't think that this is an appropriate policy for a fairly developed country like Russia.

And institutionally speaking, again there has been some evidence of innovation there, but perhaps rather not enough. To sum up where we are at the moment with the Russian modernization agenda is not where it should be, if Russia wishes to move from being highly developed to very highly developed. So what needs to be done, first of all, the increasing level of private investment, and secondly there needs to be a greater absorption and fusion of existing technologies rather than developing new specific Russian models which is somewhat consuming in terms of time and resources and so on and so on.

So I think I will skip to the Partnership for Modernization. The fundamental problem at the Partnership for Modernization is that it seems to me the European Union and Russia both see it in different ways and those ways are not necessarily compatible. I think for the European Union, we see it more as a systemic, administrative project, so the project which will help to improve the quality of the Russian state to provide the things that I've mentioned like legal certainty, to improve the efficient functioning of the courts, and of course there has been some progress in this area. Whereas for Russia, people see it in a much more narrow fashion, sort of economically focused on developing individual industries and importing technology from abroad, if you like, and using that to modernise the Russian economy. Now I think that there is disconnect between those two things, perhaps it needs to be joined up. So I think the best way of doing that would be to prioritize and to back up the existing somewhat vague Partnership for Modernization with an time –limited interaction plan which commits both sides to implementing quiet concrete performance within a relatively short time frame. And at the end of that timeframe what has been achieved can be measured, checked off against progress if you'd like, and I think that would provide a sort of flesh, if you like, to the bare bones for the Partnership for modernization. There are two things. First of all, that it needs to be rethought in terms of the way in which the European Union sees it and Russia sees it, needs to be brought together. And the second thing is the concrete backup with an action plan. So, where we are at the moment with the Partnership for Modernization is that we will not be able to achieve very much if doesn't change somewhat. And at the moment the proper focus has been on creating new industries and there needs to be far more emphasis placed on legal, administrative reforms which in the longer run will do far more for competitiveness of the Russian economy and Russian industry, than attempting to pick winners in things like the nanotechnology sector.

And the last point, and I suppose it relates to what Mr Wiegand was saying, is that we also have to bear in mind in which we talk about these things and make sure that the language we use is appropriately sensitive to the Russian elite. I suppose, it doesn't do any good by kicking our Russian partners, and saying you're not doing this, you're not doing that, what



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we achieve by that. I think it makes more sense to have a partnership for modernization which both sides recognize and describe as the same thing, it is co-determined by both partners and that is supported by the highest political level with an action plan to deliver results within a relatively short timeframe. Thank you.

### **Fraser Cameron – Director, EU-Russia Centre:**

Thank you. Let's just go straight on to the most sensitive issue of all, and that is energy.

### **Amelia Hadfield – Senior Research Fellow, Institute for European Studies:**

Thank you very much for the kind invitation. I am really delighted to be here. I think it's a very, very timely. It's also desperately unfair to give me only ten minutes to tackle possibly the most critical aspect of EU-Russia relationships. So, I'm not going to bore you too much with numbers, but suffice to say, the numbers quoted this morning that my colleague voiced are relatively correct. Gas consumed in the European Union is 24% from Russia and oil consumed is 25% from Russia. It does fluctuate depending on what is happening in the market at any given time. I'm going to divide my nine minutes and forty-eight seconds into old drivers and new drivers and policy suggestions.

The idea of course is that there has been something of a shift, and the toughest area is, of course, politicized energy security. There are a variety of new things and topics on the horizon that I will like to talk very briefly about. Although the Partnership for Modernization [will feature] so we will go over it again.

The main two problems I think which remain with us of course is that we have a very difficult, rather combative, politicized definition of energy security, very Us and Them, East-West geopolitical divisiveness right across Europe with regards to how we understand Russia, how we treat Gazprom, our attitudes as regards to oil and gas pipelines. And I have to say that sometimes the language which is not always perhaps streamlined to be the most diplomatic, sometimes it's deliberately adversarial and that is incredibly awful. Another problem of course is that the majority of foreign policy instruments put together by the two sides have failed. And I think that it needs to be said that there is very little good mechanisms out there now. The bright spot on the horizon is that everybody wants energy security and everybody wants energy security to work. So the best option, the best hope I think will emerge from a post-partnership, from a post-strategic partnership, with whatever words we are using. The Energy Charter Treaty I think is something of that kind and I will come to it in a minute.

Why are we where we are now? One of the reasons that we're obsessed with the energy security is obviously the extreme price volatility pushing up oil and gas prices, and the Eurozone crisis in itself is a serious problem. There are political roots to it as well, much of which stays within the European Union and has to be dealt with by the national energy champions and the ambiguity it has to how and why. This has certainly not come down well in many of the European Union member states as well as with Russia. There are historic geopolitical roots as well. In terms of the politicized energy security, the opening up, I think, of the North Stream, which I will talk about in a minute, has worsened many of the relationships as we've seen.



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Let's touch very briefly on certain foreign policy instruments. There have been quite a number of catastrophes here. Particularly, briefly, the PCA is on ice and not likely to move to any point soon; the common spaces have to be looked at. There has been a little bit of work here, good work in trade and economic cooperation. I think that the word that seems to emerge again and again is the 'r' word, 'regulatory', and probably the 'l' word, 'law', probably as well. Some progress has been made in the common spaces in terms of the energy dialogue, but it's very basic. Perhaps in that sense that's where it needs to start. The common spaces I think have exceeded their authority, if you like, the Partnership for Modernization as the next main step.

Where are we at the EU-Russia energy dialogue? It's a difficult time. I sometimes want to be cynical about it and saying that it is nothing more than a talking shop. But that's not always the case. I think sometimes the small and a bit technical and legal aspects do get tackled around a little bit here and sometimes some of the bright ideas do filter back to the national capitals or Brussels and through to Russia. Just to give you this year's update. This is what they say is an operative EU-Russia early warning system. This is not operative at all, it hasn't been for three or four years, in any sense here. A joint state to create a joint gas advisory board – it's a great idea, but we are still talking about the creation of something that neither side is particularly convinced actually needs to exist. And the common understanding on the preparation for a Roadmap for 2050, which is great, it is good to sit down talking about Roadmaps, but would it not be better to simply have a common framework for the next five years instead of trying to burn our way to the next century? So for me this is less than concrete.

Let's be very clear. Russia has withdrawn its provisional application from the Energy Charter Treaty. This came as both a shock to some people and not as a surprise at all to many. There has been an interesting and guarded response from the European Commission in regards to what has happened. Russia, I think, received poor legal advice here. This was incorrect way to draft the Treaty, because it was an attempt to shrug off investment provisions. That's the one thing they cannot shrug off: 'we remain intact for the next 20 years, something we intend to is to use Yukos and try to barrel a way out of regulatory frameworks and provisions'. That's not the way. The interesting thing is, just for once, the Commission and Russia finally found themselves on the same side, not on the Energy Charter Treaty. The Energy Charter is becoming a thorn in the side of the energy acquis, with the increasing number of private lawsuits launched against member states over energy privatization, regulation. It is becoming more and more difficult for the European Commission to be able to explain it and use it.

This has contributed to a politicized understanding of what energy security means, an Us vs. Them. We could have many types of definitions of energy security, fuel-based or geopolitical. But what's really missing, I think, and this is one in which I need to go back to this common language, how to equitably provide the five [elements], that are affordable, available, reliable, efficient, and environmentally benign (and hopefully well-governed) energy services. The problem of course is that it's a public good, it might even be a strategic good if you think in those terms, but it's not always properly valued by the market because it's a public good. It's very, very clear who should have the reins and who should have the regulatory charges – the state by intervention or the market, or the serious public-private actor somewhere in the middle. It's integral to the kind of society that we have now that we



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need to build, pan-European. But it's also led to market failure as we have seen. It's also prone to desperate political behaviour as well.

The variety of new drivers: the Partnership for Modernization; North Stream - open for business now the first of the twin pipelines in operation, five shareholders, of course you know all about Gazprom, the Netherlands as well. I wish I had had the creativity to sign this wonderful promiscuous bilateral contract. I think there is nothing wrong with both sides signing bilateral contracts, I mean it's traditionally commercial mainstream, it is diplomatically recognized. The problem is the kind of pan-European the energy market we try to build. South Stream is still holding, I think in a sense, although these people are dividing up the stake they have in it, Gazprom also with a 50% stake in this offshore section. Now some might plant their hands on their foreheads and say "what the hell are they doing there?" Actually in a sense, perhaps it's a promiscuous partnership sphere. And this in fact is more likely to have an even distribution of what we might call co-leadership.

Just to touch on the Partnership for Modernization. One of the bright spots here might be a technical, sector specific attention to energy efficiency, with nuclear technologies. How is it going to be tackled, especially by the European Union side, is certainly up for grabs. The bottom couple of comments actually come from Medvedev himself. The Partnership for Modernization cannot move ahead, unless a lot of changes happen particularly in Russia. BP quotes Russia's impartial judicial system and the need to develop the public sphere, the need to underwrite more investment. You know of course about the third liberalization package. It's unpopular in many ways, but it has necessary norms. It is of course an unbundling, an attempt to complete liberalization of the European energy market. But to foster a sort of level playing field, so everybody can pitch in as well.

My policy suggestion therefore: we need to redefine a sort of rather unusual objective understanding of what energy security is. We also need to look again at the very ambiguous Lisbon Treaty. It is not clear right now. And we also need to look, I think, at what the word 'modernization' means with regards to the language split: the Europeans mean one thing by modernization and Russians clearly mean another. And we also need to get serious about the depletion of the energy market. I have a couple of slides which you can look at later, I will give you a copy at your leisure, about how to redefine energy security but basically go for the technical stuff, start with the law, start with the legal aspects. What you will see is that Russia and EU have much in common. They are interdependent because they share broad interests, they share a variety of underlying values. They just have been translated slightly differently. As I've mentioned, where we find energy in the article 104 in the Lisbon Treaty there are pros and cons to the way in which it's been written and interpreted. Certainly it may promote more harmonized and consistent communication for our ability to secure gas supply to the European Union and possibly a higher degree of member states will be prepared to bring warning systems or be part of that, but, it doesn't legally enforce solidarity, energy has very little solidarity amongst member states, beyond what they are prepared to do from a voluntary perspective. And that has been seen in many ways over the years voluntarism is not always a good method for an overarching permanent viable framework.

In conclusion, if you have a look at a way in which modernization has turned its views from the Russian side to the European side, you could see that there are very different focal points, very different sequences, if you'd like, put in translation. Differences even from the variance



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of surprisingly state dimension versus reform led modernization. So, even at the very heart of the Russian government there is a tremendous difference in interpretation of modernization. That's going to have a huge impact as to the effect as how the transformation of the Russian political system is going to be understood. And in the European Union modernization, at least looking at the primary documents, it's government-led. I wanted to just respond to the illustrious speakers. I will give you a final quote from a recent book called the 'Quest'. This is writing about actually investing in Iraq, but I think it will also perfectly fit Russia. "You know what I'd say to the proposal to invest a billion dollars? I'd say tell us about the legal system, tell us about the political system, tell us about the economic system and about contractual and fiscal systems and tell us about arbitration and tell us about security and tell us about the evolution of the political system. Tell us all those things, and then we'll talk about whether we're going to invest or not."

### **Fraser Cameron – Director, EU-Russia Centre:**

Thank you, Amelia. We are going to have 20 minutes for Q & A now, so, please, for both our speakers, and we have one expert here. But I wanted just to pick up now first on the PfM, the point about regulatory certainty, and this was a point made by Amelia too. And then you said we need an action plan where 'both sides undertake reform'. So what do you mean by EU reforming, if you like?

### **Nathaniel Copsy – Head of Politics and International Relations, Aston University:**

That is a very good question. I suppose that in a sense I don't know what the answer to that question would be, but let me explain and try to make sense of the point that was coming across. It seems to me that in our relations with all sorts of places around the world, not just Russia, but our neighbourhood in general, is very much a top-down approach and the EU is very firmly in the driving seat, as we say, we are the European Union, our model is the best in the world in all aspects, the legal, economic and political view. This is our model, could you imitate that please. I think that when we are talking to a large, important, historically, culturally, partners just like Russia, I think that we need to make a bit of an effort to make sure it is a bit more of an even discussion. So, I don't know what those reforms would be. All I am trying to say, in fact this is what I really meant, which I will paraphrase for you, is that it is no good to constantly kick the Russians over the head and say you haven't done this, you have not done that, what about this, what about that. There are things obviously we would like the Russians to improve upon, but I think there has to be a greater degree of equality, to be partners if it is going to be successful, because otherwise it just sort of looks like a sort of imperial power Europe trying to impose its will as a contemporary Rome on its neighbours. That is my point really. You are quite right, I don't know what the energy security or any such reforms the EU may take.

### **Question:**

Alan Riley, from the University of London. There are a couple points I would like to try to make. One, our relationship to the Energy Charter Treaty and a number of issues about that, which I don't think are entirely appreciated; and the second is the tremendous amount of Russian and EU positioning in relation to energy security. Now the Energy Charter Treaty, it is important whether Russia is to actually withdraw, because the wording used does not fit the actual technical climate, and the Russian Foreign Ministry legal service are not incompetent, they know what they are doing. And also a similar thing in relation to withdrawal the Conventional Forces in Europe treaty as well, whether there is a tactical but



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not a legal withdrawal, which I think is quite interesting. Regarding the Energy Charter Treaty, the Russians and the Europeans both need it. The Russians need it for investment protection and the amount of capital that is needed, we are talking about who will provide half a trillion dollars to 2030 to replace the entire Russian power sector, if you are going to keep the lights on in Moscow and St. Petersburg, and never mind develop the rest of the economy. You need investment protection for that. Russia is also in need of transit. I think one of the real issues is about creating an effective transit regime and the ECTible] provides a way to do it. And one of my points about the Energy Charter Treaty, in relation to the Russian position, is that, if you run it through the ECT, you are not doing a bad thing, you have other friends around the table that are not in the European Union, that is a very valuable thing. The most bizarre thing of all, of course, is that it is actually valuable for the European Union, and one of the things that has been missing with all this prejudice about ‘oh, we cannot do exactly what we want in relations with acquis,’ is that it’s investment protection, it’s about property rights. One of the things the EU has got to understand, is that they are living in a world in which the emerging markets have emerged. They are much more powerful. If you want their capital, just like the West once demanded investment protection, you’re going to have to give investment protection to these emerged markets, otherwise they are not going to invest. I think there is a real issue there that is not appreciated at all. So that is my first point. Secondly, in relation to shale gas. I think this will change an enormous amount in relation to the power balance between Russia and the EU. Even if no shale gas is produced in Europe at all, the effect of the demand structure for liquid natural gas around the world, so that for example the Chinese find by 2050, they are going to have a 100 billion cubic meters of shale gas. Now I don’t quite believe that they are going to be able to do that, but that will just destroy demand for energy. You have got a development of shale gas in Latin America, in North Africa, in South Africa, you have a whole range of developments in Australia. The consequence of this is that you have a huge LNG market which will head in the direction of Europe. We have already had some experience of that, frankly, in 2010, the price for LNG on the European spot market was less than half the Russian border price of gas. So there is this huge new supply coming in. Who’s got gas, where is the gas coming from - it reduces Gazprom’s influence on the European marketplace. We can add on to that, the great interconnection to the European market, this is the connection above all, that makes a very, very significant difference. It allows European countries to really diversify their gas for the first time. I think those two and their impact, is very significant. I think I’ll stop there.

### **Fraser Cameron – Director, EU-Russia Centre:**

There is a slight contradiction here in you saying that emerging economies and their energy companies, here were talking about Gazprom, have to have access to the European market under more or less agreed conditions, i.e. not to open a third energy package, and yet shale gas is going to change the nature of the game.

### **Answer:**

You can see a situation where the shale gas technology, or the shale gas companies, with the Chinese who will be coming in, they’re the ones with the real force to increase demand rather than reduce it. And Russia, it will have a particular impact on them, because that country is providing us with a substantial amount of gas, and all of a sudden there are other sources, American, potentially Chinese derived, which would be coming into the market over the next decade, which would change significantly the supply orientation to Russia. The



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point of that is the access to capital, and putting restrictions on investment capital is going to create very significant problems for the European Union as a place for foreign investment.

**Fraser Cameron – Director, EU-Russia Centre:**

OK, do any of my Russian colleagues know if Russia has legally withdrawn from the Energy Charter?

**Answer:**

I can show you that Russia has indeed withdrawn, but it remains a signatory. It is in a sense therefore a legal grey area... they are entitled to attend all the conferences, meetings, documents, they still contribute financially to the Energy Charter process... So they have not withdrawn from it completely.

**Fraser Cameron – Director, EU-Russia Centre:**

Do any of my Russian friends want to jump in?

**Answer:**

Thank you very much. Russia has withdrawn, from a certain point of view. So as far as future conference, future activities, Russia will not be bothered by it. It does not concern contracts or activities which were done previously, and at the same time, Russia remains a participant in the process of the Energy Charter. And here is the platform for discussions, and may be future events.

**Answer:**

I should say that I have had this discussion in a context of whether or not it is possible to sue Russia under the Energy Charter Treaty with a major corporate law firm, and their general view was that there is definitely a legal issue there, and if they had a plan for a problem, they would definitely try it. So there is a definite issue as far as I can see. Somebody will try it. We will find out shortly I suppose.

**Fraser Cameron – Director, EU-Russia Centre:**

Under which jurisdiction?

**Answer:**

Well, the issue will be over arbitration. The country dependent on which arbitration clause they had, whether it was Stockholm, the Hague, or whatever, then it would be argued whether or not the [inaudible] applied there or not, but that issue I think will be eventually mitigated. So, we will see.

**Fraser Cameron – Director, EU-Russia Centre:**

I'd now like to turn to Nadia first and then Dmitry on terms of crisis management conflict prevention. Nadia. Dmitry is first? And you wish to..? It's up to you. Ladies first, OK.

**Nadia Arbatova – Department on European Political Studies, Institute of World Economy and International Relations:**

In my short presentation I'm going to dwell on three aspects of conflict resolution and crisis management: format, substance and resources. But let me start with one preliminary remark



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on EU-Russia cooperation at large. EU-Russia cooperation on conflict resolution and crisis management will depend on how they will come out of their respective crises. The EU is being faced with the deepest crisis in its history and it's not only about the euro and question if the euro survives, the fundamental issue is whether the core concepts of European integration survive. The same can be said about Russia, although there exists very optimistic forecasts about our economy. I'm sure that our residents after the March elections will be faced with severe problems like inflation, capital flight, budget cuts, the growing gap between the rich and the poor, brain drain and many others. And Vladimir Putin has already recognized that Russia will need evolutionary reform not only on its economy but in its political system. But the key question is whether Vladimir Putin will be able to reform the system he created. And if not – stability, relative stability that we have now, will be turned into stagnation and degradation with all predictable consequences for our domestic and foreign policy evolution. So with this optimistic remark I'm switching to the first question of my presentation about the format of the EU-Russia would-be crisis management.

Of course, a new agreement could provide such a legal format, but, as we know, the negotiations are far from being concluded and we have another opportunity – the Meseberg initiative which was launched by Angela Merkel and President Medvedev. And it is directly aimed at creating this cooperation and consultations at a high level. But it is strongly opposed by the United States and NATO out of fear that it will downgrade the NATO-Russia Council, which is ridiculous, because one cannot downgrade what doesn't have any real importance and is purely symbolic. And it is opposed also by the European neighbours of Germany, which were dissatisfied at not having been consulted properly on this initiative. So, the Meseberg initiative has gone nowhere. And in March, our foreign Minister Sergei Lavrov has manifested Russia's interest in this initiative. In my view, the EU should use this opportunity. There is another possibility for our cooperation in the field of crisis management based on the permanent structured cooperation. But it will be different from the Meseberg Initiative, which is about a Political and Security Policy Committee. So, we have these three options and the last option, I mean permanent structured cooperation, can be only based on the cooperation between European countries, and Germany won't be enough, we need le ménage à trois at least. It raises a very important question. If it is only about Transnistria it will discredit the whole idea.

Now I'm going to the substance, because for the time being there is no joint conceptual framework for crisis management. Like external security at large, crisis management and conflict resolution do not have any geographical boundaries. So, the first question is whether any EU-Russia crisis management cooperation will be expanded to the area outside of Europe or whether it will be only about wider Europe, and if Russia will be moved to the Balkan region in the case of new tensions or it will be only about the CIS space, about Transnistria and Nagorno-Karabakh. It is not clear - what about other formats for conflict resolution and crisis management in which Russia and EU are involved. I mean CSTO for Russia and Berlin Plus for European Union. No doubt, the CIS space will be the first priority both for European Union and Russia. But cooperation in this area will require total rethinking of their previous strategies. And, in my view, although the 90s are always being presented as the most favourable period in Russia's foreign policy and its relations with the West, I think the problems which are related with the CIS factor in EU-Russia relations are rooted in this period. And paradoxically Russia and European Union made the same mistake. Russia failed, after the collapse of the USSR, to present a reasonable strategy with clear



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priorities and at the end of the day it came back to the well-known model of a donor who was giving economic favours for political loyalty. And European Union made the same mistake. It didn't present any clear strategy with regard to the CIS. Worse, it could not define Russia's role in this area. When the question of Soviet nuclear weapons was resolved in the absence of any clear strategy, it was easier for European Union just to separate Russia from its neighbours. So, in order to cooperate in this area both Russia and European Union should rethink their previous strategies.

Now, about resources. Both the European Union and Russia have enough resources and experience for cooperation in the area of conflict resolution and crisis management. The problem is related to their respective dichotomies. In the EU case, these dichotomies related to the fact that the EU shares the security space with NATO. And it isn't possible to develop two parallel military potentials: one for NATO and one for European Union. The EU battle-groups are being presented as the biggest success. But it is still more a virtual project than a practical one. They have never been used in the EU peace-keeping operations and the EU always prefers to define its format by ad hoc force generation processes. And now about Russia's dichotomies. Russia's dichotomies are related to the gap between its foreign policy and its military policy. President Medvedev says that the primary goal of the Russia's foreign policy is to build modern alliances with the most advanced Western countries or coalitions of states, while our military policy defines as the most serious danger NATO's propensity to perform global missions and to expand its military infrastructure closer to our borders. We have 30 brigades deployed on our Western and Southern borders and half of these brigades could be easily assigned for conflict resolution. But without this dichotomy, without these problems and hard security differences between Russia and NATO it isn't possible to build a genuine EU-Russia cooperation. So, what I'm trying to say, if we establish the EU-Russia cooperation on crisis management, it would mean that we would have already built a new security architecture. .

**Fraser Cameron – Director, EU-Russia Centre:**

Thank you, Nadia. I'm not sure that structures alone are going to resolve this problem, because, as you said, you know, we have very different conceptual frameworks. I mean, if you just look at the Russian reaction to Libya and now Syria, you know, they have different approaches...

**Nadia Arbatova – Department on European Political Studies, Institute of World Economy and International Relations:**

I didn't have time to say a few words about your Libyan operation.

**Fraser Cameron – Director, EU-Russia Centre:**

I know, but it will come to it in the discussion. Dmitry, over to you.

**Dmitry Danilov – Head of the Department of European Security, Russian Academy of Sciences, Institute of Europe:**

Thank you. I also would like to say that it is very important to discuss the Russia-EU relationship and mainly in the security sphere, but I would like to begin my presentation with repeating the point of Nadia Arbatova that it's very important to understand that our security relations between Russia and the European Union, as main partners, does depend on the future Russian socio-economic choices, Russia's ability to resolve very serious social and



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economic problems in the next one or two years, connected obviously with the consequences of financial and economic crises. But to discuss accurately the security and foreign policy cooperation agenda between Russia and European Union we also have to address trends in Russia-EU relations. And this relationship is determined by both sides' strategies and policies, or absence of these strategies and policies. You know that recently we had many opportunities and many achievements in the Russian Western security relations. We have some not only diplomatic results but also practical results from the 'reset' policy from Russian side. There are also some additional motivations for increasing Russia-EU security cooperation after the NATO-Russia Lisbon Summit. I mean that from my point of view there are additional motivations for Russia and for the EU as well to enhance cooperation to the level of the existing type of relations between Russia and other partners. And one, but not the only, example of this is the discussion by Russia and European Union in the framework of political dialogue on the topics related with anti-missile defence. And it is very illustrative, because not only the US or NATO are addressees of Russian foreign security policy, but at that time it is also the EU. There are many other interesting spheres. I may attract your attention to very important field of Russian and EU dialogue over the non-militarization of the space. So, we have some mutual agreements on this field. It's not so much public policy but very important from my point of view. So, in other words we have some achievements, we have some new agreements, but at the same time, we also have good general background for security cooperation. Russia is about to join the WTO. Russia and the EU will agree on the common steps towards visa liberalisation regime. And it's very important from a point of view of Russia. So, I would also make some additional accent on the decisions of President Medvedev to apply the European Union industrial and economic regulations to the Russian economy. From my point of view, a very important step, and it signifies a change of Russian thinking towards the European Union because before our position was: OK, you have your European standards and norms, but it's up to you, we have to harmonize our common spaces and cooperation from both sides, to harmonize our normative base; but the EU standards are not the rules to be exported to the Russian Federation. So, it's a kind of new initiation. Also, Khristenko's statement about the application of WTO plus European Union standards to organizing Customs Union.

So, it's very important, and I would like to emphasize, for Russian foreign and security policy dialogue, because it creates a new situation, when Russian foreign and security policy towards the European Union became not so much politicized and securitized. So, we have now new and rather good opportunities to cooperate in this field. But concretely, we have also some concrete achievements in our foreign and security policy bilateral dialogue. First of all, I would attract your attention to Georgian crisis. It was one example where the parties, both parties demonstrated their ability to reach some practical concessions in the areas where the interests are, rather, absolutely different. Also in Russia-EU dialogue on crisis management, there are two main points in the Russian position. First of all, the experience in the domain of the EU-Russia security policy [] an institutional base by creating the new force apparatus, a new committee for foreign and security policy, and also by additional different instruments, for example, Russian proposals to sign a Memorandum of Understanding between Russia and the EU to establish the ties between the European External Action Service and Russian Ministry of Foreign Affairs. The second priority is policy from ongoing crisis management, under which Russia is seen as the third party by the EU in the potential crisis management operations.



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So, from Russian point of view, we don't refuse this, we participated in the EU-led operation in Chad and Central African Republic, but at the same time if we think about a comprehensive approach to the crisis management, we need to add to these formulas some additional [] instruments. Also, I believe that we have to think about common visions and common strategies. We have no institutional mechanisms for elaborating common positions and initiating common actions. We need to create these mechanisms, but on the other hand we have to undertake some efforts to compare our strategic approaches towards crisis management and on a broader security agenda. So, it is not impossible to reach consensus on some of these matters but there are some serious obstacles. It is a very long discussion, but the main, from my point of view, one of the main problems is the institutional transition in the European Union. On one hand it creates a new opportunity for Russia-EU security dialogue. At the same time, it means a new rebalancing of competences and institutional instruments within the European Union. This creates some impediments for Russia-EU concrete relations, practical cooperation in security field. Also a problem is a change in the political period both in Europe and in Russia, Russian Presidential elections next year and European concerns regarding future Russian foreign and security policy. But from my point of view, it doesn't matter who will be the President, I'm sure it will be Mr Putin, it's my assessment, but at the same time, I would like to emphasize that this is not a question of personal choices of Medvedev or Putin, etc. We have now some objective goals and objective tasks and objective changes in Russian foreign and security policy. So if, regarding Mr Medvedev, it was politically described in Europe as a change within the continuity, now the question is will Mr Putin be a continuity of this change. This is a very important problem. Thank you.

### **Fraser Cameron – Director, EU-Russia Centre:**

Thank you very much, Dmitry. A few minutes of Q & A before we go on to Vadim, which is a slightly different subject. Nadia, you said that you did not have enough time to touch on Libya and Syria, I mean, this whole concept of responsibility to protect, which Russia originally agreed at the UN, we now have seemed to take rather different views. There is a debate today in New York on the resolution critical of Syria's behaviour, and Russia finds it difficult to support that resolution. Why?

### **Nadia Arbatova – Department on European Political Studies, Institute of World Economy and International Relations:**

First of all, Russia was very dissatisfied with the grounds for intervention in Libya. At first it was humanitarian intervention. Then it was regime change, and unless we have a common definition for humanitarian intervention, it will always be a source of differences and tensions. As for the military operation in Libya, if from the military standpoint it was a complete failure, in my view, and if the opposition forces had not killed Gadhafi, these operations would have lasted until now. So, when I raised a question of the EU autonomous military capability, I mean the European Union should develop these capabilities separately from the United States. There should be a division of labour between NATO and the European Union. NATO should be responsible for external security over the wider Europe, while the European Union should be responsible for security inside Europe, cooperating with other non-EU members in Europe.

### **Fraser Cameron – Director, EU-Russia Centre:**



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OK, thank you for the advice. Let's hear if there are any questions from the floor. Other panellists. Derek.

**Derek Averre – Director , Centre for Russian and East European Studies (CREES), University of Birmingham:**

The 'common space' for external security, which is the framework of security cooperation between the EU and Russia, only actually mentions crisis management as a potential way of moving towards conflict resolution. I mean, the two things are actually quite different. Conflict resolution would be a step up from the common space of external security, and in any new EU-Russia legal agreement, how could this actually be written down? I am finding it difficult to see. As Nadia pointed out, the geographical scope is unclear, the European and Russian approaches to the rules of the game, on R2P, sovereignty and territorial integrity, differ - we actually seems quite far apart. I find it difficult to see how this will be actually written down in a legal agreement. What might it look like in the future, in a successor document to the Partnership and Cooperation agreement?

**Fraser Cameron – Director, EU-Russia Centre:**

Any other points?

**Answer:**

One of the crucial problems between Russia and the EU is the inefficiency of the already existing security mechanisms. So, if we are able to create a more efficient and better mechanism, then we can expect more successful cooperation. I would argue, that unfortunately the problem is not in the institutional setup, but in the interests which are clearly completely different and diverging. Of course I will not give here a long list, let me present just the more important points. That is the perception of the CIS - for Russia it is its sphere of its privileged interests as mentioned by Russia's leaders, for the EU, these are just independent states and the EU does fundamentally reject the idea of the sphere of influence. There is also a completely different perception of the protracted conflicts, For Russia this has been an instrument in maintaining its influence in the region, with Russia more interested in maintaining the status quo, while for the EU the main interest is resolving this conflict, which will bring stability and more security to the region. There are many more issues - Syria, Libya, Iran, missile defence - so it is really a lot of very important problems here. So my question is, to what extent is there a chance that at least some of these problems will be resolved in the future, and what is needed, in your perception, to bring success this year? And two very short questions, one to Dmitry, what concessions were made by Russia in the case of Georgia? At what point did Russians make concessions there? And the question to Nadia, you have presented here a possible framework for the security arrangements in Europe, NATO responsible for the wider Europe and neighbourhood, while EU more interested in and more responsible for the security inside the EU. So the question is, where does Russia fit in to this?

**Fraser Cameron – Director, EU-Russia Centre:**

OK, let's take these specific questions on Georgia first.

**Dmitry Danilov – Head of the Department of European Security, Russian Academy of Sciences, Institute of Europe:**



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For Georgia, Russia and the European Union, on both sides, were very cautious about these issues []. From my point of view it is an example that we are able to reach some agreements. Also, in practical terms, may be you don't know, but even if Russia does not officially support the European Union and their observer mission in Georgia, at the same time, there is some practical common ground between the Russian side and the European Union initiative, even in the circumstances where our bodyguards were withdrawn from the last Georgian []. This process was managed by both sides, EU and Russian bodyguards. Also from the Russian side, in the context of the crisis in 2008, the general staff undertook some steps to assist deploying the EU mission into Georgia, to help this deployment. So we have some results, but we have no process of learning the lessons. So, from my point of view we have to establish this kind of work to learn the lessons from our common activity in Africa, etc.

### **Fraser Cameron – Director, EU-Russia Centre:**

Nadia, what is the role for Russia in European security? We have the NATO-Russia council, we have EU-Russia consultations, Cathy Ashton met Lavrov last week in Moscow, the sixth meeting this year, what more do we need?

### **Nadia Arbatova – Department on European Political Studies, Institute of World Economy and International Relations:**

First I would like to address two questions. If there is a chance for our cooperation? Yes, for the time being we don't have a format, we don't have substance, we don't have resources, or better to say we cannot use these resources, but there is always a chance. In my view the stakes are really high, and they are not about the EU-Russia cooperation, because the EU-Russia relations are part of the post bipolar polycentric world, which in my view is guided by the revolving balance between two trends: one trend towards multilateral cooperation and global governance, and the trend to a new bipolarity, which will be completely different from the east-west bipolarity, it will be by the polarity between the northern world and the northern world. One of the key questions is where Russia will be in this polycentric world. So, China is challenging both Russia and the European Union, both on the global and regional level. If I were an EU politician, my real nightmare would be a merger of Russia's natural resources with China's aggressive economic expansion. So from this standpoint there is no alternative for Russia's engagement and there is a chance to engage Russia.

Russia's foreign policy in the nearest future, in my view, will be guided by two strategic goals. Status building, and economisation of its relations with its partners. Is it good or bad for the European Union? It's neither bad nor good. A great deal will depend on how the European Union will make use of these realities. Status building is not a bad thing if it is translated into multilateral cooperation, and the Meseberg initiative gives us this opportunity to engage Russia, to involve it, to give Russia a real say in the field of European security, and to engage Russia as an EU partner. The second question, about Russia's involvement in the new security arrangements. My vision of the future architecture in Europe stems from diversification in European security. At the least we have four directions: energy security, humanitarian security, external security, and internal security. Although President Obama has bridged the gap between European allies and the United States, Europe will never become again Washington's priority in the field of security. The United States will be focused on the problems outside Europe. So European security is moving more and more to a new course, and of course when I mentioned that the EU will be involved in the security in wider Europe, I meant that the EU will be cooperating with Russia, and not only with Russia,



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with Ukraine, with all countries that will be interested in the new security arrangements directed at coping with conflicts, organized crime, terrorism inside Europe. So I see a place in this setting not only for Russia, but for other countries that are gravitating towards the European Union.

### **Fraser Cameron – Director, EU-Russia Centre:**

Thanks Nadia. That is a good bridge to Vadim in internal security and the visa regime, because mainly citizens are obviously concerned about these type of issues. So, Vadim, you have the floor.

### **Vadim Voynikov – Faculty of Law, Immanuel Kant University, Kaliningrad:**

Thank you very much for the invitation. It's a great pleasure for me to be here. My presentation relates to the visa regime and internal security. I would like to divide my presentation into two parts.

The first point is the visa-free regime. The visa-free dialogue between the EU and Russia continues now for 9 years, and in the framework of the European Union-Russia cooperation the mutual abolishment of visa requirements can be completed according to an international agreement. On the basis of European Union practice of visa liberalization, we can distinguish two main approaches. The first one is so-called Western approach: United States, Canada, Brazil, where the European Union has a strong interest to abolish visa requirements for the citizens of all European Union member states. And the second approach, addressed to Eastern countries, specifies a complicated procedure which consists of three main stages: the readmission, action plan (the road map) and the final stage – abolishment of visa requirements. Russia is interested in being an equal partner in this process. So, the current state of this process demonstrates that we are going according to the Eastern approach. At the moment we have successful experience of a readmission agreement. In July 2011 senior officials agreed on the list of common steps on visa-free travel which could be adopted in the upcoming EU-Russia Summit in December this year. According to Russian position, this list of common steps should be based on the principle of equality. It means that it includes mutual measures. It is necessary to let the list of common steps contain the automatic approach. This means that once the conditions listed in this document have been met, the parties should proceed to abolish visa requirements on a mutual basis. In other words, the list of common steps should regulate not only the conditions of visa-free regime but include the mutual obligation of the parties to act when all measures will be executed. Thus, the list of common steps could be considered as an agreement of intent which commits the EU and Russia to conclude an international agreement, after the termination of these measures. The visa-free regime is our general aim with the free movement of persons. In case of abolishment of visa requirements, we can decide many questions which are on our agenda. But at the moment I think that we can move to the general aim by small steps, given the existing possibilities.

So, the second point is visa facilitation. The work on amendment of the current EU-Russia visa facilitation agreement is carried out on the initiative of Russian side. In 2010 the European Union agreed to update this agreement. At the moment there were three rounds of negotiations. The last one was in October 2011 in Moscow. The aims of this amendment are: first, to extend the list of persons who enjoy the facilitation regime, second, to increase the possibility for visa-free entry for certain categories of citizens, not only for diplomats, but



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other citizens, third, to extend the opportunity for Russian and European Union citizens to apply for long-term multiple entry visas. I think the updated EU-Russia agreement should include a certain formula: a person who frequently and lawfully crosses the common EU-Russian borders, after the first short-term visa, should apply for a multiple entry visa. Another point of mutual interest: in 2011 the European Commission proposed an amendment to local [] regulation in order to extend border region exceptionally for Kaliningrad citizens. This measure facilitated people-to-people contact across Europe. But in my point of view this amendment is not a solution to the problem, but only one of the steps. [] There is another side of such facilitation. It could create additional difficulties for crossing the common borders. At the moment, the situation at the common borders, land borders, is [] five hours on the border crossing points to cross the line. That is why before the implementation of local border-checking agreements, to improve the border infrastructure and to reform the system of border and especially customs check, which is the main obstacle for the crossing of the borders. So, from my point of view the modified local border check regime is a very good idea and it should be implemented on the bilateral level. But it is necessary to prepare for this and my idea is that this initiative could not be an alternative for the visa-free regime. It could be only one step.

Another point of common interest, another way to improve people-to-people contact across Europe is the development of internal legislation. There are some interesting initiatives in the European Union, for example the programme Smart Borders, which includes two programmes: it's an Entry/Exit system and a Registered Travellers programme. These programmes could facilitate crossing of the European Union borders. On the Russian side there is similar legislation, including the temporary abolishment of visa requirements which could be granted according to a decree of the President. So, I think unilateral relations providing conditional supplementation for the entry of the persons from the third countries could bring us closer to a general goal – a mutual visa-free regime.

And the final point of the first part of my presentation – border control. It's another essential point. All above-mentioned initiatives will lose their importance if we do not improve the system of border checks. This issue doesn't fall within the competence of the EU-Russia partnership. This is a problem of local cooperation, but the effectiveness of the EU-Russia cooperation in this field depends on how the local border customs authority will organize their work. It is necessary to simplify the initial basis system of border customs check. And as I mentioned this is the sphere of local cooperation, but on the EU-Russia level it is necessary to give an impulse for such cooperation, such improvement. Another point of common interest in the field of border checks is the creation of joint border-crossing points. Such possibilities are provided by the amendment of the Schengen border code, which was presented by the European Commission in March this year.

The second part is the border security and justice. I would like to briefly focus on two directions of the policy cooperation and judicial cooperation in criminal matters. A key component of policy cooperation between European Union and Russia is through cooperation with EUROPOL, which is the most effective organization in the EU law enforcement area. From 2003 we have strategic cooperation and the conclusion of an operational agreement which provides the possibility to check personal data has not been yet resolved. The negotiations began in October 2010. There are some rounds of negotiation and it is assumed that the agreement will be signed in the next year. However, in the absence of



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the cooperation agreement, the contact between EUROPOL and Russia law enforcement agencies is developing quite rapidly. We have some meetings, some conferences, where different issues such as protection of witnesses are discussed. As for another field of policy cooperation with European Police College, now we have discussed the question of the conclusion of international agreement cooperation. As for the judicial cooperation in criminal matters, it could be proposed to conclude the agreements on the legal systems and extradition. Similar agreements have been concluded by the European Union and the United States and Japan. This agreement can be considered as a framework document, which commits the EU member states and the third partners to bring their regulations in accordance with this framework document. I think that it is possible to conclude such an agreement with the Russian Federation, and moreover it is necessary to include in this process EUROJUST. As of the present time, the General Prosecutor's Office of Russia receives the request from EUROJUST on the specific criminal cases. And it is necessary to conclude the international agreement. At the moment, there are some rounds of negotiations in this field, but the specific completion of this process is not clear. Thank you very much.

### **Fraser Cameron – Director, EU-Russia Centre:**

Thank you. We have a few minutes. Please could we recognize Hannes Swoboda, who will give us a view on the European Parliament in a minute. Gunnar Wiegand this morning said there were some crucial issues that had to be clarified in terms of data protection, border patrols, readmission agreements, before we could really move forward. So would you just like to comment on how far you consider the Russian Federation is in addressing these issues on data protection and readmission agreements?

### **Vadim Voynikov – Faculty of Law, Immanuel Kant University, Kaliningrad:**

As for the readmission agreements, we have this agreement from 2006 [] to analyse this policy, as it is necessary to improve their protocol between European Union member states and Russia. At the moment this process is not terminated, but I think we have a very good experience with readmissions in spite of some negative attitudes towards this agreement, we have not a great number of persons which we accept according to this agreement and the Russian Federal Agency for Immigration considers that this occurrence is quite successful. That's why I think this process can be considered successful. As for data protection policy, it is a possible problem. The problem is not the absence of necessary legal basis, it's a problem of corruption and that's a common problem not only for Russian Federation but for other countries, for the European Union as well. Of course, if we decide this problem on a mutual basis, [we can remove] such a situation when data and personal data could be used not for lawful purposes, but for commitment of crime or for some illegal actions. As for border security, there is some level of cooperation in my presentation. There is border control. Another problem is border surveillance, and the European Union is worried about our common border with Kazakhstan and our southern borders. Of course it's a difficult problem to organize a system of border surveillance when the border with Kazakhstan is more than 7,000 kilometres, but we are going in this direction and I think this policy could be considered quite successful.

### **Question:**

Hannes Adomeit, College of Europe. At the beginning of this month, a former colleague of mine, Hans Henning Schroeder of the Stiftung Wissenschaft und Politik in Berlin, had received a visa into Russia, but was denied entry at Sheremetevo airport, with the argument,



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according to the officials, that he posed a security risk. So he had to stay overnight at the airport station and return to Berlin the next morning. This denial of entry has been rescinded, and the consolation was that he had been denied entry because of a technical mistake. Do you know of any other case in recent times of such entry denial? The short other question is regarding the negotiations on the visa free regime between the European Union and Russia. In a nutshell, summarizing your summary, what in your view is the single most important reasons why thus far no agreement has not been reached... in a nut shell?

### **Vadim Voynikov – Faculty of Law, Immanuel Kant University, Kaliningrad:**

Of course there are a lot of examples which the visa regime provides in this context. I am here because my colleague Olga Potemkina could not receive a Schengen visa to come here to Brussels, because the information was presented by a Czech organization and it was questioned why, and it's a real problem. I know that a Russian visa is also a problem for you, for European Union citizens, and may be it is more problematic for you because we can have some flexibility; if it's not possible to apply for a Schengen visa, we can apply at every consulate of other Schengen countries. In any case, it's a real problem. In my point of view, the main reason why there is not such an agreement, it's a political reason. It's a question of the European Union []. The European Union has two possibilities, one is to amend consular agreements between countries, the second is an international agreement. From the Russian side there's three possibilities, an international agreement []. A visa could be granted as I mentioned, according to an international agreement. The question is one of unanimity of all European Union Schengen countries, and so there are some countries which prevent this process from the European Union side. That is why it's a question of political will.

### **Fraser Cameron – Director, EU-Russia Centre:**

We come now to the political will, now expressed through Hannes Swoboda. I know there are one or two other questions here, but they will have to wait because Mr Swoboda has to go back to the parliament soon for an urgent meeting, but before I introduce him, please join with me in saying thank you for our panel here this morning. Hannes Swoboda is the Rapporteur on the PCA for the foreign policy committee of the European Parliament and I am very pleased to welcome you Hannes to give us your comments.

### **Hannes Swoboda - AFET Rapporteur for the new EU-Russia Agreement, European Parliament:**

I'm very happy to be here and be invited to make some comments. On 1 December I will deliver my last report on Croatia to the European Parliament and then there will be a vote on the accession of Croatia to the European Parliament. I don't think that there is any hope or illusion that we can bring Russia into the European Union but I hope that there soon will be an agreement, and I think it is now high time with the Summit coming, with the WTO accession that there should be a restart on the negotiations. Even though they have never been formally interrupted, there should be some sort of a substantial restart of the negotiations between European Union and Russia, because I think it is really high time to have a new agreement. Of course, Russia and European Union exist without an agreement, but I think it would improve the relationship. And of course including the visa agreement, we have just discussed it. And I think this is a very important element also for the European Parliament.



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Yesterday I was with the Ambassador. When the Russian Ambassador wants to go to Britain, as the United Kingdom, has closed its consulate in Brussels - which is very strange and destroying the great connection with Brussels and the European Union - he personally had to go to France, to the Consulate, to get a visa for Great Britain. It is equally strange and crazy, that somebody who is known has to go personally to Paris and come back to Brussels in order to go to some other place after that. The same is true of course the other way around, because when I was in Russia recently, my assistant only on the last day got the confirmation of the visa. So this kind of silly bureaucratic elements, of course, in connection to solving political problems, make life very difficult and I will come to that a bit later when we speak about the common environment.

What is the situation now on the European side and what is the situation on the Russian side? In Europe everybody knows we are in very deep crisis and the weakness of Europe is of course recognised in Russia. This kind of position we had until recently was that we are teachers and teach everybody. Sometimes it's turned around, as at the last G-20 meeting, Argentina and others said to us, to the leaders of the European nations: 'first do your homework and then we can talk about everything else.' So what we said some years ago to them, 'do your homework,' they say to us. Of course, this kind of feeling we also have with Russia. Although Russia is not happy about it, because Russia, with the dependence on energy supply, doesn't like it that we are in a big economic crisis. So, they are interested in regained growth and stronger positions. But nevertheless, it's a different position.

The second question, are we united concerning Russia? Well, still not, though the EU improved. And also in this case the positive visit of Cameron, in Russia and also a very pragmatic and useful and constructive position of the Polish Presidency helped very much that there is a more balanced and united position concerning Russia on the side of the European Union. And the third element that I wanted to mention which creates some problems is of course our neighbourhood policy and our Eastern Partnership policy. Not that it is wrong, it is right basically. But nevertheless it creates, together with some tendencies on the Russian side, political issues to be discussed with Russia.

Coming to the Russian side, there are of course deep problems on the Russian side. They are not in a crisis, but in long term trends which are very problematic demographically. More and more people want to leave, the latest opinion polls show that more and more people want to leave Russia. But the lack of hope for the future of Russia is a big problem for them. I spoke with some economists and some employers, they are from West, western investors. It may in the end be positive, that maybe the people that are leaving now, that Russia regains them and can invite them to go back. Then they will have Western experience, Western knowledge, for this is of course the condition that they go back. If it would be a wise policy, they would let the people go now, but try everything for them to come back, as the Chinese do. The Chinese have the power, it's a different kind of course, but they have this kind of policy to invite everybody back who has very high education and training. But for the moment I don't see this kind of policy in Russia.

Economically of course there are problems as well. What will the WTO mean for Russia? It will be as we will say a clearance of the Russian economy: the weaker companies will fail, will disappear and the stronger will survive, which is maybe a problem also for Russia, maybe including rising unemployment. The WTO - of course, we all like it. We don't like it,



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you know, if we are affected negatively, we can impress the world with our own rules, but we like the others to join. Russia is right in joining because it gives more competition. And again as one of our spokesmen said, what Russia needs is investment, not Western goods. WTO is something where you wouldn't get a lot of Western goods coming into the country, lower tariffs, in competition with less qualified products from Russia. And that might mean destruction of some middle-sized not so well-equipped companies. But of course in the long run it will have a positive effect of restructuring the economy.

The energy price is a good thing for Russia, because they have higher income. Some expert or Chairman of an advisory group to Mr Putin said - well I don't know if he would say it loudly, but when we talked to him, he said - that he would like to have low energy prices, because this would be the only incentive for Russia to invest into technologies, to reform. There's a lack of incentive to modernize the economy, the modernization partnership between the European Union and Russia.

What Russia is doing of course is the Eurasia concept put forward by Putin. It is more realistic and more of the real agenda of Russian politics. [] It is more realistic, because there are certain plans for Commissioners, a European model, so once again we are a model, at least for the structures. Nobody knows of course how that will go. But the basic concept is to re-gather in a new format, though not in the Soviet Union of course, and regain a community of countries under the leadership of Russia, with Russia by far the strongest country. This is of course in conflict with America, of course, with our concept of neighbourhood policy and Eastern Partnership. Not on the surface of course, and theoretically we are in a political dialogue, but when it comes to the Customs Union, the case of course is Ukraine. Ukraine cannot be both part of that Customs Union in the framework of Eurasia and at the same time have a Deep and Comprehensive Free Trade Agreement with the European Union. So, one of the big political items, though it's not something for discussion between Russia and the European Union, is Ukraine. Whether Ukraine will go either the European way or the Russian way is an important decision that will influence its future. If Ukraine will say: with all that we have negotiated already with the European Union, you know that the DCFTA is basically finished, the political initiative is on them, but if Ukraine will decide differently and say: OK, let's try Eurasia, it will of course psychologically and politically not so much economically, but psychologically and politically change the balance between Russia and European Union. For the moment, Ukraine has decided to go for Europe, of course strengthening ties with Russia at the same time, they have very big and substantial economic relations. The Ukrainians, including the oligarchs, like the European markets, they are much more fruitful for them than the Russian markets. And secondly, many people in Ukraine say as well, if we go too deep and too strong with Russia, it's Russian oligarchs who will dominate, not the Ukrainian ones. And that's the reality, we know that the infrastructure in Ukraine is very much dominated or influenced by oligarchs and different economic groups, the question is which ones. Those, who want to go more to the West and want to be independent, or those who are ready to be servants or subsidiaries of Russian economic groups or oligarchs. So I hope, and I think, that with Ukraine we can shift the balance towards European Union which would strengthen our negotiation position on some political issues with Russia.

Secondly, on Georgia, the Parliament ratifies the agreement with Georgia. We have very positive resolution on Georgia recently, but this is an important issue in a de facto dialogue



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with Russia. Georgia was helpful on WTO agreement with Russia. They were constructive and Russia as well was constructive, on this issue at least. [] The dialogue can take place between Georgia and Russia with the help of the European Union. []

And third, apart from Ukraine and Georgia, we have to mention of course Central Asia. It shows how important the Central Asian policy of the EU would be, in order to strengthen the ties of Central Asian countries because of Russia. For the Eurasian concept it is important also to have influence in Central Asia. Or we could also say it could be also a joint coordinated policy between Russia and European Union, if we don't want China to have the strongest position. Because the Eurasian idea of Russia is of course not only something which is directed against - though not in an aggressive way - the European Union, to strengthen the position of Russia in Eurasia in relation to European Union, but something to strengthen their position in relation to Asia. It also could be if there would be the energy question, that Russia and European Union have a common interest to have strong relationship with Central Asian countries in order that dependence of these countries on Asia is not too strong, that there is not too strong dependence of these countries on China. Anyway, Central Asia countries in all our dialogues always express their wish to have stronger relationship between them and European Union, because they don't want to be too dependent on Russia either or China.

The last remarks I want to make, because this is also important for the European Parliament, is of course the whole energy question. You know that the European Parliament likes very much a strong external energy policy of European Union. Not only the energy commissioner and the High Representative, but it is also a question of member countries. Because that would strengthen our position, you know, about the pipelines and the discussion about Nabucco. Again, for me it's nothing against Russia, it's something for the diversification of our energy supply. Whoever it would be: Russia or China or US. [] With liquefied natural gas, anyway, there is a defusing of energy dependence, but nevertheless I think alternative talks on the Russian favoured South Stream would be quite interesting for Europe, and Europe relatively depends on diversification.

Secondly, of course, the whole question of human rights. It could be an issue for the European Union. It's not only a question of human rights, it's also a part of the political dialogue. It may be that the elections are technically perfect, but politically they are fragile. There is no doubt about it. There are many elements of the election preparation campaign which are very doubtful. Not in the sense that United Russia would not be the number one. Everybody who is reasonable says United Russia will be the number one, it would be the number one in totally free and fair elections. But of course if there are orders from Moscow to certain governments and mayors to be sure that a certain number of votes are collected, in order to get some benefits, it's quite clear that they are trying to breach the law. And there are different ways in this, of course, as Mr Shurov, the Chief of the Election Board said to us: of course it's not allowed to make a photo of your ballot paper in the booth, but of course there are some mayors or headmasters or chiefs of administration or other people who make a photo to show that they voted correctly for United Russia. So, the one of the opposition party said: take some paper with you, put it on the circle where there is United Russia, make a photo and then take it away and then make a cross in front of the one you want. Do this in order to cheat those who want to cheat the elections. I don't know whether it's true, but this



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kind of discussion shows that there is much evidence. And of course, though there is equal time for the parties on television, but of course every day Putin is hugging his cat or dog or rifle or whatever, showing the strengths of Russia. That we have to take into account. It does not mean again that United Russia will not be number 'one'. It does not mean that Putin would not be elected, even if there would be totally free elections, but it means that there is still a long way to go to totally fair, free elections. So, this is one element of it and it is, and I think that we have to get used to it in Europe. You can write in a book if you want, you can say what you want, you can travel as far as visas allow you to travel in the European Union, but on the other hand of course it is clear that certain means of communication - main media, television, radio - are controlled in a way, not that only United Russia and Putin is appearing, but that it is clear that there is a clear dominance. So, it is not black and white. It's different shades of grey, as in the human rights dialogue.

And with that may I conclude. I think, and hopefully this is the position of the European Parliament, we should be value-oriented, we should make clear where we have our criticism. I don't, and I think my colleague here will agree, I don't agree that we should have a resolution on Russia, meetings, in order to complain about that or this. We are not the headmasters and we are not teachers, we have our own problems, in some member countries of human rights and democracy. But of course we should emphasize our values, and we should on the other hand make it clear that there are many political issues from Iran to nuclear proliferation in general, and other issues where we need and would need Russia. And we saw how important it is in some cases when we had Russia on our side in Libya, and on other case we did not have Russia on our side in Syria. So there are many, many reasons to improve our relations with Russia. But we should be realistic. It's not about relationship of a marriage or even close friendship, but a relationship of partnership, where we can agree on the disagreement we have, but the dialogue is very important and that we can get a restart at least of negotiations and at least some agreement. I think these talks should not be, you know, always aimed at nothing. It should end in a complete agreement. Again, I think there is no contradiction with having a good agreement with Russia and at the same time be very firm in liking Ukraine to join the wider family of European Union, and having a clear position on Georgia. I think clear positions are important in order to negotiate in a free and open way with our Russian counterparts. Thank you very much for your attention.

### **Fraser Cameron – Director, EU-Russia Centre:**

Thank you very much indeed Hannes for that comprehensive overview from the Parliament. Just one perhaps very quick question. I was talking to Knut Fleckenstein [?] in Slovenia on Friday about this, and I asked him about the changing perceptions of Russia in the parliament. He said when he first arrived three years ago there was a very strong anti-Russian faction, but partly because of the change of government in Poland, and the more pragmatic approach, you amongst others have introduced, he felt there was quite a change now in the overall position of MEPs. Would you agree with that?

### **Hannes Swoboda - AFET Rapporteur for the new EU-Russia Agreement, European Parliament:**

Well, there is a change, I would agree. Before the elections in the coming weeks it will not be so easy because there are some members who are spokesmen for certain parties in Russia, especially when the parties which are not allowed to run for the elections, that of course make life a bit more difficult. But I think after the elections we will come back to a more



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realistic position. You know, my group has some difficulties with the relationship, with trusting Russia, and they are very critical about the election, but we have to disassociate ourselves from too close a relationship with one side and have to see it more objectively. I think in general it is true and will be true, especially after the election.

### **Fraser Cameron – Director, EU-Russia Centre:**

In November, what Stalin said about the elections, it's not who votes that counts, but who counts the votes that counts. OK, with that we come to the conclusion of this morning's session. You are all invited to lunch outside. Thank you very much.

### **Roundtable**

#### **Mark Entin – Moscow State Institute of International Relations:**

[] If we ask ourselves who is the main partner of USA in the world, the answer will be – China. And we will see that the USA developed a lot of strategies and a lot of policies to tackle this issue. And there are a lot of cooperation in different fields, a lot of consultations and so on and so forth. That's because the relationship is developed responsibly, though they are more than difficult partners. If we ask ourselves who is the key foreign, not a partner, but a key problem for the European Union, the answer will be – Russia. It's a main partner, it's a neighbour and it's a power, with very strong relationship with the European Union. If we look at the European Union, we will see that there is no strategy, no tactics, no proposals, nothing, as far as the relationship with Russia is concerned. So, the question is: why?

Then let's look upon the scene. The situation now is a little bit different from what we had a few years ago. Everywhere something changes. We have the Arab Spring for a start, we have a lot of new proposals as far as the integration project is concerned. There are being created new multilateral structures. The proposal of USA is to reconstruct cooperation in the sphere of its influence and to create a trans-Pacific partnership. And everywhere, there are changes, new structures, new proposals, movements. There is only one region where there is no changes. It's the region where Russia and the European Union are situated.

Then we had the discussion about energy cooperation. Energy is one of the key issues on which the prosperity of nations depends, but here the policy of Russia and of the EU is a policy of mutual deconstruction. It's not even a competition, it's much worse, it's a war; it's a great war between Russia and the European Union in this field. And the policy which is promoted by the European Union has nearly no economic grounds. It's a waste of money; it's a waste of resources. And it makes the economy of the European Union and of Russia much less competitive in comparison with other regions. I could explain why, but if you read two different research papers: one which was done for the European Union by consulting firms, one which was done for the Russian Federation, you will see the difference in the money which the European Union will spend to achieve the aims it's announced - one trillion euros.

What is at stake? At stake is the future of the various parties, at stake is the future of the Russian Federation, because the model of culture of economic development of the future is largely shared by our country. But at the same time what is at stake, it is the future of the European Union. And what is important is not only today's position, today's market, today's



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level of development of the economy and prosperity - if we look at the numbers we will see that the less dynamic region in the world is today the European Union. It's a real pity. We have lost a lot of opportunities. We've lost a lot of possibilities to make our diverse economies stronger, more competitive if we cooperate, which is not the case.

So my appraisal of the situation and the EU-Russia relationship is that here we have stagnation. We need to ask ourselves whether the structures we have to cooperate to consummate our partnership, are they efficient? Do they fit our requirements? And the one certainty is, no. We've announced that our current project is the creation of 'common spaces': in the field of the economy, in the field of external security, in the field of internal security, in the field of science, education, and in some instances in culture. What does it mean, 'common spaces'? 'Common spaces' means that we have common rules, and that we have structures which are responsible for common application of these rules. It is not cooperation among different entities. It's a policy of creating something common. All of the structures in the Russian Federation and the European Union are structures of intergovernmental cooperation, with quite different aims and quite different instruments and quite different mechanisms, as far as the proposals discussed, as far as the Russian scientific community, as far as Parliamentary relations are concerned. What are the subjects discussed by our parliamentarians? It's international relations, international conflicts and also main problems of world governance. But parliaments are there to develop legislation. It's their main task. Do our structures have position? Never. Instead of just a form of cooperation as far as parliamentarians are concerned, we need to transform them into some working groups or some structures to discuss legislation, to discuss organization, to discuss unification of legislation, if we want to have common rules on common economic space and common internal security space.

As far as the Partnership for Modernization is concerned, let's put it quite clearly. It's a political project indicated to support some political figures and some political incentives. Now we have a situation that has entirely changed, and we need to rethink what the Partnership for Modernization is. It's not something just to support political forces. It's to work together and make our economies more efficient and to create common future. We need to properly manage the structure, we need to divide the Partnership for Modernization into different segments and think how to manage regional partnerships for modernization, and not just a slogan or a number of unrelated activities which fragment our economic space and concern some players.

As far as Summits are concerned, they are grounds to look at the situation, to exchange views and to have common approaches. But is it enough if we want to have a real strategic partnership? Our real relationship is not on the level of strategic partnership. I put it bluntly, it's a stagnation in our relationship. Through Summits we need to transform, to take stock of what has been done in this period, and to assign teams, assign structures, to deal with concrete issues and to move forwards. As far as the dialogues are concerned, we have more than 60 working groups and dialogues in different fields of activity, but the majority of these dialogues and working groups are just an exchange of views, it's a real dialogue but without decisions taken, or without real steps forward. We need to make these structures work in a different way, to have real targets to achieve results and to provide those who make political decisions with pieces of legislation which can unify our legal space and harmonize it as far as the future is concerned.



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And of course what is needed is a real dialogue between not only Russia and the structures of the European Union, but with Russia and structures of the European Union and member countries to have common approaches and to go forwards.

**Jakub Kulhánek – Analyst, Association for International Affairs:**

Thank you, Mark, for your rather provocative presentation. That's what we all need and want to hear. And now to Katarzyna Nalecz, and I was practising how to pronounce her name, and I did not do that well, she's the head of the Centre for Eastern Studies here in Brussels. She'll try to tackle the issue of the institutional framework from the point of view of the EU.

**Katarzyna Pelczyńska-Nałęcz – Head, Centre for Eastern Studies in Brussels:**

Thank you, Mr Chairman. I must say I'm a little bit more optimistic than Mr Entin, as I believe that Russia is definitely not the most important problem of the EU. But I absolutely share the point that cooperation is crucial and we need an adequate and relevant institutional framework.

Let me start my presentation with a general assertion. The institutional framework should serve political and economic objectives, and not substitute them. It may sound quite obvious to you. Unfortunately, this principle hasn't been necessarily taken into account in EU-Russian relations. My impression is that in the recent two decades the lack of satisfactory progress in the mutual relations has been compensated by widening or deepening the institutional framework of relations. Just to illustrate it, let me very briefly to take you through the main stages of the evolution of this framework.

In 1994 the Partnership and Cooperation Agreement was concluded. Based on this agreement the core institutional framework was established, with biannual Summits, Cooperation Council, cooperation committees and lower level working groups. Then the Cooperation Council was turned into the Permanent Partnership Council. That was mainly because both the EU and Russia wanted to distinguish this Council from the many other councils which were working between the EU and other post-Soviet countries. Although, the vast majority of the PCA provisions weren't implemented, in 2002 dialogues were launched: the energy dialogue and security dialogue. Within the framework of the energy dialogue, the working group was established, which was then very soon turned into a higher level working group. In the framework of the security dialogue the consultation mechanism between the EU Political and Security Council and the Permanent Representative of the Russian Federation to the EU was established. And again the dialogue hasn't produced tangible results, but still three years later the already mentioned here Meseberg Memorandum was signed on exploring the establishment of the Russia PSC consultation on the ministerial level. Coming back to the beginning of 2000 and 2001, the EU-Russia Summit in Moscow, Romano Prodi brought up the idea of creating the EU-Russia common economic spaces. I talked to some people from the EU at that time and they told me quite frankly that most of the EU officials were totally taken by surprise. So people were quite uncertain what this whole idea was about. To solve the problem a high level working group was created to fill this vague proposal with substance. And again, in 2003 the report was completed, but it didn't include any concrete information about the instruments, how to achieve this common economic space, which is the end aim, it just assumed that the parties should create an open and integrated market-based cooperation, based on similar principles. Additionally, at the St-



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Petersburg Summit three other spaces were established: the common space for freedom, security and justice, the space for external security, and research and education. Two years later we had Roadmaps for how to implement these common economic spaces. The implementation of the Roadmaps went quite slowly, and unfortunately didn't produce tangible results, but still in 2008 new negotiations on the PCA-2, the basic agreement, were launched, again without big progress. Despite this there was the most recent proposal, the Partnership for Modernization. This was very brief overview, but I believe we can see quite clearly that new institutions have been established not as a result of the policy progress, but more to imitate this progress and to create the impression that things are moving forward.

To be more constructive, let me now move to the question posed by the organizers: what framework should the new relations take? I would offer the following recommendations. We should make the best use of what is available now. Reduce the superfluous institutional arrangements and only then think about new ones. How to make the best use of the already existing institutional settings? The core element of this institutional framework are the Summits, Permanent Partnership Council, cooperation committees and working groups. Unfortunately, apart from these Summits, which are organized on a regular basis, and the Permanent Partnership Council, which also is held regularly but only in the format of foreign ministers, the other formulas are reduced to the minimum and they don't work as they could. So my suggestion would be to reinvigorate this framework, to use to the maximum lower level working groups to enrich the Permanent Partnership Council with other sectoral formulas.

What about the superfluous institutions? I must say that I really don't believe that we can move forward with the spaces. I'm quite cautious over the Partnership for Modernization, but still neither the EU nor Russia will get anything good from being too radical. The abolition of the already existing instruments will deteriorate the political atmosphere between the parties. The only thing which I believe will work and be considered is the reduction of the number of the summits, so to turn the biannual summits into just one summit per year, and that will reduce the pressure for success which appears before each summit and encourages the politicians to come up with fresh ideas, new dialogues, new spaces, and other institutional arrangements. And I know that this has been discussed, at least in the EU, for some time. I would be very interested in hearing what our Russian colleagues think about this.

As for the new institutions, I'm afraid that the Action plan for the Partnership for Modernization, which was a suggestion in the previous panel, will not solve the problem as the problem is, as was also mentioned, in a different perception of this idea. If the perception is different, it's not different because the parties did not have a chance to communicate, but it's different because the interests are diverging; so, one more action plan will not solve the problem. What is crucial at this point, and I cannot agree more with Hannes Swoboda, is to restart the negotiations on the new basic agreement. There were twelve full negotiating rounds before 2010 then the process was almost frozen. Definitely the Russian WTO accession creates a new window of opportunity. However, being very much dedicated and committed to these objectives, we should also understand the interests are very different and the division of this new basic agreement is absolutely different on the EU and Russian part. So, Russia is more interested in having very general political agreement which will underline the exceptional strategic character of the mutual relations. It does not want to include the



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sectoral agreements into this basic agreement. While the EU also is very much interested in this political part, also for other reasons the EU attaches great importance to common values underlining this aspect of the relations. But it's also important for the EU to include the sectoral agreements and to have a comprehensive legally binding agreement which will guarantee the non-discriminatory treatment of the investors, which will create mechanisms for settling disputes, which will bring some legal regulatory approximation into the EU-Russia relations and finally which will pave the way for the Free Trade Agreement which will not be a part of this new basic agreement.

So, we will see to what extent there is a chance for a new restart for the new agreement, but again, coming to the beginning of my presentation, I would like to underline that the problem is not in the irrelevant or inefficient institutional framework, the problem is in the substance. The interests are diverging, and without coming closer in the substance we will not be able to move forward.

### **Jakub Kulháněk – Analyst, Association for International Affairs:**

I think we are going to follow the format of the previous panel. So, before I open it up for your questions, I would like to ask Mark about his idea about trying to merge and streamline the legislation, and I think that it is important, but, wouldn't you agree with me that at the end of the day, it is the question of will? And how do you get the two parties to get cracking at this? Because this is a rather contentious issue in itself. And a brief question to Ekaterina, you mentioned how important it is for both sides to get their act together, so to speak, but I wonder how would you advise the EU to try to speak with one voice? And then again, to play devil's advocate here, it is not so uncommon for Russia to focus on bilateral relationships with individual member states rather than talking to the EU as a single actor. So Mark?

### **Mark Entin – Moscow State Institute of International Relations:**

Thank you very much for your question. I have come up with two different answers. One is general, the other is just a case study. So let's start with the case study maybe. So we have competition law in the European Union, and we have competition law in the Russian Federation. So the basis of competition law is the [ ] 2003 is the basis of the Russian legislation and the basis of the legislation of the European Union. It was introduced a few years ago in the Russian Federation, in a few steps, first of all as part of administrative and civil law, and the second part is the number of companies, and large companies, especially monopolies, which were against introduction of such legislation. So we could not criminalise some activities in violation of competition law. We discovered why in a few years we needed a different competition law because the situations are different, requirements are different, and we have taken on board some instruments from American legislation to pass legislation to provide companies with self-sufficient means in courts. At the same time, there is third wave of updates. This legislation is just to concentrate... One of the most powerful agencies of the Russian Federation is the anti-monopoly agency. The situation is too difficult to improve the situation in a few years. Nevertheless we discovered that this agency needs to deal only with large problems with large companies, just to tackle the main situation, because the agency is overwhelmed with a number of cases and litigations with different companies from different levels and with state structures as well. The same could be said of financial activities, about customs legislation, and so on. Specialists are not aware of the amount of legislation which was enacted in the Russian Federation, but we need to take into



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consideration that it is another country with another tradition and different economic worlds. What is good for developed structures here are not sufficient to achieve the same level of development. So you need different incentives, you need different supporting structures. Here is the real space for dialogue between our lawyers and experts of the European Union and the countries of the European Union, who have discovered that something is going on in the countries of the European Union, as well. So if there is a need for such high legislation, we should take into consideration why both sides could propel future activities and cooperation, and, very important, competitive attitudes.

### **Katarzyna Pelczyńska-Nałęcz – Head, Centre for Eastern Studies in Brussels:**

Thank you, and thank you for raising this very important issue. Indeed, the EU policy towards Russia is not one, it does not consist of 27, but at least it's about three or five different policies, and Russia obviously uses this situation and tends to speak more and communicate more with particular member states, and even more eagerly with the stronger ones, and that is absolutely obvious and reasonable policy. Even more recently, Russia is shifting more from this communication at the EU level to the communication at the level with the particular member states due to the economic and political crisis of the EU, which definitely does not help. It definitely tarnished the EU's image in Russia. However, there are some fields where the EU is more and more able to present a consistent position, and that is the energy policy. The position, the common standpoint based on the third energy package seems to be really the example of more or less successful attempt to speak with one voice. The answer to your question, how to make the EU speak with one voice, would be just to develop our own regulatory base and to respect it. That is the best way, and it worked with the energy policy. It can work also in the sphere of economy and in other spheres.

### **Jakub Kulháněk – Analyst, Association for International Affairs:**

Thank you. Now to you, your questions and comments. So any questions or comments here? If not, let's move to our other speakers and then you can ask your questions. Now to Vladislav Maslennikov, who is the Deputy Director of the Department of European Cooperation at the Russian Ministry of Foreign Affairs, and if I got it right, will try to look at EU-Russia cooperation in the realm of foreign policy.

### **Vladislav Maslennikov – Deputy Director, Department of European Cooperation, Russian Ministry of Foreign Affairs:**

Thank you. What I would try to do while sitting and listening to previous panellists is I would use two minutes to sum up some things that I heard and can hardly agree with, or comment, because sometimes I can see that the essence of EU-Russia relations is a bit misunderstood. So as to the lack of progress for the past twenty years in the relations between Russia and the EU, I think if there was lack of progress over the last twenty years, we wouldn't be all sitting here. If there was lack of progress over the past twenty years, nobody would be interested in relations between Russia and the EU right now. Nevertheless, what happened in the past twenty years is, actually, quite an institutional structure, a framework for cooperation already in place which allows us to tackle the tasks of our bilateral cooperation. The other thing is that both Russia and the EU would like to have even more. But we can't say that there was not a lack of progress in these twenty years, because twenty years ago the essence of cooperation that we have now was unthinkable. Summits twice a year, which do exactly, as Mark said, take stock of what happened during the certain period of cooperation, sets aims for the next period. That didn't happen twenty years ago.



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The same goes for the meetings between the EU governments, Russian Federation and the Commission, which took more closely to the economic side of cooperation. The Permanent Partnership Councils, if I understood you correctly, you said that they are only working on the level of the Ministers of the Foreign Affairs? Totally wrong. What happened over the past twenty years is that they were regularly working on all the rest of the formats as well as Ministries of Foreign Affairs. The latest meeting of this format of the Ministers of Foreign Affairs took place last week on 17 December for the first time in two years. The Minister of Foreign Affairs meets regularly with various national governments, that's true, but not in the format of the PPC; while the sectoral PPCs are taking part quite regularly and so far proved quite effective.

Sectoral dialogues, we have sixteen of those. And we have also forty formats of expert consultations. And I heard a lot today from the panellists, how effective all these structures are. Once again, it's not necessarily that we will see tangible results from an expert meeting, but an expert meeting is very important, in terms of bringing the positions of Russia and the EU closer. And we do proceed from the point that those formats are important and are highly interested in continuing working in these formats. Once again, was all this cooperation going on twenty years ago? No. Are we satisfied with what's happening in our cooperation with the EU? Yes. Do we want more? Do we want to go faster? Yes.

Speaking on personal terms, sometimes the EU approach in cooperation with Russia reminds me very much of a high-speed train like Thalys, going from the Netherlands a couple of years ago. It is a huge machine capable of achieving huge results in terms of going far and fast. All of a sudden, it puts on the brake and goes very, very slowly. That's more or less exactly how it happens. Sometimes we can see that happens as far as the EU approach with cooperation as far as Russia is concerned. So do we want to go faster? Yes.

What do we propose on our part to make our cooperation more effective? It is Russia who took the initiative to start a dialogue on a new basic agreement. We took this initiative as long ago as 2005. The first round of these negotiations took place in 2008 in Brussels, but since December last year they are in fact stopped on the initiative of the European Union. The reason is the different vision by Russia and the European Union of the future basic agreement. Because we are proposing a short framework agreement which could be complemented by detailed sectoral agreements, while the EU insists on a very detailed agreement, going into details a lot on question of the regime as far as the trade investment is concerned. Besides, some obligations that are proposed by the EU for the economic part of this agreement would be actually more appropriate in a future agreement on free trade between Russia and the EU. So here we have to see how we can go forward, because with the present approach these negotiations could basically turn into the same marathon that we had with accession to the WTO. Does anybody need such a situation? I don't think so.

Russia is actually proposing for a long time already to go for a new quality as far as cooperation in terms of foreign policy and security is concerned. We already heard a lot about the Meseberg initiative today and I'm not going to go into details on that. But I'll just say that the recent developments in Northern Africa and the Middle East, which came as a surprise for many, just confirmed the need for a mechanism between Russia and the EU for operative interaction.



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On crisis management, which was also covered by previous participants of the discussion, I was quite surprised not to hear at all any reference to what's been achieved in this area. I only heard what should be done, what should happen now. But there is also positive experience in this field, as Russian specialists took part in police mission of the European Union in Bosnia and Herzegovina in 2002-2006. A Russian military contingent took part in the operation of the EU in Chad and Central African Republic in 2008-2009. We still have more recent positive results in such cooperation as even now the military marines of Russia are participating together with the EU in EUNAVFOR Somalia, fighting against piracy around the African border. In our cooperation in crisis management we also see no alternative to institutionalising this cooperation on the basis of equality. And to conclude, I'd like to say that with two big actors in terms of foreign policy on the continent, such as EU and Russia, we should translate consulting mechanisms that are already in place on the main international problems into instruments of taking common decisions on how to approach those and how to realize this approach also in terms of crisis management.

### **Jakub Kulháněk – Analyst, Association for International Affairs:**

And now I can say, money speaks in the land of the mute, we'll move to the world of business and try and take a different look at the private sector, both in the EU and Russia, thinking about the current challenges as well as the alternatives. So I would like to ask Dennis Kredler of the European Roundtable of Industrialists to give his presentation.

### **Dennis Kredler – European Roundtable of Industrialists:**

Thank you very much. I've been asked to be brief and detailed. I will try to do my best. First, a little disclaimer, an explanation at the beginning. I am from the European Roundtable of Industrialists. It is a European business organization, no Russian members, but I work very closely with the EU-Russia Industrialists Roundtable, which is abbreviated IRT in English and guide that is an organization bringing together 12 CEOs from the EU and 12 CEOs from Russia. And so it's a joint EU-Russian view of those 24 Chairmen.

First, what is it that the IRT does? They give business recommendations to policy-makers in the EU and Russia, usually around the Summits. And we are going to do so again before the EU-Russia Summit on 15 December. And our recommendations aim to make practical improvements, to recommend measures that policy-makers can take to make practical improvements on the ground. We are not as an organization about politically what is wrong only with Russia, but our approach is to seek and identify common challenges. There are a number of common challenges for the EU and Russia, most people aren't necessarily aware of the problems they face. The valuable recommendations that are made by the IRT are based on a business vision. I will quickly outline the vision, which is often an integrated EU-Russia common economic area; not to be confused with the common economic space, which only needs to be formed and which is not very well defined. And we actually have a very clear idea of what it is that we want to see. Firstly, we want to see Russian WTO membership. We'll talk about that in a moment. But we also want to go further than that, and build on that, and come to an EU-Russia agreement that reduces trade obstacles further, that also puts in place a much more open and transparent non-discriminatory regime for foreign investment in both directions: from the EU to Russia, but also from Russia to the EU. We would like to see approximation of economic regulations as well as standards around the international standards that exist. We'd like to see common rules of intellectual property rights with due enforcement as well, as well as dispute settlement mediation mechanisms. So



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this is the vision that underpins where we are coming from in our work. We look at achieving this vision in terms of a step by step process. There are essentially, we think, three steps to this. First one is Russia's WTO accession. The second one will be a new EU-Russia agreement. And the third one would be a fully-fledged free trade agreement, which we actually would hope to be a EU legal deep and comprehensive free trade agreement.

So, first Russia's WTO accession. We all are looking forward to it and are obviously thrilled to see that the likelihood of Russia joining the EU is fairly high. We also opened ratification of the WTO accession that thereafter in Russia is going to take place. It is an important point, because we will hear a lot about the WTO accession around 15-16 December, when the decision will actually be taken in Geneva. But no people actually mentioned the fact in the media that Russia still has to ratify, there are things that can actually still go wrong. [] We hope that WTO accession will take place of course and as quickly as possible. And we think it will lead, at least we hope that it will lead, to the implementation of rules and practices in Russia that are in line with global standards, and is going to have positive effects going far beyond trade relations. And this is where I will have to disagree with Hannes Swoboda, who seemed to imply that WTO accession will only have an effect on trade. This is true in the first instance, but there are very strong interlinkages between trade and foreign investment. That's why we are absolutely sure that WTO accession will also have positive effect on the investment relationship between the EU and Russia. Thirdly, it will increase competition in the Russian economy. And now I have to agree with Hannes Swoboda that we are likely to see in a short term a number of companies that probably are going to be forced to make adjustments to the competition situation in Russia. But we have to look at this in the context of modernization. If our aim is to modernize the economy, we cannot do that without making infrastructural changes. So in the medium to long term, and again I agree with Hannes Swoboda, it will be beneficial to Russia and the EU.

Now, WTO accession, we think, is going to be a major boost for modernization in Russia. We certainly hope so. And that is going to make it much, much easier than to progress to what was the second priority – the new agreement between Russia and the EU. We are not so concerned frankly about the formal architecture of the agreement. We would like to see it go as far as possible. We would not expect it, obviously, to include a fully-fledged free trade agreement, it is unlikely to go very far. I will just give you three points that from our perspective are major common challenges. First one is the need to facilitate cross-border movement, at least of business people, but hopefully more than that, in particular researchers and academics. We often hear the view, which is really a myth, that when we ask for visa facilitation this is seen very much as a Russian interest only. This is far from the truth. We actually face as European companies operating in Russia, we face huge problems both with the Russian and the EU visa regulations. Both are a problem and need to be addressed. The broader policy behind this is that, if you are going to foster modernization, if you are going to foster regulation, you need the exchange of people. Russia actually has a lot of people that can contribute to the EU regulation process and the other way around as well. It is not a one-way street and we cannot quite understand the reluctance to open up this kind of resource that we have bilaterally, to actually get that movement facilitated at least. This was the first point.

Second point, there is a lot of scope for cooperation in human resources development in a broader sense. Both Russia and the EU actually face a common challenge in that they both



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have a shortage of people with technical skills and those are the skills we need to make innovation happen. We know already today that there are not enough people going into studies of maths, sciences, technology and engineering subjects. That means that we already know today that in the next ten years we are going to have too few people coming out at the end of education cycle with those skills that we actually need. So this is a long-term issue, but it needs to be tackled immediately in order to shorten the problems we are going to face in terms of skillsets that people have both in the EU and Russia. There must be some ways of cooperating in those areas.

Third point, a rather drier issue, but that is to promote cooperation in the area of standardization. There is a lot potential to bring into force cooperation, and I'm pleased to say it's actually moving forward interestingly as a result of the creation of the Customs Union. EU-Russia cooperation in standardization is seeing a bit of a boost. And that just to explain you in one sentence, standards, if they are compatible, ideally the same standards for products, you immediately eliminate a lot of the trade barriers. This is what was done within the Single Market of the EU and there is a lot of experience there. And that is also done within the Customs Union as well. There is great scope for cooperation on a lot of these issues. So, to conclude here, we are very optimistic that WTO accession will provide a boost to EU-Russia cooperation and to the development of new structures that give life to the practical EU-Russia relationship, as we see it from the business perspective. And it works quite well for the moment for the EU-Russia economic relationship. Thank you.

### **Jakub Kulhánek – Analyst, Association for International Affairs:**

Thank you, Dennis. I have to say that you had a sort of Freudian slip when you said that Russia would certainly join the EU, instead of the WTO. Let's hope it might happen one day. Before I hand over to Hannes Adomeit to sum it up, I'll open it up for your questions and comments. Let me ask Vladislav first, you discussed the EU-Russia cooperation in the realm of foreign policy and security policy. I wonder, where does Medvedev's proposal on the European Security Treaty... where does it fit in? Is it on a back burner, or is there something Russia would like to take up with the EU? My question to Dennis, I wonder since you are working with the Russian business people on a daily basis, do you see for instance some sort of pressure on the Russian government coming from the private sector and to what extent is this effective? Because I understand, they are pretty much on board, they have the same interests, but to what extent are they willing to push their own government to do more?

### **Vladislav Maslennikov – Deputy Director, Department of European Cooperation, Russian Ministry of Foreign Affairs:**

It was as you know a proposal specifically focussed upon the security issues for Europe, and of course it's the best also for the European Union, and we are prepared to discuss it.

### **Jakub Kulhánek – Analyst, Association for International Affairs:**

So this is an ongoing process? Russia is not giving up?

### **Vladislav Maslennikov – Deputy Director, Department of European Cooperation, Russian Ministry of Foreign Affairs:**

No.

### **Dennis Kredler – European Roundtable of Industrialists:**



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As to where it stands, Russia business is willing to do the same as in the EU frankly. It is dependent on personalities and there are some business leaders who are very outspoken, so no difference to be honest.

**Derek Averre – Director , Centre for Russian and East European Studies (CREES), University of Birmingham:**

I just have a follow up to that question. Do you tend to deal with the larger corporations in Russia? Or is there a lot of representation from small and medium enterprises, and are the bulk of the SMEs interested in pushing?

**Dennis Kredler – European Roundtable of Industrialists:**

Yes that is a challenge. We deal with the larger companies. It is a constant challenge facing the EU, on how to involve SMEs in important ways. Most SMEs are not set up to deal with those type of questions.

**Nadia Arbatova – Department on European Political Studies, Institute of World Economy and International Relations:**

I have a general comment on the EU-Russia relations in the new framework. I think that we should proceed from what is realistically possible now, when two partners are undergoing the deepest crisis, and in my view, paradoxically, the EU-Russia interests at this particular stage coincide completely. Russia is interested in the economisation of its relations with its partners, not only with the EU but in general, and European Union is interested in economisation of its relations with Russia. Regarding bilateral relations, it's not only Russia's interest or propensity to develop bilateral relations with the EU countries. The world economic crisis strengthens a competitive race between the EU countries who deal with Russia. So, however strange it may look at this stage, our interests coincide. On the one hand the strategic goals of our relations are being downgraded, but at the same time, this... I don't like the word 'pragmatist', because in my view it can be as dangerous as an 'idealist', because it's about the tunnel vision that lacks strategic vision, so it's better to use political realist. May be we should use these opportunities at this stage. I don't know how long it will last. It will depend on how we shall come out from this crisis. But there are opportunities at this stage.

**Question:**

I very much appreciate this meeting. I want to suggest some concrete steps, some preliminary action on some areas to do concrete steps. I will give an example. The big problem in Russia in the underdevelopment of the East. There is old industry and activities in the West. Russia has a geographic problem. [] So in the short term can the EU help Russia to move resources to the Far East in order to prepare the ground for the future? Another subject is defence conversion, industrial conversion in Russia helped by EU technologies. And another subject I have in mind is waste treatment, an ecological problem which exists for the whole world, and also in Russia. []

**Jakub Kulhánek – Analyst, Association for International Affairs:**

I can assure you that this is pretty much what we have in mind, and as my colleague Derek Averre mentioned at the beginning, we'll be releasing a report which will not only sum up the main ideas here, but it will also come up with solid recommendations to policy makers. So this is not just we hope that this will be a mere talking shop. At some point something



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more substantial will come out. But may be some of our speakers would like to address this? No? One last question and then we'll move on.

### **Question:**

It's a question to Mr Maslennikov regarding the length and the depth of the new agreement. Russia favours a short agreement. The question, what is the impact of such a short agreement on the PCA? I also have a question for Dennis. You also put into two steps, the WTO accession and the new agreement, and moving towards a deep and comprehensive free trade arrangement. Why do you come to this? []

### **Vladislav Maslennikov – Deputy Director, Department of European Cooperation, Russian Ministry of Foreign Affairs:**

[] We propose that the short framework agreement should be completed by a detailed sectoral agreement. And that does have added value. []

### **Dennis Kredler – European Roundtable of Industrialists:**

We're very interested to see progress. Progress that we can feel on the ground. Russia is joining the WTO, and in that context has made concessions regarding trade policy, and we would like to see the EU-Russia new agreement to go as far as possible in reducing further trade obstacles of course. At the same time it's probably different, we are only just at the stage when Russia is acceding to the WTO. It's too early to talk about free trade as such. We don't want to wait to achieve more trade obstacle reductions until we are ready to have a free trade agreement, because it is going to take long years. So we need the new agreement as an interim step, and hopefully take us a little further on trade, but also adding a number of other areas of cooperation, including investment and legal standardization and just basically see that it goes as far as it can. Once there is a negotiated outcome, we are not going to say we don't like it because it does not go far enough. It goes further than what we have now, further than the WTO accession, and it happens reasonably soon, then we will be happy with this interim step.

### **Jakub Kulháněk – Analyst, Association for International Affairs:**

Last but certainly not least, I will ask Hannes Adomeit on the College of Europe to give us his view on the EU-Russia partnership, and pretty much sum it up for us.

### **Hannes Adomeit – European Interdisciplinary Studies Department, College of Europe:**

Thank you very much. So we are at the point where everyone could and should say everything that has been said before but not by everybody. Of course I do have an outline. I have a paper which I could present, but I do not want to repeat the points which have been made already. So what I would like to do is maybe not summarize but rather give my impressions of what has happened at the conference and where I see some agreement and disagreement among the participants and the reactions by the audience.

The speakers have spoken about the prospects for the strategic partnership, the idea being that essentially there is no strategic partnership, but we should look for the prospects and how this partnership can be forged. Now in the fine print in the structures it says to us speakers that it's one of the purposes of the conference to focus on the prospects for a new strategic partnership, which means that there is a strategic partnership but we should be looking for prospects for a new one.



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Just this morning, Mr Wiegand talked about the problem with the term ‘strategic’. What does ‘strategy’ and ‘strategic’ mean? In my view, for such a state of affairs to obtain, and for partnership to be used in conjunction with strategic, we need common purposes, we need common goals, common objectives and also common values. More importantly we need an agreement on the means to be used to achieve some common objectives and some sort of Roadmap. Not the Roadmaps which we see in the four ‘common spaces’, because these are not real Roadmaps; we are being told in this document of 2005 what we should be doing, what instruments we should be using, but it’s essentially a list of wishes that has been compiled, and not in the true sense of the word a Roadmap with which we can orient ourselves. And finally what could and should be part of the strategic partnership or strategy is the timeframe, within which the common goals aim to what we want to achieve; evidently it is quite lacking in the EU-Russia relationship. Furthermore, when one looks at the Russia and strategic relationships and formats it has tried to form, with China there is such a strategic relationship, with India, and there is the idea of a strategic triangle of Russia, China and India. With Turkey we have a strategic relationship, we hear in Moscow of the strategic relationship between these two countries. So, really at the end of the day one is left to wonder if the term ‘strategic’ in combination with ‘partnership’ is not just another word for simply ‘difficult’ or ‘troubled’. That may be the case.

So, I think what we have been talking about today at this conference is the prospects for improvement of EU-Russia relations. And that is reflected very much in what Mr Wiegand said this morning, that one should not take the term ‘strategic’ too seriously. This is for public relations purposes, mainly.

Now, this raises the question then which has been addressed in these sessions: are the existing dialogues effective or ineffective? Well, this I think was probably one of the conclusions one can draw that they have been ineffective, which raises the next question: why have they been ineffective? In my view, I think this essentially has been controversial, I very much agree with Katarzyna that the root of the problem is not the lack of institutions but is the very fact, as she put it, of substance. If I put it differently, it is a matter of different political and economic interests, it’s a matter of different perceptions and priorities, different views and visions, and different ideas as to the achievements of these common political, economic and legal spaces in Europe. I was just reading a few days ago an article in Russia in Global Affairs, a review of the EU-Russia relations, and it tells us something about the predominant Russian point of view of actually what went wrong in relation to the EU and Russia. According to this author - and I stress that I firmly believe that this is a view shared widely in the Kremlin and beyond in the foreign policy establishment in Moscow - things began to go sour starting in May 2004. Why? I quote: “On that day EU was joined by several countries that traditionally show no liking for Russia and sometimes even no formal courtesy. At that time – in contrast to its friendly rhetoric –the EU began to freeze its rapprochement with Russia and adopted a de facto policy of ‘peaceful co-existence’ and rigid, if not hostile, competition in the economic sphere. In particular, it started petty bargaining over terms for Russian accession to the WTO; tried to impose on Russia an agreement on Kaliningrad, which was humiliating for Russia; it thwarted a Russia-proposed plan for settling the situation in Transnistria region which had been approved by all the conflicting parties. Finally, it launched undisguised anti-Russian activity during the Orange Revolution in Ukraine, and tried to pressure Russia into ratifying the Energy Charter, which



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Moscow found unacceptable and which it had no other choice but to sign in 1994” (and here we come to the crux of the difference in perception) “when it was on its knees both economically and politically before the West”. And that of course harks back to the general interpretation voiced by Vladimir Putin, that we had in Russia chaos under Yeltsin, and no concessions were made, Russia was on its knees, and now we must resurrect Russia and undo the damaging concession that have been made.

Now, next point, if this is the case, what does it give us with regard to foreign policy. There it is obvious for me that the root of the matter is not structure. What I’m saying here is this question put to us about the EU Russia Political and Security Committee, that was put forward in conjunction with the proposals made by Medvedev and Merkel at Meseberg. [] We already do have such a structure. It’s nothing new really, it was referred to several times, namely that we have the EU Political and Security Committee and Russia is participating there in a consulting role. So, this Committee is there plus Russia, and the point about the Meseberg initiative is that it is supposed to move up the status of this Committee to the ministerial level. So, it’s like not new, but they just change the status.

What has not been already mentioned in the discussion, it is that this isn’t coupled very much with true progress on monitoring of the frozen conflicts. And namely one that in the view of Angela Merkel lends itself to solution, namely Transnistria. Now, in June we had the resurrection of the five plus two format in Moscow in order to try to make some progress on Transnistria, but as it turned out not even the final communiqué could be agreed upon at this conference in Moscow. This leads me to conclude that, unfortunately, in my view Russia is not really terribly interested in de facto - although in rhetoric it conveys a different notion - security cooperation with the European Union, because in terms of security what really matters for Russia is not the European Union, but NATO. So, this was an opportunity. If Russia really had had the interest to forge much closer cooperative security relations with the EU, to make concessions on Transnistria to bring it about, but this has not been the case.

This primarily, and this will be my last point on these issues, is one of the reasons why it is particularly difficult to come to an institutional arrangement that might deter problems in the international security arena, that is because Russia has been using the frozen conflicts in order to prevent Western orientation of those countries which are part of the Eastern Partnership. So it’s not really a matter of looking for joint resolutions for the conflicts, but trying to foster its own interest. And no matter what institutional framework we may devise, as long as these differences of interests persist it will not be possible to come to a resolution. Thank you.

### **Jakub Kulhánek – Analyst, Association for International Affairs:**

So this is the last opportunity for you to ask our speakers whatever interests you. I understand it’s been a long day for all of us. Are there any reactions? Katarzyna. Just keep it brief.

### **Katarzyna Pelczyńska-Nalęcz – Head, Centre for Eastern Studies in Brussels:**

Let me just wrap up a remark. Coming back to the very important issue of the progress, whether there has been any progress over the last two decades. So I definitely agree that we are absolutely at a different point now today than twenty years ago. It is not the same situation. We learned a lot about ourselves. I believe that we have learned how to



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communicate in a more efficient way, we have reached the channels of communication, that's absolutely true, unquestionable. At the same time, we should remember about the high expectations which were in the beginning, in the early 90s. So at that time, both in the EU and in Russia, I remember many discussions, and I read some statements made by the experts, but also politicians. There was a hope that it would be possible to create something like the common Europe, a common European space, space with common values for common security interests, and not just a security dialogue but joint security actions based on common legislation with a free trade agreement in place without dividing lines, without spheres of interest, and simply it didn't happen. So I am not saying that we haven't achieved the progress, but it's much less than some people expected twenty years ago. Now the relations between the EU and Russia are probably better than ten years ago, but it's because both sides somehow resigned from the ambitious objectives, and not because those objectives have been achieved. Thank you.

**Jakub Kulhánek – Analyst, Association for International Affairs:**  
Mark?

**Mark Entin – Moscow State Institute of International Relations:**

Everything depends on with what kind of situation we are making a comparison. If we make a comparison of the relationship between Russia and the European Union, and then with the Soviet Union, it's not fair. Let's make a comparison of the relationship we could have achieved and what we have now. I think if we make such a comparison, we will have to say that the two decades were decades of lost opportunities. Wave after wave of more close relationship, of new outcomes, of opportunities and more opportunities, and every time that something was repeated it was frozen, and the Russian slogan 'we are big and strong'. [] That is why it is really important that we consider each new development with Russia's accession to the WTO, new elections, the new political situation in the USA, the new political situation in the European Union, not as an impediment to making our countries and our policies closer, but as a way to change it, to think about our approaches, to see what must be done and how we can help each other to make our life better.

**Jakub Kulhánek – Analyst, Association for International Affairs:**

Well thank you. On this rather happy note... I guess it kind of shows you why it's important that we continue talking and this conference is a good example how to foster exchange of views and ideas. Please, I encourage you to look at the report that we will be releasing shortly. Ladies and gentlemen, thank you very much.



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Association for International Affairs (AMO) is a preeminent independent think-tank in the Czech Republic in the field of international affairs and foreign policy. The mission of AMO is to contribute to a deeper understanding of international affairs through a broad range of educational and research activities. Today, AMO represents a unique and transparent platform in which academics, business people, policy makers, diplomats, the media and NGO's can interact in an open and impartial environment.

### IN ORDER TO ACHIEVE ITS GOALS AMO STRIVES TO:

- formulate and publish briefings, research and policy papers
- arrange international conferences, expert seminars, roundtables, public debates
- organize educational projects
- present critical assessment and comments on current events for local and international press
- create vital conditions for growth of a new expert generation
- support the interest in international relations among broad public
- cooperate with like-minded local and international institutions

### RESEARCH CENTER

Founded in October 2003, the AMO's Research Center has been dedicated to carrying out research and raising public awareness of international affairs, security and foreign policy. The Research Center strives to identify and analyze issues important to Czech foreign policy and the country's position in the world. To this end, the Research Center produces independent analyses; encourages expert and public debate on international affairs; and suggests solutions to tackle problems in today's world. The Center's activities can be divided into two main areas: First, the Center undertakes research and analysis of foreign policy issues. Second, the Center fosters dialogue with the policy-makers, expert community and broad public.



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