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## The EU's approach towards Russia: Time for reconsideration?

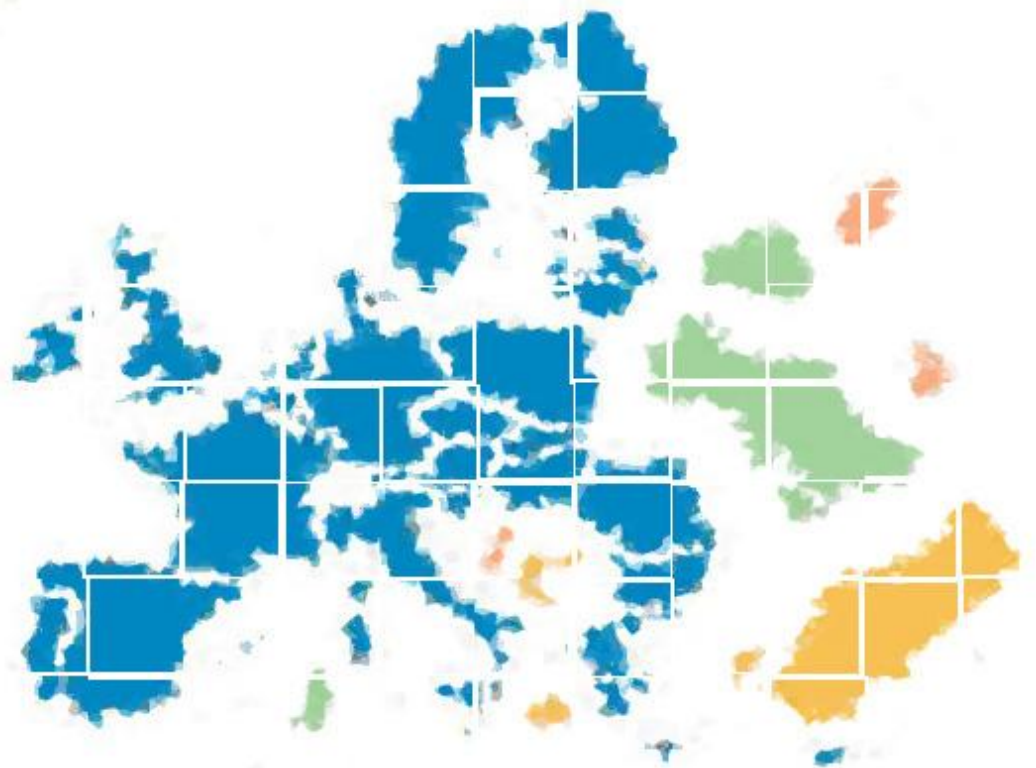
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# EU Frontiers

Student Paper Series

The EU's approach towards Russia:  
Time for Reconsideration?

Mariya Lazarova



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## Mariya Lazarova

Mariya Lazarova has recently graduated from the Master's program in International Relations and European Studies at Central European University, Budapest. She has previously studied International Relations at the University of Birmingham, UK. During the course of her studies, Mariya has completed a number of internships focused on EU affairs both academically and in practice, including one in the European Parliament. Her interests revolve mainly around EU's foreign policy and external relations, enlargement and internal governance.

## Executive Summary

This policy brief explores the pre-Vilnius<sup>1</sup> relations between two powers – the European Union (EU) and Russia. This relationship, often unstable not least because of historical heritage, has altered during the past few years due to a number of changes that are to be discussed here: the changing domestic situation in Russia, the growing competition between the two parties over the 'shared neighborhood', and not least the overdependence on each other in the energy field. These three areas are chosen for analysis, as they are the most contentious and crucial ones overarching EU-Russia relations. After briefly outlining the pre-Vilnius state of affairs in each issue area, recommendations for the improvement of the relationship are given for the European Union. As events in Ukraine after the Vilnius Summit have demonstrated, the status quo in EU-Russia relations was not stable, and changes recommended here could have alleviated the situation. Moreover, the suggestions about the three above-mentioned areas still have the potential to improve this relationship on a more pragmatic level. This is not to claim that the betterment of EU-Russia interaction is not needed and required on higher levels, however, this paper offers one reading of how problems could be overcome.

The major recommendation that this paper puts forward is that the EU should be more pragmatic in its relations with Russia. It should seek to expand trade, avoid energy overdependence, and exploit investment and business opportunities. The transformation of the Russian society by promoting 'shared values' should not be an aim on its own, but should rather be the result stemming from people's realization that a closer cooperation with the EU brings them opportunities and prosperity. Furthermore, the visa facilitation dialogue should be revived, and the opening of the EU's borders should be seen as counterbalancing the isolationist trends that Moscow is promoting. Moreover, this paper calls for greater acknowledgement by the EU of Russia's presence in the region. By accepting it, the EU should not aim for reconciliation in every field, but should try to work on areas where there are mutual and complementary interests. The EU should recognize the limits of its normative leverage and should try to progress its relations with Russia in other domains. To sum up, it has become evident that the common denominator will hardly be found in normative terms, thus the relations have to be more pragmatically-oriented to ensure that at least the possibilities that are at place are explored.

<sup>1</sup> The Third Eastern Partnership Summit held in Vilnius, 26-28 November 2013

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### Introduction

The problem this paper studies is the uneasy balance of power in EU-Russia relations and the need for changing the status quo. An answer to this issue is both timely and needed as recent events have demonstrated. We are currently witnessing the most turbulent of times for this relationship since the end of the Cold War. Clarification of the objectives and clearly-stated aims are needed. Thus, this paper is concerned with providing recommendations for the EU's side, i.e. what it can do to cool down the already very heated relations. This is not to imply that Russia's leadership has chosen the right approach and does not need alteration of its attitude, but due to space limitations and the author's interests, the focus is on the European Union. Three issue areas in their pre-Vilnius state of affairs are discussed: the changing domestic situation in Russia, the shared neighborhood and energy. The main argument of this paper is that the EU needs to be more pragmatic in its dealings with Russia, and needs to give way to its business and economic interests instead of insisting on normative convergence both within Russia and in the countries of the shared neighborhood.

### Overview of EU-Russia Relations

After the collapse of the Soviet Union, the cooperation that developed between the EU and Russia is sometimes referred to as a 'strategic partnership', understood as "co-operation based on a balance of mutual responsibility, aimed at establishing and developing a common European economic and legal infrastructure".<sup>3</sup> The legal basis for this cooperation is the 1994 Partnership and Cooperation Agreement (PCA), which established the institutional framework for bilateral relations, elaborated on common objectives, and provided for a trade and economic cooperation in a number of areas (energy, technology, environment, transport, etc.). The PCA was implemented in 1997 for an initial period of ten years and renewed on an annual basis since 2007. Its aim is to regulate political and economic relations, to promote trade, investment, and the development of smooth economic cooperation.<sup>4</sup> Later on, the EU's Common Strategy on Russia and Russia's Medium Term Strategy for the Development of Relations between

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<sup>2</sup> Disclaimer: The paper has been closed in June 2014.

<sup>3</sup> Gourova 2000:119 cited in Petermann and Matagne 2011

<sup>4</sup> European Commission, Trade, Countries and Regions: Russia

the Russian Federation and the EU (2000-2010) stressed different priority areas for cooperation compared to each other.

Since the mid-2000s the strategic partnership has been stalled officially due to "issues of equality and reciprocity."<sup>5</sup> It might be the case that this 'vacuum characterizing the relationship,'<sup>6</sup> the focus on ceremonial summits actually suited both the EU and Russia. For sure, Russia questions the necessity and legitimacy of the EU's approach of normative convergence in the shared neighborhood, which is a major stumbling block in EU-Russia relations.

The EU-Russia Four Common Spaces (Common Economic Space, Common Space of Freedom, Security and Justice, Common Space of External Security, Common Space of Research and Education) were established during the 2003 St. Petersburg Summit under the PCA framework and seek to reinforce cooperation.<sup>7</sup> They are in effect since the 2005 Moscow Summit and outline specific objectives and required action in the form of roadmaps.

Currently, a new agreement to replace the PCA (a comprehensive framework for bilateral relations) is negotiated. It was given a new momentum after Russia's accession to the World Trade Organization (WTO) in 2012, but stalled after recent political events. Still, Russia's WTO accession is seen as an opportunity to boost EU-Russia relations as mutual rules have to be respected under the WTO framework. Nevertheless, more than a year after Russia's accession, Moscow fails to implement some of its WTO commitments. Fundamental differences have once again considerably delayed the negotiations of the new agreement with the EU, especially due to the differing stances on trade and investment provisions.

There are some initiatives, such as the EU-Russia Partnership for Modernization (P4M), that seek to enhance cooperation in particular areas. The P4M, in effect since 2010, has arguably done tangible progress in the area of investment and in key sectors driving growth and innovation, establishing a roadmap on energy security cooperation (until 2050), promotion of low-carbon and resource-efficient economy, public health, cooperation in innovation in R&D, etc. While exchange of views on a wide range of issues (future steps in developing the global financial and macroeconomic system) has taken place, the resolution of outstanding issues (such as customs cooperation, regulatory cooperation, approximation of standards and regulations, institution building, etc.) has seen limited progress.<sup>8</sup> Nevertheless, the enhancement and deepening of bilateral trade and economic relations, amidst the overall liberalization of trade in the global economy, led to Russia's WTO accession in August 2012.

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<sup>5</sup> Dragneva and Wolczuk, 2012:14

<sup>6</sup> Moshes, 2012 cited in Dragneva and Wolczuk, 2012:14

<sup>7</sup> EEAS, EU-Russia Common Spaces

<sup>8</sup> Partnership for Modernization, 2012 Progress Report

Katinka Barysch points out that although at first sight the P4M seems like an excellent idea, because it is supposed to bring life into the stalled and tense EU-Russia relationship, the crucial problem is that what the EU means by modernization is very different from the notion held by the Russian leadership.<sup>9</sup> Once again, while seemingly cooperating, the two parties just speak different languages. Although opportunities and priorities for cooperation are explored within the P4M framework, substantial progress has not been achieved (although the 2012 Report is on the positive side), because of the EU's insistence on creating an environment for business conduct through rule of law, anti-corruption measures, and reduction of red tape, while the Russian side insists on large investment projects and technology transfer.

### Russia's changing domestic situation

There has been a fundamental change in Russia's foreign policy over the past few years. Moscow is becoming increasingly interested in ensuring domestic stability and building closer ties with China and its Eurasian neighbors. The EU has to acknowledge this in order to keep up with the changing geopolitical order. Unless it develops a comprehensive, concerted and effective strategic approach towards Russia and deepens its understanding about the changing realities in the East, the path towards further cooperation will remain blocked.

The reality is that Moscow perceives the EU and its value system less and less as the sole model for modernization. Consequently, relations are becoming colder. What past experience has shown is that only the Russians themselves are capable of fixing their country – outside influence affects change only marginally, and not always in a positive way. As demonstrated recently, external interference can make Russia's leadership even more antagonistic, leading to consequences hard to anticipate. According to Ian Klinke, it is the clash of value systems that the two different types of actors endorse that is the root cause of their conflicts.<sup>10</sup> He clarifies further that it is not the two different value systems that cause conflicts, but the insistence that one is fundamentally superior to the other. A more productive relationship can only develop when there is recognition that two geopolitical logics exist and one does not need to be superior to the other.

According to Ben Judah, there were fundamental changes in Russia during the past few years,<sup>11</sup> which have not been met with adjusted EU policies.<sup>12</sup> As long as the EU does not take into account Russia's domestic developments and continues to blindly insist on 'shared values,' the relationship does not

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<sup>9</sup> Barysch, 2010, "Can the EU help Russia modernize?"

<sup>10</sup> Klinke, 2012

<sup>11</sup> Putin moving his country from an authoritarian to a repressive state – exemplified by the crackdown on civil society and NGOs in 2013.

<sup>12</sup> EU-Russia Centre, 2013, "EU-Russia relations – Time for a Rethink?"

have any prospect for improvement. The strength of the EU's criticism towards human rights issues in Russia is undermined, because the united voice is limited and very difficult to achieve, not least because of the strong interests of some member states (MSs) in bilateral relations with Russia. Once the EU manages to unite its members, this leverage can be used in dealings with Russia. This aspect is also crucial for the field of energy, which is going to be discussed later in this paper. Until then, the EU shall focus on areas in which it is coherent and strong – trade and economic cooperation. There is no other realistic alternative than keeping Russia engaged and exploring every possibility for bilateral communication.

Faced with citizens becoming more politically active and seeking greater accountability of politicians, the Russian leadership is becoming even more insular and isolationist in an attempt to solidify its powers. It managed to stabilize its base and to disintegrate opposition groups, as a result of which it is unlikely for a social unrest to burst any time soon.

The EU can do several things to better respond to the new situation. Firstly, the EU shall cease to focus on what it wants Russia to become and rather concentrate on its own needs. Priorities should be expanding trade with Russia, avoiding energy overdependence on Russia through diversification, and exploiting investment opportunities. Secondly, through the P4M, the EU can deepen engagement with Russia at various levels – thus, a better environment for the EU will be created in the East. The transformation of the Russian society should not be an aim in itself, but should rather be seen as the means to creating more business opportunities, etc. What is needed is for people to be convinced that converging to the European way brings them more investment and business opportunities. Thus, change will stem from the inside, and not from outside imposition, the legitimacy and rightfulness of which they are not convinced.

This policy brief argues that by developing relations with Russia on a more pragmatic level and exploiting business opportunities without imposing political conditionality, Russian antagonism will not be fuelled. Ideally, Russia will slowly converge, because it acknowledges the business opportunities that come with accepting the European way of conducting business. Thirdly, greater attention should be paid to the visa dialogue, as opening Europe's borders is one way to counter-balance the isolationist trends Moscow is leaning towards. This would be one example of the EU exercising its soft power vis-à-vis Russia.

The EU should not let its relations with Russia become overly laden with controversies and arguments about internal politics and divergent values, because they still matter to each other in many important aspects – energy trade, regional stability and security, economic development. EU values should orient EU interests and should not replace them.



## The 'shared' neighborhood

The biggest recent EU-Russia event – the Eastern Partnership (EaP) Summit in Vilnius at the end of November 2013 – happened without Russia's presence, which is indicative of the influence Moscow has even if it is not directly represented. Russia's success in persuading Ukraine not to sign the Association Agreement with the EU before the Vilnius Summit reveals or rather proves that the EU's incentives are not strong enough, and that the EU (and Europeanization) is not the only option for the development of Russia and the former Soviet republics.

Ukraine has become a normative battleground for the two powers, which is now swiftly slipping through the EU's fingers. Russia succeeded in its attempts to dissuade Ukraine from signing the long-awaited Association Agreement, which includes a deep and comprehensive free trade area (DCFTA), and to instead join the Eurasian Customs Union (ECU). While the latter did not become a matter of fact, it is unquestionable that Russia managed to disrupt Ukraine's European future. Although Ukraine did sign the economic part of the Association Agreement eventually in June 2014, the country and its population have arguably paid a very high price for it in terms of human lives, unrest and insecurity.

As a result of this new state of affairs, the EU has to rethink its approach to the Eastern neighborhood and revisit the short- and long-term opportunities and challenges that might stem from the region. This paper calls for the EU to acknowledge the presence of Russia in the region, also to reconsider its external governance in the 'shared neighborhood', and what implications this region might have for future EU-Russia relations.

The Eastern neighborhood is not mentioned among the priorities of the Greek Presidency of the Council,<sup>13</sup> which may not come as a surprise given the challenges Greece faces. Greece is followed by Italy as the next Presidency, which might mean that the southern dimension of the European Neighborhood Policy (ENP) would be given greater attention during 2014 than the eastern one. This might imply that the EU's priorities will not be on elaborating a new strategic approach regarding the EaP, which would in turn let Russia exert its influence there undisrupted.

Averre questions the coherence of the ENP as the EU loses its leverage because of the lack of a membership perspective anytime soon for these countries, and the ability of the EU to promote its own strategic vision in a region that is traditionally, politically, and culturally influenced by Russia. Furthermore, Brussels struggles to construct a coherent and active foreign policy in the region. For example, it did not engage directly with the conflicts in South Ossetia (it supported OSCE's efforts), which led some analysts to

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<sup>13</sup> Greek Presidency, Programme and Priorities

conclude that the "EU's rhetorical reach exceeds its grasp."<sup>14</sup> Furthermore, while it calls for the respect of human rights, it is reluctant to harshly accuse Russia when infringements occur, because of its own and the member states' economic interests and interdependence.

It should be taken into account that Russia perceives external attempts to reshape its political, economic, and social models as a threat to its sovereignty, statehood, and influence.<sup>15</sup> Thus, the EU should not aim for deep cooperation in every field, but rather acknowledge and accept Russia's presence, and try to work on areas where there are mutual and complementary interests, e.g. businesses, so that the relationship could be smoothed. When the EU reflects on its strategy in the region, it should bear in mind that if Moscow has been part of the problem, seen as acting against the EU in Ukraine, it most probably has to be part of the solution, too. The new foreign policy of Russia emphasizes its equal role as a sovereign power that rejects any external interference. This is what some authors term sovereign democracy (Averre, 2007), a state of affairs that already affects the EU-Russian relationship, and that has to be acknowledged by the EU.

Before the Eurasian Customs Union (ECU) regional integration in the post-Soviet space was mainly a declarative initiative, characterized by a number of short-lived, institutionally-weak agreements, largely justified by past-oriented discourses.<sup>16</sup> However, this Russian initiative, justified by economic pragmatism, seems more sustainable, practical and able to change the picture in the region. It has better-developed institutional framework than its predecessors and is committed to establishing a system that is harmonized with international rules and norms, not the least also with the WTO regime. The ECU is designed to offer an advanced form of economic integration in the region for countries that are still in a period of transition and uncertainty. For now, the Russian tariff has been made the common external tariff of the ECU, and further integration includes reducing non-tariff barriers, improving trade facilitation, liberalizing services, allowing for the free movement of capital and labor, and harmonizing some regulations. The initiative inevitably has implications for EU-Russia relations and especially for the EU's Eastern Partnership strategy. The ECU, although very ambitious and created in a rush, does have the potential to change the regional interrelations. So far what has been accomplished is a Eurasian Customs Union that came into existence on January 2010 only among Russia, Belarus and Kazakhstan – definitely not the final membership as envisaged by Putin. A further agreement establishing the Eurasian Economic Union between the three was signed in May 2014. Kyrgyzstan and Armenia are set to join by the end of this year. Furthermore, the plan is to have a Eurasian Union (EaU) in place by 2015. Its final form is very hard to predict at this point. Despite the problems it is faced with, the ECU is actually being

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<sup>14</sup> Averre, 2007, p.183

<sup>15</sup> Averre, 2007, p.182

<sup>16</sup> Such as the Eurasian Economic Community (EurAsEC).

implemented in contrast to its predecessors. Moreover, in the years to come, especially during Putin's current presidential term, advancement from the ECU to a Eurasian Union is likely to remain at the top of Russia's political agenda. These developments have already had profound consequences for the European Union in its relations both with Russia and with the Eastern Partnership countries.

The clashing point is Russia's ambition that the ECU would drive regional integration of the post-Soviet space, including the countries of the EU's Eastern neighborhood. Unfortunately, this game is a zero-sum one, and ultimately, these countries will have to make a choice for their future: either with the EU or with the ECU. Thus, the EU will need to accommodate to a regional order that includes Russia. The EU has acted as "a regional normative hegemon" that uses its economic and normative leverage to construct "a set of highly asymmetrical bilateral relationships that help to facilitate an active transference of its norms and values."<sup>17</sup> Russia has explicitly presented the ECU as an alternative to the EU-led economic integration, thus two competitive integration frameworks have been created. Although not the central concern of this paper, for the sake of objectivity it is worth noting that the ECU is far from being about equal partnership itself.

As the 2009 launch of the Eastern Partnership caused vehement objections in Russia and a strong impetus to rethink its strategy in the near abroad (leading to the formation of the ECU, to the opposition of the new Association Agreement between the European Union and the partner countries, and Russia's re-engagement in Ukraine), a change should also take place at the EU-level now, if the Union is to keep up with the current developments. The ECU is likely to stay as it has substantial achievements to date: a common import customs tariff, Customs Code, a Commission with significant staff and adequate budget, removal of internal borders.<sup>18</sup> This progress would not be easily reversed without costs. The presence of the ECU is a reality now and the EU is no longer the 'only game in town'. The rivalry between the two frameworks is likely to grow, and the EU will have to adapt its Eastern neighborhood strategy accordingly, if it is to continue being an influential actor in the region.

In the Ukrainian media, Russian estimates of the impact of the DCFTA on Ukraine were circulated that emphasized Ukraine's weak position vis-à-vis the EU, its loss of sovereignty because of the AA and costs of convergence to EU standards.<sup>19</sup> It is alarming that the EU has not been responding in any coordinated manner to the anti-DCFTA campaign taking place in Ukraine. The pre-Vilnius overreliance on its power of attraction and on the assumption that Ukraine has already made its European choice did not work in the EU's favor. The EU did not make much effort to engage the general public or

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<sup>17</sup> Haukkala 2010:47 cited in Dragneva and Wolczuk 2012:14

<sup>18</sup> Dragneva and Wolczuk, 2012

<sup>19</sup> Ibid.

inform businesses about the future implications of the DCFTA. Russia on the other hand was active with the PR campaign about its image as a reliable energy supplier.

In spite of the current situation – as severe as it is, opportunities for economic cooperation between the EU and Russia should be explored. For example, despite not complying with many of the requirements, Russia's accession to the WTO and its adoption of international (and EU) standards implies improved normative compatibility and broadens the scope for the harmonization of trade regimes,' which might enhance work on agreements between the EU and Russia/ECU.<sup>20</sup> Nevertheless, this would require a lot of work and attention to different forms of interaction between the two frameworks and their implementation. While deep cooperation is unlikely in the short term, as the ECU appears to be designed not to be harmonized with the EU but in parallel to it, this paper calls for the EU to acknowledge that the ECU is here to stay and to try to lower political and democratic conditionality, so that firstly a smoother economic cooperation can take place. The EU should recognize the limits of its normative leverage and try to progress its relations with Russia on other domains.

The Association Agreement should have been described more as a trade agreement and not as a political deal, as the EU put it (and which Russia interpreted as a geopolitical one), since this ultimately made Moscow see the ENP expanding at the expense of Russia's traditional spheres of influence. Consequently, it chose the other approach and explicitly underlined that the ECU is only about economic cooperation and does not entail any political conditionality or breach of sovereignty.<sup>21</sup> Here is another point of misunderstanding: while the EU insists that it does not break any ties, Russia's realist political leadership perceives it as a zero-sum game and believes that the post-Soviet countries are either taken over by the EU or remain close to Russia. Thus, it is recommended that the EU shall alter its discourse away from 'shared' values<sup>22</sup> to a more pragmatic and economically-oriented language towards Russia, as Russia will be ultimately opposed to any imposed criteria that interfere with its sovereignty (as Russia understands it).

Although it is not the ideal scenario for the EU, it is better to engage Russia the way it is willing to cooperate as a first step. Smoother relations between the two powers – be it in the form of an official dialogue or concluded agreements (the latter maybe not anytime soon) – are necessary as they will have implications for Europe's geopolitical order and stability, for the EU's energy supply, for the future balance of power between the rising powers and the West, to put it broadly and to name just a few.

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<sup>20</sup> Any future trade agreement would need to be concluded between EU and ECU.

<sup>21</sup> Not to imply that the Association Agreement entails the breach of sovereignty.

<sup>22</sup> There is not even a mutual consensus about what these values particularly entail.

Only by recognizing Russia, will the EU be able to intensify the relationship in all terms. There is a need of strategic reconciliation between the two, which requires both parties to make sacrifices. So far, it has always been a game between them, and the level of real negotiations has not been reached. It is evident that the common denominator will hardly be found in normative terms, thus the relations have to be more pragmatically-oriented to ensure that at least the possibilities that are at place are explored.

## Energy

Energy relations were institutionalized during the 6<sup>th</sup> EU-Russia summit in Paris in 2000 by the establishment of the Energy Dialogue. It seeks to provide reliability, security, and predictability in the field of energy, as well as to increase transparency and trust between the two parties. The European Commission's website states that this confidence building was of crucial importance when overcoming the 2009 dispute.<sup>23</sup> Another major achievement of the Dialogue is the 2009 Agreement on Early Warning Mechanism. Moreover, the EU-Russia Permanent Partnership Council (PPC) on Energy has been established within the Energy Dialogue to strengthen energy relations and promote open discussion and cooperation on common energy issues. The main topics in this relationship are gas supply, infrastructure and supply, and the EU-Russia 2050 Energy Roadmap.

Although institutionalized at different levels, EU-Russia energy relations are still overshadowed by a legacy of mutual distrust and suspicion. This is particularly alarming given the high level of interdependence between the two. This policy brief suggests that diversification is the answer to both Russia and the EU, so that mutual reliance will be diminished, thus allowing for relations to be less heated. Although it is questionable whether it is in the interest of Russia to have less tension in this relationship, it is definitely in the EU's interest, as diplomatic dialogue is in line with its attempts to become a soft and normative power. But as mentioned above, one way for this to happen is for the EU to be more open towards pragmatic relations not laden with political conditionality as a first step, and not to frame its policies as solely 'normative'.

The last EU-Russia Summit held in Yekaterinburg (3-4 June 2013) has touched upon the issue of energy. In March 2013, the Roadmap for Energy Cooperation until 2050 was signed with the aim to create a single European energy sector.<sup>24</sup> Nevertheless, unresolved contentious issues still stain EU-Russia energy cooperation. The lack of concreteness and revelation of what the current state of affairs really looks like only contributes to the overall lack of understanding at the political level. The EU has to be more assertive and concrete, but this would only stem from a greater cohesion within the

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<sup>23</sup> European Commission, "Energy from Abroad: EU-Russia Energy Dialogue"

<sup>24</sup> Press statements following the Russia-EU summit

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Union itself. In turn, diversification of energy supplies would decrease dependence on Russia and allow for greater cohesion of EU's policies.

The energy dialogue has proven to be unproductive and ineffective with both sides ignoring the other's unilateral bids. As one commentator has put it, "Russia appears monopolistic and heavy-handed to the EU, and the EU seems overly bureaucratic and unyielding to Russians."<sup>25</sup> Furthermore, important tensions, such as Russia's conviction that the EU's attitude towards the gas issue is discriminatory, the EU's insistence on the Trans-Caspian gas pipeline, the European Commission's anti-monopoly investigation of Gazprom, the Third Energy Package, as well as Russia's huge gas deal with China completed earlier this year, remain.

An extensive Russian PR campaign, described by Valentina Feklyunina, sought to project an image of Russia as a reliable energy supplier and was especially targeted at EU institutions and MSs, the EU being the largest importer of Russian gas. Nevertheless, there are still varying perceptions among MSs with regards to Russia's reliability and to the need of Russian gas. For example, Austria has quietly attempted to reach its own bilateral deal with Russia on a pipeline construction with its energy firm OMV agreeing to bring the South Stream pipeline to Austria, and not to end in Italy as initially planned. Bulgaria has also demonstrated incompliance with the European Commission's requirements when it comes to Russian gas and the construction of controversial pipelines. These maneuvers are also likely to be favored by neighboring Germany.<sup>26</sup> It will be difficult for a single European interest in the energy field to be identified while there are such backdoor dealings by some of its most influential MSs. While Russia needs to diversify its energy exports, it also needs to diversify its economy as a whole as it is overly dependent on energy trade. Russia considers its role on the energy markets as determinant for its geopolitical influence. Moreover, Brussels and Moscow give divergent meanings to largely used concepts such as energy security, interdependence, and diversification, which is also part of the problem. President Vladimir Putin goes as far as to position Russia's diversification projects (Nord Stream, South Stream) "as Russia's contribution to enhancing the EU's energy security as they will make the EU less dependent on transit countries."<sup>27</sup> Such an extreme claim is not very likely to be accepted as legitimate in Brussels. It once again displays the fundamentally diverging views that the two powers hold. It can be inferred that Moscow will not accept external pressure or interference on its energy policy.

The EU has to be cautious of projects that do not enhance energy security (such as South Stream, as argued by one member of the European

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<sup>25</sup> International Relations and Security Network, 2013, "The End of an Era in EU-Russia Relations"

<sup>26</sup> Reuters, May 4 2014

<sup>27</sup> Feklyunina, 2012:459

Parliament),<sup>28</sup> but are, on the contrary, increasing Russian influence over the EU, making MSs vulnerable to take decision on issues that are not favored by Moscow. The more dependent the EU is on Russia, the less able it is to criticize its biggest neighbor. Thus, although easier said than done, active steps have to be pursued toward diversification on EU energy imports. In order to reduce its reliance on Russian gas, the EU shall further work on connecting national gas pipeline segments. Moreover, conscious efforts are needed for greater internal EU coherence, because currently there are competing images about Russia's role both among the MS and among the EU institutions, which ultimately dictate different actions towards Russia. Not speaking with one voice is what can further destroy the EU's legitimacy in the region.

## Conclusion

With Russia's accession to the WTO and the possible one to the OECD, the two powers shall work together with the aim to achieve a smoother consensus and to accommodate each other's values, principles and norms. EU diplomats shall prepare their approach vis-à-vis Russia having in mind the EU's long-term strategic perspective. A concerted effort at the EU-level shall take place, and the policy towards Russia should not be the lowest possible common denominator of national preferences. Bilateral relations between EU MSs and Russia can and should be incrementally replaced with EU-wide agreements, which will increase the EU's ability to speak with one voice when it comes to Russia. By insisting on positive (as understood by the EU) change within Russia, the EU should be careful not to miss important opportunities for collaboration with its strategic partner and biggest neighbor.

In order to explore the opportunities stemming from their relatively stable trade relations to the fullest, this policy brief calls for the EU to focus more on pragmatic matters of mutual interest and not to interfere in domestic affairs, because Russia sees it as a breach of sovereignty and is consequently more prone to oppose mutually beneficial deals in other areas.

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<sup>28</sup> Feklyunina, 2012:454

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Center for EU Enlargement Studies  
Central European University

Contact:  
Nádor utca 9, Budapest, H-1052, Hungary  
Tel.: + 36 1 237-3000 ext. 2391  
cens@ceu.hu