



**Russian Foreign Policy with Special Reference to its
Western Neighbours**

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1. Introduction

Sixty years after the end of the Second World War and 15 years after the disintegration of the Soviet Union, Russia's relationship with the West and especially with the European Union and its neighbours, remains uncertain. It alternates between cooperation on numerous practical policy issues and sometimes subtle, sometimes vehement dissent when it comes to values which underpin European policy such as democracy, human rights and freedom.

This was demonstrated in the differing attitudes towards the political revolution in Ukraine, as well as the difficult negotiations on the 'four common spaces' between the EU and Russia. The Union is also critical of Russia's approach towards Belarus and Transdnestr in Moldova, and Moscow's continued support for secessionist forces in Georgia.

Internally, Russia remains at a loss as to how to proceed in Chechnya and is facing numerous serious economic and social problems. Uneasiness is also growing over the curtailment of fundamental rights in Russia (in relation to elections, anti-terror laws, legislation on the selection of judges, the abolition of direct elections for governorships, control of the media and pressure on non-governmental organisations).

This Issue Paper is part of a series within the European Policy Centre's (EPC) Integrated Work Programme on Enlargement and Neighbourhood Europe. It examines trends in Russian foreign policy, with special emphasis on relations between Russia and its western neighbours. It also argues that the Union must speak with one voice on Russia and take a principled stand in defending EU values in its dealings with Moscow.

2. Quid Russia?

For most Westerners, it is difficult to comprehend the huge shock suffered by Russia's foreign and security policy elite as a result of the collapse of the USSR.

As one of the two superpowers during the Cold War, the Soviet Union was accorded respect mainly because of its massive nuclear arsenal. Its economy was vastly over-rated by Western intelligence agencies (although it was unkindly, but not totally inaccurately, described as "Upper Volta with rockets"). Despite the Soviet Union's economic weakness, its leaders and other members of the elite were treated with respect and given regular audiences with their American counterparts.

Since the demise of the Soviet Union, the elite has struggled to come to terms with Russia's reduced status. Earlier this year, Russia's President

Vladimir Putin described the collapse of the Soviet Union as “one of the greatest tragedies of the 20th century”.

There are those who hope that Russia will ultimately recover lost territories and become an imperial power once more. However, others believe Russia must accept its reduced status and seek instead to become a "normal power" which shares common values with the EU regarding democracy and the rule of law. This struggle over Russian foreign policy colours its attitudes towards the United States, the EU and its neighbours.

Former US President Bill Clinton was tolerant of the eccentric behaviour of former Russian President Boris Yeltsin and pushed for Russia's inclusion in the G8. President George W. Bush famously looked into Vladimir Putin's eyes at their first meeting in 2001 and stated that the Russian president was someone with whom he could do business. After 9/11, Putin cleverly seized the opportunity to become a partner of the US in the 'war on terrorism'. More recently, however, the US administration has taken a tougher line, with Secretary of State Condoleezza Rice openly criticising the trend away from democracy in Russia.

The country's problems have also raised concerns elsewhere in the world. The Chinese leadership was appalled at the collapse of the communist party in the former Soviet Union and sought to protect itself from possible 'infection'. The massive economic problems in Russia were cited as a consequence of the party relinquishing its leadership role. For its part, Russia remains concerned about China, its economic growth, its huge population and its power ambitions. Yet Moscow has sought a *modus vivendi* with the emerging Asian superpower and considerably increased its trade with China, largely through sales of energy and military equipment. Relations with Japan also remain strained as a result of the long-running dispute over the four islands seized by Stalin at the end of the Second World War.

In Central Asia, Russia has more influence with the 'stans' than with most of its former republics. But attempts to create a Commonwealth of Independent States (CIS) have largely failed. There are dozens of agreements, but as yet they remain on paper alone.

The dissolution of the Soviet empire and the enlargement of the EU have radically altered the political map of Europe. Today, 'political Europe' consists of the Union, a few additional countries which have declared their desire to become members of the EU and Russia, which has not made it clear to what degree it views itself as a European power.

Following the admission of ten new countries into the Union in 2004, Russia's neighbours Ukraine and Belarus now share common borders with the EU and Kaliningrad is completely encircled by EU Member

States. The Union's European Neighbourhood Policy (ENP), which includes Ukraine and Moldova, has also provoked stronger EU interest in the region.

3. Russian foreign and security policy concepts

Russian foreign policy is based on the principle of safeguarding territorial integrity and has its foundations in two essential documents: the "Concept of National Security of the Russian Federation", published in January 2000; and the "Concept of External Policy of the Russian Federation", published in June 2000.

President Putin implemented both concepts during his first months in the Kremlin. However, the fact that the document on national security was published before the external policy strategy is not only symbolic; it also highlights the importance of national security as a component of Russia's external policy and Moscow's policy in general.

The two documents prioritise CIS areas - commonly known as 'blizhneye zarubezhe' (the 'near abroad') - in line with the old Tsarist strategy which regarded Russian control of a cordon of buffer states as the best guarantee of security in the Russian Empire. Both documents also reflect the deep-seated fears of territorial disintegration in today's Russia. After the USSR's collapse and the loss of territories which had belonged to Russia since the time of Russian Empire, new problems have emerged. The most crucial issues are separatism in the Northern Caucasus (Chechnya, Dagestan, Ingushetia) and the rise of Chinese power, which some Moscow strategists allege puts the Russian Far East in danger.

The "concept of external policy" document makes it clear that strategic partnerships and good relations with its CIS neighbours, on a bilateral and multilateral basis, are the top priorities of Russian foreign policy. It states that the partnership with the CIS is a guarantee of national security and stresses the importance of specialised regional institutions in the CIS area (including the customs union, the collective security agreement, the Union of Belarus and Russia etc.). The strategy also emphasises the importance of resolving existing conflicts in CIS countries and strengthening military and political partnerships on security issues, especially in the fight against international terrorism and extremism.

Russia wants to play the role of an independent, economically viable player on the international stage – to be an "autonomous factor", as its representatives often say - and is determined not to be dominated by any superpower or 'global policeman'.

Foreign Minister Sergei Lavrov, speaking in the Duma in May 2005, said Russia did not want to join NATO or the EU, but preferred instead

to cooperate with these organisations as an equal. It wants to be an important player in a multipolar world with various centres and is reluctant to accept a unilateral world where the US is the sole world power. It was in order to realise this goal, and in light of the country's economic weakness, that former Russian Foreign Minister Yevgeny M. Primakov launched the politically surreal idea of a Moscow-Delhi-Beijing triangle.

Russia's desire to be a real influence in the former Soviet Republics is much more achievable. The former Soviet Union constitutes its "sphere of vital and natural interest", and Moscow believes it can play the role of interlocutor and guardian/guarantor in the post-Soviet era - and consequently enhance its position on the international scene.

This is the second most important reason (after security) for Moscow's ambitions in the CIS area. These countries, linked by a weak commitment to the CIS, are gravitating towards other orbits and are especially attracted to the West. Ukraine, Moldova, Georgia and Armenia dream of EU membership in the future and are already taking part in the ENP programme. Azerbaijan and Uzbekistan are building good relations with the US. Even the "weakest" states - Tajikistan, Kirgyzstan and isolated Belarus - are not particularly enthusiastic about strengthening cooperation with Russia in the CIS. However, Russia is an essential trade partner, energy supplier and significant job-provider for migrant workers from Belarus, Ukraine, Moldova, the Caucasus and Central Asia, and thus has significant levers to promote its foreign and security policy aims in its neighbourhood.

4. Regional integration as an instrument of Russian foreign policy

Regional integration is viewed as a vehicle for promoting Russian foreign policy and its influence. The Russian Federation is an initiator and member of most of the integration movements in the post-Soviet area, reflecting the earlier Russian geopolitical project of building a ring of semi-dependant states with a common border to ensure security, and its desire to make the CIS the core and leader of the process.

Despite the considerable leverage at Russia's disposal (cheap energy, trade preferences, financial aid and debt reductions), CIS integration does not appeal to most of the new independent states in the post-Soviet area. Three Baltic States rejected the idea immediately; Georgia and Azerbaijan maintain a distance from the CIS and do not participate in some of its initiatives; Ukraine, Turkmenistan and even Moldova are opportunist members, benefiting from some preferences and trade links but rebuffing deeper integration. Only Kazakhstan, Belarus, Uzbekistan and tiny, extremely poor and strongly Moscow-dependent Tajikistan and Kirgyzstan see their future in the CIS.

The **Commonwealth of Independent States (CIS)** – consisting of Russia, Belarus, Ukraine, Azerbaijan, Armenia, Georgia, Kirgystan, Kazakhstan, Uzbekistan, Turkmenistan and Tajikistan - is the main platform for cooperation between former Soviet republics. However, from its inception, many experts argued that it was an organisation kept alive largely through personal contacts between leaders from the Soviet era - all of them apparatchiks of the Soviet system in their respective republics or in Moscow (like former Soviet Foreign Minister Eduard Shevardnadze). These people, speaking the same language and thinking the same way, had no problems in communicating with each other. But the old guard are now leaving the stage and the new leaders have a more objective view of the benefits of the CIS. The upcoming Kazan summit is supposed to result in CIS reform. But is it too late?

The **Single Economic Space (SES)** was founded by the four largest Soviet republics; namely, Russia, Belarus, Kazakhstan and Ukraine. The Kremlin's idea was to consolidate them into a single economic - and later political - unit. The initial decision to create the SES was taken in February 2003 and the agreement, which was signed in Yalta in September 2003, entered into force in May 2004. The four countries represent approximately 90% of the GDP of the CIS as a whole. The organisation aims to create a Single Economic Space characterised by the free movement of goods and a customs union (in the first stage); coordinated taxation, monetary and financial policies (in the medium term); and the free movement of services, capital and labour, and a single external trade policy (in the longer term). The agreement envisages creating a single regulatory organ; a supranational body. In the long term, it also envisages the possible introduction of a single currency. As a consequence of Ukrainian elections and the 'Orange Revolution', the future of the SES is unclear. Russia and Kazakhstan are still strong supporters of the initiative, but Ukraine hopes to join the EU and remains reluctant to enter into too many commitments.

There are also a plethora of other agreements signed by some or all of the CIS members. They include:

Collective Security Treaty Organisation (CSTO): This now consists of Russia, Belarus, Armenia, Kazakhstan, Kirgystan and Tajikistan (with Moldova, Ukraine, Azerbaijan as observers). A Collective Security Treaty was signed in May 1992 and Belarus acceded the following year. However, in 1999, Georgia, Azerbaijan and Uzbekistan withdrew. In May 2002, the remaining six countries agreed to set up a CSTO, a military-political alliance modelled on NATO, and it came into being in 2003. Its member states have joint air defence alert duties and hold regular exercises. There is a rapid reaction force and an anti-terrorist centre in Bishkek. Faced with a number of common security challenges, the parties have committed themselves to mutual cooperation, especially in the areas of border security and counter terrorism.

Shanghai Cooperation Organization (SCO): This consists of Russia, China, Kazakhstan, Kirgystan, Uzbekistan and Tajikistan, and was set up in June 2001. The SCO's main goal remains regional security cooperation to combat terrorism, separatism and religious extremism. The SCO has been institutionalised by the creation of a secretariat in Beijing, in January 2004, and an SCO anti-terrorist agency, launched in Tashkent in June 2004. The organisation has also agreed some trade cooperation mechanisms. The SCO is a unique platform for Sino-Russian cooperation, particularly in regard to their common neighbourhood in Central Asia and the threat from Islamic fundamentalism.

Russia-Belarus Union State: This treaty was signed in January 2000 and laid the foundations for Belarus and Russia to create a union in certain areas. This union comprises exemption from migration and border controls and a customs union, and also foresees a monetary union. However, most of the bilateral agreements which have been entered into and the initiatives which have been launched have not yet been implemented.

Eurasian Economic Community (Evrases): This treaty between Russia, Kazakhstan, Belarus, Kirgystan and Tajikistan was signed in October 2000 and led to the creation, in March 1996, of the 'Customs Union of the Four' (Russia, Belarus, Kazakhstan, Kirgystan). Evrases seeks to harmonise trade policies, and rules governing customs, taxation and visa-related issues. There are no visa requirements between its member states, but border controls persist (except between Belarus and Russia), and less than half of all tariffs have been harmonised.

Central Asian Cooperation Organisation: This was launched in 1994 by Kazakhstan, Kirgystan and Uzbekistan, with Tajikistan and Russia joining a decade later, in 2004. It has yet to make a mark.

GUAM (Georgia, Ukraine, Azerbaijan, Moldova): This organisation was created in 1996 as a counterweight to Russian influence in the post-Soviet era. It has strong political support from the US and deals mostly with security issues. However, some regional trade agreements have also been finalised recently. Proposals to launch a joint peace-keeping force and create energy and transport corridors bypassing Russia (between Baku, Tblissi and Ceyhan, for example) remain under discussion.

5. Relations with the EU's new Member States

The enlargement of the EU on 1 May 2004, taking in three former Soviet republics and five central European 'satellites', was greeted with dismay in Moscow. Not only was there great resentment at its former allies joining 'the West', but Russia also made excessive demands of

the EU in light of enlargement, only to have to back-peddle later on highly sensitive issues such as transit to Kaliningrad. Moscow was also reluctant to agree to the extension of its Partnership and Cooperation Agreement (PCA) with the EU to the ten new Member States, and a deal was only reached at the last moment and had to be hurriedly ratified by the Duma.

Poland, the largest of the EU's new Member States, has been criticised by Moscow for its alleged anti-Russian bias. But Moscow ignored Poland when it joined NATO and the EU, and has done little to rebuild bridges since then. Polish support for Ukraine's Orange Revolution (see below) was also deeply resented in Moscow.

Russia has treated the Baltic states with disdain. It continues to make allegations about the situation of Russian-speaking minorities in Latvia and Estonia, and there are still unresolved arguments over borders (a 'treaty on borders' has recently been signed with Estonia, but not yet with Latvia) and over history. The Lithuanian and Estonian presidents boycotted the Victory Day celebrations in Moscow on 9 May 2005 and Latvia is claiming compensation for 50 years of Soviet occupation, with Riga estimating the damage at approximately \$100 billion. The conditions of transit to Kaliningrad through Lithuanian territory seem to have improved, but this issue is still a source of friction in bilateral relations between Vilnius and Moscow, and has an impact on the EU-Russia dialogue.

The most serious dispute to date between Russia and the EU's new Member States, especially Poland and Lithuania, concerned their support for the Orange Revolution in Ukraine. Russia reacted angrily to Poland and Lithuania's intervention, particularly as neither consulted Moscow on the issue, and formulated the thesis that 'Russia is better without Ukraine than with Ukraine' (a view dubbed by Gleb Pavlovski, an unofficial but influential advisor to the Kremlin, as the 'Kwasniewski doctrine').

The dependence of the Central European EU Member States on Russian energy supplies is Moscow's most powerful tool for exercising influence in the region. When gas supplies were interrupted by Russia in 2004 to punish Minsk, this sparked concerns about the security of energy supplies in Poland and Germany. Many Poles are also concerned about Moscow's apparent distrust of the main transit countries (Belarus, Ukraine and Poland), following its decision to build a North European Gas Line (NEGL) from Vyborg on the seabed to Greifswald in Germany, 20 kilometres from the Polish border.

However, the fact that the Russian government depends on energy sales for 60% of its income and most of these sales are to EU Member States makes their relations more interdependent.

6. Russia and Ukraine

Ukraine and its capital Kiev have an important place in Russian history and hence Ukraine's independence in 1991 was a severe blow to Russia.

Under former President Leonid Kuchma, Ukraine never criticised Russian policy and Moscow was therefore keen to see his chosen successor, Viktor Yanukovich, take over. But Putin made a major blunder by publicly supporting Yanukovich and declaring him the winner, despite clear evidence of fraud in the presidential elections. Putin mistakenly believed that his 44% popularity rating in Ukraine in spring 2004 (higher than that of any Ukrainian politician) would help him influence the election result in favour of the Russian-backed candidate. This led to the most spectacular failure of Russian foreign policy in recent times.

Ukraine's new President, Viktor Yushchenko, takes a more independent approach towards Russia. Although he recognises the importance of the Ukraine-Russia relationship, he sees no need to go "cap in hand" to Putin. There are also many in Russia who view the democratic changes in Ukraine as a beacon for their own country.

However, the close economic ties between the two countries and Ukraine's reliance on Russia for energy supplies are powerful arguments in favour of maintaining good overall relations. Russia-Ukrainian trade is higher than Ukraine's trade with its other major partners such as the US, the UK or Germany. Moreover, Russia still has powerful business and media interests in Ukraine. Withdrawal from the Single Economic Space could be costly for Ukraine, leading, among other things, to higher prices for its energy. (This argument has arisen in the course of the Gazprom-NAK negotiations, with Gazprom's CEO Alexei Miller talking about tripling the price of delivering Russian gas to Kiev.) Also, if Kiev's EU ambitions were to run into difficulties, the SES could provide it with an alternative.

The Ukrainian and Russian presidents have set 15 major objectives, which include creating a free-trade zone and cooperation within the SES. The relevant "road maps" will be drafted, with the aim of making progress toward these goals in 2005. On 8 May 2005, the two presidents signed a joint statement establishing an inter-state commission which will convene twice a year, in Russia and Ukraine alternately, and will be chaired by the two presidents.

In fact, when it comes to Russia, there has been no essential departure from Kuchma's previous policy under Yuschenko. Even Kuchma was not all that keen to develop the SES into more than a free-trade area.

7. Russia and Belarus/Moldova

Belarus

Belarus remains under the authoritarian rule of President Alexander Lukashenko, and the country is supported politically and economically by Russia. Although relations between Lukashenko and Putin are strained, the Russian president does not want to force change on Belarus for fear that this might usher in a new, anti-Russian government. The Kremlin therefore supports Lukashenko's bid for a third presidential term and may strengthen its relations with Belarus. Lukashenko also needs to maintain his close ties with Russia, given his isolation in Europe.

The treaty on the Union State signed in January 2000 envisages the creation of a type of confederation between Belarus and Russia. The two would remain separate states, but the treaty mentions a directly elected Union parliament with a Union council of ministers, Higher State Council, and a single currency at some stage in the future. However, despite the many declarations made, little has been done to implement them. Discussions on a common currency (which would be the Russian ruble) are deadlocked and many problems have arisen with the privatisation of Belarusian state companies, with Lukashenko anxious to prevent Russian businesses from dominating the Belarusian economy and thus increasing Russian political influence in the country as well.

Russia has had to pay a high political and economic price for the Union, and Lukashenko is a very difficult partner - unpredictable, critical of the Kremlin and in the habit of talking about a Union built on equal terms while taking Russian assistance for granted. As a result, Moscow finds it an uncomfortable alliance, but appears to regard it as necessary in light of events in the post-Soviet era.

Moldova

There are around 1,500 Russian troops and huge quantities of ammunitions in the eastern province of Moldova called Transdniestr. It has no direct border with Russia, but the Ukraine/Moldova frontier is extremely porous because corruption is rife. Russia has not withdrawn its troops, despite repeated promises to do - including at the 1999 Organization for Security and Co-operation in Europe (OSCE) summit in Istanbul - and the situation remains deadlocked.

The former Soviet 14th army officially has the role of guarantor for the Ukrainian and Russian minorities living in Transdniestr. The status of this self-proclaimed republic is one of the main sources of tension in Russian-Moldovan relations. According to many international observers, the region is a "no-man's land", with Transdniestr acting as a centre for human, weapons and drugs trafficking.

The Kremlin's recent proposal for a compromise solution, outlined in the "Kozak memorandum", failed because Moldova could not accept the proposal to make the Transdnestr capital, Tiraspol, part of a 'common state' which would be free to establish economic and cultural relations with other countries and have the power to veto any important decisions taken by Moldova. The proposal also stated that Russian soldiers should remain in Moldova until 2020 as 'peacekeepers'. Despite its ostensibly pro-Russian stance, Moldova could not accept these conditions and once again, Moscow suffered a humiliating failure.

As a result, Russian-Moldovan relations have deteriorated significantly since the Kozak memorandum. Negotiations on the status of Transdnestr are due to resume soon, with intense Ukrainian involvement and a probable role for the EU and Romania.

Russian energy supplies, and gas debt in particular, are essential instruments of the Kremlin's policy towards Moldova, as are the country's exports of wine and agricultural products to Russia for (more than 50% of Moldova's exports go to Russia). The EU's European Neighbourhood Policy, changes in Ukraine, Romania's upcoming admission to the EU and Moldova's possible bid for EU membership are all weakening Russia's position in Moldova.

The prospects for a settlement remain bleak. Russia seems to be waiting for an agreement on the status of Kosovo in the Balkans, believing that this could pave the way for an independent republic.

8. Russia and the Caucasus

As a result of its geopolitical situation and strategic position, ethnic make-up, pipeline routes and Islamic threats, the Caucasus region is a top priority for Russian foreign policy.

Following the collapse of the Soviet Union, the region was divided into a northern part, which is an integral element of the Russian Federation, and three southern independent states, which have all been involved in conflicts since they regained their independence. There is a strong Russian factor in the conflicts over Nagorno Karabakh and within Georgia over Abkhazia and South Osetia. The *leitmotifs* behind Russia's involvement in the region are the impact of the Chechen conflict; gas transit politics; the pro-Western politics of Georgia and Azerbaijan; and the multiple interests of Turkey, Iran and the US in particular.

In order to create a forum for dialogue and to promote its interests, Russia has institutionalised a 'Caucasus Four' framework of regular meetings between the Russian president and the three Caucasus state

leaders. These summits are an important forum given the number of problems in the region, especially in relation to security matters.

Russia's relations with Georgia have become very strained for various reasons. The first is related to the war in Chechnya: Moscow believes that Chechen fighters are taking refuge in the Pankissi valley and has asked Georgia to close the Chechen information centre in Tblissi. These burning and sensitive issues add to the tensions created by arguments over the Russian military bases in Georgia (Batumi and Akhalkalaki). Despite some vague promises about a Russian withdrawal, including a common declaration by Georgian Foreign Minister Salome Zurbishvili and his Russian counterpart Sergei Lavrov which talked about this happening by the end of 2008, this issue remains unresolved.

In fact, two secessionist regions within Georgia - South Osetia and Abkhazia - enjoy strong Russian support. In the name of territorial integrity, Georgian President Mikhail Saakashvili has tried to take control of these entities, which belong formally to Georgia but are exempted from the visa regime with Russia, unlike other parts of Georgia. This is seen by Tblisi as an blatant attempt by Moscow to support Abkhaz and South Osetian separatism.

Adjara - another pro-Russian, self-proclaimed entity - joined the Georgian federal state when its pro-Kremlin president was forced to step down and fled to Moscow. Even in Abkhazia, Moscow recently saw the pro-Kremlin candidate in presidential elections fail, although, as a result of post-election negotiations, it managed to achieve a reasonably advantageous compromise.

The Georgian president has made relations with Russia a high priority, with his government using this issue to try to divert Georgians' attentions away from numerous internal problems. The presence of Russian troops, the existence of two controlled entities, visa requirements and Georgia's dependence on Russian energy supplies are all regarded by Moscow as sufficient impediments to prevent a Georgian 'rapprochement' with the West, and particularly with NATO.

Boris Grizlov, speaker of the Russian Duma, described Armenia as Russia's outpost in the Caucasus in December 2004, and Armenia sees Russia as its only possible protector against the potential threats from Azerbaijan and Turkey, as well as an ally in maintaining the status quo in the Nagorno Karabakh conflict.

Armenia's heavy dependence on Russia for energy supplies as well as military support makes the two even closer and even more interdependent. Recently, there has been intense speculation about Armenia's possible accession to the Russian-Belarus Union State, although this is an unrealistic proposition in today's climate. Armenia

participates in the CIS Collective Security Organisation and takes part in a number of military exercises with Russia.

Moscow's stance in the Nagorno Karabakh conflict means that Azerbaijan prefers to keep Russia at arm's length - and Baku can afford to take a tougher line with Moscow than other countries in its near abroad because it is not dependant on Russia for energy supplies.

Azerbaijan objects to the internationalisation of the Karabakh issue and wants to regain its 'occupied' territory. However, it also aims to develop closer security ties with the West and has mentioned possible NATO membership, or at least acquiring US/NATO military bases. Moreover, President Ilham Aliyev's regime is an active member of the GUAM security pact, as an alternative to the CIS Collective Security Organisation, which Baku left in 1999. It has floated the idea of an Azeri-Georgian-Turkish military pact, based on 2002 Trabzon agreement, and, despite Russian lobbying, strongly supported the Baku-Tblissi-Ceyhan (BTC) pipeline which supplies Caspian and Azeri oil to the Turkish Mediterranean port. Azerbaijan is also collaborating with Kiev on some energy-related projects.

None of this has gone down well in Moscow, with the Kremlin accusing Baku of allowing Chechen fighters to take refuge in Azerbaijan. Moscow has taken a pro-Armenian stance in the conflict over Nagorno Karabakh, although it would prefer to maintain the status quo to avoid diminishing Armenia's dependence on Russia. That is one of the reasons why the OSCE Minsk group, which has a monopoly on conflict resolution in the region, is not making any substantial progress.

Turkey, a 'natural' Azeri ally, is also playing a very active role in this unstable region, as are Iran and the US. Ankara aims to act as a counterbalance to the Kremlin's position and military presence in Georgia and Armenia, because of its interest in the strategic BTC pipeline. Turkey's refusal to create a real military pact with Azerbaijan and Georgia is certainly linked to fears that this would result in Armenia turning entirely towards Russia.

9. Russia and the EU

The authoritarian trends in Russia and Moscow's policy towards its western neighbours pose a problem for the EU, which is seeking to develop a values-based foreign policy.

Indeed, the EU-Russia strategic partnership is, in theory at least, founded on common values, with respect for democracy and the rule of law top of the list. However, EU Member States pay only lip-service to the Union's common strategy towards Russia. French President Jacques Chirac, German Chancellor Gerhard Schröder, British Prime Minister Tony Blair and Italian Prime Minister Silvio Berlusconi have

all sought to establish close bilateral and personal ties with Putin's Russia, sometimes at the expense of agreed EU policy.

Partly in recognition of the limitations of the Partnership and Cooperation Agreement, both sides agreed at the St Petersburg summit of May 2003 to start work on creating four 'common spaces': a common economic space; a common space of freedom, security and justice; a common space of cooperation in the field of external security; and a common space of research and education.

As far as the common economic space is concerned, the energy dialogue, transport, the environment and steps to improve the investment climate and pursue regulatory convergence were identified as priorities. Preparations for Russia to join the World Trade Organization were also emphasised.

Regarding the common space of freedom, security and justice, the priorities were to be border management and migration issues. The EU was unable to agree to Russian demands for visa-free travel, but it did agree to set up a working party to examine the issues, including better use of existing flexibility mechanisms in the Schengen Agreement.

Both sides also stressed the importance of working together in crisis management, and welcomed practical cooperation in the field of the European Security and Defence Policy.

The Rome Summit in November 2003 endorsed the concept of the common European economic space and, in February 2004, the European Commission adopted a Communication on Russia which stressed that the EU and Russia should be ready, as strategic partners, to discuss all issues of concern frankly, including human rights, media freedom and events in Chechnya, in addition to strengthening cooperation in areas of common interest.

The last EU-Russia summit in May 2005 brought agreement on the roadmap towards creating the common spaces. The first stage focused on economic issues, with the final goal of a free-trade zone based on the non-discriminatory application of law, transparency and good governance. Progress has also been made on the regulatory dialogue, financial issues and enhanced cooperation in the telecoms, transport and energy sectors. Both sides also agreed to move forward on environmental issues and to enhance dialogue on achieving the Kyoto Protocol benchmarks. In addition, the two agreed to cooperate in the space sector.

As regards justice and home affairs, there was agreement to move ahead with visa and readmission accords, although these talks promise to be fraught with difficulty.

On external relations, both sides underlined their commitment to effective multilateralism, further development of the United Nations system and enhanced cooperation in the Council of Europe and the OSCE. Combating the proliferation of Weapons of Mass Destruction (WMD) was also cited a priority. There are some doubts, however, as to whether Russia will really allow the OSCE to develop or will instead seek to minimise its ability to undertake operations.

As regards the common space for education, science and technology, and cultural exchanges, the two sides agreed to strengthen collaboration on science and research, in which Russia is already engaged through the European Commission's 6th Framework Programme. There were also discussions on the Bologna process, language training and the creation of a Moscow Institute of European Studies, following the Bruges model.

Superficially, the adoption of the four road maps was a success. However, many problems remain. With negotiations continuing up until the eleventh hour, the two sides abandoned attempts to resolve disputes over important but difficult issues such as visa facilitation, Trans-Siberian over-flights, etc. Furthermore, the documents are not legally binding, are very general and there is no set timeframe for making progress. The implementation process is likely to be long, difficult and asymmetric, and will require a strong will to succeed on both sides.

Finally, the EU-Russia Partnership and Cooperation Agreement (PCA) expires in 2007. Moscow has already declared that it will not be prolonged, and nobody knows how the new framework for cooperation will take shape. Difficulties in predicting what direction Russia will take after the 2008 legislative and presidential elections add to the uncertainty.

The future bilateral agenda will probably continue to be clouded by Chechnya and the authoritarian trends in Russia. At the same time, the EU is aware that Russia is a vital partner in terms of energy supply (mainly natural gas) and in resolving some sensitive international situations, ranging from the Middle East to Moldova. On the practical front, the focus is likely to be on the establishment of the four common spaces. An improved dispute settlement procedure for the PCA was adopted in April 2004, and there are ongoing negotiations on the trade in nuclear materials, fisheries, satellite navigation (Galileo), veterinary cooperation and a readmission agreement.

Although some progress has been made in EU-Russia relations, there remains considerable mutual distrust, partly due to ignorance of each other's motives. What is needed is a frank dialogue covering all sensitive issues, including values, multilateralism and minority rights. Moldova and Belarus should be on the agenda, as well as the worsening situation in the Caucasus.

When it comes to the common space for external security, Moscow does not want to undertake any kind of cooperation in the countries which neighbour both Russia and the EU. Instead, the two sides have agreed more general statements on the 'regions adjacent' to their borders. Moscow has rejected EU proposals concerning cooperation in trying to resolve the Transnistrian and Southern Caucasus conflicts, and has refused to confirm the commitments it made in the Istanbul Declaration at the OSCE summit in 1999 relating to troop withdrawal from Georgia and Moldova. The EU, for its part, has entirely rejected Russian proposals for military-technical cooperation.

Russia is still driven by a great power mentality and tends to view developments as a zero-sum game. It will be important to engage with the coming generation of Russian leaders and make them aware of the importance of 'soft power' in international relations.

The EU needs to do more to attract Russian students and facilitate travel for genuine business travellers and tourists. For its part, Moscow should accept the Union as a serious negotiating partner and not try to undermine it by seeking special deals with individual EU Member States or bypassing PCA structures. Both sides are condemned to live with each other and will increasingly rub up against each other as a result of enlargement. A genuine strategic partnership can be developed if there is acceptance of common values.

Last year's EU enlargement has also had an impact on EU-Russian relations in other ways. The new Member States have urged the Union to take a more robust approach towards Moscow, arguing that Russia only understands a strong partner. The 'Malmstrom's report', which is highly critical of Russia and was adopted by the European Parliament in May 2005, calls on the Commission and the Council of Ministers to agree a consistent approach on EU policy towards Russia. Moscow has to understand that dealing with the Union is not about dealing exclusively with Berlin and Paris, but also with Tallinn and Budapest.

10. Conclusion

Russia will undoubtedly remain a very important player, despite the current state of its economy and possible further decline in the future, with much depending on oil prices in the world market. There is also a question mark over whether Russia will meet its target of joining the WTO by the end of 2005, with EU officials pointing to foot-dragging by Moscow on the key reforms which are necessary for WTO membership.

But Russia will have to decide which foreign policy course it wishes to pursue. It must decide whether it wants a genuine partnership in a "common European house", or a revival of "peaceful coexistence". In

both cases, Moscow's attitude towards its 'near abroad' will be a critical factor.

Russia's foreign policy has suffered a number of setbacks in recent years. Its role in the region has been weakened and could deteriorate still further. Just after 11 September 2001, as part of the fight against terrorism, the US set up military bases in Central Asia and launched a military programme in Georgia. Then, in October 2003, the Georgian 'Rose Revolution' saw Moscow losing an ally in the submissive President Eduard Shevardnadze. Then came the failure of Russia's proposal to settle the Moldovan conflict, and, in 2004, the EU's eastward enlargement, which led to Union involvement in the Ukrainian conflict and resulted in another failure for Russian foreign policy. Recent events in South Osetia, Abkhazia, Adjara, the so-called Tulip revolution in Kirgistan, incidents in Uzbekistan and the institutionalisation of GUAM should also worry Russian foreign policy-makers.

What are the main reasons of this series of failures?

First, the general principles of Russian foreign policy are extremely inconsistent. Even the foreign policy objectives which it has identified as priorities have not been pursued properly because of strong competition and a lack of coherence among the main Russian players: President Putin himself, Foreign Minister Lavrov, Igor Ivanov (Executive Secretary of the Security Council), and Sergey Yastrzembki (Aide to the President and Special Representative of the President on Issues for the Development of Relations with the EU). Serious decision-making and organisational problems remain, despite some recent reforms. Konstantin Simonov, of the Center for Current Politics, argues that Putin's attempts to merge fundamentally opposing approaches to foreign policy, and the lack of a long-term strategic plan, to some extent make inconsistency inevitable.

Putin is reverting to the traditional Soviet approach of military strength in dealing with the international community. This has led to a substantial reinforcement of the 'security' elite linked to the president - the 'siloviki' - who perceive Western involvement in the post-Soviet era as a real danger for Russian security and 'vital interests'. The Russian Ministry of Foreign Affairs often uses old Soviet methods of dealing with 'near abroad' countries and former satellite states and, at hearings in Duma, Lavrov stressed once again that Russia would provide preferential conditions for trade and energy supplies to countries which have "friendly" relations with Russia.

In addition, there is no clear understanding in Moscow of the current trends in the CIS, and very little knowledge about the EU. The Ministry of Foreign Affairs appears to be a hostage to the traditional Soviet way of thinking. Its policy towards the EU harks back to the times when the EEC (European Economic Community) was perceived by the Kremlin

as the economic arm of NATO. There is still a strong preference for building relations with individual EU Member States rather than with the Brussels bureaucracy and Russian business are hardly represented at all in Brussels.

As for the CIS, Russia's misunderstanding of the situation in Ukraine is surprising. According to Dmitri Trenin, of the Moscow Carnegie Center, Putin's "disconnection" with reality results from his reliance on personal relationships. His main source of information is the intelligence provided by the secret service, which reflects the Soviet mentality of relying on this as the only source of truth.

In an interview with *Tribuna* in April 2005, Viktor Chernomirdin, the Russian ambassador in Kiev, argued that Moscow was pursuing a very ineffective strategy in the 'near abroad' countries. Instead of making investments and developing programmes in the region, as Western foundations have done, Russia has taken no initiatives in these countries. Consequently, their populations are losing the links they have traditionally had with Russia through culture and language. Most of them see Russia in a quite different light to previous generations.

The case of Ukraine demonstrates this problem quite well, according to Chernomirdin. Western funds and non-governmental organisations have been in the country for years, preparing the ground for a possible democratic, pro-Western 'revolution', teaching foreign languages and helping the people. By contrast, Russian 'consultants' started working in Ukraine only very late in the day.

Even among the Russian elite, there is a strong belief that Russia is different because of its cultural specificity, traditions and history as well as its vast size and the security problems it faces, including the difficulties it has in protecting this huge territory. Many argue that Russia is a unique mesh between Europe and Asia, a mix of cultures which cannot respect the same values as Europe. According to Boris Shmelev, Director of the Institute of Europe at the Russian Academy of Science, Europe is unable to understand Russia because of the huge cultural differences between the two sides.

However, Russia's foreign policy appears to be supported by public opinion. The legacy of the Soviet era means many Russians cannot think of Ukraine or Belarus as foreign countries. Russian foreign policy defeats and the country's many contradictions reflect the general "*état d'esprit*" of the Russian people. According to recent opinion polls carried out by the WCIOM (the All-Russian Public Opinion Research Center) and published in May 2005, 55% of Russians believe that the country's military bases in former Soviet Republics should not be closed and only 6% regard them as unnecessary. Fifty percent of respondents are in favour of putting pressure on the 'near abroad' countries and only 42% want to conduct a dialogue with them. Among those who favour a tough stance, the majority would prefer the

introduction of economic sanctions (31% favour an increase in energy prices/supplies); 9% would prefer political sanctions and 11% would opt for military intervention. Such attitudes attract strong criticism in the West.

There are several other reasons why Russia's foreign policy has such a negative image in Western societies: Moscow's lack of respect for human rights, especially in Chechnya; the sale of weapons and technology to Iran, Syria and Libya; the lack of a free media and judiciary system in Russia, with both used as instruments of government power; and perceived Russian support for separatists in Adjara, South Osetia, Transnistria, Abkhazia) as a way of protecting its interests in the region. Russia is clearly on the defensive when it comes to its 'near abroad' after recent events in Georgia, Ukraine, and Kirgystan but still has a number of very important tools at its disposal, such as energy supplies, trade preferences, military bases etc.

In a recent speech to the Duma, Nikolay Patrushev, Director of the Russian Federal Security Service (formerly KGB), claimed that his intelligence showed that foreign secret services were preparing new revolutions in the post-Soviet area. He alleged that foreign NGOs were instruments of these secret services and announced plans for new, even tougher regulations to govern their activities. In the eyes of Patrushev and most of Russian society, all these revolutionary 'movements' aim to weaken Russia's influence in the post-Soviet area – and, as Lavrov said recently, while Russia is not seeking to have a monopoly in the region in the post-Soviet era, it will not allow any other country to dominate either.

The EU is right to be worried at these trends in Russian foreign policy and should take every opportunity, as the US is increasingly doing, to stand up for European values and tell Moscow in clear terms about its concerns. It should also seek to convince the Kremlin that there is no need for the EU and Russia to compete in the countries which share borders with both. Stable, democratic, prosperous states will result in a win-win situation for Russia and the Union. These messages need to be put forcefully to Russia by all the EU's Member States.

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Russian Foreign Policy with Special Reference to its Western Neighbours. Jan 2005. Fraser Cameron. Jarek M Domański. Fraser Cameron and Jarek M. Domański, "Russian Foreign Policy with Special Reference to its Western Neighbours", EPC Issue Paper, No. 37, 2005. The intense interest shown by the major international oil and gas companies in the Caspian Sea testifies to its promising potentials. The seven-hundred-mile long Caspian Sea is located in northwest Asia. Five countries—Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan—share the Caspian basin. Shortly after the collapse of the Soviet Union, the Caspian states became open to foreign investment and the region has reemerged as a potentially significant player in the global energy policy. The view that Russian foreign policy is determined by its internal politics has been mostly marginalized within the Russian professional community in the last twenty years. Increasingly on its own, Russia relied less on relations with the U.S. to achieve its foreign policy goals. The first option implies that Russia and the U.S. need to cooperate as two powers with special responsibilities in the world, while the second one suggests that Russian-American relations should solely be based on national interests. After 2014 an important part of the debate is how to manage the growing confrontation. However, such arguments can also be mirrored with reference to American unilateralism and the U.S.'s occasional disregard of the UN.