

THE EU, RUSSIA AND THE NEIGHBOURHOOD

Relations between the EU and Russia have enjoyed a period of considerable improvement in the past year and a half. In spite of persisting disagreement over the situation in Georgia, Brussels and Moscow have managed to overcome the deep crisis caused by the Russian-Georgian war in August 2008. The EU has warmly welcomed Russian President Dmitri Medvedev's modernisation initiative and has committed itself to a partnership for modernisation.

This development is of extraordinary importance not only for bilateral relations between the EU and Russia, but for security and stability on the European continent as a whole, and in particular for the so-called 'shared neighbourhood'. Functioning relations between Moscow and Brussels and, more generally, Moscow and the West are a precondition for the peaceful development of the countries 'in between' Russia and the eastern borders of the EU. A lack of functioning can have devastating consequences, as the war in 2008 tragically proved.

And indeed the improvement of EU-Russia relations has coincided with decreasing tensions in the neighbourhood. In spring 2010 Europe was spared a repetition of the Russian-Ukrainian gas crisis of 2009. Russia has toned down its dismissive rhetoric with respect to the EU's Eastern Partnership programme. Compared to 2009, the situation along the lines of conflict between Georgia, Abkhazia and South Ossetia has improved. The resumption of the Incident Prevention and Response Mechanism (IPRM) in South Ossetia and the withdrawal of Russian troops from Perevi at the end of October 2010 can be seen as a result of the joint efforts of the co-chairs of the Geneva Talks and of improved relations between Russia and Western international actors in general.



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Russian President Dmitry Medvedev, right, and Ukrainian President Viktor Yanukovich seen during their meeting in the Gorki residence outside Moscow, Friday, 26 November 2010.

While all this is per se positive, the EU should be under no illusion about Russia's attitude in the post-Soviet space. The main reason why Moscow has taken a more relaxed position recently in its view toward the region is that from a Russian perspective, things have fared exceptionally well compared to the period between 2004 and 2008. The election of Viktor Yanukovich in Ukraine has provided Russia with a new and important foothold in the western Commonwealth of Independent States (CIS). The Kharkiv Agreements in April (swapping the extension of the Black Sea Fleet presence in Sevastopol until 2047 for price cuts on Russian gas imports to Ukraine), alongside other moves allowed Yanukovich to quickly and comfortably replace the increasingly unruly Belarusian, Alexander Lukashenko, as Moscow's new model student in the region. Russia achieved similar success when signing a new defence agreement with Yerevan this August on the extension of the Russian military base in Armenia until 2044.

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Although it has been seriously affected by the global economic crisis, Russia remains the region's economic powerhouse. Russia is by far the largest donor to the Eurasian Economic Community (ECC) Anti-Crisis Fund (set up in early 2009). Total contributions to the fund are \$8.5 billion, with Russia contributing \$7.5 billion. Moscow has been continuing to push for economic integration within the framework of the ECC, particularly with Kazakhstan and Belarus. The Russian-Kazakh-Belarusian Customs Union entered into force early this year; the establishment of a Common Economic Space of the three countries is envisaged for 2012. The Russian leadership sees this structure as an integration nucleus and hopes to expand it in the future.

Moscow has also been making efforts to promote cooperation and integration in the military sphere. These efforts focus mainly on the Collective Security Treaty Organisation (CSTO). For the past few years the organisation has been enlarging its area of activities from purely military-defence cooperation to new security challenges such as drug trafficking, illegal migration etc. In 2009 CSTO Member States agreed on the creation of the Collective Rapid Reaction Forces. The CSTO's inaction during the ethnic clashes in Kyrgyzstan during the summer of 2010 propelled doubts about the viability of the organisation. Nevertheless, given Moscow's huge security concerns in Central Asia and with a view to Afghanistan, the CSTO will remain one of the focal points of Russian policy in the post-Soviet space.

Clearly, political, military and economic integration in the post-Soviet space faces many challenges, the biggest being other countries' fears of Russian domination. Belarus and its zigzag policy in view of the Customs Union and the CSTO is a case in point. Ukraine – as docile as Yanukovich may seem compared to his predecessor – is unlikely to join any of the organisations mentioned above. The weak implementation of summit decisions and lack of cohesion caused the integration formats in the post-Soviet space to remain shallow. Moreover, a look at their development in the past ten years shows clearly that Russia's integration efforts have shifted away from its western and southern neighbours and towards Central Asia.

Nevertheless, Russia sees the political and economic integration of the post-Soviet space as a core point of its foreign policy, and it has reenergised its policy in

this respect. The immediate neighbourhood remains a top priority, particularly in times of rapprochement with the EU and other Western actors. Russia will continue to react sensitively to developments which it perceives as a threat to its interests.

This confronts the EU with a difficult dilemma. Since its 2004 enlargement the Union has become a key political and economic player in the region. Interdependence with its eastern neighbours has grown exponentially. Its active involvement in regional developments and further integration with its neighbours is, therefore, non-negotiable from the Union's perspective. At the same time, however, Brussels still lacks a clear strategy on how to effectively reconcile its policy towards its eastern neighbourhood with its relations with Russia. In the last ten years, Member States have argued either to engage with the neighbourhood in order to contain Russia, or to avoid deeper engagement with the neighbourhood in order not to jeopardise relations with Russia. Neither strategy has paid off.

There have been positive signs recently. Improving relations between Brussels, Washington and Moscow have relaxed the international context in which regional relations evolve. Inside the EU, the shifting positions of Member States indicate that a consensus on a common Russia policy may be possible at some point in the future. However, the EU needs to think of Russia and the neighbourhood together if it wants to avoid negative ramifications in either direction. Neither a Russia-first nor a neighbourhood-first approach at the expense of the other can be the driving force behind its approach. Clearly, the EU has an interest in deeper integration with the countries in its eastern neighbourhood. But it also has to take into consideration the interdependencies that exist in the region and shape its policy accordingly. Engagement with Russia in the neighbourhood on the condition of full acceptance of the sovereignty and independence of all countries in the region as well as their ability to pursue relations with both the EU and Russia should therefore be the goal of the Union's policy.

The EU-Russia summit on 7 December provides a good opportunity to promote three issues that are relevant to the common neighbourhood: there should be a follow-up discussion on the German-Russian initiative on joint efforts for the resolution of the Transnistria conflict. Furthermore, the EU should strongly encourage Russia to reconsider its attitude towards Georgia.

Georgian President Mikheil Saakashvili's speech at the European Parliament at the end of November does not correspond to Russian, Abkhaz or South Ossetian expectations, but it could provide a starting point for dialogue. Working on the unresolved conflicts and putting an end to the Russian-Georgian confrontation is of utmost importance for all actors in the region. Last but not least the EU should not allow the idea of trilateral EU-Ukraine-Russian energy cooperation to disappear. Moscow has not shown great interest in this recently, but its interest in the partnership for modernisation provides the EU with leverage to shape the agenda in this direction.

In a nutshell, EU policy should aim to strengthen the causal link between the 'reset' of relations with Russia and positive developments in the neighbourhood. This depends to a great extent on Russia's readiness to reciprocate. However, the Union should make it clear to Moscow that long-term stability in the region is in the interest of all sides. It can only be reached if simultaneity of positive developments at the regional and bilateral levels becomes more than a mere coincidence.