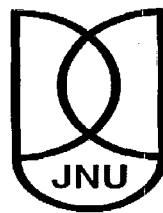


**GEOSTRATEGIC RELATIONS BETWEEN RUSSIA AND  
EUROPEAN UNION: 2000-2008**

*Dissertation submitted to Jawaharlal Nehru University  
in partial fulfillment of the requirements  
for the award of the degree of*

**MASTER OF PHILOSOPHY**

**SANDEEP KUMAR**



**CENTRE FOR RUSSIAN AND CENTRAL ASIAN STUDIES  
SCHOOL OF INTERNATIONAL STUDIES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI-110067  
INDIA  
2010**



# JAWAHARLAL NEHRU UNIVERSITY

School of International Studies

New Delhi - 110067

Tel. : 2670 4365

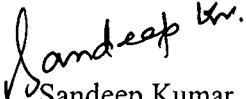
Fax : (+91)-11-2674 1586

Centre for Russian and Central Asian Studies

Date: 28 July 2010

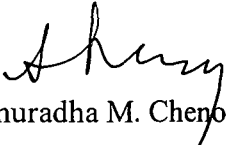
## DECLARATION

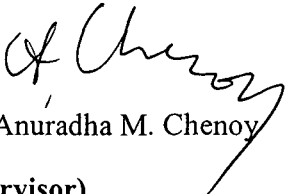
I declare that the dissertation entitled “**GEOSTRATEGIC RELATIONS BETWEEN RUSSIA AND EUROPEAN UNION: 2000-2008**”, submitted by me in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy (M.Phil)**, is my work and has not been previously submitted for any degree of this or any other university.

  
Sandeep Kumar

## CERTIFICATE

We recommend that the dissertation be placed before the examiners for evaluation.

  
Prof. Anuradha M. Chenoy  
(Chairperson, CRCAS)

  
Prof. Anuradha M. Chenoy  
(Supervisor)

To my parents

## *Acknowledgements*

---

*First and foremost, I express my sincere gratitude to my supervisor Prof. Anuradha M. Chenoy for her invaluable guidance, and advice in the course of writing the dissertation which helped me a lot in setting the right perspective towards this academic endeavour. Without her critical comments, suggestions and constant support this work would not have been possible.*

*I am thankful to the Centre for Russian and Central Asian Studies, School of International Studies, Jawaharlal Nehru University and all the faculty members who directly or indirectly shaped my understanding and personality. I am also thankful to staff members of the Centre.*

*I am eternally grateful to my family, especially my mother, for all the love, motivation and guidance they have continually and unconditionally given me. I am immensely indebted to them for the strong faith and belief they have bestowed on me. I want to express my gratitude towards my Prof. M.P.Singh, Prof. Ujjwal Kr. Singh and Dr. Purnima Roy their valuable suggestions and help they have proffered to me.*

*Finally, I am grateful to my friends who have helped me during the course of writing the chapters. My special thanks to Ishleen Kaur Lamba for her thought provoking suggestions and critical comments. I also want to thank Sushant Kr. Verma, Rahul Kumar Singh, Rohit Kumar, Amit Kumar Singh for their support and encouragement.*

*New Delhi  
28 July 2010*

*Sandeep Kr.  
Sandeep Kumar*



## *Contents*

---

Acknowledgements	i
Abbreviations	v
<b>Chapter I: Introduction.....</b>	<b>1</b>
Genesis of the relationship.....	2
After the Bolshevik Revolution.....	7
Russian Foreign Policy towards EU after 1991.....	13
European Union's Foreign Policy towards Russia.....	18
<b>Chapter II: Political Relations between Russia and European Union.....</b>	<b>23</b>
Russia's Dependence on Europe.....	25
Putin's Foreign Policy Objective.....	27
Putin's vision towards EU.....	30
Reasons for change in Putin's stance towards EU.....	32
Relations between Russia and EU.....	33
European Union Enlargement.....	33
Economic impact.....	38
Minority problem.....	39
Visa Regime.....	39
Impact on Post-Soviet Space.....	42
<b>Chapter III: Geostrategic concerns of Russia towards EU.....</b>	<b>45</b>
Russia's concern over NATO's expansion.....	46

Military Implications.....	51
Post Soviet spaces.....	51
Security Status.....	52
Kaliningrad Issue.....	52
Resource Transit Route.....	55
Putin’s view on NATO’s expansion.....	55
Kosovo Crisis.....	58
Security Cooperation.....	59
Missile Defence Shield.....	62
<b>Chapter IV: Socio-Economic dimensions of Russia-EU relations.....</b>	<b>66</b>
Legal Framework of Economic relations.....	68
The Common Economic Space.....	70
Bilateral Trade.....	72
Energy.....	77
Investment.....	81
Social Dimension.....	84
Visa free travel.....	85
Immigrant labour.....	85
Ethnic minority.....	86

## Figures

<i>4.1 EU27 Trade in Goods with Russia</i> .....	74
<i>4.2 Share of Russia in total EU trade</i> .....	75
<i>4.3 EU27 Trade in goods with Russia by product (million EUR)</i> .....	76
<i>4.4 EU FDI flows with Russia (million of EUR)</i> .....	82

## Tables

<i>4.1 EU27 Trade in goods with Russia (million of EUR)</i> .....	74
<i>4.2 Share of Russia in total EU trade</i> .....	75
<i>4.3 EU27 Trade in goods with Russia by product (million EUR)</i> .....	76
<i>4.4 EU FDI flows with Russia (million of EUR)</i> .....	82

## Maps

<i>1.1 Russia and Europe</i> .....	13
<i>2.1 European Union</i> .....	34
<i>3.1 European membership of EU and NATO</i> .....	47

<b>References</b> .....	<b>93-99</b>
-------------------------	--------------

## *ABBREVIATIONS*

---

ABM	:	Anti-Ballistic Missile
APCOC	:	Action Plan to Combat Organised Crime
BMD	:	Ballistic Missile Defence
CEE	:	Central and Eastern Europe
CEES	:	Common European Economic Space
CES	:	Common Economic Space
CFE	:	Conventional Force in Europe
CFSP	:	Common Foreign Security Policy
CIS	:	Commonwealth of Independent States
CSCE	:	Security and Cooperation in Europe
EAAS	:	European Association Agreement
EC	:	European Community
ECSC	:	European Coal and Steel Community
EEC	:	European Economic Community
EFTA	:	European Free Trade Association
ENP	:	European Neighbourhood Policy
ESDP	:	European Security and Defence Policy
EU	:	European Union
EUDS	:	European Union Drug Strategy
FDI	:	Foreign Direct Investment

FTD : Facilitated Transit Document

GMD : Ground-Based Midcourse Defence

INF : Intermediate-Range Nuclear Forces

NAAC : North Atlantic Co-operation Council

NATO : North Atlantic Treaty Organisation

NIS : Newly Independent States

NSC : National Security Concept

OSCE : Organisation for Security and Co-operation in Europe

PCAs : Partnership and Co-operation Agreements

PJC : Permanent Joint Council

PPC : Permanent Partnership Council

START : Strategic Arms Reduction Treaty

TACIS : Technical Aid to the Commonwealth of Independent States

USA : United States of America

USSR : Union of Soviet Socialist Republics

WEU : Western European Union

WMD : Weapon of Mass Destruction

WTO : World Trade Organisation

# *Chapter I*

---

## *Introduction*

*Introduction*

---

Geographically Russia and Europe are mutually overlapping. Half of Europe is in Russia; half of Russia is in Europe which gives unique position to Russia in European affairs. Statistically, the Russians could be called Europeans, given the preponderance of people living west of the Ural Mountains. However, geographically in terms of area, Russia has more landmass in Asia than Europe. And in cultural-political sense, Russia has always sought to maintain and project its distinct national and cultural identity. But debate on Russian identity is still going on that whether Russia has identity of “Slavophiles” or “Westernizers”. Western writers have adopted the stand that Russia is an outsider in European politics by diverse and different factors like geopolitics, their domestic political and economic arrangements with cultural aspects and relative economic underdevelopment. But overall constant and immutable fact related to Russia’s relationship with Europe is their fluctuating character. And still Europe has been the foremost question in Russian politics since the 9<sup>th</sup> century to the present times (Malcolm 1994). Now the focus has changed from Europe to supranational community of European Union. Apart from bilateral relationship with European countries, it is important for Russia to establish contact with the European Union for better prospects and to serve their national interest in the long run.

Russia’s relationship with the European Union provides an excellent example of cooperation and contradictions that characterize the attitude of the country’s leadership towards multilateralism. A consciousness of Russia’s European identity and the desire to belong to Europe are contradicted by an increasing stress on Russia’s sovereignty; the consideration of the country’s borders and a perception that Russia is a great power and being a great power it should be treated with respect within EU.

Russia since its independence has attempted to develop closer relations with the European Union. President Putin, ever since he became the president has focused on this idea. Russia is closely aware of its European identity and geography. Russian foreign policy belief is firm towards European Union since Putin accession to power. When we look back at such relationship then we find that, primarily under Soviet and

then during the Russian period, relations with the EU were primarily based on economic relations. The slogan of a “Common European Home” was stressed for the first time by Gorbachev and he tried to improve relations with Western Europe in 1987. But the major process began in 1988, when large scale disarmament programmes and Moscow’s changed role were introduced in Central-Europe and South-Eastern Europe. Again Gorbachev gave a speech at the Council of Europe in Strasbourg in 1989 where he emphasized the economic, political and cultural identity of the ‘Common European Home’. Russia emphasized on the European integration process and wanted to be closer to EU in the early 1990s. In later period, Russian Foreign Policy shifted from the economic arena to a wider comprehensive arena. But we can’t say that such an intense relationship is a recent phenomenon. It has a long historical root since 9<sup>th</sup> century and we must have to take a look of that period before we analyze the importance of Europe in the geostrategic concerns of Russia. Historically, Russia was politically too close with Europe and this relationship was based on cultural-economic aspects.

### **Genesis of relationship**

Human experience on the territory of present-day Russia is traced back to Palaeolithic times. Greek traders conducted extensive commerce with Scythian tribes around the shores of the Black Sea and the Crimean region. In the third century B.C., Scythians were displaced by Sarmatians, who in turn were overrun by waves of Germanic Goths. In the third century A.D., Asiatic Huns replaced the Goths and were in turn conquered by Turkic Avars in the sixth century (Thompson 2009). By the ninth century, Eastern Slavs began to settle in what are now the Ukraine, Belarus, and the Novgorod and Smolensk regions.

In 862, the political entity known as Kievan Rus was established in what is now Ukraine and lasted until the 12th century. Kievan Rus was not only a powerful state carrying on diplomatic and economic relations with a large numbers of its fellows throughout Europe and the Middle East, but also the centre of a remarkable culture. In the 10th century, Christianity became the state religion under Vladimir, who adopted Greek Orthodox rituals. Vladimir is best remembered as the founder of Moscow, first mentioned as a fortified settlement in 1147. After that, Byzantine culture predominated, as is evident in much of Russia's architectural, musical, and



artistic heritage. The major contribution of Byzantine to Russia was her conversion to Christianity which transformed Russia into an European family of nations. Still it is a debatable issue among historians that Byzantine was Russia's gateway to Europe. Over the next centuries, various invaders assaulted the Kievan state and, finally, Mongols under Batu Khan destroyed the main population centers except for Novgorod and Pskov and prevailed over the region until 1480. In the Mongol period we can easily find the influences of Asia and Europe on Russia's culture, like her political, social and economic activity (Dukes 1998). Somehow this gave scope of consolidation to Russia which in form is still present now as the Russian Federation. Whatever specific effects the Mongols had in draining the Russian economy and terrorizing the population, a highly significant fundamental outcome of their rule was to spur the divergence of Russian civilization from the West. As we have discussed, Russia was bound to emerge as a unique society, but at least in Kievan times, it was developing along a track parallel to that of Western Europe and its Latin Christian civilization. But after the Mongols, the distance between them had somehow widened, and Russian society evolved along more distinctly different lines than it had a few centuries earlier. As a result, serfdom emerged in Russia just as it was disappearing in Western Europe. Trade and commercial capitalism flourished in Europe but languished in Russia. Europe bubbled over with intellectual emancipation and social fluidity, particularly during the Renaissance, while thought in Russia remained quite traditional, even stagnant, as Russian society became increasingly rigid and stratified. Such a drastic difference showed that Russian civilization would follow a markedly different course from that was traversed by Western civilization. And we can say that in this period Russia emerged as an admixture of eastern and western civilization (Thompson 2009). However, such an assumption failed in the later course of history.

In the post-Mongol period, Muscovy gradually became the dominant principality and was able, through diplomacy and conquest, to establish suzerainty over European Russia. Ivan III (1462-1505) was able to refer to his empire as "The Third Rome" and heir to the Byzantine tradition, and a century later the Romanov dynasty was established under Tsar Mikhail in 1613 (Thompson 2009).

The people also benefited from the accumulating of the Russian lands. Christianity and other important elements of Kievan civilization were preserved and transmitted. A

reasonable degree of internal peace was achieved, and economic recovery from the Mongol period began. Russia re-established extensive relations with the West in the 1400s, and divergent views and patterns still existed in Muscovite society (Dukes 1998). Yet, over the next 150 years, the state steadily strengthened its position, imposing increasingly heavy burdens on the bulk of the Muscovite population.

Although Moscow had some contact with Central and Western Europe in the 1300s and 1400s through Novgorod and Poland-Lithuania, the emerging Russian state was largely isolated from the West during the period of its unification and rapid expansion. Increasingly in the 1500s and 1600s, relations were re-established. Not only did trade expand, but ambassadors were exchanged, a few Russians visited the West, and several thousand Westerners travelled to or lived in Russia. These contacts stimulated intellectual intercourse, first in religious matters and technology but later in secular knowledge and general culture. The Tsarist state benefited from closer ties with the West in several important ways. First, the trade, though not extensive, was an important source of revenue and brought to Russia a variety of goods and finished products that otherwise would have been unavailable. Second, the Romanov Tsars drew on Western military ideas and technology as they built up their armies (Thomson 2009). Finally, Western artisans and entrepreneurs played a significant role in developing early Russian mining and manufacturing enterprises, for example, in glassmaking and ironworking.

In the long run, the West's deepest impact on Russia was in the sphere of ideas. Such an intellectual stimulation was a by-product of religious competition between the Orthodox Church and the Catholic and Uniate churches. Orthodox leaders recognized that if they were to prevent the excellence of Catholicism in Ukraine and Russia's other western borderlands, they needed better-educated clergy. Spurred by the model of Metropolitan Peter Mogila's educational institution in Kiev, the authorities encouraged the establishment of schools in Moscow staffed largely by learned monks from Ukraine. These efforts culminated in the opening in the 1680s of the Slavonic-Greek-Latin Academy, which taught not only those languages but Rhetoric, Philosophy, Grammar, and Theology, a curriculum common to most of Europe since the sixteenth century. At the same time, some secular literature modelled on Western forms began to appear, and the first theatre was established under the patronage of

Tsar Alexis. Not only the Tsar himself but elite Russian society displayed a growing interest in Western culture like European dress, food, tobacco, furniture, and baroque architecture were all in vogue among upper-class Muscovites, and smoking spread rapidly through all levels of the population (Thomson 2009). In short, by the third quarter of the seventeenth century, there was a growing acceptance of Western thought, manners, and institutions, an attitude that certainly prepared the ground for Peter the Great and his all out effort to Westernize Russia in the early eighteenth century

The psychological side effects of this openness to European civilization must not be overlooked, on the other hand. Because the Europeans were richer, thanks to the agricultural and commercial revolutions they were experiencing and to their profitable overseas trade, and because they were more advanced technologically, some Russians felt inferior to the West and were anxious to push Russia to catch up. Yet, it is important to remember that, in some respects, Russians possessed a more advanced society than their Western neighbours; for example, they had a centralized, cohesive state, whereas the Italians and Germans still lived in a motley collection of city states, tiny principalities, and chopped-up feudal fiefdoms. They enjoyed a common religion and relative peace at a time when Europe was rent with religious strife and recurring warfare. The Russians were certainly different in many respects, but whether they were better or worse off is a moot point. In the broader sense, the seventeenth century bridged the medieval Russia of the late Kievan, Mongol, and early Muscovite periods and the Russian empire of the 1700s and 1800s, which was thrust precipitously into modern times (Dukes 1998). The 1600s cracked the door to the entry of Western science, technology, and thought, and Russia has been struggling with the impact of modernization ever since.

During Peter the Great's reign (1689-1725), Russia began modernizing, and European influences spread in Russia. Peter created Western-style military forces, subordinated the Russian Orthodox Church hierarchy to the tsar, reformed the entire governmental structure, and established the beginnings of a Western-style education system. His introduction of European customs generated nationalistic resentments in society and spawned the philosophical rivalry between "Westernizers" and nationalistic "Slavophiles" that remains a key dynamic of current Russian social and political

thought. Russia by 1761 had adopted most of the ideas of Europe in her socio-political-economic aspect and effected the consolidation of much of the structure of the Russian Empire. Within fifty years of Peter's death, some writers were arguing that his reign had greatly benefited Russia, while others claimed that it had ruined the country. This controversy became a major issue in the intellectual history of modern Russia, reaching a high point during the 1840s in the polemics between the Westernizers, who approved Peter's policies, and the Slavophiles, who denounced them. However, above all Peter propelled Russia onto the European stage and made her a great power. Since 1700, Russia has been a major actor in European and world affairs. After Peter the Great's death, so many rulers came to rule the Russia from his family in the period of next 37 years but they were neither efficient nor strong rulers (Dukes 1998). Only Catherine the Great had put major impact on Russia who came to power in 1762.

Catherine the Great continued Peter's expansionist policies and established Russia as a continental power. During her reign (1762-96), power was centralized in the monarchy, and administrative reforms concentrated great wealth and privilege in the hands of the Russian nobility (Thomson 2009).

By the end of the eighteenth century, Russia was largely what Peter and Catherine had made of it. In many respects, Catherine completed what Peter had begun, adding, however, a more reasoned and humane touch to the changes affecting Russian society. The result was an almost schizophrenic country: it was Europeanized in elite culture and thought, military affairs, and even technology, but deeply Russian and traditional in popular culture, religion, social system, and agriculture; it was a leading power of Europe politically and economically but had an arbitrary and repressive autocracy and a relatively backward economy; it had a modern educational system, as well as an ordered and even "enlightened" administration, that supervised a degrading and inefficient social system and relied heavily on censorship and coercion. Russia's historical experience differed from that of Western Europe, and she obviously could not be like the West. But neither could she turn her back on Europe and the onrush of new ideas and inventive technologies. Russia had to live in and adjust to a European-dominated world (Thompson 2009). Neither Peter nor Catherine had found a magic formula to blend the best of Europe with the best of Russia, but none probably

existed, and none of their successors fared any better.

Napoleon failed in his attempt in 1812 to conquer Russia after occupying Moscow; his defeat and the continental order that emerged following the Congress of Vienna (1814-15) set the stage for Russia and Austria-Hungary to dominate the affairs of Eastern Europe for the next century.

During the 19th century, the Russian Government sought to suppress repeated attempts at reform from within. Its economy failed to compete with those of Western countries. Russian cities were growing without an industrial base to generate employment, although emancipation of the serfs in 1861 foreshadowed urbanization and rapid industrialization late in the century. At the same time, Russia expanded across Siberia until the port of Vladivostok was opened on the Pacific coast in 1860. The Trans-Siberian Railroad opened vast frontiers to development late in the century (Dukes 1998). In the 19th century, Russian culture flourished as Russian artists made significant contributions to world literature, visual arts, dance, and music.

Imperial decline was evident in Russia's defeat in the unpopular Russo-Japanese war in 1905. Subsequent civic disturbances forced Tsar Nicholas II to grant a constitution and introduce limited democratic reforms. The government suppressed opposition and manipulated popular anger into anti-Semitic pogroms (Thomson 2009). Attempts at economic reform, such as land reform, were incomplete.

### **After the Bolshevik Revolution**

These reforms couldn't protect the monarchy in Russia and anger of people prevailed over the Tsar and eventually due to outbreak of First World War anti monarch sentiment consolidated under the charismatic leadership of Lenin. Lenin ultimately threw out Tsar Nicholas II from the throne. Thus the Bolshevik revolution succeed in Russia and first ever experiment of Marxist ideology prevailed in the world history in the form of the Leninist idea. Still the major concerns for Lenin was the threat from the West particularly Europe, was evident in his Foreign Policy Concept. Europe was the central area of concerns in his policy in the later period. Europe was the main battleground of two world wars and Russia was also the main concern for European countries in these years. The USSR under Stalin faced severe challenges from the

European countries like Germany and Italy. However, after Second World War Stalin's main focus was USA but the major area of conflict was still the European part. Such concerns prevailed in the later period of Khrushchev and Brezhnev. Finally, Gorbachev introduced various measures to fill the gap in relations with Europe under his "new thinking" in foreign policy. His policy created the hope among estranged Europeans and which became the basis of future course of action towards Europe. "Europeans were especially enthusiastic in welcoming the new Soviet leader's efforts to cut back arms and reduce tension. Gorbachev's visits to Western European capitals brought forth large crowds chanting, "Gorby, Gorby!" His policies greatly reduced Europeans' fears of Communist aggression and a possible NATO-Warsaw Pact war in Central Europe (Thompson 2009). For his part, Mikhail Sergeevich called for a future "Common European House" stretching from the Atlantic Ocean to the Ural Mountains and espoused substantially increased trade with the more advanced European countries.

After the Second World War, Moscow turned sharply away from an alliance with the liberal western powers, and entered into a relative isolation period. The dominant powers in the European arena were now Soviet Union and United States. During the 40 years after 1945, a great deal of literature was written heavily in the West regarding Soviet goals and objectives in Europe. These inherent long standing dilemmas of how to maintain the necessary level of economic and cultural interaction with Western Europe while protecting the country against perceived military threats and political upheaval had to be faced. First the creation of NATO and European community as a response to the perceived threat from the West was there. The second dilemma was posed by the privileged position that Soviet Union had acquired in Germany. And the third dilemma was posed by the Kremlin's view regarding responsibility for the Eastern bloc (Malcolm 1994: 9-10).

In the 1950s and 1960s Soviet hostility to European integration was on the larger view that it effectively served general interests. The EEC was initially considered as American-sponsored and anti-socialist in competition. During the late 1960s and early 1970s as the West European countries began to pursue more independent foreign policies, Soviet commentators placed more and more emphasis on the second category of interests and on inter-regional rivalries (Malcolm 1994:35).

Hannes Adomeit detected four stages in the evolution of Soviet assessments. In the 1950s he concluded the EEC was seen as an American-sponsored project designed to weaken for defending West European interests against the United States came to be seen as more and more important, and optimistic judgements were passed about its future key role in the world politics. In the second half of the 1970s, as the community's economic problem deepened again, Soviet commentators revised their view and began to emphasize trans-Atlantic interdependence. Finally, Adomeit tentatively identified the early 1980s as a period when Washington was seen to be engaged in a counter offensive interacted to reassert its dominance in the West (Adomeit 1979: 1-11).

Despite all the complexity, unevenness and unpredictability of change in Soviet politics, there is a consistent line in the development of thought concerning the Western Alliance. This can be traced from an uncompromising rejection of NATO under Stalin, grudging acknowledgement of this institution as an unpleasant reality under Brezhnev, cautious acceptance of NATO as a stabilizing factor of European security under Gorbachev to Russia's participation in the North Atlantic Cooperation Council (NAAC) and even the declaration of full NATO membership as a long term foreign policy goal under Yeltsin (Adomeit 1994:32).

In the 1970s, soviet scholars developed a more differentiated approach to international relations among Western states, in constant to their concentration in the 1950s and 1960s on NATO as a bloc or a bilateral relation between the Key West European countries and the United States. Writing in 1966 and 1970, M. K. Bukina contended that there were "two levels of contradictions" among capitalist states. Firstly, rivalries between the West European trading blocs, European Economic Community (EEC) and European Free Trade Association (EFTA) and the United States. Secondly, rivalries between individual state belonging to there between Germany and Britain, the United States and Japan, and so on (Sodano 1983:246).

From the Soviet perspective, the presence of American forces offered them three distinct advantages: first, it ensured the continued diversion and military subservience of Germany, enabled Moscow to use the NATO to influence United States and prevent

any feasible West European military co-operation and structure from being established and finally was a good justification for the Soviet Union to maintain its troops in Eastern Europe (Malcolm 1989:10).

With the United States assuming a pivotal position in the post war world, Soviet Union ignored and underestimated the European Community (EC). For Western Europe, integration was both political and economic necessity and road to the economic recovery and reconstruction. Soviet policy makers reviewed this process of West European integration with much scepticism and expected such co-operation to be short lived. Analyzed from the prism of Socialist ideology such a process was seen as an attempt to prevent social change in the Western Europe and strengthen world capitalism, the prevailing opinion was 'European integration creates an economic basis for imperialist military blocs oriented against Socialist states and the national liberation movement (Baranovsky 1994:62).

The emergence of European political co-operation is the new phenomenon in the development of integration in Western Europe which altered Soviet perception of the whole process. This pushed Moscow's search for some mode of interaction with the European Community. It was only at the turn of the 1970s that Soviet researchers started to analyze systematically and in depth the driving forces of political consolidation in Western Europe (Baranovsky 1994:65). Change in Soviet attitude to Western Europe and Soviet policy in the region are part of the wider influx of "New Thinking" at the top level in the mid 1980s.

Engaging with the European community emerged from the idea of "common European House" that became the bedrock of Moscow's post 1981 foreign policy. Its appeal was in the vision of the common meeting point for both parts of Europe, which would enable both the East and West to move beyond the political and institutional divisions on the continent (Baranovsky 1994:65). For the Soviet Union, its new foreign policy objectives seemed achievable through the European window because of factors such as historical and cultural links, economic reasons and geographical proximity to Western Europe.

Gorbachev's statement in May 1985 was quite important in regard to European



Community where he expressed that the Soviet Union is ready to consider the EC as a political entity. And Soviet Union was eager to establish cordial relationship with the supra-national entity which ultimately paved the way for a different relationship from the past. Gorbachev's first visit to the West as leader was to Paris in 1985, which was a remarkable shift from the Cold War era. Here he announced that Western Europe was at the centre of concern in Soviet policy. And he said Russia want to establish co-operation at each level for better prospect of both the group (Malcolm 1994:16).

The social concept of a "common European home" consisted of establishing a new type inter-state relation in Europe based on over all cooperation. It was to be erected on the foundation of impact for the choice made by each European people and definite considerations for territorial and political realities. The Helsinki Final Act passed at the conference on Security and Cooperation in Europe (CSCE) in 1974 remained the mainstay of the "Common European Home".

A major objective in building a "Common European Home" was the promotion of political dialogue with West European states, which were also willing to foster greater mutual understanding and co-operation with the Soviet Union (USSR Foreign Ministry Survey 1990:46).

Soon afterwards, on 10<sup>th</sup> august 1988, official relations were established between the USSR and the EC. Subsequently, the USSR opened a permanent office in Brussels and talks were concluded on the framework of agreement on trade and economic co-operation between the USSR and EC. The agreement would provide for mutual granting of most favoured nations treatment in regulating trade matters, measures to improve the performance of businessman and the development of industrial co-operation and joint venture talks were also conducted on individual agreements with EEC on trade in textiles and co-operation in the fishing industry and possibilities were being explored for mutually beneficial co-operation in other fields (USSR Foreign Ministry Survey 1990: 47).

The dialogue with the EC as an authoritative political entity in international affairs in gradually switching from a single exchange of views for a search for possible areas of applying efforts for resolving a number of key international problems, especially

enhancement of the Helsinki process settlement of regional conflicts and global problems such as ecology.

In 1989 a comprehensive trade and commerce and co-operation agreement was signed by the European community and USSR. And under this agreement, specific quantitative restrictions on EC imports from the USSR were to be abolished by 1995, except some sensitive products. The agreement also contained undertakings to promote economic development, trade and business links, through co-operation in areas such as management, training, joint ventures, statistics, standardization, environment protection, financial services, transport and commercial laws (Fraser 1994: 200-201).

The reunification of Germany was inextricably linked to the division and unification of Europe. With the German question being peacefully solved by 1990, the artificial division of Europe into East and West became no longer tenable (Jain 1993: 266).

What followed soon after was another major shift in the international order with the demise of communism in Eastern Europe and the collapse of the Soviet empire; the Cold War came to an end. The countries of Eastern Europe and the Newly Independent States (NIS) of the former Soviet Union were free to develop their own course of history. The familiar bipolar structure that froze all historical conflict in Europe has since given way to an emerging unstable multiplicity.

Map-1.1: Russia and Europe:



(Source-[http://www.Japanfocus.org/data/Russia Europe map.gif](http://www.Japanfocus.org/data/Russia%20Europe%20map.gif))

### Russian Foreign Policy towards EU after 1991

The end of the Soviet system and the transition to the market in Russia has brought to the fore the centuries-old debate about Russia's relationship with Europe. Integration with Europe had been located as an important reason for the dissolution of the USSR. The process which began from the Gorbachev's "New thinking" still continued in the post soviet era. At first it culminated in the new form of Yeltsin vision of Europe which put a longer effect on the Russian foreign policy makers. In the post-Cold War era, the Russian leadership did not want to miss the unique opportunity to transform herself with the help of West. However, Russian President Yeltsin was not fully convinced with Gorbachev's "New Thinking" but he had no other options at that time. Under this compulsion Yeltsin recognised that Russia "considers the United States and other Western countries to be not only its partners but also its allies" in a speech of the UN Security Council on 31<sup>st</sup> January 1992. In his speech he explained that now Moscow and the west share the same view regarding the chief foreign policy principles: "role of democratic rights and freedoms of the individual, legality and

morality” (Wallander 2002). So they can cooperate with each other in different areas.

In later periods these values became the binding principles of Partnership and Cooperation Agreements (PCAs). Yeltsin pursued a remarkably pro-Western policy and tried to satisfy Western countries with his utmost constructive international affairs. The Kremlin was very attentive to the views of the United States and West European countries on Russian internal questions as well as various international questions related to Russia. However, Yeltsin was quite vocal about protecting the strategic importance of Eastern Europe and about Russia's active role in that region. But it was hardly possible to protect Russian interest in that region due to strict opposition by the former Soviet allies. Such kind of pro-Western policy of Yeltsin came under heavy attack during 1995 elections in each and every quarter of society. And consequently somehow Yeltsin survived in the election for a second term. Now Yeltsin and his policy makers realized that Russia had its own national interest and state interests which was not identical to the interests of the Western countries. Such kind of thinking developed in Russia due to the behaviour of the West. Russian society was quite vocal about the Western tendencies regarding the Russian status at the world level as a weak and impoverished state. Plans for NATO'S expansion was considered as a betrayal by the Russians and in this regard Yeltsin warned that NATO'S further expansion would trigger chaos in all of Europe. On other hand, Russians were not pleased with the result of the economic co-operation. The West did not provide adequate assistance to Russia as they had promised. Loans and credits were too small with heavy restrictions. Also, technological transfer was impossible because the cold war inappropriate legal restrictions continued. Such kind of restrictions compelled Russia to be mere exporter of raw materials (Wallander 2002). This made Russia sceptical about the West.

Russia cannot afford to alienate the West because she wants to make major gains from integration into the liberal international institutions and regime. And such kind of ambition has influenced the international conduct of the Russian Federation. Russian belief was so firm towards the West that both domestic and international interests would affect it grievously if Russia alienates the West. Russia had to compel herself with western integration processes despite various contradictions with the United

States. Russia had two choices at that time and that was either to integrate herself under Western guidelines or to maintain dominance over the Commonwealth of Independent States that was referred to as the old “Soviet geopolitical space”. Russian liberals and nationalists both were aware about the Western interests, capabilities and intention regarding these choices. However, the West ultimately couldn’t succeed in their intention and Russia maintained her path in that region (Lynch 2002: 164-66). Russia thus managed to negotiate relations with the West in her own terms.

Russian foreign policy during 1990s can be analysed through the comparison between two Foreign Ministers. The replacement of Andrei Kozyrev by Yevgeni Primakov as Foreign Minister in January 1996 shows the major shift in the Russian course of diplomacy from Western-oriented to a Eurasian-oriented foreign policy. Kozyrev widely criticised and discredited by the Russian people due to his liberal internationalist approach because most of the Russians are concerned about the past centrality of the classical geopolitical approach. Apparently the appointment of Primakov perceived as anti-Western turn in the Russian diplomacy. Primakov had a KGB background and due to that he renewed the focus on securing the global power status of Russia. Primakov expressed on various occasions that Russia should pay the price for reintegrating aspects of the old empire that gave Russia status of great power. However, we cannot deny the role of Kozyrev who prepared the platform where Primakov showed his assertive agenda to the Russian people (Lynch 2002:167-169). Both foreign ministers were thus able to guide Russia in its East-West relations.

Yeltsin had often articulated the belief that Russia could play the unique role as a bridge between Europe and Asia. Russia was keen to sit on the European high table. The Russian economic crisis prevented all these aims. Russia’s trade with East Europe was replaced with that of West Europe. Though Russia opened up as a market for European goods, the reverse was not true. Discriminatory rules were applied for several Russian exports. Russia’s industrial base eroded and Russia became primarily on exporter of raw material to Europe. Russia’s military intervention in Chechnya was harshly criticized in Europe and used as measure to stall early integration of Russia into EU. Russia became a member of Council of Europe in February 1996 but its membership with Europe remained an ideal but didn’t go beyond a stated goal. There was need to restore economic ties with East Europe (Chenoy 2001). Russia thus



looked for multiple partnerships.

In the post-soviet era experts basically categorizes three stages of Russia-EU relationship.

- (1) 1994-1999: Formal contacts established;
- (2) 1999-2001: Period of transformation of the EU, emergence of the European Security and Defence Policy (ESDP), and expanding agenda and changing nature of the bilateral relationship;
- (3) 2001-current: step-by-step institutionalizing of Russia-EU ties.

Russia-EU relationship has always been much cordial and co-operative. So EU enlargement has never been so sensitive a matter like NATO enlargement in Russian foreign policy. This is because the EU is as political construction while NATO is military pact. The major perception regarding EU in the Yeltsin era was a big trading block rather than as a foreign policy concern. So in this period the major focus was on the USA and NATO as well as the so called 'near abroad' of the former Soviet Union. Russia was more focused towards the individual European members rather than integrated European Union as a whole. It was the consequence of Russian politics as well as the result of EU policies which was much guided by the US security interests at that region. European Union was gradually evolving itself through enlargement in post-Cold War era, which was also a major problem to establish strategic relationship with Russia itself. But it was indispensable for the EU and its member states to work out on a relationship with Russia because of strategic location between Europe and Asia (Westphal 2005: 2). Above all, there are various traditional and non-traditional threat concerns of EU that can only be tackled and solved in cooperation with Russia because of its vast potential and equally enormous problems which could threaten security and stability on the continent.

In 1994 the Partnership and Co-operation Agreements (PCAs) was signed and was operationalised on 1<sup>st</sup> December of 1997. The reasons for the delay in the enactment were the first war in Chechnya and the human rights violations related to the war. The

PCAs are fundamental agreement, concluded for ten years, that structures EU-Russian cooperation and defines the main areas for common activities. It is based on the declaration of common values such as democratic governance, human rights and the commitment to market structures. This way, the PCAs established three dimensions of political dialogue, economic co-operation and culture which opened the door to tie the Russian Federation to the European Union and to deepen their relationship. Under this format, thus relationship was basically based on economic and political issues. Here, EU tried to be an observer of the Russian democratic structures. A major turn came under the German EU presidency in 1999 when Russia and European Union discussed a policy of stability and security and integrating Russia into a common European economic and social space. With the EU Treaty of Amsterdam, the EU and its member states also strived for more coherence in the common foreign and security policy and thus adopted a number of foreign policy instruments such as common strategies. In EU Council in Cologne in 1999, EU adopted the first ever common strategy towards Russia. This was the clear sign for the special role EU attributed to Russia and its importance for stability and peace on the European continent. It expressed the goal to create a strategic partnership with Russia. The period between 1991 and 2000 can be characterised as a search for identity and for regional and global roles. The first years of the Yeltsin era in 1992-1993 were described as a short period of high co-ordination and even a 'honeymoon' with the 'West', the relationship cooled down in 1993-1994 with a more assertive policy towards the 'near abroad' and a more reserved policy towards the 'West' (Westphal 2005: 3). When Putin became the president at the end of 1999, the course of the relationship changed from economic to wider spheres.

The EU gave priority to its relations with Russia vis-à-vis to the region of Eastern Europe, since Russia was expected to play the role of a regional leader capable of delivering stability to its post-Soviet neighbours. Russia was the first CIS country to conclude a Partnership and Cooperation Agreement with the EU in June 1994. Nevertheless, the PCAs with Russia came into force only in 1998, since the ratification process was blocked in the parliaments of some EU member states. The reasons for blocking the PCAs were the way in which Russia had been handling the regional war in Chechnya (1994-1996) (Pankov 2008). So, EU-Russia relations during the period of 1994-1999 could be characterized as almost non-existent. At the same time, the priority for Russia was to preserve its status as a global superpower in

succession to the USSR.

It was US not EU, that was considered to be the key partner to Russia, since the relevant foreign and security policy agenda at that time was directly and almost completely depending on Moscow's relations with Washington, e.g. the future of the Russia-US partnership in the area of strategic nuclear armaments (ABM Treaty, START process, etc.), Russia's status within the European security architecture (vis-à-vis NATO eastward expansion), its involvement in settling the war in Yugoslavia, etc. The EU was not seen as a relevant actor in the orbit of Russia's vital interests at the beginning of the 1990s. This policy changed, at least on paper, in the mid-1990s, when Russia redefined its foreign policy priorities vis-à-vis NATO's eastward enlargement and its changing position in the European security architecture. Yevgeny Primakov, who became new Russian Foreign Minister in 1996, came up with the concept of the so-called "multipolar world" in which Russia should become one of the new powerful geopolitical centres. Primakov had initiated the process of building a strategic partnership with China in order to eliminate U.S. influence in the world. He had also formulated a goal for Russia's foreign policy towards EU and or a vision of the EU's being independent of the U.S. in international security agendas in order to make NATO a weaker security actor in Europe. This postulates Russia's foreign policy goal of making the EU, as one of the multipolar world's centres, independent of the U.S., and in this capacity to be a strategic partner for Russia. Since then Primakov's doctrine is still a relevant foreign policy concept that Russia aims to materialize (Lynch 2002). This laid the foundations of Russian politics to European Union.

### **EU Foreign Policy towards Russia**

The EU concluded ten-year PCAs with the Russian Federation (RF) in June 1994 'founded on shared principles and objectives' which adopted the idea to promote international peace and security, support for democratic norms and for political and economic freedoms. Russia's PCAs were more than an ordinary treaty on political and economic relations. However the objective of the EU was to support the reform process in Russia and create the conditions necessary for the establishment of a future free trade area with Russia. Because of the first war in Chechnya, member states



delayed ratifying the PCAs, and the agreement came into force only on 1 December 1997. The Russian Federation had already begun to receive economic and other forms of support from the EU under the TACIS programme (Technical Assistance to the Commonwealth of Independent States), the purpose of which was to support the process of transition to a market economy and democratic society. In all E1573, 5 million – almost half of the total TACIS bilateral aid to the former Soviet states – was committed to the Russian Federation between 1991 and 2002. In June 1997, the EU signed a new inter-governmental agreement, the Amsterdam Treaty, which established a new policy instrument called ‘common strategies’ which were focused to commit EU members to co-operate on policy towards a particular area or country where they had important interests in common (Light 2008). Thus Amsterdam treaty became the platform for unified EU’s external policy towards other countries or groups.

The first such strategy to be adopted was the Common Strategy on Russia, approved in June 1999. It committed the EU to assist in establishing a ‘stable, open and pluralistic democracy in Russia’. Four areas of action were defined: consolidation of democracy, the rule of law and public institutions; integration of Russia into a common European economic and social space; stability and security; and common challenges on the European continent. The EU would focus on these areas in order to ‘strengthen the strategic partnership between the Union and Russia’. In October 1999, Moscow responded to the Common Strategy with its own ‘Medium-Term Strategy for the Development of Relations between the Russian Federation and the European Union (2000–2010) which elaborated Russia’s goals for its relationship with the EU (Light 2008). It set out ten spheres of co-operation between Russia and the EU and listed various ways in which administrative support, co-ordination and the use of specialist groups would be improved within Russia to facilitate implementation of the strategy and further the EU–Russia strategic partnership. Thus Russia responded well regarding ‘common strategy’ of European Union.

By then the European Council had also agreed to expand its Common Foreign and Security Policy (CFSP) in order to give the EU ‘the capacity for autonomous action, backed up by credible military forces’. Moscow did not appear to perceive this as a threat to Russian security. The Common European Security and Defence Policy is not mentioned in Russia’s National Security Blueprint, which was adopted in January

2000, for example, nor is it listed as a potential threat in the new military doctrine adopted in March 2000 (Light 2008). It showed the Russia's desire to incorporate herself towards European Union.

Although both the EU and Russia sometimes expressed disappointment at the slow progress in implementing the PCAs and the strategies, however a dense network of political and economic consultations has been established between them. The senior civil-servant level Co-operation Committee established by the PCAs met frequently, while various subcommittees brought Russian and EU experts together. EU–Russia summits at the highest level took place at regular six-monthly intervals, interspersed by meetings between the EU Troika (the head of the country holding the Presidency of the Council, the High Representative for the CFSP and a representative of the EU Commission) and their Russian counterparts. There was also a steady flow of high-level visits between Moscow and various other European capitals. Trade relations between Russia and the EU expanded rapidly. The value of EU–Russia trade increased from E38 billion to E85 billion between 1995 and 2003, making Russia the EU's fifth largest trading partner and the EU Russia's largest trading partner, accounting for nearly 40 per cent of its foreign trade by 2003. Energy supplies predominated in Russia's exports to the EU, accounting for about 57 per cent of exports in 2003. An 'energy dialogue' was instituted in October 2000 which aimed to work towards an EU–Russia Energy Partnership (Light 2008). Thus slow growth of PCAs didn't undermine the economic relationship.

The Russian–EU relationship continued to develop smoothly until the second Chechen war began in 1999. The Council of the EU condemned the bombardment of Chechen towns and the treatment of internally displaced people, and briefly limited TACIS assistance to priority areas such as human rights, the rule of law, support for civil society and nuclear safety. Russian officials took offence at EU demands that, in their view, related to 'domestic' matters. Despite the strain that this put on the relationship, President Putin appeared to remain committed to closer links with Europe more broadly, and with the European Union in particular. In his annual address to the Federal Assembly in April 2001, for example, he listed integration with Europe as 'one of the key areas' of Russian foreign policy. Not long afterwards, however, Russia's relations with the EU began to falter due to domestic developments

in Russia, resentment of the EU's normative agenda, as well as reactions to the enlargement of the EU. Lately, energy issues have also caused problems; but behind these recent difficulties, there are some long standing structural problems that result from the very different ways in which Russia and the EU operate (Light 2008). It became the main cause of slow growth in partnership between Russia and European Union.

In nutshell we can say that, Geography has always played an important role to establish relations between states at the world level. This could be easily seen in the relationship between Russia and EU. When we see the genesis of the relationship between Russia and EU, it has a long historical relationship since 9<sup>th</sup> century during the period of "Kivan Rus". During the 12<sup>th</sup> century, Moscow under the period of Vladimir of Byzantine Empire, and its conversion to Christianity, transformed Russia into a European family of nations. Interesting thing was that, till now Russia has more landmass in Asia than Europe, but culturally very much close to Europe. Invasion of Mongols and Tatars couldn't fully divert the path of Russia from European process. Again in late 17<sup>th</sup> century, Russia became so close to Europe during Peter the Great's time. From this time onwards, the debate regarding Russian identity emerged in the intelligentsia of the world that has continued till now. In 18<sup>th</sup> century Catherine maintained the convergence to European path of Peter the Great. After that none could do better than her to march towards the European path for Russia. The 20<sup>th</sup> century showed that how Europe was so important for Russia. During the period of two world wars and the subsequent cold war period, Russia was threatened by European path mentored by US. Such kind of historical compulsion continued in the post-Cold war era with some changes and continuity.

After disintegration, Gorbachev tried to establish good relationship under his philosophy of "new thinking". Boris Yeltsin unwillingly accepted it due to lack of options and built the relationship with Europe in the new form of EU as a supranational community. In 1994 formal relationship was established under the PCAs.

Generally, Russia and EU relationship became cordial during 1990s. Both Russia and EU tried to establish economic relationship with each other. Where Russia enriched

TH22110

EU from its natural resources, while on the other hand, EU provided technical and financial assistance for the recovery of Russian economy after the disintegration. But the major turnaround came during the period 2000-2008 under the Putin's Presidency. So, such a historical background shows that the Russia and EU are deemed to cooperate with each other because of the geographical proximity and it would be desirable that both flourish their relationship for the better security structure for Europe.

# *Chapter II*

---

*Political Relations between Russia and  
European Union*

### *Political relations between Russia and European Union*

---

“I strongly believe the full unity of our continent can never be achieved until Russia, as the largest European state, becomes an integral part of the European process. Today, building a sovereign democratic state, we share the values and principles of the vast majority of Europeans. A stable, prosperous and United Europe is in our interest. The development of multifaceted ties with the EU is Russia’s principled choice”.

**(VLADIMIR PUTIN 25<sup>th</sup> March, 2007:50<sup>th</sup> anniversary of EU)**

This is the landmark proclamation of a Russian President on its importance of European Union and shows its firm belief of Russia in the European Union process. Russia’s relation with the EU, even before the disintegration of USSR, in 1991 is predominantly based on Economic relations. One of the main geostrategic concerns of Putin was to incorporate Russia into the European process under the philosophy of “Common European Home”. In the wake of economic crisis of 1998, Putin tried to strengthen the Russian economy. In order to revitalise the Russian economy, the export of the natural resources like oil and natural gas to European countries was seen as remedial option. Putin used this as a foreign policy tool as well. Putin made a dramatic change unlike his predecessor, in the each and every aspect of internal and external policy of Russia. While Yeltsin’s primary concern was to cope with the domestic challenges to his authority, Putin has had the opportunity and inclination to restore of Russia as a great resurgent power a top priority. Vladimir Putin still sees Russian federation as an important player at the world level.

During the years of presidency, Russia has grown immeasurably stronger in terms of political, economic, and military power. By bringing about political and social stability in Russian federation, Putin was able to forge a coherent and effective foreign policy for Russia. Vladimir Putin gave a new direction to Russian Foreign Policy, making it more assertive and dynamic.

There are various views on Putin’s rise to power. Many analysts consider Putin’s electoral victory as the biggest transition in Russia. It is perceived as the first peaceful

and democratic transfer of powers from one leader to another in Russia's history. Putin is appreciated as an enigmatic figure in Russia with hopes and aspiration of the masses. However, Western analysts interpreted Putin's rise to power as re-emergence of authoritarianism in Russia. Because of the centralization of power Russia has survived a period of enormous instability and uncertainty and its prospect for future development looked more favourable than at any time in the past decade. Putin certainly has a clear agenda for rebuilding the Russian State in the current international scenario. Many analysts are surprised by the fact that Russia is run by a KGB veteran (Rutland 2000). However, the ex-spy has embraced the philosophy of democracy and markets as the basic principles of the modern state that the Russians aspire to become.

In another analysis, Putin is viewed as a leader who had taken charge during an uncertain and insecure time and delivered on his promise to provide stability and security. However almost everyone in Russia and outside world underestimated Putin. In one year he rose from the head of the Federal Security Bureau or FSB to prime minister, to acting president, to an elected president who won the March 2000 presidential election on the first ballot. As prime minister and acting president, Putin aggressively pursued a single point policy: the prosecution of second phase of the Russian war against separatists in Chechnya (McFaul 2000). Putin had also demonstrated a similar degree of activism and enthusiasm in almost every area of state policy.

Putin's view regarding world affairs and objectives to secure Russian position were explained in the "National Security Concept 2000" and in "New Foreign Policy doctrine". In these documents, Putin had started readjusting the foreign policy as an acting president. Putin asserted that Russia will carry on a pragmatic foreign policy that is, protecting the Russian national interests and reviving the economy. Judging from the diplomatic measures, which Putin had taken during his tenure, it was clear that Putin had accorded West a priority in Russian Foreign Policy (Legvold 2001). Putin also tried to focus on national economic interests, and sought all around diplomacy balancing between East and West.

Baev (2003) argued that, In Jan 2000 Vladimir Putin accession as president of Russia,

marked the new beginning of Russia's entry into a new era. According to the policy documents issued by Putin such as "Concept of National Security" and the "New Foreign Policy doctrine", it became quite clear that Russia will and revive its economy. On the other hand, West perceived these new changes in Russian Foreign Policy under Putin's leadership. They are as follows:

- Keep low profile and relax relation with the West.
- Pragmatic and cooperative relations with the Commonwealth of Independent States (CIS).
- Improving and strengthening Russia's relations with major Asian countries.
- Seeking equal political status and widening space for "big power diplomacy".
- Serving Russia's strategy of its economic revival.
- Strengthening Russia's position and influence as a Eurasian powers.
- To face the challenges created by eastward expansion of NATO.
- To tackle the problems arising out of CIS eccentricity.
- To overcome hardship in Russia

### **Russia's Dependence on Europe**

Despite the fundamental conflicts between Russia and the US and Western Europe, Russia cannot afford to break away from the financial assistance for its economic recovery at least for next 10 years. The top priority of Russian Foreign Policy will thus lie in the West. Meanwhile Russia actively seeks to improve relations with European countries. Putin invited German, Italian, British and French Foreign Ministers to visit Russia, held consultations on bilateral relations and co-operation, softened their stance on Chechnya. On March 11, 2000, British Prime Minister Tony Blair visited Russia and held summit meeting with Putin in Petersburg. Both sides expressed their strong willingness to strengthen political dialogues and develop bilateral relations. On April 16, 2000, Putin broke the convention to visit Britain on the eve of his presidential inauguration, conduct meetings with Blair and British business leaders. This demonstrated the flexibility of Russian diplomacy around economic interests. On April 6, 2000, the European parliament accused Russia of violation of human rights in dealing with the separatists in Chechnya. However on the next day, Putin made his formal commitment to the visiting commissioner of the



European Union that Russia will put forward “the political solutions to Chechnya”. The meetings between Russia and NATO Joint Secretary, visited Russia in March, Putin held talks with him and decided to make rapprochement with NATO and resume contacts. The then acting President even stated that he would not rule out “the possibility for Russia to join NATO”, if NATO paid attention to Russian interests and regarded Russian as an equal partner.

Such an active foreign policy tools paid Russia a good result in economic arena as well. The London Club of creditor nations and Russia reached agreements on re-arrangement of debts, by which the western creditor’s nations agreed on a package of postponing repayment, reducing principle and interests and lowering interest rate, an extension of repayment period for 30 years (Liu 2000). This deal would not only reduce Russia’s heavy debt burden, but also pave the way for Russia to return to international capital market after economic crisis of 1998.

The new Russian Federation Foreign Policy Concept has been defined as “a system of views on the content and main areas of the Foreign Policy activities of Russia”. As has been stated, it analyzes the modern world problems, challenges and possibilities arising in it and orients the foreign policy activity towards the settlement of these problems, by way of facing the challenges and taking advantage of favourable possibilities existing in the world for the protection and attainment of interests of Russia its “citizens, society and state”. The concept ride itself of the burden of former mistakes and miscalculations of the Russian foreign policy, based on illusion about the “establishment of new, equitable and mutually advantageous partnership relations between Russia and the rest of the world”. This concept was the continuation of the Yeltsin-Kozyrev concept of 1993. Thus the 2000 concept also contains elements of denial of that course, continuity of positive elements of Primakov’s policy and innovations corresponding to the emerging modern potentials and needs.

Liu (2000) argued that, the uppermost priority of the Foreign Policy course of Russia is to protect the interests of the individual and the society. Within the framework of that process, the main efforts are directed towards attaining the following main objectives:-

- To ensure reliable security of the country, to preserve and strengthen its sovereignty and territorial integrity, to achieve firm and prestigious position in the world community, most fully consistent with the interests of the Russian Federation as a great power as one of the most influential centres of the modern world, and which are necessary for the growth of its political, economic, intellectual and spiritual potential;
- To influence general world process with the aim of forming a stable, just, and democratic world order; built on generally recognised norms of international law, including first of all, the goals and principles in the UN charter, on equitable and partnership relations among states;
- To create favourable external conditions for steady development of Russia, for improving its economic, enhancing the standards of living of the population, successfully carrying out democratic transformations, strengthening system and observing individual rights and freedoms;
- To seek concord and coinciding interests with foreign countries and interstate association in the process of resolving the tasks that are determined by the national priorities of Russia, and on this basis, to built a system of partnership and allied relations that improve the conditions and parameters of international co-operation;
- To uphold in very possible way the rights and interests of Russian citizens and fellow countrymen abroad; and
- To promote a positive perception of the Russian Federation in the world, to popularize the Russian in foreign states.

Vladimir Putin led Russian resurgence and under him, Russia has grown immeasurably stronger in terms of political, economic, and military power. Their economic growth is underpinned by political and social stability, which gave him a scope to forge a coherent and effective foreign policy for Russia.

### **Putin's Foreign Policy Objective**

Russian President Vladimir Putin decisively turned the tendency towards a balanced Foreign Policy into one of the main pillars of his general strategy. For him this task

was no more difficult during his second term than during his first term. During his first term as President in office, Putin carried out drastic change in national security, military and foreign policy concepts to ensure Russia's progress toward a multidirectional, balanced, and pragmatic external strategy. During his second term in office, Putin continued to implement his new policy without encountering any serious resistance at home. Addressing the Federal Assembly in the beginning of his second term, he said: "It is important to make the foreign policy serve the comprehensive development and modernization of the country.

For achieving the above mentioned goal, Vladimir Putin gave a new direction to Russian Foreign Policy, making it more assertive and dynamic. His first term saw improvement in relations with major western powers, but disagreement over key issues like Arms control, NATO expansion, Missile Defence, Kosovo crisis, Georgian crisis. Putin has vigorously defended Russian interests (Radyuhin 2008). The economic turnaround through energy exports raised Russia's profile and Putin has effectively used energy to promote foreign policy interests.

However, Putin's emphasis on 'Russia's principled choice' is highly indicative of that goal, Russia is now confident that it can make policy choices based on the calculation of its own national interests. In other words, it has become a 'normal' 'great power', which was Putin's overriding objective when he first became president. There has been a very significant change in both the tone and strategy of Russia's foreign policy since 1999, which has undoubtedly contributed to the sense in western capitals that Russia is a much more challenging partner (Sakwa 2007). Today it is pursuing a much more self-confident, independent and indeed assertive foreign policy than during the previous decade.

Putin initially tried to attempt to rationalize the foreign policy. He recognized better than Yeltsin not only how weak Russia was, but how important it would be for Moscow to project an activist, participatory image on the international stage. In reconstructing the Russian foreign policy, Putin had two objectives. *First* he believed that Moscow had to be seen as an active global power because isolationist game portrayed as Russian weakness. Second, he unwillingly decided to improve relations with USA considering United states as the world's only superpower. Putin keeping in

view the merit of the issue involved moulded the Russian Foreign Policy accordingly. He believes in a balance of power approach to foreign policy rather than clash between rival ideologies, an approach which was followed during Soviet era. In support of this stand, he stated in his Millennium speech after assuming the power that, "I am against the restoration of an official state ideology in Russia in any form". For Putin, problem solving takes priority over ideology, whether of the left or the right (Herspring and Rutland 2005). Under this balance of power approach, Putin adopted a calculated practical approach to dealing with foreign as well as internal problems. Yeltsin himself described Putin as a "somewhat cold pragmatist".

Gower (2007) agreed that, When Putin was elected as interim President in 1999 there was widespread optimism that after a decade of a great deal of rhetoric but little in terms of concrete results, there was a real opportunity to develop the strategic partnership which both Russia and the EU had committed themselves to construct.

Russia seems to have been able to get rid of ideology as the main pillar of its foreign policy towards EU. As a result, its course in the international arena has been marked by a paradoxical combination of regulatory integration with the European Union on the basis of relations envisioned by the Partnership Agreement and rivalry with the EU in the territory of the former Soviet Union. The first is dictated by pragmatic considerations: the European norms of state regulation of the economy are indeed better and more effective. The second is explained by Russia's struggle to regain the potential and prestige that befit the lost sphere after disintegration (Bordachev 2009). This was the important breakthrough by Russian foreign policy makers.

In this regard, Putin made Russia's position very clear to Russians and the rest of the world shortly after assuming power. On June 28, 2000, he issued a new set of policy guidelines or "foreign policy concept". This replaced a 1993 document, and followed a new "National Security Concept" published in January 2000 and a "Military Doctrine" released in April 2000. Foreign minister Igor Ivanov described the new approach as a pragmatic effort to help the country to solve its domestic problems. The document itself offered a restrained but critical view of NATO and the West and highlighted the importance of Russia's ties with the Group of Eight (G 8) and the European Union. At the same time, it changed from its earlier stand of "unipolar

structure of the world with the economic and power dominance of the US” and called “Multipolar World” and emphasised on Moscow’s opposition on NATO missile defence plan. In context of such concept, Putin explained about his more realist approach to foreign policy that Russia “must get rid of imperial ambitions on the one hand, and on the other clearly understand where our national interests are and fight for them” (Herspring and Rutland 2005). This laid the foundation for the future course of action.

Simultaneously the EU’s Common Strategy on Russia and Russia’s Medium-Term Strategy for Relations between the Russian Federation and the European Union, formulated in 1999, demonstrated a shared recognition of the importance of the relationship and identified a large number of areas where cooperation would be of mutual interest. Also in 1999, the Northern Dimension was launched and the following year the Energy Dialogue was initiated in the confident expectation that it could become the centrepiece of mutually advantageous practical cooperation (Gower 2008). The EU’s new European Security and Defence Policy (ESDP) also opened up possibilities for EU–Russian cooperation in the security area.

In May 2003, at the EU–Russia summit in St Petersburg, however there appeared to be a significant breakthrough with the announcement of plans to intensify relations across a very broad policy spectrum to create four ‘common European spaces’: economic, leading to a free trade area; external security, including counter-terrorism, non-proliferation and crisis management; freedom, security and justice, involving cooperation between police and border authorities; research, culture and education (Gower 2008). This was widely seen as an ambitious agenda which if achieved would institutionalise a very high level of practical cooperation and go a considerable way to integrating Russia into the wider European framework.

### **Putin’s Vision towards EU**

Putin’s ascendance to the position of president in 2000 breathed a new life into Russia’s strained relationship with the EU. But it also intensified Russia’s commitment problems and the contradictions in developing its “multi vector” foreign

policy, signalling continued ambivalence about integration with Europe. Putin's economic modernization programme which features selective liberal economic reforms, the promotion of high growth, national control over strategic sectors, particularly energy, and the stabilization of Russian politics was initially coupled with a charm offensive abroad and willingness to stand with the United States after September 11, 2001, and with France and Germany against the war in Iraq, raising expectations about fundamental reorientation of Russian Foreign Policy towards the West (Chizov 2005: 134-138). However, the roots of Putin's strategy aimed to restore Russia's power and position and not to forge an alliance based on common values but on national interest.

Since the late 1990s there has been considerable evidence that the Russian government has accorded a much higher priority to the development of its relationship with EU. Of particular significance was the presentation by the then prime minister, Vladimir Putin, at the Russian-EU Summit at Helsinki in October 1999 of a fairly lengthy document entitled 'Russia's Medium-term strategy for the development of relations between the Russian federation (2000-2010)'. This was the Russian government's first comprehensive public policy statement on the objectives and vision of what Russia now refer to as the 'strategic partnership' which it wants to establish with the EU and reflected a reappraisal of the potential of the EU to be a valuable political as well as economic ally. The new status accorded the EU in Russian foreign policy was confirmed in the new Foreign Policy Concept approved by the president in June 2000, where it is stated that the Russian Federation views the EU as one of its main political and economic partners and will strive to develop an intensive, stable and long term co-operation devoid of expediency fluctuations (Gower 2004: 237). These documents became important for the relationship.

President Putin has steered Russian policy towards constructive engagement with the EU on a wider range of issues, including co-operation on the environment, security research, 'soft' security issues such as organised crime and illegal immigration and most recently more traditional security concerns. Since the September 11 terrorist attacks on US, the more overtly political and security dimensions of the relationships have been given even greater prominence, as evidenced by the introductions of monthly meetings between Russia's ambassador to the EU and members of the EU'S

Political and Security Committee (Gower 2004: 237). There were high level discussions about the further development of the relationship, including proposals for the creation of a common European economic space for Russian involvement in actions under the EU's new security and defence policy.

### **Reasons for change in Putin's stance towards EU**

Given the central position of the president in the formulation of Russian Foreign Policy, it is clear that Putin himself must have taken a lead in accordingly EU a high priority. He is a less ambiguous Westerniser than Yeltsin was, especially in his later years, and clearly believes that it is only through increased economic integration with Western Europe that Russia can be modernised and growth sustained. At his first EU-Russia summit after his election he also expressed 'a positive interest in the EU's evolving European security and defence policy' and noted that 'there are possibilities for co-operation (Gower 2004:238). Under his leadership, Russian policy towards EU has become much more consistent and constructive, although he is regarded in Brussels as a tough negotiator.

Putin's support to the US's war against international terrorism strongly confirmed his Western foreign policy orientation and relations between Russia and the EU have become even more important for both groups. In his speech in the Bundestag in Berlin on 25 September 2001 he went out of his way to identify himself with a pro-European policy and called on Germany and Russia to work together to build a 'united greater Europe'. The EU-Russia Summit in Brussels in October 2001 gave a new impetus to upgrade the relationship on several fronts with heightened sense of urgency injected into the discussions on the proposal to create a common European economic space and the adoption of a joint declaration on stepping up dialogue and cooperation on political and security matters (Gower 2004:238). The international war on terrorism also provided an impetus to greater co-operation between police and security authorities and the exchange of intelligence.

Gower (2004:238) that, Putin's election and the September 11 2001 terrorist attack on US have clearly played a significant part in ensuring that the EU is accorded a higher priority in Russian policy in recent years. However, there are also a number of other

objective factors that have contributed to the new focus on Russia's most important trading partner and it is widely assumed that this trend will continue.

### **Relations between Russia and EU**

The relationship between Russia and European Union is complex and multifaceted, and a number of problematic political issues have arisen before and during Putin presidency. This has hindered progress in developing the kind of cooperative relations that both sides seemed to envisage when the PCAs were first adopted. A number of contentious issues relating to borders have affected Russia-EU relations, including the demarcation of the borders between Russia and the Baltic states. Generally, the EU was regarded as a relatively benign international organisation and its enlargement considered as having limited impact on Russia. But in later period it turned out that Moscow underestimated the implications of the process (Light 2006). And in this context, Putin thoroughly changed the external policy towards Europe considering these points as a result of which EU enlargement was considered as high priority concern in his policy matter.

### **EU enlargement**

Enlargement of European Union is the gradual process of expanding the European Union through the accession of potential member countries. Now, the Copenhagen criteria of 1993 are the major guidelines for accession which demands a stable democratic government with rule of law and greater freedom to the institutions in aspiring member states. It is necessary for enlargement that each and every member state and the European Parliament must give their consent to the aspiring states according to the Maastricht Treaty. The enlargement process began formation of ECSC in 1952 with 6 founding members. Now the total membership has stretched to twenty seven with the recent inclusion of Bulgaria and Romania in 2007. Further negotiations with other potential member states are in process. During the Putin presidency, eight Central and Eastern European countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) and two Mediterranean islands (Malta and Cyprus) were able to get membership in May 2004. It was the single largest enlargement drive of European Union in 21<sup>st</sup> century. Such a huge



enlargement was paid attention to by the Russian policy makers specially Vladimir Putin.

**Map: 2.1: European Union:**



(Source: [http://www.ezilon.com/eu\\_countries\\_europe.jpg](http://www.ezilon.com/eu_countries_europe.jpg))

On one hand, the Eastern enlargement of the European Union has influenced EU's external policy and its relation with the Russian Federation, while on the other hand, Russia's main concern was to avoid the challenges due to these changes. However, EU enlargement would create the situation of conflict as well as rapprochement between the EU and Russia. Russia also wants to benefit from this process.

The eastern enlargement of the European Union resulted in a significant transformation in Europe. It dignified new political arrangements in Europe, which some people considered as new dividing lines. For the old Member States, 'widening'

of European integration demonstrated the growing potential of the European Union. For the Central and Eastern European countries it was an opportunity to join the European integration process, to prove their European identity and to become active participants in European politics. However, Russia found itself among the countries left out of the integration process, and it had to cope with the political and economic consequences of the EU enlargement. Her closest neighbours, former allies and important trading partners were turning away from her and redirecting towards the EU. The area, which was traditionally considered important for Russian political and economic interests, was drifting away from her influence. Enlargement could cause serious problems for Russian external trade and undermine Russian political influence in Europe. Moreover, being an outsider of the integration process, Russia risked becoming isolated from 'high European politics' and moving away to the political margins of Europe (Zaslavskaya 2005). So it was necessary for Russia to reconsider major principles of her European policy in order to minimise potential losses from the enlargement and to avoid possible marginalisation.

O'Brennan (2006: 155-169) agreed that, the eastern enlargement of the Union was itself the largest and the most challenging the EU had ever faced. And whilst the academic literature on enlargement developed in tandem with political events, this was mostly to the neglect of the geopolitical dimension of the process. There were two reasons for this. First, the parallel process of the NATO enlargement was the locus for the most important security issues in post-cold-war Europe. Scholars therefore tended to focus on NATO enlargement to the exclusion of the EU expansion process as political events unfolded. Second, the EU's accession framework was largely functional and technical in its fundamental constituent elements, centred more on the 'low politics' of macroeconomic reform and adjustment of public administration and legal systems in Central and Eastern Europe (CEE) to EU norms than on the 'high politics' of statecraft and diplomacy

The EU enlargement had remarkable influence on Russia. However, for a while the EU Eastern enlargement stayed in the shadow of a more controversial NATO enlargement. Although it strongly opposed NATO enlargement, above all to the Baltic States, Russia initially viewed EU enlargement as a fairly positive process, which would provide an alternative to the expansion of NATO. At the beginning,

Russian officials did not try to oppose the EU enlargement. They underestimated the political significance of this process and its economic consequences for the Russian economy. Meanwhile, accession negotiations were completed and the schedule of the accession process was agreed. Russia finally had to face the consequences of the enlargement process and assessed its political and economic consequences. It became obvious that the EU enlargement is a very complicated process and was going to change the economic and political situation in Europe. Political consequences of the enlargement which Russia had to face included new political borders in Europe, the extension of the common border between Russia and the EU and the transformation of the relations between Russia and the new EU Member States (Zaslavskaya 2005). But it was not the big hurdle in Russia-EU relationship.

These geopolitical changes in Europe required Russia to reconsider the major principles of her European policy. Since the end of the Cold War, Russia had been trying to find a way to re-establish her role in European politics, which had been undermined by the collapse of the Soviet Union.

The EU enlargement highlighted the question of Russia's real influence on European politics and Russia's place in Europe. The European Union tends to act on behalf of Europe. After the enlargement, 27 European states have become EU members. This process created an important identity problem for non-EU European countries that are not involved in the European integration, especially for those located on the European periphery like Russia. According to Putin, Russia would like to be an active participant in European politics. One of the priorities of her foreign policy is the 'creation of a stable and democratic system of European security and cooperation'.

For Russia, European politics is not limited to the EU. It is more complicated, it involves bilateral relations between the European countries and multilateral relations in the framework of OSCE, the Council of Europe, and NATO, of course, the EU. Relations with the European states were declared as the major foreign policy priorities and the EU was identified as 'one of its main political and economic partners'. However apart from various differences, new political borders created after the enlargement should not be considered as new dividing lines. The EU has developed different forms of cooperation with its partners, from partnership and cooperation

agreements to free trade areas. Nowadays, relations with Russia are based on the partnership and cooperation agreements (PCAs) (Flenley 2008). Enlargement and the EU expansion towards Russian borders has made EU-Russia relations more important and raised the discussion on reinforced cooperation.

The extension of the common border between the EU and Russia resulted in widening of the area for cooperation. With the enlargement, the European Union moved closer to Russia. This growing common border opened multiple opportunities for more intensive cooperation. *First*, the extension of the common border requires combined efforts of the EU and Russian officials to provide efficient border management and migration control. *Second*, moving eastwards, the European Union obtained common neighbours with Russia, among which there are some destabilised regions. Apart from different perception and approaches, they are interested in working together and in solving these problems in order to provide stability and security in the region. *Third*, Russian regions are actively involved in cross-border cooperation with the regions from neighbouring countries. The EU membership of some of these countries causes certain changes in this cooperation. On the one hand, the extension of the *Schengen acquis* to Poland, Lithuania, Latvia and Estonia creates extra barriers preventing movement of people and transit of goods. On the other hand, cooperation of Northwest Russia with the neighbouring regions of Finland has demonstrated successful experience when EU funding provided necessary resources and stimulated the establishment of cross-border contacts and different border activities (Zaslavskaya 2005). Thus it gave the opportunity as well as conflicts for intense relationship between Russia and EU.

Russia found itself among the countries left out of the integration process, and it had to cope with the political and economic consequences of the EU enlargement. Her closest neighbours, former allies and important trading partners were turning away from her and redirecting towards the EU. The area, which was traditionally considered important for Russian political and economic interests, was drifting away from her influence. Apart from these concerns, EU enlargement put both positive as well as negative impact on Russia in different areas.

## **Economic impact**

Russian analysts predicted that the consequences of EU enlargement on all twelve of the member countries would be marginal for the Russian economy. Minor short-term adjustment losses would be balanced by such long-term benefits as the reduction of customs duties, the standardisation of customs procedures, and the more rapid movement of cargo through the new members to other EU customers. At the same time, Russia hoped to use the Baltic States (as well as other Central and East European Countries, Romania and Bulgaria) as a channel for penetration into European markets. Enlargement has even had some positive consequences from Moscow's point of view. Russia and its Soviet counterparts have cooperated in defending their common commercial interests in the talks with Brussels. However, in the long term, enlargement is likely to cause problems for Russian industrial and agricultural exports to the EU, preventing transformation of the undesirable structure of Russian trade with Europe. The EU's common external tariff will make it harder for Russia to export industrial and agricultural goods, confining that trade primarily to mineral products (Karabeshkin and Spechler 2007). Also it affected the Russian high technology exports and energy supply significantly.

Russia is shown to have every reason to seek special consideration of, as well as express its concerns over, the impact of the European Union's (EU) eastern enlargement. The latter relate, in particular, to the current and expected negative repercussions of the changes in the political and economic situation in Europe. Closer study of crucial EU enlargement issues arising as a result of the new member states (NMS) having shifted to the EU common customs tariffs and preferential systems, their adoption of the EU foreign trade regime and the standardization of cargo transit rules and regulations applicable across the EU-25 as a whole demonstrate the need for a comprehensive approach to EU enlargement. That would make for a better understanding of the multifaceted and controversial impact that enlargement will have on the economic transition and industrial restructuring processes in Russia. As the EU penetrates more deeply into the markets of the countries of Central and Eastern Europe, Russia's share in bilateral and multilateral trade as well as other joint economic activities could be reduced still further (Glinkina and Kulikova 2007). But it was not right in overall trend of economic relationship.



## **Minority problem**

European Union (EU) enlargement in Eastern Europe faces many challenges. Among them are the unresolved issue of national and ethnic minorities within the states that are slated to join EU institutions in the near future. When we think about issues of minorities in the European context, we imagine it to be a very important question for all member states, as well as for those in relation with the candidate countries of Central and Eastern Europe (CEE).

Russian officials expected the enlargement process would contribute to resolving the problem of Russian-speaking minorities in the Baltic, and that could play a role in improving Russian-European relations. Russia hoped to finalise this problem before the accession, realising that EU would take side of former Soviet States after that. Thus as a requirement for expanding the 1994 Partnership and Cooperation Agreement between Russia and the EU to include the new members, Moscow insisted that the organisation must play a more active role in resolving the problem of national minorities in the former Soviet States. The EU implicitly recognised the problem in Article 16 of the Joint Statement on Enlargement of the EU and relations between Russia and the EU, signed in Luxembourg on 27 April 2004. In fact, the process of accession of the former soviet republic in the EU has not led to significant improvement in the situation of Russian-speaking minorities in these states. Moscow claims that Russian residents are still subjected to official discrimination and are treated as second-class citizens. However at the same time, there are signs that both the EU and Russia are interested in integration of Russian-speaking minorities into the social and political life of the states in which they reside (Karabeshkin & spechler 2007). But there is not any specialised institution in the EU that works specifically with minority rights. Also there is no any article mention about to minority rights as collective rights.

## **Visa regime**

Russia preferred EU to NATO enlargement in the Baltic area. But Russia also identified several problems with EU enlargement. The most urgent and difficult

problem concerned the transit across Lithuania. The visas had been free since 1992, but since Lithuania wanted to join the EU, it had to adapt to the Schengen clauses. This became a central point in Russian relations with the EU in 2002, with President Putin calling the introduction of Schengen visas a violation of Russia's territorial integrity and of the Russians' human right to visit a part of their own country. Instead he demanded such transit to Kaliningrad as the Western powers had had to Berlin. Other officials called for corridors and transit in closed trains across Lithuania (Oldberg 2009: 352-366). However Kaliningrad Governor Jegorov proposed visa-free bus transit along two routes across Lithuania.

More generally, especially the nationalist and military Russian officials were worried about the effects the EU enlargement to Poland and the Baltic States would have on the security of Kaliningrad. Thus, the above cited Baltic Fleet commander Valuyev feared that with Lithuanian and Polish EU membership, the erosion of borders would pose a real threat to Russian sovereignty in Kaliningrad, a threat which would be more of a political and economic than military nature. The EU would make the demilitarization of the region a priority in the next 5–10 years, he added. Other officers claimed that the EU wanted to create a new international free zone like Tanger or West Berlin in Kaliningrad (Oldberg 2009: 352-366). It was in the context of NATO encirclement.

However, the Russian government soon received assurances from the EU that the existing agreement with Lithuania on military transit would remain unchanged. As for the visa question, Russia and the EU finally reached a compromise in November 2002, introducing *inter alia* a so-called Facilitated Transit Document (FTD) for Russian citizens to be applied for at Lithuanian consulates, allowing multiple transit trips on all means of land transport to and from Kaliningrad. Lithuania pledged to accept Russian internal passports until 2005, and the EU would investigate the possibility of rapid transit trains (Oldberg 2009: 352-366). In exchange Russia promised, among other things, to speed up the issuance of modern Russian passports for the people of Kaliningrad.

Russia identified its concerns relating to Kaliningrad Oblast only in 1999. Moscow sought to maintain visa-free transit to Kaliningrad Oblast through the territory of

Lithuania. However, Russia's hopes on this issue have not been positive. Instead of that a quasi-visa regime using 'facilitated travel documents' for passenger transit by land and rail has been introduced. Though this arrangement was characterised by both sides as a compromise, it was, in fact, asymmetric because it did little to satisfy the Russian side. The idea of a visa-free high speed train has been rejected for economic and political reasons (Karabeshkin and Spechler 2007). The regime of cargo transit has become more complicated and expensive, as previous duties and service rates have been raised and new ones have been introduced.

Prozorov (2006) argued that, Russia's repeated initiatives to relax and ultimately abolish the visa regime between Russia and the EU (or, alternatively, the members of the Schengen Agreement) have either been received sceptically by the EU or made dependent on a multitude of conditions, which necessarily postpone the decision indefinitely. However in August 2002 President Putin launched a proposal for the reciprocal abolition of visa regimes between Russia and the EU as a blanket resolution of the specific problem of Kaliningrad oblast' after the EU enlargement. This proposal was supported across the entire Russian political spectrum, including the opposition parties. However, by 2005 there have been very few practical developments towards the goal of introducing visa-free travel. Instead of a concrete 'road map', proposed by Russia, which would indicate clear timelines for progressive steps in this direction, the 2004 Joint Statement of the two parties on the occasion of the EU enlargement clearly relegates the issue to the status of a long-term prospect, despite the rhetoric which clearly points to the priority nature of the visa issue.

However in this regard, the EU summits were used by Putin to reaffirm his belief that Russia was part of Europe. However, the 2004 enlargement brought the EU to the borders of Russia and raised new problems in its wake. There were major problems over access, the visa regime and other issues concerning the Kaliningrad exclave, separated from Russia by Lithuania and Belarus. Further in Helsinki in October 1999 Putin had suggested that Kaliningrad could become a 'pilot region' for EU-Russian relations, and in a sense it did. The conflict over the status of the region came to a head at the EU-Russian summit on 29 May 2002, when the EU sharply rejected all Russian proposals to deal with the problems arising from the imposition of the Schengen regime on the EU's new members (Sakwa 2008). Later in the year (11



November) an agreement allowed the use of a facilitated transport document (FTD) system from 1 July 2003 for Russian citizens travelling between Kaliningrad and other parts of Russia.

Still, the EU visa issue remained a problem for Russia and Kaliningrad in particular, when Lithuania and Poland completely joined the Schengen zone and had to introduce visas for non-member-state citizens. In 2008 for example, Russian diplomats at the prompting of Kaliningrad leaders prepared proposals for the EU to modify the Schengen rules for the people of Kaliningrad for instance, to make them multiple, free of charge and limited to the neighbouring states (Oldberg 2009: 352-366).

### **Impact on post Soviet space**

Initially Russia gave more focus on the global implication of the enlargement process and ignored its possible impact on the former Soviet republics. After getting membership these states redefined their foreign policies goals and tried to influence other former Soviet republics as a mentor, which were the disturbing trends for Russia. For instance, Baltic States focussed towards the CIS and Caucasus experiencing their successful market reforms. The EU welcomed these initiatives, regarding them as a means of implementing its own European Neighbourhood Policy. Its aim was to promote human rights and democracy in these states, that is, to encourage by means of economic, intellectual and cultural exchange the same kind of political evolution that the enlargement process had already promoted in the EU's new members. Moscow regarded the new European initiative more as an instrument of EU policy than as a genuine programme of cooperation (Karabeshkin and Spechler 2007). As a result, it preferred self-exclusion from the ENP and the creation of a special format for relations with the EU- 'the Four Common Spaces'. Consequently this step may lead to a serious clash of Russian and European policies in the 'near abroad' space.

The Eastern enlargement caused significant changes in the political and economic situation in Europe. Considering all the political and economic consequences, Russia found it necessary to redefine its relations with the European Union and to find ways of rapprochement with the European Union. Russian authorities recognised the need

to participate in European politics, to continue cooperation with the EU and to secure traditional relations with the acceding countries (Zaslavskaya 2005). In an attempt to redefine their relations, the European Union, the EU member states and Russia, motivated by mutual concerns about the further development of 'strategic partnership,' prepared new concepts that were aimed at providing different levels and different mechanisms of rapprochement between Russia and the European Union.

To conclude we can say, Russia and EU relationship was formally established in 1994 under the framework of Partnership and Cooperation Agreements (PCA). But the major changes came under the Putin's Presidency. During the period from 2000 to 2008, despite various contradictions, Russia-EU relations were strengthened. Putin was able to restore the relationship with European Union and as a world player very well. With regard to the relationship with European Union, Putin accepted the philosophy of "Common European House". At the world level, Putin also demonstrated the pragmatic foreign policy regarding the Russia's national interest and its economic recovery. However economic relationship was the locomotive of good relationship but political aspect was also important for the relationship.

In this regard EU'S "Common Strategy" and Russia's "Mid-term Strategy" formulated in 1999 gave the pace to the relationship. Consequently, Putin in his speech in the Bundestag in Berlin on 25 September 2001 went out of his way to identify himself as a pro-European. It also shows the firm belief of Putin regarding European process. But in 2003, Russia- EU Summit in St.Petersburg appeared as a major breakthrough in their relationship, where both parties agreed on the framework of "Four Common Spaces". As a result, both were engaged on wide range of issues. But political relations were strained due to the successive enlargement of European Union. Despite the enlargement, Russia dint try to make it an issue of contention in its relationship with EU. However EU enlargement created the situation of rapprochement as well as conflict for both the groups. The interesting thing in their relationship was that Russia was not opposed to the political enlargement of EU but seeks to cooperate with it but Russia was opposed to the NATO's expansion because it saw its expansion as a military threat to Russia. Despite certain contradictions regarding the economic impact, on visa regime, on post soviet space, on Russian

speaking minorities due to enlargement, Russia and EU have always tried to establish good and friendly relationship.

# *Chapter III*

---

*Geostrategic Concerns of Russia towards  
European Union*

### *Geostrategic Concerns of Russia towards European Union*

---

There are various geostrategic concerns of Russia towards European Union. Putin's accession to power in January 2000 had major impact on the relationship with European Union regarding these concerns. The 2003 European Security Strategy listed Russia as a strategic partner of the EU. This description might have come as a surprise to many Europeans and Russians who have seen the EU and Russia take taking diverging positions on several issues, especially those affecting their common neighbourhood (Georgia, Ukraine, Belarus) as well as Kosovo, missile defence, the CFE Treaty and NATO expansion.

In 1952, NATO Secretary-General Lord Ismay had defined NATO's purpose as to 'keep the Americans in, the Russians out and the Germans down', in the succeeding years NATO adapted to changing circumstances. With the fall of communism it faced perhaps the greatest challenge of all to its survival: to generate a new sense of purpose in conditions of peace rather than forging an alliance in preparation of war (Sakwa 2004 : 207-233). In the absence of an immediate and over-riding threat in the form of Warsaw Pact armies looming over the horizon in the East, NATO was no longer so focused on collective defence.

The debate over NATO's role in the post-cold war world was accompanied by controversy over enlargement. Russia's elites were particularly exercised over the latter, although polls suggested that public opinion was also opposed to the organisation's extension to the East, a view that was reinforced by NATO's bombing of Serbia during the Kosovo conflict between March and June 1999. Conflicts in the Balkans demonstrated that only NATO had the capacity to intervene decisively within a multilateral framework, whereas the EU had shown itself paralysed and divided. It was for this reason that in 1999, EU sought to provide muscle to its diplomatic activity by building on what had earlier been called its Common Foreign and Security Policy (CFSP) to develop a European Security and Defence Policy (ESDP). NATO's first enlargement, bringing in Poland, Hungary and the Czech Republic in March

1999, coincided with the beginning of the Kosovo campaign and provoked much anger in Russia (Sakwa 2008 : 267-298). That was the major blow for Russia in European sphere.

President Boris Yeltsin initially claimed that everyone won with the end of the Cold War but subsequently charged in December 1994 that with the prospect of NATO expansion, there was danger of 'plunging into a cold peace'. The succeeding order appeared to vindicate Western ideology and allowed for the implementation of Western policies that threatened Russia. Foremost among these was the enlargement of NATO announced at the Madrid Summit in July 1997, despite of strong Russian protest. Even Western-leaning, market-inclined reformers like Anatoly Chubais foresaw this decision as 'inevitably leading to a new dividing line across the whole of Europe' and 'the biggest mistake made in Western policy for 50 years'(Fawn 2008: 1-9). Russia became sceptical about the intention of NATO.

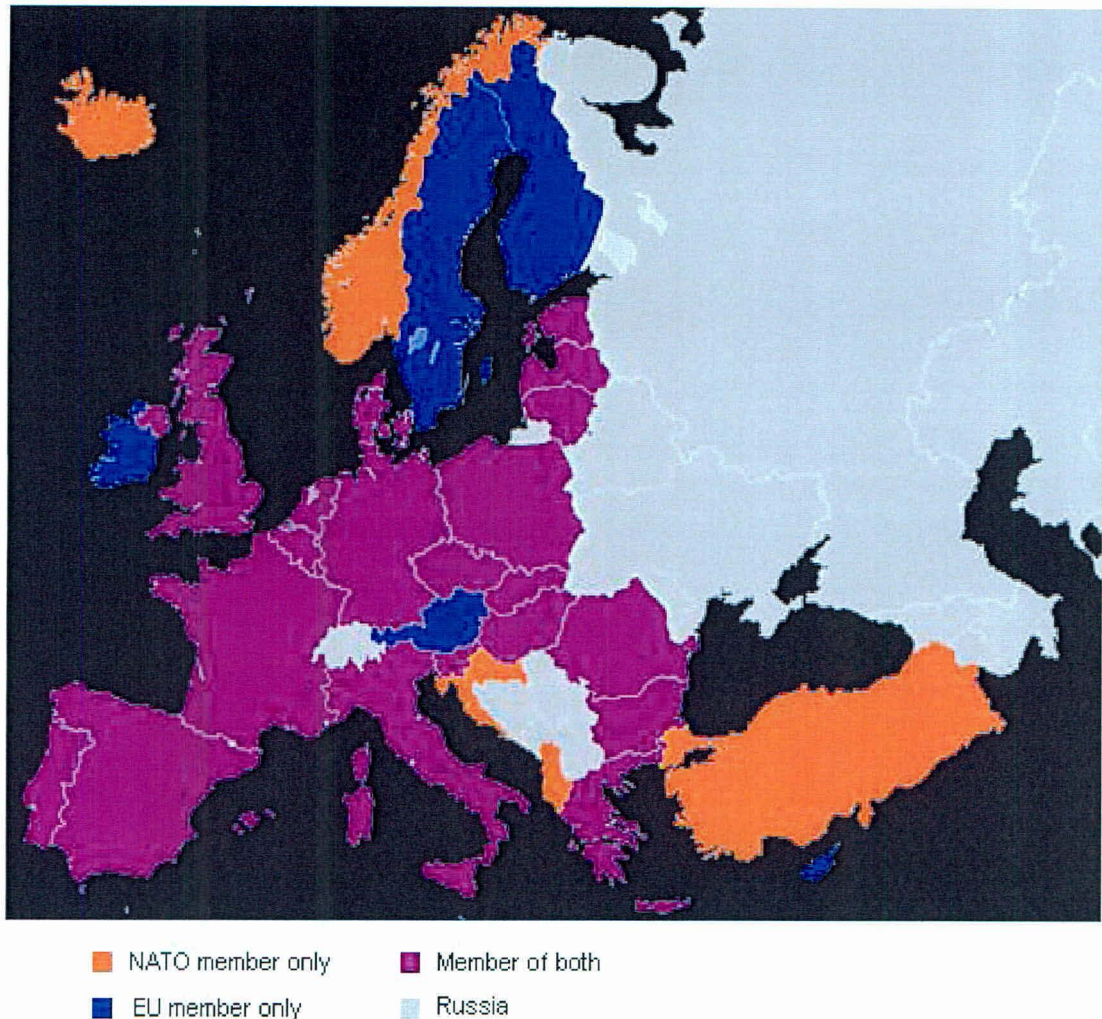
To strain relations further, enlargement physically advanced the alliance towards Russia in March 1999 just as NATO began the Kosovan war against Russia's fellow orthodox and Slavic Serbs. NATO's previous diplomatic reassurances to Russia could hardly be satisfactory. When NATO sought to assure Russia with the Founding Act of 1997, which apparently elevated its status in Europe, this coincided with the announcement of NATO expansion (Fawn 2008:1-9).

### **Russia's concern over NATO's Expansion**

NATO's expansion is the most influential geostrategic concern among the Russian Foreign Policy makers. Putin himself criticised it so on many times at various platforms. NATO's expansion is considered as a threat to the Russian security. NATO is a Cold War institution. It is an intergovernmental military alliance which was established in 1949. NATO, mentored by the US, functioned on the principle of collective military security. Initially it was a political association but after the Korean crisis, member states developed a military structure. In the Cold War period, its main agenda was to contain Russia and Warsaw Pact countries. After the dissolution of USSR, NATO reoriented their policy towards several issues but continued to exist as a security alliance. After the September 11, 2001 attack, it focussed towards the

international terrorism. It indulged with European Union through the “Berlin Plus Agreement” in 2002. Now NATO has 28 member states with the new entrants of Albania and Croatia in 2009.

**Map-3.1: Map showing European membership of the EU and NATO**



(Source-[http://en.wikipedia.org/wiki/File:EU\\_and\\_NATO.svg](http://en.wikipedia.org/wiki/File:EU_and_NATO.svg))

In contrast with EU expansion, NATO enlargement was perceived negatively by almost all political forces in Russia. The ‘liberals’ argued that NATO enlargement could damage the prospects of the democratic forces in Russia. All political elites feared the emergence of new ‘dividing lines’ in Europe. As for NATO, Russia still seems to regard it as an alien Cold War institution, not an organic part of the Western community with whom Russia profess a desire for intimate ties. This negative stance undoubtedly reflects geopolitical imperative rather than a serious belief that NATO is

contemplating military aggression against Russia (Karabeshkin and Spechler 2007). Russia sees NATO through suspicious eyes but tries to sort out differences in a negotiated manner. In this context, after several weeks of negotiations, Russia and NATO reached an agreement on a “Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation,” which was signed by President Yeltsin of Russia, President Clinton of United States and the leaders of other NATO member states on May 27, 1997. The document establishes a “NATO-Russia Permanent Joint Council” to “provide a mechanism for consultations, coordination, and to the maximum extent possible, where appropriate, for joint decisions and joint action with respect to security issues of common concern.” The document says consultations will not extend to internal matters of either party. The Permanent Joint Council will meet at the level of Foreign Ministers and Defence Ministers twice a year and at the level of ambassadors monthly. The Council will be chaired jointly by representatives of Russia, NATO and a rotating representative of NATO member governments. Council working groups and committees may be set up to deal with specific issues (Karabeshkin and Spechler 2007). Russia, however, is still outside the NATO alliance and membership.

The honeymoon period of Russia with NATO dismantled in 1999 with the broad scale military deployment in the Kosovo war by NATO where it carried out 11 weeks of bombing under the name of Operation Allied Force. This act was heavily criticised by the Putin government. In later periods in 1994 the accession of Estonia, Latvia, Lithuania and also Slovenia, Bulgaria, and Romania into NATO increased the tension between Russia and NATO. In these accessions USA actively made an effort to reach the border of Russia. This is the most disturbing situation for Russian national interest in these regions. Russia basically perceived it as return of the Cold War situation (Braun 2008).

NATO expansion itself was not initially considered as a threat, as the Central and East European States showed little interest in joining, preferring EU membership, and, as in the Czech case, some were considering whether or not they really required an army anymore. But as NATO adapted to its new role within the ‘new Europe’ there was a realisation that the organisation could be used to cement democratic changes in Eastern Europe. As expert argues NATO members felt that ‘NATO should emphasize



its general security functions by incorporating the East Central European states into the alliance'. It was felt by some in the West that Russia would not be threatened by this as enlargement was seen to offer many advantages to Russia as well; consolidating stability and democracy in the states on her borders and locking German power into Europe. There was even some speculation that perhaps Russia might also join NATO at some point. On the other hand 'there was a strong conviction on the part of many leading figures in the Alliance that "pushing Russia away" would be too high a price for NATO enlargement (Black 2000: 9). There were also fears that 'expansion of NATO was sure to encourage anti-Western political forces in Russia,' and a strongly democratic pro-Western Russia was seen as the greatest guarantee of European security.

Estonia, Latvia and Lithuania emerged as independent states in 1990-1991 and their shared history with the Soviet Union is crucial to understanding their position on NATO enlargement. The incorporation of the Baltic States into the Soviet Union was seen as entirely illegal, for Estonia 'from a legal point of view there is no difference between the 1938-1945 Nazi occupations of various European countries and the Soviet occupation of Estonia.' The other two Baltic States feel the same about the Soviet occupation; Lithuania has repeatedly demanded recognition of the occupation, and Latvia has equally fought for Russia to accept that the Soviet Union annexed the Baltic States. While Western countries tend to side with the Baltic's, Russia has never accepted that the Soviet Union annexed the Baltic States, and this issue has continued affect Russo-Baltic relations and has been a cause for strained relations (Park 1995: 30).

While the Founding Act and the PJC managed to repair relations between NATO and Russia to some extent, the Baltic States arguably undid some of the goodwill in their reactions to the Founding Act and PJC. Estonia, Latvia and Lithuania's reaction to the Founding Act was to call for early admission in NATO, and as Black points out, the Baltic meetings 'ensured that the cautiously optimistic attitude with which the Russian media greeted the Founding Act would dissipate quickly'(Asmus & Nurick 1996: 123).

In 2000, Russia affirmed in its National Security Concept some fundamental security threats which it faced from NATO'S expansion:

- The strengthening of military-political blocs and alliances, above all NATO'S eastward expansion.
- The possible emergence of foreign military bases and major military presence in the immediate proximity of Russian borders.

A mere mention in the National Security Concept (NSC) showed the gravity of the situation where Russia felt threatened by NATO'S eastward expansion.

While the Founding Act initially served to improve relations between Russia and NATO cracks soon appeared; Russia took the Founding Act as an 'indication that NATO was ready to grant Moscow a new mechanism to influence the Alliance policies'. But the Founding Act was not a legally binding document, merely political, and the PJC did not give Russia the kind of political leverage it was hoping for in NATO, and because of this Moscow felt somewhat betrayed by NATO. In an attempt to avoid NATO expansion into the Baltic States Yeltsin again reiterated that Baltic accession into NATO was unacceptable, and offered 'to provide security guarantees to the Baltic States, jointly with NATO if necessary'. This in many ways seemed like a solution to the issue of NATO expansion and Baltic security fears, but his 'guarantees were unanimously rejected in the Baltic capitals' (Karabeshkin and Spechler 2007). Baltic rejection was another step in further aggravating tension in relations with Moscow

Karabeshkin and Spechler (2007) argued that Russia's determination at this time to look at NATO as a military alliance means that Moscow misses the point of NATO membership to solidify democracy. But the fact remains that NATO is fundamentally a military organisation with additional traits of democratisation, this also ignored the other organisations that help to solidify democracy and stability as more primary goals such as the European Union and the OSCE which have both worked in the Baltic States to ensure democracy with the offer of potential membership of both organisations.

Russia's relations with NATO worsened further after Moscow called for the Baltic States to ratify the Agreement on Conventional Forces in Europe (hereafter CFE) if Russia was to even consider Baltic membership of NATO. This was rejected, and NATO in turn demanded that Russia withdraw its own forces from Georgia and Moldova.

In these contexts, we see various geostrategic concerns of Russia regarding NATO expansion which has wider implications. They are:

### **Military Implications**

NATO enlargement to include the Baltic States in particular was proclaimed to constitute a 'red line' in Russia's relation with the West, which the latter was strongly warned not to cross. Moscow regarded the prospect of Baltic membership in NATO as a threat to Russia's military security. As a bargaining with the West, Russia demanded that the Baltic States ratify the renewed Agreement on Conventional Forces in Europe (CFE). But once NATO enlargement to the Baltic States actually occurred, it began to be apparent that Russia's perception of a real military threat had been exaggerated in its political rhetoric. Russia's behaviour indicates either that the presence of NATO in the Baltic States has not actually created serious military problems for Russia or that these problems have not become an issue of public discussion. However, since 2004, the air space over the Baltic States has been patrolled on an ad hoc basis by four aircraft from various NATO member states. At the same time, however, up to 30 military sites have reportedly been reconstructed with financial assistance from the U.S., and a system of electronic reconnaissance is being created in the Baltic States. The Russian military cannot be too pleased with these developments (Braun 2008). This is viewed by Russia as encirclement of its Western borders.

### **Post Soviet Spaces**

NATO expansion towards Russian borders and the inclusion in NATO of countries whose elites had historical complexes with regard to Russia because of their setbacks and defeats in previous centuries, have increased anti-Russian sentiments in the

alliance. Since the number of such countries is increasing, there is growing pressure for returning the alliance to its classical task of containing Moscow (Karaganov 2009: 72-84). Despite efforts to improve its image, NATO is now viewed by Russians as a much more hostile organisation than it was in the previous two decades.

### **Security status**

Russia has expressed concerns that, after enlargement, NATO would become the principal organisation of collective security in Europe, and Moscow would not have an opportunity to participate in its decision-making. To soften the stand, however, NATO has sought to engage Russia in more active cooperation. The NATO-Russia Council, created in May 2002, established nine different areas for cooperation, all of them of real interest to Russia. Thus even if Moscow's vision of special role of OSCE in post-Cold War Europe has not materialised, the expansion of NATO to the Baltic states has not served to isolate Russia from Europe (Braun 2008).

Politically, NATO's enlargement has become the main threat to European security. Because of this enlargement, the former confrontation between the "Old East" – the Soviet Union and its satellites – and the "Old West" is being replaced with a new one – between Russia, on the one hand, and the U.S. and some of the "New Europeans" on the other. "Old" Europe is a hostage and cannot move farther away (Karaganov 2009: 72-84). This new confrontation is emerging against the backdrop of a truly new and increasingly unstable and dangerous world.

### **Kaliningrad Issue**

The status of the enclave of Kaliningrad was also a source of contention for Russia. Moscow feared that 'military transit through the territory of the Republic of Lithuania could be disrupted.' Lithuania decided not to sign a new bilateral agreement on military transit and this has been a source of discomfort for Russia, and strained relations further (Karabeshkin and Spechler 2007: 316). Again Russia's fear of encirclement is key concern as NATO expansion would leave Kaliningrad completely surrounded by NATO countries.

A key Russian concern was the consequence of NATO enlargement for Russia's enclave of Kaliningrad. Since this is a transit point of Russia there were fears that military transit through the territory of the Republic of Lithuania could be disrupted. However, the legal status of Russia's military transit to Kaliningrad Oblast has not been affected by Lithuania's accession to NATO. In spite of Russia's desire to conclude a new bilateral agreement on military transit with Lithuania, the government of that country has been reluctant to do so, preferring to maintain the status quo (Karabeshkin and Spechler 2007: 316). It was intolerable for Russia so, Russia prefers to follow a 'low profile' policy, refraining from pressuring Lithuania to change its position.

Russia opposed NATO's eastern enlargement, seeing it as a threat moving closer to its borders. It was critical of Poland being invited into NATO in July 1997 and became a member in March 1999, and the creation of a NATO staff in that country. The striving of the Baltic countries for NATO membership evoked even stronger opposition in Russia, especially among the military, who feared that NATO would place military bases and even deploy nuclear weapons there. All signs of military cooperation between them and NATO were followed with utmost suspicion. Special concern was shown for the Kaliningrad region, because it would be encircled by NATO, if Lithuania followed Poland's example. Russian officials warned that they would stop reducing and instead start reinforcing the military forces in Kaliningrad, including tactical nuclear weapons (Oldberg 2009: 352-366). The neighbours' calls for the demilitarization of Kaliningrad were constantly interpreted as designs on Russia's integrity.

Oldberg (2009: 352-366) argued that, Russia was of course relieved that the Baltic States unlike e.g. Poland did not become NATO members in 1999, though they did receive Membership Action Plans. NATO's war against Yugoslavia concerning Kosovo in the same year caused Russia to suspend its official relations with NATO, including the BALTOPS exercises. In the summer Russia held its largest military exercise for many years, *Zapad-99*, together with Belarus, the scenario of which was to repel a NATO attack on Kaliningrad with the use of nuclear weapons. Russian military integration with Belarus was developed further, particularly in air defence,

and the importance of Kaliningrad was stressed in this connection. In December 1999 Russia signed a new Union treaty with Belarus.

In a poll, a majority of people in Kaliningrad expressed opposition to NATO and support for maintaining or increasing the military forces in the region, and the regional administration called for more federal funding for this. The election of Admiral Vladimir Yegorov, the Commander of the Baltic Fleet as new governor of the Kaliningrad oblast in November 2000 meant that Russian security interests in Kaliningrad would be safeguarded and showed that the military retained high prestige in the region. In 2002 Vladimir Valuyev, the new Commander of the Baltic Fleet complained that NATO activities around Kaliningrad had intensified after Poland's entry into the alliance and that the Baltic states prepared themselves for receiving NATO bases and reinforcements. NATO enlargements were also seen as exacerbating the problem of military transit across Lithuania. Baltic Fleet officers accused the "West" of trying to press Russia out from the region, convinced as they were that in times of crisis the passage of all goods across Lithuania would be stopped (Oldberg 2009: 352-366). That was the big problem for the Kaliningrad region.

The creation of the NATO-Russia Council and of a US-Russian agreement on reducing strategic nuclear weapons in May 2002 can be seen as compensations for the NATO enlargement. When NATO, on November 22, 2002, took the final decision to invite the Baltic States to become members, Russia regretted this but welcomed the declaration that it was not directed against Russia. The Kaliningrad governor Yegorov announced that the forces in Kaliningrad would be reduced even if the Baltic States joined NATO, and proposed confidence-building measures in the Baltic Sea, such as notification of naval activities, prevention of incidents, and direct connections between the fleet commands by the Baltic Sea. In 2001, the Russian Baltic Fleet again started to take part in the BALTOPS exercises, and its commander even suggested that Russia should organise the next one (Oldberg 2009: 352-366). In May 2003, the State Duma finally ratified the border treaty with Lithuania.

As the formal accession in March 2004 came closer and NATO started to dispatch air patrols over the Baltics (four planes), Russia again protested and called on the Baltic States to sign the Conventional Forces in Europe (CFE) treaty as a way to restrict military build-ups there, and nationalist politicians once again advocated more

military spending and strengthening forces in Kaliningrad. But when NATO then declared that it did not intend to deploy nuclear weapons in the Baltic States and conventional forces only in accordance with their security needs (Oldberg 2009: 352-366). Russia announced that it did not feel threatened and acquiesced with the enlargement, which it in any case could not stop.

### **Resource Transit Route**

Another concern of Russian experts was that Baltic membership in NATO might negatively affect Russia's control over transit routes for natural gas and other raw materials. However, Russian leading oil companies phrasing the term 'red line' but surprisingly, after the Baltic Pipeline System came into being in December 2001, the Russian position towards Baltic membership became more moderate. In practical terms, Russian companies were afraid not of losing transit routes as such, but of finding themselves in a weakened bargaining position in negotiations on the terms and conditions of using those routes ( Karabeshkin and Spechler 2007).

With these implications, Russia-NATO relationship is affected by the NATO enlargement in the democratic space of Europe. Russia is not committed (at least at the moment) to the construction of a liberal democratic political order within its own borders. However, Russian retrenchment was incomplete, since Russia showed no sign of permitting the deeper integration of the former Soviet areas into broader European institutional structures like NATO and substantial capacity to resist democratic transformation in its immediate periphery. In these circumstances, the deepening engagement of Western institutions and states in the affairs of the non-Russian former Soviet republics raises the prospect of growing tension in these institutions' and states' relations with Russia (Braun 2008). In this respect, one may expect also a gradual increase in the potential for conflict with NATO states in the broader international system.

### **Putin's view on NATO expansion:**

While long desirous of good relations with the EU, Russia has remained firmly opposed to joining the Union, much less than NATO. Even though Putin repeatedly stressed that Russia is "an integral part of European civilization", Russia's insistence

on remaining outside the institutional framework of European Union has meant that Russia approached in particular the normative foundations of Europe Union cautiously (Mankoff 2009). Despite the very different ambitions of Russia and the EU, Putin insisted that Russia aspires to not only increased cooperation, but also increased integration, at least in the fields of economics and trade, which Moscow hopes will be the centrepiece of new PCAs.

Putin has been highly critical on the issue of NATO expansion in the Russian sphere of influence in context of Warsaw pact states in Poland Hungary and Czech Republic and its military intervention in Kosovo branded “humanitarian intervention” without UN sanction. However Putin tried to normalize relations through Russian participation in NATO-Russia Joint Council. NATO continued to pursue its policy of eastward expansion and included the three Baltic states of Latvia, Estonia and Lithuania. Its next agenda was inclusion of Ukraine and Georgia. Simultaneously USA also orchestrated “Colour Revolutions” in both these countries much to antagonism of Russia (Medcalf 2008). Putin strongly opposed their inclusion and as a result of which the recent 2008 NATO meeting in Bucharest rejected their membership due to France and Germany opposition.

As president, Putin initially sought to manage tensions with NATO while taking advantage of the repercussions from expansion to assert Russia’s own agenda with the alliance. Putin gave some hints that he did not regard NATO, even in its expanded form, as a major problem. Indeed, as president he pursued more wide-ranging and durable cooperation with NATO—in Afghanistan and elsewhere—than Yeltsin ever did. In the early part of Putin’s presidency, he also tried to vocally downplay the impact of NATO expansion on Russian security as part of his larger strategy of making Russia an indispensable partner for the West (Mankoff 2009).

Putin’s own reaction to the potential inclusion of the Baltic states in NATO was initially rather muted—or in the words of the Foreign Ministry, “calmly negative”. Yet while Putin worked to ameliorate Russian hostility to NATO’s second round of expansion, the response among the Russian elite as a whole has been, and remains, more hostile. Perhaps unsurprisingly, it is the Russian military that has led the bureaucratic opposition in Moscow to working more closely with NATO. To be sure,



Putin initially removed some of the most vocal opponents of NATO per se and NATO-Russian cooperation in particular from their positions in order to facilitate greater cooperation; the two most notable victims of this purge are former Defence Minister Igor Sergeyev and head of the Defence Ministry's International Department Col.-Gen. Leonid Ivashov. While Putin for the most part succeeded in using the NRC to defuse tensions and in maintaining a good working relationship with NATO, this area is one where the former president was significantly out of touch with the general run of elite opinion (Mankoff 2009). The appointment of Rogozin as NATO ambassador and the invasion of Georgia thus constituted something of a recognition by Moscow that its attempts to minimize conflicts with NATO were not bringing results.

As relations between Russia and its erstwhile partners in the West frayed, NATO's geographical and technical growth revived old Russian fears about the purpose and scope of the alliance and led Moscow to take steps to limit the impact of the new NATO on its own security. The prospect of NATO taking in Ukraine and Georgia, which the 2008 Bucharest summit affirmed would happen at some unspecified future date, coupled with Russia's own political-military revival was instrumental in precipitating the conflict between Russia and Georgia (Mankoff 2009). With its invasion, Moscow sought both to force the alliance to reconsider its interest in expanding up to Russia's borders and to instruct the leaders in Kiev, Tbilisi, and elsewhere in the former Soviet Union about the limitations of Western power in the region.

Mankoff (2009) argued that while expansion has provided the backdrop for the most serious quarrels between Russia and NATO, tensions stretched back to the first years of the 1990s, when the end of the Cold War called into question the purpose, and indeed the very existence, of the North Atlantic Alliance. The leaders of Central and Eastern European states who had been members of the defunct Warsaw Pact pressed to be admitted into NATO both as a way to anchor their own societies to the secure democracies of the West and to provide a level of insurance against the possibility of renewed Russian aggression. NATO leaders' own desire to assure the Eastern Europeans that their Cold War-era estrangement from the mainstream of European development was not permanent often clashed with their ambition to promote the

consolidation of democracy in Russia itself—since talk of NATO expansion empowered revanchist, anti-Western forces in Moscow and undermined those like Kozyrev arguing for a close partnership with the West.

However Western leaders sought to convince the Russians by assuring them that NATO expansion was not designed to confront or isolate them and by suggesting that a new European collective security mechanism could not function without Russia. Moscow continues to make this argument long after the prospect of Russian NATO membership has gone by the wayside suggesting, for instance, the creation of a new pan-European security organization to displace NATO and the OSCE as remnants of an outdated “bloc mentality” (Mankoff 2009). Despite ongoing cooperation between NATO and Russia in areas like counterterrorism and stability operations in Afghanistan, the impact of NATO expansion has hardly been forgotten in Moscow.

### **Kosovo Crisis**

The autonomous province of Kosovo, which is formally part of Serbia but is in effect under UN administration, has been one of the most dangerous trouble spots in Europe for the last decade. The fate of this small territory – a mere 11,000 sq. km with a population of around 2 million people – can seriously affect the course of events not only in the Balkans but also far beyond. Kosovo remains the last territorial problem leftover from the former Socialist Federal Republic of Yugoslavia (Charmogursky 2007: 110-120). The aspirations of the Albanians to acquire complete independence from the Serbians, complicated by the desperate attempts of the latter to keep the breakaway province in the fold, led to a bitter war, death and destruction, and ongoing tension between the two peoples.

Russia and the West disagree over the future of Kosovo. While the European Union and United States are keen to grant Kosovo *de jure* sovereignty under the Ahtisaari plan, Russia insists that no decision can be taken without Serbia’s consent. Moreover, Russia insists that the Kosovo issue will set a precedent with long-term consequences for Eurasia and the world. These differences have exposed old divisions between Russia and the West, particularly acute during NATO’s bombing of Yugoslavia in 1999. In 1999, NATO’s unsanctioned military intervention to prevent genocide

prompted suspension of Russia-NATO cooperation and put a new freeze in Russian-Western relations (Antonenko 2007). This time Russia and the transatlantic community are engaged in a political battle over Kosovo's right to be granted sovereign statehood outside Serbian jurisdiction, with full rights to organize its own affairs.

Russia, on the other hand, believes that granting Kosovo independence against Serbia's will, with no real guarantee of rights of the ethnic Serb community in Kosovo, would be counterproductive. According to Russians, any detachment of territory from Serbia without its explicit consent would set a dangerous precedent. Moscow asserts that a unilateral declaration of independence, or a UN resolution containing an ultimatum to Serbia—which Russia repeatedly promises to veto—would be clear violations of the UN Charter and the principles of the Helsinki Final Act. Moreover, Moscow claims that any attempt to grant Kosovo independent status before it complies with the standards outlined in Security Council Resolution 1244 could encourage further ethnic cleansing against Serbs in Kosovo (Antonenko 2007). Finally, Russia has warned that any decision on Kosovo would set a precedent which could encourage separatism in other parts of the world, including post-Soviet Eurasia. The response to violence and ethnic cleansing in the Balkans in the 1990s pushed Russia and the West to unprecedented levels of cooperation, but also provoked mistrust and zero-sum thinking. Almost a decade later, the mistrust has fuelled Moscow's antagonism toward Western policies in the Balkans, while the pragmatic interaction and political accord have been all but forgotten. In the 1990s Russia was an active, and to a large extent constructive, member of the international community, acting in its capacity as a member of the UN Security Council as well as a member of the Contact Group. Russia helped negotiate the 1995 Dayton Peace Agreement for Bosnia and later played an important role in pressuring Milosevic to surrender in the face of NATO bombing in June 1999 (Antonenko 2007). Russia and NATO worked together in the Balkans, serving side by side for over five years.

### **Security Cooperation**

The Russia-EU military relationship began in 1994 with the development of a Russia-WEU relationship. Although low profile in comparison to the Russia-NATO and

Russia-OSCE relationships, this laid out the broad outlines of fields for military cooperation between Russia and the EU. It included the sale of Russian satellite technology and strategic airlift assets to the WEU, discussions about combined fleet and peacekeeping operations (Russia was invited to observe the WEU's CRISEX 98 exercise), and the development of tactical missile defence cooperation (Morgan 2005). More importantly, frameworks for dialogue were founded, including the invitation extended to Russia to send a delegation to the WEU.

The new momentum in EU-Russia relations came in the period of 1999-2000 for these two following reasons: first, the Amsterdam Treaty (since 1999) has made the CFSP a more integral part of EU policies and enacted a new foreign policy instrument of the EU under the name of Common Strategy, and second, a change in Russia's approach towards the EU was started by the new President of Russia, Vladimir Putin, who became president in March 2000. The purpose of the Common Strategy of the EU as a new foreign policy instrument was to create a general framework of foreign policy action towards the EU's important external partners and or regions (Duleba 2009). The first Common Strategy of the EU was that adopted on Russia in June 1999.

Since 1998-99, Russian attention has focused on Common Foreign Security Policy (CFSP) and European Security and Defence Policy (ESDP). The October 2001 Summit announced the Joint Declaration on Stepping Up Dialogue and Cooperation on Political and Security Matters, which underlined political progress being made through an increasingly broad spectrum of discussions, and the dense nature of diplomatic links. Stipulating the necessity to exploit existing links as much as possible, it also established a new format of monthly meetings between Russia and the EU's Political and Security Committee (COPS) to assess crisis prevention and management. Arrangements for possible Russian participation in crisis-management operations of a civilian and military nature would be developed according to progress made in the ESDP. EU also agreed to fund bilateral mine-clearing cooperation, such as the Russo-Swedish project to clear World War Two mines from the Baltic around the Kaliningrad region. In May 2002, the decision was taken to dispatch a representative of Russia's Ministry of Defence (MOD) to Brussels to 'maintain operative communications' between Russia and the EU (Morgan 2005). Other issues,

such as the prospects for Russia-EU cooperation in the military and military-technical spheres, cooperation between the fleets of Russia and the EU and the possibility of joint conduct of peacekeeping operations were further discussed.

In counter terrorism, dialogue has been established and there are agreements to establish cooperation between Russia and Europol. There have also been meetings to discuss these issues in the Russia-COPS format and at expert level. Agreements have focused on considering the conditions and detailed procedures for information exchanges on terrorist networks, travel tickets of dubious authenticity, arms supplies, suspect financial transactions and new forms of terrorist activity, including connections to chemical, biological or nuclear threats. These agreements are to be supplemented by enhanced cooperation in all relevant international and regional sphere, early signature and ratification of counter-terrorist conventions and protocols, efforts to stop the financing of terrorism and early finalisation of the UN Comprehensive Convention against International Terrorism and the provision of technical support to third countries (Morgan 2005).

Discussion of soft security cooperation has featured noticeably in Russia-EU meetings, agreements and, latterly, joint statements. The PCA contained clauses referring to cooperation on environmental protection (Article 69), customs and illegal migration (Articles 78, 84) and against money laundering and drug smuggling (Articles 81, 82). The EU's Common Strategy on Russia and Russia's Mid-Term Strategy for Relations with the EU 2000-2010 developed this background further, highlighting judicial cooperation, and cooperation against organised crime, money laundering and illegal trafficking of drugs, and fixing cooperation in the field of law enforcement and the establishment of operative contacts. Russian Defence Minister Sergei Ivanov remarked that Russia and the EU had intensified their cooperation in the struggle against organised crime, the trafficking of drugs, arms and humans and money laundering (Morgan 2005). To this end, a mechanism of consultation was established, and contacts have taken place regularly at different levels

Morgan (2005) argued that, A number of cooperative projects have been planned. The Action Plan to Combat Organised Crime (APCOC) focused on a number of clearly defined criminal activities, including the trafficking of drugs, human beings and

stolen cars. Signed in April 2000, the plan aimed to consolidate and reinforce public institutions and the rule of law. APCOC incorporated two important initiatives for cooperation: the EU's Drug Strategy (2000-2004) (EU DS) and Russia's Special Federal Programme (1999-2000) to step up the fight against organised crime. There is also to be an exchange of technical, operational and strategic information between the appropriate law enforcement agencies as well as meetings of experts and training courses. Russia also changed legislation in the area of money laundering to facilitate cooperation with the EU, and in January 2004 President Putin underscored alterations to Russia's Criminal Code which established liability for trafficking in human beings in principle criminalising such activities.

### **Missile Defence Shield**

The American decision to establish sites in Poland and the Czech Republic in order to build a radar station and an antimissile battery capable of intercepting missiles in Europe coming from a south-eastern direction created an immediate hostile reaction from Moscow. Vladimir Putin sees in this project a continuation of Reagan's Star Wars venture potentially aimed at tilting in favour of the United States the existing balance between the U.S. and the Russian missile deployments that have been frozen for years. However Washington argues that the interception capacity of the planned station is too modest to limit Russian capabilities and is exclusively aimed at rogue states in the Middle East that might acquire WMDs and threaten either the United States or its Western allies (Rywkin 2008). Although arguments from both sides seem valid, the key reason for Putin's reluctance is the fear that the limited antimissile defence that the United States wishes to establish in the area in question may be only the first step in the direction of building a large-scale system capable of tilting mutual deterrence in favour of the United States.

The proposed U.S. system has encountered resistance in some European countries and beyond. Critics in Poland and the Czech Republic assert that neither country currently faces a notable threat from Iran, but that if American GMD facilities were installed, both countries might be targeted by missiles from rogue states — and possibly from Russia. The Administration recently signed agreements with both countries permitting GMD facilities to be stationed on their territory; however, it is uncertain whether the

two countries' parliaments will ratify the accords. Some Europeans assert that the Bush Administration did not consult sufficiently with NATO allies or with Russia, which the Administration argues was not the case. Other European leaders, however, support the missile defence project (Hildreth & Ek 2007). NATO has deliberated long-range missile defence, and has taken actions that have been interpreted as an endorsement of the U.S. GMD system.

Moscow opposed U.S. plans to install interceptors in Poland and radar in the Czech Republic in spite of American assurances that these would not threaten Russian strategic capabilities. Russian defence officials fear that the proposed installations, seen as an affront to a great power, could in future pose a threat to Russian missiles during the boost phase – though such a capability is not part of the American plan. Russian officials are concerned that, in the absence of treaty constraints, in the future US missile defences could pose a challenge to Russian strategic capabilities as a result of either incremental upgrades or a major technological breakthrough. U.S. officials have sought to assuage these concerns and have suggested cooperation on missile defences (Cimbala 2006). Russia and NATO have also discussed cooperation on theatre missile defences. However, the slow progress in these talks has been outpaced by the U.S. deployment plans, and Russian opposition to these remains unshaken.

European Union also opposed the U.S. plan considering the Russian statements regarding this and proclaimed that deployments of the U.S. system would damage Western relations with Russia. At a February 2007 security conference in Munich, President Putin strongly criticized Missile Defence plan, maintaining that it would lead to “an inevitable arms race.” Russia has threatened to abrogate the 1987 Intermediate-Range Nuclear Forces (INF) Treaty, which eliminated this class of U.S. and then-Soviet missiles that were stationed in Europe (Hildreth and EK 2007). Putin also announced that Russia would suspend compliance with the Conventional Forces in Europe (CFE) Treaty as a result of the proposed system, and on another occasion indicated Russia might now target Poland and the Czech Republic and transfer medium-range ballistic missiles to the Russian exclave of Kaliningrad.

In another way, Russia's opposition to U.S. plans to deploy BMD components in Poland and the Czech Republic is the subject of serious controversy. The most widely

cited reason for this opposition is the unilateral nature of US plans and the lack of consultations with Russia, which the Kremlin sees as a challenge to its standing as a great power. Any direct military threat posed by the deployments has been largely discounted, though some Russian and foreign analysts have pointed out that under certain circumstances U.S. interceptors could intercept Russian missiles during the early, boost phase. The deployments represent a problem for Russian military planners largely because of this possibility, and the challenge it could present to Russia's strategic parity with the United States (Rumer 2007). Russian planners are also likely to be concerned that bases that currently have limited capabilities could be augmented.

However, Russia opposed the U.S. plans regarding the deployment of BMD but somehow accepted the idea of joint Russia-NATO ballistic missile defences which remains controversial and far-fetched. Because genuine cooperation requires to resolve various military, diplomatic and technical issues. Above all the major obstacles to build a joint missile shield is the mutual mistrust about NATO's Cold War perceptions. Interestingly, they claim that the alliance no longer views Russia as a threat while NATO's new strategic concept said that Russia's politics toward NATO were unpredictable and there was no guarantee that Russia would be inclined to cooperate with NATO in the near future.

To conclude we can say, Russia has many geostrategic concerns regarding European Union. Historically, Europe has been geostrategically an important area for Russia. After disintegration these concerns prevailed but Russia under Boris Yeltsin was more focused towards US. During 2000-2008 these concerns emerged in a big way again due to NATO expansion in Russian sphere of influence. However "European Security Strategy" declared Russia as a strategic partner of European Union. But such kind of thinking got strained due to NATO enlargement in Europe. Yeltsin called it as "plunging into a cold peace". Russians were also angry about these expansions. Simultaneously, Putin was also highly critical about the NATO expansion considering the views of the masses. NATO expansion in Baltic States was considered as "red line" in Russia's relations with the West and Europe. Such a situation aggravated by the NATO's Kosovo bombing in 1999. But after that for consolation, a NATO-Russia joint council established in 2002. But situation couldn't become harmonious.



However, European Union was also critical about the NATO expansion and released “Common Foreign Security Policy (CFSP)” and “European Security and Defence Policy”, it also tried to establish “Organisation for Security and Cooperation in Europe (OSCE), but couldn’t successfully restrict the role of NATO in Europe. That was a contentious issue between Russia-EU relations. Further missile defence plan and the encirclement of Kalinigrad by NATO mentored by U.S. created so much tension for Russian Foreign Policy makers. Such conduct on the part of NATO, made Russians skeptical of its objectives. And in this regard Putin and Russian elites wants from EU to establish its own security structure in Europe with proper consultation with Russia. That would be beneficial for Russia-EU co-operation in Europe.

# *Chapter IV*

---

*Socio-Economic dimensions of Russia-  
European Union relations*

### *Socio-Economic dimensions of Russia-European Union relations*

After the collapse of Soviet Union, the Russian economy began its painful and traumatic journey along the path of market reforms. It was the time of crisis and decline of the Russian economy. In this situation external support was critical for Russia. In same way Gorbachev turned towards the European community. In mid-1991, a Russian Deputy Foreign Minister explained that ‘the European Community is becoming the most influential economic and political force on the continent’ adding that ‘without the development of links with the European Community in the sphere of economy, in the sphere of law, we shall not be part of Europe’. Russia tried to link its economic reform with the European community in different ways.

The fact that the economic cooperation was placed on top of the agenda not only illustrates the massive need that existed at the time for technical assistance in the implementation of structural reforms, it also suggests that Moscow was fully aware of the potential of this cooperation. Indeed when outlining the list of priorities, the same deputy foreign minister predicted that ‘within a few years the former socialist countries and so on and so forth will enter the EC’, thereby making clear that the future of the Russian economy in many ways had to be found within the rapidly expanding single market and with Russia as a likely member state (Hansen 2004).

Initially EU did not accept the Russian economy as a ‘transitional’ economy and considered it as ‘state controlled’ economy. The decision to regard the Russian economy as ‘state controlled’ was met with harsh reactions in Russia where people were already feeling the painful effects of market reforms. Thus, for instance, one observer in mid-1993 complained about the discriminatory method of EC like special trade tariffs and imposition of all kinds of restrictions on the performance by Russian-based firms. Such disagreement stalled the negotiation process until late 1993 when the EU ultimately announced that it would accept the Russian economy as a transitional economy. This development further paved the way for the signing in June 1994 of the Partnership and Cooperation Agreements (PCAs). As part of the PCAs,

trade in general liberalised and a Most Favoured Nation status exchanged. Due to Chechen conflict, the PCA eventually entered into force on December 1997, but before that, in July 1995, an interim trade agreement which did not require official ratification had been signed (Hansen 2004). This meant that the main provisions of the new and liberalized trade regime could finally be implemented.

Such a series of agreements further paved the way of Common Economic Space in 2005 which is an extremely important draft for the economic cooperation between Russia and European Union. Despite of all these landmark development there are some considerable challenges and opportunities regarding the economic cooperation between them. Apart from challenges, the mutual economic cooperation between Russia and European Union is critically important for economic development of Russia as well as economic prosperity of the EU. Currently EU is the largest trading partner of Russia. The accession of 10 countries to the EU in May 2004 and 2 countries in 2007 modifies the economic and political spheres of Europe and forces a reconsideration of Russia-European relations. The enlargement of the EU increases the inherent contradictions of Russia's relationship with the European Union (Granina 2005). There were two main problems among various contradictions in the relationship between Russia and European Union:

- (1) Asymmetry of economic and political dimensions between Russia and the European Union.
- (2) The incompatibility of deep economic integration with the preservation of political sovereignty in Russia and Europe.

Despite the contradictions and differences, the European Union is commonly referred to as an 'economic giant'. Following the same logic, Russia can be addressed as a 'political giant'. According to the common wisdom, relations between the two 'giants' in a small world cannot be simple and unproblematic. Thus, there is nothing extraordinary about the fact that at the beginning of the 21st century, relations between Russia and the European Union remained largely controversial. On the one hand, both sides are strongly tied by a multitude of common interests and objectives in economic, political and cultural spheres, which makes it impossible for them not to be involved in a multifaceted and complex dialogue. On the other hand, however,

there are still disagreements as well as an asymmetry in EU-Russian relations (Korobchenko 2006).

Despite evident asymmetries in EU-Russia economic relations, developing the juridical and institutional bases of these relationships, enhancing economic cooperation and gradually increasing the parties' economic interdependency should not be overlooked and underestimated. Constantly increasing trade turnover between the EU and Russia, historical and cultural ties, geographical proximity and complementarities of the two economies make the idea of the creation of Common Economic Space both feasible and desirable for both sides. Russia's large domestic market, qualified work force, and constantly growing economic potential make investments in the Russian economy profitable for EU partners. The Russian economy may benefit from technology transfer and job creation, the most evident spill-over from EU investments (Korobchenko 2006). In addition, enhancing and institutionalizing the Energy Dialogue aimed at strengthening the 'strategic' partnership also reflects the interest of both the EU (for instance, through securing strategic energy supplies from its major supplier) and Russia (for example, through expansion of Russian energy companies to the European market).

### **Legal Framework of Economic relations**

The idea of a free-trade zone between the EU and Russia was first mentioned in the Partnership and Cooperation Agreements (PCAs). The PCAs were signed in Greece on 24 June 1994, and entered into force on 1 December 1997. One of its objectives is 'to create the necessary conditions for the future establishment of a free trade area between the European Union Community and Russia covering substantially all trade in goods between them, as well as conditions for bringing about freedom of establishment of companies, of cross-border trade in services, and of capital movements'. Two years later, in 1999, the EU Common Strategy towards Russia set as a goal the 'integration of Russia into a common European economic and social space'. From the very beginning, these proposals included ambiguities and had deliberate omissions. The main question is whether the CEES represent a process, or an objective. If it is an objective, then it implies some form of integration, such as a free-trade zone or customs union. Negotiations on the CEES could be structured

around the Four Freedoms (of movement of labour, capital, goods and services), or in terms of developing conditions for convergence between the EU and Russia in different sectors of the economy. If it is not an objective then it is a process, in which the two sides take steps to improve the conditions for economic convergence. Some Russian experts believe that a CEES, as a process, and should involve concessions and actions by both parties, rather than unilateral steps by Russia to further liberalise its economy (Mau & Novikov 2005). However, one of the priorities for economic convergence between the EU and Russia should be Russia's access to modern technology through Foreign Direct Investment (FDI), and better access to European markets for Russian firms.

The broad scale Mechanisms have been established for enhanced policy consultation at various levels, culminating in the creation of a unique Permanent Partnership Council (PPC) to engage key parts of the Russian Federation (RF) government and carry forward initiatives agreed at summits. Reciprocal economic relations have been cemented with the signing in May 2004 of the agreement concluding bilateral market access negotiations for Russia's accession to the World Trade Organization (WTO). The European Commission's European Neighbourhood Policy (ENP), a 'strategy paper' aimed at integrating its southern and eastern neighbours into a wider Europe following the May 2004 enlargement in which Russia was initially included appeared in May 2004 and its main provisions were endorsed by the EU Council in June 2004. In the meantime the May 2003 EU- Russia summit decided to pursue the concept of four 'common spaces' as a basis for taking the relationship forward; Moscow appointed senior government officials to oversee each of these policy areas and a 'roadmap' for each common space was published following the May 2005 summit (Averre 2005). Before that, President Vladimir Putin declared at the November 2004 summit that the common spaces initiative 'opens up the broadest opportunities for substantially strengthening our interaction across practically all issues'.

The CES has been repeatedly portrayed in Russian official discourse as the locomotive of the EU-Russian partnership. One reason for this is that the beginning of the century witnessed the trend towards the "economization" of Russia's policy thinking. Putin and most within his entourage did seem genuinely persuaded that the

“dash for economic growth” should be among the highest priorities for Russia. Russian policy-makers had taken on board the idea that the EU-Russia Common Economic Space – combining trade liberalization with a substantial increase in investments and technology flows - would be beneficial for the Russian economy. Also general belief among Russian official, that the CES could become an effective means to a specific end, which may be a useful boost to the goal of accelerating Russia’s economic growth (Klitounova 2009). Above all it has played a significant role in economic cooperation becoming the highest priority in Russia’s EU policy.

### **The Common Economic Space**

The major outline of economic ties between Russia and European Union is Common Economic Space on the basis of Partnership and Cooperation Agreement. The prospect of bringing the European Union and Russia closer together within a Common European Economic Space (CEES) tops the agenda in the EU–Russia dialogue, confirming that the EU views Russia as a strategic partner. The CEES is not only positive for Russian economic growth, but that it is a condition for acceleration of sustainable growth and higher productivity in Russia. The aim of the EU in building the CEES is not to force Russia into a particular mould, but to offer a model for economic and legal integration, which can help to boost Russian economic performance. Both the EU and Russia have achieved internal unity, bringing together huge diversities of nations, cultures, and religions (Samson 2008). The time has now come to close the gap opened between Russia and the rest of Europe at the beginning of the last century. Integration within the CEES opens the way to this objective.

The Joint Statement adopted at the St. Petersburg Summit in May 2003 agreed to reinforce cooperation with a view to creating a Common Economic Space (CES), building on the concept for the common European economic space later endorsed by the Rome Summit in November 2003. It was agreed that the CES would be broad in scope, by including areas such as telecommunications, transport, energy, space and environment. The overall objective of the CES is the creation of an open and integrated market between the EU and Russia. The aim is to put in place conditions which will increase opportunities for economic operators, promote trade and investment, facilitate the establishment and operation of companies on a reciprocal

basis, strengthen cooperation in the field of energy, transport, agriculture and environment, reinforce economic cooperation and reforms and enhance the competitiveness of the EU and Russian economies, based on the principles of non-discrimination, transparency and good governance and taking into account the business dialogue undertaken within the EU-Russia Industrialists' Round Table (Samson 2008). In the implementation of actions under the CES, priorities jointly identified in the framework of regional organisations and initiatives, such as the Council of Baltic Sea States, the Northern Dimension etc., will be taken into consideration.

Even since May 2003 (the St. Petersburg EU-Russia Summit) the EU and Russia are trying to find ways for closer cooperation, with the main idea being the creation of an open and integrated market between the EU and Russia on a very broad scale with the ultimate goal of a free trade area. Today, however, we can conclude that creation of the Common Economic Space between Russia and the EU is going very slowly, and a free trade area seems to be a more distant reality these days than it was a few years ago. There are some reasons regarding this. *Firstly*, since the beginning of the process Russia has been slow to respond to EU proposals for implementation of the CES road map, probably due to a reluctance to move fast in areas implying economic liberalisation and probably also due to a different view of the whole process. The EU's expectations were probably too optimistic, while Russia began to be cautious and perhaps afraid of losing control of the process. *Secondly*, the EU connected a lot of the agenda under the CES to Russia's accession to the WTO as the EU hoped that the bilateral trade agenda would be mainly determined by Russia's WTO accession and the corresponding bilateral and multilateral commitments to liberalisation. *Thirdly*, a weakening of the mutual trust on both sides is evident in politics. Russian policy-makers have announced on many occasions that the diversification of the economy is one of their major objectives, and that they will continue to pay attention in establishing a more predictable and transparent environment for business and investment. *Fourthly*, the EU is rather too optimistic in its approach based on the assumption that Russia needs EU. Of course, the EU is an important market with its import of raw materials, notably energy. The EU is also a major investor in Russia, accounting for almost 80% of cumulative foreign investment, giving the EU an important interest in the continuing development of the economy, and the EU also



hopes that Russia will need European investment even more in future, given Russia's quest for diversification and modernisation. *Fifthly*, until today EU-Russia business cooperation faces some major barriers that are related to the low accessibility of the Russian market, e.g. government bureaucracy, the poorly established rule of law and corruption affect such areas as establishing a business, tax collection, dispute settlement, property rights, product certification and standards, as well as Russian customs clearance. *Lastly*, but not least, is the structure and progress within the current dialogue (Benc 2009: 30-31). These were the points of friction regarding the slow growth of economic cooperation.

### **Bilateral Trade**

EU and Russia have had considerable disagreements over the conditions of trade. EU restrictions have been imposed still more lightly. Moving from 'state controlled' through 'transitional' to 'market based', the Russian economy has had several labels applied to it, yet the changes have all pointed out in the same direction of further improvements. Due to that Russian trade with the EC/EU has indeed been a success. Thus, the EC/EU share of total Russian trade has remained consistently high after the collapse of the Soviet Union. Equally noteworthy is the fact that Russia has enjoyed a surplus from its trade relations with the EC/EU in every year since 1992 (Hansen 2004). However Gower (2004: 238) argued that there is a major shift in the trade patterns of the whole of the Central and East European region in the 1990s as former CMEA states re-orientated their trade relation towards Western markets. Somehow it paved the way for the establishment of common spaces between Russia and European Union.

The rationale for building a Common Economic Space between the Russian Federation and the European Union, the contours of which were outlined in one of the four Road Maps adopted at the Russia-EU Moscow Summit in May 2005, presupposes the future establishment of a free trade area. Official negotiations between Russia and the European Union on a free trade area will doubtfully start before 2008, even if the parties display the political will for such a move. At the same time, the Russian Federation is not economically prepared to take major steps toward the creation of a free trade area with the EU. Moreover, considering the failure of the

latest Russia-EU summit in November 2006, when Poland blocked negotiations on a new long-term agreement between the parties, the free trade area issue seems to have lost its importance. The major problem in this process is the asymmetry between Russia and EU. The European Union, as a stronger economic actor, will only gain from the creation of a free trade area with Russia. Due to this, the European Union will receive asymmetric competitive advantages due to the short-term exemption of industrial goods from various tariff and non-tariff restrictions. For Russia, the balance of expected consequences will most likely be negative. General trends of EU exports to Russia consist mostly of equipment and other finished, high value-added products, the lowering of tariff and non-tariff barriers will spark an increase in volume and cost. This will increase competitive pressure on Russia's manufacturing industry (Pankov 2007). As a result, Russia's surplus in trade with the EU will decrease and may even turn into a deficit under an unfavourable scenario

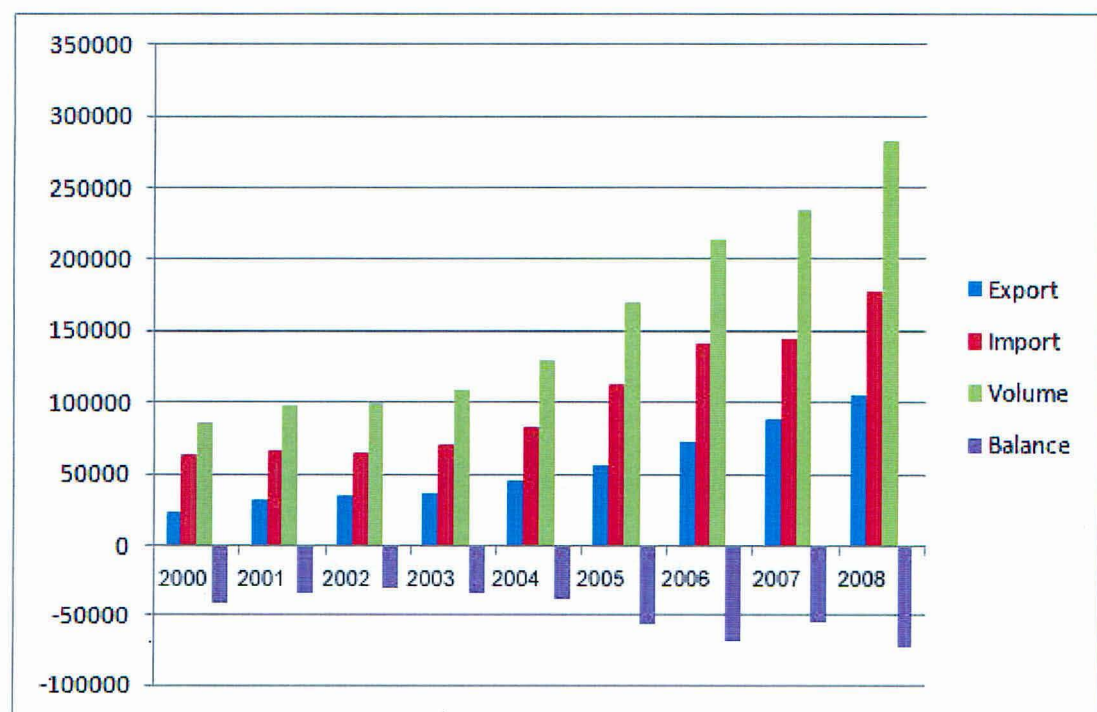
Apart from various political conflicts, Russia's share in the EU27's total external trade in goods doubled between 2000 and 2008. In 2008 Russia was the EU27's third most important trading partner after the USA and China, accounting for 8.0% of EU27 exports and 11.4% of EU27 imports. The EU27's 2008 trade deficit in goods with Russia was 72,816 million EUR; hence almost double than that of 2000. However, a positive from the EU27 side is that exports were growing more intensely than imports from Russia. The increase in bilateral trade was continuous, whatever the political situation and bilateral relations between the EU and Russia were. Even during the year of Russian-Georgian conflict trade was growing. One can conclude that politics and security issues do not have any strong influence on the trade, but that is not true (Benc 2009: pg 27). Especially when we compare statistics since the beginning of the Common Economic Space initiative with earlier statistics, it seems that the positive first moments of the initiative helped businesses to strengthen the cooperation.

**Table 4.1: EU27 Trade in Goods with Russia (million of EUR):**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Export	22738	31602	34420	37206	45985	56696	72328	89115	105102
Import	63777	65875	64493	70663	83711	112591	140916	144536	177918
Volume	86515	97477	98913	107869	129696	169287	213244	233651	283020
Balance	-41039	-34273	-30073	-33477	-37726	-55895	-68588	-55421	-72816

Source: Eurostat (May 2009) cited in (Benc 2009).

**Figure-4.1: EU27 Trade in Goods with Russia (million of EUR):**



Source: Eurostat (May 2009) cited in (Benc 2009)

**Table-4.1 & figure-4.1:**

It shows that EU27 trade with Russia has sharply increased from 2000 to 2008 both in terms of exports as well as imports. Simultaneously, balance of trade was increased, despite some decrease in 2001 to 2004. But in 2008, it was high as compared to previous years' due to Russia's increased energy exports to EU. That shows how energy is playing an important role in an uneven trade balance between Russia and

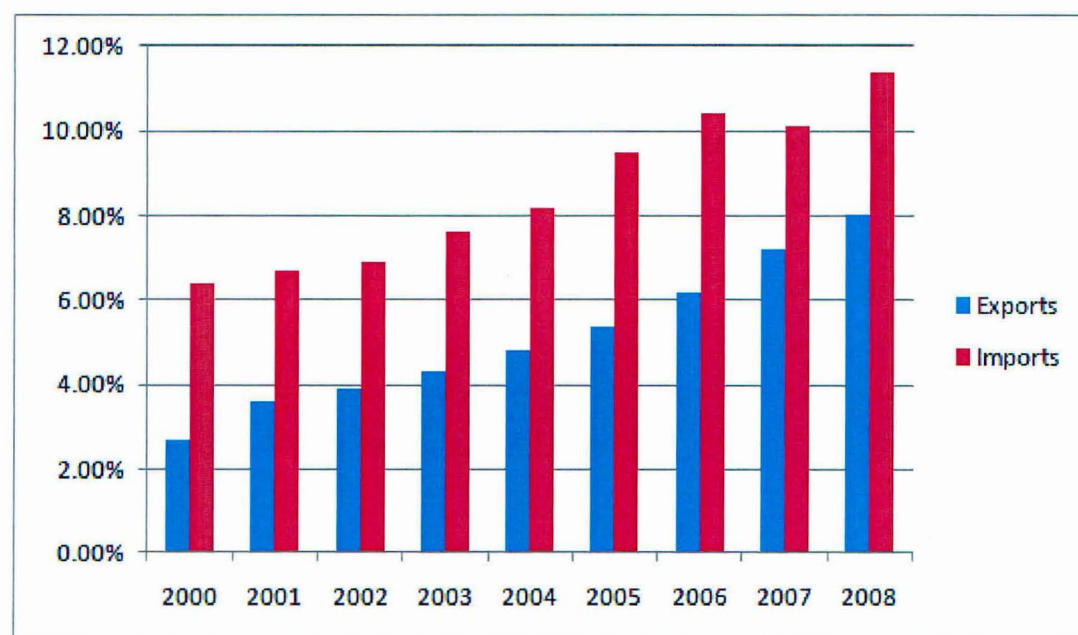
EU. But above all, volume of the trade has been constantly increasing right since 2000. That was the good sign regarding the economic trade, despite economic crisis that hit the world economies in 2009.

**Table-4.2: Share of Russia in total EU trade in %**

<b>Exports</b>	<b>2.70%</b>	<b>3.60%</b>	<b>3.90%</b>	<b>4.30%</b>	<b>4.80%</b>	<b>5.40%</b>	<b>6.20%</b>	<b>7.20%</b>	<b>8.00%</b>
<b>Imports</b>	<b>6.40%</b>	<b>6.70%</b>	<b>6.90%</b>	<b>7.60%</b>	<b>8.20%</b>	<b>9.50%</b>	<b>10.40%</b>	<b>10.10%</b>	<b>11.40%</b>

Source: Eurostat (May 2009) cited in (Benc 2009).

**Figure-4.2: Share of Russia in total EU trade in %**



Source: Eurostat (May 2009) cited in (Benc 2009).

**Table- 4.2 & figure 4.2:**

It shows that EU 27 trade has increased from 2000 to 2008 in terms of exports as well as imports. Only in 2007, imports were less compared to the previous year. The most obvious cause may be the cloud of world economic crisis.

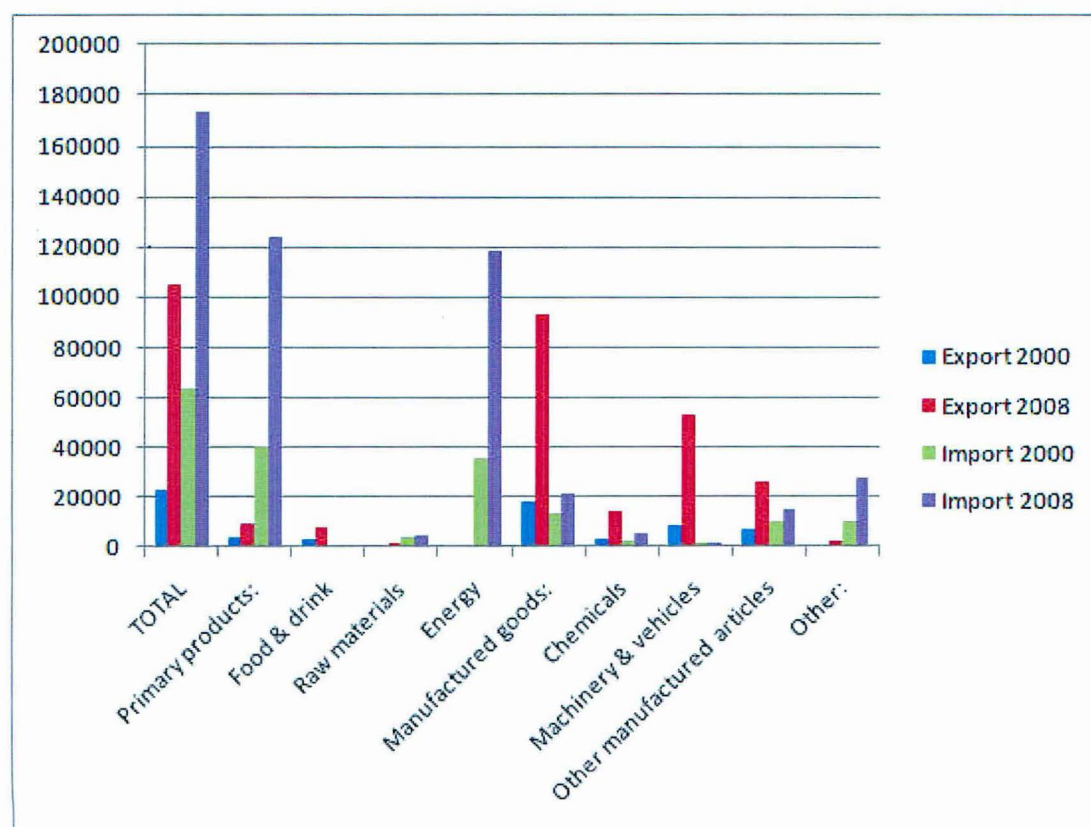


**Table-4.3: EU27 Trade in Goods with Russia by Product (million EUR):**

	Export		Import	
	2000	2008	2000	2008
<b>TOTAL</b>	<b>22738</b>	<b>105174</b>	<b>63777</b>	<b>173445</b>
<b>Primary products:</b>	<b>3652</b>	<b>9732</b>	<b>40172</b>	<b>124117</b>
Food & drink	2823	7561	727	853
Raw materials	708	1566	3652	5028
Energy	121	605	35793	118235
<b>Manufactured goods:</b>	<b>18483</b>	<b>93211</b>	<b>13487</b>	<b>21472</b>
Chemicals	3280	14058	2519	5314
Machinery & vehicles	8381	53362	1074	1402
Other manufactured articles	6822	25790	9895	14757
<b>Other:</b>	<b>602</b>	<b>2231</b>	<b>10118</b>	<b>27856</b>

Source: Eurostat (May 2009) cited in (Benc 2009).

**Figure-4.3: EU27 Trade in Goods with Russia by Product (million EUR):**



Source: Eurostat (May 2009) cited in (Benc 2009).

### **Table-4.3 & figure 4.3:**

It shows that the Balance of trade was in favour of Russia where import of primary goods by EU was high and exports were low in 2000. The same trend could be seen in 2008 as well. Energy was another important sector where imports were at high level in 2008 in comparison to 2000. Basically EU27 was interested in export of manufactured goods and heavy machinery particularly vehicles. Overall in 2008, balance of trade was same as in 2000. Thus it was interesting to note that, Russia was exporting large volume of primary goods and energy only, while EU27 was interested to sell manufactured goods and heavy machinery only. However, it would be beneficial for their bilateral economic relations, if they would diversify their trade in other sectors as well.

If the EU wants to break the “thickening ice” in political and security relations with Russia, support for the CES is of critical importance. Because nowadays both of them, the EU and Russia are, thanks to the growth of trade and investment, very dependent on the trade and business sectors, not to speak about the special “dependence” in the field of energy. Such dependence is obvious from the product structure of their bilateral trade. Half of EU27 exports to Russia in 2008 were machinery and vehicles and another quarter were other manufactured articles, while energy accounted for two thirds of imports (Benc 2009: pg 28). To spell it out, the main EU27 exports to Russia included motorcars, medicine, mobile phones and aircraft, while the main imports included oil, gas and coal.

### **Energy**

Energy is a major area of economic relationship and basic factor of interdependence as well between the Russia and EU. But they differ on the nature and essence of how this interdependence should be codified in their bilateral agreement. The EU is strategically interested in geographically accessible Russian energy resources; but, it seeks in an absolutely inadequate way through diversifying its energy imports, especially gas imports. In the course of negotiations on a new agreement with Russia, the EU will apparently insist that Moscow under Vladimir Putin ratify and implement the Energy Charter Treaty, signed in 1991, which provides for predominantly Western

investment with protection in the extraction and transportation of hydrocarbons from Russia. Meanwhile, the Charter does not provide for preferential treatment for Russian investment in the energy infrastructure in EU countries. Also, its mechanisms for ensuring the transit of Russian hydrocarbons have proven ineffective; in particular, they are unable to protect against the siphoning of transit gas by Ukraine, which is a party to the Energy Charter Treaty (Velyamonov 2009). Moreover, the EU has been making undisguised efforts to limit access to EU infrastructures for Russian hydrocarbon suppliers and to divide energy monopolies, including foreign suppliers, into oil and gas extraction, transportation and marketing companies.

As oil and gas prices skyrocket and the dangers of climate change becomes more apparent, energy security has become an increasingly important item on international agendas. The major buyer of energy resources of Russia are small European corporations and several European governments. Neither the former nor the latter are opposed to Russian energy strategies due to good business relationship. Therefore, at the commercial level, we see that sales of long-term energy contracts are on the rise, joint efforts to build new pipelines are increasing, and access to Europe's downstream assets is continuously broadening. Opposition to Russian energy strategies comes from US and EU political leaders who try to manipulate the views of actual buyers of Russian energy. They also include unfounded accusations that Russia is utilizing energy as a weapon against its neighbours. Such unfounded criticism is problematic. In this context, it is also worth highlighting the European Commission's recent paper on energy, submitted to the European Parliament, in which it suggested that the further liberalization of the "unified EU energy market" would serve as a universal panacea (Simonia 2008). But for that it is necessary to build a network of all-European pipeline.

Russia has 27 per cent of the world's gas reserves, mostly found in Siberia, and supplies a third of Western European gas needs and is the primary supplier to Turkey. With a developed network of supply pipelines to Europe, Russia supplies 50 per cent of all gas imports. Russia also supplies the EU-27 with one-third of its oil needs. With the decline of North Sea reserves, it is estimated that the EU will import 70 per cent of its energy needs by 2030. This stimulated the search for alternative sources of energy to avoid excessive dependence on Russia, and prompted fears that the existing

dependence has blunted EU criticisms of perceived democratic failure in Russia. The brief interruption in gas supplies in the first days of 2006 as part of a pricing dispute with Ukraine was taken as a wake-up call to diversify supplies. At the same time, over 60 per cent of Russia's export revenues come from energy, and the bulk of that is exports to the EU, and Russia derives 40 per cent of its budget from the sale of natural resources to the EU. It is clear that Russia is as dependent on the EU as the EU is on Russia for its energy supplies. The establishment of an Energy Dialogue in October 2000 attempted to regulate this system of mutual dependency, dealing with issues like security of supply, energy efficiency, infrastructure (above all pipelines), investment and trade (Sakwa 2008). However, the energy dialogue did not become an energy partnership, especially since Russia refused to ratify the transport protocol to the 1994 Energy Charter Treaty, which sought to regulate the energy market in Europe.

Both sides have realized the importance of cooperation in the field of energy – Russia is Europe's major supplier of energy and, in turn, the enlarged EU receives the majority of Russia's gas exports. This is a situation of mutual interdependence where both sides need the other - the EU needs Russia's energy, but, at the moment, Russia also needs Europe to buy its raw materials as it is not able to transport them to other possible markets, such as Asia. So, finding a working means of cooperation has really been in the interests of both parties. This prompted the two sides to launch the energy dialogue in October 2000, at the sixth EU-Russia summit. The dialogue is aimed at enabling "progress to be made in the definition and arrangements for an EU-Russia Energy Partnership." The regular negotiations make it possible for the two sides to address important issues such as mutual investments in the energy sectors of the other entity or the physical security of energy supplies and to "raise all questions of common interest relating to the sector." Thus, it does not cover only the "feature" topic of gas, but electricity and nuclear energy as well (Barnahazi 2006). Currently it has, among others, energy efficiency, and the use of renewable energy and the interconnection of electricity grids into a Trans-European energy network as its main focus.

However, considering the energy crisis between Russia and Ukraine, European Union has already released a 2002 document from the Commission entitled "Energy – Let us Overcome Our Dependency" drew attention to the dangers of high dependency on



certain types of energy and especially on exports from certain countries, such as Russia. This document emphasised the need of diversification of energy resources and greater integration of markets. But at this point there is lack of consensus among the European Union members. After 2005-2006, gas transport crisis both group perceived greater importance of co-operation in this area which may be a benchmark for another area of concern. However, at the same time, the EU is focusing even more on the diversification of its sources of energy and on the utilization of renewable energy, that would lessen its dependence on Russian energy and Russia is looking towards new markets to its East. Thus, here both groups working on modes of cooperation as well as on diversification for sort out differences under compulsion. But the problem for EU aggravated by the accession of the new member states which increased the EU'S dependence on Russia even more, as they have traditionally been dependent on Russian energy resources (Barnahazi 2006). So they are more focussed towards diversification of energy resources and in the security of transport line.

Energy security is increasingly important for both consumer and producer countries. For Europe, Russia is the most important supplier of energy. Equally, European Union is Russia's most important market for its energy products. It is ironic that the energy security of both partners rests with each other, particularly when Europe's political leaders have fostered the idea of divergence between their respective interests (Simonia 2008). It is therefore in EU's economic interests to move beyond political myths and constructed antagonism, and to develop a better, mutually beneficial working relationship with Russia in the energy sector.

While negotiating a new agreement, Russia under Vladimir Putin is interested in ensuring a balance between guaranteed supply and demand within the framework of its energy security concept and in achieving a situation where its massive investment in hydrocarbon production and transportation will not be in vain but will be guaranteed by demand (Velyamonov 2009). At present, it would be much more attractive and reliable for Putin to meet its pragmatic interests through "separate" agreements with individual partners, patterned after the North Stream or South Stream agreements.

As a result both of EU enlargement and of increasing consumption, the proportion of

Russian energy in the EU's total energy imports raised from 24 per cent in 2001 to 27.5 per cent in 2005, of which gas imports increased from 41 to 50 per cent. At present, Russia is as dependent on the European market as the EU is on Russian supplies; although there are potentially huge markets in the Far East, Russia's oil and gas pipeline networks run from east to west and it will take years to construct pipelines from Russia to China or the Pacific coast. European fears about Russia's energy policy were sparked off by the arrest and trial of Mikhail Khodorkovsky, head of Yukos, then Russia's largest oil company, and the completely opaque take-over of Uganskneftegaz, the most valuable Yukos asset, by state-owned Rosneft in December 2004. They were exacerbated in October 2005 when Gazprom, the 51 per cent state-owned gas monopoly, bought up Sibneft, the country's fifth largest oil firm (Light 2009: pg 92). This consolidated Gazprom's position as a global energy giant and provoked anxiety in Europe that Moscow was seeking to return a major part of Russia's energy resources to state control and would attempt to use energy as a political lever.

### **Investment**

In terms of the potential for attracting EU foreign investments, Russia seems to have a unique international position and a promise of large benefits for both sides. From the perspective of business in Europe, Russia looks like an attractive FDI location. This fact is confirmed by Euro-stat, according to which mutual investment flows between Russia and EU have grown significantly in recent times. In 2001 inflows of EU's direct investments to Russia amounted to 2.6 billion Euros and in 2002 to 1.3 billion Euros, in 2003 there was a sharp increase to 8.1 billion Euros. For Russia, EU investors may become the main source of technology, know-how and thus contribute to the diversification of the distorted Russian economy (Barnahazi 2006). There is also evidence that Russian companies go abroad, mainly to the EU.

After the adoption of common economic spaces, both sides are also becoming more dependent in the area of investment. EU27 Foreign Direct Investment (FDI) in Russia has grown in recent years, rising from 10.8b EUR in 2006 to 21.6b EUR in 2008, while Russian direct investment in the EU27 increased from 1.4b EUR in 2006 to 9.2b EUR in 2007, but in 2008 then because of world financial and economic crisis

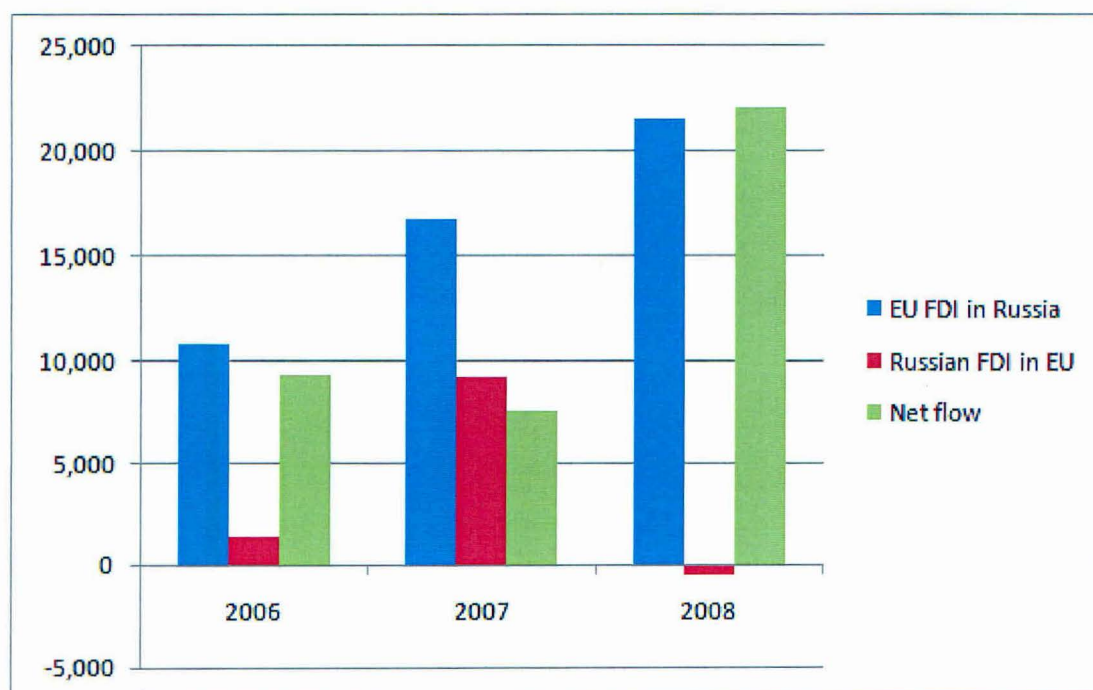
turned to disinvestment it reached 0.4b EUR (Benc 2009: pg-28).

**Table-4.4: EU FDI flows with Russia (million of EUR):**

	2006	2007	2008
EU FDI in Russia	10,779	16,682	21,586
Russian FDI in EU	1,412	9,175	-444
Net flow	9,367	7,507	22,030

Source: Eurostat (May 2009) cited in (Benc 2009).

**Figure-4.4: EU FDI flows with Russia (million of EUR):**



Source: Eurostat (May 2009) cited in (Benc 2009).

**Table-4.4 & figure- 4.4:**

It shows that EU FDI flows in Russia increased every year since 2006 to 2008. But Russian FDI in EU increased in 2007 when compared with 2006. Due to world

economic crisis, industrialist withdrew their money from European market which affected the net flow of FDI in 2008 and it reached at the alarming situation. That was not a good sign regarding Russian investment in European market. It also shows that Russian investors were skeptical about the economic crisis at the world level.

Not speaking about the global financial and economic crisis, there are many problems in economic relations between Russia and the EU. Worsening of political relations especially has already had negative impact on economic relations, e.g. in the area of investment, and many investors and businessmen are uncertain about current development of relations and political and economic stability (Benc 2009: pg-29). And the worst is that the CES initiative is also suffering from the freezing of political relations.

However, Prime Minister Putin and the Russian state apparatus is continuing to reassert more state control, both direct and indirect, over the economy, especially in strategic sectors such as energy, aluminium, steel, automotive, machine tools and aerospace in the last years. And the risk is that the current and already palpable tendency towards state control of the strategic sectors of the economy will be extended to the more dynamic sectors. Not to speak of the negative experience in the energy crises of 2006 and the beginning of 2009 that raised many questions of Russia's policy making and coupling foreign policy aims with business (Benc 2009 pg 30-31). Broad level corruption in these sectors enforced Putin to reassert the policy of centralisation.

The Russian economy had been booming in the past couple of years. The period of rising energy prices coincided roughly with the era of Vladimir Putin's presidency (2000-2008) that had been very successful economically. The speed of Russia's catching-up was then even faster than that of the new EU member states from Central and Eastern Europe. Russian economic growth had been fuelled mainly by surging energy export revenues from EU countries which gave a boost to both private consumption and, later on, also to investment. The Russian rouble appreciated considerably in real terms, inflation remained in double digits and the cost competitiveness deteriorated as wages were rising much faster than labour productivity. Thanks to windfall gains from energy export revenues the government's

external debts were paid back, foreign exchange reserves reached USD 600 billion as of mid-2008, and both the current account and the state budget were in a large surplus because of large European investment (Havlik 2010). However, the excessive dependence on energy has represented – together with adverse demographic developments and various institutional bottlenecks – a major challenge for the sustainability of Russian growth even in the medium and long run.

But despite of large economic asymmetries between Russia and the EU (most evident in foreign trade, investments and economic size) and sometimes conflicting interests (in particular regarding the contest for influence on the post-Soviet space), mutual interdependence requires cooperative approaches that would serve best the interests of Russia, the EU and the countries in between.

### **Social Dimension**

The EU-Russia Four Common Spaces, set up by the two parties in May 2005, is the latest twist in a long series of efforts to give structure and momentum to EU-Russia cooperation. Some voices insist that in many areas EU-Russian cooperation is much stronger than it was before the launch of the four Common Spaces. Others argue that the EU-Russia interaction within the CS has become increasingly devoid of the constructive cooperation that has been promised. Among the four common spaces between Russia and European Union, one important aspect is common space of freedom, security and justice which basically touch the social dimension. Under this agreement, Putin gave too much emphasis on the issue of minority, immigrant labour, terrorism, travel etc for better prospect of cooperation. The genesis of the concept of the common space on freedom, security and justice has served as a good illustration that EU-Russia relations are about much more than trade and energy. The second common space, the subject of a long and detailed text, is about three broad priorities:

1. Freedom with the objective to facilitate the movement of people between the EU and Russia and to cooperate on border management and migration policies in order to tackle illegal cross-border activities and illegal migration.
2. Security with the objective to improve EU-Russia cooperation in combating

and preventing terrorism and all forms of trans-national organized crime, including money laundering, corruption, illegal drug trafficking, and trafficking in human beings.

3. Justice with the objective to further develop judicial cooperation between the EU and Russia and to contribute to the independence and the efficiency of the judicial system (Klitounova 2009). It is the second space that constitutes an attempt to address the role of democratic institutions and human rights values in Russia's relations with the EU.

### **Visa free travel**

Unnecessary technicalities preventing the free movement of people should be identified and abolished, when explicitly specified conditions are met. Foreign travel problems by Russian citizens living in Kaliningrad could be resolved, for instance, by establishing a conditional visa-free zone between the EU and Kaliningrad for a period of 10 years. If this zone proves to be mutually acceptable, the visa-free regime could be made permanent after this tentative period, and the EU and Russia could consider the extension of the zone to the Russian mainland. Here one should not forget the integrating power of people-to-people contacts. Many scholars even regret about the lesser number of grassroots level contacts between the EU and Russia. The EU-Russia Centre in Brussels indicates that only 18 percent of Russians have visited a non-CIS country at least once in their life. Most likely, the proportion of EU citizens who have visited Russia is even lower (Barnahazi 2006). If the decision-makers at the top cannot decide on a common path for the EU and Russia, let the ties between the EU and Russia strengthen at the grassroots level.

### **Immigrant labour**

When we talk about the free movement of people, we should not forget that already in the foreseeable future the EU faces a labour shortage unless EU member states ease their immigration policies. A Russian labour force would definitely adjust to EU conditions and cultures easier than those immigrants arriving from far-away countries. Several million ethnic Russians already live within EU, particularly in Germany,

Spain, the UK, and the Baltic states (Barnahazi 2006). It would be fruitful for European agriculture and industry sectors.

On the issue of immigrant labour, one should also take into account relevant provisions of European Association Agreements (EAAs), as well as the PCA-1 experience. So it is important that further PCA's ensure free movement of professionals who repeatedly enter the country, as well as the migration of professionals with exceptional abilities (Pankov 2008). It is also considerable that Russian citizens who are working there must get proper pension insurance, which is limited for maximum 15 years by law till date.

### **Ethnic minority**

There is a problematic area regarding the minority in Baltic countries. Lithuania is a less concerned area rather than Latvia and Estonia in this regard. A huge number of Russian-speaking people are living on their territory. With the collapse of the Soviet Union – as a result of the massive in-country migration of people – the two northern Baltic countries ended up with a vast proportion (almost 50% in Latvia and close to 40% in Estonia) of their population made up of so-called Russian-speaking people. In the course of regaining their independence, these two countries – in contrast to Lithuania, which has a much smaller Russian population – decided not to grant automatic citizenship to everyone residing on their territories for a certain amount of time at the point of re-establishing independence. This led to a large number of non-citizens and stateless people residing on their territories. Initially Russia has protested over the practice at the different European institution level on the issue of human rights. Russia was hoping to put pressure on its Baltic neighbours through the human rights requirements of the EU (Barnahazi 2006). This issue was a concern to the Union, as attested to by the country reports, but the two countries have made enough progress in the area to be admitted to the Union and are continuing to integrate the non-native population into their societies.

Although it is difficult to comprehend accusations that the ethnic Russian minority is discriminated against in the Baltic countries, such allegations are so serious that they should not be neglected. In order to objectively clarify the situation, an independent

group of specialists – representing the parties concerned and third countries– should study the case extensively. In all, common research efforts are necessary to pinpoint core areas in EU-Russian relations. Liuhto support the idea of Russia opening and funding an institution in Brussels to monitor the rights of ethnic minorities, immigrants and media in the EU as long as the studies are conducted jointly. This idea should be applied in a reciprocal way – in other words, common research efforts should be made in EU-funded research centres in Russia as well (Liuhto 2008). Independent research teams consisting of scientists from both sides and perhaps from third countries could provide fresh ideas on how to improve mutual relations.

Thus Russia and EU economic relationship is better shaped than their political relationship. After disintegration Russia wanted to recover its economy. For that European Union was a better option in her neighbourhood. So Russia tried to incorporate her economy with European community. Economic cooperation between Russia and EU remained at the top of the agenda in their bilateral talks. In this regard various trade agreements were signed between them. These agreements further paved the way for “Common Economic Space” of 2003 under the “Four Common Spaces”. As a result of these efforts EU is now one of the largest trade partners of Russia despite of asymmetries in economic structure. “Common Economic Space” was always considered as locomotive in Russia-EU economic relationship. Under this framework, trade, investment, energy dialogue was established at large level. These contacts became mutually beneficial for Russia and EU. But Despite certain contradictions regarding gas transit and price dispute with Ukraine, Russia-EU economic relations are getting better day by day. But apart from pipeline politics, Russia needs market while EU needs energy security. So it would be beneficial for both of them to sort out contradictions for better economic cooperation.

However, social dimensions are also important for a healthy relationship between Russia and EU. Under the 2003 agreement of “Four Common Spaces”, social dimensions were also addressed but were not well in shape. There are so many problems which were addressed in these agreements like illegal migration, cross border activities, drug trafficking, minority issues, visa issues, immigrant labour issues etc but it needs more effort by both the groups to handle such issues. However some measures have been taken in the past to curb these on an institutional level, but



it was not adequate enough to address the problems. Minority issues should also be addressed for a better structure of relations otherwise frictions of societal dimensions may harm the political-economic relationship between Russia and EU.

# *Chapter V*

---

*Conclusion*

### *Conclusion*

---

Russia has traditionally faced an identity dilemma: Slavophile or westerniser which continues to haunt Russia even today. Europe was the main theatre of Cold War politics which was a stumbling block in normalization of ties between Russia and Europe. With the disintegration of USSR in December 1991, hopes were raised for a new template for Russia-Europe relations, the genesis of which could be found in Gorbachev's 'new thinking'. His successor Boris Yeltsin, though not fully convinced with Gorbachev's policy, continued rapprochement with Europe and sought enhanced engagement with European Union, through various mechanisms such as Partnership & cooperation agreement (PCA).

Vladimir Putin's main geostrategic concern was to incorporate Russia into European process under the philosophy of Gorbachev's 'Common European Home'. His appointment as Prime Minister in September 1999 was in the backdrop of Russian financial crisis of 1998 and he was aware of the necessity of European Union's help to tide over this crisis. He took diplomatic initiatives to convince leading European Union members like France, Germany & England over their criticism of the second Chechan War. And the immediate benefit was waving of Russia's debt. Taking a pragmatic approach, Russia's foreign policy approach in June 2000 favoured G8 and EU over NATO due to their economic clout and for the first time, it emphasised the concept of 'multi-polar world' in context of Moscow's opposition of US unilateral missile defence plan. This period also saw convergence in approach towards cooperation in EU's common strategy of 1999 and Russia's Medium-term strategy. This was followed by establishment of ESDP and Energy dialogue between them. Putin also talked of strategic partnership between them.

The St.Petersburg summit of EU-Russia in May 2003 makes a significant breakthrough in creation of four 'common European spaces' of economy, external security, freedom and education. EU enlargement in 2004 and 2007 according to the Copenhagen criteria of 1993 incorporated many post-Soviet states. But unlike in case of NATO expansion on similar lines, Russia did not criticize EU enlargement. The enlargement brought a paradox of conflict as well as rapprochement in EU-Russia

ties: the conflict due to perceived sense of historical injustice harboured by Baltic ex-Soviet members and rapprochement due to dependence on Russia's mineral wealth by members such as Poland and Czech Republic. The enlargement brought EU to Russia's doorstep and was a challenge to the traditional Russian influence on the ex-Soviet states. Russia and its ex-Soviet partners cooperated in defending their common commercial interest in talks with Brussels. On the minority issue, Russia-EU agreed to safeguard their rights without any formal institution for this purpose. EU enlargement necessitated visas for travel between new ex-Soviet members of EU and Russia. EU enlargement and prosperity in these new members fuelled aspirations of joining EU in CIS countries.

Putin's accession saw rising tensions with NATO over NATO expansion which incorporated ex-Soviet states such as Baltic countries, Slovenia and Bulgaria. Even liberals criticized West reneging on its promise of NATO expansion. Anatoly Chubais termed it as leading a new dividing line in Europe while Yeltsin considered it as 'plunging into a cold peace'. Russia's opposition to NATO's role in Kosovo also caused bitterness. In this background, Putin sought to normalize relations with NATO with institution of NATO-Russia council (NRC) in 2002. However, NATO expansion had serious implications for Russia's security. NATO's aircraft patrolled Russian neighbourhood and expansion disrupted military transit route of Russian army from Lithuania to Kaliningrad. NATO expansion was considered as West's ploy to contain Russia.

Coupled with this expansion was the unilateral abrogation of ABM treaty by the Bush administration in 2001 and its plan for stationing missile interceptors in Poland and Czech Republic which made Russia livid. Putin's Munich speech in 2007 echoed Russia's concerns and he accused the West of resorted to Cold War bloc mentality to encircle Russia. Russia also opposed NATO's plan of inducting Ukraine and Georgia tooth and nail and it was only the opposition by France and Germany that prevented this in Bucharest summit of NATO in 2008. However, despite disagreements, Russia-EU cooperated on security matters under the CFSP and ESDP framework. To broaden this, they also cooperated on soft security issues such as Drugs trafficking and organized crime under APCOC and terrorism under the Russia-COPS format.

On the economic front, Russia needed EU's technology and capital for structural reform of Russian economy. Initially, EU considered Russia as "state controlled" economy, but after Russia's protest, it upgraded it to "transitional economy". Issue of investment Russia faced two problems- asymmetry between development levels of EU and Russia and Russian concerns regarding preservation of political sovereignty. EU was an economic power to reckon with while Russia still remained a significant political power at World level. However, the 1994 Partnership and cooperation agreement (PCA) laid the basis of cooperation which was strengthened by the CES agreement which became a locomotive for their economic ties.

EU is Russia's third biggest partner after US and China. However, Russia enjoyed surplus in trade since 1990s. half of EU's export to Russia is in heavy machinery while two-third of Russia's export to EU is energy. Energy supply countries an important part of EU-Russia economic relations considering heavy European dependence on Russian energy supplies. EU released an energy document in 2002 which contained provisions to tide over the crisis. However, Russia's handling of Yukos affairs and gradual strengthening of state control over economy came under criticism from the EU. Russia-Ukraine energy disputes in 2005 halted energy supply to Europe and raised concerns of Russia as an unreliable supplier and accusation of energy imperialism by Moscow. Besides, the Central Asian region, rich in its energy resources became the theatre of great game between Russia and USA-led Western companies over control of its energy resources.

Despite these differences, trade has soared and EU's FDI in Russia has increased manifold. But they could not finalise FTA till 2008. The four 'common spaces' touched the social dimensions and sought to enhance cooperation in areas such as liberalization of visa regime, the issue of immigrant labour and about their pension scheme, ethnic minorities like Russian speaking people of Baltic States etc. Russia also seeks EU'S help in its accession to WTO.

Thus we see that Russia-EU relations have grown over the years despite disagreements between them. There can be little doubt that relations between them will continue to be of great importance not only for each party but also for global politics as a whole. There is immense scope for improvement between them.

Firstly, in a globally interdependent world where regional trade agreements have become the building blocs of greater international trade, the conclusion of FTA between them will be greatly boost their economic ties. The forging of a common market with leveraging of each other's complementarities will lay a solid foundation and further strengthen the ties. In this regard, energy can be the starting points. Russia needs EU's technology and fund to upgrade its existing oil and gas wells as well as tap new reserves while EU need energy security for its development. So Russia's ratification of EU energy charter will go a long way in building trust which will ensure flow of capital and technology. Besides, EU's help will be vital for diversification of Russian economy, a point brought to the fore by the dwindling energy prices in the recession period.

Secondly, if NATO expansion could be halted, the ways and means could be explored to make the NATO-Russia council the primary forum for security cooperation in Europe. This will reduce mistrust and ensure enduring peace. One of the preconditions for this to happen is viewing EU-Russia relations independent of US relations with either party. By investing in peace and cooperation, both Russia and EU stand to reap the benefits accruing. This is not to deny the importance of US as a factor in Eurasian politics, but both the parties could chart an independent course of action which is mutually beneficial and cements their ties.

Besides, Russia and EU could cooperate on a number of global issues such as climate change and terrorism, the two most pressing issues facing world today. Their convergence of approaches will augur well for a concerted global action to tackle these threats. Also cooperation could be enhanced in other soft security issues such as spread of HIV/AIDS, Drugs trafficking, extremism etc.

So, in a nutshell, it can be said that Russia-EU relations have many opportunities as well as challenges. Only time will tell how successful they were in overcoming challenges and forging cooperation towards setting a high benchmark for their relation.

# *References*

---

## REFERENCES

(\*Indicates a primary source)

Adomeit, Hannes (1979), "Soviet perceptions of Western European integration: Ideological distortion on realistic assessments?", *Millenium*, 8 (1): 1-11.

Adomeit, Hannes (1994), "The Atlantic Alliance in Soviet and Russian Perspective," in Neil Malcolm (eds), *Russia and Europe: An end to confrontations?*, London: Royal Institute of International Affairs.

Allen C. Lynch (2002), "The Evolution of Russian Foreign policy in the 1990s" in Rick Fawn and Stephen White (eds) *Russia after communism*, London: Frank Cass.

Antonenko, Oksana (2007), "Russia and the deadlock over Kosovo" *Russie.Nei.Visions*, 21 July 2007 [Online:web] Accessed 19 May 2010, URL: [www.ifri.org](http://www.ifri.org).

Asmus, R. D. and R. C Nurick (1996), "NATO Enlargement and the Baltic States", *Survival*, 38(2):121-142.

Averre, Derek (2005), "Russia and the European Union: Convergence or Divergence?", *European Security*, 14(2):175-202.

Baev, Pavel (2003), "Putin's Western Choice: To Good to be True", *European Security*, 12 (1): 1-16.

Baranovsky, Vladimir (1994), "The European Community as Seen From Moscow; Rival Partner, Model", in Neil Malcolm (eds.) *Russia and Europe: An End to Confrontation?*, London: Royal Institute of International Affairs.

Barnahazi, Borbala (2006), "EU-Russia Relations In Light Of The 2004 Enlargement" in Borbala Barnahazi & Konstantin Korobchenko (eds) *EU-Russia relations with special emphasis on economic cooperation*, Budapest: Central European University.

Bely, Andrei (2009), "After the Oil Boom: Russian Energy Investments in Europe in the Era of Recession", *Russia in global affairs*, 7(1): 128-138.

Belyi, Andrew V. (2003), "New dimensions of Energy Security of the Enlarging EU and Their Impact on Relations with Russia", *European Integration*, 25(4): 351-369.

Benc, Vladimir (2009), "Learning lessons from the experience of common spaces", in Alexander Duleba (eds) *Searching for New Momentum in EU-Russia Relations*, Slovak: Research centre of the Slovak Foreign Policy Association.

Black, J. L. (2000), *Russia Faces NATO Expansion: Bearing Gifts or Bearing Arms?*, Oxford: Rowman & Littlefield Publishers.

Bordachev, Timfoi (2009), "Without ideology or order: A pragmatic Russia and



current challenges”, *Russia in Global Affairs*, 7(4):16-29.

Braun, Ariel (2008), *NATO-Russia Relations in the Twenty First Century*, New York: Routledge.

Casier, Tom (2007), “The Clash of Integration Process? The Shadow Effect of the Enlarged EU on its Eastern neighbours” in Katlin Malfliet, Lien Verpoest and Evgeny Vinokurov (eds) *The CIS, the EU and Russia: the challenges of integration*, New York: Poagrove Macmillan.

Charmogursky, Jan (2007), “Kosovo as a test for Russia”, *Russia in Global Affairs*, 5(3):110-120.

Chizov, V. (2005), “Russia-EU Cooperation: The Foreign Policy Dimensions,” *International Affairs (Moskau)*, 5: pp 134-138.

Cimbala, Stephen J. (2006), “Russia and Missile Defences”, *The Journal of Slavic Military Studies*, 19(1): 1- 24.

Dukes, Paul (1998), *A History of Russia: Medieval, Modern, Contemporary c.882-1996*, London: MACMILLAN PRESS LTD.

Elena, Klitounova (2009), “EU-Russia Relations Through the Prism of Four Common Spaces: How Russia Views Them” in Alexander Duleba (ed.) *Searching for New Momentum in EU-Russia Relations*, Slovak: Bratislava- Research Center of the Slovak Foreign Policy Association.

Fawn, Rick (2003), “Realignments in Russian Foreign Policy: An Introduction”, in Rick, Fawn (eds.) *Realignments in Russian Foreign Policy*, London: Frank Cass.

Fischer, Sabine (2008), “How to Rescue the Partnership?” , *Russia in Global Affairs*, 6( 2): 199-205.

Fohrenbach, Gred (2001), “Security implications of EU enlargement”, *Baltic Defence Review*, 6 : 7-18.

Foresberg, Tuomas (2004), “The EU-Russia security partnerships: why the opportunity was missed” , *European Foreign Affairs Review*, 9:247-267.

Fraser, Predita (1994), “Russia, the CIS and the European Community: Building a Relationship”, in Neil Malcolm (eds.) *Russia and Europe: An End to Confrontation?*, London: Royal Institute of International Affairs.

Garanina, Olga (2005), “Russian-European economic relations: impact of the enlargement of the EU” in Kirsten Westphal (ed) *A focus on EU-Russia relations: towards a close partnerships on defined road maps*, New York: Peter Lang publishers Oxford Frankfurt.

Georgy, Velyaminov (2009), “Legal Options for Russian-EU Cooperation: What Russia should do to Advance its Relations with Europe”, *Russia in Global Affairs*, 7(1): 118-127.

Glinkina, Svetlana and Natalia Kulikova (2007), "The Impact of EU Enlargement on Economic Restructuring in Russia and Future Relations between Russia and the European Union", Vienna: Institute for International Affairs, March 2007, No. 338, [Online:web] Accessed 8 April 2010, URL: <http://publications.wiiw.ac.at/?action=publ&id=details&publ=RR338>

Gorodetsky, Gabriel (2003), *Russia between East and West: Russian Foreign Policy on the Threshold of the Twenty-First Century*, London: Frank Cass.

Gower, J. (2007), "The European Union's policy on Russia: rhetoric or reality?", in J. Gower & G. Timmins (eds.) *Russia and Europe in the Twenty-First Century: An Uneasy Partnership*, London: Anthem Press.

Gower, Jackie (2004), "Russian Foreign policy towards European Union", in Cameron Ross (eds.) *Russian Politics under Putin*, UK: Manchester University Press.

Gower, Jackie (2008), "European Union- Russia Relations at the End of the Putin Presidency", *Journal of Contemporary European Studies*, 16(2):161-167.

Gower, Jackie (2008), "European Union-Russia relations at the end of the Putin Presidency", *Journal of Contemporary European Studies*, 16(2):161 -167.

Hansen, Flemming Splidsboel (2004), "Trade and Peace: A classic retold in Russia", *European Foreign Affairs Review*, 9: 303-322.

Hansen, Flemming Splidsboel (2004), "Trade and Peace: A Classic retold in Russian", *European Foreign Affairs Review*, 9:303-322.

Havlik, Peter (2010), "European Energy Security in View of Russian Economic and Integration Prospects", Vienna: Institute for International Affairs, March 2007, No. 338, [Online:web] Accessed 8 April 2010, URL: <http://publications.wiiw.ac.at/?action=publ&id=details&publ=RR338>

Herspring, Dale R. and Peter Rutland (2005), "Putin and Russian foreign policy" in Dale R. Herspring (ed) *Putin's Russia: past imperfect, future uncertain*, UK: Rowman and Littlefield publishers.

Hildreth, Steven A. and Carl Ek (2009), "Long-Range Ballistic Missile defence in Europe" CRS report of Congress): by Congressional research service, USA, 23 Sept, [online:web] 15 May, <http://www.fas.org/sgp/crs/weapons/RL34051.pdf>.

Imam, Zafar (2001), *Foreign policy of Russia 1991-2000*, New Delhi: New Horizon Publishers.

Isakova, Irina (2005), *Russian Governance in the Twenty-First Century: Geostrategic, Geopolitics and Governance*, London & New York: Frank Cass.

Ivan, Samson (2008), "The Common European Economic Space Between Russia and the EU: an Institutional Anchor for Accelerating Russian Reform", *Russian Economic Trends*, 11(3): 7-15.

Ivanenko, Vlad (2007), "Russian global position after 2008", *Russia in Global*

*Affairs*, 5(4): 143-156.

Jain, Rajendra K. (1993), *Germany, the Soviet Union and Eastern Europe 1949-1991*, New Delhi: Radiant Publishers.

Jeffrey, Mankoff (2009), *Russian Foreign Policy: The Return of Great Power Politics*, UK: Rowman and Littlefield Publishers.

Jennifer, Medcalf (2008), *Going Global or Going Nowhere?: NATO's Role in contemporary International Security*, Bern(Germany): Peter Lang AG, International Academic publishers.

Karabeshkin, Leonid A. and Dina R. Spechler (2007), "EU and NATO Enlargement: Russia's Expectations, Responses and Options for the Future", *European Security*, 16(3): 307-328.

Karaganov, Sergei (2009), "The magic numbers of 2009: How to finish 20<sup>th</sup> century history", *Russia in Global Affairs*, 7(2):72-84.

Korobchenko, Konstantin (2006), "EU-RUSSIA ECONOMIC RELATIONS" in Borbala Barnahazi & Konstantin Korobchenko(eds) *EU-Russia relations with special emphasis on economic cooperation*, Budapest: Central European University).

Legvold, Robert (2001), "Russia's unformed foreign policy", *Foreign Affairs*, 80 (5): 62-75.

Legvold, Robert (2007), *Russian Foreign Policy in the Twenty First Century and the Shadow of Past*, New York: Columbia University Press.

Light, Margot (2006 ), "Russian political engagement with the European Union" in Roy Allison, Margot Light and Stephen White (Eds) *Putin's Russia and the Enlarged Europe*, London: The Royal institute of International affairs- Chatham House.

Light, Margot (2009), "Russia and Europe and the process of EU enlargement" in Elana Wilson Rowe and Stina Trojesen (eds) *The Multilateral Dimension in Russian Foreign Policy*, London: Routledge.

Liu, Guiling (2000), "Russian foreign policy in Putin Presidency", *Strategic Digest*, IDSA-New Delhi, 1257-1262

Liuhto, Kari (2008), "How to Undo the Gordian knot in EU-Russia Relations", *Russia in Global Affairs*, 6(2): 185-192.

Lynch, Allen C. (2002), "The Evolution of Russian Foreign Policy in the 1990", *Journal of Communist Studies and Transition Politics*, 18(1): 161-182.

Malcolm, Neil (1989), *Soviet Policy Perspectives on the Western Europe*, London: Routledge.

Marsh, Steve (2008), "EU-Russia Security Relations and the Survey of Russian Federation foreign policy: One Year On", *European security*, 17 (2-3):185-208.

Mau, Vladimir and Vadim Novikov (2005), "Russia-EU Relations and the Common European Economic Space" in Oksana Antonenko and Kathryn Pinnick (eds) *Russia and the European Union*, London: Routledge.

Michael, McFaul (2000), "Putin in Power", *Current History*, 99(639):309.

Milov, Vladimir (2007), "Russia-EU energy dialog: Filling a Vacuum", *Russia in Global Affairs*, 5(4): 132-142.

\*Ministry of Foreign Affairs of the Russian Federation (2007), "Statement by Russia's Ministry of Foreign Affairs Regarding Suspension by Russian Federation of Treaty on Conventional Armed forces in Europe", 12 December 2007, [Online:web] Accessed 6 April, URL: [http://www.mid.ru/brp\\_4.nsf/english?OpenView&Start=1.174](http://www.mid.ru/brp_4.nsf/english?OpenView&Start=1.174).

Monaghan, Andrew (2005), "Russian perspectives on Russia-EU relation", *Conflict Studies Research Centre, Russia Series*, 5(38):1-18.

Morgan, Andrew (2005), "Russian perspectives of Russia-EU security relations", Conflict Studies Research Centre, 5(38), August 2005 [online:web] Accessed 10 may URL: <http://studies.agentura.ru/centres/csrc/perspectives.pdf>.

Neumann, Iver B. (1996), *Russia and the Idea of Europe: A Study in Identity and International Relations*, London and New York: Routledge.

O'Brennan, John(2006), "Bringing Geopolitics Back In': Exploring the Security Dimension of the 2004 Eastern Enlargement of the European Union", *Cambridge Review of International Affairs*, 19(1): 155-169.

Oldberg, Ingmar (2009), "The Changing Military Importance of the Kaliningrad Region", *The Journal of Slavic Military Studies*, 22(3): 352- 366.

Ortung, Robert.W. et al. (2009), *Russian energy power and foreign relations: implications for conflict and cooperation*, London: Routledge.

Pankov, Vladimir (2007), "Free Trade between Russia and the EU: Pros and Cons", *Russia in Global Affairs*, 5 (2): 113-123.

Pankov, Vladimir (2008), "Options for the EU-Russia Strategic Partnership Agreement", *Russia in Global Affairs*, 6 (2): 172-184.

Park, A. (1995), "Russia and Estonia Security Dilemmas", *Europe-Asia Studies*, 47(1):27-45.

Putin, V. (2007), "Speech at the 43rd Munich Conference on Security Policy", 10 February 2007 [Online:web] Accessed 10 May 2010, URL: [http://www.securityconference.de/konferenzen/rede.php?menu\\_2007](http://www.securityconference.de/konferenzen/rede.php?menu_2007).

Radyuhin, Vladimir (2008), "New Phase", *Frontline*, New Delhi, 18 January 2008.

Rumer, Eugene B. (2007), "Putin's Foreign Policy - A Matter of Interest", *Sanction as Grand Strategy*, 47(390): 23 -42.

- Rutland, Peter (2000), "Putin's Path to Power", *Post Soviet Affairs*, 16(4): 313-315.
- Rywkin, Michael (2008), "Russia: In Quest of Superpower Status", *American Foreign Policy Interests*, 30(1): 13-21.
- Sakwa, R. (2007), "Towards a new realism", in J. Gower & G. Timmins (Eds) *Russia and Europe in the Twenty- First Century: An Uneasy Partnership*, London: Anthem Press.
- Sakwa, Richard (2008), *Putin Russia's choice*, London: Routledge.
- Sakwa, Richard (2008), *Putin: Russia's choice*, New York: Routledge.
- Sapir, Jacques (2003), "Russia's Economic Growth and European Integration", *Post Soviet Affairs*, 19(1):1-23.
- Schepers, Stefan (2009), "The logic of European history: Rapprochement between Russia and the European Union", *Russia in Global Affairs*, 17(1): 104-117.
- Selezneva, Ludmilla (2005), "Post-Soviet Russian Foreign Policy: Between Doctrine and Pragmatism" in Rick Fawn (ed) *Realignments in Russian Foreign Policy*, London: Portland Frank Cass & Co. Ltd.
- Sergei, Prozorov (2006), *Understanding Conflict Between Russia and EU: The Limits of Integration*, New York: Polgrave Macmillan.
- Simonia, Nodari (2008), "Energy Animosity – Reality or Construct? Russia and the EU in Need of Common Ground", *Russia in Global Affairs*, 6 (3):128-134.
- Sodano, Michal J. (1983), "Soviet Studies of the Western Alliance" in Furbert J. Ellison (eds.) *Soviet Policy towards Western Europe: Implication for the Atlantic Alliance*, Seattle and London: University of Washington press.
- Sokolov, Sergei (2007), "Russia and the EU to negotiate a new cooperation agreement", *Russia in Global Affairs*, 5(4): 182-192.
- Stewart, Susan (2008), "Economics as a Catalyst for Politics?", *Russia in Global Affairs*, 6(2): 193-198.
- The Sunday Times (2007), "Russia is Europe's natural ally Putin", 25 March 2007, [Online:web] Accessed 10 May 2010, URL:[http://timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article1563806.ece](http://timesonline.co.uk/tol/comment/columnists/guest_contributors/article1563806.ece).
- Thomson, John M. (2009), *Russia and the Soviet Union: An Historical Introduction from the Keivan State to the Present*, USA: Westview Press.
- Timmins, Graham (2003), "Strategic or Pragmatic Partnerships? The European Union's Policy Towards Russia Since the End of Cold War" in Rick Fawn (eds.) *Realignments in Russian Foreign Policy*, London: Frank Cass.
- Trenin, D. (2006), "Russia leaves the West", *Foreign Affairs*, 85(4): 87-96

Velyaminov, Georgy (2009), "Legal options for Russian-EU cooperation: What Russia should do to advance its relations with Europe", *Russia in Global Affairs* 7 (1): 118-127.

Vogel, Heinrich (2009), "Russia-EU-A Dangerous Relationship", *Jean Monnet/Robert Schuman paper series*, 9(4): 1-12.

Wallander, Celeste A. (2002), "Lost and Found: Gorbachev's 'New Thinking'", *The Washington Quarterly*, 25(1):117-129.

Westphal, Kirsten (2005), "The EU-Russian Relationship and the Energy Factor: A European View" in Kirsten Westphal (eds) *A focus on EU-Russia Relation: towards a close partnerships on defined road maps*, Frankfurt: Pub-Peter Lang GmbH.