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RENEWING MECHANISMS FOR RUSSIA-EU COOPERATION

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In the context of the Ukraine crisis, the EU has completely suspended the functioning of all mechanisms of dialogue with Russia. At the same time, both sides realize that the sanctions and the suspension of political dialogue cannot last forever. Sooner or later, relations between Russia and the EU will have to be normalized. However, there is little doubt that this relationship is unlikely to return to “business as usual”. Based on the critical assessment of the performance of mechanisms of cooperation between Russia and the EU in the period before the present crisis, this report seeks to explore what could be the appropriate design of such mechanisms after relations between Russia and the EU enter the normalization phase.

The report is published in the frameworks of the joint project of Russian International Affairs Council (RIAC) and the Robert Bosch Center at the German Council on Foreign Relations (DGAP) that aims to address the question of where we stand and to propose ways of rebuilding Russia–EU relations.

The views and opinions of authors expressed herein do not necessarily state or reflect those of RIAC.

The full text is published on RIAC’s website. You can download the Report or leave a comment via this direct link russiancouncil.ru/en/report27

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INTRODUCTION

Russian International Affairs Council (RIAC) and the Robert Bosch Center at the German Council on Foreign Relations (DGAP) launched a joint project that aims to address the question of where we stand and to propose ways of rebuilding EU–Russian relations.

The goal of this project is to assess which mechanisms, institutions and formats of cooperation within Russia–EU relations could be a foundation for future relations, as well as preconditions for further engagement. The goal is to come up with suggestions for developing further dialogue between Russia and the EU. The first workshop in this series took place on September 12th, 2016 in Moscow.

Russia and the European Union have traveled a long road in their relations, from the euphoria and anticipation in the beginning of the 1990s, when an Agreement on Partnership and Cooperation was signed (1994), to the lowest point since the end of the Cold War with the Ukraine conflict.

It would not be an exaggeration to say that at the moment, any attempt to reset relations is occurring in a completely different international environment as compared to the 1990s. At the same time Moscow and Brussels differ fundamentally in their political rhetoric, perception of current events, views on the international order, interpretation of values and strategic thinking.

Since the reality check of the Ukraine conflict, it is clear that a return to “business as usual” is no option. It is vital to develop ideas and concepts that are based on the “new normal” with regard to common interests and possible areas of dialogue, though one needs to define what it is based on.

The main difficulty today is that goals and interests are often contradictory and neither side has a coherent strategy or ideas for the future nature of the relationship. But before we can talk about common projects or dialogue we need to define the basis on which this can take place.

The recent ideas, statements and documents, such as the idea of shifting the discussion to the level of EU–EAEU cooperation; the creation of a greater Eurasian partnership while including China; and the five principles for future Russia–EU cooperation, do not shed light on the goals and fundamentals of cooperation, but rather, create certain frameworks for future dialogue.

Both Russia and the EU need a long–term vision for their respective relationship and very pragmatic steps to start building trust. Dialogue on a political level, together with an understanding of common objectives for cooperation, are the most important conditions for forming institutions and mechanisms that could guarantee the achievement of these goals.

In this context the DGAP and RIAC have planned a series of seminars to address the question of where we stand and to propose ways of building principles and a mechanism for EU–Russian relations. The format will permit a small, closed group of German and Russian experts to obtain more comprehensive views and to work out new vision and ideas. We hope that this initiative will contribute to ongoing work on different levels for improving Russia–EU relations.

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MECHANISMS FOR RUSSIA-EUROPEAN UNION COOPERATION

Andrei Zagorski

1. Problem Statement

The mechanisms for facilitating dialogue, coordination and management of Russia–EU cooperation started to stagnate since 2009–2010, well before the present crisis. Negotiations on a new basic agreement, having only barely begun, have also entered a period of stagnation. The last meeting of the Permanent Partnership Council at the foreign ministers level took place in 2012. Numerous sectoral dialogues and working groups have also failed to show their effectiveness. The manifestations of stagnation in mutual relations have left their imprint on the Russia–EU Summits.¹

In the context of the Ukraine crisis, the EU has completely suspended the functioning of all mechanisms of dialogue with Russia: since 2014, there has not been held neither Russia–EU summits, nor meetings at the level of the Russian government and the European Commission, nor meetings of the Permanent Partnership Councils at the ministerial level, nor sectoral dialogues, nor meetings of committees and other working bodies that used to discuss specific issues of cooperation and prepare joint decisions. At that, communication and cooperation between Russia and the EU have not been suspended entirely. Working-level contacts on the issues of mutual interest are still maintained, along with continued interactions and practical cooperation in many areas. Political contacts are being retained as well.

At the same time, both sides realize that the sanctions and the suspension of political dialogue cannot last forever. Sooner or later, relations between Russia and the EU will have to be normalized. However, there is little doubt that this relationship is unlikely to return to “business as usual”. Based on a critical assessment of the performance of mechanisms of cooperation between Russia and the EU in the period *before* the present crisis, this paper seeks to explore what could be the appropriate design of such mechanisms *after* relations between Russia and the EU enter the normalization phase.

The discussion of this issue by Russian experts at Russian International Affairs Council (RIAC) has unveiled both similar and differing opinions.² This discussion has been very helpful for formulating the keynotes of this paper. However, all criticisms should be ascribed entirely to the author.

2. Framework Conditions

When discussing ways to optimize the institutions and mechanisms of cooperation between Russia and the EU, one cannot ignore certain broader – “framework” – conditions that will have an effect of the resumption of their activities.

¹ See, for example: Entin, M., Entina, E. New Agenda for Russia-EU Relations. RIAC Policy Brief. May 2016, No.4, pp. 8-9. URL: http://russiancouncil.ru/inner/?id_4=7737#top-content (in Russian); Popescu, N. EU–Russia: overcoming stagnation. EU ISS Issue Brief. 2014, No. 3, p. 1.

² RIAC meeting. Russia-EU Mechanisms for Interaction: Inventory and Development. Moscow, June 30, 2016. URL: http://russiancouncil.ru/en/inner/?id_4=7866#top-content.

These conditions include the legal and contractual basis of relations between Russia and the EU, and above all, the *Partnership and Cooperation Agreement* (PCA) of 1994,³ which spells out the basic mechanisms of interaction between Russia and the EU. Economic cooperation continuously remains highly important for both Russia and the EU. *Economic interdependence* appears to be the essential component that shapes the environment for developing relations between them for years to come.

At the same time, one cannot ignore the substantial changes in the framework conditions for cooperation between Russia and the EU that have already taken shape or are likely to appear, namely the establishment of the Eurasian Economic Union (EAEU), the potential (though uncertain in time) formation of the Transatlantic Trade and Investment Partnership (TTIP), involving the EU and the United States, and the implementation of the EU Eastern Partnership program. All of these developments have left their mark and are significantly transforming the agenda of mutual relations between Russia and the EU.

Finally, any discussion of the ways to optimize the institutions and mechanisms of managing Russia–EU cooperation is impossible without a common understanding of the latter’s long-term goals. The absence of an agreed-upon understanding of goals introduces an element of considerable uncertainty to the discussion.

2.1. Institutional Provisions of the PCA

The Agreement on Partnership and Cooperation signed in 1994 is the main international legal instrument governing relations between Russia and the EU. In 1997, it entered into force for an initial period of 10 years. From 2007, the Agreement is automatically renewed year after year, as long as any Party gives the other Party written notice of the denunciation of the Agreement at least six months before its expiration.⁴

Title XI of the PCA defines the institutional framework for regular political dialogue between Russia and the EU. *Regular summits*, held in principle twice a year, are the main institution of interaction. At the ministerial level, political dialogue was carried out within the framework of the Cooperation Council (later it was transformed into Russia–EU Permanent Partnership Council at the level of foreign ministers, sectoral ministers and relevant members of the European Commission). The political dialogue at the parliamentary level was carried out in the framework of the *Parliamentary Cooperation Committee*. The parties can agree on setting up other special bodies and determine their composition and duties.⁵

Over the course of the 22 years that have passed since the signing of the PCA, the structure of Russia–EU mechanisms has repeatedly changed under various circumstances. Some institutions were no longer relevant due to changes in the

³ Agreement on Partnership and Co-operation establishing a partnership between the European Communities and their Member States, of one part, and the Russian Federation, of the Other Part, of 24 June 1994 (hereinafter referred to as “PCA”). URL: http://www.russianmission.eu/userfiles/file/partnership_and_cooperation_agreement_1997_russian (in Russian).

⁴ Article 106. Agreement on Partnership and Co-operation. June 24, 1994.

⁵ Articles 7, 9, 90, 92, 93, 95. Agreement on Partnership and Co-operation. June 24, 1994.

competences of the certain EU bodies (for example, once the Lisbon Treaty came into force, cooperation with the European Union Troika lost its relevance; the composition of the EU summit participants has changed, etc.).

The restructuring of political dialogue was caused by the need to make them relevant for putting into practice joint decisions taken by Russia and the EU. For instance, after the signing in 2005 of road maps for establishing four “common spaces,” sectoral dialogues were set up, including meetings of the Permanent Partnership Council on sectoral ministerial levels. This structure was subsequently adjusted to reflect action plans within the framework of the Partnership for Modernization. There appeared new areas of cooperation between Russia and the EU, namely in the fields of security and crisis management.

In other words, the institutional provisions of the PCA provide for considerable flexibility and not only leave open the possibility, but imply the necessity for continuous adjustment of architecture of institutions for cooperation. However, the general framework of these institutions specified by the PCA has remained, on the whole, unchanged up to the suspension of the political dialogue, and included **regular Russia-EU summits, meetings of the Permanent Partnership Council at the ministerial level, a comprehensive system of working bodies at the expert level, the use of diplomatic missions, namely the Permanent Mission of the Russian Federation to the European Union in Brussels and the European Commission delegation in Moscow, as well as inter-parliamentary dialogue within the framework of the Parliamentary Cooperation Committee.**

It seems that unless any of the parties denounces the Partnership and Cooperation Agreement, or until it is replaced by a new basic agreement, **the framework of these institutions** stipulated by the PCA provisions **will continue to remain valid when the relations between Russia and the EU begin to normalize.**

2.2. Significance of Mutual Economic Cooperation

Notwithstanding the damage done by mutual sanctions to economic relations over the past two years, as well as taking into consideration Russia’s alleged pivot to the East (China) in its trade, economic and investment relations, Russia and the EU will remain each other’s key economic partners in the foreseeable future. Despite the significant drop in the volume of bilateral trade in the last two years and Russia’s slide to the fourth place in the list of EU’s foreign trade partners,⁶ the European Union certainly remains the largest trading partner of Russia. As of today, the EU accounts for more than half of Russia’s exports and more than 40 percent of imports (figure 1 and figure 2). Although in recent years the delivery of Russian energy resources to the EU has declined in terms of monetary value due to the fall in world oil prices, the physical volume of delivery is not only being maintained, but is on the rise.

In recent years, the ratio of China in Russia’s foreign trade has continued to grow (in particular –through Russian imports). However, so far there is no evidence of the pivot of Russian foreign economic relations towards the East. China’s enhanced role in Russian trade is not a new development, but a continuation of

⁶ Russia’s share of EU trade in goods has declined sharply // The European External Action Service (EEAS). April 1, 2016. URL: http://www.eeas.europa.eu/top_stories/2016/010416_ru.htm.

a long-term trend that has manifested itself over the last decade (figure 1 and figure 2). In terms of projected volumes of supply, the Chinese market, as well as the Asian markets as a whole, are an increasingly important supplement, rather than an alternative to the energy cooperation between Russia and Europe. The same conclusion is true for investment, scientific and technological cooperation.

All this testifies to the fact that ***the issues of trade, economic, financial, investment and energy cooperation will inevitably have to be adequately reflected in the overall vision and architecture of cooperation between the EU and Russia following normalization of their relations.***

2.3. The EAEU

The establishment of the EAEU amends Russia's cooperation with the EU. Despite the fact that the EAEU has yet to prove its economic efficiency and expediency (figure 3), its very appearance complicates joint goal-setting and the functioning of Russia-EU cooperation institutions.

Now the goal (if it is still the order of the day) is to ensure the compatibility of rules, regulations and administrative practices, not only between Russia and the EU, but the EAEU as well. This problem can be solved either by establishing institutional cooperation between the European Commission and the Eurasian Economic Commission (EEC) – an option that Russia prefers for political reasons,⁷ or by Russia's promotion of decisions agreed upon with the EU within the framework of the EAEU. Otherwise, Russia will build its cooperation with the EU at its own and sole discretion without a backward glance at the EAEU, as it did on the issue of WTO accession.

This problem today does not have an unambiguous solution. The mandate of the EEC, particularly in regard to issues of international trade, approval of technical regulations, etc., has been defined and may be gradually expanded. However, the actual ability of the EEC to negotiate with third countries on behalf of the EAEU member states invites questions. In any case, its activity requires the consent of all EAEU member states and is limited by their de facto veto power over any decision.⁸

The EU lacks consensus on the issue of the rationale of establishing institutional relations with the EEC. Although this option is being considered,⁹ the prospect of pursuing this option and its potential effectiveness are not obvious. Both the EU and the EAEU member states give preference to the development of direct relations between them. In 2015, Kazakhstan signed a new agreement on an enhanced partnership with the EU, bypassing the EAEU. The relations of Kyrgyzstan and Armenia with the EU are governed by their own Agreements on Partnership and Cooperation. Armenia negotiates with Brussels a new agreement. Relations between Belarus and the EU are still governed by the EU trade agreement signed with the USSR in 1989.

⁷ Meshkov, A. Russia-Europe: What Next? // International Affairs magazine. 2015, No. 9, p. 14.
URL: https://interaffairs.ru/virtualread/ia_rus/92015/index.html#/7/zoomed (in Russian).

⁸ See, for example: Tkachuk, S. The EAEU and All the Others. The Outer Boundary of the Eurasian Integration Formation // Russia in Global Affairs magazine. 2016, No. 3, p. 95. (in Russian).

⁹ See, for example: van der Togt, T., Montesano, F.S., Kozak, I. From Competition to Compatibility. Striking a Eurasian balance in EU-Russia relations. Clingendael, 2015.

As long as this tangle stays unraveled, ***discussing the need to establish direct relations in the EU-EEC format will complicate the adoption of joint decisions between Russia and the EU.*** Given the present stage of the frozen dialogue, this circumstance, obviously, is not decisive. However, in case of normalized relations between Russia and the EU, it will significantly slow down their development.

2.4. Uncertainty of What the Common Purpose Should Be

In 2003, Russia and the EU agreed on the common goals of their cooperation for the foreseeable future, namely the formation of the Common European Economic Space (CEES) – an open and integrated market between Russia and the EU, based “on common or compatible rules and regulating systems, including compatible administrative practices.”¹⁰

In contrast to the concept of the European Economic Area (the EU and the European Free Trade Association countries) as well as different options of association with the EU, the CEES concept suggests harmonizing regulatory systems not so much by Russia’s adoption of EU legislation, as by ensuring their compatibility.¹¹ Although this concept turned out to be somewhat declarative, it was specified in 2005 by the Road Map for the Common Economic Space¹² and imbedded in the broader context of establishing the Russia–EU four common spaces. There were set up sectoral dialogues in an effort to translate harmonization of regulatory systems into action. The parties realized at the level of the Road Map practical implementation that the joint work in the long run was due to culminate in maintaining “four freedoms” in Russia–EU relations: free movement of goods, services, capital and labor.

In other words, ***the structure of Russia-EU cooperation mechanisms that functioned until the present crisis in their relationship, had been created on the basis of the common goals agreed by them, and designed to promote their achievement.*** Notwithstanding the effectiveness of these mechanisms, ***the expediency of adjusting these mechanisms in the future will depend on the new agreed upon goals of cooperation between Russia and the EU.*** As of today, the situation remains unclear; this explains the uncertainty when it comes to describing the mechanisms required for maintaining cooperation between Russia and the EU in the foreseeable future.

The formation of the EAEU and the proposal to address many issues on the level of the two integration groups, the Russian idea of creating a common economic space from Lisbon to Vladivostok, “integration of integrations,” and now the involvement of China¹³ in the Greater Eurasia project fail to answer the question of whether this implies the realization in the wider framework of approaches that

¹⁰ Annex I. The Common European Economic Space (CEES) Concept adopted at Russia-EU Summit in Rome. November 6, 2003. URL: <http://kremlin.ru/supplement/3837> (in Russian).

¹¹ Dolgov, S. The Common Economic Space: a New Integration Format amidst Globalization // Russian Foreign Trade Bulletin. 2010, No. 9. pp. 7-9. (in Russian).

¹² The Road Map for the Common Economic Space adopted at the Russia-EU Summit. May 10, 2005. URL: http://www.russianmission.eu/userfiles/file/road_map_on_the_common_space_of_external_security_2005_russian.pdf.

¹³ The Greater Eurasia Project Is Declared Open // Rossiyskaya Gazeta. June 20, 2016. URL: <https://rg.ru/2016/06/19/reg-szfo/vladimir-putin-proekt-bolshoj-evrazijskij-otkryt-i-dlia-evropy.html> (in Russian).

has been agreed to in the CEES concept. At that, the very possibility of implementing the CEES concept in the proposed composition is, at best, less than clear, and should be discussed within some framework other than the Russia–EU dialogue. Or, in Russia’s view, the central element of building a common economic space should be an exchange of Russian energy resources for state of the art technology from the EU countries, rather than the harmonization of regulatory systems.¹⁴

There is no certainty today within the European Union regarding the objectives of its future relations with Russia either. The divergence of opinion in the EU is very wide, varying from the idea of establishing a free trade zone from Lisbon to Vladivostok¹⁵ (not provided for explicitly in the CEES concept, but suggested by Russia in furtherance of the CEES idea)¹⁶ to very skeptical attitudes towards the appropriateness of interdependence, let alone integration with Russia. Having abandoned the previous strategy of building a strategic partnership with Russia, the EU countries have yet to define a new strategy. The five principles of the EU’s policy towards Russia,¹⁷ agreed to in spring 2016, are inconclusive for identifying common goals that Moscow and Brussels can set in the foreseeable future, apart from occasional cooperation on issues of mutual interest.

Russia and the EU have yet to meet the challenge of working out an agreed vision for their relations and to clarify whether their recent intention to form a common economic space on the principles agreed upon in the CEES concept continues to be functional, or it will be replaced with something else. If it is something else, then – what exactly? Until a common understanding of the long-term objectives of cooperation is agreed to, most mechanisms both at the working level and at the ministerial one will stagnate, the resumption of their functioning notwithstanding.

The dialogue at the political level and the development of a coherent understanding of the (new) common cooperation objectives for the foreseeable future are essential for building institutions and mechanisms that will be necessary to ensure the achievement of these goals. This fact should be taken into account during the debate on the future mechanisms for cooperation between Russia and the EU.

3. Assessment Mechanisms for Cooperation

A review of mechanisms managing Russia–EU cooperation that functioned before the present crisis in their relationship allows for identifying a number of issues that have to be discussed as part of working out recommendations for the mechanisms’ optimization in the future. First, there is a critical assessment of the effectiveness of sectoral mechanisms and working groups. Second, there is a gap that separates the discussion of specific issues and recommendations at the working level from the political level (summits). Third, there is the lack of

¹⁴ Meshkov, A. Russia-Europe: What Next? // International Affairs magazine. 2015, No. 9, p. 11. (in Russian).

¹⁵ Free Trade from Lisbon to Vladivostok. A Tool for Peace and Prosperity: The Effects of a Free Trade Area between the EU and the Eurasian Region. Focus Paper. Carl-Bertelsmann Stiftung, 2016.

¹⁶ Putin, V. The New Integration Project for Eurasia: the Future that Is Born Today // Izvestia. October 3, 2011. URL: <http://izvestia.ru/news/502761> (in Russian).

¹⁷ Outcome of the Council meeting. 3457th Council meeting. Foreign Affairs. 7042/16. Brussels, March 14, 2016, p. 4.

appreciable dynamics in the discussion of non-economic aspects of cooperation and, above all, in matters of cooperation in the sphere of international and internal security, set out in the relevant road maps.

Apart from establishing a relatively low level of efficiency of the work in the specific areas, the issue of what have been the primary reasons of a comparatively low and gradually declining effectiveness of Russia–EU mechanisms merits serious attention too. What the low effectiveness of these mechanisms due to any deficiencies in their design, or, rather, the lack of necessary “framework” conditions: the widening gap on the political level in understanding the goals of cooperation; the lack of compelling interest on the part of Russian business, in the first hand; and other reasons of a more general nature.

3.1. Working (Expert) Level

The interaction between Russia and the EU on the working level attracts the most serious criticism. Sectoral dialogues and working groups are rebuked for their poor performance, for “beginning to deteriorate shortly after their formation or after a reset, for being emasculated or degenerating into mere meetings for meetings’ sake,” not least for the reason that they “cannot take binding decisions and were cut off from the internal control and management systems.”¹⁸

This rebuke, however, is true only in part. The gap between the tangible results achieved in the process of sectoral dialogues¹⁹ and the initial expectations of the growing convergence of Russia’s and the EU’s regulatory systems is evident. The progress was uneven across numerous areas of cooperation. The most intense dialogues were maintained on trade, financial and macroeconomic policies and energy issues, including the preparation of a road map for energy cooperation up to 2050. Significant progress has been achieved in the areas of cooperation in space, nuclear energy, science and technology, regional cooperation, harmonization of technical regulations, including the 2013 Cooperation Agreement between Rosstandart and the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). In many of these areas dialogue and cooperation at the working level continue today.²⁰

However, as sectoral dialogues developed, they increasingly assumed the role of not just a driving force of convergence of regulatory systems of Russia and the EU, but of platforms for sharing experiences and best practices, as well as for selecting projects of common interest. They also served an important purpose of informing each other on the upcoming changes in the parties’ legislation,

¹⁸ Entin, M., Entina, E. New Agenda for Russia-EU Relations. RIAC Policy Brief. May 2016, No. 4, p. 8.

¹⁹ See, for example: EU—Russia Common Spaces Progress Report 2007. March 2008; EU—Russia Common Spaces Progress Report 2008. March, 2009; EU—Russia Common Spaces Progress Report 2009. March, 2010; EU—Russia Common Spaces Progress Report 2010. March 2011; EU—Russia Common Spaces Progress Report 2011. February 2012; EU—Russia Common Spaces Progress Report 2012. March 2013; Progress Report approved by the Coordinators of the EU—Russia Partnership for Modernization for information to the EU—Russia Summit of 21 December 2012. December 21, 2012; Progress Report approved by the Coordinators of the EU—Russia Partnership for Modernization for information to the EU—Russia Summit on 28 January 2014. January 28, 2014.

²⁰ See, for example: Federal State Unitary Enterprise STANDARTINFORM Took Part in the Discussion of Technical Cooperation with the EU // CEN | CENELEC. October 6, 2014. URL: <http://cen.gostinfo.ru/news/Details/17> (in Russian).

identifying at an early stage and discussing the related potential problems in bilateral relations, and defusing problematic issues before they reached the political level or the WTO, if they dealt with trade. Dialogue mechanisms have served and continue to serve the purpose of harmonizing the positions of Russia and the EU on a broader international scale, in particular, on the issues discussed at the WTO or in the Group of 20, where their interests and positions on many issues are very similar.²¹

In fact, dialogues and working groups carried out an important function of mutual socialization of administrative and management structures of Russia and the EU. In many areas, particularly in regard to issues of international trade, the dialogue at the working level and even at the ministerial one has survived to the present time and has not been suspended following the imposition of the EU sanctions against Russia. The dialogue has just become less formal and intense, than it used to be.

Apparently, the reasons behind the fact that the sectoral dialogues have not become an effective instrument for the harmonization of regulatory systems of Russia and the EU, should be sought not only and not so much in their very design (although the overall picture of these dialogues was quite patchy), as in ***a gradual loss of the political momentum towards their convergence***. As the common understanding of the common purpose and objectives of formation of the CEES that was agreed to in the early 2000s eroded and fell to the sidelines, the work of sectoral dialogues in this direction became less and less needed. The last informal consultations on the formation of a common economic space of Russia and the EU took place in 2009 and turned futile, and since then the momentum has gradually lost its practical value.

In a separate development, the Russian business community became frustrated with regard to the prospects for cooperation with the EU. Today, its position is not yet defined, and the agenda is dominated by commercial disputes with the EU on the WTO platform; sectoral dialogues, denied support from business, were increasingly perceived as something that the state imposed on the business community.

As long as dialogues between Russia and the EU enjoy no unambiguous political request for achieving results, and while there is no such request from the Russian business community, there is no reason to expect these working mechanisms to gain traction.

3.2. Mid-level (Permanent Partnership Councils)

The mid-(ministerial) level of Russia–EU mechanisms is assessed as the weakest link in the overall chain. Initially, Permanent Partnership Councils (convened at the ministerial level) were intended to become an important mediating factor in the dialogue and promote finding mutually acceptable solutions on the issues, which failed to be found at the working level.

²¹ See, for example: EU–Russia Common Spaces Progress Report 2011. February 2012.
URL: <http://www.euneighbours.eu/library/content/eu-russia-common-spaces-progress-report-2011>;
Progress Report approved by the Coordinators of the EU–Russia Partnership for Modernization for information to the EU–Russia Summit on 28 January 2014. January 28, 2014, p. 1–2.

In reality, it often happened that issues that were ill-considered and not agreed at the working level, over which differences remained, bypassed the ministerial level and were put before the Russia–EU summits. Not finding solutions at the highest level, these issues were again referred back to the working groups.

Experts express different views about the reasons for this state of things. Some of them believe that not all Russian agencies considered interaction with the EU a priority area of international cooperation. Frequent reconfiguration of the Russian government and ministerial reshuffles often resulted in the fact that the position of the Russian co-chair of a sectoral dialogue remained vacant for several months, since new ministers needed time to get into the swing of the work.

Permanent Partnership Councils at the ministerial level met infrequently (with rare exceptions) for this particular reason among others. Annual EU–Russia Common Spaces Progress Reports are replete with such examples. In 2012, for example, only two Ministerial meetings were held in the format of the Russia–EU Permanent Partnership Council of nearly two dozen sectoral dialogues.²²

Whatever the causes of this phenomenon, if and when the work of the Russia–EU mechanisms gets resumed, priority should be accorded to strengthening their mid- (ministerial) level.

3.3. Non-economic Areas of Cooperation

Progress in implementing provisions set out in the Joint Declaration on Strengthening Dialogue and Cooperation on Political and Security Matters in Europe, adopted in October 2000 and further developed in the Road Map on the Common Space of **External Security**,²³ was minimal.

Regardless of the intensive dialogue and certain examples of concrete cooperation, Russia and the EU failed to harmonize the regulatory framework of cooperation in the field of crisis management. The Russian Defense Ministry from the very outset viewed this area of military cooperation with extreme skepticism (not least because of the absence of EU's own permanent military staff bodies), and at this stage it is regarded as hopeless.

The announced cooperation in the Road Map on the non-proliferation of weapons of mass destruction (with the exception of work with the Iranian nuclear dossier), as well as arms control, did not go any further either. An exchange of views on non-proliferation was reduced to a minimal set of issues (export control and the activity of the International Science and Technology Center in Moscow), none of which was on the EU's priority list. As for the field of arms control, the EU simply does not have the necessary competencies.

As a result, interaction on international security issues was limited to holding regular political consultations, during which representatives of Russia and the EU discussed a wide range of issues and compared notes. Such discussions and cooperation in specific issues in wider international frameworks are still ongoing.

²² EU—Russia Common Spaces Progress Report 2012. March 2013, p. 1.
URL: https://eeas.europa.eu/sites/eeas/files/commonsaces_prog_report_2012_en.pdf.

²³ Road Map on the Common Space of External Security. May 10, 2005. URL: http://www.russianmission.eu/userfiles/file/road_map_on_the_common_space_of_external_security_2005_russian.pdf (in Russian).

Prior to the present crisis, there were discussed different options for institutionalizing cooperation between Russia and the EU on the issues of international security, varying from consultations between Russia and the EU Troika, to cooperation between Russia and the EU Political and Security Committee, to setting up a special Russia–EU Political and Security Committee. Cooperation between Russia and the EU Troika lost its relevance after the entry into force of the Lisbon Treaty. The idea of establishing a Russia–EU Political and Security Committee for joint decision-making in the field of external security, discussed since 2010, appears to be unfeasible today too. For this reason, the political dialogue and consultations between Russia and the EU on security issues will be limited in the foreseeable future to the dialogue that has been resumed after a short break between the Permanent Mission of Russia to the EU and the EU’s Political and Security Committee.

The work to take common steps with a view to establish *visa free* short-term travel regime for citizens of Russia and the EU has been discontinued, boiling down to the statement, issued in January 2014 by the Permanent Partnership Council on Freedom, Security and Justice, on the need to intensify these efforts on the basis of recommendations made by the experts of Russia and the EU.²⁴

The results-oriented dialogue between Russia and the EU on the issues of the *rule-of-law and human rights* has failed to gain momentum too.

4. Conclusions and Recommendations

There is a common point of view, shared by many Russian experts (as well as in the Russian agencies that have been involved in the dialogue with the EU) that the structure of mechanisms managing cooperation with the EU that existed before the present crisis has, on the whole, proved its value and should be retained, provided that the process of its reviving following the beginning of normalizing relations is gradual and requires a certain transition period. In addition, it is implied that there is a necessity to redistribute the tasks among different levels of interaction: the summits should focus on strategic issues; meetings at the level of *government and ministers* should address the issues, which go beyond the competence of experts; the dialogues and working groups should be granted enlarged powers and the right to make final decisions on the matters within their competence.²⁵

It is also recognized that the recovery of the Russia–EU mechanisms for cooperation will be gradual, and its first phase will *involve continuation and expansion of communication and cooperation at the working level*, and, if necessary, holding ad hoc *meetings at ministerial level* on the issues of mutual interest.

The general design of institutions for cooperation should be informed by the relevant provisions of the PCA: meetings at the highest level (summits), the ministerial level, working bodies, and the Parliamentary Cooperation Committee.

Holding *Russia-EU summits* is regarded as an important and indispensable part of the overall framework for communication. However, it seems inappropriate to

²⁴ Progress Report approved by the Coordinators of the EU—Russia Partnership for Modernization for information to the EU—Russia Summit on 28 January 2014. January 28, 2014, p. 5.

²⁵ Entin, M., Entina, E. New Agenda for Russia-EU Relations. RIAC Policy Brief. May 2016, No. 4, pp. 8-9.

be impatient for the convening of the first formal summit at the beginning of the normalization process (which does not exclude working meetings between the President of Russia and the EU leadership). In the future, it makes sense to revisit the issue of the most appropriate frequency of summits. In any case, holding two summits a year, as was done before, seems superfluous.

To give cooperation a focused political guidance and to answer the question whether we mean to resume the formation of the CEES on the principles defined in 2003, or we are talking about something else, it is advisable **to form a joint high-level strategic planning group**, which will develop relevant recommendations.

The strategic goal-setting in Russia–EU relations today is practically impossible without discussing **harmonizing these relations with the Eastern Partnership policy** and minimizing economic costs of association with the EU of several countries, neighboring both Russia and the EU. This unduly politicized issue should be discussed primarily at the level of experts, who will make appropriate recommendations.

Although the completion of work to establish the *Transatlantic Trade and Investment Partnership* is now being put off, Russia and the EU should place on their agenda at the working level the problem of possible consequences of creating TTIP for the formation of a common European economic space, with a view to come up with recommendations on ways to ensure CEES and TTIP compatibility (provided that the goal of forming a common economic space on the basis of compatible regulatory systems is maintained in their relationship).

A significant scope of work on coordinating the process of Russia–EU mechanisms optimization will have to be done at meetings at the **foreign minister level** (within the formal format of Permanent Partnership Council or in a different format), which do not necessarily require participation of foreign ministers from all the EU member states.

It is expedient at the beginning of the process of normalization to consider the appointment of a **special representative** of the President of the Russian Federation for relations with the EU.

It also seems appropriate to resume without delay the **energy dialogue** between Russia and the EU: at least for the purpose of mutual information and the discussion of forecasts for the evolution of energy markets and regulatory environment, which is extremely important for enhancing the predictability of market development and, accordingly, facilitating long-term planning of the relevant investment.

The formulation of the interests and position of the Russian **business community** with respect to relations with the EU and formation of a common economic space is of crucial importance. The Russian Union of Industrialists and Entrepreneurs and the Russia–EU Business Round Table, which is actually lying dormant, should make their own contribution to this end.

One should not expect in the foreseeable future any resumption of the debate, let alone practical cooperation, between Russia and the EU in the military sphere of crisis management. However, it is necessary to carry on holding regular po-

litical consultations on a broad range of international security issues, given that the Russia–EU wide–ranging interaction has not been interrupted under sanctions. Apart from regular consultations between diplomatic services, contacts between the ***Russian Permanent Mission to the EU and the EU Political and Security Committee*** should take center stage in this process in the foreseeable future.

It is desirable to resume the dialogue on the ***freedom of movement*** between Russia and the EU, although rapid progress in addressing this issue appears to be less than likely in the foreseeable future.

FIGURES

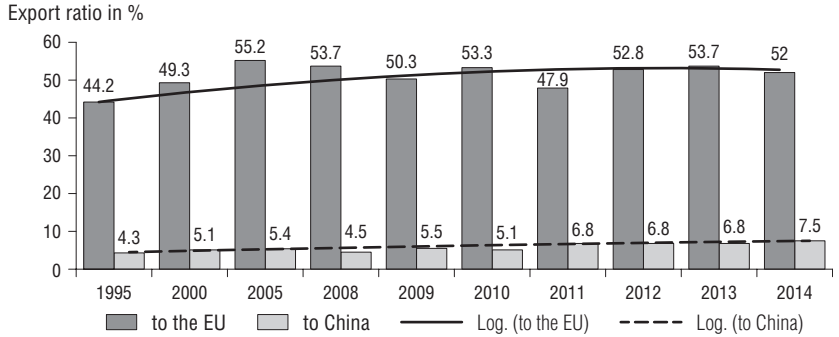


Figure 1. The share of the EU and China in Russia's exports

Source: Compiled from the data of the State Statistics Committee of Russia.

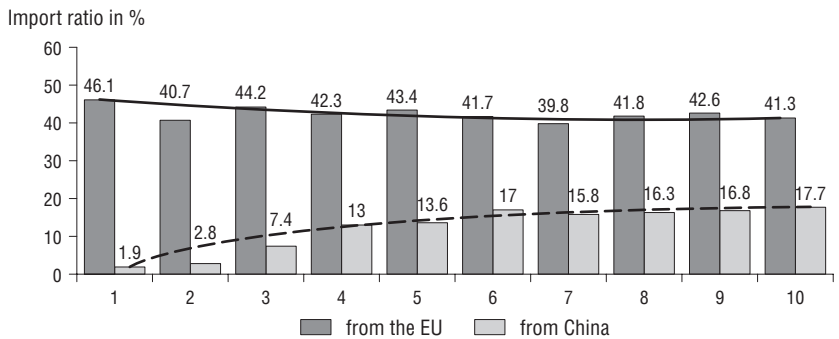


Figure 2. The share of the EU and China in Russia's imports

Source: Compiled from the data of the State Statistics Committee of Russia.

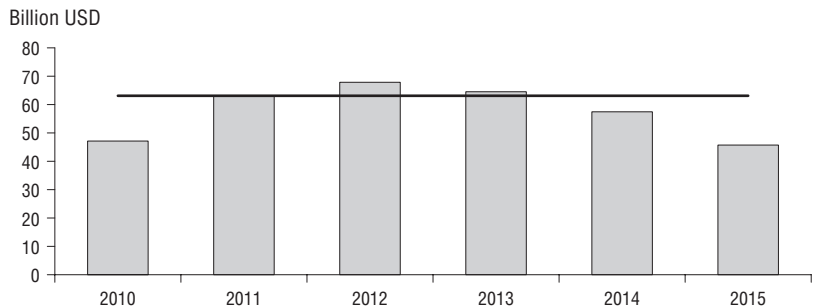


Figure 3. The mutual trade of EAEU member countries

Source: Compiled from the data of the Eurasian Economic Commission.

ELEMENTS OF A NEW EUROPEAN ORDER: PRINCIPLES, INSTRUMENTS AND INSTITUTIONS GOVERNING RUSSIAN-WESTERN RELATIONS

Wofgang Zellner

1. Starting Point

Relations between Russia and the Western²⁶ countries are as bad as they have ever been since the end of the Cold War. The sides are divided by almost mutually exclusive narratives that are comprehensive systems of beliefs, perceptions and elements of strategy. There is not even a shared starting point for discussion and there is no common objective. This makes the current situation so extremely difficult and requires choosing a more abstract level of discussion beyond the positions of the sides.

2. Levels of Disagreement

Disagreement permeates all relevant levels, particularly the normative dimension, the level of interests and, most fundamentally, the key elements of the European order.

2.1. Normative Disagreement

Nobody has revoked the Helsinki Decalogue or comparable joint normative documents. But the interpretation and understanding of the principles enshrined in these documents, as well as their mutual relationship, are completely different. This is evidenced by the different views on the conflict in and around Ukraine: what for the Western side is a severe breach of international law, calling into question the whole European order, is, in the Russian view, a legitimate defense of self-determination. This also shows that the expectation of the 1990s that a process of normative convergence would lead to an ever firmer jointly shared value base has failed, at least for the time being.

Currently, there is no commonly shared normative base between Russia and the West that is firm enough to build concrete politics upon. To be clear, this is not a matter of implementation, but a matter of substance. Consequently, the concept of “comprehensive, co-operative, equal and indivisible security” (2010 Astana Commemorative Declaration) lacks any basis. Because a primarily norm-based security policy cannot be implemented at the moment, cooperation policies have to be built primarily on concrete interests. That does not mean that norms no longer matter. But it does mean that one cannot rely on them for the time being.

2.2. Disagreement on the Order

The *Helsinki order* was a historic compromise under the then-existing conditions. Its key regulation was the inviolability of borders, irrespective of historical

²⁶ The EU and Russia comprise only 29 of the 57 OSCE participating States. Therefore I prefer to talk about “Western” states, meaning all states that are members in the EU and/or NATO, are associated with the EU or are in other close relations with the EU and/or NATO. Russia has a number of allies in the CSTO and EEU.

ethno-political claims. That made it possible to delineate clear spheres of influence in Europe that were well respected despite crises. Principle I on “sovereign equality”, “the right to belong or not to belong to international organizations” including “the right to be or not to be a party to treaties of alliance” remained rather theoretical under these conditions, apart from the right of the neutral and non-aligned states to remain neutral. The rather static Helsinki order fit well in the world of a bipolar confrontation but cannot be revived again.

Since 1990, we have experienced quite *uneven processes of transformation* of the formerly Communist countries. The original expectation that a rather quick and far-reaching economic, societal, normative and political transformation of *all* of these countries would create a solid basis for peace and stability has not been fulfilled. On the one hand, countries, such as Poland, the Czech Republic, Slovakia and Hungary, have become integral parts of the international production chain and have developed a relation of *deep interdependence* with the old West. On the other hand, transformation in most of the post-Soviet space has taken a different path, resulting in economic relations with the West at the level of simple trade. This has created only *weak interdependence* that not only does not result automatically in peace and stability, but also allows using economic competition, trade barriers and sanctions as an instrument in political disputes.

No integration, failed attempt at special relations. Although there have been occasional discussions about achieving real mutual integration between Russia and the West, no serious attempts have been made. And it is doubtful whether there has been the necessary political will on either side or whether the given conditions would have allowed for such a development. As compensation, an attempt was made to establish a special relationship between Russia and the Western integration structures, most notably the EU–Russia Four Common Spaces and the NATO–Russia Council. Although not completely unsuccessful, these approaches have not been sufficient to prevent the current integration competition.

Integration competition without rules. The current integration competition, not governed by any agreed rules, is the core of the dispute over the European order. Both Russia and the Western states are interested in including certain other states in their integration structures and urge those states to decide for themselves which to join. Although some of these states might be interested in cooperation with both sides, including having potentially overlapping memberships in integration structures, the main line of interest of both Russia and the Western states is to insist on decisions – either/or. From a historical perspective, this is a reflex inherited from a bipolar system with clear delineations. Future structures, however, will be characterized by multiple identities and overlapping elements.

Securitization and partial militarization of the dispute. Currently, we are experiencing a securitization and partial militarization of the political dispute over the European order. The sides prefer to rely on deterrence rather than on cooperative security instruments. The Treaty on Conventional Armed Forces in Europe (CFE) is politically dead; the Vienna Document 2011 on confidence and security-building measures would need major modernization to regain effectiveness. There are more and larger military exercises, closer to borders, and the sides are

engaging in a number of measures to enhance the readiness of their armed forces. However, there is no massive build-up on either side; there is no arms race. Neither side has the capacity “for large-scale offensive action” as the preamble of the CFE Treaty puts it. However, there is a risk of incidents, unintended and limited war, most significantly evidenced by the conflict in and around Ukraine. The most concerning developments are a far-reaching securitization of the political relations and Russia’s readiness to use military means for limited warfare in Europe.

Together, the politico-military situation is serious, but not yet a cause for alarmism. However, if unchecked, the current quite ambiguous situation could develop in the direction of full militarization and an arms race.

No new Cold War. The current situation should not be described as a new Cold War, because it does not display the key characteristics of the historical Cold War. The Cold War was a global and ideological confrontation conducted by orderly camps. None of these attributes apply to the current situation, quite the contrary. However, what we do sometimes experience is behavior reminiscent of the Cold War, when the “enemy”, who is exclusively guilty for all evil, must be removed before solutions can be found. This kind of essentialist idea represents a serious warning sign.

3. Elements of a Future European Order

The key task for establishing a new European order is to create a jointly shared understanding of the norms governing the relations between the different integration structures. These norms exist, essentially it is the 1975 Helsinki and the 1990 Paris acquis. Because the core of the new order is politico-economic in nature, the EU is the key structure on the Western side to talk to the Russian-led EAEU. Approaching a new order will involve a number of steps and dimensions. Addressing the politico-economic issues requires, however, a substantial desecuritization of relations.

First, the economic integration structures, the EU and the EAEU, should establish relations and start working on a politico-economic framework that allows interested states to enter into flexible combinations of membership and association status. Thus membership in one structure should be compatible with association with the other. The political objective is to overcome the bipolar structure of either/or.

Second, this includes rules governing any future change in the status of a particular state.

Third, the rules for the politico-economic sphere, which represent the core of the order, must be complemented by rules for the politico-military dimension, elaborated, for the time being, in the NATO-Russia Council. If and when the EU develops autonomous strategic military capacities, related agreements between the EU and Russia or the CSTO will become necessary.

Fourth, Principle I of the Helsinki Decalogue on “sovereign equality” could potentially become the key normative anchor point of a new European order. Principle III on the inviolability of frontiers and Principle IV on territorial integrity will

remain essential because they safeguard the status quo. Principle I, however, has a potential to govern future change. It reads as follows:

“Sovereign equality, respect for the rights inherent in sovereignty”

“They [the participating States] also have the right to belong or not to belong to international organizations, to be or not to be a party to bilateral or multilateral treaties including the right to be or not to be a party to treaties of alliance; they also have the right to neutrality.”

Russia has already – in a cooperative context – agreed to this formulation as an element of a legally binding treaty that unfortunately has not entered into force. Article 1 of the “Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe” reads as follows:

“Conscious of the common responsibility which they all have for seeking to achieve greater stability and security in Europe, and bearing in mind their right to be or not to be a party to treaties of alliance.”

This example shows that such an approach of flexible cooperation and change can only work in a cooperative environment. Otherwise it will, as is happening currently, lead to disputes and conflicts. Consequently, a good record of practical cooperation over a longer period and the confidence arising from such cooperation are necessary conditions for approaching a new European order.

4. Towards a Stable Modus Vivendi Relationship

Any process towards more cooperation, with the long-term objective of a new European order, is difficult to imagine without an at least provisional resolution of the conflict in and around Ukraine and the lifting of the economic sanctions.

Both steps together would open the way for a variety of cooperative ventures that should be followed in their own right without too many links and conditions. The focus should be on cooperation wherever possible to create the political space and confidence for the further reaching discussion on the European order.

Achieving a reasonable level of pragmatic cooperation in a modus vivendi relationship, is the key task in a mid-term perspective. Only then we can see, in more detail, when and how the strategic task of creating a new European order can be addressed.

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Notes