

European issues

n°483

11th September 2018

Pierre MIREL

European Union-Russia: after three lost decades, are we moving towards new cohabitation?

On 30th October 2000, the Russian Deputy Prime Minister Khristenko signed an energy partnership with the then President of the European Commission, Romano Prodi[1]. Vladimir Putin, the recently elected President, indicated at the time that he did not consider NATO an enemy and never proclaimed a region of the world to be a zone of national interest[2]. Fourteen years later Russia intervened in the Donbass and annexed Crimea, its "near abroad", in violation of international law. In the meantime, the Rose Revolution in Georgia in 2003 and the Orange Revolution in Ukraine in 2004 changed the situation. But it was especially the extension of NATO into Central Europe and the military interventions in Kosovo and Iraq that led to the deep rift between Russia and the West.

The Ukrainian crisis triggered support to the secessionists in the Donbass and the annexation of Crimea, leading to a breakdown in relations with the West. This was a windfall effect for Moscow[3], but a waste for Europe, since the EU and Russia are interdependent in so many areas. But surely both sides should start dialogue according to the Union's 'Global Strategy for Foreign Policy and Security'[4], to 'redefine relations on realistic, ideology free terms,' as the Slovakian Presidency hoped in 2016 ?[5]

IN THE BEGINNING THERE WAS NATO

We just have to look at a map of Europe to see that the old Russian syndrome of encirclement has not lost any of its strength. From Turkey in the South East to Estonia in the North – and across the entire Mediterranean coast, except for 20km of Bosnian coastline – all of the States are now NATO members. A protective shield for Europe during the Cold War, not only did NATO survive the end of the latter but it continued its progress to the East, despite the promise made by George Bush and Helmut Kohl to Mikhail Gorbachev, or so he says. Whilst its Soviet Block flank – the Warsaw Pact - was dissolved on 1st July 1991. George Kennan, former US Ambassador to Moscow made a premonitory remark in 2000: "NATO's enlargement to the East might prove to be the worst mistake in terms of American policy since the war because this enlargement is not justified. This decision will impede the development of Russian democracy, by re-introducing a Cold War atmosphere

(...) The Russians will have no other choice but to interpret NATO's expansion as a military act"[6].

Andrey Grachev neatly summarised the misunderstandings of the 1990's: "unconditional rendition" and "capitulation of Error in the face of the Truth" for the West, whilst Russia expected to be treated as an equal, and not as a vanquished power in this period of euphoria, when the market economy and liberal democracy triumphed over Evil[7]. Political analyst Fyodor Lukyanov believes that "Russia lived with a feeling of defeat and wanted to make up for lost time; the West lived in a state of euphoria and narcissism"[8]. The Paris Charter for a New Europe, signed on 21st November 1990 should have marked a 'new era for democracy, peace and unity'. But it was rather more precipitation and division that would soon take over. The first division came with the bombing of Serbia by NATO, without the UN mandate on 23rd March 1999 to stop the ethnic cleansing of Kosovo by Milosevic's troops. Despite its goal, many Russian

1. The ideas expressed here are those of the author only.

2. Interview on the BBC, 5th March 2000, quoted by Michel Elchaninoff 'Dans la tête de Vladimir Poutine', Babel, Ed. Actes Sud 2015.

3. Expression used by Michel Foucher : « Le nouvel environnement stratégique », Le Débat, n°190/2016.

4. "Since the EU and Russia are interdependent we invite it to discuss the disputes and cooperate when our interests are the same," 28th June 2016.

5. Miroslav Lajcak, Foreign Minister, Brussels, 1er July 2016.

6. Andreï Grachev, Un nouvel avant-guerre? Des hyperpuissances à l'hyperpoker, Alma éditeur, 2017.

7. Ibid, page 195 and those that follow.

8. «La Russie a une peur panique de la faiblesse», Le Monde, 1st August 2017.

European Union-Russia: after three lost decades, are we moving towards new cohabitation?

citizens did not understand it and they were shocked that their Serb ally could be attacked like this – especially since Russia had joined NATO's Partnership for Peace in 1994.

Despite this in his speech to the Bundestag on 25th September 2001, Vladimir Poutine suggested Russia's alignment with Europe. It is true that the catastrophe of 11th September in New York brought the former enemies closer together again. Putin offered his full cooperation in the fight to counter terrorism. And cooperation with NATO was revived again in the shape of the Founding Act signed in 1997 with its joint permanent Council, renamed the NATO-Russia Council in 2002. But the US-British intervention in Iraq on 20th March 2003, again without the UN mandate, was bound to affect the rapprochement. Soon it was the idea of Ukraine and Georgia joining NATO, at the Bucharest Summit in April 2008 that Moscow wanted to forestall.

In addition to this in June 2008 President Medvedev put forward a new security treaty for Europe, a plan that would in effect have subjected NATO's expansion to Moscow's approval. It was Ukraine and Georgia which were targeted here, since all of the States, from Tallinn to Sofia, had become members in 1999 and 2004. But the USA, which wanted to maintain NATO's supremacy, buried the draft treaty in February 2009: "We shall recognise no sphere of influence. Our position will remain that sovereign States have the right to make their own decisions in choosing their alliances" [9]. Hence it was impossible for the idea of "resetting" relations between the USA and Russia to win Moscow over. Especially since the totally unjustified installation of the anti-missile shield in several countries of Central Europe was to follow, despite Barack Obama having relinquished the idea at the start of his presidency. A year later in 2011 there came the Franco-British intervention, of course this time with a UN mandate, but which overstepped this, to overthrow Colonel Gaddafi much to Moscow's dismay.

Did the USA have a feeling of hyperpower in a world that had become unipolar in their eyes? A belief that the "Evil Empire" might re-emerge? Was this a strategy implemented by the American military-industrial

complex, as it sought new enemies after the end of the Cold War? Did one of Gorbachev's advisors not say to Henry Kissinger: "we are going to do the worst thing to you: deprive you of an enemy"[10]. If there is now a Russian threat, it did not exist in the 1990s when Gorbachev wanted to move on "from "détente" to "entente"[11]. And in the face of the deployment of NATO's permanent troops in Poland and the three Baltic States, along with defence missiles in Romania and Poland – decided by the Atlantic Alliance in July 2016 – Russia stands before its public opinion as the "besieged citadel" again by the West, and whose security is being threatened by NATO.

By highlighting the renewed threat by Russia, some are again advocating Ukraine's membership of NATO, which is one of its main priorities. Its integration would however be the focus of debate, since it does not control its borders in the East – although the American Heritage Foundation has just suggested Georgia's integration without article 5 regarding collective security in the event of attack. There is permanent tension in the Donbass, with the disaster of Malaysian Airlines flight MS17, a cease-fire that is barely respected and rearmament on both sides – this is especially the case since the Russia military-industrial complex is still there, and many generals feel humiliated by what they deem to be relinquishments without any return since 1991.

At the centre of Europe's security, we find opposition mainly between the founding countries of the Union and the new members, marked by years of Soviet occupation, the total abolition of independence in the case of the Baltic States and the deportation of some 200,000 of their citizens. President Lech Walesa used to say to his visitors from the Union in the 1990's: "integrate us rapidly whilst the Bear is sleeping, because when it awakes Europe will tremble." – the weight of history, the memory of Katyn, the obsession with Russian expansionism, further compounded in Poland by Jaroslaw Kaczynski, chair of the party of Law and Justice's hatred of Moscow.

We know that it was Radio Free Europe/Radio Liberty and the Voice of America that maintained the spark of hope behind the Iron Curtain and not Brussels. We can understand this deep desire to be placed under the

9. Speech by US Vice-President Joe Biden at the Conference on Security in Europe, Munich, February 2009.

10. Andrei Grachev, *Op cit*, p. 115.

11. Pascal Boniface at the Internationales de Dijon: 'La Russie : Partenaire ou Menace?', 24th March 2018, discussions notably with Jean de Glinatsky and Lukas Macek.

military protection of Washington and NATO as soon as independence came again – and under that of the EU in terms of the economy, according to a distribution of roles. However, we are forgetting rather too fast the positive role played by the final Act of Helsinki and the 'revolutionary' change that the dissolution of the USSR represented. How is it that we did not seize this historic turning point to reconcile the entire continent? And is the Union not the perfect organisation for its expertise in reconciliation? But could it make a success of its post-Cold War entry without an autonomous defence system? Because "power through standards can never impose itself alone, it depends on the interests and the respective influence of those involved, parallel to their values." [12]

A PARTNERSHIP WITHOUT STRATEGY

Relations between the European Union and Russia have rested to date on the Partnership and Cooperation Agreement (PCA) signed in 1994, which entered into force in 1997 after ratification by the Member States and the European Parliament. It establishes a political framework based on the principles of the respect of democracy and human rights; political and economic freedom and the commitment to peace and security. The regular consultations for which it provides focus on agriculture, trade, science, education, environment and transport. It is similar to the association agreements with the countries of Central Europe except that it does not include the establishment of a free-trade area. Concluded for a ten-year period and renewed annually tacitly, the PCA has been suspended for the main part.

In 2003, as it prepared its neighbourhood policy, the European Commission suggested Russia be a part of this. It came as a surprise in Moscow to be offered the same status as Moldova and it politely refused to be a partner! Instead the Partnership's Permanent Council was established on 31st May 2003. Two years later talks ended with the signature of documents on four "common areas", on 10th May 2005: the Common Economic Area, the Area of Freedom, Justice and Security; the Common Area of External Security; the Common Area for Research, Education, and Culture. Cooperation and convergence are however planned in

a general manner and free trade is not included [13]. These four areas have barely had an opportunity to gauge their scope.

Negotiations for a new agreement launched at the summit of 27th June 2008 were suspended after the Georgian, then Ukrainian crises, and they have never been taken up again. The energy sector was promising. In 1991 Moscow signed the Union's Energy Charter and the Energy Treaty in 1994, without ever ratifying it however. Russia has since withdrawn from it. The year 2000 witnessed the culmination of all of the hopes raised by the Energy Partnership that aimed to liberalise the Russian energy sector as part of the grand deal i.e.: investments in oil and gas fields, in which Russia needed the technology of operators in the West, against the security of supply for the Union. A technological centre was even inaugurated in Moscow in 2002. And a rapid alert mechanism was agreed in November 2009 to prevent energy supply cuts in the wake of the Ukrainian crisis during the previous winter.

But developments between the two sides obviously reduced the chances of success of the 'energy dialogue' which came to an end in November 2013. Especially since the recovery of the energy sector by Vladimir Putin, who saw the pillaging of primary resources and the monopoly of State companies by a handful of oligarchs in the 1990's, which led to its death knell? Indeed, this is the other side of the debate over the market economy in Russia. It experienced the wildest economic liberalisation in the entire continent, since there were no stable, effective institutions and rules. Hence, in this new international context, in which Russia was ignored and Ukraine was even discussing the transit rights of Russian gas, Putin turned energy into a tool of domestic policy and a major diplomatic weapon.

RUSSIAN GAS AND THE UNION, A REMARKABLE INTERDEPENDENCE

Russia is the biggest exporter of oil, gas and uranium to the European Union. Some claim that the Union is too dependent on Russia. On average about a third of its gas comes from there with a peak of 37% in 2017.

12. Pierre Hassner: 'Europe and Power', Schuman Report on Europe, the State of the Union, 2012, used in European Issue n°475, Robert Schuman Foundation, 28th May 2018.

13. Michael Emerson 'Four Common Spaces and the Proliferation of the Fuzzy', CEPS Policy brief, n° 71, 2005.

European Union-Russia: after three lost decades, are we moving towards new cohabitation?

However, the Union represents 60% of Russian exports. It is therefore rather a question of interdependence. It is true that Poland depends on Russia to a total of 80%, Slovakia, 100%. Hence, we understand better the "Three Seas Initiative" launched in 2016 to develop cooperation in the energy, transport and economic sectors between the 12 signatory States on the Baltic, Mediterranean and Black Seas[14]. Poland, the lead country, is also the first country in terms of its imports of American shale gas in its bid to limit its dependency on Moscow and to reduce Russia's revenues. The first methane tanker made its delivery in June 2017. The recent request made by President Trump of Jean-Claude Juncker for the Union to import more gas from the USA then becomes totally clear.

The issue of gas is emblematic of relations between Russia and the EU and of the divisions of the latter. Indeed, until now Russia was a stable, safe supplier, honouring its contracts with its European importers. The only interruptions in supplies, in 2006 and 2009, were due to the complex dispute with Ukraine[15] - which should have dictated the construction of a relationship based on this interdependence that was profitable to all. Sadly, however it was the spirit of revenge that won the day in Warsaw.

Another complication to circumvent an unpredictable Ukraine, at war with Russia, Gazprom and several European operators (including Shell, Engie, Uniper and OMW) are planning to double the Nord Stream 1 pipeline across the Baltic Sea, which Poland deems to be "a new hybrid weapon"[16]. Likewise, Donald Trump asked for project to be scrapped at the NATO summit in July 2018. The supreme weapon brandished by Washington: a law dated 26th July 2017 provides for sanctions against "businesses that contribute to the development, maintenance, modernisation or distribution of pipelines' exporting Russian energy. The Nord Stream 2 project would be largely affected by this. The Commission might use a text dating back to 1996, which aims to neutralise the extraterritorial effects of American sanctions, as it has just done with sanctions over Iran. But what value does the text, a weak one, have in the face of Donald Trump?

The European Commission has tried to achieve a mandate from the Council to negotiate Nord Stream 2 with Moscow instead of the operators. But its legal department and that of the Council rejected this: since article 194§2 of the Treaty leaves the Member States free choice in terms of their energy and supply sources. A paradox in this area, as in others: the Union has goals that it agreed in common, as it happens the security and diversification of energy supplies, but it allows its members to implement these quite freely!

Security via NATO or energy security, the Union remains dependent on Washington. This development is all the more damaging since the European Commission and Gazprom closed the case of abuse of dominant position launched against the Russian operator after 6 years of investigations in 10 countries and the seizure of 150,000 documents. Gazprom, which refused access by other suppliers to its pipelines, in contravention of the 2009 3rd energy package[17], accepted the principle, as well as a new price structure. We remember that this dispute led to the cancellation of the South Stream pipeline. A victory of law over policy, which led to one unhappy party - Poland.

STRATEGIC PARTNERS WHO IMPOSE SANCTIONS

"Isn't it 'quite surreal' to consider ourselves strategic partners whilst we sanction each other?" questioned a falsely naïve Federica Mogherini during a press conference with the Russian Foreign Minister Sergey Lavrov in Moscow on 24th April 2017. The Union's sanctions against Russia were taken following its support to the secessionist army of the Donbass and its annexation of Crimea. Sanctions linked to the Donbass were extended again by 6 months by the European Council on 28th June 2018. Those linked to Crimea were extended by the Council on 18th June 2018 until 23rd June 2019. In response on 13th July 2018, Russia renewed its ban on the import of agri-food products from the Union until the end of 2019.

The renewal of sanctions is contested by the European far right and nationalists, as in Austria, Italy and Hungary. But not only there - since the French Senate

14. Christophe-Alexandre Paillard ; 'L'initiative des trois mers, un nouveau terrain d'affrontement majeur russo-américain', *Diplomatie* n° 90, January 2018.
15. Notably in January 2009 when Ukraine refused amongst other things to settle its debts with Gazprom that affected Central Europe and the Balkans for two weeks.
16. Declaration by the Prime Minister at NATO's parliamentary session 27th May 2018.
17. Which means, amongst other things, that pipeline operators have to accept use by other suppliers to avoid abuse of dominant position. Concluded in May 2018, the agreement between the European Commission and Gazprom ended the long conflict that the WTO did not deem contrary to international rules.

adopted a resolution in April 2016 to lift sanctions. Strong voices are being raised in economic circles to suspend them. Because European sanctions and Russia's counter-sanctions are costly to the Union: an estimated 30 billion € in 2016, with Germany being the first economy affected with an annual loss of 11 billion €[18]. According to Eurostat the export of European merchandise declined from 119.4 billion € in 2013 to 73.8 in 2015. The reduction is affecting the agri-food sector more than the manufacturing industry. Trade indeed remains a major factor in Union-Russian relations. The EU is Russia's first trade partner, which in turn is its fourth partner. Moreover, it represents ¾ of the foreign investment stock in Russia. These sanctions offer Russia a formidable propaganda tool, which further strengthens its nationalism and the authoritarianism of those in power. Because might we think for a single instant that the country would ask for mercy because of the sanctions? It is true that the unadmitted goal of many is to weaken the Russian economy in the long term.

Beyond the sanctions there have been many trade disputes since Russia became a WTO member in 2012. The European Union launched several actions, notably regarding anti-dumping rights and Moscow's ban on the import of pork, in which the WTO sided with the EU. Russia unsuccessfully attacked the Union on the 3rd energy package and also on certain anti-dumping rights. The key to the long-term development of trade lies in the settlement of two unknowns in the Eurasian Economic Triangle (Eurasian Economic Union), Ukraine and the EU. Russia indeed formed a Customs Union (EEU) on 1st January 2015 with Belarus, Kazakhstan, Armenia and Kirghizstan. The first unknown is linked to the fact that the EU cannot conclude a trade agreement with a Customs Union since negotiations would by nature imply a flexibility in the external customs tariff that the Customs Union cannot offer, since the latter has been consolidated between its members.

The second is linked to the will to do so by both parties. The European Commissioner for Trade, Cecilia Malmström, has held many meetings with Russia to clarify, explain and settle the crisis triggered by Ukraine's signature of its association agreement. It is

true that work has not been lacking: 22 meetings over 18 months before the agreement entered into force, with technical solutions offered to Russia's objections. But it has to be admitted that a real solution could only be found if Russia opened its Customs Union. Again, it was undoubtedly too late. This is what Sergey Lavrov seemed to be saying: "Our mutual interest lay in harmonisation between the EU and the EEU that would have led to an area of free trade." [19] And yet behind the opposition in principle, Russia committed to a remarkable harmonisation of norms and standards with those of the EU in 30 economic sectors [20], proof that the European system is the model followed, which leaves a door open to real cooperation.

It is high time to start dialogue regarding trade issues, notably due to the Chinese "one Belt, one Road" (BRI) initiative. After some reticence Moscow and Beijing announced the integration of the BRI and the EEU in May 2015 during Xi Jinping's visit, after the signature of a Global Strategic Partnership" in 2012. But we should not be mistaken here: Chinese hopes to re-organise Asia based on a system of political and economic partnerships of which it will be the centre and which is no longer based on a system of an American security and economic alliance that it deems to be illegitimate." [21]

In this "big game" what can Russia offer? Very little, whilst China will inundate the Caucasus with its manufactured goods and its businesses will develop infrastructures which its partners will find themselves indebted. The Chinese initiative will greatly limit the EEU's economic potential. Behind the inaugurations and speeches, the Chinese methodical, realistic approach that is far from democratic concerns will triumph. Russia will not be the only loser. The EU, which could have strengthened its economic presence in this, via an audacious tripartite policy with Russia and the Caucasus, in a true strategic partnership, will also lose out. Europe needed vision as it prepared to sign an agreement with Ukraine.

THE 'BIG STUPIDITY GOING ON OPPOSITE'

Vladimir Putin is a 'visceral patriot' who 'vigorously seizes an opportunity when there is big stupidity going on opposite him' [22]. And Hubert Védrine saw

18. Study by the Austrian Institute of Economic Research, 2017.

19. Article in the Serb magazine 'Horizons' by Vuk Jeremic, February 2015.

20. Michael Emerson: « Prospects for 'Lisbon to Vladivostok' », CEPS Brussels, 15th June 2018.

21. Eric Mottet and Frédéric Lasserre: 'L'initiative 'Belt and Road', stratégie chinoise du 'grand jeu' ? Diplomatie n°90, January 2018.

22. Hubert Védrine: 'Retour au réel', Le Débat, n° 190, 2016.

European Union-Russia: after three lost decades, are we moving towards new cohabitation?

this stupidity in the mandate given by the Council to the Commission for an association agreement by the Union with Ukraine. This was a mandate that led to an Association Agreement that covered a Deep and Comprehensive Free Trade Agreement (DCFTA). We recall the dramatic episodes to which it gave rise: the suspension of its signature by President Yanukovich on 21st November 2013, demonstrations in the Maidan Square in Kyiv, where three months later, a bloody February led to the flight of the president when an agreement had just been found with the opposition. It was finally signed on 21st March 2014. But in the meantime, Russia annexed Crimea and the Donbass in a Russian-backed war of independence.

What therefore is the nature of this agreement? It provides for the acceleration of political association and economic integration into the EU[23], as part of the Eastern Partnership agreed during the Prague Summit on 7th May 2009 under the impetus of the Czech Republic and Sweden. It goes well beyond the traditional association agreements concluded with the countries of Central Europe in the 1990's and with the Western Balkans in the 2000s. The latter aimed to establish a free trade zone with the inclusion of some clauses concerning competition, State aid and intellectual property amongst other things. The main element in the legislative rapprochement with the Union's *acquis* was left to membership negotiations, since these countries had been recognised as having a "European perspective" by the European Council.

However, neither Ukraine nor Moldova or Georgia ever received this promise since several founding members of the Union were against the strong pressure placed by the new Members in this sense. Hence a compromise was found in a ministerial meeting under the French presidency in Avignon: association agreements have to go beyond traditional agreements, but without providing for membership.

The result of a compromise, this agreement is extensive since it provides for a complete alignment with the Union's norms and standards in all areas of the internal market, i.e. integration of over 100 European directives into the Ukrainian legal system, which have taken

the Member States several decades to transpose. On completion it will place Ukraine at the Union's doorstep. A sophisticated agreement for effective administration: hence Ukraine has to adopt 350 legal acts, most of which are complex, by 2025. Even if Ukraine can obviously continue to apply different norms for its exports to the Union and Russia, its export companies which are especially used to the Russian market and its standards, have been very worried.

There came an especially decisive point for Moscow: the agreement provides for Ukraine's progressive alignment with the Union's foreign, security and defence policy, thereby completing the country's change of "camp". Undoubtedly there was also the fear of seeing Ukraine establish true democracy, like in Poland, a bad example for a Russia that was drawing away from this model, and especially since the living standards of the Poles multiplied by six between 1990 and 2012, whilst that of Ukraine had only doubled. And what would the EEU be without Ukraine? Vladimir Putin was losing the jewel from his EEU, hence his bid in November 2013 to retain a privileged relationship with Ukraine: 15 billion € in economic aid – that the IMF offered for its parts – and a preferential tariff on gas. It was on this basis that Viktor Yanukovich suspended the signature of the agreement.

We have not stressed enough the ambiguity of the agreement between the European Union and Ukraine, in that it kills the hopes of some ever integrating the Union, whilst it does not attenuate the anger of others, and made the European dreams of some extremely costly. This was all the more so, since the successive declarations by the then President of the Commission, José-Manuel Barroso, amplified misunderstanding and frustration. "Ukraine's future lies in the European Union", he declared in October 2005, before agreeing on 16th December 2009 that its membership was impossible in the present circumstances, whilst asking the Ukrainians in November 2013 to choose between Moscow and Brussels! The report he gave to the Financial Times on 4th November 2014[24] of those dramatic times leaves one quite puzzled: was this a misunderstanding of the situation or was there another purpose in the shape of false naivety? A less ambitious

23. Joint declaration at the Summit of the Eastern Partnership in Brussels 21st November 2017.

24. Detailed history of developments 2010-2014, *Der Spiegel*, 24th November 2014.

agreement might have possibly limited tension and opened the way to original trade agreements and to progressive development over time.

A NEO-IMPERIAL RUSSIA

For historians of Russia, the shock of this agreement would be incomprehensible if the fact that Moscow still considers Kyiv as Russia's cradle were to be ignored and that Ukraine's independence in 1991 was already seen by some as a betrayal and that the 2000s especially lent credibility to Russia's belief that inexorably the West wanted to push its political model and its economic system right up to its borders. For Moscow this agreement indeed reduced the buffer zone and no longer made it possible for it to repel the potential attacker further from its centre. And Fyodor Lukyanov believes "in this logic, the geopolitical fall of the USSR, the rapid enlargement of NATO and the displacement of the line of contact to the east were a nightmare for Russia." [25]

Hence Vladimir Putin wanted to retain his "near abroad" in his zone of influence, which rules out Ukraine's integration into the EU since "its vocation is to be a bridge between East and West," as Sergey Lavrov explained in Geneva on 17th April 2014, which Viktor Yanukovich also solemnly declared in his inaugural speech. With this agreement Ukraine certainly asserted its "European destiny" in the direction of the Union, which precisely went beyond the traditional international ideas that remain those of Putin unfortunately[26]. But by doing this the EU flouted history and geopolitics. It especially ignored the total change in power in Moscow with a neo-imperial Russia. Vladimir Putin seized this windfall: "Our Western partners have crossed the yellow line. They have behaved in a crude, irresponsible, unprofessional manner," he said as he justified the annexation of Crimea[27].

Then there comes the conflict between the two strategic partners, whilst the cost of the economic rescue of Ukraine becomes exorbitant for the West[28] and reforms do not match the promises made and the issues at stake[29]. This is especially the case since Ukraine can sometimes be unpredictable: Did President

Poroshenko not sign on 20th February 2018 a law allowing the use of force to reintegrate the regions of Donetsk and Luhansk, defined as a "territory occupied by Russia?" Which immediately qualified this law as "a preparation for a new war."

And yet, was Ukraine simply a pretext for Russia? This is what Fyodor Lukyanov wrote in 2016: "Until 2013 the EU and Russia preferred to pretend that everything that was still fine. The Ukrainian crisis blew this idea away [...] if it had not been in Ukraine – it would have been something else: the model was exhausted"[30]. And this is what Sergey Lavrov said: "The Ukrainian crisis was not the cause of the problems between Russia and the West, but the consequence mainly of the policy of the USA and of NATO's members after the end of the Cold War. The West opted for NATO's expansion instead of seizing the historic opportunity of creating a real European structure of security and cooperation." [31]

Although this expansionism was real, it does not mask the deep change that occurred at the same time in the seat of power in Moscow, which was obsessed by any internal or external protest that threatened its pre-eminence or its influence - hence the colour revolutions qualified by Vladimir Putin as "coup d'état" aimed to detach Georgia and Ukraine from Moscow; there are the "frozen conflicts" that Russia skilfully uses to maintain its links of servitude to prevent them joining NATO as is the case with Armenia, Azerbaijan and Moldova, Georgia and Ukraine or more widely to counter the West. We are far from the Charter of Paris for a new Europe when signatories maintained in 1990: "we acknowledge that States are completely free to choose their own arrangements in terms of security."

As Maxime Lefebvre points out, "the Ukrainian conflict did not spring from nowhere. It is rather more the expression of uncontrollable exasperation in an increasingly aggressive confrontation between Russia and "the West" and reveals the geopolitical tectonic plates that have been at work since the redefinition of the borders at the end of the Cold War." [32]. It is the return of neo-imperial Russia, which is denying its neighbours free choice in their external orientation and which is refusing its internal opponents the right to the free expression of their opinion.

25. *Op cit.*

26. According to Lucas Macek at the Internationales de Dijon, March 2018

27. Address to Russia, 18th March 2014, quoted by Michel Elchaninoff: 'Dans la tête de Vladimir Poutine', Babel, Ed. Actes Sud, 2015.

28. Since 2014, 13 billion \$ in loans from the IMF; 12 billion € from the EU of which 5.8 in financial and economic assistance, and 879 million in budgetary donations.

29. The European Parliament (AFET Committee) incidentally was extremely critical of it: 'State of Implementation of the AA/DCFTAs', Directorate General for External Policies, November 2017.

30. "La place de la Russie dans le monde est incertaine", interview, *Le Monde*, 3-4 April 2016.

31. Interview with Beta News, 19th February 2018.

32. "Russia and the West: ten disputes and an inevitable escalation?" *European Issue* 379, January 2016.

European Union-Russia:
after three lost decades, are we moving towards new cohabitation?

A CONFLICT OF VALUES WITH "PUTIN'S SYSTEM"

On hosting the representatives of the international financial institutions and the European Commission in Saint Petersburg at the end of a summit on investment in the 1990's, Vladimir Putin boasted the merits of the market economy and democracy. Twenty years later he stands as "a defender of a 'true values of the West', the herald of an illiberal model which is attracting extremist, populist parties," as Lukas Macek explains. Incidentally Sergey Lavrov announced in 2017 the "end of the world liberal order designed by an elite of Western States whose goals were to dominate." [33]

Michel Elchaninoff, believes that Putin "is giving Russia back its international ideological vocation. Conservatism in terms of identity has to become a beacon for all people in the world. Conservative mobilisation, started and led by the Kremlin knows no borders. The USSR was not a country but a concept. With Putin Russia has become an idea once more." [34]

Hence Russia has substituted the communist ideology with anti-liberal neo-conservatism, as it has allied itself to the Orthodox Church in its new messianism. And we know that it was the KGB, concerned about the ideological vacuum left by the end of communism, which drew up and forged this alliance, since religion can be used as a "new mortar". But this new messianism only makes sense with Europe, as Putin seemed to say in 2007: "Without Russia, Europe will never be itself in the world. Just as Russia, without Europe will never be able to emerge from its European nostalgia [35]. " And everything is being done to influence political parties and citizens: the media, which promote Putinian thought like 'RT', the Institute of Democracy and Cooperation created in Paris in 2007, to spread the values of the New Russia, charm offensives targeting extremist and nationalist parties, interference in electoral campaigns. This is the true 'Putinian system', a formidable 'soft power' which is astonishingly similar to the Komintern and the Kominform of the Soviet era.

From a domestic point of view the imprisonment of opponents and the control over the media, once again,

we are far away from the Charter of Paris, whose signatories provided pre-eminence to "Human Rights, democracy and the rule of law" and maintained the importance of major freedoms. "The "development of Russia towards the 'rule of law and the market economy' (1991-1999) has been neutralised by Putin and the men from the security services have taken control of the economy and the political-media field." [36] And this supposes the absence of the rule of law, active institutions and the control of economic rents, which enables the purchase of loyalty.

In a situation like this, Western democracies have revealed themselves rather weak and the European Union even more so. A system of response to false information has been introduced. Some Member States have denounced Russia's interference in electoral campaigns, notably Emmanuel Macron, as he hosted Vladimir Putin in Versailles in 2017. For its part the European Parliament has adopted a resolution denouncing the campaigns of disinformation orchestrated by Moscow. But as we very well know, since Alexis de Tocqueville, false but clear, precise ideas will always be more powerful than true but complex ones.

Maintaining relations with Moscow as they stand may strengthen Putin's authoritarianism and his nationalism even more, under which many citizens will suffer. This will benefit China too, as well as the extremist and nationalist parties in Europe. Moreover, the increase in military exercises, notably in the skies, may lead to serious incidents. And Moscow's installation of nuclear ballistic missiles in Kaliningrad is leading to more tension and danger. 'To the brink – and back?' [37], as declared by the title of the last Munich conference. And what if there were no going back?

Finally, the European Union may be very vulnerable to a spectacular turn-around by President Trump in support of a far reaching deal with Moscow. Congress would undoubtedly be totally against this idea. But the two presidents seem to share such similar ideas regarding international relations – as illustrated by Donald Trump's declarations in Helsinki in July 2018 – that we cannot rule this out. And the recent position adopted

33. At the Conference on Security in Europe, Munich, 17/18 February 2017.

34. Op cit, p. 171.

35. Michel Eltchaninoff, Op cit, p. 116.

36. F. Thom, J.S. Mongrenier et P. Verluise : « Quelle géopolitique de la Russie ? » La Revue géopolitique, Diploweb, 4th July 2016.

37. Conference on Security in Europe, 17-18 February 2018.

by the American administration regarding Ukraine's complaint lodged against Moscow with the WTO in 2016 for its blockade on the transit of merchandise confirms this^[38], since it took up Russia's defence.

IN SUPPORT OF DIALOGUE BEFORE IT IS TOO LATE

And so, has the time not come for the European Union to consider Russia as it is and not as we would like it to be? Especially since Vladimir Putin was elected on 18th March 2018 by 76.69% of the electorate, with a turnout of 67%. Whatever the level of fraud and the anxiety-provoking climate created by the government during the campaign, it has to be admitted that this was a significant score – which strengthens the idea that dialogue between the Union and Russia, would help build trust again on the part of European citizens, especially since there "is no European security without Russia."^[39] This is all the more so since Russia is an isolated, declining country. As it declines both from the demographic and economic point of view, it has tipped from being a super power to being a supplier of raw materials.

In March 2016 the European Union adopted five leading principles for relations with Russia: the total implementation of the Minsk II agreements; closer relations with Russia's neighbours; strengthened resilience to Russian threats; selective engagement with Moscow in certain areas such as anti-terrorism; support to contact between populations. These principles are too restrictive, and some go against the true spirit of dialogue: a skilful balance must be found between Russia and its neighbours, and engagement should not be selective.

In former European Commissioner Stefan Füle's opinion, dialogue cannot succeed if external security is not central. "Our common aim," wrote Jean-Claude Juncker to Vladimir Putin, "should be to re-establish 'a pan-European cooperative order of security'"^[40]. President Macron has just put forward "the revision of the architecture of European defence and security [...] by initiating new dialogue, particularly with Russia"^[41], with the understanding that the Minsk

Process would have to move forward prior to this; and by declaring in Helsinki on 29th August 2018 that 'aggiornamento' was in the EU's interest along with the start of "a strategic relationship to provide long term stability." Acute divergence within the Union itself makes this delicate issue all the more sensitive, since a solution cannot be found without the commitment that Ukraine, Georgia and Moldova would not become NATO members, at least not in its present format.

The Minsk Process, a precondition in the dialogue, would possibly require a different order of priorities with the drafting of a time-based roadmap for its effective implementation under the control of the OSCE, and even UN observers. A solution to the situation in the Donbass cannot undoubtedly be dissociated from all of the factors in the Ukrainian crisis. Therefore, a 'package' might be considered on the following points: the formal recognition of the use of the Russian language; the abolition of the recent law on the recovery of the Donbass by force; the commitment to Ukraine's non-integration into NATO in its present format; a solution to the transit of gas versus Nord Stream II. In this context the case of flight MS17 might be resolved positively. If this approach were to settle the Ukrainian crisis and open up a new period of cohabitation, then the issue of Crimea might be made part of the "package" likewise other frozen conflicts might be settled, even for a transitory period.

Trade is another key. The European Commission would demonstrate its unique expertise in three working groups: the first to analyse the conditions for sectoral agreements between Europe and the EEU, since a comprehensive agreement seems impossible as matters stand as it involves a Customs Union. The second would be a feasibility study of a continental area of free-trade with the identification of obstacles and necessary changes. The third would settle any ongoing trade disputes, without damaging the competences of the WTO. In this context the four "common areas" of 2005 would be revisited and the convergence of norms and standards initiated by Russia, as mentioned earlier, would be a major asset.

Energy might help significantly in finding a solution and appease tension within the EU. The goal would be triple: ensuring supplies to the EU and the Western Balkans in a stable manner and at the best price; guaranteeing that Ukraine respects the operators' contracts by playing its role as the country of safe transit; guaranteeing that it will receive the related revenues.

³⁸. Washington's position: this is mainly a political disagreement and is not therefore within the WTO's competence.

³⁹. Jean-Claude Juncker, President of the Commission, speech delivered to the ambassadors of the EU, 29th August 2017.

⁴⁰. A letter congratulating him on his re-election in March 2018.

⁴¹. Speech to Ambassadors, Paris, 27th August 2018.

European Union-Russia: after three lost decades, are we moving towards new cohabitation?

To guarantee this goal and to avoid Nord Stream II, which is costly and a source of conflict, the management of the transit of gas across Ukraine might be ensured under the control of an international group comprising representatives of Ukraine, Russia, the European Commission and private Nord Stream operators. This group's mandate might even be the focus of a Union regulation, which would integrate the Energy Community of which Ukraine is a member, thereby creating trust between partners. The financing of the existing pipeline's renovation or the construction of a new one would be guaranteed according to the same terms as those provided by Nord Stream II. Any other legal formula that would dissociate the management of transit from Ukraine's political or external considerations would be welcome. What counts here is neutrality, transparency and efficiency.

The liberalisation of visas would be a strong incentive for civil society, since Ukraine has enjoyed this since 11th June 2017, likewise Georgia and Moldova. The first stage was achieved in June 2007 with the double agreement on the facilitation of visas and re-admission. Dialogue regarding the liberalisation of visas would be re-initiated in exchange for Russia's acceptance of open support to civil society, education and exchange. Russia's cooperation is all the more important since migrants might use its territory given the closure of the Turkish and Balkan routes.

Vaclav Havel once explained that half of the tension between the EU and Russia would disappear when we came to agree – quite calmly – where the first ended and the other began! We know very well that it is not in the very nature of the European project to limit its geographical reach and to define its borders. However, they should be defined, even on a temporary basis, as

advocated by Thierry Chopin[42]. If we do not do this, the 'latent malaise regarding Europe' will continue to feed extremist and populist discourse. Although ambiguity is sometimes constructive, in the case of Ukraine it simply increased frustration and led to disillusion.

Frank talking is therefore necessary with the countries of the Eastern Partnership: the present borders of the Union stop there where the latter begins, and membership will only be considered after in-depth reform is made to the Union, the integration of the Western Balkans, which have been promised membership, and new cohabitation with Russia is found. A declaration like this would contribute to appeasing tension and Ukraine's implementation of its agreement, rather than its permanent blind precipitation towards the idea of membership.

Undoubtedly one might object and say this approach is naive, that Putin will not change and that in any case it is too late. But is it not the EU's vocation to initiate this dialogue, without complacency and naivety, and is this not what the citizens of Europe are waiting for? To quote Maxime Lefebvre [43], "the cursor has to be set at the right point between dialogue (cooperation) and firmness (European sanctions, steps of reassurance by NATO), working towards de-escalation – this means a strategy that has to be given time and be paced, combining a balance of power and diplomacy." This is what Federica Mogherini hoped for in Moscow in April 2017: "not one single opportunity for cooperation can be wasted or underestimated. We therefore have the responsibility of doing everything possible to find an area of entente and common solutions." [44]

Pierre Mirel

Director at the European Commission 2001-2013
(DG Enlargement), Lecturer at Sciences Po Paris

[You can read all of our publications on our site :](#)

Publishing Director : Pascale JOANNIN

THE FONDATION ROBERT SCHUMAN, created in 1991 and acknowledged by State decree in 1992, is the main French research centre on Europe. It develops research on the European Union and its policies and promotes the content of these in France, Europe and abroad. It encourages, enriches and stimulates European debate thanks to its research, publications and the organisation of conferences. The Foundation is presided over by Mr. Jean-Dominique Giuliani

42. Thierry Chopin: 'Which borders for the European Union? Europe's varying space', Schuman Report 2018.

43. Op cit

44. Federica Mogherini, Press Conference in Moscow with Sergey Lavrov