



EU-Russian relations – Are they finally on track? – some thoughts on the occasion of the last EU-Russia summit

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Until today, the almost twenty year history of EU-Russian relations exhibits many similarities with a scenic railway which goes up sharply for a while, then suddenly begins to move downward at top speed, then starts to climb up once again and so on. Behind these movements on the one hand, one can find idealistic dreams and visions without any real grounding in the potential scope of a mutual relationship, and on the other, sudden awakenings, disillusion and lose of trust. Thus one must wonder, have EU-Russian relations finally gotten onto their normal, sober track? The answer could be 'yes'. After the longest period of chilly, problematic relations in the history of the past two decades (starting in 2003-2004 and ending in 2010) there are now signs that relations have become more balanced and manageable. Problems regarding the present are openly expressed and realistic ideas about a common future are being formed. The last EU-Russia summit held in Nizhny Novgorod in mid-June 2011 at least leaves one with such impressions. Global economic issues, EU-Russian trade matters including Russian WTO accession, the new framework agreement under negotiation and some current international issues focusing on North Africa and the Middle East were among main topics of the summit. Although there is still no real breakthrough, neither in general mutual understanding nor in concrete negotiations on the new framework replacing the Partnership and Cooperation Agreement in force since 1997, the parties now, at least, seem able to speak honestly about their problems. On the EU side this has involved expressing

concerns over the recent Russian ban on vegetable imports from the EU and insufficient progress in common action against climate change or Doha trade negotiations. The EU also urged "more balanced progress" and "the granting of a mandate to Russian negotiators to engage on substantive provisions" in the negotiations on the new agreement. The EU also raised the issue of human rights and Russia's international commitments to them and expressed hopes that the upcoming Russian elections be held in a democratic way in December. On the other hand, Moscow has kept two major issues on the agenda: the third EU energy package and Russian business interests, and the visa liberalization process. Aside from areas of common agreement the parties were capable of speaking about sensitive European regional questions, such as those concerning Transnistria, Nagorno-Karabakh, Georgia or Kosovo.

Earlier the parties had to face several serious problems in their relationship. Not only the well-known story about the Russian style of understanding European values cause difficulties, but also some long-lasting comprehensive problems that emerged during the 2000's. Two of the major ones concern the faltering of the energy dialogue and diverging views on the future of the common shared post-Soviet neighbourhood. The latter difficulty was well reflected in the Russian-Georgian war in 2008 and the European perception and handling of it. The conflict is still a dividing factor between the parties.

Over the last 6-7 years, problems have evolved both on the Moscow-Brussels level and in Russia's bilateral relations with member states. Sometimes these latter relations also have serious impacts on general EU-Russian relations such as the meat embargo case with Poland in 2007 that resulted in an almost one-and half year delay in launching negotiations on the new EU-Russia basic agreement. But now, as with US-Russian or Polish-Russian relations, signs of a 'reset' in the Moscow-Brussels dialogue have emerged. There are no big new sources of conflicts between the partners and the management of some old ones is either underway or concerns are at least being mutually and openly stated. The latest business-type conflict seems to have been settled by Russian president Medvedev's promise at the summit to put an end to the Russian ban on vegetable imports from the EU in summer 2011. The parties agreed that specialists from the Russian Federation and the European Union will "soon" elaborate a certificate confirming the safety of food products exported to the Russian market. According to several analysts this is the only concrete result from the summit now referred to as the "Vegetable Summit". But at least it was a normal, sober summit, full not only of colourful ceremonies, but also real discussions. Maybe Europe has gotten tired of big conflicts with Russia, its biggest European partner, and is now, despite not giving up "European values", trying to adopt more pragmatic approaches. This type of *retuning* may be supported by the new European institutional order based on the Lisbon Treaty in effect since 2010. The new Treaty reshaped the competence of national presidencies and the Council itself – a new balance of power across European institutions has been established by the creation of new posts. The basic direction of foreign relations, including EU-Russian relations, are now formulated by the European and the Foreign Affairs Councils and are operationally led by the new EU High Representative and its staff, backed at the same time by the Council and the Commission. Some of the

changes introduced may limit member state scope. But since member state vetoes still cannot be eliminated, Polish-Russian rapprochement may also help to create a more constructive and pragmatic EU policy towards Russia. It was after all Poland who earlier had the strongest influence in applying brakes to relations with Russia.

Based on the Progress Report on common areas or *spaces* of agreement elaborated by EU officials in March 2011, the summit also evaluated achievements in the four common spaces over the last year. The related roadmaps dating from 2005 served as guidelines for building these common spaces. Previously subject to strong Russian criticism and scepticism, even today these topics do not always encounter favourable responses. Nevertheless, the four spaces constitute the basis for the recent EU-Russian institutional framework. Within the *common economic space*, a significant achievement may be the stated willingness, also from the Russian side, to accelerate regulatory alignment. Russia is the third biggest trade partner for the European Union, while the EU is definitely the number one partner for Russia. Thus regulatory issues are of key importance, especially considering the previously elaborated EU plan to conclude a so-called deep and comprehensive free trade agreement (DCFTA) with Russia and much like the EU plan offered to other post-Soviet countries within the initiative of the Eastern Partnership. Compared with other such agreements, the DCFTA is more than just a simple free trade agreement. However, a more concrete achievement of 2010 was the bilateral agreement within the WTO on most outstanding bilateral issues. This was an important step towards the realisation of Russian membership, which the parties say is still possible by the end of 2011.

The energy dialogue was, for several reasons a problematic field during 2004-2010. The loss of trust after the Russian-Ukrainian gas dispute and other post-Soviet energy disputes, and the presence of competing infrastructural projects aimed at diversifica-

tion on both sides, have now become a source of incentives for moving forward with negotiations. In this sphere, the parties consider their strategic partnership a long term one and have decided to analyse the role of Russian energy sources for the EU energy mix through 2050. However, problematic areas remain with regard to business contacts. For example the EU sees the newly introduced Russian regime for investments in the Russian automobile industry as discriminatory, while the Russians constantly complain about their difficulties investing in EU countries. Their major concern is related to the EU's third energy package, which extends to companies from third countries and prohibits energy retailers (gas and electricity) from owning transport networks, and its adverse impact on energy prices. Discussion of the problem is still ongoing. Mutual investment activities, on the other hand, have been strongly hit by the global economic crisis. While EU investments in Russia grew continuously during the 2000's, Russian investments reached a peak in the EU in the pre-crisis year 2007. Investments from both parties almost began to diminish in 2010 and their balances were negative. On the other hand, mutual trade showed signs of recovery in 2010, especially regarding Russian exports to the EU which grew by 35 per cent, highlighting the rising price of oil. (Energy, mainly oil, gas and coal, accounts for approximately three quarters of all Russian exports to the EU27.)

The *common space on freedom, security and justice* has always been a problematic area. Here the visa waiver agreement constitutes a major issue for Russia. At the last summit, the parties welcomed progress in negotiations on so-called Common Steps towards the visa-free movement of people. Also a Migratory Dialogue has been launched recently, helping to establish this regime. There have been significant results in reforming the Russian judicial, penal and law enforcement system, also with EU support. But naturally the human rights issue is still a sensitive one between the parties within this 'common space'.

Perhaps the most significant result of the last year regarding the *common space on external security* is the stated Russian preparedness to conclude a framework agreement on crisis management operations. The fourth *common space on research, education and culture* has always been a soft space, with more scope for progress even during the years of frosty political relations. Here the parties support continued cooperation between research organisations, and Russian researchers have been invited to participate in four projects of the FP-7 Capacities programme.

One can guess that by now EU-Russian relations have gotten onto a normal track. They are not burdened with new and unsolvable problems, though old and persistent concerns on both sides still need to be tackled. But by now the parties have learned to speak honestly with each other and the EU is closer to speaking with one voice on EU-Russian relations than ever. The question for the future is whether the newest invention in EU-Russian relations, the *Partnership for Modernisation* will help solve persistent problems or will remain a new but empty slogan. Most likely we will still have to wait for some time, perhaps years, for the new basic agreement to be concluded. But until that time, perhaps EU-Russian relations can now develop and evolve on a more pragmatic foundation.

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