



DANISH INSTITUTE FOR INTERNATIONAL STUDIES
STRANDGADE 56 • 1401 COPENHAGEN K • DENMARK
TEL +45 32 69 87 87 • diis@diis.dk • www.diis.dk

A PRIVILEGED PARTNERSHIP?

EU-RUSSIAN RELATIONS IN A
COMPARATIVE PERSPECTIVE

Marius Vahl

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Danish Institute for International Studies, DIIS

Strandgade 56, DK-1401 Copenhagen, Denmark

Ph: +45 32 69 87 87

Fax: +45 32 69 87 00

E-mails: diis@diis.dk

Web: www.diis.dk

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Marius Vahl, Research Fellow at the Centre for European Policy Studies (CEPS) in Brussels

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Abstract

This article assesses the development of EU-Russia relations in the context of EU foreign policy. EU relations with neighbouring countries and regions were the main priorities of the Common Foreign and Security Policy at its inception in the early 1990s. While Russia and the other former Soviet Republics were one of the stated priorities, it is argued that the EU relations with the countries of the CIS have subsequently been least developed. In the course of the 1990s, Russia emerged as the EU's principal partner in the CIS. The EU may now be turning away from this 'Russia first' policy, focusing its efforts on developing relations with the other countries of the CIS. This is due to a confluence of factors, including EU enlargement, the accumulating EU competences in foreign policy, growing differences among the countries of the CIS as concerns their political and economic systems and policies, and their goals in relations with the EU. The most important reason for the absence of a real 'strategic partnership' is however that the two sides have different conceptions of what such a partnership entail in practice. While this limits the potential of the 'strategic partnership' in the foreseeable future, the opportunities for further progress in EU-Russia relations are not exhausted.

A Privileged Partnership? EU-Russian Relations in a Comparative Perspective

Marius Vahl

1. INTRODUCTION: PATTERNS IN THE DEVELOPMENT OF EU-RUSSIA RELATIONS

The European Union (EU) and Russia are today closer than ever before, and the relationship plays an increasingly prominent role in both EU and Russian foreign policy. A 'deepening' and a 'widening' of EU-Russian relations has taken place over the last decade. An intensification of the political dialogue at all levels has resulted in negotiations on enhanced co-operation across an increasingly wide range of policy areas. This has resulted in a number of contractual agreements which has institutionalised and enhanced the bilateral relationship

But progress has been slower than had been anticipated in the early to mid-1990s.¹ The process from political dialogue and the launch of new co-operative initiatives to the conclusion and implementation of bilateral agreements has been a very long. A recurring complaint from the EU side is that Russia fails to implement agreements reached with the EU, most notably and persistently the Partnership and Cooperation Agreement (PCA) itself, but also concerning secondary bilateral agreements, multilateral treaties and other international commitments (Bordachev and Moshes, 2004). Combined with the broadening scope of the relationship, this has resulted in an increasingly overcrowded agenda with a growing number of outstanding and/or unresolved issues.

Furthermore, significant progress has been achieved mainly on secondary issues. Grand initiatives to "strengthen the strategic partnership" have failed to materialize and the stated long-term objectives, such as a free trade area, seem almost as distant today as they did a decade ago. Overall there have only been modest changes to the basic regimes underpinning

¹ It was for instance expected that Russia would accede to the World Trade Organization (WTO) in 1998 or 1999 when the Partnership and Cooperation Agreement (PCA) was concluded in 1994, see Art 3, 4 and 5(2) of the PCA. Also, actual negotiations on emerging issues were arguably started far later than necessary on important issues such as Kaliningrad (2002), nuclear safety (1998), and EU enlargement (2004).

the relationship, such as the lowering of trade barriers in the mid-1990s. In other areas, however, the fundamentals have moved away from the stated long-term objectives. This has, notwithstanding the recent agreements on visa facilitation and readmission, been most notable concerning the movement of people.

Greater interdependence between the EU and Russia has been accompanied by growing friction and disagreement between the two sides, with the intrusion of high politics on issues that could have been resolved at the technical and senior officials level, for instance the matter of transit between Kaliningrad and mainland Russia. Discord has frequently occurred in the 'new' policy areas of EU competence such as in Justice and Home Affairs (JHA) and foreign, security and defence policy (CFSP and ESDP), and most notably over EU enlargement to Central and Eastern Europe, as well as on the economic agenda which dominated the relationship for much of the 1990s. While enlargement was treated with benign neglect by Russia for much of the 1990s, Moscow became increasingly sceptical of its consequences for Russia as the accession of the new member states drew closer. Growing EU activism in Russia's 'Near Abroad' through the development of the European Neighbourhood Policy (ENP) targeting Russia's neighbours and partners in the Commonwealth of Independent States (CIS) has also been regarded with scepticism.

Divergences between the EU and Russia in terms of their fundamental political and economic systems are increasing as a result of the growing authoritarianism in Russia. As tensions between the EU and Russia have grown, Russia has become an increasingly contentious issue within the EU, both among the member states and between the EU institutions. Recent years have seen the emergence and ascendancy of actors within the EU that are more critical of developments in Russia, calling for a unified EU line with a greater emphasis on adherence to common values as a precondition for further cooperation.

This is often interpreted by Russian leaders and experts as a result of the accession of Central and Eastern European countries to the EU, which "have integrated into Europe with all their inferiority complexes, Russophobic complexes first of all."² While the new member states are certainly playing a role in shaping policy towards Russia, it should be noted however that the Commission and the Council secretariat were calling for a tougher line in early 2004

² According to Sergey Yastrzhembskiy, Special Representative of President Putin for relations with the EU Interview on RTR Russian TV, 3 December 2004, downloaded from <http://www.gateway2russia.com/art.php?artid=258999&rubid=496&parent=Interview+and+Opinion&grandparent=> on 20 July 2005.

(European Commission, 2004, Council of the EU, 2004, and European Parliament, 2004). This has further considerable support among many 'old' member states such as the Nordic countries, Austria and to some extent Britain (Emerson et al, 2005). Furthermore, the European Parliament has over the years been consistently in favour of a harder line vis-à-vis Russia, calling on the EU to give greater emphasis on 'values' as opposed to its material and commercial 'interests'. Even if its formal powers remain limited in foreign policy, its growing clout and assertiveness within the EU system could push the Council and the Commission towards a greater emphasis on 'common values' as a precondition for a strategic partnership with Russia. In spite of disagreements on specific issues, there is a broad consensus in the EU on the need to respect common European and universal values in order to develop a real strategic partnership (Vahl, 2006).

This narrative of the development of bilateral relations is presumably familiar to most students of EU-Russia relations. The principal assumption in this paper is the rather self-evident assertion that EU-Russia relations do not take place in a vacuum, and that comparative perspectives are required to assess the past, present and future of EU-Russia relations. Indeed, this seems particularly important to understand this bilateral relationship insofar as the 'strategic partnership' between the EU and Russia is, implicitly or explicitly, envisaged as a privileged relationship.³ Relations should presumably thus not just be 'close' (and moving closer) in terms of more or less objective criteria, but also comparatively, as in 'closer' than their relationships with other international actors.

The aim of this paper is therefore to view the bilateral relationship between the EU and Russia in a comparative perspective. Two caveats are in order. First, in order for such a comparative analysis to be comprehensive, it should ideally include both Russian and EU foreign policy. This paper limits itself to the latter. Secondly, Russia is in this context in a unique position vis-à-vis the EU, as the only major global actor which is also a direct neighbour. While this paper focuses on EU-Russia relations in the context of EU neighbourhood policy, this unique dual position of Russia in EU foreign policy should not be forgotten. A brief survey of the EU's relationship with major global actors is therefore included as an appendix.

³ See e.g. statement by Jacques Chirac at St. Petersburg summit, 31 May 2003, "French president speaks for Russia-EU privileged partnership", retrieved from *www.Pravda.ru*; comment by former Commission President Jacques Santer in Bolkestein, 2004, p. 243; Gower, 2000, p. 77; and Pushkov, 2005, p. 49.

2. THE EU AND ITS NEIGHBOURS: THE PRIORITY OF THE CFSP

The European Economic Community (EEC) developed relations with non-member states from its establishment in the late 1950s (Phinnemore, 1999). The process of establishing close institutionalised relationships moving from more traditional forms of international co-operation towards deeper integration, is however mainly a post-Cold War phenomenon. Although this development has been global in scope, it has been particularly intense with countries in the Union's geographical proximity. Since the late 1980s, the EU deepened and widened its relations successively with the Western European countries of the European Free Trade Association (EFTA), the countries in Central and Eastern Europe, the former Soviet Union, the Southern Mediterranean, and the Western Balkans, creating a complex set of contractual agreements across an ever broader range of policy areas, supported by large programmes of economic assistance.⁴

Within these broader frameworks, relations were primarily conducted on a bilateral basis, providing preferential trading arrangements and liberalisation of the movement of persons, partial inclusion in major EU policies such as the free trade area, the customs union, the single market, and the Schengen regime, participation in the numerous EU programmes (on research, education, culture, etc.), and association with the growing number of EU agencies (environment, food safety, Europol, etc.). While closer relations with the EU initially entailed primarily economic co-operation, the growth of EU competences in other fields has broadened the scope of the relationships through an increasingly extensive political dialogue and a multitude of agreements of co-operation and integration also in the fields of justice and home affairs and foreign, security and defence policy.

Russia and the former Soviet Union were designated as one of main priorities for the Common Foreign and Security Policy by the Lisbon European Council in June 1992 (Presidency Conclusions, 26-27 June 1992, Appendix 1; Cameron, 1999, p. 35; and Nuttall, 2000, pp. 236-237). Among these priorities – the others were Central and Eastern Europe, the Balkans, the Maghreb and the Middle East – the EU's overall relations have arguably been the least developed with respect to Russia and its partners in the CIS.

⁴The European Economic Area with the EFTA states, Europe Agreements and PHARE with Central and Eastern Europe, PCAs and TACIS with the former Soviet Union, Euro-Mediterranean Association Agreements and MEDA with the Mediterranean neighbours and Stability and Association Agreements and CARDS with the Western Balkans.

The principal priority has of course been the enlargement process to North, Central and Eastern Europe and now South Eastern Europe. Since the break-up of the Soviet Union 13 new members have joined the EU: three EFTA countries acceded in 1995 and eight Central and Eastern European countries and two Mediterranean countries joined in 2004. An additional 8 countries, two of which are expected to enter in 2007, are currently acknowledged by the EU as potential members. As part of the pre-accession process, the candidates were gradually integrated with the EU economy following their adoption of EU rules and standards, the (in)famous *acquis communautaire*, participated in EU programmes and agencies as associates or observers, and engaged in an extensive multilateral and bilateral political dialogue. The movement of persons was facilitated through the lifting of visa requirements, and they were represented alongside the EU member states in the Convention on the future of Europe in 2001-2003 leading to the draft Treaty on a Constitution for Europe.

Relations have in many respects developed further also with the countries of the Maghreb and the Middle East, the two Southern Mediterranean priorities of the CFSP in 1992. This has since 1995 taken place through the Euro-Mediterranean Partnership, also known as the Barcelona process, which is now to be further enhanced and subsumed within the framework of the ENP. As part of this process, the EU has entered into preferential trading relationships and more comprehensive association agreements with its Southern Mediterranean partners than with Russia. As noted by the Commission, “in contrast to contractual relations with all the EU’s other neighbouring countries, the PCAs in force with Russia, Ukraine, and Moldova grant neither preferential treatment for trade, nor a timetable for regulatory approximation.”⁵

These developments are to a considerable extent a consequence of the fact that Russia and the other CIS countries remain, more than a decade after the dissolution of the Soviet Union, only partially integrated into the wider European and global economic and political system of international organisations, treaties, conventions and regimes. This is a prerequisite for most, if not all of the officially stated long-term objectives for EU-Russia relations. Russia and most of the countries of the CIS are for instance among a dwindling number of EU neighbouring countries that are not members of the WTO, which is a prerequisite for preferential trade

⁵ Commission, 2003, p. 5. This is part of a global trend of a growing number of bilateral and regional trade agreements, which have effectively “degenerated the MFN principle to Least Favoured Nation.” See *Future of WTO report*, retrieved from www.wto.org and Peter Sutherland in the *Financial Times*, 18 January 2005. The quote is from an editorial in the FT that same day.

agreements with the EU. Only four countries in the current EU neighbourhood were among the founding members of the WTO in January 1995. By 2005, the number had risen to 18.⁶

The EU regime for entry of non-EU citizens to the EU is in general more restrictive vis-à-vis its neighbours than its trade policy, and citizens of most neighbouring countries require visas to enter the EU. The EU currently has visa waiver arrangements with 12 neighbours.⁷ The citizens of the other 12 European countries that are not EU member states, including Russia and the European states of the CIS, as well as 9 of the 10 Southern Mediterranean partners, require visas to enter the EU.

The EU's priorities are also reflected in the relative amounts of economic assistance provided to neighbouring countries. In the 1995-2002 period, EU aid commitments to the countries of the Balkans were on average 246 euros/capita, to the Mediterranean partners 23 euro on average. 7 euro/capita were allocated to Russia, slightly below the CIS average of 8 euro/capita (European Commission, 2003, Annex; and European Commission, 2004, Annex). In the EU's financial perspective for 2000-2006, the enlargement candidates (from 2004 full EU members) receive almost 1200 euro/capita on average, Western Balkan countries in excess of 200 euro/capita, the Mediterranean partners 31 euro/capita. Russia and the other New Independent States were allocated only 13 euro/capita (Presidency Conclusions, Berlin, 25 March 1999).

A notable exception to the relative under-privileged state of relations with Russia compared with other EU neighbours is the political dialogue. Russia is the only country with which the EU has regular biannual summits, in addition to the more typical annual foreign ministers meetings and *ad hoc* ministerial meetings. Twice in recent years, at the European Council in Stockholm in March 2001, and in connection with the St. Petersburg tercentenary in May 2003, the EU has been represented by all its Heads of State and Government at EU-Russia summits, an honour seldom accorded to other than the US president. The recently upgraded

⁶ The four were Iceland, Morocco, Norway and Romania. In addition to the current four EU accession candidates (Bulgaria, Romania, Turkey and Croatia) and the four EFTA countries, this list includes five (of ten) Mediterranean partners, two (of the four) countries in the Western Balkans, and three (of the seven) European countries in the CIS (Armenia, Georgia and Moldova). The WTO has 148 members.

⁷ These are the EU candidates Bulgaria, Romania and Croatia, the 4 EFTA states and 4 micro states (Andorra, Monaco, San Marino, and the Holy See). The other 25 non-visa countries are in the Americas (17), Oceania (2), Asia (5), in addition to Israel. The 12 with visa requirements are 7 CIS members, 4 countries of the Western Balkans and Turkey.

institutional framework of EU-Russia relations – the Permanent Partnership Council – is the first of its kind in EU external relations. While it retains EU representation by the Troika, as in the previous PCA Co-operation Council and which is typical of other EU third country agreements, it is the only co-operation council with third countries that can – as the EU's own Council of Ministers – meet in different formations.

The growth of high-level dialogue has percolated down to senior officials and expert level, through the creation of a growing number of committees and sub-committees established. However, the contacts at senior officials and expert levels are generally less developed with Russia as compared with other EU neighbours, for instance the participants in the EEA or the accession candidates through the enlargement process. This has been partially rectified through the establishment of semi-permanent working groups under the aegis of the various sectoral dialogues launched in recent years.

The parliamentary dialogue, on the other hand, is rather similar to those between the European Parliament and the parliaments of other EU neighbouring states. The modalities of the EU-Russia dialogue on security and defence issues are less extensive than with some neighbours, notably with NATO member states, although it is far more extensive than with the countries covered by the ENP. As in the institutionalised political dialogue, the EU has gone some way in accommodating Russian demands for special arrangements, with unique monthly troika meetings on the ESDP at senior officials level.

3. THE EU AND THE CIS: THE 'RUSSIA FIRST' STRATEGY

While the EU's relations with Russia and its CIS partners are less developed than with the EU's other neighbours, relations with Russia have arguably developed faster and become more substantial than EU relations with the other former Soviet republics. This 'Russia first'-strategy has been criticised by some analysts and CIS diplomats as being based more on old-fashioned *realpolitik* than a sober assessment of the relative progress of the transition process in Russia and other CIS states and their respective aspirations vis-à-vis the EU. Relations with CIS countries other than Russia are thus seen as a function of policy towards Russia, rather than being developed on their own merit (Sherr, 2002, pp. 68-70; Pidluska, 2002, p. 196; Vahl, 2002).

Differentiation between the countries of the CIS was initiated in the early 1990s, evident initially in the scope and timing of the bilateral PCAs negotiated with all the former Soviet

Republics. The PCAs with Russia, Ukraine and Moldova were in particular being more extensive than the PCAs with the countries of the South Caucasus and Central Asia.⁸ The PCA with Russia was in December 1997 also the first PCA to enter into force, followed by similar agreements with Ukraine and Moldova in 1998.

The process of differentiation in EU policy towards the CIS members continued in the second half of the 1990s, with relations with Russia developing faster and more extensively than with countries like Ukraine and Moldova. Russia was the subject of the first Common Strategy in June 1999, followed by Ukraine later in 1999. No Common Strategies were developed for the other CIS countries. A series of policy 'dialogues' were initiated from 2000 onwards with Russia, on energy, foreign, security and defence policy and most recently transport, which have led to the conclusion of a number of bilateral agreements and common projects. As part of the Northern Dimension initiative, Russia became in 2001 the first CIS country in which the European Investment Bank (EIB) was allowed to operate. In 2002, Russia was accorded so-called market economy status, which as of 2005 has not yet been accorded to Ukraine. Russia was among the first countries in the world with an agreement with Europol, with which no other CIS countries currently have contractual arrangements for co-operation. In November 2003, Russia became the first country of the CIS to join the Bologna process on higher education.⁹ In autumn 2005, Russia became the first CIS country with which the EU had concluded agreements on visa facilitation and readmission after several years of negotiations, following the successful conclusion of bilateral visa facilitation agreements with certain EU member states.¹⁰ The Commission received its mandate to negotiate a similar visa facilitation agreement with Ukraine in late 2005. The institutionalised political dialogue is also more extensive with Russia, notably at the highest level. Biannual summits take place between the EU and Russia, yearly summits with Ukraine, while the other CIS states do not meet with the EU at the highest political level. The one-of-a-kind Permanent Partnership Council (PPC), which replaced the foreign minister level Cooperation Council in 2004, has already been mentioned.

⁸ Only the PCAs in the former group include the prospect of a free trade agreement. See Tirr, 1997.

⁹ The Bologna process was initiated in 1999, and now includes 40 countries (25 EU member states, the 8 current and prospective EU candidates in South East Europe, 6 EFTA and very small European states, and Russia).

¹⁰ Agreements on simplified visa procedures for selected groups for longer-term stays were signed with German in December 2003, with Italy and France in June 2004, and with Cyprus in 2005.

There are some exceptions to this 'Russia first'-strategy. In the field of justice and home affairs, for instance, relations have arguably been developed further in certain areas with Ukraine than with Russia. Ukraine has extensive Action Plan on co-operation in the field of justice and home affairs with the EU, while the parallel agreement with Russia is limited to combating organised crime. Furthermore, Russia does not participate in EU initiatives in energy and transport such as the INOGATE and TRACECA programmes created in the early to mid-1990s, both of which include most other CIS states. This was however due to Russia's unwillingness to join, and does not detract substantially from the overall assessment that whereas relations with Russia and the CIS are the least developed relations in EU neighbourhood policy, Russia has so far been the privileged partner of the EU in the former Soviet Union.

4. THE DECOUPLING OF RUSSIA: THE ENP AND THE FOUR 'COMMON SPACES'

EU policy towards the 'post-Soviet space' has undergone an overhaul in recent years through the creation of the ENP. First known as the 'New Neighbours' initiative in early 2002, it was primarily focused on Ukraine, Moldova and Belarus. Its geographic scope was broadened in late 2002 to cover also Russia and the Southern Mediterranean and renamed the 'Wider Europe' initiative. The first detailed proposals were released in March 2003 followed by consultations on future bilateral Action Plans – the principal instrument of the ENP – from late 2003, a second report from the European Commission in early 2004 and the conclusion of negotiations on the first Action Plans in late 2004 (European Commission 2003, European Commission, 2004).

Russia was early on sceptical to the ENP, preferring instead to develop bilaterally the four common spaces.¹¹ According to Special Representative of Russia to the EU Sergei Yastremshembsky, the ENP was inappropriate for EU-Russia relations since “no other EU neighbour had relations as intense as Russia.”¹²

This decoupling of EU policy towards Russia from its policy towards the Western members of the CIS has been accompanied by a growing EU engagement with the CIS members now

¹¹ See e.g. statement by Russian Deputy Foreign Minister Chizov, *Mission of RF to the EU Press Release No 32/03*, November 11, 2003.

¹² Quoted in *International Herald Tribune*, 10 November 2004.

covered by the ENP. Over the last few years, the EU has launched a series of initiatives in Moldova, particularly related to the frozen conflict in Transnistria (Vahl, 2005). Although less conspicuously than in Moldova, EU engagement with the ENP partners in the South Caucasus has also increased in recent times, most significantly through the inclusion of the three countries of the region in the ENP in June 2004. Most recently, the EU looks set to get further engaged also in Belarus, providing support for independent radio broadcast from autumn 2005.

5. THE END OF THE 'RUSSIA FIRST' STRATEGY? THE ACTION PLANS AND THE ROAD MAPS

EU neighbourhood policy currently consists of three main strategies: the enlargement process, the European Neighbourhood Policy and the four 'common spaces' with Russia. The EU's principal priority in its neighbourhood policy remains enlargement even after the accession of ten new members in May 2004. There are now eight acknowledged candidates for EU membership at different stages in the process. As in previous EU enlargements, the pre-accession phase will include the gradual integration of the candidates with the EU as these countries adopt EU rules and policies.

The second EU neighbourhood strategy – the ENP – is also likely to receive considerable attention and resources in the coming years. The process is already well underway. The first seven bilateral Action Plans were adopted in the first half of 2005, while preparations for Action Plans with a further five ENP partners, including the three countries of South Caucasus was initiated in the second half of 2005. Five of the first seven Action Plans are with Southern Mediterranean partners.¹³ More importantly for Russia, the ENP is also progressing with the Eastern CIS neighbours. The first ENP Action Plans to be adopted in February 2005 were the ones with Ukraine and Moldova. The EU showed in early 2005 its readiness to continue to accelerate EU engagement with these countries, through a 10-point plan of "additional measures to further develop and enrich" the Action Plan with Ukraine following

¹³ Israel, Jordan, Morocco, the Palestinian Authority and Tunisia. Action Plans with Egypt and Lebanon are to be developed in 2005.

the Orange Revolution,¹⁴ and the decision to appoint an EU Special Representative to Moldova as well as to establish a Commission delegation in Moldova.

The ENP Action Plans are similar in structure and in many cases also substance to the Road Maps for the four common spaces. There are however, important differences. A first is the relative absence of political conditionality in the Road Maps. The ENP Action Plans contain long detailed lists of political criteria on issues such as democracy, rule of law and human rights, to be fulfilled in order to move “from co-operation to integration” and further deepen bilateral relations. Apart from the brief preamble in the Road Map on the Common Space of Freedom, Security and Justice there are only scattered references to ‘common values’ in the other Road Maps. In contrast to the ENP Action Plans, where there are numerous references to upcoming elections in Moldova and Ukraine, upcoming parliamentary and presidential elections in Russia in late 2007 and early 2008 are not mentioned in the Road Maps.

The Action Plans and the Road Maps also differ on economic issues. First, the PCAs with all of these three states call for eventual free trade. This goal is reiterated in the Action Plans, but is not mentioned at all in the Road Maps. Implementation of PCA provisions feature prominently in the economic sections in the Action Plans with Moldova and Ukraine. There are only two references to the PCA in the entire 18 page Road Map for the Common Economic Space.¹⁵ Legislative approximation and regulatory convergence are also prominent in both the Action Plans and the Road Maps. But whereas it is explicitly stated in the Action Plans that this entails convergence towards EU rules and standards and/or international standards, the Road Maps are not clear on this. While there are a few references to international standards and agreements, EU rules and standards – the *acquis communautaire* – are not mentioned at all. Thus is the notion of a partnership “on the basis of equality” maintained, as repeatedly called for by Russian officials and experts.

The question of the fate of the three PCAs upon their expiry in 2007-2008 is addressed in the Action Plans with Ukraine and Moldova, reinforced in the former by the ‘additional measures’ adopted in February 2005, which call for a new upgraded agreement to replace the PCA in

¹⁴ Annex to the *conclusions of the EU-Ukraine Cooperation Council* of 21 February 2005. See also Marius Vahl, “Is Ukraine En Route to the Union?”, *European Voice*, 10 March 2004.

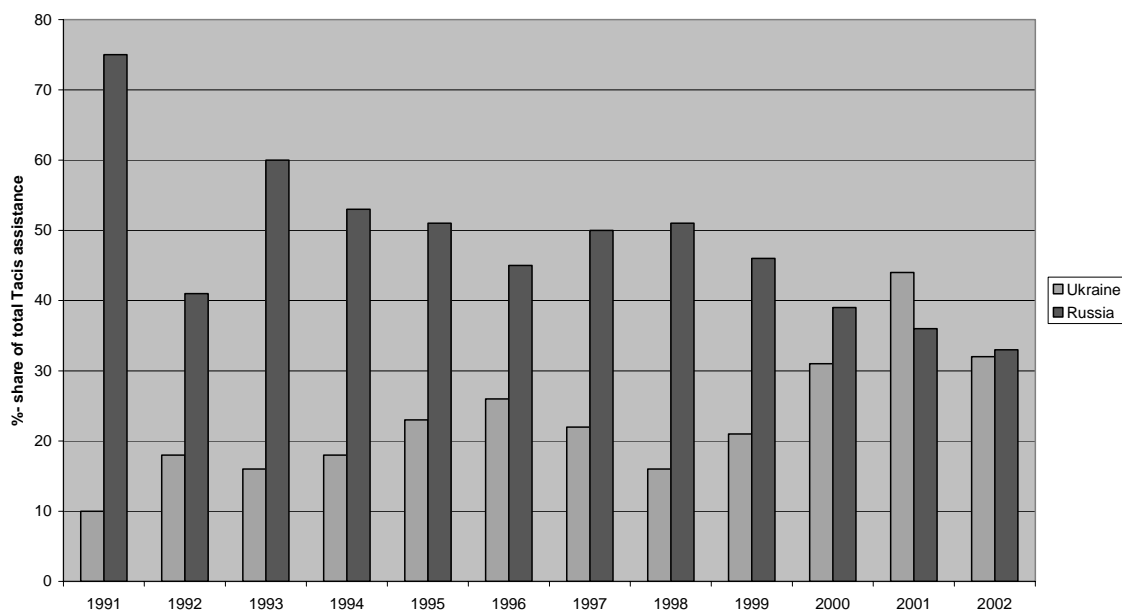
¹⁵ The first reference calls for harmonisation of competition legislation and refers to the relevant PCA Article (53.2.2.), see section 1.4, p. 5 of the first *Road Map*. The second reference calls for the establishment of a mechanism for cooperation on space issues “in the framework of the PCA institutions,” see *ibid.* section 5, p. 17.

2008. The PCA between the EU and Russia is sparsely noted in the Road Maps, and the question of its expiry in December 2007 is not mentioned at all. While experts have called for the future of EU-Russian contractual relations to be addressed for some time, the issue was not raised at the highest level until the May 2005 summit (Borko, 2004; Emerson, 2004, Karaganov, 2005a; Karaganov, 2005b; Vahl, 2004).

To sum up, the Road Maps are less ambitious, less easily translated into concrete action, with fewer conditions attached to further cooperation, and do not address the key question of the future of the contractual framework of the bilateral relationship. In short, the Road Maps for the four common spaces are indeed a “weaker and fuzzier” derivative of the ENP Action Plans (Emerson, 2005).

The changes in EU priorities vis-à-vis the former Soviet Union implied by the differences between the Road Maps and the Action Plans – away from a ‘Russia first’ strategy towards equidistance in the short term followed by closer relations between the EU and Europeanising states such as Ukraine, Moldova and Georgia in the medium term – have been apparent in the allocation of EU economic assistance for some time. Russia’s share of Tacis funding has been gradually reduced during the Putin presidency, to a large extent due to increased aid to Ukraine and other Western NIS (see figure below).

Tacis assistance to Russia and Ukraine, 1991- 2002

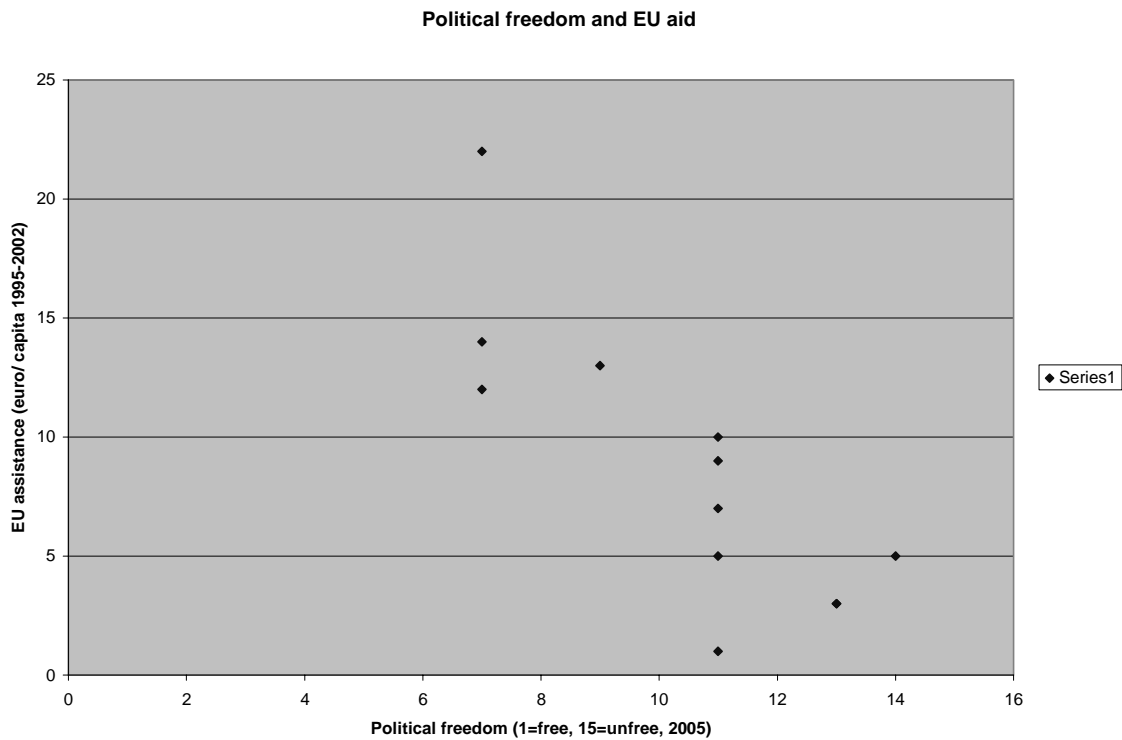


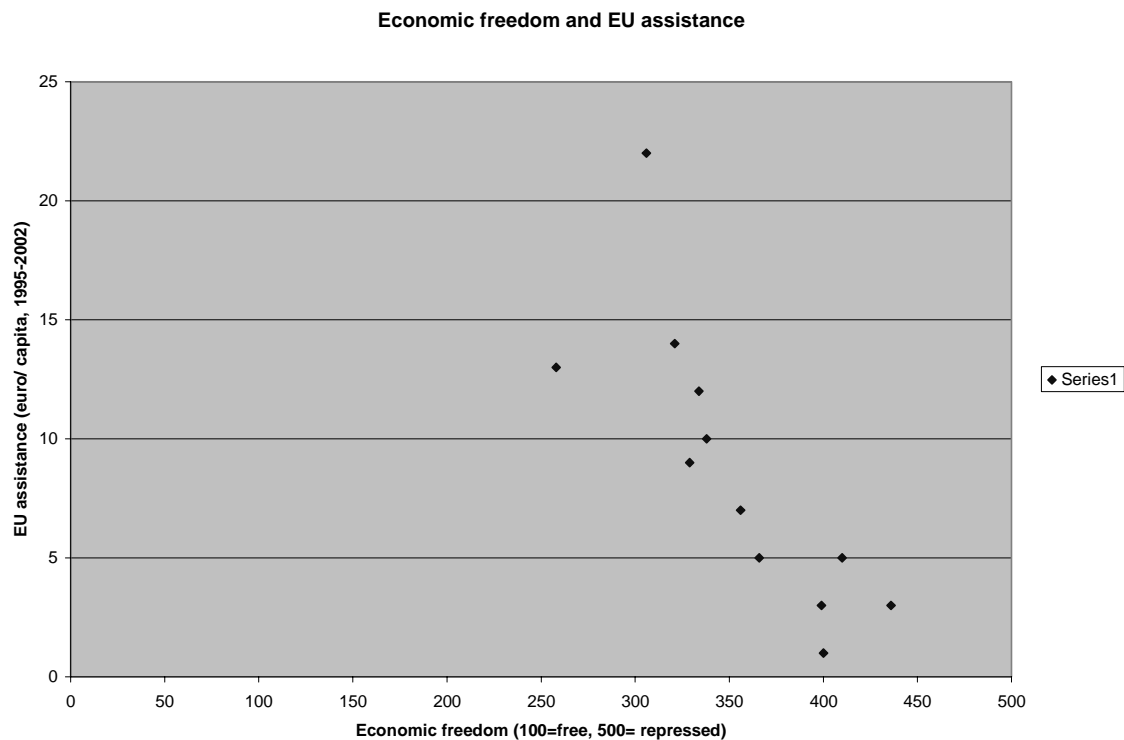
It is also seen in the EU Council decision in February to allocate up to 50% of the total loans made available from the European Investment Bank (EIB) to the CIS to Ukraine, as one of

the “additional measures” adopted together with the EU-Ukraine Action Plan in response to the Orange Revolution. Until now, Russia has been the only CIS country to which the EIB was allowed to provide loans.

This is a reflection of what appears to be a more fundamental change in EU policy towards the entire ‘post-Soviet space’. EU policy is gradually shifting in line with domestic changes in the CIS, developing closer relations with those CIS countries that are Europeanising through political and economic reform than with those moving in towards more authoritarian political and economic systems.

There is a notable correlation between the state of political and economic freedom and amounts of EU aid in per capita terms to the CIS. The most ‘free’ countries such as Moldova, Ukraine, Armenia and Georgia received significantly greater amounts than the authoritarian regimes in Central Asia and Belarus (see figures below and Annex). The latter were indeed the only countries to receive less EU assistance than Russia.





This trend is likely to continue as the EU member states (eventually) agree on the next EU budget, the Financial Perspective for 2007-2013. The EU has promised significant increases in economic assistance under the ENP, and the Commission initially proposed that the assistance provided to the ENP partners be doubled over the term of the financial perspective (Emerson, 2004b, p. 5). A fierce battle among the member states – between net contributors and net recipients, and between new and old member states – over the budget is underway. In the initial proposals from the Commission, the overall spending on external action would remain roughly stable over the period, a figure that was subsequently reduced significantly during the aborted negotiations among the member states in June 2005. Unless the EU is to considerably reduce its assistance to developing countries and to the enlargement process, both of which seem unlikely, this makes it highly probable that Russia will receive less assistance from the EU for the foreseeable future, surely in relative terms as a share of the total EU external action budget, but most likely also in absolute terms.¹⁶

¹⁶ Russia is set however to benefit from the ENP economic assistance through the new European Neighbourhood and Partnership Instrument. See European Commission, 2004b.

6. BEYOND THE EUROPEAN NEIGHBOURHOOD POLICY?

The long-term objectives of the CIS countries vis-à-vis the EU have diverged over the course of the last decade. A number of CIS countries such as Moldova, Ukraine and Georgia now seek association with the EU on the road towards full membership, while Russia seeks neither association nor membership. These differences in strategic aims is increasingly correlated with the state of political reform, as these three countries become more democratic while Russia and other CIS states not seeking membership become more authoritarian. Many of the EU actors that favour a tougher line vis-à-vis Russia would also like to be more accommodating with CIS countries converging towards European norms and standards, in particular those seeking EU membership.

The Orange Revolution brought the question of Ukrainian membership in the EU to the top of the political agenda. While there is broad support in the EU behind the ENP generally, as well as greater EU engagement with Ukraine in response to the Orange Revolution specifically, there is considerable disagreement within the Union on whether or not to acknowledge Ukraine as a prospective member of the EU. The European Parliament did not receive support from either the Council or the Commission on its January 2005 Declaration on Ukraine calling on the EU to provide a membership perspective for Ukraine.¹⁷ Although a number of (mainly new) member states support this position, there is a clear majority among the member states against acknowledging Ukraine, or other CIS countries such as Moldova and Georgia, as potential candidates, in the foreseeable future.

Nonetheless, governments in countries such as Ukraine, Moldova and Georgia insist that EU membership remain their long-term objectives. If the current movement of Ukraine and other CIS members on the 'pre-pre-accession' road of the ENP is sustained, even if eventual membership remains highly uncertain and is in any case more than a decade away, Russia is faced with a situation where much of the political energy among key neighbouring states will be directed towards the EU. A by-product of this is likely to be that relations with Russia become less of a priority for the countries concerned.

It would also, eventually, clash with Russian plans to develop deeper economic integration in the CIS that involve countries seeking EU membership. The plan for a Single Economic Space (SES) between Russia, Ukraine, Belarus and Kazakhstan is currently a key issue. Agreed

¹⁷ *European Parliament resolution on the results of the Ukrainian elections*, 13 January 2005.

in principle by the four parties in September 2003, this envisages the creation of an economic union in stages, starting with a free trade area, then a customs union followed in the end by 'full' economic union, with common rules and standards and common economic policies. While the first stage of the SES – a free trade area – could be compatible with a pre-accession process, it would have to be abandoned upon accession to the EU, unless the EU has by then free trade agreements with Russia and the other countries of the CIS. The later stages envisaged – a customs union followed by an economic union – are simply incompatible with EU membership, unless of course all relevant CIS members join the EU. The latest developments is indeed that Russia, Kazakhstan and Belarus plan to go ahead on the SES without Ukraine, which is unwilling to take part as it could endanger its prospects of eventual EU membership.

If Ukraine were eventually to join the EU, perhaps together with Moldova and also other CIS members, this could lead to a Union of 35 or more member states with a total population of 600 or even 650 million, almost five times greater than the population in Russia. There are currently more than 8 million ethnic Russians in Ukraine, and more than half a million in Moldova, including some 100,000 Russian citizens in Transnistria (Moshes, 2004, pp. 16-26; Emerson and Vahl, 2004, p. 155). Added to the more than half a million Russian speakers currently living in the EU, a large majority of which reside in Estonia, Latvia and Lithuania, and there would be around 10 million Russians residing in the EU. Less than half of the 20 official languages in the EU are spoken as a first language by as many people. While this would constitute less than 2 % of the total population of the EU, it would also be more than one-third of all Russian living outside Russia, equal to 7 % of the population of Russia.¹⁸

Further EU enlargement to include 35 or more member states would increase the economic asymmetries between Russia and the EU. The 2004 EU enlargement increased the size of the EU economy by approximately 350 billion USD (or less than 5%) to 8500 billion USD (Emerson, 2004a, pp. 88-90). While modest compared with the total EU economy, the addition to the EU economy was more than twice the size of the 145 billion USD Russian economy. Although most of the putative EU candidates in South Eastern and Eastern are much poorer than the current members of the EU, their accession would further increase the size, and more importantly the potential of the EU economy further.

¹⁸ "20 million Russians Reside in the CIS," *Pravda.ru*, 5 February 2005.

The economic significance of such a long-term expansion of the EU for Russia are however more significant than this only slightly increased economic asymmetry implies, due to the considerable economic interdependence between Russia and the relevant CIS states. The 2004 EU enlargement increased the importance of the EU as a trading partner of Russia, with the EU's share of Russian total trade increased from 35-40% to 50-55%. Current EU candidates, notably Turkey, are becoming increasingly important trading partners of Russia. Were Ukraine and some other former Soviet states also to join the EU, the share of EU in Russia's overall trade would of course increase further. Trade with the CIS constitutes approximately 15 % of Russia's overall trade, much of it with the CIS members seeking EU membership. Conversely, and given the significant role of trade with Russia for the putative EU members in the CIS, Russia would become a more important trading partner for the EU, although much less dramatically than in the case of EU as a trading partner of Russia. Any predictions on EU membership in 2020 or so are of course highly uncertain, but an EU of 35 or more member states could be responsible for two-third, or even three-fourths of Russia's overall trade.

Furthermore, Russian business is even more heavily involved in the Ukrainian economy than in the new EU member states in Central and Eastern Europe. As Ukraine adopts EU standards, Russian business in Ukraine will be forced to become 'EU compatible', creating a growing Russian constituency in favour of EU harmonisation. This may have consequences for the position of Russia in favour of Russia adopting EU rules and standards. Since Ukraine receives most of its energy from Russia, Ukrainian EU membership would also make the EU even more dependent on Russian energy supplies, although its eventual inclusion into the EU's internal energy market would enhance security of transit of Russian energy to European markets, 80-90% of which currently passes through the territory of Ukraine.

In geopolitical terms, the Black Sea would become dominated by the EU to an extent comparable with the current situation in the Baltic Sea. Ukrainian EU membership would almost double the length of the EU-Russian border, from 2200 km today to more than 3750 km. If the countries of the South Caucasus were also to join the EU some day, this would further extend the EU-Russian border with almost 1000 km. The Russian-Ukrainian border regime is currently very liberal, where Ukrainian and Russian travellers are not required to hold passports to cross the border. This would eventually have to change on the Ukrainian side to comply with the Schengen *acquis*, unless of course the EU and Russia have by then established a genuine 'common space of freedom, security and justice'.

It may seem fanciful to discuss this as a credible scenario, even in the long-term. The current difficulties of the reform process in many 'post-revolutionary' CIS countries, the unwillingness of the EU to acknowledge Ukraine and other EU membership aspirants as potential candidates for accession, and, perhaps most importantly, the current crisis in the EU following the 'no' vote on the Constitutional Treaty in France and the Netherlands in May and June 2005, all can be said to weaken this scenario. The votes against the Constitutional Treaty was by many experts and political leaders interpreted as a vote against EU enlargements, be it to Central and Eastern Europe, Turkey or in general. Furthermore, changes to the French constitution adopted in March 2005 entail that any future enlargements after the accession of Romania, Bulgaria and Croatia, will be determined by a referendum in France. Other EU member states have indicated that they too will have to approve future EU accessions by referendum.

Past experience indicates, however, that countries that are sufficiently determined in their European aspirations eventually join the Union. The ENP is not the first attempt by the EU to develop alternatives to EU membership for neighbouring countries. The original rationale behind the European Economic Area – incidentally known initially as the 'common European economic space' – was to pre-empt membership applications from the EFTA countries. In the early 1990s, the EU flirted with ideas to create a European Confederation or a 'European Political Area' as an alternative to full membership for the newly liberated countries of Central and Eastern Europe. A number of European leaders have called for the creation of a 'privileged partnership' with Turkey as an alternative to full membership. All of these efforts have, with minor exceptions in the case of some EFTA countries, failed in the end, as the neighbours in question opted for full membership (Vahl, 2005a).

7. TWO STRATEGIES, ONE PARTNERSHIP

Returning to the bilateral EU-Russian relationship, a key issue is the apparent inability of the two parties to develop the substantive and privileged strategic partnership both sides repeatedly claim as a common goal. The large number of major policy initiatives in EU-Russian relations testifies to an ambition to be pro-active. But important developments in the bilateral relations, positive or negative, have largely been an unintended consequence of events and developments elsewhere. The liberalisation of the EU-Russian trading regime was for instance a result of the completion of the Uruguay Round, a process in which Russia played no role, rather than a result of a specific rapprochement between the EU and Russia in the context of the plans to develop free trade bilaterally. Likewise, the reintroduction of a visa regime

between Russia and its neighbours in Central and Eastern Europe resulted specifically from the accession of the latter to the EU, and more generally as enlargement took precedence over EU relations with Russia among the EU's foreign policy priorities, and not from any conscious decision to tighten the regime for the movement for persons with Russia *per se*.

It has become commonplace to attribute this discrepancy between rhetoric and reality to a lack of 'common values' between the EU and Russia (see e.g. Vahl, 2001, pp. 7-16; Emerson et al, 2001, pp. 14-25; Lynch, 2005, pp. 17-18; Barysch, 2004, pp. 8-14; Haukkala, 2005, pp.; Bordachev, 2005; Karaganov, 2005, p. 33; Trenin, 2005, pp. 8-9). Whereas Russia is seen as a de-democratising state imbued by realist geopolitical zero-sum game perceptions of international relations, the EU is regarded as an incoherent 'post-modern' idealist soft power. But this does not explain the fact that the EU's relations with other neighbours, for instance most of the Southern Mediterranean partners, with whom the 'values gap' is as wide or arguably even wider than it is *vis-à-vis* Russia, have been developed further in key areas such as trade and economic integration than it has with Russia. This can however be accounted for by Russia's limited integration into the international economy and participation in key international economic regimes such as the WTO, due to some extent to the relatively under-developed state of economic governance in Russia compared with other EU neighbours (Emerson and Noutcheva, 2005). The EU appears unable to develop relations on terms that are favourable to partners bilaterally, notably concerning economic integration, but also in the domains of justice and home affairs and foreign and security policy, where integration with and in the EU is premised on participation in, and adherence to, international organizations and regimes.

But it is also a matter of strategic choice. While the EU and Russia both agree in principle on the need for a close and privileged strategic partnership, there appears to be fundamental differences between the two parties as to what such a strategic partnership would entail in policy operational terms.

Russia seems to envisage the strategic partnership in terms of traditional modes of international cooperation, akin to the great power relationships familiar from the so-called Westphalian states system. This would be a partnership of equals in which cooperation would primarily be limited to the traditional domains of foreign policy. There would thus be geostrategic alignment and considerable cooperation on global security issues. In extension of the sharp distinction made between domestic and foreign policy, the two sides would adhere to the principle of non-interference in each others domestic affairs.

Such a conception of the strategic partnership significantly curtails the prospects of a privileged partnership with an entity like the EU. First, and in spite of the development of the CFSP and the ESDP, the EU as such has limited competences and discretionary power in the traditional areas of foreign and security policy. While a deepening trading relationship could certainly be envisaged once Russia eventually joins the WTO, it would hardly be privileged compared with the EU's other neighbours, most of which have moved or are moving beyond traditional free trade towards deep economic integration with the Union. This is however dependent on the neighbours adapting to EU rules and standards, which Russia appears to be unwilling to contemplate. Indeed, more generally domains traditionally considered domestic policy constitute an important element in EU foreign policy in general, and its neighbourhood policies in particular.

The divisions within the EU on its policy towards Russia have increased in recent years, and it is more difficult to speak of a common EU conception of the 'strategic partnership'. Indeed, there is considerable sympathy within the EU, most notably among the leaders of some of the larger member states, for the Russian conception of the 'strategic partnership.' But although there are different views on the extent to which domestic developments in Russia should affect the relationship, it should be emphasized that there is at the same time a broad consensus on the basic approach the EU should take in developing relations with third countries. Indeed, this was determined as early as 1987, when the Commission laid down the so-called Interlaken principles for the association of EFTA with the EC.

First, the EC would give priority to its own integration. Secondly, the autonomy of the EC's own decision-making should not be threatened, and thirdly, there should be a fair balance of rights and obligations (Phinnemore, 1999, pp. 38-39). Although various models for the participation of representatives of non-member states in the decision-shaping process exist in EU, for instance the EEA and Schengen, the EU draws a clear line in defending its decision-making autonomy.

In the specific context of EU-Russian relations, it is for instance clear that the only conceivable outcome of the 'regulatory convergence', 'harmonisation' and 'legislative convergence' at the heart of the planned Common Economic Space would be through an alignment of Russian domestic policies and laws to EU standards. Enhanced economic cooperation largely depends upon Russia's accession to the WTO. Further liberalization of trade would inevitably entail greater changes and concessions on the Russian side, as its tariffs remain overall more than ten times higher than those of the EU (Brenton, 2002). The development of the bilateral relationship in other areas, such as justice and home affairs and

foreign, security and defence policy, depends upon Russian adoption and implementation of a number of international treaties and conventions, as well as its fulfilment of international commitments already made (such as the 1999 OSCE commitment to withdraw Russian forces from Georgia and Moldova). While the political dialogue would be more extensive with Russia, given its seat in the UN Security Council, its nuclear weapons and perhaps most importantly, its size and location, being by geographic default an actor in a number of key regions in the world, the regimes governing the bilateral relationship will be essentially on the EU's terms. The further development of the bilateral relationship would be a fundamentally asymmetric process, with Russia converging on the higher standards of the EU. In some areas, this is due to the EU's broader commitments, for instance in the WTO, which prevents it from developing the bilateral relationship with non-member Russia. In other cases, for instance on the ESDP, the EU has simply decided to construct itself as being unable to cooperate on equal terms with its neighbours.

The strategic choice seems sharp: either an equal but under-privileged relationship in line with a 'Russian style' strategic partnership, or a privileged but asymmetrical relationship in accordance with a European conception of a strategic partnership. If the currently dominant paradigms hold sway in both the EU and Russia, the creation of an equal and privileged partnership seems at this stage like mission impossible. A first challenge is therefore to determine the extent of overlap among these two diverging visions of the strategic partnership becomes a first challenge for the further development of EU-Russian relations. In a longer-term perspective, a question becomes the malleability of these diverging conceptions, i.e. the extent to which Russia could accept an asymmetric relationship, the extent to which the EU are willing to make a special case of Russia in terms of the existing methods of co-operation with neighbouring countries, and whether the EU or Russia or both could conceivably change their basic positions on the nature of the strategic partnership.

8. CONCLUDING REMARKS

It must first be reiterated that the comparative analysis provided above is incomplete. The initial idea was to look at the bilateral relationship in light of both EU and Russian foreign policy, for simplicity divided into two categories: neighbourhood policy and great power relations. This paper has only addressed one of the squares in the resulting 2x2 matrix, namely EU neighbourhood policy. While a brief survey of EU policy towards the major global actors provided as an appendix foreign policy goes some way to address this deficiency, Russian foreign policy is virtually absent, be it towards its neighbours or the wider world. Although

this could perhaps be said to reflect the fundamental asymmetries in EU-Russian relations, the analysis would certainly have been benefited from an assessment of Russian policy towards the EU in the context of Russian policy towards its neighbours and towards the major global powers. In spite of this, a number of conclusions and recommendations can be drawn from the comparative analysis.

Road maps as a reality check. The first would perhaps be to acknowledge the limits of the bilateral strategic partnership. The Road Maps could indeed be regarded as the first step, providing a reality check on these limits. Calls for a 'pause' by Russian experts are another indicator that the era of grand declarations may be coming to an end (Emerson, 2005; Karaganov et al, 2005; Trenin, 2005, p. 9; Lynch, 2005).

Update, not upgrade of the PCA. The next test could be the matter of the future of the PCA. While its expiry in late 2007 should have led to calls for reconsideration earlier than what has been the case – it was brought to the summit agenda as late as May 2005 – it would probably be wise not to aim too high. Rather than an upgrade, they should probably settle with an update, possibly bringing the Permanent Partnership Council and new areas not covered in the PCA, such as in justice and home affairs and foreign, security and defence policy, where the relationship has developed considerably since the signing of the PCA in 1994, into a new agreement. Even this may be too ambitious given the current state of thinking on EU-Russia relations in Europe and in Russia. The perhaps most likely outcome is that the PCA, which does not reflect the overall state of the relationship, will be renewed annually for quite some years to come after it expires in 2007.

Focus on international commitments, not 'common values'. This leads to a third recommendation, namely to focus on international commitments, rather than common values. The latter is a vague concept that is oftentimes difficult to operationalise thus facilitating undeserved criticisms of 'double standards.' Its use in the political dialogue is regarded as attempted imposition of Western values in Russia. Russia has made numerous specific commitments through the UN, the OSCE, the Council of Europe and other international institutions, which could provide similar normative leverage vis-à-vis Russia without incurring criticisms of undue interference in Russia's internal affairs.

Focus on Russia's international integration, not bilateral initiatives. Emphasising international commitments would also highlight that any significant strengthening of EU-Russian bilateral

relations require Russia's full integration into the international economic regimes like WTO,¹⁹ as well as adoption and implementation of a wide range of international treaties and standards. By extension, there should be a greater emphasis on multilateral integration rather than bilateral initiatives, simply because these are often preconditions for a closer bilateral relationship. Talk of 'common spaces' are essentially a waste of time until that is achieved. This is most evident as concerns the 'common economic space', but is also relevant for the second and third 'common spaces' on internal and external security.

This implies a rather minimalist bilateral agenda in the short- to medium-term, and an underprivileged relationship rather than an asymmetric relationship. Representing a continuation of the current trajectories in EU neighbourhood policies, this would further imply that Russia would be an increasingly marginal player, and the EU an increasingly dominant actor, in European politics. The EU is currently both unwilling and unable to establish a relationship on Russia's terms.

To the extent that it is willing to compromise to accommodate Russia, this tends to exacerbate the marginality of Russia. One example of this were the EU concession over energy pricing on Russia's WTO accession, allowing Russia to continue its energy subsidies to industry as well as households for many years. These subsidies are a key obstacle for the diversification of the Russian economy ostensibly sought by Russia, leaving it as a supplier of raw materials and low added value energy intensive manufacturing. Another example was the watering down of attempts to create stronger cooperation in the common neighbourhood. As long as Russia is unwilling to engage pro-actively with Russia in the region, the most likely result is that the EU gets involved unilaterally, or at least without Russian interests taken into account. A third example is the unwillingness of Russia to adopt EU rules and standards to establish the common economic space. This entails that this will be as empty as the word 'space' implies.

When more significant advances occur, on substance they are usually on the EU's terms, while Russia receives more symbolically important concessions. On Kaliningrad, for instance, the result of negotiations was to create a face-saving device for Russia – the FTD, or a visa by another name – which was compatible with the Schengen regime, as the EU had insisted. The mutual benefits of the recently concluded agreement on visa facilitation are significant.

¹⁹ This process has so far taken Russia more than 13 years, and it appears in late 2005 increasingly unlikely that Russia will be able to join in 2006. One may mention that for the last country to join the WTO, Cambodia, the process just under ten years (December 1994-October 2004).

However, the readmission agreement is far more important to the EU than the relatively minor concessions given on visa facilitation. For Russia, the readmission agreement represents a significant challenge for Russian policy concerning the security of and beyond its borders to the South and East, to avoid becoming a centre for illegal immigrants heading from South and East Eurasia towards the EU.

In the longer-term, the two sides better start searching for a model that combines the two conceptions of a strategic partnership. This is likely to be necessary to avoid a situation that neither side currently want, namely that Russia aspires to become a member of the EU. In the absence of a viable long-term model of a strategic partnership, and as long as the only countries treated by the EU as equals are the member states themselves, the logical change in Russian strategy vis-à-vis the EU would be to demand to be acknowledged as a candidate for full membership. But it is difficult, to say the least, to envisage Russia accepting to be a pupil of the EU for a generation, while the prospect of Russian membership could in the current climate in the EU become the famous straw that broke the camel's back. While this may be exaggerated, it augments those arguing in favour of the fundamental importance of the bilateral EU-Russian relationship, both for the future of the EU and of Russia.

An important challenge in the short-term concerns the overall contractual arrangements between the two parties. The ten-year PCA expires on 1 December 2007. According to Article 106 of this agreement, the agreement is automatically renewed on an annual basis unless one of the parties decides to terminate the agreement. Notification of this must take place by 1 June 2007, six months before the expiry of the agreement, at the latest. The next parliamentary elections in Russia are scheduled for early December 2007, just days after the expiry of the PCA. The parliamentary election campaign is also the beginning of the campaign for the presidential elections in March 2008.

Speculation is already rife in Russia as to what will happen when President Putin's second term ends in May 2008. According to the Russian Constitution, presidents serve maximum two consecutive terms. Many find it difficult to believe that Vladimir Putin, at a presumably vigorous 55 years when his second term ends, will simply retire. A number of possibilities have been considered by various experts and opinion-makers in Russia, all of which have been ruled out by the President himself on numerous occasions. These include constitutional amendments to allow for an extended second term or a third term for Putin, the transformation of Russia into a parliamentary republic with the current president as head of the pro-Kremlin United Russia party and/or head of parliament or by realising the Russian-Belarusian Union with Putin as its president. There are also speculations whether extra-

constitutional 'solutions,' purportedly in response to some national security emergency, could be used to prolong the leadership of Vladimir Putin. The latest rumour seems to be that he will head Gazprom once his term as president ends.

Whatever comes to pass, and even if the elections takes place as expected and in accordance with the Constitution, it is not too difficult to imagine that the fate of the PCA could somehow get tangled up in the election campaigns. Indeed, they could easily become regarded as the next serious test-case for an EU policy towards Russia ostensibly based on 'common values'.

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APPENDIX: PROLIFERATION OF PARTNERSHIPS: THE EU AND THE MAJOR POWERS

The EU's ties with the rest of the world in general, and the major global actors in particular, have been gradually upgraded over the last decade. Relations with Moscow were the least developed among the EU's relationships with the major global actors at the end of the Cold War. Diplomatic relations were established with Japan, India and China in the 1950s, 1960s and 1970s, respectively, and with the Soviet Union as late as 1988. The considerable developments in EC-Soviet and EU-Russia relations in the late 1980s and the early 1990s could thus be considered part of a 'catching up' process (Ludlow, 1991, pp. 121-127). But the EU has developed relations with other powers further since then. How does this compare with the development of its relationship with Russia?

The 'partnership' label is being used with growing frequency, in particular concerning relations with other major powers. In 1991, a Political Declaration to strengthen "co-operation and partnership" was signed by the European Community and Japan. An "enhanced partnership" between the EU and India was established in 1996, transformed into a 'strategic partnership' at the EU-Indian summit in October 2004. In 1998, the EU and the US agreed to create a Transatlantic Economic Partnership, while the Commission proposed the creation of a "comprehensive partnership" with China, subsequently upgraded to a 'maturing partnership' in 2002. A 'Partnership Agenda' for the "close strategic alliance" between the EU and Canada was adopted in 2004.

Political dialogue is a key element in all of these partnerships, as indeed in the strategic partnership with Russia. Annual EU-US summits were initiated as late as 1998. There are regular ministerial meetings and even more frequent meetings at senior officials and experts level, complimented by a set of transatlantic dialogues among legislators and various interest groups. Political dialogue with regular summits and ministerial meetings was initiated with Canada in 1990. The 1991 Political Declaration signed by the EC and Japan set up a system of political dialogue, with annual summits (there have so far been thirteen), biannual foreign ministers meetings and biannual senior officials meetings. A political dialogue with China was formally established in 1994. Annual summits commenced in 1998 and the political dialogue was further broadened and regularised in 2002. A five-tiered mechanism for political dialogue between India and the EU was established in 1997. The dialogue with the Asian powers has been further strengthened through ASEM, including summits every other year. In spite of these developments, and as seen also in the comparison with the EU's relations with its neighbours, the formalized political dialogue remains far more comprehensive with Russia

than with the other major global actors. Indeed, “the density and frequency of the bilateral dialogue between Russia and the EU [is] unique” (Schuette, 2004, pp. 1, 28).

Beyond rhetorical labels of ‘partnership’ and the political dialogue, relations between the EU and other major powers are underpinned by a growing number of bilateral agreements and political initiatives. As in the case between the EU and its neighbours, these relations increasingly move beyond economic issues as the EU evolves as an international actor.

Following a number of political declarations on EU-US relations – the 1995 New Transatlantic Agenda, the 1998 Transatlantic Economic Partnership, and the 2002 Positive Economic Roadmap – a number of bilateral measures to strengthen co-operation has been agreed, notably a mutual recognition agreement (MRA) to remove technical barriers to trade, agreements on customs co-operation, satellite navigation, trade in wine and other agricultural products, an agreement with Europol, an agreement on extradition and mutual legal assistance, and a science and technology agreement, the initiation of regular dialogues at various levels and a number of co-operative actions and projects. The EU-Indian Co-operation Agreement signed in 1993 was the third successive bilateral agreement between the two sides, following previous accords in 1973 and 1981. A framework agreement with Canada entered into force in 1976. A Trade and Co-operation agreement was concluded with China in 1985, replacing a previous agreement from 1978. Several sectoral agreements complimenting the TCA have been concluded with China, most recently an agreement on Chinese participation in Galileo reached in late 2004. A new framework agreement is now under consideration, as well as numerous other issues, such as the removal of the EU arms embargo, the expected granting of market economy status for China, and a readmission agreement (Presidency conclusions, 16-17 December 2004). A mutual recognition agreement with Japan entered into force in 2002.

In spite of these developments, overall the EU’s formal relationships with the other major powers fall short of the number and scope of agreements and initiatives concluded with Russia. This is in part due to the latter’s status as a direct neighbour following successive EU enlargements and the ensuing political and economic interdependence. In spite of this, and again as in the case of the EU’s neighbours, the EU is arguably more economically integrated with all the other major powers than with Russia. This is principally due to their full participation in major international economic organisations such as the WTO. The latter, of which all of the major global powers except Russia are members, constitutes the foundation of the trading regime between the EU and the other major international actors. The difference as compared with the EU’s neighbours is however smaller, simply because the EU has in general

less extensive preferential trade agreements with the major economic powers of the world than it has with its neighbours.

The development of the CFSP has to a significant extent been in accordance with the priority attached to the EU's neighbourhood, as set out by the European Council in Lisbon in June 1992. The foreign policies of the EU member states thus play a more significant role in Europe's relations with other major global actors. On matters of international politics and security issues, the EU member states conduct joint action with considerable higher frequency and intensity with some of important global actors such as the US, Canada and Japan, than with Russia. The most notable case is of course transatlantic relations, where the institutionalized relationship between the EU as such and the USA does not reflect the close relations between Europe and North America (Hamilton and Quinland, 2005).

Russia is not the EU's only 'strategic partner.' One of the main goals of EU foreign policy as set out in the December 2003 European Security Strategy (ESS) is to develop relations with six 'strategic partners,' the others being the US, Canada, India, China, and Japan. Compared with the priorities for the CFSP as set out in 1992, far greater attention is accorded to the global aspects of EU foreign policy.

Among the strategic partners, the importance of relations with the US is given particular emphasis.²⁰ In the wake of the transatlantic and intra-European rifts caused by the US invasion of Iraq, both American and European leaders are now courting each other to strengthen relations between the EU and the US, seen during the extraordinary European Council on 22 February 2005 held in connection with President Bush's visit to Europe. Ambitious plans for further economic integration are currently under consideration. Relations with Asia's rising powers India and China is also rising on the EU's foreign policy agenda, and is likely to further reduce the privileged position in certain respects accorded to Russia today.

²⁰ The US is "inevitably a global player" and plays a "critical role in European integration and security." The transatlantic alliance is "irreplaceable" and a transatlantic relation is "a core element of the international system."

ANNEX:
POLITICAL AND ECONOMIC FREEDOM AND EU AID TO THE CIS

	EU aid/capita 1995-2002	Political rights	Civil liberties	Economic freedom
Partly free				
Moldova	22	3	4	3,06
Ukraine	14	4	3	3,21
Armenia	13	5	4	2,58
Georgia	12	3	4	3,34
Not free				
Azerbaijan	10	6	5	3,38
Kyrgyzstan	9	6	5	3,29
Russia	7	6	5	3,56
Kazakhstan	5	6	5	3,66
Turkmenistan	5	7	7	4,36
Belarus	3	7	6	3,99
Uzbekistan	3	7	6	4,10
Tadjikistan	1	6	5	4,00

Sources; Freedom House, Heritage Foundation/Wall Street Journal and European Commission, 2003.