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EU'S COMMON FOREIGN POLICIES TOWARDS RUSSIA: PAST, PRESENT AND FUTURE

Yigit Canay

INTRODUCTION

Reviewing the past few years' literature on European Union-Russian relations, one observes that there is an increasing amount of news, analysis and scholarly work, which is mostly produced by Westerners. Since 9/11 and perhaps even before, Russia and Russian politics have started to attract a significant amount of focus. *Time Magazine* even chose Russian President Vladimir Putin as its "Person of the Year" for 2007 (Ignatius). Major news agencies and newspapers like *The Financial Times* and *The BBC* have started to devote distinct sections to Russia and Putin's policies so that their audiences could easily follow developments in Russia. However, unlike the Cold War era, attention directed to Russia seems to be largely on the European rather than the American side.

There are two main reasons for this. First, US foreign policy is currently entangled in Middle Eastern politics, Iraq, Afghanistan and the fight against terrorism, which tends to distract attention from Russia. Second, a number of recent events, especially since 2006, have caused more troubles between Russia and Europe rather than between Russia and the US. Deteriorating British-Russian relations due to Alexander Litvinenko's death in London, several attempts by Russia to cut the flow of natural gas to the Baltic States and Ukraine, the murder of journalist and pro-democratization advocate Anna Politokskaya, and debates about the fairness of recent elections in Russia have all contributed to the deteriorating relationship between Europe and Russia. As the tensions between Russia and the EU increase and as more people start to question the impact of Putin's "authoritarian rule", the EU-Russian dialogue gets tougher and criticisms of EU's common policies towards Russia grow. Some, like Edward Lucas, Central and Eastern European correspondent of *The Economist*, regards present Russian-Western relations as a "New Cold War" (Lucas). Others claim that the "EU's strategy for democratizing Russia is now officially dead" (Leonard and Popescu). So if West's, especially Europe's, image in international affairs is undermined by the emergence of a new Russian power, what is wrong with what Europe is doing? Is the Russian-European relationship doomed to become even worse? Why aren't the common policies of Europe working as desired?

To gain a better understanding of the phenomena that shapes the EU-Russian relations, this paper aims to bring an evaluation of EU-Russian relations by exploring its past and present, and giving prescriptions for positive developments. In the first section, our attention will be on understanding the nature of relations by focusing on the interdependency and the importance of geographical proximity between EU and Russia. Furthermore, we will try to outline what the two sides want to see in each other. The question we will try to answer is “what kind of EU does Russia want and vice-versa?” In the second section, we will be examining the topics that dominate the relationship between the two powers, the legal and institutional structures, and the actors that are shaping the relationship. Due to the variety of topics that Russian-EU relations are entangled with, we will focus the on the major areas of contention such as, markets and business, energy supply, and politics of defense and security. Our focus on these policy areas will be followed by the presentation and assessment of past and current legal and institutional structures that exist in conducting the relations regarding the topics above. By keeping an eye on present scholarly work, criticisms and views on the weaknesses and substance of the EU’s methods in conducting relations with Russia will be identified. We will also touch upon the roles and characteristics of the actors in the making of foreign policy. In what ways is Moscow influencing European policies towards Russia? How does the EU’s political process function in maintaining and conducting the relationship? Who are the responsible institutions and who are the influential member states or blocs? The third section will serve as a conclusion, and present three commonly accepted strategies for the future in the market, energy and defense sectors that are suggested for the EU to reach the goals that are defined in its past common foreign policy preferences towards Russia.

UNDERSTANDING THE RELATIONSHIP

The relationship between Russia and the EU is coined as “a strategic partnership founded on common interests and shared values to which both sides committed in the relevant international organizations such as the UN, Council of Europe and OSCE, as well as with each other in the bilateral Partnership and Cooperation Agreement”(European Commission 2). The values that both sides are particularly committed to are democracy, human rights, the rule of law, and principles of market economy. Before moving in to debate the values mentioned and their relevance to EU-Russian relations, let’s look at the nature of the relationship.

ECONOMIC INTERDEPENDENCE

The European Union’s relations with Russia are more extensive than their relations with any other country. The frequency of bilateral dialogue between the two is unique (Schuette 1). The necessity of establishing such a unique strategic partnership is easy to explain. Russia and the EU are incredibly interdependent on each other economically. Russia is the EU’s third biggest trading partner after China and the United States (European Commission Directorate-General for External Relations 27). 2006 figures show that Russia accounted for 6.2% of EU exports and 10% of EU imports in goods. The EU25 exported 13.1bn Euros of services to Russia, while imports of services from Russia amounted to 9.9bn, meaning that the EU25 had a surplus of 3.2bn in trade in services with Russia (Ibid. 30). Furthermore, in 2005 the net flow of Foreign Direct Investment (FDI) between the EU25 and Russia, the EU25’s FDI flow to Russia accounted for 9bn Euros and Russia’s FDI flow to the EU25 accounted for 4.1bn Euros. While assessing this economic

interdependency between the EU and Russia, one sees a big increase in the level of economic activity from 2004 to 2006. The primary reason for this is, the EU's expansion to Central and Eastern European states, put the EU in a more interdependent position with Russia. Most Russian investments in the former Soviet republics were included in the EU's statistics after the integration of these states in to the EU single market structure.

Secondly, when we look at the energy sector, the picture is similar. Russia is the world's largest single external supplier of oil, accounting for 30% of the EU's total imports and consumption. Russia also accounts for some 44% of EU's gas imports or around 24% of its gas consumption. These figures make the EU the largest consumer of Russian energy. Russia exports 63% of its oil and 65% of its gas to the EU (European Commission Directorate-General for External Relations 13). In summary, as explained by the EU Energy Commissioner Andris Piebalgs, "In the energy sector, Russia needs Europe as much as Europe needs Russia. The energy that Europe buys from Russia has been one of the key factors in Russia's economic revival and stable flows of reasonably priced energy has been an important motor for Europe's economic growth" (Aslund). All in all, the EU depends on Russia because Russia is a vital market for EU's export of goods, services and capital. Therefore, a growing Russian economy and middle-class are necessary for European markets to do business with Russia and increase European profits. On the other hand, Russia relies on the EU because the Russian economy needs European expertise and technology to modernize its economy and become more competitive. The EU is Russia's biggest recipient of energy products, and the EU's economic and industrial development is essential for Russia to sell its gas and oil. Metal and energy exports account for 20% of the Russian GDP. Without a strong market like the EU, nearby and dependent on energy, Russia would have trouble financing its own development.

EUROPEAN OBJECTIVES IN RUSSIA

By keeping an eye on the nature of the interdependent relationship explained above, let us try to explain what Russia and the EU want from each other. What kind of Russia does EU want to see? In the economic sense, the EU wants to see a modernized Russian economy integrated into the world economy. Since November 2002, the EU has recognized Russia as a "market economy" and supports her accession to the World Trade Organization (Aslund). The EU's efforts to modernize the Russian economy are based on key concepts such as increasing transparency in business and improving the commitment of Russia's business and state elite to legality and the rule of law. Assuming that a developing Russian economy would attract more European investment and promote Russian ties with the European Single Market, the EU wants to secure its economic interests in Russia by convincing Russians to follow the EU's advice to create a secure and stable business environment for economic growth. A more predictable Russian economy is seen as insurance for increasing the willingness of European investors to invest both in Russia and its former areas of influence (i.e. Central Asian, and Central and Eastern European states).

To complete her efforts to modernize the Russian economy and create a stable path for the development of European and Russia business and energy sectors, the EU also defines an ideal Russia as committed to the "common values". The European Union's strategy towards Russia underlines the importance of values to the EU. These values, the principles that the EU is founded upon, are: liberty, democracy, respect for human rights, fundamental freedoms and the rule of law (Schuette 27). The EU wants a Russia where

economic growth and middle class development would be accompanied by political freedoms, understanding of democracy and respect for laws, so that the growing liberal economic structure would follow the democratization process that Europe followed. In the EU's belief, the democratization of Russia would prevent Post-Soviet Russia from resonating the characteristics of the authoritarian capitalist regimes of the past, such as Hitler's Germany and Mussolini's Italy. Finally, despite the EU's enlargement to the Baltic Republics and its surrounding of the Kaliningrad enclave, as described in the words of EU Commissioner Günter Verheugen, "the EU is fairly committed not to allow new dividing lines to be drawn in Europe" (Lynch 101). A critique of why the EU cannot achieve her demands listed above will be attempted after we examine the institutional and the legal framework that the EU utilizes to maintain her relations with Russia.

RUSSIAN OBJECTIVES IN EUROPE

As Edward Lucas and Ian Bremmer describe in detail, the failed economic and social policies of the Yeltsin era changed the Russian perception of Western assistance in aiding Post-Soviet Russia. The "Shock Therapy" method of transforming the command economy to a capitalist one was not as successful as it was in the CEE and brought about an extreme form of limitless capitalism in Russia (Bremmer 126). The rise of "oligarchs" and their elitist rule of the Russian economic and political life further alienated the Russian public from both Boris Yeltsin's liberal agenda and Western business support behind it. The 1998 crash of the Russian finance sector created chaos in the economy by causing high levels of inflation together with a loss of confidence in the market (Lucas 31-33). Understanding the Russian experience of the 1990s is important in order to understand the present Russian rule of Putin and his like-minded ex-KGB, pro-centralization and pro-authoritarian staff, which is also called "siloviki" (Illiarionov). However, since that requires a detailed study, let us focus on the Russian view of the EU in the context of Putin's rise to power and today's Russian policies.

The Russias' self perception and their perception of their relationship with the EU can be understood by reading the "Medium-Term Strategy for Development of Relations between the Russian Federation and the European Union (2000-2010)", a document written in 1999 and presented to the EU Commission in Brussels by Prime Minister Putin, as a response to the "Common Strategy of the European Union of 4 June 1999 on Russia" (Lynch 103).¹ In its first page, while describing the differences between Russia and the EU, it says: "During the period under review, partnership between Russia and the European Union will be based on the treaty relations, i.e. without an officially stated objective of Russia's accession to or "association" with the EU. As a world power situated on two continents, Russia should retain its freedom to determine and implement its domestic and foreign policies, its status and advantages of an Euro-Asian state and the largest country of the CIS, independence of its position and activities at international organizations. From this point of view, partnership with the EU can manifest itself in joint efforts to establish an effective system of collective security in Europe on the basis of equality without dividing lines, including through the development and implementation of the Charter on European Security, in progress towards the creation of the Russia - European Union free trade zone, as well as in a high level of mutual confidence and cooperation in politics and economy".²

Based on this official statement contained in a legal document, Russia certainly sees

itself as a global player, which is different from other former Soviet republics that seek accession to the EU. Russia's self-understanding shows that EU's efforts to persuade Russia to democratize itself as a Western country and modernize its economy as the prospective EU member states were doing is not so useful since Russia is not abided by any EU accession criteria. The EU certainly cannot sanction anything to influence the internal affairs of Russia and cannot obtain any concrete promise from the Kremlin with in regard to bringing changes to the Russian political structure. Aware of these facts, Putin's Russia wants an EU that doesn't interfere in Russian internal affairs. In issues like political freedoms, the rule of law and the power of the judiciary or the Chechen Conflict, Russia wants the EU to be silent. In the economic sense, Russia wants to further increase her integration with Europe, however by playing the economic game on her own terms. Under Putin's rule, Russia has certainly diminished the economic dominance of the oligarchs, allocating their economic power to the central authority by creating giant state-owned firms. Centralization has become the dominant phenomenon in Russian economic development and has brought stability to the market by decreasing the influence of free-lancing business elites that had the potential to challenge Putin's authority. The Khodorovsky affair is a clear example of that (Lucas 48). Today, Russia wants an economic integration with Europe which would benefit Russia by helping to modernize her economy by attracting investments but also tolerating the operation of Russian centralized giants like the energy firm Gazprom to operate in the EU market.

Furthermore, Russia wants a Europe, which is more transparent while forming common policies that are related to Russia. Europe should allow Russia to become more involved in the European decision-making process on questions that affect Russia's interests, such as trade policy, anti-dumping regulations, and the precise impact of enlargement on Russian goods that are exported to the new member states (Lynch 104).

In issues like security policies and the role of European Security and Defense Policy and Common Foreign Security Policy in EU-Russian relations, Russia looks favorably to the development of both. Until NATO's 1999 intervention in Kosovo, Russia supported the Organization of Security and Cooperation in Europe (OSCE) as a lever to undermine the supremacy of NATO, which doesn't intend on granting Russia membership. After the 1999 NATO intervention, Russia realized that OSCE's importance, as a security organization was not enough for Russia to gain more influence in European defense politics. Therefore, Russia started to perceive ESDP and CFSP as initiatives that could allocate some of the power and influence of European security policies to a purely European level by eliminating the dominance of the US. Russia wants an EU where Europeans assume more responsibility in forming their security policies by diminishing American influence, because Russia is aware of the fact that, it can influence the European decision-making since the EU and Russia are more interdependent to each other in economic terms than US and Russia (Lynch 107). Today, despite ESDP's perception as a mechanism to dilute NATO's predominant role by providing an alternative locus for decision-making, increasing dialogue between Russia and NATO is making the assessment of Russian views on European security policy structure harder to make.

EU-RUSSIAN RELATIONS: TOPICS, ACTORS, LEGAL AND INSTITUTIONAL FRAMEWORK

In the second section, this paper will summarize the topics, and the substance and structure of the current legal framework and institutional arrangements that dominate the

EU's policy towards Russia. It will also examine the different foreign policy making structures and actors on both sides. The conclusion will include a critique and evaluation of the current structure.

TOPICS

Broad topics that dominate the legal documents signed by the EU and/or Russia are mostly focused on 1) trade and economic cooperation, 2) energy, climate change and the environment, 3) freedom, security, justice and human rights, 4) foreign policy cooperation and external security, 5) research, education and culture. These are the broad policy areas where, European and Russian joint and unilateral initiatives try to come up with policies for better integration of each bloc. There are also specific cooperation initiatives both from EU and Russia that try to address the relations of the two in specific Russian regions such as the Kaliningrad enclave and Northern Caucasus (European Commission Directorate-General for External Relations). Returning back to the topics listed above, it can be said that in areas like climate change, environmental regulations, research, education and cultural exchanges there is more cooperation between the two since more tangible results are visible. In terms of regional politics, cooperation between the EU and Russia in setting regulations for the free-passage of goods and people from Russia to Kaliningrad, which is surrounded by EU-member Baltic states since the 2004 EU expansion, seems to be more fruitful compared to the lack of common understanding between the EU and Russia in adopting common policies towards the Northern Caucasus. What are the "real" issues that dominate the EU-Russian relations?

Clearly, the weight of issues like energy security, market integration and structure, cooperation in defense, and the EU's emphasis on internal political developments in Russia, are much more dominant compared to other topics. Major contentions and conflict of interests occur in the debates about these issues, and the dominant literature regarding EU-Russian relations focuses on these aspects of the relationship since they are more problematic and need more urgent solutions. The political sensitivity of both sides to developments and policies in the energy sector, market regulations or political freedoms in Russia, affects the language of legal documents. In general, the wording of the clauses adopted by between the EU and Russia is soft and weak compared to the unilateral official statements. Therefore, while evaluating the current legal structures and actors responsible for conducting the relationship, we will focus on issues like energy, market and defense.

ACTORS AND METHODS

Actors and methods in foreign policy-making are largely different in the EU and Russia. Russia, which has undergone an increased centralization in the Putin era, depends mostly on the central government's views and perceptions in foreign policy-making. Members of the new political elite, who occupy strong positions in the executive boards of the state owned giant companies, are responsible for Russia's foreign policy decisions regarding the markets, security and energy. As Dimitri Trenin explains, the consolidation of the control of money in fewer hands has made the elite stronger in easily utilizing the power of capital to increase its business interests. The unofficial slogan has now become "What is good for Gazprom is good for Russia" (Trenin 95). As this new "bureaucratic capitalist" class has gained more confidence, it has become reluctant to share the power of decision making with the opposition groups and the responsiveness of the state has declined.

The new elite's main method of dealing with the EU is "divide and rule". Due to a

broad lack of the weak level of common policy understanding at the European level, Russia capitalizes on EU's internal divisions by preferring to deal with EU member-states separately rather than facing them as a group. Especially in the energy sector, Russia feels confident in sealing bilateral energy deals with countries with higher levels of Russian gas-dependency like France and Germany and plays them against the Russia-skeptics like Poland and the Baltic States (Trenin 98). Furthermore, "desperate for energy access and profits it brings, European energy companies are played against each other by the Kremlin in order to secure more advantageous conditions for Russia" (Baran 133). As a result, Russia's record on the adoption of European common values has become less questioned as pragmatic economic interests dominate the political agenda.

Unlike heavily presidential and business-oriented foreign policy making in Russia, in the EU decision-making is a complex process. "Dispersal of the decision-making power among different institutions affects the EU's ability to interact strategically with Moscow. EU is something with divided institutions, unclear sovereignty, a weak sense of common interests, and few institutions in political arena that are independently to achieve the EU's declared ends" (Lynch 112). Different from Russia's emphasis on sovereignty, the EU's emphasis is on unity of views on "common values". A common policy towards Russia over a longer term is harder for the EU as change in the institutions running the EU (i.e. Council of Ministers, European Council and EU Presidency) is more frequent compared with the corresponding Russian institutions. Most of the time, EU business interests shows a preference for short-term stability in EU-Russian affairs and that diminishes the political will of the EU leaders in bringing a more substantive and radical change to the nature of the relationship. Finally, in the crowded EU27, the divided perceptions and views of Russia make it even harder for EU summits to produce genuine solutions or proposals to more effectively deal with Russia. For example, while states like Germany, which badly need energy, want to utilize less provocative methods against Russia, others like "the Russia-skeptics" (i.e., Britain, the Czech Republic) and "the New Cold Warriors" (i.e., Poland and Lithuania) are reluctant to continue the relationship with Russia in its current form, which undermines the EU's power (Leonard and Popescu 2).

LEGAL AND INSTITUTIONAL FRAMEWORK: A COMPLEX AND GROWING STRUCTURE

The legal and institutional framework of the EU-Russian relations started with the Partnership and Cooperation Agreement (PCA) that was signed in 1994 and came in to force in 1997 with an initial duration of 10 years. The PCA aimed to bring about cooperation of the two in various topics including the major ones listed above. It established the following institutional arrangements to reach its goals: 1) EU-Russia summits, where the Russian President and the EU troika meet twice a year; 2) Permanent Partnership Council (PPC), aimed to allow Ministers (i.e. Ministers of energy, foreign affairs, environment) responsible for various policy areas to meet as often as necessary to deal with specific issues discussed at the summit meetings; 3) Cooperation Committee in which EU Commission and senior-level Russian officials meet; 4) The Parliamentary Cooperation Committee, which aims to increase the exchange of views between MPs. Political dialogue between Russia and the EU also takes place in the format of contacts between the Russian diplomatic mission in Brussels and EU officials, and expert meetings in CFSP formations (Schuette 2).

The second legal document was the "Common Strategy on Russia" (CS), adopted by

the EU in 1999 and expired in 2004. Although a unilateral document, it was public and aimed to increase the coherence of foreign policy understanding towards Russia among the EU member states. As a response to CS, as previously mentioned above, Russia formed its "Russian Medium-Term Strategy on EU Relations" in 1999 for duration of 10 years. With the maturation of the three pillars of the EU as well as the EU-Russian relationship, EU-Russian relations started to be categorized as "Common Spaces" as explained in the "Four Common Spaces for EU and Russia".³ This structure was adopted in 2003 in the St. Petersburg EU-Russian Summit. In 2005, the roadmaps to implement the short and medium term goals of the "Common Spaces" were adopted. The Common Spaces are: 1) The Common Economic Space; 2) The Common Space of Freedom, Security and Justice; 3) The Common Space of External Security; and 4) The Common Space of Research and Education, including Cultural Aspects.

Although there are a lot of technical details regarding the "Common Spaces" and the areas they address, a number of significant points are notable. First, although Germany and France introduced "Common Spaces", the Commission and the Council Secretariat, rather than the individual member states, has done most of the substantial work (Schuette 4). Second, major economic aims are the diversification of Russia's non-energy related exports to Europe as well as securing Europe's energy supply by creating an environment of confidence and fair relations with the Russian energy sector. In the political field, the EU has pursued two types of dialogue with Russia: international issues, including regional conflicts; and Russian internal affairs and Russia's commitment to the "common European values". In the former, the EU found that it is easier to come to terms with Russia in addressing international issues like nuclear proliferation or the fight against terrorism. However, in the issues directly involving Russia such as political freedoms in the country or regional conflicts in the territories of the Federation, the EU realized that it is harder to engage Russia. Furthermore, regarding the issues related with the former areas of Russian influence in Europe, the EU has seen that by engaging Russia in an intensive dialogue in the framework of ESDP, the EU could achieve what it wanted without an increase in Russian aggressiveness (Schuette 7-9). In the "Common Space on Security and Home Affairs", the EU again found a Russia which is reluctant to cooperate and agree with the EU in the adoption of common values of freedom such as: independent media, human rights, the role of civil society and democracy. However, in the issues related with justice and security affairs, the EU cooperated with Russia in a majority of areas like, the fight against illegal activities, migration, money laundering, trafficking of drugs and humans and organized crime.

As observed above, perhaps the most severe problem in the Russian-EU relationship is getting Russian commitment to the values of the EU in an honest way. The EU wants to see some practical evidence in Russian political life regarding its development as a pro-democratic liberal regime. However, despite the EU's repetition of the concept of "common values" in every occasion, there is little progress on the Russian side. Certainly, the soaring oil and gas prices and the Russian economic revival beginning in 2000s have encouraged Kremlin to create an alternative to the democratic liberal capitalist model pursued by the West. This new "illiberal capitalism" adopted new approaches for understanding the role of sovereignty, state power and central authority in the development of markets (Rachman). However, despite the growing confidence of Russian politicians in their financial and economic development, there was a problem in the EU's common foreign policy-making

system as well that did not help the EU to achieve her aims.

THE INSTITUTIONALIZED RELATIONSHIP: A CRITIQUE

Rolf Schuette, a senior German diplomat specialized in Russian affairs, is someone who presents a comprehensive account of what the EU did wrong while integrating “common values” to its foreign policy-making and why the desired level of effectiveness in influencing Russia couldn’t be achieved by the EU. First, PCAs, which were initially adopted by Russia and later on by other former Soviet Republics, differed significantly in wording. The EU used a more effective language in convincing the CEE countries to embrace the “common values of Europe”. Furthermore, to increase their compliance with the EU’s advice and policy directions, the EU promised the CEE states membership in the EU. However, “even if only a partner, Russia was expected to become like a Western European democracy, without being offered the prospect of full-fledged membership of the family of Western European democracies” (Schuette 15). Second, the CS was a document that aimed to “test the efficiency of the new EU mechanisms in developing and activating a new CFSP instrument. As such, the contents of the CS were not the primary focus” (Schuette 16). Since it was a unilateral document and since its content was not something planned, but something that combined specific ideas that member states came up with, it failed to get Russia to abide by it. Furthermore, it failed to become a blueprint that can be used by member states in formulating their national foreign policies towards Russia, since its conclusions lacked the unified political will of all European leaders.

Third, the unilateral adoption of the CS encouraged the Russian leadership to adopt the MTS in a similar way. The MTS, a document that came as a response to the CS, challenged Europe’s vision of Russia by using an opposite approach and language. Russia now showed the fundamental difference between herself and the EU by not placing any significant emphasis on human rights or democracy in the document. Russia answered the question of “what the partnership should be based upon?” While the EU was pushing forward for the incorporation of “common values” in the EU-Russian agenda, Russia declared that she was not seeking EU membership, and therefore, her political system did not have to be the same as other EU member states (Schuette 18). Fourth, the results, language and significance of joint statements of summit meetings usually vary due to the different political agenda and environment surrounding them. Therefore, it is hard to describe the outcomes of summits as a general achievement for increasing the EU-Russian relations. However, it is true that the high-level nature of meetings made them beneficial for parties to understand each other’s demands by getting into face-to-face dialogue.

Finally, few documents were produced in 2004 the year EU expansion dominated the political agenda of the EU-Russian relations (European Commission). EU Commission published a communication to be delivered to The General Affairs and External Relations Council of EU (GAC) and EU Parliament. The Commission’s communication measured the assessment of EU-Russian relations and its content was adopted by the GAC that followed. Later on, after the 13th EU-Russia Summit, both parties published a “Joint Statement on E.U. Enlargement and E.U.- Russian Relations”.⁴ As, Schuette notes down, the significant thing about both documents is, they didn’t significantly include the common European values, or any strong reference to previous legal agreements. Rather than formulating its hopes and demands toward Russia as a precondition for developing the strategic partnership, EU started to perceive the partnership as a mean to achieve the goals

and adoption of common values (Schuette 22-24). Perhaps due to the sensitive political environment that expansion created or perhaps due to problematic EU-US relations and the EU's failed attempt to derive a common foreign policy due to Iraq War, the EU seemed to lack the confidence she earlier had in using a powerful language against Russia.

All in all, to close this debate about common values and their relevance to EU's common foreign policy towards Russia, it can be said that, in the context of dense and complex structure of legal and institutional framework, which tries to address a growing number of issues everyday, it is hard for the EU to come up with a clear strategy to make Russia to commit itself to all of the European values embraced by an ideal Western democracy. Therefore, before continuing this same strategy, which obviously not effective enough to make Russia more responsive to European demands by keeping an eye on the recent developments just took place during the last parliamentary and presidential elections, EU should come up with a preference of strategies that she has to follow to change the image of EU in the relationship as the weak partner against the authoritarian and powerful Russia.

WHAT IS TO BE DONE? : CONCLUSION AND SOME ADVICE

Synthesizing what is presented and argued above, there are three fundamental problems in EU's common foreign policy towards Russia. First, in business, despite EU-Russian business interests are becoming more and more interdependent, lack of a single voice in wording the EU's common business interests vis-à-vis growing power of Russian state owned giants is causing EU's market policies regarding Russia to be unpredictable. The EU wants to set up regulations regarding the market and create a more stable economic environment by trying to influence Russia to change its understanding of internal politics, in the light of European common values. However, EU's long term ideals about Russia fails to bring short-term benefits and that creates more confidence in Russian side while adopting her "illiberal capitalist" approach to European markets. A sensible short-term goal for the EU should be, as noted above in the arguments made at in the end of legal an institutional framework section, choosing the preferred common values that EU wants Russia to apply immediately to increase the level of confidence in the relationship. That preferred value should be "rule of law" (Leonard and Popescu 3). Although EU's long-term goal should be promotion of a liberal democracy in Russia, EU has to focus on the application of rule of law in the first place to prevent the complete failure of the aims outlined in the past legal documents, which are largely not applied. Rule of law, would bring both reliability to business and political relations between the two group.

Second, in the energy sector, being highly dependent on Russian energy supply undermines Europe's efforts to foster the ideals of pro-democratic good governance envisaged in CFSP. Member states became far more reluctant to cede sovereignty to Brussels on energy policy since they want to secure their energy supplies from Russian by making bi-lateral deals (Baran 140). Therefore to solve this problem, the EU's strategy of decreasing the Russian impact on energy could follow a similar one proposed by Baran. On the focus of EU's strategy there should be two aims: 1) diversifying the EU's energy resources and 2) aiming to reach alternative oil and gas suppliers. Despite Russia's efforts to increase the number of pipelines that will transport Russian oil and gas to the heart of EU (i.e. North-Stream and South-Stream Projects), the EU should seek alternative pipeline routes to connect European energy market to Caspian oil and gas resources (The Economist). That

strategy should also include, increasing the EU's efforts to engage in more diplomatic and business relations with the Central Asian resource rich republics, whose energy markets are currently dominated by Russia. Furthermore, if the EU wants to act in her current legal framework to deal with the Russian energy giants and their unfavorable business activities, the EU should not fear from using her antitrust policies to prosecute the monopolistic structures of these firms to regulate their behavior in the EU market (Baran 140). If sanctioning the giant German and French energy companies yield positive results, Commission can use the antitrust regulations against the Russian firms as well. This kind of approach will also further strengthen the EU's firmness in showing the importance of the rule of law to Russia.

Third problem is in the area of defense. Although there are lots of promises in the legal documents to improve the common understandings of Russia and the EU regarding the ESDP and CFSP initiatives, there is a lack of practical results. Both sides promise to cooperate in the international defense sector however; there is no joint security force in the ground that consists of both Europeans and Russians. The solution can be, as Dov Lynch explains, forming a joint security and conflict settlement initiative in Moldova's problematic Ukrainian border zone (Transdnistria), where separatist movements undermine the political stability of the region. Sharing responsibility and commitment in forming a joint structure in conflict management and temporary constitutional settlements, Russia and EU could show an effort under the context of ESDP and OSCE (Lynch 116). That kind of strategy would make Russia to feel like, she is able to be a part of European defense and security initiatives if she starts participating to cooperate with Europe better than before. Placing a modest whose strategic force which's resources and personnel supplied by both Russia and the EU on Moldova, would help the EU in the future to engage Russia in bringing clarification and solutions to common foreign policy views on the future of states like Georgia, Ukraine and the rest of Balkans.

END NOTES

1. Official document of Common Strategy of the European Union of 4 June 1999 on Russia can be accessed at
http://ec.europa.eu/external_relations/ceeca/com_strat/russia_99.pdf
2. An unofficial English translation of Medium-Term Strategy for Development of Relations between the Russian Federation and the European Union (2000-2010) can be accessed at European Commission web portal at
http://ec.europa.eu/external_relations/russia/russian_medium_term_strategy/
3. The detailed framework of the Four Common Spaces for EU and Russia was outlined in the EU-Russia Summit in The Hague in 25 November and a copy of that framework could be reached through EU Commission's web portal at
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