

## **Russia's policy towards the EU: the search for the best model**

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The objective of this article is the construction of an analytical model that would allow making a complex assessment of Russia's attitude towards the EU integration model, structuring the trends of Russia's policies towards the EU, identifying the logical links of these trends, and forecasting Russia's further actions. In the article, it is argued that the content and form of Russia's projections of cooperation with the EU are determined by the evolvement processes of the EU's geopolitical subjectness. That is why the authors analyse the patterns of current EU-Russia cooperation mechanisms (for instance, the four Common Spaces initiative), model the possible scenarios of development of the EU-Russia Partnership and Cooperation Agreement (PCA), and study Russia's attitude towards various EU integration models.

In the article, it is concluded that Russia is especially interested in the limiting of the autonomy (geopolitical subjectness) of the EU in those areas where certain processes might have a direct impact on Russia's political autonomy and on the trends of integration of the CIS region. This includes the following: a) limiting of the EU's autonomy in the spheres of the CFSP and ESDP; b) control of the political and economic agenda of relations between the EU and the states belonging to the eastern dimension of the ENP; and c) blocking of the EU's common energy policy.

### **Introduction**

When analysing Russia's policies towards the EU, most Lithuanian and foreign analysts rely on the Euro-continentalist geopolitical perspective. The es-

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sence of this traditional approach consists of the view that Russia seeks to create a new European balance of powers and to force the US out of the European security system.<sup>1</sup> Russia is implementing this interest by strengthening the integration of the energy infrastructure, economic and security structures of Russia and Western European States, and by creating common economic spaces and common political institutions. This means that Russia needs the EU only as a counterbalance to the US, and that it is doubtful that Moscow is interested in the strengthening of the EU. Russia would like to participate in the creation of a “new multi-polar global order” together with the EU; however, in the long-term perspective Russia’s interests would demand a strategic joining of the EU. Therefore, in the short and medium term Russia is likely to seek getting linked to the EU by a network of common political institutions and by closer energy and economic ties, at the same time remaining outside of the EU and maintaining its sovereignty in order to conduct its internal policies. Moscow does recognise the significance of European structures; however, strategically Russia would welcome dissolution of the integration structures and the return to the national state balance.

Thus the works of both Russian and European scholars are dominated by the view that Russia’s diplomacy in its relations with the EU relies on the perspective of superiority of the state sovereignty<sup>2</sup>, which makes it possible to formulate the hypothesis that the best EU development model for Russia is disintegration of the EU as a political union, which would mean return of the European security system to the national state balancing policy.

This article aims not only at proving the above-mentioned hypothesis, but also at constructing an analytical model which would allow making a complex assessment of Russia’s attitude towards the EU integration model, structuring (systemising) the trends of Russia’s policies towards the EU, identifying the

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<sup>1</sup> Laurinavičius Č., Motieka E., Statkus N. *Baltijos valstybių geopolitikos bruožai. XX amžius [The Baltic States in the Twentieth Century: A Geopolitical Sketch]*, Vilnius: Lietuvos istorijos institutas, 2004; Smith A.M. „Russia & The West“, *Working paper F78, Conflict Studies Research Centre*, July 2003, <<http://www.csrc.ac.uk>>, 15.03.2007.

<sup>2</sup> Kaczmarek M., “The policy of Russia towards the European Union”, *Centre for International Relations*, 2005, <[http://www.csm.org.pl/en/files/raports/2005/rap\\_i\\_an\\_1305a.pdf](http://www.csm.org.pl/en/files/raports/2005/rap_i_an_1305a.pdf)> 25.02.2007.; Karaganov S., Bordachev T., Guseinov V., „Russia-EU Relations: The Present Situation and Prospects“, *CEPS Working Document*, <<http://www.isn.ethz.ch/pubs/ph/details.cfm?lng=en&id=13590>>, No. 225/July 2005., 15.02.2007.

logical links of these trends, and forecasting Russia's further actions. In the article, it is argued that the content and form of Russia's projections of cooperation with the EU are determined by the evolvement processes of the EU's geopolitical subjectness.

The opinions and interpretations presented in this article can become a useful analytical instrument in the process of analysis and assessment of Russia's position in the negotiations on the new Partnership and Cooperation Agreement (PCA) with the EU. It is the new PCA that should shed more light on the model of relations with the EU as projected by Russia.

### **1. The dichotomy of post-modern geopolitical actor (EU) and the traditional geopolitical actor (Russia)**

An analysis of formal, popular and practical EU's geopolitical discourse<sup>3</sup> allows stating that the EU is seeking to acquire a geopolitical subjectness. The EU's institutional ties, which lead to the "melting" of the powers of the Member States in the supra-national structures, act as a safeguard restricting the possibility of the EU Member States to "re-nationalise" their foreign policy (i.e. to return to the traditional *realpolitik* paradigm).

The basis of the development of the EU's geopolitical subjectness consists of the process of Europeanisation and promotion of the "European method" (institutionalised multi-sidedness). The spreading of the "European method" is based on the policy of institutional binding (or institutional moderation) of third countries implemented by the EU. This allows considering the EU as a "normative power"<sup>4</sup>, which among other things is also characterised by features of a socio-economic "magnet," i.e. power levers acting as a force attracting states not belonging to the EU and at the same time imposing certain rules upon them.

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<sup>3</sup> See: Mamadouh, V. „Framing the European Union as a geopolitical actor“, *Paper, presented at the SGIR Conference "Constructing World Orders"*, The Hague, 9-11 September, 2004, <<http://www.sgir.org/conference2004/papers/Mamadouh%20-%20Framing%20the%20European%20Union%20as%20geopolitical%20actor.pdf>>, 15.02.2007.

<sup>4</sup> Manners, I. "Normative Power Europe Reconsidered", *CIDEL Workshop*. Oslo, 22-23 October 2004, <<http://www.arena.uio.no/cidel/WorkshopOsloSecurity/Manners.pdf>>, 11.02.2007.

On the other hand, the EU is not an independent international actor but rather a unique system, the component elements of which (the Member States) delegate some of their decision-making powers to the European (supra-national) level. The delegation of the decision-making powers of the Member States to the EU is not absolute – the sovereignty delegated by the Member States is characterised by a sectoral and functional criterion. Sectoral delegation of the decision-making powers means that the extent of the decisions delegated to the supra-national level depends on specific public policy sectors, whereas functional delegation of the decision-making powers means that the Member States delegate their powers to the supra-national institutions (first of all to the European Commission) to the extent needed for effective implementation of specific functions.<sup>5</sup> Sectoral and functional delegation of the decision-making powers limits the subjectness of the EU, because the Member States only partially delegate their decision-making powers to the supra-national EU institution. Considering the fact that the possibilities of deepening of the EU integration are limited (the EU's institutional structure will continue to remain a combination of a supra-national and inter-governmental features in the future as well, because the EU Member States will seek to maintain a certain national autonomy), the geopolitical subjectness of the EU is first of all possible though an “external” Europeanisation, i.e. through a process of spreading of the rules, principles, and political and economic regime features formulated by the EU.<sup>6</sup> In this context of “external” Europeanisation the EU's impact on Russia's internal political and economic processes should be evaluated. In other words, the spreading of the “European method” to Russia happens in two ways: the policy of institutional “moderation” and (or) institutional “binding” of Russia (the currently enforced Partnership and Cooperation Agreement between the

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<sup>5</sup> The logic of functional delegation of the decision-making powers is reflected by the principle of subsidiarity, which is applied only to the areas not categorised as belonging to the exclusive EU's competence. In accordance with the above-mentioned principle, the EU starts to act only where the Member States are not able to properly fulfil the proposed objectives, and where the EU will be able to achieve them better due to the extent or impact of the objectives in question. Thus in the areas not categorised as belonging to the exclusive competence of the EU, decisions must be made on the level on which they are most efficient.

<sup>6</sup> Olsen, P. J. “The Many Faces of Europeanization”, *Arena Working Papers*, WP 01/2, 2002, <[http://www.arena.uio.no/publications/wp02\\_2.htm](http://www.arena.uio.no/publications/wp02_2.htm)>, 05.03.2007.

EU and Russia, and the four Common Spaces initiative can be evaluated as a “binding methods”).

Russia is a traditional geopolitical subject, which is very sensitive to the possible interference of outside actors within its political and economic processes.<sup>7</sup> In other words, Russia formulates its policy towards the other actors of the international system (such as major states or international organisations) first of all evaluating the possible impact of new directions of cooperation on the country's political sovereignty. The principle of supremacy of sovereignty also has a direct impact on Russia's policy towards the EU.<sup>8</sup> The tools of influencing the internal EU processes used by Russia are conceptualised by the traditional concept of the balance policy. The purpose of the balance policy is the encouragement of “re-nationalisation” of foreign policy of the EU Member States through bilateral agreements, as a consequence limiting of the autonomy of the EU as a united geopolitical subject.

Another important aspect having an impact on the nature of the Russia-EU relations is the growing trends of centralisation of the Russian political system and economy. The centralisation trends in the Russian economy basically reflect the processes which are going on in the political system of the country. The result of these parallel processes is the disappearing line between targeted political decisions and economic patterns. Russia is looking for an economic model, which would allow it combining the principles of political centralisation (protectionism) applied in the internal economic system and participation in the “networks” of economic relations with the EU based on the principles of liberalism. The combination of these diverse interests would allow Russia to create the necessary preconditions for ensuring the synergy effect in the country's economic policy, i.e. Russia would like to use the benefits provided by the economic interdependency with the EU and at the same time maintain its sovereignty in order to carry out its internal political and economic processes. The possibilities of implementation of this model depend on the “negotiation

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<sup>7</sup> Nikitin A., “Russian Perceptions and Approaches to Cooperation in ESDP” in Lynch D, ed., *Russian Perceptions of the CFSP/ESDP*, EU ISS, 2006, p.7.

<sup>8</sup> Lynch D., “The Russia-EU Partnership and the Shared Neighbourhood“, *report presented to the „Eastern Europe and Central Asia“ Working Group (Coest)*, The Hague, July 2004. <<http://www.iss-eu.org/new/analysis/analy090.html>>, 12.03.2007.

power” of the EU in binding Russia to “de-politicise” its internal and foreign economic policy and to make it more transparent.

## **2. Assessment of the EU’s impact on Russia’s geopolitical subjectness**

The source of effectiveness of the institutional “binding” and institutional “moderation” of Russia implemented by the EU lies in the possibilities of the EU in its relations with Russia to use its multi-sectoral integration potential. Using its multi-sectoral integration potential as a source of the “negotiations power” in its relations with Russia, the EU can attempt to “link” the process of solving of problems important for the EU Member States with issues important for Russia. For instance, the EU can link its transport policies with the energy sector and thus create certain preconditions for “tying” Russia to the EU. The EU seeks to implement its energy objectives by the European Energy Charter and its Transit Protocol: in accordance with the latter, oil pipelines and gas pipelines are to be equalled to the transport infrastructure, which will allow increasing influence on Russia. In accordance with the Transit Protocol, Russia has to open its pipelines for the transit of other independent energy resources (first of all from Central Asia and Southern Caucasus) to Western Europe – in this case Russia would de facto lose the management monopoly of energy resource transportation network. Participation of Russia in the EU’s common transit area would mean that each time Russia exports energy resources to any EU Member State, it has to transport them pursuant to law enforced in the entire EU. This example demonstrates that the EU can strengthen its interdependence with Russia. The EU’s relations with Russia should be based on the principle of reciprocity, i.e. involvement (and participation) of Russia in the internal market of the EU must be accompanied by consistent processes of liberalisation/decentralisation of the economic (energy) sector in Russia. The interdependence ties based on the principle of reciprocity can limit the energy subjectness of Russia, and due to the close links between energy and politics eventually Russia’s political autonomy can be reduced as well.

Another (indirect) channel of the EU's influence on Russia lies in the potential of the EU as an economic "magnet." This is above all related to the possibilities of actual integration into the EU of the states (Ukraine, Moldova, and Southern Caucasus States) belonging to the eastern dimension of the European Neighbourhood Policy (ENP) (more precisely – participation of these states in the EU's internal market). The opportunities of the states belonging to the eastern dimension of the ENP to participate in the EU's internal market intersect with Russia's initiatives to involve these countries in the Single Economic Zone (SEZ). Thus Ukraine, Moldova and Southern Caucasus States become an object of interaction of the two "economic integration areas." Participation of the above-mentioned "borderline" states in one of the two economic integration areas might impede their participation in the other initiative. This means that the economic dimension of the ENP is an external factor, which can change the CIS integration context projected by Russia – for instance, by changing the directions of economic integration of the CIS States. If the EU starts concluding free trade agreements with the states belonging to the eastern dimension of the ENP in the absence of similar agreements with Russia, Moscow will lose the control levers of economic integration within the CIS.

Furthermore, a major impact on the disintegration of the CIS zone might be made by consolidation of the CFSP and ESDP instruments and their integration in the ENP framework. Consolidation of the CFSP and ESDP instruments serves as a prerequisite for development of the geopolitical subjectness of the EU<sup>9</sup>, whereas integration of the above-mentioned instruments into the ENP framework means a possibility for the EU to get involved in the processes of restructuring of the CIS area (first of all in the process of solving of "frozen" regional conflicts in the CIS). Involvement of the EU in the process of solving of the "frozen" regional conflicts would have direct implications for Russia's security policy in the CIS, because control over "frozen" conflicts can be viewed as one of the most important "pillars" of the regional security system projected by Russia.

Having evaluated the content of the instruments of the EU's influence on Russia's geopolitical subjectness, we may argue that Russia might be especially

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<sup>9</sup> Rontoyanni C., "Russian and Ukrainian views of the European Security and Defence Policy", *Colloque CERI*, July, 2002. <<http://www.ceri-sciencespo.com/archive/july02/colloque/papercr.pdf>>, 13.03.2007.

interested in the limiting of the EU's autonomy (geopolitical subjectness) in those areas where certain processes might have a direct impact on Russia's political autonomy and on the CIS integration trends.

### **3. Evaluation of the mechanisms of cooperation between the EU and Russia**

#### **3.1. The four Common Spaces concept: sectoral vs. complex cooperation**

The concept of four Common Spaces was formulated in 2003, when the EU and Russia decided to strengthen and expand their bilateral cooperation in the framework of the Partnership and Cooperation Agreement (PCA). The four Common Spaces comprise the following: the 1<sup>st</sup> Common Space – economic cooperation; the 2<sup>nd</sup> Common Space – cooperation in the areas of freedom, security, and justice; the 3<sup>rd</sup> Common Space – cooperation in the area of external security; the 4<sup>th</sup> Common Space – cooperation in the areas of research, education, and culture.<sup>10</sup> Although cooperation in the four Common Spaces is multi-sectoral, actual cooperation differs depending on specific areas. This difference between the official cooperation format and actual cooperation depends on the differing interests pursued by the EU and Russia. The four Common Spaces initiative is an instrument of sectoral cooperation between the EU and Russia, which is gradually becoming the basis of the EU-Russia relations and determines the form and content of other instruments of the EU-Russia cooperation (first of all the form and content of the Partnership and Cooperation Agreement). In other words, the four Common Spaces define the political cooperation between the EU and Russia, which is implemented through a politically binding document, i.e. the Partnership and Cooperation Agreement. In this case, the four Common Spaces principle is a wider cooperation principle, which does not provide for a specific binding mechanism.<sup>11</sup>

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<sup>10</sup> Kaczmarek, (note 2) p.20.

<sup>11</sup> Karaganov, Bordachev, Guseinov, (note 2) p.12.



The most important objective of the EU's cooperation with Russia in the four Common Spaces format is an institutional "binding" of Russia and overall Europeanisation of Russia.<sup>12</sup> In the view of the EU, the four Common Spaces comprise a single cooperation format, which de facto complies with the content of the PCA. The EU views the four Common Spaces as a field of interests of the EU and Russia, in which other Russia-EU cooperation formats can co-exist (PCA, dialogue in the energy sector) that might help to implement the four Common Spaces agenda. The EU seeks to unite all four sectors into one cooperation format, whereas Russia prefers separating the four spaces in order to increase its manoeuvring possibilities. In other words, the EU would like to turn the four Common Spaces into the axis of Russia-EU relations, whereas Russia considers the four Common Spaces just as one of the economic cooperation tools supplementing other cooperation formats.

The four Common Spaces constitute an example of the logic of multi-sectoral EU integration expansion outwards; therefore, first of all the four Common Spaces should be evaluated as a mechanism through which the EU influences Russia<sup>13</sup>, whereas Russia manages to successfully amortise such EU influence, because the content of the four Common Spaces cooperation (the specific policy areas, in which bilateral cooperation can be dynamic) is defined by Russia. Nevertheless, the EU seeks to expand the format of bilateral relations to the maximum possible extent by obligating Russia to act in accordance with European norms. In other words, Russia is subordinated by the cooperation form chosen by the EU, and the EU is subordinated by the content of the four Common Spaces cooperation formulated by Russia. This means that the EU does not have any effective tools in order to promote economic and political reforms in Russia in the framework of one sector; therefore, the EU seeks to expand cooperation to a greater number of sectors and this way to exert complex pressure on Russia. Russia in its turn does not accept the strategy of total "integration of sectors" implemented by the EU, because it would increase the EU's possibilities to exert pressure on Russia. In other words, Russia wants to cooperate with the EU in a limited number of sectors, because such cooperation weakens the levers of the EU's influence on Russia.

<sup>12</sup> Kalland T., "The EU-Russia Relationship: What is Missing?". *Sipri Policy Brief*, April 2004. <[http://www.sipri.org/contents/conflict/eu\\_russia.pdf](http://www.sipri.org/contents/conflict/eu_russia.pdf)>, 15.03.2007.

<sup>13</sup> Karaganov, Bordachev, Guseinov, (note 2) p.7.

Summarising the above-mentioned, we can formulate two different models of the EU-Russia cooperation in the four Common Spaces. If the EU is able to unite all four sectors into one cooperation format, it is likely that the four Common Spaces project will function as a mechanism of “tying” of Russia to the EU, because Russia would be bound to adapt its internal and foreign policies to the norms enforced in the EU. If Russia is able to further neutralise the EU’s strategy of “integration of sectors,” it is likely that the four Common Spaces project will become some sort of “set of instruments,” out of which Russia will be able to choose the most profitable areas.

The four Common Spaces model in the relations between Russia and the EU represents one of the most important cooperation format determining the relations of these two parties; therefore, the four Common Spaces model designed by Russia can be viewed as a universal expression of Russia’s interest towards the EU. The nature of Russia’s policies in the four Common Spaces format is determined by Russia’s wish to reduce its asymmetrical economic and political dependence on the EU. In order to reduce this asymmetry in the political and economic relations with the EU, Russia applies the principle of differentiation of cooperation institutions: the channel of influence on the EU’s decision-making process is chosen depending on the cooperation issue. The form of Russia’s strategy of cooperation with the EU is determined by the method of the EU policy coordination: on the one hand, in areas where the EU is characterised by inter-governmental features, Russia would like to see formation of the Member States core and periphery within the EU and to maintain exclusive bilateral relations with some EU Member States (i.e. to act through the capitals of the EU Member States)<sup>14</sup>. On the other hand, in areas which belong to the exclusive supranational competence of the EU Russia keeps gradually increasing its influence on the supranational EU structures (first of all on the European Commission). With the deepening of integration of the EU (with the increase of the number of policy areas regulated on the supranational level), Russia intensifies its contacts with the EU institutions, especially with the European Commission and Council Secretariat, and mobilises its administrative and institutional resources at the above-mentioned institutions. This way Russia is able to supplement its traditional methods of acting through the EU Member

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<sup>14</sup> Kalland, (note 10).

States with new forms of influence on the EU's decision-making process (by acting through supranational institutions). Acting through the EU institutions, Russia can "mask" the mechanisms of real influence of acting through individual EU Member States. This way Russia hopes to be indirectly involved in the process of EU policy formation. If Russia manages to do this, it will have some additional opportunities to influence the EU-Russia cooperation agenda. Thus Russia's possibilities of cooperation with the EU are expanded by the fact that Russia is able to apply at the same time both traditional (influence on specific EU Member States) and non-traditional (influence through the European Commission) tools of influencing the EU's decision-making process, whereas the possibilities of the EU as a geopolitical subject to influence Russia's internal processes can be visible only on the supranational EU level, where the EU acquires a greater "negotiation power."

Russia applies not only the principle of differentiation of cooperation institutions, but also, in its striving to increase influence on the EU's decision-making process and at the same time to decrease the EU's influence on Russia's internal processes, applies the principle of differentiation of cooperation sectors. Russia strives to cooperate with the EU in those areas, in which it can maintain equal and balanced relations, i.e. where it has a relative advantage in relation to the EU. This is the model of Russia's selective cooperation with the EU that determines the fact that the cooperation mechanism proposed by the EU is not accepted by Russia – Russia intensifies the relations only in those areas, which it can use to influence the EU's agenda. Russia is "scared away" by the too broad four Common Spaces cooperation structure, because in the case of a wide format of cooperation the EU might have a multi-sectoral influence on Russia and force it to implement political and economic reforms.<sup>15</sup>

Taking into consideration the above-mentioned trends, it can be forecasted that the asymmetry of the EU-Russia relations (the relative advantage of the EU) is likely to be gradually replaced by more balanced (symmetrical) EU-Russia relations. Major factors contributing to this transformation are as follows: first, Russia is able to cooperate with the EU on issues on which the EU is unable to formulate a "single voice" (for instance, the energy sector); second, the inability of the EU to use its own relative advantages. In order to maintain close

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<sup>15</sup> Karaganov, Bordachev, Guseinov, (note 2) p.7.

cooperation with Russia, the EU is bound to carefully choose the “methods of binding”, otherwise Russia will avoid concluding any agreements with the EU. On the other hand, if the EU-Russia relations do not change towards symmetry, the EU-Russia cooperation might remain limited and constitute only economic cooperation. In this context it should be emphasised that the EU-Russia economic cooperation without proper transformation of the Russian economic system based on liberal reforms would mean that Russia will gain more favourable conditions to compete on the EU’s internal market compared to the chances of the EU’s economic entities to compete on the Russian market.

The mechanism of four Common Spaces also serves as a tool for Russia to control the cooperation between the EU and the states belonging to the eastern dimension of the European Neighbourhood Policy (Ukraine, Moldova, and Southern Caucasus States). Russia would like that certain economic or political cooperation instruments (for instance, free trade or facilitated visa regime) are first of all applied in the EU-Russia relations, and only afterwards transferred to the relations of the EU and the states belonging to the eastern dimension of the ENP. In other words, Russia seeks to maintain a monopoly on relations with the EU and control the content of cooperation of the EU with the ENP states. Furthermore, the Partnership and Cooperation Agreement with the EU allows Russia, by influencing the cooperation of the EU with the ENP states, to withdraw from such influence of the EU on Russia, because as Russia does not participate in the ENP initiatives the conditionality principle is not applicable to it<sup>16</sup>, which is very important in the relations of the EU and the ENP states.<sup>17</sup> It should also be emphasised that Russia, by strengthening its control over the economic cooperation between the EU and the states belonging to the eastern dimension of the ENP, uses not only the four Common Spaces format but also other multilateral economic organisations, first of all the World Trade Organisation (WTO). For instance, favourable conditions for deepening of the EU-Ukraine economic integration (by concluding a free trade agreement) may

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<sup>16</sup> The logic of the conditionality principle is based on the spreading of the EU’s influence for a certain price. The EU provides external stimuli to the neighbouring states to accept its conditions.

<sup>17</sup> Zagorski A., “Policies towards Russia, Ukraine, Moldova and Belarus” in Dannreuther R., ed., *European Union Foreign and Security Policy: Towards a neighbourhood strategy*, London: Routledge, 2004, p. 86.

arise only in the case when Ukraine becomes member of the WTO.<sup>18</sup> In this context Russia's entry in the WTO earlier than Ukraine's might become a real opportunity for Russia to use tools of negotiations with Ukraine in order to achieve some political objectives (for example, to slow down Ukraine's becoming member of the WTO and this way to limit Kiev's possibilities of deepening economic relations with the EU).<sup>19</sup> In other words, becoming member of the WTO earlier than other CIS States, Russia can maintain levers of control of the intensity of contacts of the post-Soviet states belonging to the CIS integration zone with other integration zones, i.e. to "act as an intermediary" in the process of integration into international economic structures (first of all to the EU). Furthermore, Russia may use negotiations regarding the WTO membership as a tool in order to reduce the asymmetry of its relations with the EU. In this case, the following mechanism might operate: in its internal policies, Russia, by selectively adapting the WTO norms (international standards), acquires opportunities for deepening of its relations with the EU and at the same time for avoiding the "transfer" of the EU norms into Russia's internal policies (adaptation of the EU norms in the country would basically mean the growing dependency of Russia on the EU).<sup>20</sup>

Summarising it may be argued that the four Common Spaces cooperation initiative rather than being a method of cooperation between Russia and the EU is becoming an instrument of Russia's influence on the EU's internal processes and on the EU's external relations (more precisely – on the eastern dimension of the European Neighbourhood Policy).

### **3.2. Scenarios of development of the new EU-Russia PCA: Russia's vision**

The EU-Russia Partnership and Cooperation Agreement which was signed in 1994 and entered into force in 1997 covers all areas of bilateral cooperation. This means that a single document covers various sectoral agreements between

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<sup>18</sup> Ukraine's membership in the WTO is one of the most important conditions of the EU-Ukraine free trade agreement. "EU forges closer cooperation with Ukraine over free trade", *European Commission*, [http://ec.europa.eu/news/external\\_relations/061116\\_1\\_en.htm](http://ec.europa.eu/news/external_relations/061116_1_en.htm), October 2006, 28.02.2007.

<sup>19</sup> It should be noted that in the end of October 2006, the Russian Prime Minister M. Fradkov suggested Kiev agreeing upon the process of accession of Russia and Ukraine to the WTO.

<sup>20</sup> Karaganov, Bordachev, Guseinov, (note 2) p.10-11.

the EU and Russia. The EU-Russia PCA was drawn up for a ten-year period, which expires on December 1, 2007. It is obvious that the current institutional expression of the EU-Russia relations (the currently enforced PCA) does not comply with the needs and actual issues in the EU-Russia cooperation agenda. This inevitably forces both the EU and Russia to create various scenarios of the new PCA. Furthermore, negotiations concerning the new PCA make it possible for both Russia and the EU to look for new areas of bilateral cooperation, additional methods of “binding” of the other party, etc.<sup>21</sup>

On the other hand, the division between the institutional EU-Russia relations and actual cooperation might lead to further development of actual EU-Russia cooperation avoiding the institutional instruments. Thus in the future we might see the EU-Russia partnership without any formal agreements, i.e. a partnership, whereby mutual relations are developed without making any advance arrangements and without undertaking any detailed legal regulation in individual sectors. Such form of the EU-Russia cooperation would mean that the EU Member States and the European Commission will lose the levers of control of cooperation between the EU (that is, between individual EU Member States) and Russia. In other words, such form of cooperation will give Russia more possibilities to get involved in the EU’s internal political and economic processes on the basis of bilateral agreements with some EU Member States. At the same time, this will ensure a wider area for Russia’s political manoeuvres inside of the EU, because for Russia sectoral agreements with the EU are much more favourable compared to an all-inclusive coherent document regulating the EU-Russia relations. Sectoral agreements reduce the EU’s opportunities to exert pressure on Russia and increase Russia’s opportunities to cooperate with the EU in those sectors, cooperation in which is useful first of all for Russia itself.

Taking into consideration the above-mentioned trends in the EU-Russia relations, we can identify the following possible scenarios of development of the PCA<sup>22</sup>:

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<sup>21</sup> Bordachev T., “EU Crisis: What Opportunities for Russia”, *Ifri Research Programme Russia/CIS*, <[http://www.ifri.org/files/Russie/bordachev\\_english.pdf](http://www.ifri.org/files/Russie/bordachev_english.pdf)> No. 7, October 2005, p.16., 10.03.2007.

<sup>22</sup> Scenarios were taken from the study prepared by *Centre for European Policy Studies*, „The Elephant and the Bear Try Again: Options for a New Agreement between the EU and Russia“, [http://shop.ceps.be/BookDetail.php?item\\_id=1402](http://shop.ceps.be/BookDetail.php?item_id=1402), 2006., 10.02.2007.

- **“Dissolution” of the PCA:** in case of this scenario the EU-Russia PCA will gradually lose its significance for the EU-Russia relations; however, it will not be replaced by any other document of the same level regulating the EU-Russia relations. The possibility of this scenario is increased by the fact that after Russia becomes a WTO member, the PCA will lose its former significance for Russia; therefore, the EU-Russia relations will be developed following the EU-US scenario, whereby strategic relations are not based on any all-inclusive legal agreements.
- **Status quo of the PCA, supplementing it with a political declaration:** in case of this scenario, validity of the PCA will be extended automatically, as provided for in the current PCA; however, negotiations concerning the EU-Russia cooperation sectoral agreements will also take place. Failure to formulate a document reflecting the actual EU-Russia relations will lead to a search of an alternative agreement. A political declaration supplementing the PCA will mean that the EU-Russia relations are based on an intensive political cooperation (up to date, the EU-Russia cooperation has been based on a more pragmatic and technocratic cooperation). This scenario is probable after Russia has entered the WTO and ratified the European Energy Charter.
- **Replacement of the PCA with a short-term strategic partnership agreement (in the medium and long term – replacement of the PCA with a comprehensive strategic partnership agreement):** unlike in the case of drafting of a political declaration, in this case the EU-Russia strategic partnership will be based not on a political declaration but rather on a more specific partnership agreement. In accordance with this scenario, the EU-Russia agreement will have to be ratified both by Russia and all EU Member States, which reduces the probability of this scenario. An all-covering strategic partnership agreement will be dealing with relevant issues of the EU-Russia relations and provide for a new institutional mechanism. This scenario will mean that the EU-Russia relations will be institutionalised following a modified or updated PCA both in legal terms, and in terms of content.
- **Agreement regarding a strategic union:** in this case the EU-Russia relations will be institutionalised by an ambitious bilateral agreement, which

will be aimed at common formulation of the EU's and Russia's foreign policy stances. This scenario is not likely to occur, because it is possible only after fundamental changes both in the EU and Russia have taken place (if the EU becomes a united international actor, and if Russia becomes a real democracy with a revised approach to security).

The above-mentioned scenarios constitute some sort of “field of alternatives” of Russia's policy towards the EU. Each of these scenarios of development of the new PCA might mean a different model of the EU-Russia relations. The spectre of possible models of bilateral relations is sufficiently wide, from a “mutual integration without Russia's formal membership in the EU” (for instance, the model of relations between the EU and Norway) to a non-institutionalised bilateral cooperation (for instance, the model of relations between the EU and US). Yet it is likely that Moscow in negotiations concerning the new PCA will be aiming at an exclusive, “Russian” mechanism of relations with the EU, which would combine principles of various models of cooperation of the EU with third states.<sup>23</sup> The most important feature of this “Russian” model is the de facto involvement in the EU's decision-making process and at the same time avoidance of any impact of the European norms (mechanisms of institutional binding) on the country's internal policies. Considering the logic of Russia's cooperation with the EU in the format of four Common Spaces, it may be forecasted that Russia might prefer the “Swiss” model of relations with the EU, in accordance with which Russia might create a matrix of relations with the EU out of which to choose the cooperation areas ensuring major profits.

On the other hand, such choice made by Russia might limit its possibilities to control the depth of cooperation between the EU and the states belonging to the eastern dimension of the ENP. The model of selective cooperation with the EU might prevent Russia from performing any “intermediary” functions in the EU political and economic initiatives in the eastern dimension of the ENP. Therefore, we should not exclude the possibility that Russia might choose the cooperation model meaning “mutual integration without the formal membership in the EU.” However, such choice is possible only in the long-term and will depend on the trends of development of the EU's geopolitical subjectness.

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<sup>23</sup> Karaganov, Bordachev, Guseinov, (note 2) p. 11.



Russia would welcome the process of diffusion of the geopolitical subjectness of the EU, which means that a deeper mutual integration of these two international relations actors in Russia's view is possible only if the political integration within the EU weakens, i.e. if the EU becomes only an economic bloc.<sup>24</sup>

#### **4. Russia's attitude towards scenarios of development of the EU's geopolitical subjectness**

The scenarios of development of the geopolitical subjectness of the EU are drawn up considering three major vectors<sup>25</sup>: first, deepening of integration, i.e. delegation of the Member States' competence to the existing or newly created EU institutions (movement of the EU in the direction of deepening of integration will basically mean the strengthening of supranational trends within the EU); second, broadening the areas of integration, i.e. spreading of the Communities method to new areas of public policy, that is, increasing the number of areas regulated by legal acts of the EU rather than by legal acts of the Member States; third, horizontal widening of the EU, that is, a full-fledged process of Europeanisation of the states close to the EU (oriented towards the ultimate objective – the EU membership). It should be noted that in this case the first two vectors (that is, deepening and broadening of integration areas) must correlate.

Movement of the EU in the above-mentioned three directions will basically mean a scenario of development of the geopolitical subjectness of the EU oriented both inwards (strengthening of the supranational dimension) and outwards (the intensifying process of Europeanisation of the neighbouring countries). The outward-directed development of the geopolitical subjectness of the EU is one of the most important conditions for successful limiting of Russia's political and economic influence on Eastern Europe and Southern Caucasus and for the strategy of "tying" of Russia to the EU. The basis of such policy is a structural and systematic Europeanisation of the post-Soviet CIS area as an

<sup>24</sup> *Ibid.*, p. 10.

<sup>25</sup> Friedrichs J., Mihov J., Popova M. "Synergies and Tradeoffs in International Cooperation: Broadening, Widening and Deepening". *European Integration online Papers*, Vol. 9 No. 13, 2005. <<http://eiop.or.at/eiop/texte/2005-013a.htm>>, p. 2-5, 05.04.2007.

alternative to the currently existing sectoral and fragmentary entry of the European structures into the CIS region. This scenario of development of the geopolitical subjectness of the EU is not favoured for Russia. In case of this scenario, the EU in its relations with Russia will implement a strategy of “integration of sectors,” which will inevitably limit Russia’s chances to turn the mechanisms regulating bilateral relations into some sort of “set of instruments,” out of which Russia could choose the cooperation areas which ensure maximum added value. The EU-Russia cooperation formats would function as a mechanism of “tying” of Russia to the EU, because Russia would be forced to adapt its internal and foreign policy to the norms enforced in the EU.<sup>26</sup>

On the other hand, the deepening of the EU integration and broadening of areas of integration can correlate in case of a weakened EU widening policy as well. This correlation might be conditioned by the fact that with the increasing level of integration the states willing to become EU members will find it very difficult or even impossible to comply with the EU membership criteria, i.e. the EU will become some sort of “exclusive club” (a “European fortress”). This scenario of development of the geopolitical subjectness of the EU would mean stagnation of the eastern policy of the EU, which in its turn would weaken the impact of Europeanisation instruments on the post-Soviet CIS States. The “European fortress” model would allow Russia to form in the CIS zone a consolidated regional security system, because the influence of EU as an external source of disintegration of CIS would decrease. The scenario of development of geopolitical subjectness implying a “European fortress” would mean a selective and fragmentary bilateral cooperation of Russia and the EU. This, on the one hand, would reduce the impact of Europeanisation instruments on the internal political and economic processes in Russia, and, on the other hand, would limit Russia’s chances to influence the EU’s decision-making process acting through certain sectors. Furthermore, the “European fortress” is the EU development model, the main purpose of which is the deepening of the internal integration of the EU (strengthening of the EU’s structural potential). With the supranational principles becoming stronger in the EU’s decision-making process<sup>27</sup>, it

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<sup>26</sup> Kaczmarek, (note 2) p.20.

<sup>27</sup> The strengthening of the supranational dimension in the EU’s decision-making process is first of all dependant on the expansion of the functions of the European Commission in various sectors of the EU’s public policy. For example, in the negotiations regarding membership in the World Trade

might become more difficult for Russia in its EU-oriented policy to apply the state sovereignty supremacy principle, i.e. to get involved de facto in the EU's decision-making process acting through the EU Member States.

The processes of geopolitical transformation of the EU might also evolve following the formula "yes - to the horizontal widening of the EU, no - to the deepening and broadening of the EU integration." The EU agenda would be dominated by economic elements (first of all in terms of free trade with third countries) and elements of spreading of European values, rather than institutional or common supranational foreign policy elements. Such scenario will lead to a horizontal (outward) development of the geopolitical subjectness of the EU, i.e. to a "wider Europe" scenario. The impact of this scenario on Russia should be first of all assessed in the context of interrelation of the two security systems (the European security system, and the regional security system projected by Russia).

Enlargement of the EU constitutes the highest level of "outward" Europeanisation. Therefore, movement of the EU in the direction of the "wider Europe" scenario may be viewed as one of the most important external sources of disintegration of the regional security system in the CIS zone envisaged by Russia. The possible impact of the "wider Europe" model on the subjectness of Russia is defined by the following formula: if the EU is able to intensify the processes of Europeanisation of the post-Soviet CIS States and due to that Russia would be bound to adapt its internal and foreign policy to the norms enforced in the EU, it is likely that the preconditions of an institutional "tying" of Russia to the EU will appear. On the other hand, an intensive process of accepting of new members might lead to an internal EU integration crisis (horizontal enlargement of the EU vs. deepening of integration)<sup>28</sup>, which in its turn might lead to the formation of a "two-speed" EU (a close core inside of the EU) or create preconditions for disintegration of the EU as a political union. In this context, it should also be emphasised that a full-fledged systematic Europeanisation of the post-Soviet CIS zone (and an effective policy of "tying" of Russia) is possible

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Organisation Russia's acting through the capitals of major Western European States is not effective, because in this case it has to deal with a supranational actor (the European Commission represents the EU's interests in the WTO framework).

<sup>28</sup> Hafner D., "Dilemmas in managing the expanding EU: the EU and applicant states points of view." *Journal of European Public Policy*, London, Routledge, December 1999, p. 798.

only if the diffusion of the geopolitical subjectness of the EU does not lead to an erosion of the structural potential of the EU.

The scenario of disintegration of the EU as a political union will automatically make the European security system return to the supremacy of principles of sovereignty of national states. Such model of development of the geopolitical subjectness of the EU would be a favourable environment for Russia's geopolitical plans.<sup>29</sup> We can draw this conclusion taking into consideration the fact that Russian diplomats apply the state sovereignty supremacy concept, whereas supranational EU institutional mechanisms reduce Russia's chances to influence the geopolitical behaviour of individual European states.<sup>30</sup> In other words, the scenario of disintegration of the EU as a political union would provide Russia with favourable conditions for the implementation of consistent balancing politics inside the EU, i.e. for influencing the EU's decision-making process through European capitals and this way limiting of the geopolitical subjectness of the EU.

### **5. Russia's view on the alternatives of development of the EU's political structure (polity)**

The models of development of the EU's political structure are directly related to the problems of flexible or differentiated integration inside the EU. The flexible or differentiated integration methods inside the EU can be characterised by two opposite features: first, flexible integration, whereby the group of able and willing countries integrate faster than others, at the same time leaving a chance to others to join them; second, differentiated integration, whereby constant limits between states depending on the extent of their integration are set.<sup>31</sup> The extent of openness or closeness of the EU Member States who cooperate more closely (the flexible and differentiated integration dichotomy) indicates the bor-

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<sup>29</sup> Bordachev, (note 19) p.16.

<sup>30</sup> Kaczmarek, (note 2) p. 12.

<sup>31</sup> Warleigh A., *Flexible Integration. Which Model for the European Union*, London: Sheffield Academic Press, 2002. p. 9–13.

der between a consistent integration and integration of the Member States into a closed core.

The nature of the flexible/differentiated integration method inside the EU basically depends on the movement of the EU's political structure between two poles: first, the EU dominated by a consolidated and close core of states (hard core as one of the modifications of the "two-speed" EU); second, the EU as a "set of instruments" (Europe a la carte), in which the Member States may freely choose in which areas of the EU public policy they want to participate (with the exception of the EU common market). The movement of the flexible/differentiated integration method in the direction of one or another pole (Europe a la carte vs. hard core) is likely to be dependent on whether participation of the Member States in certain EU's common policies is determined by a) a national decision (maintaining the possibility to join the closer cooperation initiatives in individual sectors of public policy at any time), or b) targeted barriers (requirements) for the peripheral EU States set by the core EU States.

Considering the fact that the impact of the Europeanisation process on Russia and on the regional security system projected by Russia depends on the development of the geopolitical subjectness of the EU, we can conclude that Russia would welcome the weakening and fragmentation of the external subjectness of the EU. Fragmentation of the external subjectness of the EU might also lead to a certain type of the EU's political structure (internal subjectness). The optimal model of the EU's political structure for Russia is the "two-speed" EU, because in this case the internal integration of the EU will develop following the centre (core) and periphery model (that is, the actual integration of the Central and Eastern European States into European structures will be limited); such model of the EU's political structure is also a scenario of partial (fragmentary) evolvment of the geopolitical subjectness of the EU, which might serve Russia as a safeguard against the intensive process of Europeanisation of the "borderline" regions (Eastern Europe, and Southern Caucasus). In other words, Russia would like to see such model of development of the EU's political structure, which would reduce the chances of an even integration inside the EU. A differentiated integration would mean that Russia will be able to strengthen its influence on the EU's internal political and economic processes.

## **6. Limited (geo)political subjectness of the EU: a chance for Russia to reduce the asymmetry of its relations with the EU**

Russia would like to limit the autonomy (geopolitical subjectness) of the EU in those areas, the processes of which might have a direct impact on Russia's political autonomy and on the trends of integration of the CIS zone.

### **6.1. Limiting of the autonomy of the CFSP/ESDP**

The development of the ESDP can be viewed as a constant search of the EU's subjectness in the defence sector. This search is also directly related to the issues of the (geo)political subjectness of the EU. These links are reflected by the following scheme: a) autonomous integration in the area of ESDP → b) internal integration of the instruments of the CFSP, ESDP, ENP, and other instruments → c) strengthening of the (geo)political subjectness of the EU. Considering the above-mentioned, we may argue that the integration processes in the ESDP sector might become one of the driving forces of the (geo)political subjectness of the EU. Considering the fact that the effectiveness of the EU as a source of disintegration of the CIS zone depends on the evolvement of the geopolitical subjectness of the EU, we may argue that Russia would like to limit (or at least control) the autonomy of the EU in this area. Still, Russia's view on the evolvement of the ESDP is complex. We can identify the following two Russia's strategic approaches.

First, the autonomy of the ESDP is an instrument, the function of which is the weakening of the role of NATO in the European security system.<sup>32</sup> Russia's strategic interests would be best reflected by a "two-speed" ESDP evolvement scenario, because: a) the trend of formation of a "core" in the sphere of ESDP will directly correlate with the deepening difference between Atlantism and Eurocentrism, b) this at the same time will mean that the EU's internal integration evolves following the centre (core) and periphery model, i.e. the actual integration of the Central and Eastern European States into European structures will

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<sup>32</sup> Tangiashvili N., "Russia, the European Union and the ESDP: An Essential Misfit?", *Centro Argentino de Estudios Internacionales*, 2005, <<http://www.caei.com.ar/es/programas/cei/P28.pdf>> p. 4., 31.03.2007.

be limited, which will provide Russia with a chance to strengthen its influence on the EU's internal political processes, c) the "two-speed" ESDP is the scenario of a partial (fragmentary) involvement of the (geo)political subjectness of the EU, and such scenario will serve Russia as a safeguard against the intensive process of Europeanisation of the "borderline" regions (Eastern Europe, and Southern Caucasus).

Second, Russia's strategic approach towards the ESDP is determined by the fact that the EU's supranational institutional mechanisms (for example, the actual integration of the EU's civil and military forces) reduce Russia's chances to influence the European security system. Therefore, Russia would like to weaken the internal consolidation of the instruments of influence inherent in the CFSP, ESDP, and ENP. In essence this means that Russia, by applying both direct (in the context of the security policy dialogue) and indirect (in the overall context of relations with the EU) measures, seeks to limit the EU's autonomy in the issues of security policy, which have direct implications for Russia's interests (for example, the "frozen" regional conflicts in the post-Soviet CIS zone).

It is due to these motives that Russia would like to ensure a regular dialogue with the EU concerning security and defence policy issues (the form of cooperation is more important than the content of cooperation). For instance, the decision concerning exchange of information on crisis management operations has been taken already. Formal and informal EU-Russia official meetings in various level take place (meetings of the troika and Russia, working-level Council Secretariat expert meetings with the Russian side, etc.), which include security and defence issues. Recently, the Russian side has been attempting to regularise the EU-Russia dialogue in the military sector. For instance, Russia seeks to expand expert contacts with the European Defence Agency (EDA) and to participate in the crisis management trainings organised by the EU. Furthermore, Russia would like to expand the mechanisms of military and civil interrelations with the EU.<sup>33</sup> The above-mentioned mechanisms should be based on the operational-level interrelation standards acceptable to both parties, and the implementation of operations should be based on joint commanding. Such mechanism will mean that Russia will be able to interfere with the implementation of joint operations (for instance, the joint operations regarding "frozen" conflicts in the CIS region), involve the EU in ineffective cooperation and this

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<sup>33</sup> Nikitin, (note 7) p.5.

way weaken the EU as a security actor on the global arena. Russia would also like the EU contacts with the post-Soviet CIS States to take place through regional defence organisations (first of all through the Collective Security Treaty Organisation (CSTO)) rather than on the bilateral level. Such regional defence organisations would serve as a filter, through which Russia can control bilateral defence-related contacts of the CIS States with the EU.<sup>34</sup>

Summarising we may argue that the most important interest of Russia as an external actor is the acquiring of an exclusive status in its relations with the ESDP. Such status would grant Russia a chance to get involved in the early stages of the EU's decision-making process.

## **6.2. Russia as an intermediary between the EU and the states belonging to the eastern dimension of the ENP**

Russia would like to prevent cooperation between the EU and the states belonging to the eastern dimension of the ENP. The essential point of intersection of the initiatives of the European Neighbourhood Policy and Russia's regional initiatives (for instance, the single economic zone, and the customs union project) in the post-Soviet region is the overlapping of economic integration projects, which constitute absolutely different models of economic integration. Therefore, Russia responds to the EU's initiatives to strengthen institutional binding of Russia by increasing the gap between the EU members and the states belonging to the eastern dimension of the ENP. Russia would like certain economic cooperation instruments to be applied in the EU-Russia relations first, and only afterwards transferred to the relations between the EU and the states belonging to the eastern dimension of the ENP. In other words, Russia seeks to maintain the monopoly on the relations with the EU and in this way to control the content of cooperation of the EU with the ENP countries (i.e. to "act as an intermediary" in the processes of Europeanisation of the Eastern European and Southern Caucasus States). For example, we should not exclude the possibility that the ENP economic dimension agenda in the long-term will be drawn up following the model of the EU-Russia common economic area.<sup>35</sup>

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<sup>34</sup> *Ibid.*, p.4.

<sup>35</sup> Duta P., "European Neighbourhood Policy and its Main Components", *Romanian Journal of International Affairs*, 10 (1-2), 2005, p. 236.



Russia's interest in the widening of the gap between the EU and ENP countries is determined by the fact that with the strengthening of the economic dimension of the European Neighbourhood Policy there inevitably arises the threat of Russia's economic and social exclusion (it is likely that the probability of this threat will increase, if the EU starts concluding free trade agreements with the states belonging to the eastern dimension of the ENP in the absence of such agreements with Russia). This is why the ENP agenda in relation to the Eastern European and Southern Caucasus States continues to depend on the agenda of the EU-Russia relations<sup>36</sup> (for instance, the EU still continues parallel cooperation with the states of the eastern dimension of the ENP, which takes place both in the framework of the ENP and in the framework of Partnership and Cooperation Agreements, which essentially represent the EU-Russia relations model). Considering the fact that Partnership and Cooperation Agreements are significantly more binding documents compared to the ENP action plans, the content of PCA has a greater impact on the development of the ENP states. Here, it should be noted that the lingering EU-Russia negotiation processes concerning the Partnership and Cooperation Agreement made it possible for the EU-Ukraine Partnership and Cooperation Agreement to "exceed" the analogous EU-Russia agreement in terms of content (in terms of depth of cooperation between the EU and Ukraine). For this reason, Russia would like to start negotiations regarding the new PCA, which would further ensure a chance for Russia to "act as an intermediary" in the processes of Europeanisation of the Eastern European and Southern Caucasus States.

The chances of the policy of institutional binding of Russia drawn up by the EU are limited by the following major factors: first, centralisation of the Russian economy. The EU does not have any levers in order to limit the "politicisation" of the Russian economy; therefore, centralisation of the economy can be viewed as Russia's "safeguard" against various external factors (for instance, against the EU's initiatives of institutional binding), which might lead to the diffusion of the country's political and economic subjectness (diffusion of the subjectness constitutes a prerequisite for the political and economic "tying" of the country to the EU). Second, the contraposition of the economic

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<sup>36</sup> "Frontiers and Horizons of the EU: The New Neighbours Ukraine, Belarus, and Moldova", *129<sup>th</sup> Bergedorf Round Table*, October 15<sup>th</sup> – 17<sup>th</sup>, 2004, Lviv, 23.

dimension of the European Neighbourhood Policy (the de facto expansion of EU's internal market) to Russia's regional economic initiatives (for instance, the single economic zone or customs union projects), because overlapping of these integration areas serves Russia as an instrument of control over the regime of economic cooperation between the EU and the states belonging to the eastern dimension of the ENP.

### **6.3. Limiting of the EU's common energy policy**

Russia's chances to limit the formation of the EU's common energy policy are increased by certain features of the EU itself, which make it a non-homogenous geopolitical entity. The status quo of the EU's energy dimension (the absence of a common energy policy) is a favourable condition for Russia in its attempts to maintain the status quo of its bilateral energy relations with the EU Member States. On the other hand, Russia's bilateral relations with some EU Member States in the energy sector might express themselves as the centrifugal forces of the EU's common energy policy currently being formulated.

Safe supply of energy resources requires harmonisation of the EU's internal and external energy policies. Therefore, the following two factors can be identified, which are especially important in order to ensure safety of supply of energy resources: first, liberalised trade inside the EU; second, trade with the states supplying energy resources. Considering the above-mentioned factors, the following two most important conditions of the EU's common energy policy can be formulated: first, integration of the EU's internal market; second, regulation of the EU's relations with the external energy suppliers. Safety of supply of energy resources can be ensured only if there is a large, effective and integrated EU's internal market. Russia would like to complicate the chances of formation of the EU's internal market<sup>37</sup> and in this way to prevent the formation of the EU's external energy policy.

Russia, by limiting the formation of the EU's common energy policy which it finds unfavourable, applies the following two-fold strategy: first, Russia creates obstacles on the way of formation of the EU's internal policy from "the

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<sup>37</sup> Smith K. C. "Security Implications of Russian Energy Policies", *CEPS Policy Brief*, 90, 2006, p. 4.

inside”; second, Russia limits the effectiveness of the potential EU’s common energy policy, i.e. the EU’s “negotiation power” in its relations with suppliers energy resources (for example, by concluding energy alliances with other suppliers of energy resources – the case of the “gas OPEC”).

A negative impact on the EU’s common energy policy is made by the following major directions of Russia’s energy policy:

First, bilateral agreements with the EU Member States. For example, in the beginning of this year, Hungary became one of the most important targets of Russia’s geo-energy policy. Gazprom agreed with the Hungarian Government on cooperation concerning continuation of the project of construction of the Blue Stream gas pipeline. This pipeline connects Russia and Turkey across the Black Sea. Under the agreement reached by Gazprom and the Hungarian Government, the Blue Stream has to be prolonged and pass through the territories of Bulgaria, Romania, and Serbia to reach Hungary. The largest Hungarian oil and gas company MOL participating in the project of extension of the Blue Stream gas pipeline has also reached an agreement with Gazprom concerning construction of a new complex of gas storage facilities in Hungary. By the above-mentioned initiatives, Russia seeks to make Hungary the major gas distributor in Central Europe (considering the fact that Austria has similar plans as well, we can see a conflict of interests of the two EU Member States). The planned route of extension of the Blue Stream basically matches the route of the Nabucco gas pipeline being projected. The Nabucco project is often viewed as one of the most important indicators of creation of the EU’s common energy policy (or, to be more precise, of the effectiveness of the EU’s external energy policy). Implementation of the Hungary-Russia agreement regarding extension of the Blue Stream gas pipeline will have a negative impact on the chances of commercial success of the Nabucco project and might even reduce its relevance inside of the EU due to the overlapping routes problem.

Second, agreements concluded between the EU Member States’ energy companies and the monopolistic Russian companies directly dependant on political authorities (for example, the agreement between the Russian gas company Gazprom with the German BASF and E.ON regarding the Nord Stream gas pipeline construction across the Baltic Sea).

Thus Russia's policy in relation to the energy infrastructure can be viewed as a multidimensional policy: new gas and oil pipelines for transportation of energy resources, gas storage facilities, etc. are being built. Russia's wish to limit the formation of the EU's common energy policy originates from its wish to reduce to the minimum the chances of the EU to influence Russia's energy sector, i.e. a mutual EU-Russia dependency is favourable for Russia as long as asymmetry of the EU's and Russia's influence levers exists.<sup>38</sup> In this case the supranational competence of the EU in the energy sector (which would inevitably strengthen the EU's "negotiation power" in its relations with Russia) is viewed as a threat to the autonomy of Russia as a supplier of energy resources. Successful formulation of the EU's common energy policy will increase the EU's energy subjectness and at the same time reduce Russia's energy subjectness (and due to close ties between energy and politics Russia's political autonomy might eventually decrease as well).

Russia would like to limit the EU's common energy policy, because it seeks to prevent the increase of the EU's influence on Russia's internal energy policy. The EU, at least in theory, has numerous levers in order to influence Russia's energy policy – the EU can exert pressure on Russia forcing it to ratify the Energy Charter and the Transit Protocol; furthermore, the EU can integrate individual Energy Charter provisions into the newly drafted EU-Russia Partnership and Cooperation Agreement, or use Russia's objective to enter the WTO by linking Russia's negotiations regarding membership in the WTO with the requirements to liberalise the Russian energy market.

Summarising we may argue that Russia, seeking to prevent the formation of the EU's common energy policy, is implementing not only the policy of separation of the EU Member States, but also the policy of increasing of its influence on the EU's internal market. If Russia manages to increase its influence on the EU's internal market, the EU in its negotiations with Russia will lose the possibility to use the reciprocity argument. In other words, the EU will lose the possibility to persuade Russia to open its internal market, because the reciprocity principle that dominated in the EU's policy towards Russia will gradually lose its significance. Russia is gradually expelling the EU's companies from its

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<sup>38</sup> Johnson D., "EU-Russian Energy Links: A Marriage of Convenience?", *Government and Opposition*, 2 (40), 2005, p. 261.

national market, at the same time continuing to strengthen its own positions on the EU's internal market.

## **Conclusions**

In the EU-Russia relations, the four Common Spaces cooperation model represents one of the most important formats determining the cooperation of the two parties; therefore, the four Common Spaces model projected by Russia can be viewed as the universal expression of Russia's interests in relation to the EU. Two alternative models of the EU-Russia cooperation in the four Common Spaces can be formulated. If the EU is able to unite all four sectors into one cooperation format, it is likely that the four Common Spaces project will function as a mechanism of "tying" of Russia to the EU, because Russia would be bound to adapt its internal and foreign policies to the norms enforced in the EU. If Russia manages to neutralise the strategy of "integration of sectors" drawn up by the EU, it is likely that the four Common Spaces project will become some sort of "set of instruments," out of which Russia will be able to choose those areas of cooperation which ensure maximum benefits.

It may be forecasted that if the current model of European integration remains, the asymmetrical EU-Russia relations (the relative advantage of the EU) will be replaced by more balanced (symmetrical) EU-Russia relations. The major factors leading to such transformations are as follows: first, Russia manages to cooperate with the EU on those issues, on which the EU is not able to generate "a single voice" (for instance, the energy sector); second, the EU's inability to use its relative advantages. In order to maintain close cooperation with Russia, the EU is bound to carefully choose "methods of binding" of Russia, otherwise Russia will avoid concluding any agreements with the EU. On the other hand, if the EU-Russia relations do not move in the direction of symmetry, the EU-Russia cooperation may remain limited to economic cooperation. In this context, it should be emphasised that the EU-Russia economic cooperation without certain changes in the Russian economic system based on liberal reforms would mean that Russia can acquire more favourable conditions for competing on the EU's internal market compared to the chances of the EU's economic entities to compete on the Russian market.

In the future, we might see the EU-Russia partnership without any formal agreements, i.e. a partnership whereby mutual relations are maintained without any advance decision-making and without any detailed legal regulation in individual sectors. Such form of cooperation would increase Russia's chances to get involved in the EU's internal political and economic processes on the basis of bilateral agreements with certain EU Member States. This would provide Russia with more space for its political manoeuvres inside of the EU, because sectoral agreements with the EU are more beneficial for Russia. Sectoral agreements minimise the EU's chances to exert pressure on Russia and increase Russia's chances to cooperate with the EU in those sectors, where cooperation with the EU is first of all useful for Russia itself.

Summarising we may argue that the spectre of the possible models of bilateral EU-Russia relations is quite wide, from the "mutual integration without Russia's formal membership in the EU" to a non-institutionalised bilateral cooperation. Still, it is likely that Moscow in the negotiations concerning the new PCA will seek for an exclusive, "Russian" mechanism of relations with the EU, which would combine principles of various models of cooperation between the EU and third countries. The most important objective of the above-mentioned "Russian" model is Russia's de facto involvement in the EU's decision-making process and avoidance of the impact of the European norms on the country's internal politics.