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THE END OF AN ERA IN EU-RUSSIA RELATIONS

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Carnegie Moscow Center
16/2 Tverskaya
Moscow, 125009, Russia
Tel. +7 495 935 8904
Fax: +7 495) 935 8906
info@Carnegie.ru

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Summary

Russia's approach to the European Union (EU) has changed fundamentally over the last few years. The Kremlin is no longer drawing gradually closer to crisis-stricken Europe. Instead, Russia is entering a period of domestic uncertainty and rebalancing its foreign policy to emphasize its Eurasian neighbors and China. Europe should take note. In order to develop an effective strategic approach toward their biggest neighbor, Europeans must deepen their understanding of the changing realities in Russia.

The Russian Landscape

- For the first time since the late Soviet era, Russians are becoming interested in public affairs. This Russian awakening covers the entire societal spectrum, from libertarians to Orthodox fundamentalists.
- Russians are becoming more politically active and want more accountability and respect from their rulers.
- The government finds it hard to meet the challenge of ensuring robust economic growth and development and is unwilling to begin transitioning from authoritarianism to a political system based on the rule of law.
- Confronted with domestic challenges, the regime has become more insular and isolationist, seeking to solidify its base.
- The leadership has managed to stabilize its position, and opposition groups are in disarray. A "social explosion" is unlikely to happen anytime soon.
- The Kremlin's political relations with the EU have become appreciably cooler. Moscow no longer sees Europe—and its value system in particular—as a model.
- Russia is, and will continue to be, for the Russians themselves to fix. Outsiders can influence Russian developments only at the margins and not always positively.

What the EU Can Do

Focus on its own long-term strategic priorities. The EU's policies should not center on what the Europeans want Russia to be or become. Instead,

Brussels needs to work with Moscow on the EU's own wants and needs. Those priorities include ensuring peace and stability in Europe, expanding and deepening trade with Russia, avoiding overdependence on Russian energy supplies, and exploiting investment opportunities in the country.

Deepen engagement with Russians at all levels and in all fields. Even though outside powers cannot dictate change in Russia, expanding engagement on the economy, business, cultural activities, tourism, exchange programs, and more will substantially contribute to the transformation of Russian society. And this will create a better environment for the EU in the east.

Phase out visa restrictions that apply to ordinary Russian citizens. Opening Europe to Russians can effectively counter the Kremlin's isolationist trends. Moving toward a visa-free regime is the most effective way for the EU to use its soft power with respect to Russia.

The Shifting EU-Russia Relationship

The relationship between the European Union and Russia is undergoing a subtle but immensely important change that is centered, in large part, on the changing Russian landscape. Russia is no longer gradually "Europeanizing" and drawing closer to the EU. Instead, it is entering a period of domestic uncertainty, and the Kremlin is rebalancing the country's foreign policy to emphasize Russia's Eurasian neighbors and China.

Economic uncertainty, meanwhile, is playing a part as well, and experts offered several scenarios for Russia's future, none too rosy, at the 2013 World Economic Forum in Davos. One foresaw a plunge in the price of oil with dire consequences for the budget and social stability of Russia, which is in many ways dependent on its energy exports. Another suggested that even if oil prices stayed sufficiently high, public discontent would grow because the Russian people are increasingly tired of corruption and the lack of official accountability.

Former finance minister Alexei Kudrin used those scenarios to send a clear message from the Davos forum: rather than seeking to benefit from the global economic recovery, which has proven too sluggish, and high oil prices, which have proven too uncertain, Russia needs to embrace institutional reforms and work to substantially improve its investment climate.

Kudrin has a point. The country desperately needs to reform a number of its institutions, including pensions, public services, police, and the judiciary, and a better investment climate would certainly help relaunch the flagging Russian economy. But political and social developments will play an equally important role in shaping the country's evolution, directly influencing its economic prospects.

Recently, the Russian social environment has fundamentally and irreversibly changed. Two decades of post-Communist adjustment have produced a new feature: an interest in public affairs on the part of a growing (but still minority) section of society.[1] This development is nothing like the Arab Spring, which is also sometimes referred to as an Arab Awakening. It is neither an anti-Putin revolution nor a prologue to one. Rather, it represents a society that has begun to emerge from its post-Soviet hibernation, when the focus was almost exclusively on surviving physically and winning and arranging one's private space. The Russian people have overwhelmingly weathered the harsh transition, and many have managed to become relatively affluent.

Yet, the more interesting—and difficult—part still lies ahead. Russia faces the challenge of ensuring robust economic growth and development while simultaneously transitioning from arbitrary rule and authoritarianism to a

political system based on the rule of law. Given the size and immense diversity of the country, it will be crucial that this momentous transformation does not provoke chaos and civil strife. Russians will have to find a way to agree on the fundamentals, even as they learn to embrace their own diversity and the multiplicity of their interests. Russia also needs to find an adequate position for itself in the global economy and strike the right balance in its relations with key international actors, including the United States, China, and Europe.

It is quite possible that EU-Russia relations will become largely transactional and laden with controversies over domestic politics and divergent values. Yet, Europe and Russia continue to matter to each other in many ways. Russia is the EU's largest supplier of natural gas and oil, for instance. And beyond the energy trade, peace and security on the Continent, regional stability, economic development, and humanitarian and cultural ties demand productive EU-Russian interaction.

The EU must deepen its understanding of the changing realities in Russia.

The EU remains an interested and very close observer of these Russian developments. Even though relations with Moscow have lost some of the vital importance they carried during the Cold War, internal processes in Russia will affect the livelihoods of many Europeans, and not only those in states sharing a border with Russia.

It is time, then, that Europeans looked beyond the headlines and into the very complex mix of issues comprising Russia's medium- and long-term agendas. In order to build a strategic approach toward their biggest neighbor that works, the Europeans need to be keen observers and good listeners. The EU must deepen its understanding of the changing realities in Russia.

An Uneasy Calm

Russia recently went through a period of significant domestic upheaval, but the Russian authorities believe that, for now, they have safely weathered the recent storm of public discontent. Mass protests sparked by fraudulent elections in late 2011 peaked in early 2012 and tapered off after the May 2012 presidential inauguration. Civic activism, unstructured and essentially leaderless, has not morphed into mass political opposition, and the figureheads of the movement have failed to build a broad support base. Once the election-fraud theme became dated, the protesting crowds dwindled.

The government opted for repressive measures against several leaders of these demonstrations. The activist blogger Alexei Navalny has been put on trial, ostensibly for economic crimes. Sergey Udaltsov, the firebrand leader of the radical Left Front, has been placed under house arrest. A number of rank-and-file protesters were jailed following clashes with police in May 2012. Blogs and social-network exchanges, which once constituted a powerful medium for organizing mass action, have turned into little more than safety valves. Those

who are no longer willing to venture into the street can freely and safely vent their frustration on Facebook or its Russian equivalents.

The Russian government has carefully avoided overreaction. The regime has palpably toughened but has not degenerated into an outright dictatorship. Broad popular acquiescence remains the bedrock of the authoritarian regime, which stays in power not so much by force as by the consent of the majority of the governed. Its repressive measures were in fact carefully targeted, affecting a handful—dozens, at most hundreds—of people. So far, these measures have apparently worked as an effective deterrent.

The State Duma, despite the somewhat significant representation of two nominal opposition parties, the Communists and the Just Russia Party, has come under the Kremlin's control. Both opposition parties have overwhelmingly sided with the ruling United Russia Party and its allies in Vladimir Zhirinovsky's Liberal Democratic Party in promulgating repressive legislation. The Federation Council, the parliament's upper chamber, has demonstrated extreme loyalty to Vladimir Putin. United Russia won all five gubernatorial elections held in 2012, which had been reinstituted—with important restrictions—after an eight-year ban that had provoked much criticism in Russia and the West was lifted.

In an even more spectacular feat, the Kremlin has been able to tighten its control over Russian elites under the slogan of "nationalizing" them. Loyalty to the Kremlin no longer guarantees immunity from prosecution. Several senior bureaucrats have been charged with corruption, apparently in response to the opposition's condemnation of "crooks and thieves" in power. All senior officials have been barred by law from owning assets (excluding real estate) abroad.

Ironically, this may be seen as Putin's reply to the 2012 Magnitsky Act passed by the U.S. Congress, which imposed sanctions on Russian officials suspected of involvement in the death of imprisoned corporate lawyer Sergei Magnitsky. But whereas the Magnitsky Act sanctioned only a handful of misbehaving officials, Putin's move applies to all. The Kremlin is convinced that if Russian officials keep their money abroad, they become vulnerable to potential pressure from foreign governments. Putin prefers that these officials repatriate their money, placing it out of reach of foreigners, but well within the reach of the Kremlin.

The Kremlin has also made use of the terms of the recent EU bailout of Cyprus to enhance its message. Under the terms of the deal, Cypriots were required to raise billions of euros in exchange for bailout funds, most of which are likely to come from a tax on investors with large deposits in Cypriot banks. Many of those investors are Russian. The Kremlin harshly criticized the "confiscation" of depositors' money in those banks and ultimately turned the episode into an argument in favor of bringing private Russian money back to Russia. Alas, until the country's domestic legal climate significantly improves, this argument will not carry much weight with wealthier Russian citizens.

The Kremlin's efforts to quell unrest at the political and elite level are helped along by a growing contentment among the general populace on the economic front. Most Russians seem relatively satisfied with their current lots in life. According to Russian pollsters, Russian citizens report the highest-ever degree of satisfaction with their material situation. Almost three-quarters of Russians consider their material condition to be fair, 12 percent feel good, and only 16 percent are unhappy about it. There is also more optimism than pessimism and despair, and the expectations of future improvement in living standards are quite high. The Levada Center, an independent polling organization, notes that more people are planning for their future.

Economic growth has decelerated significantly over the past year, but the government has so far managed to deliver on its social obligations. Russia's per capita gross domestic product (GDP) is now $18,570 in purchasing power parity terms, or just about 15 percent lower than Poland's, roughly equal to Croatia's, and 30 percent above Turkey's. Despite the slower growth, real incomes are rising. Unemployment, officially at 5 percent, is perfectly tolerable. Inflation, currently at 7.1 percent, appears manageable for the time being, although many economists are alarmed. The demographic decline has slowed, at least for now, and Russian life expectancy has risen to seventy years. Although many international experts are still skeptical, the Russian government now hopes to see the country's population rise to 150 million between 2020 and 2025, up from 143 million in 2012 and far above international projections from several years ago.

A "social explosion"—which some opposition figures hoped for a year ago—is thus unlikely to happen anytime soon unless these economic circumstances drastically change.

If the Kremlin, however, becomes complacent, it may be in for a bad surprise. The dipping of the benchmark oil price to below $100 per barrel in April 2013 was one warning. The very real prospect of economic recession—or at least stagnation—in the fall of 2013 is another. As a result, social discontent may resurface. The Russian law-enforcement apparatus is sufficient to neutralize the more active protesters, but it can do little about the steadily changing popular attitudes toward the way the country is run.

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In the past, the Russian people were most concerned about their private lives. Now, their demands have changed. Higher incomes and more goods to buy are no longer sufficient. People who can afford to purchase more goods of a higher quality now want better living conditions as well. Housing has become a major and increasingly acute problem—and one that cannot be resolved quickly. People also desire a healthcare system that is universal, professional, and affordable. The same holds true for the

education system. The lack of national cohesion and the persistence of interethnic, interconfessional tensions have emerged as key issues as well.

Meanwhile, Russians expect more accountability and respect from those who rule in their name. Small- and medium-sized businesses reel under the crunch of official corruption. In 2012, 400,000 such businesses had to close, unable to pay higher taxes that were levied as a result of the government's determination to find money to compensate for rising pensions. To many, the Kremlin's recent token fight against corruption looks more like a cover-up. Cabinet-level figures who have been implicated in criminal investigations as part of the anticorruption push are likely to be spared a trial, and their subordinates are likely to bear the brunt of the accusations.

In reality, the Russian elite continues to rule and largely own the country with the ordinary people's acquiescence. Yet, sociopolitical issues are becoming as pronounced in the public debate as the socioeconomic ones. Increasing numbers of Russians are looking for a government that is more efficient and less corrupt. And this yearning for change is not wholly confined to the larger metropolitan centers. It has slowly but steadily expanded to some of the bigger industrial cities and the frontier regions in the country's east and west.

Relatively slow but fundamental shifts within society itself are determining the direction in which Russia is headed.

And the steady maturing of society presents the long-term possibility of change from below. Indeed, relatively slow but fundamental shifts within society itself are determining the direction in which Russia is headed.

Society Still Stirs

Despite the uneasy calm that has settled over Russia, thanks to the Kremlin's response to unrest and the soothing effects of economic improvement, unrest still bubbles beneath the surface. From nationalism to Islamism to liberalism, many members of society remain eager for change.

Political change, when it comes, may be abrupt or more gradual, depending on the circumstances. Social change, by contrast, is almost always steady and organic. Much of it is generational. Now, for the first time since perestroika, there is a lively debate happening within parts of Russian society itself rather than between a group of self-appointed "friends of the people" (or intelligentsia) and the supreme authority, as in czarist and Soviet times. There are instances of social innovation, such as volunteer movements that, to a casual observer, appear to arise from nowhere even though they have been in gestation for years.

In fact, this new constituency of post-Soviet Russians that has emerged is full of achievers, people who make their own choices and decisions. Many of them have good professional skills, well-paying jobs, and comfortable lifestyles. Gradually, this community has developed an interest in volunteer

activism, such as charitable or environmental activities, and gained experience with collective action and civic organization. "Activists," according to a Moscow journalist who is herself an activist, "do not demand, they do." This is a clear change in mentality.

And that action can take any number of forms. The awakening occurring in Russia covers the entire societal spectrum, from Pussy Riot libertarians to Orthodox fundamentalists, from gay activists to Cossacks with their very traditional views not just on the family but also on contemporary art and what constitutes public order. Society is rediscovering diversity at all levels, including regional ones. With this diversity comes conflict in its own midst. "The people" are no longer united against "the authorities" but fight among themselves as well.

The intelligentsia, previously the figureheads of sociopolitical movements, are still trying to press the "demands of the people" on the authorities, but their mediation is less desirable than it was before. More and more people are finding a voice of their own. Those who call themselves members of the "creative class" are both vocal and independent in formulating their views. Economic, regional, professional, and other special interests are becoming more pronounced and more direct. Inevitably, they compete among themselves.

But Russia's new social movement remains essentially leaderless at this stage. The bloggers, writers, journalists, and cultural figures at the forefront of the debate have not become political leaders. Some aspiring opinion leaders have proven to be ignorant of key details of important public issues or poorly versed in the intricacies of economic or foreign policy.

Much of today's debate revolves around the issues that affect the majority of the population, such as reforming school tests and the higher education system, improving the quality and affordability of healthcare, and rectifying the dire situation of housing and communal services.

All this activity is pointed in different directions at the same time. Sociologists talk about three, even four, Russias existing side by side. There is one Russia comprosed of the largely modernized metropolitan centers with elements of postindustrial economy, like Moscow and St. Petersburg, and, at a considerable distance, the modernizing large cities of 1 million residents or more. Taken together, these include about 20 percent of the country's population. There is another Russia that contains the very slowly modernizing industrial areas (25–30 percent of the population) and a third with the small towns and the countryside, which has little or no capacity for modernization (40 percent of the population). A fourth Russia includes the remaining 5 to 10 percent of the population that lives in traditionalist regions, mainly in parts of southern Siberia and the North Caucasus, and is sometimes referred to by Russian scholars as the country's "internal abroad."

In response to these increasing divisions, Russian authorities, who had long pretended to be all things to all people, have moved to the right to frankly

embrace social conservatism, which resonates with some 60 percent of the voters, most of whom are in small-town and rural Russia.

The Kremlin, until now proudly pragmatic, has come up with its own rather vague version of Russian patriotism, which its critics liken to the Orthodoxy-autocracy-nationalism formula coined in the first half of the nineteenth century. In this, the Russian Orthodox Church has emerged for the first time in post-Communist times as an open political ally of the Kremlin. This relationship is now officially termed a partnership. The authorities hope that the church's blessing will shore up their legitimacy, which was questioned during the recent protests. However, a small liberal and proto-reformist trend has developed within the church itself that could introduce a measure of dissent into church life.

As the Orthodox Church takes on a higher public profile, the Islamization of Russia—even outside the traditionally Muslim-majority regions—is spreading. More young Muslims, including in those places such as the Urals and western Siberia, are becoming active supporters of political Islam. This is a new and still poorly understood phenomenon. The Arab Spring, which Russian Muslims interpreted as a symbol of political Islam's success, contributed to the emergence of Islamist radicalism as an element in Russia's political panorama. The North Caucasus and Tatarstan have seen demonstrations in support of the Syrian opposition, and a body of opinion has formed within Russia's Muslim community that advocates advancing Russian interests by reaching out to ruling Islamists in various parts of the Arab world.

These developments are occurring as many well-established Russian political factions find themselves facing serious challenges. Liberals are on the defensive and bitterly bickering among themselves. Radicals are accusing the moderates who cooperate with the authorities of treason. Hardcore nationalists have been making arguments that carry weight with the ruling elite, although not always with society as a whole. Left-leaning populism remains strong, even if the existing political formations, from the Communists to the Just Russia Party to the Left Front, have failed to effectively accommodate it.

And as Russian society continues to grow and expand, the current regime, based as it is on personal power, is becoming more insular. Rather than reaching out to society, it seeks to solidify its base.

Implications for Russia's Political Future

These slow but comprehensive changes in society will impact the country's future political situation. Barring some unforeseen developments and emergencies, it is safe to suggest that the next spikes in political activism will probably be tied to new elections.

National elections are still a long way off. The Duma's present mandate runs out in late 2016, and Putin's current presidential term expires in the spring of

2018. Regional and local elections are now held once a year in the fall, and the most interesting event of the 2013 cycle is perhaps the gubernatorial election in the Moscow region (which excludes the city of Moscow). Politics will gather speed beginning in 2014, when the Moscow City Duma will be elected.

It is too early to speculate about President Putin's chances for reelection in 2018. He looks determined to run again, but 40 percent of respondents in January 2013 said they would want to elect someone other than Putin in 2018. While still capable of generating reasonably high electoral support (three times as many people believe his record so far has been rather positive than rather negative), Putin clearly fails to inspire. His approval rating has sunk appreciably, and he has now become a more divisive than uniting figure. And given everything that has happened since Putin's fateful September 2011 announcement that he would run again for the presidency, few take Dmitry Medvedev seriously as an independent political figure either.

Should Putin's popularity continue to slip, the ruling elite would need to look for a replacement. Forty-seven percent of Russians believe the Kremlin might come up with a fresh candidate. Some mention Moscow Mayor Sergei Sobyanin, while others cite Deputy Prime Minister Dmitri Rogozin or Minister of Defense Sergei Shoigu. All this, of course, is highly hypothetical at the present stage. But should such a change at the top become a reality, it will have important implications for Moscow's foreign policy, which—in post-Soviet as well as in Soviet times—has been the prerogative of the de facto monarch.

Kremlin Foreign Policy

In February 2013, the Kremlin officially unveiled a new foreign policy concept for Russia. This is not a new phenomenon. During each presidential term since 2000, Vladimir Putin has had a new foreign policy doctrine—and in more than name only. In the early 2000s, this was an alliance with the United States, coupled with the "European choice." In the mid-2000s, this gave way to a policy of defensive self-assertion, manifested in the 2007 Munich speech in which Putin lashed out at the George W. Bush administration's preference for taking international law into its own hands. Medvedev's presidency, which was in practice Putin's third term, was marked by a reset with Washington and a search for "modernization resources" in the West that was designed to facilitate the flow of investment and advanced technology to Russia. Putin's formal return to the Kremlin has ushered in yet another iteration of his foreign policy, which might be called "sovereignization."

Above all else, Putin has moved to consolidate power at home. He saw those who protested in Russian cities during the winter of 2011–2012 as being pawns of the U.S. State Department—which did indeed finance some civil-society and democracy-building programs but did not fund the protests. In response, Putin ordered the cancellation of U.S. Agency for International Development

activities in Russia and the legal branding of Russian nongovernmental organizations accepting funding from abroad as "foreign agents." The Kremlin went even further when, in response to the U.S. Magnitsky Act, it ended the practice of American adoption of Russian orphans.

Evidently, Putin wants to do more than abolish the post–Cold War vestiges of Russia's unequal status vis-à-vis the West—its position as a foreign aid recipient, a democracy-class dropout, a country from which outsiders rescue orphans. He also seeks to reduce the exposure of Russian officials to potential pressure from the outside, likely in hopes that doing so will ensure that these officials are more completely subject to the Kremlin's control. Indeed, control is Putin's true objective. Sovereignty is his slogan, and nationalism is the soul of his policy.

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Eurasian Integration

Putin's main foreign policy project is Eurasian integration. The customs union of Belarus, Kazakhstan, and Russia, which has been in operation since 2009, is in the process of being upgraded into a single economic space, with the goal of an economic union among the three by 2015. Moscow is determined to make full use of incentives, such as the opening of its huge labor market, to attract greater integration on the part of Russia's neighbors. By contrast, those who choose to stay away will find themselves largely shut out. Citizens of these countries will lose the privilege to freely move to and work in Russia in 2015.

Economic integration, which creates a common market and allows for freer migration of labor, makes sense for each of the three countries. For Russia, however, its scale is rather modest—in 2012, Belarus's share of Russian foreign trade was a mere 4.3 percent, and Kazakhstan's was just above 2 percent.

President Putin wants economic integration to pave the way to a more comprehensive consolidation of the Eurasian space, to include security and supranational institutions. But his partners in Astana and Minsk are more cautious. Even though Kazakhstan's President Nursultan Nazarbayev regularly reminds everyone that he was the original author of the Eurasian Union concept, which he laid out in a 1994 speech at Moscow University, the Kazakhs only want economic integration and balk at proposals for creating common institutions. Belarusian strongman Alexander Lukashenka has used the idea of Eurasian integration much as he has used the notional "union state"—supposedly existing between Belarus and Russia since 1999—as a means of getting economic benefits from Moscow in exchange for pledges of geopolitical loyalty.

President Putin has been personally working hard to expand the integration effort to include Kyrgyzstan and Tajikistan. This will be difficult. Even though the Kyrgyz badly want to keep their access to the Russian market and

Moscow's economic assistance, the idea of a union with Russia is controversial among those who want to keep more room for geopolitical maneuver.

Tajikistan has long been practicing a multivector foreign policy. Prioritizing ties with Russia is not Dushanbe's intention, despite the fact that some 50 percent of the country's GDP is currently made up of remittances sent by Tajiks working in Russia. The Tajiks want to keep their freedom of maneuver by reaching out simultaneously to Iran, India, the United States, and China. In addition, Kyrgyzstan and Tajikistan are far behind Kazakhstan economically, and their accession would slow the pace of Eurasian integration and be a drain on Russia's resources.

Putin has offered membership in the customs union to Ukraine, which is torn between the appeal of short-term gains in the East, such as lower gas prices, and its long-term aspirations to join the West. Essentially, Kiev has continued its old game of trying to get the most from relations with both of its big neighbors—the EU and Russia—without making a clear and unambiguous choice.

Putin's offer, however, is coupled with a warning that Ukraine cannot maintain privileged access to the customs union's market, such as the low tariffs it currently enjoys on a number of its exports to Russia, if Kiev does not join. Yet, it can be argued that Russian national interests would be better served by having Ukraine outside the tent of Eurasian integration than in it. Ukraine, a much poorer country than Russia today, would require much assistance and that, as a nation much bigger than Kazakhstan or Belarus, it would demand too much of a voice. Even if it were to get both, according to these critics, it would never stop looking to the West. Putin, however, is apparently unconvinced, motivated largely by geopolitical reasons.

The Eurasian Union will be successful as long as it manages to stay economic and voluntary.

Moscow has also been cultivating Tashkent, hoping to engage Uzbekistan, and Chisinau, promising to work for the unity of Moldova. All of this is certainly not the beginning of a new Soviet Union, and a degree of integration between Russia and some of its neighbors makes sense in economic terms. The Eurasian Union will be successful as long as it manages to stay economic and voluntary.

But Putin clearly seeks to enhance Russia's geopolitical standing in relation to its two biggest neighbors in Eurasia: the European Union to the west and China to the east. This is a far cry from Moscow's policies of the early 2000s, which prioritized Russia's integration into the European Union.

Russia and the West

In the past ten years or so, the Kremlin's approach to the EU has changed fundamentally. It no longer regards Europe as a mentor or even a model. Russia no longer seeks a relationship in which the two partners would have, in Romano Prodi's memorable phrase, "everything in common except the

institutions." The four common areas agreed upon in 2005 as fields of integration—economic; freedom, security, and justice; external security; and research, education, and culture—are by now history. Instead, the relationship is becoming more transactional, symbolized more by adding new pipelines and bickering over visas than by the profession of common values, not to speak of their implementation.

Indeed, Moscow has not only accepted the values gap between itself and the EU but has begun to proudly advertise its own more conservative values, such as national sovereignty, religious faith, and traditional family. These priorities stand in contrast to Europe's unchecked freedoms which, in the Kremlin's view, erode society and will eventually doom it.

In the foreseeable future, Moscow is unlikely to emerge as a security risk to Europe, either because of its domestic developments or its foreign policy. The country will neither implode nor explode, and a Russian invasion of EU territory can be safely ruled out.

Russia's 2012 accession to the World Trade Organization (WTO) has not led to an intensification of EU-Russian economic relations. To the contrary, Europeans are bringing up complaints about Russian actions. But the eighteen-year-long WTO negotiation process must have indicated to the EU that Russia was more interested in protecting what it had than in using the accession as a "big bang" to liberalize and modernize its economy, as others, including China, have done. Moreover, some sectors of the Russian economy will need time to adjust to the new, more competitive environment of life in the WTO. As a result, moving forward on free trade with the EU may not be easy or quick.

A more productive way to proceed now would be to improve the bottlenecks that hamper EU-Russian economic relations. Another relevant issue is how to factor in the emerging Eurasian economic union—one of whose members, Kazakhstan, may be joining the WTO reasonably soon, while another, Belarus, is nowhere close to accession.

In the field of energy, mutual dependence between the EU and Russia will persist even as the recent shale gas revolution in the United States and the changes in the international gas trade have caused Russia's share of the EU energy market to diminish. The energy dialogue has been unproductive, with each side ignoring the other's unilateral bids. Russia appears monopolistic and heavy-handed to the EU, and the EU seems overly bureaucratic and unyielding to Russians. Moscow has preferred to counter the EU's internal regulations with its own ultimatums.

The Kremlin continues to be obsessed with building pipelines, driven by the strategic decision to put an end to problems with gas transit across Ukraine. This strategy has a high price: there is a significant amount of pipeline redundancy, with half the capacity going unused. Moreover, the EU is poised to connect national gas pipeline segments within its territory so it can

provide for flexible gas transfers among its member states. Once that project comes to fruition, it will be able to markedly reduce its dependence on Russian gas giant Gazprom's pricing policy.

President Putin has also moved to re-reset relations with the United States. He initially set aside politico-military issues, including arms control, which featured prominently in the Medvedev interlude. Putin's own priority is expanding trade with Americans on the model of the 2011 Rosneft-ExxonMobil deal. Over the years, the Russian president has come to prefer the company of Western businessmen to that of Western politicians. In the two meetings scheduled with U.S. President Barack Obama this year, in June at the G8 in Northern Ireland and in September at the G20 in St. Petersburg, Vladimir Putin hopes to renew the relationship with the United States on a basis of shared interests.

But there is no doubt that the Kremlin is carving out its own territory. Having stopped pretending that Russia is affiliated, however loosely and indirectly, with the West, Putin now feels free to take a more robust posture internationally. In a highly symbolic gesture, Putin missed back-to-back meetings in 2012—the G8 meeting at Camp David and the NATO Summit in Chicago—something no other world leader had done before.

The crisis in Syria has given Moscow an opportunity to demonstrate its new posture. Russia did not like U.S.-led military interventions before, whether in the Balkans in the 1990s or in Iraq in the 2000s. It acquiesced in Libya in 2011, hoping to strengthen what Dmitry Medvedev then called "modernization alliances" with the West, but was bitterly disappointed when the imposition of a no-fly zone morphed into a regime-change operation. In Syria, Moscow has stood firm, giving no pretext for intervention to those who want to push or ease Syrian President Bashar al-Assad out of power. Russia has also continued to give Damascus military aid, material assistance, and moral support. In its view, an Islamist takeover of Syria had to be prevented by all means available except direct intervention. This has apparently paid off. Two years into the Syrian uprising, Assad is still holding out, and Washington is now negotiating the future of Syria directly with Moscow—something that has not been seen since the end of the Cold War.[2] The EU and its key member states, by contrast, have not been able to play a significant role in the Syrian crisis. This has reduced the EU-Russia dialogue on Syria to general consultations.

Putin's Pivot

Putin has also "pivoted" to the Asia-Pacific. The Asia-Pacific Economic Cooperation summit in Vladivostok in September 2012 was the most visible, but not the only, sign of the geopolitical rebalancing now taking place in the Kremlin. Moscow understands the secular importance of the rise of Asia, and of China in particular, and is seeking to find ways to develop its eastern provinces, which otherwise risk tilting economically toward the great neighbor

across the river. The Russians were obviously gratified to see Chinese President Xi Jinping make his first foreign trip to Russia since taking office, and they used the opportunity to conclude a number of economic accords with China.

And, while taking great care to maintain good relations with Beijing and expand energy trade with China, Moscow is also reaching out to others in the region—from Tokyo and Seoul to Delhi and Hanoi—to increase trade and investment and develop political contacts. The Japanese prime minister went to Moscow within a month of Xi's visit and was followed a few weeks later by the Vietnamese premier. At some point, driven by the same logic, Russia may even discover the value of trans-Pacific ties with North America. There already seem to be small moves in that direction. During the spike in tensions provoked by North Korea in April 2013, Russia joined the other G8 powers in strongly condemning Pyongyang's moves.

In Asia, as in Europe, Moscow seeks to capitalize on its energy resources. Diversifying Russian energy trade toward the Asia-Pacific region, which is already under way on a modest scale, is based on a strategic geopolitical and geoeconomic rationale rather than a purely economic one. To win a new export market for its gas, Russia will have to de facto subsidize China's energy imports. Thus, just as the EU is trying to reduce its dependence on the supply of Russian energy, Moscow is seeking to balance the established European market with a new and growing Asian one.

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The EU's Options Regarding Russia

For the rest of the world, dealing with Russia in the next few years will mean dealing directly with Vladimir Putin, and it will not be easy. Many members of European publics find working with Putin detestable because of his authoritarian tendencies and will seek to change the existing pattern of relations, which, in their view, favors the Kremlin. There are calls for actively opposing Moscow's authoritarianism and dire warnings against any return to realpolitik. Following the U.S. congressional example, some Europeans are calling for passing Europe's own version of the Magnitsky Act to put real pressure on the people who rule Russia and their allies.

Yet, taking up Russian domestic political issues, or simply ignoring Russia because of its disagreement with Western policies, will carry its own price. Russia is, and will continue to be, for the Russians themselves to fix. Moscow is not part of the EU's Brussels-leaning neighborhood, where conditionality can be effectively employed. Outsiders can influence Russian developments only on the margins—and not always positively. Western values need to inform Western interests, not replace them.

Europeans need to approach the Russians on European terms while remaining fully aware that Russians have their own interests, values, and terms of reference. The issue for the EU is not what the Europeans want Russia to be or to become—which is different from the EU's approach to Turkey and Ukraine, which are seeking EU membership. Instead, Europeans should think about what they want or need from Russia and work on those issues.

Ensuring peace and stability on the continent of Europe, where the EU and Russia are the biggest players, is one such priority for Europeans. Another is expanding and deepening trade while avoiding overdependence on Russian energy supplies. The EU could seek to exploit investment opportunities in Russia as they present themselves and as the Russian investment climate warms up. It could also focus on broadening and deepening humanitarian contacts between EU and Russian citizens. As Russia becomes more integrated into the global system, for example by joining the WTO and acceding to the Organization for Economic Cooperation and Development in the future, Brussels and Moscow can work toward achieving greater harmony of their values, norms, and principles.

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Even though outside powers do not have direct influence, more European engagement with Russians at all levels and in all fields—the economy and business, culture and the arts, tourism, and exchange programs—will substantially contribute to the transformation of Russian society, including values.

Isolationist trends in the Kremlin's policies can be effectively countered by opening Europe even more completely to ordinary Russian citizens. Moscow even advocates the goal of a visa-free regime between the Schengen zone and Russia. Phasing out visa restrictions is the most effective way for the EU to use its soft power—which will increase when Europe emerges from its present crisis and restarts growth—with respect to Russia.

Thus, European diplomats need not be frustrated by the vicissitudes of Russian domestic developments. They should remain focused on a long-term strategic approach. Europe finds it difficult to be of one mind, or to speak with one voice, when it comes to Russia. It should seek, however, to ensure that its policy is not the lowest common denominator of national approaches. It should also avoid a situation in which Russia sees a relationship with the entire EU as laden with restrictions but views bilateral relationships with individual EU member states as offering opportunities.

Europe should not succumb to the new stereotype of Russia's increasing irrelevance in the twenty-first-century world and simply lose interest. Globalization has not entirely abolished geography. And if Moscow finds a way to emerge as a more important player, which is more likely, Brussels will have missed key opportunities for collaboration.

Europeans would do well to pay close attention and use their soft power to build a special relationship with their biggest neighbor. Even though the EU's relationship with Russia may become more contentious than it was in Medvedev's supposedly halcyon days, enhanced understanding now will at least mean there will be less disillusionment in the future.

Notes

1 Dmitri Trenin, Alexei Arbatov, Maria Lipman, Alexey Malashenko, Nikolay Petrov, Andrei Ryabov, and Lilia Shevtsova, "The Russian Awakening," Carnegie Paper, Carnegie Moscow Center, November 2012, http://carnegieendowment.org/files/russian_awakening.pdf.

2 See Dmitri Trenin, "The Mythical Alliance: Russia's Syria Policy," Carnegie Paper, Carnegie Moscow Center, February 2013, http://carnegieendowment.org/files/mythical_alliance.pdf.

About the Authors

Dmitri Trenin is the director of the Carnegie Moscow Center and has been with the center since its inception in 1993. He also chairs the Foreign and Security Policy Program. He served in the Soviet and Russian armed forces from 1972 to 1993, including experience stationed in Potsdam from 1978 to 1983, and as a staff member of the delegation to the U.S.-Soviet nuclear arms talks in Geneva from 1985 to 1991. He also taught at the war studies department of the Military Institute from 1986 to 1993. His many books include *Post-Imperium: A Eurasian Story* (2011); *Getting Russia Right* (2007); *The End of Eurasia* (2001), and *Russia's China Problem* (1997).

Maria Lipman is the editor of the *Pro et Contra* journal and an expert in the Society and Regions Program at the Carnegie Moscow Center. She served as deputy editor of the Russian weekly news magazines, *Ezhenedel'ny zhurnal*, from 2001 to 2003, and *Itogi*, from 1995 to 2001. She has worked as a translator, researcher, and contributor for the *Washington Post's* Moscow bureau and has had a monthly op-ed column in the *Washington Post* since 2001. Her publications include "Constrained or Irrelevant: The Media in Putin's Russia" (*Current History*, October 2005); "Putin and the Media" with Michael McFaul, in *Putin's Russia: Past Imperfect, Future Uncertain*, edited by Dale R. Herspring (Rowman & Littlefield, 2003); "Managed Democracy in Russia: Putin and the Press?" with Michael McFaul, in *Harvard International Journal of Press/Politics* (Summer 2001); "Russia's Free Press Withers Away" in the *New York Review of Books* (May 31, 2001).

Alexey Malashenko is the co-chair of the Carnegie Moscow Center's Religion, Society, and Security Program. He also taught at the Higher School of Economics from 2007 to 2008 and was a professor at the

Moscow State Institute of International Relations from 2000 to 2006. From 1976 to 1982 and again from 1986 to 2001, Malashenko worked at the Institute of Oriental Studies at the Russian Academy of Sciences. He is a member of the RIA Novosti advisory council, as well as a member of the editorial boards for the journals *Central Asia and the Caucasus* and *Acta Eurasica* and the newsletter *Russia and the Muslim World*. He is also a board member of the International Federation for Peace and Conciliation. Malashenko is the author and editor of about twenty books in Russian, English, French, and Arabic, including: *Islam in Central Asia* (Garnet Publishing, 1994), *Russia's Restless Frontier* (with Dmitri Trenin; Carnegie Endowment for International Peace, 2004), *The Islamic Alternative and the Islamist Project* (Carnegie Moscow Center and Ves Mir, 2006), *Russia and Islam* (Carnegie Moscow Center and ROSSPEN, 2007), and *My Islam* (ROSSPEN, 2010).

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