

The EU Transformed

WHY SHOULD RUSSIA CARE?

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Andrey Makarychev
Institute for East European Studies, Free University of Berlin

Recent developments within the European Union affect not only its internal construction but also its relations with its Eastern European neighbors, including Russia. This memo discusses the ramifications of the Eurozone crisis for the EU's future and for its neighborhood policy, new trends in German *Ostpolitik*, and the repercussions of both these developments on post-Soviet states. The memo argues that the EU is becoming a more fragmented and less normative (value-ridden) political entity and might weaken its trans-Atlantic commitments.

Under these conditions, Russia can be expected to try and consolidate its sphere of influence, in particular to tighten its grip on Ukraine. However, such an approach threatens to foster Russia's alienation from Europe and, in the end, may prove fruitless. Instead, Russia should more actively engage in trilateral relations with Germany and Poland, the two EU states perhaps most interested in developing new formats of communication with Moscow. A new start in Russia-EU relations should also include professional and open discussions on a number of pressing issues, including conflict resolution, the compatibility of the Eurasian Union project with a possible EU-Russia visa-free regime, and a new form of dialogue between civil societies.

Political Effects of the Eurozone's Financial Troubles

Europe's future has been the subject of increasingly politicized debate. This debate has increased the range of possible alternatives and future scenarios for EU member states and their neighbors. The EU has been forced to confront the limitations of a purely technocratic approach to financial and economic policy and now looks for new political openings and options. The main components of the EU's international identity—multilateralism and a preference for supra-national institutions over balances of power

and spheres of influences—have come under question. The ability of the EU to play its cherished role of normative power is less certain than ever before.

Under these conditions, the model of a “Europe of Olympic circles” may very well shape the continent’s future. This would mean less power for Brussels and more room for regional groupings. Two “circles,” Germany and France, are likely to retain major roles. Yet other regional, “circles” also exist, for example the Visegrad Four (V4) comprising Poland, Hungary, the Czech Republic, and Slovakia. The V4 are active in Eastern Europe and in the western Balkans promoting the European experience of integration in post-socialist regions seeking closer association with the EU. In the meantime, the V4 want their own regional voice to be heard more distinctly. They seem to favor “a Europe of different speeds” and view themselves as a meaningful element in a constellation of “regional geometries” that include Nordic Europe, the Baltic Sea region, the Black Sea region, and the Danube cooperation project, among others. These regional clusters may eventually play substantial roles within the EU and in the EU’s relations with its neighbors. The key political question is whether the V4 will stay on Germany’s side and pursue “more Europe” (deeper integration), as Poland seems to desire, or seek to balance both German and French dominance.

Crisis and Leadership: Triologue and *Ostpolitik*

Many observers view potential German hegemony in the EU to be one effect of the Eurozone crisis. It is not that Germany consciously and purposely strives to occupy a dominant position in the EU. Rather, a complex configuration of economic and political circumstances requires a stronger role for Berlin.

The precise nature of this role, however, remains wide open. Germany can play the role of a “normalized power,” deeply embedded in European institutions. Or it can strengthen its leadership through unilateral policies toward undemocratic but economically important countries (like Russia, China, Kazakhstan, and Azerbaijan), thus turning into a “mercantilist state” that reduces its foreign policy strategy to the accrual of economic gains. Germany might also be a sponsor of weaker EU members or conduct an austerity policy that eventually pushes the weakest economies out of the EU. Germany could be a loyal member of the transatlantic security community, or a more autonomous and self-minded security partner for the United States and NATO.

Whatever role Germany assumes in the EU, one question concerns the basis of its putative leadership: will Germany represent a specific group of countries, or Europe as a whole?

One interesting development in this regard has been the so-called German-Polish-Russian Triologue. So far, this political triangle has achieved just one political success: in 2010 Germany helped mediate (and lobby in Brussels for) a Russian-Polish agreement on a visa-free regime for residents of the Kaliningrad district and two neighboring Polish regions. This was a small breakthrough in the broader visa facilitation process, but all three states appear to have high expectations for the Triologue. In this, Germany has undeniably taken the lead, even to the point of declaring the Triologue to be a key German foreign policy priority.

There are many reasons for this. First, the EU generally lacks policy initiatives toward Russia (as toward the whole post-Soviet region). Where no opportunity exists for a policy of cooperation based on shared norms, the EU prefers a technocratic approach while many of its neighbors demand a more political attitude. While the EU hesitates, Germany is ready to talk to Russia on matters of mutual concern but prefers to have Poland on its side. The Germans deem that this “Trialogue” provides greater stability both within the EU and on its borders. The Trialogue also, to some extent, blurs the line between insiders and outsiders, opening up another track for Russia’s inclusion into wider Europe.

Second, Poland used to complain that Russia and Germany speak “about us, but without us.” Now, the Germans are encouraging the Poles to play the role of interlocutor with Russia. This can also be beneficial for the Eastern Partnership, since it could eventually lead Russia to drop its concerns about this Polish-driven initiative for Russia’s “near abroad.”

Third, the Trialogue is a potential model for other “win-win-win” scenarios that could gradually eliminate the obsolete mentality of zero-sum games in the region. It is not only Poland that can secure gains from Germany’s growing role in Europe. Russia can too.

Fourth, while Germany is fully aware of the dangers of unilateralism and heavily invests resources in multilateral diplomacy, German multilateralism is limited. German diplomats are rather skeptical of “grandiose formats” like the G20, which are not always that effective. One might consider that pragmatic Germans are wishing to take a step away from global institutions and back toward regional ones. Many German experts appear to agree with the concept of two immediate neighborhoods—eastern and southern—informally patronized by Berlin and Paris, respectively.

Berlin and Moscow are eager to play their own games in a wider Europe. Both try to fence off politically flammable issues and focus on technicalities. Now, Germany is enticing Poland, which like many of its neighbors has always tended to prioritize political issues, to join the alliance of pragmatists. Other EU states may not approve, but what recourse is there if the West-East agenda in Europe is defined by Germany, Poland, and Russia. One day the Trialogue could bear more importance for Europe than the mostly ceremonial EU-Russia summits of today.

Challenges

On all accounts, leadership means costs for Germany. Berlin appears ready to assume them. However, the Trialogue faces a number of serious problems.

First, hiding behind this “triple win” project is the tacit acceptance of a value-free foreign policy based mainly on material gains. Germany explicitly displays interest in cooperating, for example, with the Russian Railways to more effectively reach the Chinese market.

Second, the anticipated spillover effect of triangular cooperation is not guaranteed. It is hard to understand how the positive outcomes of the Berlin-Warsaw-

Moscow rapprochement can be projected eastwards and produce results in the South Caucasus or Central Asia.

Third, Ukraine still remains a problem for both Russia and the EU. On the one hand, Kyiv considers Europeanization to be a unifying idea for Ukraine and Germany to be a potential lobbyist in Brussels. On the other hand, Ukrainians fear that Germany and Russia will continue to strike deals at their expense (the Nord Stream pipeline being a case in point). Ukraine sharply criticizes the EU for rejecting Ukraine's European outlook, accusing the EU of adhering to a "Russia first" policy and failing to accept Ukraine as a full-fledged European state. German experts and politicians respond that Ukraine has only itself to blame for failing to meet Europe's expectations. German politicians hold that the Ukrainian government missed an opportunity to build a European polity and has seriously spoiled its image through the politically motivated prosecution of former prime minister Yulia Tymoshenko. Ultimately, German Chancellor Angela Merkel equates Ukraine with Belarus—lumping them together as two EU neighbors with undemocratic and repressive regimes.

Russia: Pragmatism without Influence?

The effects of this situation on Russia are multiple and complex. With the EU no longer an example of an integration success story in the eyes of Moscow, the latter will continue to prefer making bilateral agreements with individual capitals than to work with Brussels. At the same time, the deepening of the Eurozone crisis may hurt Russian economic interests in the EU.

Under Vladimir Putin's new presidency, Russia is eager to pursue a non-normative foreign policy based on purely economic considerations. Yet such a policy is unlikely to increase Russian influence in the EU-Russia neighborhood. In particular, Moscow's relations with Kyiv are increasingly uneasy. President Viktor Yanukovich does not play by Russia's rules and continues to welcome the participation of major Western companies in Ukraine's energy sector. He resents the Kremlin for failing to acknowledge his contribution to Russia's defense policy (by allowing the Black Sea fleet to stay in Crimea and by crushing Ukraine's NATO membership aspirations). He feels played by Moscow, which informally promised to update the 2009 gas agreements but did not do so.

Similarly, there is very little that Russia can do with Kazakhstan, which keeps opportunities available to Western companies in its energy sector. Russia is also unable to prevent Moldova from steadily moving closer to Europe. Even Transdnistria looks for greater economic independence, not only from Chisinau but Russia as well.

At the same time, Germany, the EU's largest economy, is not going to lose interest in Eurasia, and so Russia will have to keep (re)adjusting its neighborhood policies to Berlin's *Ostpolitik*. A search for common approaches will not be easy. Some observers characterize German-Russian relations as a "Cold Peace." Germany is ready to take Russian interests into account but will not recognize either a Russian monopoly or veto power in the post-Soviet space.

All this suggests that neither Russia's military presence nor economic preponderance can easily translate into political instruments of soft power. The improvement in Russian-Polish relations made clear that it is possible for Moscow to get Central European countries to be its partners. But to obtain true partnerships across the region, Russia will need to do away with a simplistic approach to its Western neighbors and base policy on a more complicated and multidimensional picture of a wider Europe that defies artificial divisions between "old" and "new," or "false" and "true," Europeans. It will have to view Eastern and Central Europe as a conglomerate of transnational identities and spaces that defy top-down policy and are sympathetic to a long-discussed model of a "Europe of regions," in which Russia's place and role are far from certain. In particular, the Kremlin's threats to deploy Iskander missiles in Russia's Kaliningrad district between Poland and Lithuania reveal a degree of Russian insensitivity to the spirit of regional cooperation across the Baltics and northern Europe.

Conclusion

The concept of Europe is a matter of political contestation. Within the EU, advocates of individual financial responsibility and a more pragmatic approach to neighbors have come to contest the dominant normative approach which argues for intra-European solidarity and a common value-based external policy. Moscow appears ready to strike deals with these European pragmatists, while adhering to the notion that Russia is a "natural" part of Europe historically and geographically and requires no internal "Europeanization."

Russia will probably keep explaining away difficulties in its European policy, citing the ineffectiveness of Brussels' bureaucratic mechanisms, as compared to more traditional state-to-state diplomacy. Yet this argument is of limited utility: Russian relations with many individual EU states (Great Britain, Denmark, Estonia, Romania, and the Czech Republic) are clouded by political tensions. In the meantime, Russia lacks a clear policy on the Greek crisis, despite its supposedly close relations with Greece, and has no real policy in the western Balkans (including little assessment of the potential impact of Croatian and Serbian EU membership on Russian interests).

Within the EU, only Germany and Poland have developed active Eastern policies. Yet Russian diplomacy may overrate Germany's inclination to strike bilateral deals with Moscow. German *Ostpolitik* includes both goodwill gestures toward Russia and attempts to integrate Eastern European states. By showing its reverence for the Triad and accepting de facto a special role for Poland in the EU's Eastern policy, Russia has displayed some interest in utilizing new openings to participate in pan-European affairs. In the long run, this policy will bring more benefits to Russia than will ineffective attempts to compromise its claims to a European identity by reorienting its international priorities away from the EU.

Elliott School of
International Affairs

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