

Trilateral Conference

US – EU – Russia

June 15th, 2011

Berlin

Report

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Preface

On June 15, 2011 under the auspices of a grant from the Carnegie Corporation of New York, the Brookings Institution, the Center for Eurasian, Russian and East European Studies (CERES) at Georgetown University, and the Deutsche Gesellschaft für Auswärtige Politik (DGAP) convened an off-the-record informal workshop, “Trilateral Conference: US-EU-Russia” to examine current relations between the US, EU and Russia in the context of prevailing events of the past. Within this context experts discussed economic dealings and security ties as well as their present and future importance for the aforementioned three global players. The workshop sessions brought together top-level civil servants from all three regions as well as academics, journalists and distinguished members of the international think tank community. The following report both outlines the discussion of the conference and analyzes its most important outcomes.

The report’s first chapter “Reset accomplished? Current relations between Russia, the US, and the EU” will analyze the first panel, whose focal point included debates about how much Russian and Western approaches coincide and differ on the Arab revolution, where Russia's relations with the EU and the US now stand, and how much the US-Russian reset has accomplished, if there has been a reset at all.

The second panel on Russia’s modernization agenda and the development of its economic relations with the EU and the US as well as the question of WTO membership will be discussed in chapter two, “Russia's modernization in the context of economic relations between Russia, the US, and the EU.”

This report’s third chapter, “The security dimension of US-EU-Russia relations,” will deal with the panel that discussed a possible new Euro-Atlantic security architecture, methods for dealing with the post-Soviet area, the next phase of arms control negotiations, and the EU’s Common Foreign and Security Policy towards Russia.

The fourth panel on prospects after 2012, including the impact of domestic politics in Russia, the US, and Europe, will be analyzed in chapter four, “Prospects for US-EU-Russia relations.” This forecast will incorporate a summary of the outcomes of the discussion.

Reset accomplished? Current relations between Russia, the US, and the EU

During the crisis in Georgia in 2008, the relationship between the West and Russia hit rock bottom. The cooperation within the NATO-Russia Council was aborted, and disruptions not only between the EU and Russia, but also between the US and Russia in particular, seemed to grow rapidly. After ending the war in Georgia – or at least neutralizing the conflict – the foreign ministers of the US and Russia, Hillary Clinton and Sergey Lavrov, respectively, launched a reset of their relations. Has this reset been accomplished?

In the past three years, the relations between Russia, the US, and the EU have recovered formidably. The NATO-Russia Council started working again soon after the war had ended, and hence US-Russia relations relaxed. This recovery has two main explanations: First, the new administration under President Obama focused on improving its relations with Russia, which had suffered by not being a high priority issue in the US in the past decades. Obama gave back this high priority status to the Russians.

The reason for this turn in US politics is grounded in the second explanation. The US finally understood that Russia is an integral part of the Euro-Atlantic space and that current and future problems can be better solved through cooperation with Russia. This applies not only to more European issues such as the frozen conflicts on the European periphery, but also to more global problems such as Afghanistan, Iran, nuclear proliferation and increasingly the broader Middle East.

The US and Russia have at last become aware of the fact that there is no automatism for cooperation. Especially since the relations between Russia and the US still suffer from distrust – a fact that has its origins in the Cold War – the cooperation between Russia and the US remains a product of political will and work. Even after the conclusion of the Cold War twenty years ago, US-Russian cooperation is not a given.

The improvement in US-Russia relations is therefore not a full reset; it is rather a normalization. Russia and especially the US both take a pragmatic view on their cooperation by focusing on areas of common interests, but remain distrustful of each other.

The EU has benefitted from this normalization because European security cooperation with Russia and the US is crucial. But while the US remains the most important guarantor of European security, the EU also knows that complete security is impossible without Russia.

After the crisis in 2008, the US, the EU, and Russia grasped the necessity of cooperation. However, the problem of putting this into practice now and in the future remains. Russia wants

to be a fairly treated and an equal partner but the EU and especially the US have difficulties with granting this status to Russia, which is seen as an unreliable, authoritarian regime that lacks Western values.

Furthermore, Western states are far from having a common strategy or position towards Russia. Opinions towards Russia differ due to varying relationships with Russia. The relations between the EU and Russia are not only characterized by strong security ties, but also by tight economic and cultural linkages, and are thus based on a broader grounding in civil society. But even within the EU there is no common strategy towards Russia. While states like Germany, France, and Italy prefer a close and strong relationship (“Wandel durch Handel”), most of the Eastern European states favor some kind of containment policy towards Russia.

Regardless of these disagreements within the EU, the relations between the EU and Russia are defined by strong economic ties, while the link between the US and Russia is largely limited to security issues. This difference is to some extent based on the varying political systems of the US and the EU. It is frequently reported that the EU itself still lacks a real common foreign policy, which makes it even more difficult to find a common agenda towards Russia, much less together with the US.

Yet Russia has in the meantime broadened its efforts to cooperate with the US and the EU. Russians envision the future world as a multipolar one, with Moscow as one of many possible poles. As a result, Moscow no longer wants to subordinate itself to Western rules and values. While the US and the EU view Russia as a rigid authoritarian regime, Russia sees the EU as a debate club and the US as a superpower in decline.

It is precisely this heterogeneity in values which for current and future cooperation represents the biggest obstacle in US-EU-Russia relations. The EU and the US therefore have to find a common agenda towards Russia in order to save a constructive cooperation – however it may look. In order to do this, Russia, the US, and the EU must build up mutual trust again.

Regarding the Arab Spring and the NATO-intervention in the civil war in Libya, Russian and Western positions differ, but both sides do not confront each other, as had been the case in Kosovo. Russia “seems not to believe in a successful democratic outcome of the Arabic revolutions” and expects Islamic radical forces to win in the changes. Russia is also wary of potential impacts the Arab Spring may have in the North Caucasus Region. The EU and US, in contrary, believe that history offers an unique chance for the liberalization in the Islamic world. The West has detected different views in the top Russian leadership on the UN-resolution 1973 on Libya. But Russia remains opposed to a harsh UN-resolution on Syria.

Russia's modernization in the context of economic relations between Russia, the US, and the EU

After the collapse of the Soviet Union, the economic output of the Russian Federation and other former Soviet states fell sharply. Russia has been trying to find back to its one-time economic potential up until the present day. But economic development has been constrained by corruption, bureaucracy, and deficits in the rule of law as well as an inability to compete within a tightly regulated economy.

Russian President Dmitri Medvedev has implemented a modernization agenda to fight these problems. Part of this agenda is a closer cooperation with Russia's Western partners in Europe and North America. The EU plays an important role for the economy of Russia. Most of Russia's exports are shipped to members of the EU and most of its imports originate from these same countries. The EU is therefore a natural partner for Medvedev's modernization plans. However, the notions about what modernization in fact encompasses differ greatly between Russia and the EU.

For Europeans, modernization does not only include economic development, but also institutional reform and a liberalization of the political and economic system. These reforms are viewed as a pre-condition for further modernization. In contrast, Russia aspires to a modernization lead by the administration, with as little modification of the political system as possible. These differences regarding Russia's future path are proving to be problematic in the economic cooperation between Russia and the EU as Russia tries to resist European attempts to transfer not only know-how and technologies but also Western values and political benchmarks.

The "Partnership for Modernization" between Russia and EU, founded in 2009, is suffering from these struggles as well. The agreement has not resulted in any projects, action plans, or anything more than declarations of intent. This failure is simply a consequence of the inability of both partners to set a common modernization agenda.

The role of the US in the Russian attempts to modernize its economy is also diminishing. Whereas the economic relations between Russia and the US had been growing consistently over the last year – the financial crisis being the only exception – the total amount of US-Russian business is still just a fraction of EU-Russian trade. The amount of economic and thereby civil ties between the US and Russia remains small. Further developments in US-Russian trade could be a basis for broadening civil and cultural linkages and improving the invaluable security cooperation between these countries.

As for the EU-Russia relationship, this well-functioning cooperation in economic issues could be a model for cooperation in other areas. The close economic ties in energy issues, for example, could be a basis for further cooperation on political and security issues. The importance of energy ties will become even more crucial for Russia and the EU in upcoming years given the increasing consumption of gas in the EU – especially after the German decision to abandon nuclear power – and the structure of Russian state finances. It is nevertheless important to remember that the interests of the EU and Russia are different in these sensitive areas. While trade offers benefits to both partners, the EU and Russia are afraid of giving away advantages to the other. Building trust is therefore one of the most important tasks in EU-Russian relations, just as in US-Russian ties.

One step that could be taken in order to bind Russia more closely to the world economy could be its membership in the WTO. This would allow Europeans and Americans to hope for an opening of Russian markets for their business and for a push towards Russian modernization and liberalization. Critics of the WTO membership in Russia fear a collapse of the Russian economy, which, they argue, is not capable of competing internationally. Entering into the WTO, however, could boost Russia's ability to compete and diversify its economy. The initiative to modernize Russia's economy has to be taken by Russia itself, regardless of whether it joins the WTO or not. Problems like corruption and a bloated bureaucracy can only be solved by Russia's political system, and not by the WTO.

One Important element for the modernization partnership is the abolishment of visa for travels between EU countries and Russia. Germany belongs to that group of EU countries who favour a visa-free-regime with Russia. Berlin hopes to solve the issue positively by 2018. Russia, however, expects the destruction of visa-barriers much earlier.

Finally, the future development of Russia's economy depends mostly on Russia itself. Both the EU and the US could serve as partners in this area. But this is only possible if Russia, the US, and the EU formulate a common understanding of modernization. The main task will be to find a common agenda and thereby build up trust.

The security dimension of Russia-US-EU relations

With the collapse of the Soviet Union, the Cold War ended. It was soon recognized on both sides of the Atlantic, however, that different interests, priorities, and distrust remain. Debates in Russia, the US, and the EU mirror each other. While NATO warns of an authoritarian Russia trying to expand its influence and system, Russia similarly warns of a NATO trying to broaden its influence and military structures. Just as the EU fears the influence of Russia so close to its borders, Russia is unnerved by the initiative of the EU towards its eastern neighbors, represented by the Eastern Partnership and the European Neighborhood Policy. In the same way, NATO is concerned about the influence of Russia in Eastern Europe, while Russia views NATO's enlargement policy as a major threat. These struggles between the Western states and Russia result from different perceptions based on a deep mistrust between Russia, the US, and the EU.

The war in Georgia in 2008 showed that Euro-Atlantic security and the security of Russia can only be upheld by cooperation with each other. But opinions differ on how to realize this cooperation. The debates on a common Anti-Missile Defense (AMD) in recent years unmistakably revealed this. There are two central issues in this debate:

First, there is disagreement about the potential rules of cooperation: Russia wants to be treated as an equal partner in constructing and operating the AMD and disapproves of a leadership of the US. Russia still fears being exploited by the US, trying to offset its own decline. But the US is and will be the guarantor of European security in the foreseeable future. Russia, on the other hand, still counts as an unreliable partner for the EU in security issues because it would not be able to compensate for a less strong engagement on the part of the US. Russia is, simply put, caught between its ambitions to be a future world power and its role as a global energy provider.

Second, the opinions about how security is defined differ between the Western allies and Russia. Europeans and Americans view security in a holistic manner, lending great value to human rights, the rule of law, and related issues. In contrast, Russia's view is dictated largely by realism.

Russia, the US, and the EU have to find a middle path. The US and Europe have to grant a more important role, voice and influence to Russia. The EU will need Russia's support in order to be a global player in the future and to secure the Euro-Atlantic area. Yet Russia has to accept that European security is not possible without the US and that it will need the EU in order to pursue its own interests in the future as well.

To find this path, the US, Russia and the EU have to set rules and proceedings that manage their relations. The NATO-Russia Council and the OSCE's Corfu process could be steps on this path.

Nevertheless, successful cooperation and common positions are possible, like in Afghanistan. A common threat can help find common solutions. The negotiations on the AMD should be based on the same principle because there is a real common threat in the nuclear program of Iran.

Improving the NATO-Russia relations should be followed by broadening the cooperation between Russia and the EU. Current challenges such as the “frozen conflicts” on the European periphery can only be solved together. Therefore, the EU has to increase its efforts in foreign and security policy. Transnistria and Nagorny Karabach are the first and most important test cases for this cooperation. However, negotiations on these conflicts have brought the differences between Russia and the EU to light. While the EU prefers substance to form, Russia attaches especially high importance to the latter, and has asked for equal and fair treatment. In reality Russia wants to preserve its influence in the post-soviet space.

Furthermore, the EU itself is still struggling to establish a common strategy towards Russia, a necessary prerequisite in order to develop a common strategy *with* Russia.

The transatlantic partnership and Russia face a lot of obstacles in their cooperation. The experiences from the war in Georgia in 2008 and the common threat Iran poses could boost the efforts in improving relations. Strong political will, though, is needed by both sides to advance cooperation.

Prospects for US-EU-Russia relations

Economic, security, and general issues have showed that a constructive cooperation between Russia, the US, and the EU will not be possible without formulating a common agenda. However, different interests and prospects as well as distrust still constrain these efforts. Even the well-developed economic ties between the EU and Russia are not fully free of mistrust. The crux for future negotiations will be to address how to build up trust and how to narrow the gap between the partners. The recovery of US-Russian relations showed that this is not an impossible undertaking. But recent years have also demonstrated that finding a broad common strategy in the near future is almost impossible. The gap in interests, perspectives and values is still too large to overcome today. Nevertheless, setting a common strategy should stay an ambitious goal of US-EU-Russia relations. Even small agendas and projects can rebuild trust and improve relations in the long run. For example, a possible opening for increased cooperation could be the 2014 Winter Olympic Games in Sochi on, for instance, cooperation on regional development programs. Also a successful negotiation on AMD or arms control would be an enormous step. On the contrary, failing in these negotiations could lead to another low mark in relations.

The financial crisis and the war in Georgia made Russia and the EU aware that they are tied together. With a multipolar world on the rise, Russia and the EU need a strong and sustainable cooperation to survive in world politics. How current relations will develop depends on what the EU is willing to offer to Russia and which view of modernization and future world order Russia will stand for. Will Russia follow a unique path of development or will Russia intensify its relations towards the EU?

To make a further cooperation between Russia and NATO possible, trust has to be built up. Closer ties will not be possible as long as Russia perceives NATO as a potential threat. The Western allies therefore have to think about how to influence the debate inside Russia. Perhaps NATO has to grant a sphere of interest and influence to Russia, as well as vice versa. But this will only be possible on the basis of trust. A revival of a Russian empire is not in the interest of the West. The EU could thus act as a mediator between Washington and Moscow since the EU will likely not agree on any strategy that excludes either the US or Russia.

The Western allies view further developments towards democratic and liberal market-oriented reforms as the only way progress can be made in Russia. A development in this sense would provide the optimal conditions for a closer cooperation with the EU and the US. But even with the liberal rhetoric of Medvedev, a turn towards more paternalism is still possible. The EU and the US need an alternative plan if Russia and other countries of the post-Soviet space do not develop in the intended way. If the export of democratic values has failed, should this be followed by less cooperation in other areas? Would less cooperation be beneficial, given European security and energy interests? What steps could be taken instead?

In addition, the role of the Partnership for Modernization is still ambiguous. Can the EU and Russia give this framework real meaning, or will it remain just a declaration of intent?

Another important event for the future relations between Russia, the US, and the EU will be the presidential elections in 2012 in Russia as well as the US. Will the more reform-oriented and Western-friendly Medvedev run for office, or will Putin, who is seen as a representative of a unipolar Russian path, intervene? This question points to the role individuals play in cultivating the relationship. In the Russian-US case, the Reset has been largely built around the fostering of a close personal relationship between Presidents Obama and Medvedev. Will President Obama or perhaps his successor continue to grant Russia the important status in foreign policy, which it has now, in future political arrangements? Putin's return would not be received warmly by the West and would be viewed as a step backwards for Russia and the modernization project.

The elections in 2012 will show if the recovery in relations is sustainable. Negotiations on AMD, arms control, or other issues will stagnate again, and the construction of a European security will be a long time coming, if not. The EU can promote the importance of a well-functioning cooperation between Russia, the US, and itself, and it can even improve its own relations towards Russia. But the EU still needs the initiative of both the US and Russia to build up a European security structure. The events since the Georgian war raise hopes. Even during this period of confrontation, cooperation and communication were still possible. This crisis as well as the financial crisis made all partners aware of their close ties and the need to cooperate. The US, the EU, and Russia should leave their doors open at all times, regardless of the current situation.