



Compass 2020

Germany in international relations
Aims, instruments, prospects



The Main Features of a German Strategy towards Russia

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The Compass 2020 project represents the Friedrich-Ebert-Stiftung's contribution to a debate on Germany's aims, role and strategies in international relations. Compass 2020 will organise events and issue publications in the course of 2007, the year in which German foreign policy will be very much in the limelight due to the country's presidency of the EU Council and the G 8. Some 30 articles written for this project will provide an overview of the topics and regions that are most important for German foreign relations. All the articles will be structured in the same way. Firstly, they will provide information about the most significant developments, the toughest challenges and the key players in the respective political fields and regions. The second section will analyse the role played hitherto by German / European foreign policy, the strategies it pursues and the way in which it is perceived. In the next section, plausible alternative scenarios will be mapped out illustrating the potential development of a political field or region over the next 15 years. The closing section will formulate possible points of departure for German and European policy.

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Abstract

The best possible course of action open to Germany is a strategic partnership, which as aspects of interdependency constantly grow, can, at its worst, prevent relations moving off in different directions and, at its best, can lead to the integration of Russia into the euro-atlantic institutions.

On the one hand, this strategy can be seen as a reflection on both of the *Scenarios 2020*, which are outlined in the current text, as a process which has a negative side (from a German point of view) and a positive side, and on the other hand results from the present positioning of Germany and Russia in Europe and in the world. It consists of a cooperative partnership, which in no way is expected to end with the full integration of Russia into the euro-atlantic institutions.

Today Germany is surrounded by a "Circle of Friends", who apart from Switzerland, all belong to the European Union. Germany is interested in expanding EU institutions and would like to strengthen the Common Foreign and Security Policy. After the fall of the Soviet Union, Russia experienced a progressive disintegration of the post-Soviet bloc and is now returning to the world stage, which meanwhile has seen NATO and the EU moving ever closer to its own national borders. It may not be a "Circle of Enemies" which has formed, but the new euro-atlantic friends are viewed increasingly as geopolitical rivals. The "Strategic Partnership Agreement", which Russia and the EU are equally striving towards, is supposed to promote common interests and dismantle rivalries.

Germany ought to commit itself to a "Strategic Partnership Agreement" which is more binding than the declarations, which came out of the Partnership and Cooperation Agreement, which is soon to expire. Moreover the strategic effect of this agreement ought to unfold as common principles and goals, which can actually be put into practice, are set up. According to an unfavourable scenario which one might christen "The Bear with a Sore Head", the authoritarian regime in the Kremlin, which is currently emerging, will turn out to be a difficult partner. The right strategy would be to attune to this situation and not to speculate that a considerably more favourable scenario of the "Prince Charming" variety might appear.

Germany should enhance the already very broad palette of interdependent activities with additional initiatives and extend the range of common interests as far as possible. If the network of interaction is adequate an unobtrusive transfer of values will be achieved even without the community making a primary claim on those values, which would be indispensable for a united Europe. Russia is already a member of the Council of Europe. The existence of a specifically European civilisation is not disputed by Russia, indeed, in the broader historical context she sees herself virtually as its protector. However, she has no desire to be pilloried like a "Bear" by Germany and the EU, because she does not keep to these values sufficiently. The rapprochement of the Russian Bear should not happen through a policy of conditioning. In view of its limited ability to act, the only "stick" the EU might have left is finger-wagging, it would have neither enough money nor the offer of membership available to dangle as a "carrot".

The most important aspects of the strategic partnership are the economy, energy and the common neighbours in Eastern Europe. If the partnership in these sectors stands the test of time, its success will spread into other areas. If the building-up of common European spaces of the economy, civil liberties and domestic security, external security as well as education, science and culture succeeds, all of which are to constitute a substantial part of the "Strategic Partnership Agreement", then along with growing areas of interdependence a tacit "Europeanisation" of Russia can be achieved.

I. Russia Today

I.1 Russia shows little ambition for EU Membership

During its presidency of the G8 in 2006 Russia's leadership demonstrated a new self-assurance. In the course of both his periods of office as president, Vladimir Putin has seen himself as essentially the strong man in his internal and external policies and his performance has been correspondingly self-confident. The economy has passed its low point; the Gross Domestic Product has grown annually since 1999 by an average of six percent in real terms, the finance minister has been generating growing budget surpluses. The majority of parliament stands firmly behind the president, even though critics and even sections of the administration speak of the political system as being what they call "Democracy qualified by an adjective"; that is to say, controlled democracy, sovereign democracy, simulated democracy, a facade of democracy. As regards foreign policy, Russia expects to be treated "on an equal footing" by its western partners and expects "greater consideration" from its neighbours in the post-Soviet bloc, in other words more consultation with Moscow.

The predominant view is that Putins Russia does not represent the eighth democracy in what used to be the G7. To the G7 has simply been added another great industrial nation - a hybrid of the Soviet Union and a market economy - with large reserves of raw materials. As the successor to the Soviet superpower, as what is even now the second greatest nuclear power and as the world's largest country in geographical area, the Russian Federation brings with it a different legacy from the other countries of the former Warsaw Pact. There as here, many of the political protagonists and economic leaders who have been recruited had forged their careers when the Soviet Union existed, yet Russia was never regarded as a candidate for membership of either NATO or the EU. The economic and political changes were achieved against a background of centrifugal forces: The Baltic states became members of NATO and the European Union, the central Asian states developed into authoritarian nation states and the Caucasus developed into a conflict zone with three new independent countries without secured borders. Between Russia and the European Union lie three former Soviet states - Moldova, the Ukraine and Belarus - which are being transformed at different speeds and along different lines. The EU and Russia mutually assure each other that for the foreseeable future EU membership for Russia is not on the agenda. There is no set of conditions, such as good behaviour or assimilation along the lines for example of the Copenhagen criteria, whereby Russia is to become a full member of the EU.

I.2 The presidential powers shape Russian capitalism

After the population went through bitter years in which all Soviet "achievements" including minimal standards of economic and social security have imploded, things under President Putin are on the up quite noticeably: wages are being paid on time and are rising more strongly than the rate of inflation. But it is not yet certain that Russia will complete the free-market and democratic reforms, which have made good progress so far. There is not going to be a return to a planned economy, but a parliamentary democracy in which political parties compete freely with one another, is not going to materialise in Russia in the near future.

The political system of the Russian Federation has stabilised during Vladimir Putins presidency to the extent that the strong position of the executive has been expanded and the significance of the parliaments has been weakened. At the federal level as well as the regional and local levels, the various parliaments are eking out a shadowy existence.

Putin is pursuing a recentralisation of power. Accordingly, many elements of the federal structures are being dismantled. The desperately needed amendment of the devolution of responsibilities and finances between the central state, the regions and local communities, granting more independence to the local authorities, was due to be passed by the end of 2003, but it has been continually postponed ever since. The present state of affairs sees the raft of laws coming into force nationwide only after the presidential elections in 2008, that is, by 1st January 2009.

Under Putin society has been neither democratised nor vitalised to promote more civil participation. The character of the multi-party system is increasingly looking like a facade. Civil society was weakened not least by the campaign to destroy Russia's richest man, the oligarch Mikhail Khordokovski, who is an important example of private patronage in non-governmental organisations. With the break-up of Khordokovskis oil company Yukos, Putin won the upper hand over the all too independent group of powerful oligarchs and extended state control in the energy sector, which for strategic reasons was his ultimate aim. This has not brought to an end the high concentration of power in the hands of a few oligarchs who are always ready to play out their economic power in the political arena. But the "Old Order" is in the ascendancy: those who will not share their economic power, no matter how it was acquired, with the political powers-that-be in the upper echelons of the civil service, are risking their livelihoods. Because of the involvement of the various centres of power associated with this, the stability of the law and transparency in everyday economic life are being weakened. The grey area between creative entrepreneurship and organised crime has been and still is far too wide. The growing power of the bureaucracy, which is so susceptible to corruption, is widening the grey area. In a nutshell, bureaucratic capitalism now rules the roost.

Putins wish is that economic policy (including foreign economic policy) should attempt to do the splits. On the one hand it is supposed to bring the so-called strategic areas of the economy under the control of the Kremlin and thus help protect against foreign influence and against the blind greed of a few Russian oligarchs. On the other hand it is at the same time supposed to speed up the process of free market modernisation and the process of integration into the world economy – membership in the World Trade Organisation is hoped to be achieved by 2007. That Russia held the presidency of the G8 in 2006 is in Putins eyes a double success, shown by the continuing integration into the world economy and the regorganised position of his country as a member of the club of free-market industrial nations. It is true that the economy, which has experienced years of downturn since the financial crash of 1998, has now got into its stride and year on year is showing remarkable growth rates. The growth in the trade surplus points admittedly to some unresolved problems: the balance of payments on exports has only been in the black for years now because the country's capacity to attract inward investment and import consumer goods to satisfy the growing demand at home from industry and consumers is too limited, whereas the export markets for raw materials are booming. Russia is a leader in the international trade in oil and gas. But engineering services in the arms industry, in air and space travel and in a few other sectors are not good enough to produce internationally competitive products which would make Russia attractive as an industrial base. Foreign direct investment is relatively low, Russian economic growth relies to too limited an extent on premium industrial products, innovations in the field of information technology and modern provision of services. The domestic chemical, machine engineering and vehicle industries are under a high degree of pressure to adapt. The Kremlin in this situation looks to form holding and steering groups, which are state-dominated, in the "strategic" branches of the economy.

1.3 A European Civilisation with a Chinese border

The relationship between the state and society in Russia is different from that prevailing in Western Europe. The population rarely calls into question a concept of the state according to which the often ill-defined interests of the state as a whole, diverge in reality from individual civil rights. The organs of state make use of their options to keep civil participation in the public sphere in check. Conversely neither a civil society of associations and stakeholders nor a culture of competing political parties are strongly anchored in the popular consciousness and they enjoy a poor reputation. Strong parliaments require independent parties, the evolvement of a democratic culture of debate requires independent media, but presently neither the party system nor the situation of the media offer much cause for optimism: the controlling hand of the Kremlin is barely hidden even with so much lack of transparency. In reality the Russian president stands above the three classic centres of power, the executive, the legislature and the judiciary. Add to that the condition of the legal system: the rule of law, with laws and a judiciary on a European model, still does not belong to the general framework of things but rather to the development goals, the implementation of which is still being wrestled with.

The Russian elites regard themselves as a part of European civilisation. The ordering of their social and political values is based on this self image and oriented on the fundamentals on which the European states are based. A sizeable minority however stresses the unique aspects of a Russia which has extended its own civilisation between Western Europe and the gigantic expanse of Eurasia, and which must be kept unsullied from baneful foreign influence. Regardless of these cross currents, which appear not least in those strata of society which rank as the losers in the process of change, the political and economic sectors actively participate in European dialogue and integrative processes in Europe. At best, Russia's own weight in the global context is thought to be so great and her own traditions to be so weighty that complete integration into the European structures seems inconceivable. Alongside membership of the European Council and the OSCE there are further areas of cooperation, which aim at integration - for example the NATO-Russia Council and the Partnership and Co-operation Agreement with the European Union. The security structure however must take into account that Russia, as a nuclear power, is interested in bilateral treaties and special relations with the USA too and that it has a Siberian border with China that runs for over 4,000 km. Russia's elites are European, but its borders are Eurasian and they make Russia a Pacific nation too - and a member of APEC.

II. Ostpolitik as a Constant Challenge to Germany's Foreign Policy

II.1 Germany's Present Policy of Cooperation

More even than in Germany, the bilateral relations in Russia are seen against a backdrop of a long, intensive history of social, political and economic interaction which only in the twentieth century would be regarded as being predominantly negative. It is true that German-Russian relations were heavily burdened by the crimes of the Nazi regime, the partition of Germany and the role of the old Federal Republic as a buffer state against the Soviet threat, but today the basic mood, which prevails is a positive one. German-Russian cooperation takes place way beyond the confines of economic relations in many inter-social areas. It extends as far as cooperation in security matters: the German army, the

“Bundeswehr”, has overflight rights en route between Germany and Uzbekistan for its mission in Afghanistan. Russia sees in Germany its most important and probably closest partner in the European Union.

The economic facts speak for themselves. Germany is Russia’s most important trading partner: in 2005 exports to Germany totalled 13.4 percent of the total export of goods, the Ukraine and China trail some way behind in second and third place (less than 8 percent in each case). In 2005 Russia was already in tenth place on Germany’s list of import nations and in 13th place on the list of export nations, with Russia moving further up every year. German exports grew for the years 2003 to 2005 by fifty percent in real terms.

Bilateral cooperation is not limited solely to governmental level, a whole variety of joint bodies, specific organisations and bilateral arrangements have in fact emerged. Amongst these we must number the frequent meetings and the annual government consultations in which the German Chancellor and the Russian President take part, the “Security Policy Working Party” the meetings of the “Executive Working Party on Strategic Matters of German-Russian Cooperation in Economic and Financial Affairs”, the German Economic Committee for East Europe, Economic Cooperation Agencies of a number of German states, the planned establishment by the end of 2007 of a German-Russian chamber of commerce, platforms for the discussion of civil society in both countries such as the “Petersburg Dialogue” (which led to the establishment of the German-Russian youth exchange programme), the “German-Russian Forum”, the six German political foundations with their Russian counterparts, over 500 university partnerships, the liaison offices of the German Academic Exchange Service, the German Research Society, the “Heimholtzgesellschaft” Centre for applied and technical science, and other scientific establishments, the German-Russian Historical Commission, the joint museum in Karlshorst, the German Historical Institute in Moscow, numerous town links and places to go to in the Russian regions to study German language and culture. After English, German is the most taught foreign language in Russia. Furthermore, population movement has brought about greater integration: because of developments in the last two decades at least two and a half million people from former Soviet countries now live in Germany. Every day there are several dozen flights between Russian and German cities, the German Visa sections in Moscow, St Petersburg, Ekaterinburg, Kaliningrad and Novosibirsk are working at full stretch. On the positive side there are neither ethnic and religious tensions, nor territorial claims, which could poison the relationship between the countries. Even the case of Kaliningrad/Königsberg is for both sides non-contentious, as vouched for by the newly opened German Consulate-General; this matter concerns itself exclusively with bilateral cooperation and joint solutions in the context of the European Union. Since the EU’s round of enlargement talks in 2004, Kaliningrad is an island of the Russian Federation surrounded by the EU countries of Poland and Lithuania.

German politics would like its good bilateral relations to contribute to relations between the EU and Russia. The “Moscow-Politik” of the old Federal Republic is seen within the framework of an EU “Ostpolitik” which is still able to develop. In this, Berlin is frequently generating the ideas and acting as the motor of policies from Brussels. All the political powers-that-be in Germany share the basic tenet that the unification of Germany was due to political developments in Russia and that the continuing unification of Europe remains unthinkable without Russian agreement. Developments in the rest of Europe are being influenced by the new Russia by virtue of its size, its geographical proximity, its huge reserves of raw materials, and its considerable economic and military potential. What is more, Russia, together with Germany can take on responsibility for security policy in areas from which new threats are emerging: the proliferation of weapons of

mass destruction, international terrorism, drug trafficking, climate change. The key thing for Germany's policy towards Russia is to set free its potential for good and to limit its potential for harm.

II.2 An Ostpolitik forged between Values and Interests

Whether and how Russia can successfully transform itself in the foreseeable future into a state which shoulders its share of responsibility in the world as well as sharing the characteristic features of the seven other G8 nations, is not without controversy in German political thinking. What is certain however is that Russia, as a co-operative partner oriented towards democracy and defining itself as European, can make a substantial contribution to stability and prosperity not just in Europe. Tasks, which need addressing, include a joint approach to crisis management, action to secure peace within the framework of the United Nations and other international bodies, preventing the illegal proliferation of weapons of mass destruction, combating international terrorism, containing "soft" security threats and ecological dangers. Russia has a "Partnership and Cooperation Agreement" with the EU which expires in November 2007. An improved agreement is due to be drawn up as a matter of top priority during Germany's presidency of the EU in 2007. Germany has always been particularly committed to EU-Russian cooperation and has taken as much of a leading role in the drawing-up of the EU's common strategy towards Russia, as it has in the negotiations surrounding Russia's ratification of the Kyoto Protocol, the arrangement of the Kaliningrad Transit, and up to and including the inclusion of the new EU members from Eastern Europe in the Partnership and Cooperation Agreement mentioned earlier. At the twice yearly summit between the EU and Russia the participants developed the idea of four areas of Common European Space (the economy; internal security; external security; research, education and culture).

Before the Grand Coalition government was formed in Germany the country discussed more vigorously than it does today whether a harder tone should be adopted towards Russia, in order to give new impetus to its stalled process of transformation. Many clothe this debate in terms such as: common interests are not sufficient, we need to be reminded of common values, as is manifested in Russia's membership of the Council of Europe. The counterbalance to this however sees the danger that Russia might be more likely to react to this by turning away from the EU. In either case what is not disputed in German political thinking is that should Russia be pushed to the margins of Europe, or isolate itself, it would bring about a superpower with no secure sense of direction and which is not tied into the euro-atlantic institutions. The danger could arise that the country might export its resulting instability beyond Eastern and Central Europe and make global crisis management considerably more difficult. So when Javier Solana refers to the development of a partnership between the EU and Russia as the most important, urgent and most challenging task facing the EU in the 21st century, he is thinking along German lines. In this regard, nobody in Germany is quietly harbouring the thought of wanting Russia to be weaker, for that would mean a return to Cold War ways of thinking. Herr Steinmeier, the German foreign minister, expressed it like this: "Europe needs Russia to be open, strong and able to act, so that we can overcome the challenges in a global world which face us all."¹

1] Compare Heinz Timmermann IPG 1/2007, p. 104.

III. Scenarios: The “Bear with a Sore Head” or “Prince Charming”

III.1 ...and in the cave dwells the Eurasian Bear

If the metaphor for the first scenario is a bear with a sore head, we are perhaps doing an injustice to this animal, not least as Russians practically see the bear as their national symbol. But it expresses two things: a certain tendency towards self-reliance as well as a rather volatile character whose seemingly peaceable behaviour ends unexpectedly in a fierce attack.

The “Bear” scenario: Russia’s political system remains focused on individuals. The political structures are organised along the lines of an oligarchy and are defined by personal connections in the world of capital and politics. The ruling groups pay only lip service to national politics and are busy securing their own personal interests. A competition for the programmatic renewal and sustainable development of Russia is not taking place. The lack of direction is aided and abetted by the relative stagnation in the G8 countries. The EU is making neither political nor economic progress, the USA is displaying only its flagging hegemony. There is considerably more dynamism in the BRIC countries of Brazil, Russia, India and China. Russia’s self-confidence is boosted by the fact that it is included in the group. Whilst it is true that the bureaucratic leadership of the closed Russian elite is not producing a hugely dynamic economy, nevertheless the continuing scarcity of raw materials in world markets is allowing Russia to aim for an independent role in a “multipolar world system”. Relations between the EU and Russia are marked less by a comprehensive multilateral cooperation than a selective cooperation followed by phases of tension controlled with some difficulty. Russian-German relations find themselves in the same situation and fall short of the expectations of a genuine partnership. The fragility of the partnership becomes clear in occasional confrontations when for example individual EU states and one or another of the post-Soviet bloc states switch over along with the USA to take up a position of conflict with the authoritarian leadership of Russia. The Russian leadership understands international politics exclusively as geopolitics, and geostrategic considerations are driving Russia to tread its own particular Eurasian path with a stronger interest in China and anti-western regimes, above all in the camp of the oil and gas producing countries (Central Asia, Iran, Venezuela, Nigeria, Algeria, etc). As, though, neither the other BRIC countries nor the energy exporting countries share the same interests as Russia on the essential points and as the possibility of their subordination to Russia’s leadership is not a realistic one, Russia’s “own special Eurasian path” can enjoy only partial success. An authoritarian Russia is too weak to have an independent role as a Eurasian hub, resulting in an unstable political situation see-sawing in the “multipolar world system”. International crises and global challenges are more difficult to cope with because Russia according to this scenario is so unpredictable. By 2020 there is no way Russia will be ready to be more integrated into the euro-atlantic institutions nor to be tied in more closely with the European Union and it is just as unlikely it will be a world power as a nation state on a par with China or India.

III.2 Beauty and the Beast

The fairy tale of the prince who was punished by being made to look like a beast for as long as it takes him to learn the rules and language of love for himself will be used for the second scenario.

The “Prince” Scenario: Russia departs from its course into bureaucratic stagnation, without for the moment abandoning “sovereign democracy”. The Kremlin remains in the

hands of an elite shaped by Putin, which is pursuing a policy of modernisation. The model for this is the European-Atlantic civilisation in which a constant but limited conflict over policy direction is going on between US-American and EU-European guiding principles. In each case Russia pursues a more strongly pro-western reform process, which is clearly aligned with the rules of the G8, which have hitherto existed, but with a greater division of powers and limited political pressure on decisions affecting the economy. There are three forces at work in the international web of connections in this scenario which are of great significance: For a start this scenario presupposes a stabilisation of euro-atlantic relations which reached crisis point under the presidency of George Bush junior. The USA sees the European Union as its more important partner compared to the individual EU states, and one, which needs to be as powerful internationally as possible. NATO will not become a bone of contention in terms of security policy between the capital cities. Secondly it is assumed that the period of euro-weariness in the EU will be overcome. Euroscepticism, which is the result above all of a strong enlargement without the corresponding concurrent deepening which was actually hoped for, will give way to a new endorsement of the EU project by its citizens. The EU thus remains on course for success. Thirdly, Russia will be spared any economic setbacks, which might result from too great a dependence on world markets in raw materials. Continuing high world energy prices and a successful policy of modernisation lead to high investment making Russia a strong partner in EU-Russian cooperation. As the division of powers functions better and better, ever greater legal security and civil rights are brought about which in turn give additional drive to the aspiring middle classes. For the first time in Russian history a strong middle class is formed. Russian businessmen and women who are investing abroad adapt to the rules and regulations they find there and import them back to Russia. Furthermore a media scene emerges which gradually frees itself from the state. The Russian financial sector and other branches of the modern service industry win respect in international markets. Around 2020 Russia may not be a member of the European Union but it has been integrated into the euro-atlantic institutions.

IV. Transition from Interdependency to Integration

IV.1 Aims and Objectives of a Strategic Partnership Agreement

To come to the point: The best possible course of action open to Germany is a strategic partnership, which as aspects of interdependency constantly grow, can, at its worst, prevent relations moving off in different directions and, at its best, can lead to the integration of Russia into the euro-atlantic institutions. Why this is the case is to be developed further below.

In this process it must be explained to what extent a partnership can be strategic and which pivotal political elements Germany should adopt to realise this goal. A genuine partnership requires, at its minimum, positive interaction in breadth and depth as well as in expanse of time. This involves sufficient readiness to take joint responsibility in respect of the challenges on which consensus has been reached. There should be in existence a shared way of looking at the fundamentals, which is actually what the partnership amounts to, as well as a shared vision of the future and shared goals, which are related to this. With regard to the duration which the partnership is aiming for, the question of the irreversibility of key elements of the relationship play a decisive role: the greater the extent of the agreements and growing institutional connections, the more durable the points of interdependence as the basis of the partnership.

According to these criteria the economic ties will be the first, which can be described as “strategic”, whereas the partnership will deserve this adjective less in other areas. Economic cooperation will then justifiably be an essential building block of Germany’s policy on Russia, if the areas of interdependency and the beginnings of integration in other areas increase beyond merely a gradual economic integration. The experience of history speaks rather for this latter case. However the example of the European Union, which in its fiftieth year in 2007 may indeed be stuck in the middle of a constitutional crisis, but overall in its jubilee year can celebrate huge successes of integration, is not entirely applicable. The Treaties of Rome initiated a Europe of ever closer union, which increasingly defines itself in terms of membership of the EU and distinguishes itself from other European states. You can join the EU but not belong if you are simply a partner. Provision is not made for integration without membership. On the new territory of EU foreign relations with the rest of Europe, the goal must be actively pursued that *spill overs* emerge from economic consolidation.

As far as the EU project goes, Germany will strengthen the capabilities of the EU to act as a consistent player. Of the options open to Germany’s policy towards Russia those alternatives are excluded which clearly run counter to the European Union’s Common Foreign and Security Policy. In this context the future of the Partnership and Cooperation Agreement (PCA) of the EU with the Russian Federation is of importance for the future direction. The agreement expires on 30th November 2007 but remains in force if neither of the two parties terminates the agreement. The signals coming from both sides indicate that it will not be terminated and that a new version will be drawn up as quickly as possible. The first steps towards this will be the responsibility of Germany’s presidency of the EU, which begins in January 2007. The negotiations will, however, probably not be concluded before the Russian presidential elections in March 2008. Furthermore a truly new agreement would require not only continuity on the part of the Russians but also a time-consuming ratification process in the EU’s national parliaments. As at present a few key questions have already been clarified. Neither Brussels nor Moscow wishes for a non-binding declaration or indeed a situation with no agreement (as is the case with the USA for example). Both sides want to “institutionalise” Europe. With a new possible title of “Strategic Partnership Agreement” the new PCA should firstly be legally binding, secondly should remain in force for a longer period of time, thirdly should concentrate on the principles and goals of the partnership thus leaving specific areas of cooperation to separate agreements and fourthly should in particular contain a section on common values.²

The minimum goal is a preferably brief declaration of principles with separately added agreements containing elements from the non-binding road maps, which have already been decided. All of these would go to form four Common European Spaces - (i) CES Economy; (ii) CES Freedom, Inner Security and Justice; (iii) CES External Security; (iv) CES Research, Education and Culture. So the “Strategic Partnership Agreement” would only contain references to individual agreements on energy security, industrial policy with regard to openings in the direction of a free trade zone, on cooperation on security matters, on education policy etc. According to this the shape of the strategic partnership will prove to be all the more intense the greater the number and the more substantial the content of these agreements. Yet more ambitious would be the alternative of drawing up a completely new agreement with clearly defined strategic goals built on a comprehensive declaration of principles. One such goal would be a concrete delineation to an agreed time scale of an EU-Russian association. No matter what the end result looks like, there does exist at present a common desire to make the plans for the Common European Spaces (CES) which have hitherto been non-binding to be made contractually

2] compare Friedrich-Ebert-Stiftung (ed) Partnership with Russia in Europe, Berlin: November 2006, p. 9.

binding and given a clear set of goals. However the most important thing for the future agreement is that the common resolve to see it realised should persist.

A sustainable EU-Russian agreement is in Germany's interests. Germany should thus make intense efforts to find a text to the agreement, which the partners can actually keep to in the coming years. Certainly, feasible courses of action depend not only on conditions in Russia but also on economic developments such as energy costs or China's dynamism, but also on the progress of EU projects and on any likely course the USA might take. Nevertheless a "Strategic Partnership Agreement" which was too ambitious would leave no room for manoeuvre if the "Bear with a Sore Head" scenario occurred. In this case, Germany should lobby for the more modest version of the agreement - with the prospect of building growing trust instead of rising frustrations over the implementation of the agreement. Germany's interests will not in fact be exhausted by an effective EU-Russian agreement; it pertains to the aim of tying Russia into the institutions over and above the United Nations, which are also favoured by Germany. It is good for Germany to be surrounded in Europe by a circle of friendly states - the more democratic the surrounding states the better it will be for Germany. Over and above this however, it is important that Germany can maintain and extend the prosperity it has achieved. Here, it is world economic developments, which will be the determining factor. It is good if Russia can take on responsibility in international politics in the areas of conflict already mentioned above. It would be an advantage for Germany if Russia were to push itself into the World Trade Organisation and the USA were about to end their blocking of Russia's membership of the WTO. As the world's leading export nation though poor in raw materials, Germany profits from growing world markets and stable terms of delivery. Germany possesses in Russia a reliable trading partner, which is free from political fluctuations. Expanding the WTO into the former Soviet bloc makes a contribution to securing the partnership against the "Bear" scenario. Extending the G8, the presidency of which Germany has taken on from Russia works in the same direction. Russia's participation in the Middle East Quartet also demands from the "Bear" a constructive role. In actual fact both the "Bear" as well as "Prince" scenarios ignore the consequences of turbulence in the world energy markets, which are marked by energy shortages because of the rapidly growing development in large countries such as Brazil, India and China. If this development were interrupted by deep crises the courses of action open would be overpowered by the need for active crisis management, whether because of a deep collapse in the Asian markets or because of political crises intensifying in the Near and Middle East. Germany has precious few options for defusing such crises. Together with Russia, which in whichever of the two scenarios would actively participate, the influence on the scenarios would increase. The EU-Russian agreement must promote the strategy as a whole and tie Russia into global responsibilities. Germany's policy towards Russia must not allow itself to be fixed exclusively by the EU-Russian agreement.

IV.2 Why one should make friends with the Bear

Without doubt the best strategy for the EU and Germany consists of removing Russia as far away from the "Bear" scenario as possible. Two options are pitted against each other here: The "carrot and stick" approach could be applied, in order to keep Russia on course with the West. Or a rapprochement of Russia with the euro-atlantic structures could be focussed on, by making use of a maximum number of areas of common interest for the purposes of practical cooperation. This is not the place for a lecture on what the actual interests of the partners ought to be. This course of action boils down to integrating Russia through a gradual convergence of interests.

In the tale of Beauty and the Beast the beast eventually turns out to be the prince. Unfortunately it is not known whether the Russian bear really does in fact want to shed its skin. That being the case it would be risky to want to use the carrot and stick approach to turn him into a dancing prince. More is needed to influence a bear's life. For 2020 it would indeed be a success if a type of behaviour had been stabilised which could be described as a genuine partnership. Germany could offer itself as a modernising partner in many areas in which Russia itself wanted change to happen. This does not require any aggressive reminders to follow the standards of euro-atlantic civilisation, even though the fundamental values of these belong to the European modernisation process. If Russian political life is determined for the foreseeable future by an authoritarian system and a strong group pressing for economic protectionism, the result will be a strong tendency towards the "Bear". This being the case no deepening integration into the euro-atlantic structures will be able to take place in the midterm. Russian institutions and the course of Russian politics would be at odds with the "values" of the EU. The rivalry vis-à-vis the USA and the NATO countries would increase. In its foreign relations Russia would feel itself strong enough to keep its closest foreign neighbours from getting nearer to the EU. Between the EU and Russia a geopolitical area of conflict stretching from Belarus and the Ukraine to the Caucasus and even Central Asia would be unavoidable. The EU's chosen political instrument of conditionality towards Russia would not only be ineffectual but actually damaging. Genuine cooperation with Russia would be conceivable at most in areas of common economic interest and in the resolution of selective problems of internal and external security. The "strategic partnership" would barely be worth the name if it in fact limited itself to the expectation that a stop can be put on the whole process of alienation by doggedly slaving away at a few joint projects of the contractually agreed road maps to the Common European Spaces and by isolated actions relating to security policy. The scope for action available to German policy turns out to be particularly austere and modest. It reduces the reciprocal expectations to the minimum of that which can still be described as a partnership.

However, should the "Prince" scenario occur, the methodology would not be the main issue. Russia would have decided that a clear course along Western lines was in their best interest and that the road to success lay in maintaining common values as far as possible. Moscow would react with some degree of understanding if the West applied sanctions to speed up the process and keep it on the straight and narrow. The "strategic partnership" would not suffer because of this, the resolve in favour of practical cooperation would hold up. The "Bear" on the other hand would perceive chiding words and threats of sanctions as the politics of vested interest, which would be very swiftly retaliated against with counter-threats. The carrot and the stick would have a counterproductive effect. This option should therefore not be chosen if it is a matter of priority to counteract the "Bear" scenario. The alternative could be selected along the lines of a phrase used by Germany's foreign minister Steinmeier, "Annäherung durch Verflechtung (rapprochement through closer ties)". Germany's policy towards Russia could help to attenuate the "Bear" scenario by building as broadly as possible upon the areas of interdependence, which already exist. Its most modest aim would be to mobilise bilateral cooperation so that Russia would not leave the European bodies (European Council, OSCE etc) and not foreclose on the EU-Russian Agreement, but on the contrary would remain interested in the formation of European institutions. Precisely because of the unedifying developments in Russia, Germany can play a mediating role to a large extent to help slow down any dangerous drifting apart between EU-Europe and the Russian sphere of influence. The political project of the European Union is not particularly attractive for the Russian "Bear" and geopolitical rivalry would be a real factor in the relationship. All the more reason for the economic and cross-society links to be nurtured which are a feature in Germany and Russia, more so than on average in Europe. As far as political relationships go,

Germany should follow the course agreed by the EU but not ratchet it up in the direction of rivalry. Whatever the argument between Brussels and Moscow may be: if Berlin joins in too much with the finger-wagging at Russia, then the capital of trust which has been built up could be lost. Yet it is necessary, so that below the political level the interlinking of economy and society can have a transforming effect on an authoritarian Russia. To whom would the idea of an economic embargo occur in the case of considerably more difficult partners such as China for example? Germany is not giving these "European values" up, when it does not insist as a high priority - even under the threat of sanctions - that Russia maintain these values in accordance with the European institutions definition. Moscow is very far from foreclosing on international agreements. Russia is constantly stating that it submits its national law to international law. By its own evidence it differentiates itself from the USA, which, it seems, is putting its national interest before international standards increasingly often. The actions of the Russian state lag behind its claims in many instances. Amongst partners this cannot be swept under the carpet but neither should it become a breaking point. If the demand to hold fast to common European values were always a first priority, Germany's policy towards Russia would become a prisoner of Russian domestic politics of the day.

IV.3 Fields of Activity for the Strategic Partnership

Germany's policy towards Russia must not rely on the "Prince" scenario. It must reckon on a difficult partner, whose behaviour can provoke crises. The prospect of avoiding crises exists in a number of areas in which Germany can assert its weight. The key words are East European Neighbourhood Policy, dialogue on energy and partnership on modernisation.

Russia and the EU have learnt from the example of their mutual neighbour the Ukraine during 2004-2006, that "intermediate Europe" is pressing, more in fits and starts, for euro-atlantic structures and in this it is finding its high expectations disappointed. If the USA and the new Eastern European members of the EU and NATO are actively promoting a "Community of Democratic Choice" in the post-Soviet bloc, which is how they began it in 2005, then Russia must not be excluded from it. The fact that Washington has been contemplating NATO membership for the Ukraine and Georgia by 2008 and the fact that new anti-missile defence systems are to be installed in Poland, the Czech Republic and probably Bulgaria and Rumania as well, should be judged in the same light. As long as Moscow itself sees itself as the natural candidate for cooperation and integration in this area, such initiatives will be perceived as geopolitically motivated interference in its sphere of influence. In Russia a strong tailwind in domestic politics would start blowing towards the "Bear" scenario.

The tensions which are already reflected in the difficult dialogue on energy, in the bad relations during the "colourful revolutions" and in Moscow's closeness to authoritarian regimes from Minsk to Tashkent, are not least due to the fact that neither the EU nor Russia decide directly on the European positioning of the states in the CIS states, which are moreover mostly energy transit states. The collective neighbours decide themselves. Germany could actively engage in getting the EU and Russia to set up a permanent dialogue on conflict-free developments in this "intermediate Europe". For such a dialogue, it would in fact not be conducive continually to express doubts as to whether Russia shares common values over and above its shared interests with the EU states, as they are defined in the OSCE agreement, in the European Council and in the Copenhagen Criteria. Given the authoritarian nature of Russian politics, sounding like a schoolmaster is hardly going to guarantee success. On the one hand even the authoritarian leadership of Russia would not negate the Europeanisation strategy, which is set out as the key point in the common values. Traditionally Russia sees itself as a protector of European civilisation.

On the other hand a Moscow, which is operating very close to the "Bear" scenario, is putting up the barricades against the integration attached to it. Germany cannot be a schoolmaster, but it must be a partner. As long as the policy towards Russia being directed towards a partnership in Europe, which includes Russia in a Europe growing closer together, is thought to be possible and worthwhile in the long term, then there will be no alternative.

The neighbouring states shared by the European Union and Russia represent an area of overlapping attempts at integration. On the one hand Brussels would like to pursue a European Neighbourhood Policy, which draws this "intermediate Europe" closer to the European Union over a very long period of time. On the other hand, alongside the Community of Independent States there is the Belarus-Russian Union as well as various Russian projects of contractually agreed cooperation with the various countries of the former Soviet Union. Russia's lack of attractiveness has contributed in post-Soviet history to the disintegration of the bloc. However its further development does not have to end in a zero-sum game or indeed in a minus-sum game. In actual fact both centres of integration lose the game if they do not cooperate together. If Moscow were to breathe new life into the fragmented empire, many problems would reappear which would lead to its downfall. If "intermediate Europe" were pushed at speed in the direction of full EU membership, the costs of the renewed enlargement would certainly outweigh the benefits. It is possible to have a collaborative game in which all the players can win. With the aid of a qualitatively new "rapprochement through closer ties" the strategic partnerships between Russia and Germany as well as between Russia and the EU could be advanced - and this with the specific agreement of "intermediate Europe". Possibilities for cooperation, especially in the areas of neighbourhood policy and energy policy, can be used positively in a way which will build trust, in order to slow down the "Bear" scenario. The much more comprehensive political, economic, intersocial and cultural relations which Germany and the EU entertain towards Russia and "intermediate Europe", compared with the USA that is, allow an innocuous form of mutual dependence which can open up political leeway. In order that the areas of interdependence, which are aimed for, can bring this about, they should be comprehensively anchored and should not need to be limited to the adoption of individual technical standards and norms. In the short and medium terms it is a matter of modernisation, of the continuing opening-up and strengthening of Russia's ability to cooperate, alongside the progress of structures, standards and ever-closer compatible institutions under the rule of law. In the Common European neighbourhood, this option is based upon the fact that by realising the set of priorities and concrete definitions agreed upon in the road maps to the four Common European Spaces, including the development of new spheres of cooperation, an unspoken Europeanisation of greater Europe will be brought about.

IV.4 Ostpolitik as a Partnership of Modernisation

Depending on what is possible, EU-Europe needs a European Neighbourhood Policy in the East in its understanding with Russia. It is not in Russia's interests that the historical and economic ties to its neighbours should be cut off. In a Europe of overlapping integration projects, Russia will continue to focus on exercising extensive influence on its neighbouring countries - not least in areas of economic interdependence and dependence. The European Neighbourhood Policy responds to this with a partnership of modernisation, which is balanced with regard to the whole region and which is part of the strategic partnership with Russia. Its status for all the countries is below the threshold of membership, it delivers a practical way of balancing out geography with political interests and of avoiding painful decisions, which, because of the implementation of the partnership with the passage of time, would anyway increasingly lose significance. The dynamic triangle of the EU - "intermediate Europe" - Russia should be equal-sided, that is held in equidistance. As the three

sides remain as equally long as possible, reducing the lengths of the sides will be easier to achieve. Distorted relations between two of these three vertices will destabilise the region. The distortion will however not be counteracted by moving closer to the other vertex, because the rival alliance with its opposite number will only intensify the distortion. Gradually all the participants will stop thinking in terms of traditional spheres of influence and geopolitical zero-sum games. In this respect the future of the CES for Inner and for External Security plays a big role. Should the Common European Spaces develop in an appropriate manner, Russia could lose interest in the endless dragging out of conflicts, which are currently dug-in, and in "monitored instability" in its immediate neighbourhood. It could also refuse attempts to block regime change from the inside in the common neighbourhood. Progress in the CES in domestic security and civil liberties would help intensify social contacts between citizens in the whole of Europe. Engagement in Europe by non-governmental organisations would be collectively desirable but with no "interference in domestic affairs". European civil society would not appear from within as a fifth column during regime change, but as an agency of Europe as a whole.

According to the above mentioned criteria, which lend strategic character to a partnership, it is the economy, which clearly takes first place. In the case of gas and oil, mutual dependence is experienced to an almost extreme degree. Russian pipelines have up to now run exclusively towards Europe and Turkey. Russia in a sense is facing a monopoly. Over half of Russian exported goods arrive in EU states, the biggest share of that is energy exports. Conversely a number of EU states, which are close to Russia depend to a high degree on Russian energy imports. This is true to a limited extent for Germany although in terms of value it is the biggest energy customer and at the same time the biggest exporter of goods.

Russia as an energy exporting nation, the East European neighbours as energy transit nations and the consumers in the EU should be equally interested in stable supply relationships. Yet the particular interests of the many individual players could damage these interests as a whole. The dialogue on energy therefore plays a particularly important role for the partnership. Reliable EU-Russian agreements in the energy sector help to gain influence over the domestic and economic development of Russia and enable new and genuine room for manoeuvre. Germany can support and animate the dialogue on energy in three ways. One of the problems is that the EU member states have not as yet been able to bring themselves to transfer their energy policies to EU level. Germany should commit to this. Without a mandate for energy policy, Brussels has a tendency to verbal shows of strength, which only provoke the shaking of heads in Moscow. Secondly the supranational energy charter favoured by the EU can certainly be modified in order to find regulations for the energy sector, which are binding in international law. Up until now hardly any of the energy exporting nations have ratified the energy charter because it too obviously bears the signature of the energy-importing nations. Whilst any modifications were being negotiated, Russia could be required to implement regulations in its domestic energy sector, which would be transparent and enduring. Energy security for the whole of Europe needs dependable conditions of production, supply and delivery, which are therefore free from political calculations. This can best be brought about by modernising and opening up the Russian energy sector, for which market liberalisation and corporate transparent structures are necessary, and by a firmly established dialogue on energy, which would serve as a motor for functional integration in other economic and political areas. Access to the European markets of the EU for Russian businesses must however not then be blocked because of national protectionism in the EU zone. Strategically the following holds good: the more intensely Russia engages in the EU, the more Russia's business community will need to get used to the EU regulations, in order to survive in CES (i) Economy. It is not a matter of determining the optimal intensity of energy linkage

with Russia. The partnership strategy includes balancing out the growing links with a greater degree of mutual dependence, guarantees, duties and get-out clauses - on top of the inclusion of energy as an integrated component in the agreement which would succeed the Partnership and Cooperation Agreement and on top of the ratification of a few central decisions of the energy charter, to sum up on top of a more intense dialogue on energy. The more openly and more productively this dialogue is conducted, the less problematic the diversification of European places of supply and European transport routes for raw materials with German participation.

The German-Russian modernisation partnership can show substantial results in its efforts to save energy. The ancient state of the housing stock which lacks insulation and the inefficient heating systems, an industry once more in growth but which has factories in need of modernisation and the strongly growing volume of traffic with poor environmental standards point to the enormous potential for energy reduction. There are other areas in which German consultancy services could form the basis for institutional modernisation: the provision of social housing and professional management of housing in the housing sector, social security and guarantees in employment law in Russian industry have not been sufficiently systematised. What might be of interest to Russia is the fact that Germany has had experience in many other areas, which could lead to aspects of interdependence beyond the field of economic activity in the narrow understanding of the term. This innate tendency to share values in an inconspicuous way on their part is often underrated.

IV.5 Internationalisation as the Key to a Europe of Common Values

This is how German foreign policy, as a part of the general foreign and security policy of the EU, can and should achieve its goal of gradually bringing Russia closer to the rules and regulations, which predominate in the EU, and ultimately of even making Russia into an exemplary member of the European Council. For this the appropriate method would be to strengthen the already considerable number of areas of interdependence - in particular in those four areas which lead to the Common European Spaces: Economy, Freedom, Inner Security and Justice, External Security, as well as Research, Education and Culture.

It is true that from the partners point of view the experience up to now with the CES has revealed a sobering picture: it is said, the CES have not progressed very far, both sides perceive there to be a gap that has opened up between the rhetoric of the partnership and the sluggish implementation. Russia sees itself blocked by its refusal to see the goal of negotiations exclusively in terms of its standards and laws conforming to the *acquis communautaire*. Brussels complains that Russia has gone its own way when it comes to developing its own system of working ("sovereign democracy") and thereby sees a block on Russia's Europeanisation.

However by intensifying those areas of its cooperation, which are already well advanced, Germany can bolster the alternative viewpoint that the path, which Russia has chosen is only temporary. Russia is specifically interested in adopting norms and values, which would help the modernisation process. Why ultimately should not the implementation of European basic values and principles, which Russia affirms in principle, be attached to this? Anyway the policy of conditionality has its limits - there are neither sufficient means, nor is there an offer of full membership or at least of representative participation at the institutional level in the case of good behaviour. The consensus for this amongst what are now 27 member states will be lacking for a long time.

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