

The European Union's
policy towards Russia since
2004 and the Estonian-
Russian relationship in this
context

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This paper analyses EU policy towards Russia from 2004 to 2008 and how Estonia has managed to further its own interest within this framework. The research was carried out from June to August 2008 and is based on interviews and discussions with Russian, EU and Estonian officials and analysts. This paper argues that the increased interaction of the EU and Russia in a broad range of areas from trade to foreign policy has also meant an increasing number of problems. The three main reasons for misunderstandings and the increasing number of open questions are: one, the different nature of the two as foreign policy actors, with Russia as a classical nation state and the EU as a complicated international organisation; two, Russia's recent economic growth; and three, the EU's lack of political power and unity to implement its policies. Estonia's experience of its relations with Russia during its first four years of EU membership has been mixed, but generally positive. EU membership has created new opportunities to further Estonia's interests, but Estonia also has to take into account the EU's consensus-based foreign policy mechanism and the interests of other European countries. The paper concludes with some recommendations for EU and Estonian policy makers.

The Russia-Georgia conflict broke out after the research for the paper was concluded. While some analysts say this is a radical, paradigmatic change to the shape of EU-Russia relations, the author believes that although the conflict has provoked the EU into taking a harder policy line towards Russia, fundamentally, neither the EU nor Russia has changed in response to Russia's rediscovered assertiveness.

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Introduction

Despite the greatly increased cooperation between Russia and the European Union during recent years, there is less positive news about the relationship. There are an increasing number of unsolved issues on the negotiating table and a growing understanding that the European Union is not able to defend and further its interests. The problem is not only that the two have different interests or that there are often diverging views amongst EU member states; the EU and Russia are also structurally and ideologically different actors on the international stage. Russia has a vertical power system as an authoritarian country and the EU is a unique international organisation with a complicated decision making mechanism and a sensitive balance of power between the member states. Also Russia's 19th-century realpolitik-based behaviour does not match the EU's 21st-century soft power.

The Russia-Georgia conflict, which started on August 7, 2008, is a clear signal of Russia's rediscovered robust foreign policy ambitions. Russia's aggression in Georgia challenged the European Union's foreign and defence policies, but has also offered an opportunity for the EU to act decisively in resolving the conflict and strengthen its role as a foreign policy actor. In the light of recent developments, or as some analysts portray it, - a paradigmatic change, the EU has a good reason to review its policy towards Russia.

The European Union has been a player on the field of foreign policy after the entry into force of the Treaty of Maastricht in 1993, but with a mixed performance and questionable results. Compared to its enlargement-driven integration policy, which is recognised as an excellent example of peaceful democratisation, the EU's foreign and defence policies have not been as successful. The Europeans have lacked foreign policy tools, consensus and political will to influence developments in the world.

However (as modest the EU's record in foreign policy is), for Estonia membership of the EU has opened up the opportunity to advance its interests with respect to Russia more effectively than the country could have done alone; but only if those interests are shared by other member states and EU institutions.

This paper seeks to answer the questions: does the EU have a policy towards Russia; if yes, how does it work and what does it mean for Estonia? To do this, the paper will first focus on the current state of play in EU-Russia relations, providing an analysis of the policy framework known as the "Four Common Spaces", highlighting both the positive and negative experiences of EU policy. Secondly, it will assess the effectiveness of the European Union's common policy towards Russia since 2004. Thirdly, it will look at Estonia's experience of the EU-Russia relationship and in the EU's foreign policy process. And in conclusion, it will give some recommendations for the EU's and Estonia's policy makers.

The current situation in EU-Russia relations

Historical and legal basis of the relationship

To understand better the nature of the current relationship between the EU and Russia, it is useful to look at recent history and also to discuss the interests and aims of both sides.

The EU has moved towards closer interaction with Russia after the end of the Cold War, when the two launched negotiations for a Partnership and Cooperation Agreement (PCA) in 1992. The PCA, which mostly focuses on trade and economic relations, was signed by the EU-12¹ and Russia in 1994 and came into force in 1997.

Relations intensified significantly after the EU's enlargement in 2004 when ten candidate countries from Central and Eastern Europe joined the EU². This extended the border between the EU and Russia from Finland to Latvia and brought to the Union not only a common geography, but also a shared history with Russia and the Soviet Union.

To stress the importance of the EU-Russia relationship, a unique cooperation format was invented. The EU and Russia agreed in 2004 on Four Common Spaces - a policy framework that defines four areas of cooperation between the EU and Russia, and in 2005 adopted the respective road maps for their implementation.

Today, Russia is one of the four strategic partners of the EU (together with China, India and the US) and the EU member states frequently discuss Russia-related issues.

At present, EU-Russia relations are still legally based on the PCA³ which was automatically prolonged for a year in December 2007. Russia and the EU have extended the PCA after every EU enlargement: in 1995, in April 2004, when it was extended to the ten Central and Eastern European countries, and most recently in 2007– to Bulgaria and Romania. While the main focus of the agreement is on trade and economy issues, it also covers a range of other policy areas from the environment to space cooperation and culture, and establishes an institutional consultation framework between the EU and Russia. The EU and Russia launched negotiations on the new agreement at their last summit meeting in Khandi-Mansiisk, Russia, in June 2008, with the renewed hope of an ever closer partnership. According to Russian analysts, for Russia the new agreement is needed mainly to show the status of Russia as Europe's equal and strategic partner.⁴

¹ Belgium, Denmark, Germany, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom

² Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia

³ [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128\(01\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21997A1128(01):EN:NOT).

⁴ Andrei Zagorski, "Negotiating a new EU-Russia Agreement", The EU Common Foreign and Security Policy Toward Russia: The Partnership and Cooperation Agreement as a test Case, Riga, 2006, p. 63.

Different assessments of the relationship

EU-Russia relations are assessed in different ways. Opinions range from seeing it as in deep crisis or as a great success. Analysts argue that there is a deep crisis or stalemate⁵ and that the underlying feeling of the EU-Russia relationship is frustration. Dmitri Trenin from the Carnegie Center in Moscow described it in the summer of 2007 as “like the Dow Jones index in reverse, Russian-Western relations are hitting new record lows on a monthly, even weekly basis.”⁶ And, indeed, for some time, there was a general feeling that the cooperation was not advancing, as the negotiations for the new EU-Russia agreement were blocked for eighteen months. The partners face the same problems after years of endeavour. There are increasing difficulties in finding a common understanding on principal issues such as democracy and human rights.

A different perspective mostly held by businessmen and economists is that the relationship between the EU and Russia is better than ever. They say that there is more communication than before, business and trade are growing and there is a common interest to improve relations and to develop closer economic ties.

The truth, however, is somewhere in between. EU-Russia relations were not in crisis during recent years, but relations have not improved as we could expect with the recent increased interaction. Closer relationship between the two parties has created more problems than solutions.

What drives the relationship?

The relationship between the EU and Russia is mainly determined by their domestic factors. As Russia's confidence increases along with its fiscal windfall from high oil prices, we are witnessing an increase in assertiveness and activity in Russia's foreign policy.⁷

As of today, the Russian presidential elections and the first months in office of the new president, Dmitri Medvedev, have not changed Russia's policies⁸ and Russia continues to pursue its self-interest in economic and foreign policy.

In recent years, both partners have become increasingly unpredictable. Despite Russia's growing economic and political stability, its decision making and actions are less transparent than before and there are an increasing number of surprises such as President Putin's Munich hard line speech⁹, the initiative for a new global security architecture – and the military attack on Georgia. For the EU, the future of its deeper integration (Lisbon treaty ratification failure),

⁵ Cornelius Ochmann and Andrei Zagorski, Breaking the Stalemate: the EU and Russia in 2008, in Spotlight Europe, January 2008, p.1, www.bertelsmannstiftung.de/spotlight

⁶ Dmitri Trenin, “Russia and the West”, The World Today, Volume 63, Number 7, July 2007, www.theworldtoday.org

⁷ See the Foreign Policy Concept of the Russian Federation, <http://kremlin.ru/eng/text/docs/2008/07/204750.shtml>

⁸ For discussion on whether Medvedev's election changes EU-Russia relations, see: Andrew Wilson, Meeting Medvedev: the Politics of the Putin Succession, European Council on Foreign Relations, London, February 2008, www.ecfr.eu

⁹ President Putin's speech at the Munich Conference on Security Policy, 10.02.2007, http://www.kremlin.ru/eng/speeches/2007/02/10/0138_type82912type82914type82917type84779_118123.shtml

enlargement (delays with accession negotiations with Turkey) and the foreign policy process (the question of veto rights and solidarity in external relations) have also become more unclear. The relationship does not depend only on bilateral relations, but also on global developments, and developments in the common neighbourhood; especially on choices that Russia makes in its policy towards its neighbours.

The basic interests and aims that drive the relations could be distilled to the following:

The EU aims to transform Russia, so that it would become a more predictable and transparent neighbour. In addition, the EU needs Russian energy, wants open access to Russia's huge markets and wants the opportunities to invest there. The general understanding in Russia is that EU-Russia relations have evolved towards closer economic integration¹⁰, but Russia does not want to change itself to become a European country. Russia's leadership says that it has its own way, its own democracy and its own Orthodox values¹¹. So Russia yearns for wider recognition, and sees itself as a special or exceptional country. However, the Russians want to sell their energy, travel freely in Europe and are interested in foreign policy cooperation. Russia also needs more European expertise, investments and access to research and development.

Ten features that characterise the current situation in the EU-Russia relations are listed below:

- 1) EU-Russia interdependence has increased noticeably in recent years. The mutual need for energy cooperation forms a strong basis for future relations. During extensive day-to-day cooperation and communication between the partners, Russia has started to increasingly influence the EU's policies and public opinion. Public opinion may not care about Russia *per se*, but it cares about the higher prices for heating and fuel, and increasing security threats.
- 2) The relationship is ambivalent: on the one hand, the EU and Russia have rapidly developing economic relations, and business people on both sides have been mostly content; but on the other hand, the EU and Russia maintain a difficult political relationship – they seem to want to test how far they can go in their disagreements and what benefits they can acquire for themselves.
- 3) As evidence of constant frustration, there are numerous unresolved issues: Siberian over-flight payments, Russia's WTO membership, energy, investments and conflict resolution (Kosovo in particular) – not to mention the frozen conflicts in the common neighbourhood and Russia's recent military campaign against Georgia. Even if preliminary agreements have been reached in some issues, the final practical solutions have not been forthcoming. When an agreement is concluded between the EU and Russia, the EU sees the negotiations as over; but Russia thinks that the real negotiations can now begin.
- 4) The negotiations for a new EU-Russia agreement have become a symbolic issue, especially for Russians, who see the new agreement as an example of a new level of

¹⁰ See President Medvedev's speech at the meeting with Russia's ambassadors on 15.07.2008: "A strategic partnership between Russia and the EU could act as the so-called cornerstone of a Greater Europe without dividing lines, which would include intensive economic interpenetration on the basis of agreed "rules of the game". Including in the fuel and energy sector and the high-tech field. /.../ The issue lies in goodwill and the desire to establish working economic mechanisms. But I repeat that first we must conduct our relations in a business-like fashion and without being influenced by ideology."

http://kremlin.ru/eng/speeches/2008/07/15/1121_type82912type84779_204155.shtml

¹¹ As described in an article by Radio Free Europe, the Russian Orthodox Church adopted in June 2008 its Basic Principles of the Russian Church on Human Dignity, Freedom, and Rights. The document, which was partially drafted by Kremlin insider and Eurasianist ideologue Aleksandr Dugin, called for a "reexamination" of the 1948 Universal Declaration of Human Rights. It says Western notions of human rights do not apply to Russia and should be replaced by Orthodox principles.

http://www.rferl.org/Content/Moscow_Fragments_Unity_On_Rights/1185884.html

strategic partnership.¹² The start of negotiations was delayed due to Polish and Lithuanian vetoes on the EU's negotiation mandate from early 2007 to mid-2008. The delay and the problems between the member states and Russia that developed during this delay (such as the siege of the Estonian embassy in Moscow by the youth group "Nashi", a former KGB officer Alexander Litvinenko's murder in London, the closure of the British Council's offices in Russia), gave the impression that the relationship was in crisis.

- 5) The critical attitude of the media and adverse public opinion on both sides¹³ does not make the relationship easier. It is not surprising that the media on both sides is interested in negative news, and positive aspects in the relationship pass unnoticed by the wider public.
- 6) In its relations with the EU, Russia prefers to pursue bilateral relations with individual EU member states and uses the member states' competitive interests to its own advantage. From the EU's perspective, the member states also have their own history as well as their own interests with regard to Russia.¹⁴
- 7) It is a process-driven relationship. The high number of high-level meetings and the rotation system of the EU presidency creates the need for achievement, based on a bi-annual cycle. There are numerous meetings between European and Russian officials, but regardless of the numbers of meetings, there is only limited substantial progress in many fields of cooperation. However, as some European Union officials say that because of the lack of practical results, the establishment of dialogues in different fields of cooperation has become a value in its own right.
- 8) Bureaucracies in the EU and Russia are similar, both are excessive and complicated. This makes communication more inflexible. The number of people in European and Russian institutions dealing with this relationship has increased substantially in recent years.
- 9) Russia and the EU have very different legal cultures. The EU is a law-based community, where the Commission is the 'guardian of the treaties' and where there is a law for everything. Russia, however, is a country of legal nihilism.¹⁵ The Europeans believe in the rule of law, whereas the Russians often consider agreements to be declarative documents that are not binding. In the EU, disputes are settled in court, while in Russia, courts tend to be instruments of political power. Russia wants to comply with international law, but it does not always implement its own national legislation to do so.
- 10) The EU and Russia have different perceptions of each other. The EU sees Russia as a country in transition, with problematic behaviour and it is sceptical of Russia's political development. Russia, on the other hand, wants to be treated equally and recognised as a global power. Russia regards Europe's civilising enlargement mission as imperialist conquest of its neighbourhood¹⁶, while the EU see its role as promoting democracy, Western values and the market economy in the region.

¹² Cornelius Ochmann and Andrei Zagorski, Breaking the Stalemate: the EU and Russia in 2008, in Spotlight Europe, January 2008, p.1, 6, www.bertelsmannstiftung.de/spotlight

¹³ See <http://www.reuters.com/article/topNews/idUSLPL64858820080825>; According to a recent Levada Center study, <http://www.levada.ru/eng/eurussia.html>, most Russians (71%) do not regard themselves as Europeans; almost half think that the EU is a potential threat to Russia and its financial and industrial independence.

¹⁴ Mark Leonard and Nicu Popescu, A Power Audit of EU-Russia Relations, European Council on Foreign Relations, 2007.

¹⁵ Dmitri Medvedev in his inauguration speech on 7 May admitted: "We must ensure true respect for the law and overcome the legal nihilism that is such a serious hindrance to modern development."
http://www.kremlin.ru/eng/speeches/2008/05/07/1521_type82912type127286_200295.shtml

¹⁶ As Sergei Medvedev has described it: "Under the guise of European values, the EU pursues a peculiar kind of bureaucratic imperialism that seeks to modify and partially control EU's neighbourhood through various instruments like ENP, the Common Spaces, the Energy Charter, etc. See: Sergei Medvedev, The Crisis in EU-Russia Relations: Between "Sovereignty" and "Europeanization", Working Paper W14/2007/02, Moscow, HSE, 2007, p. 13

Four common spaces: positive and negative experiences

The best way to have a comprehensive overview about the current situation of EU-Russia cooperation, with its good and bad experiences, is to review the EU-Russia Four Common Spaces¹⁷ (CS). The EU-Russia Four Common Spaces and road maps for their implementation have been the main motor for dialogue and cooperation between the two since 2004.

The 2004 enlargement to Central and Eastern European countries complicated the relationship between the EU and Russia. So in order to agree upon future cooperation with Russia and deliver practical results, a unique format of “common spaces” was invented to make it possible to mobilise the EU-Russia relationship across the board. The four areas covered are: Trade and Economic Cooperation, Freedom, Security and Justice, External Security, Research, Education and Culture. As of today, much progress has been made in concluding visa facilitation and readmission agreements, student exchange and cultural cooperation. However, despite the progress made in certain areas, practical results are yet to be seen in other activities that have been undertaken: an early warning system in case of energy problems, the Chad mission where Russia has given its initial consent for cooperation and the pilot customs project that aims to make border crossings more efficient.

The next section gives a short overview of progress, outlining some more significant cases of cooperation and also of instances where substantial cooperation has been hindered despite formal progress.¹⁸

I Trade and Economic Cooperation

The EU-Russia Common Economic Space (CES) is the basis of EU-Russia cooperation in trade and the economy, in addition to the Partnership and Cooperation Agreement. The CES's aim is to promote trade and investment, increase opportunities for economic operators, and strengthen cooperation in many economic areas.¹⁹ In doing so, it helps Russia to prepare for WTO membership and the possible conclusion of an EU-Russia Free Trade Agreement.²⁰ While there has been progress, it is only that which matches Russia's self interest.

As part of this space, the EU and Russia have opened 16 formal dialogues and more could follow. These dialogues are useful for the harmonisation of Russian technical standards while providing a framework for information exchange on policies and rules. The EU's regulatory standards are applied all over the world, which, among other things, means that if Russian companies want to be listed on the EU's stock markets, they have to comply with EU standards.

The EU's trade with Russia has almost doubled since 2003, reaching 232 billion euros in 2007. Since 2005, Russia has been the EU's third largest trading partner after the US and China.²¹ The EU is by far Russia's main trading partner. EU-Russian trade has grown both because of

¹⁷ http://ec.europa.eu/external_relations/russia/common_spaces/index_en.htm

¹⁸ Council of the European Union, EU-Russia Common Spaces, Progress Report 2007 (Brussels, 7 April 2008) nr 8134/08 <http://register.consilium.europa.eu/pdf/en/08/st08/st08134.en08.pdf>

¹⁹ Idem, p. 4.

²⁰ Recent developments have shown another decline in the Russian willingness to adhere to the commonly agreed trade rules which is the basis of the WTO.

²¹ http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122529.pdf, p. 11.

increased energy and raw material exports to the EU and because of enlargement of the EU. For example, in 2007 energy made up 65 per cent of Russia's exports to the EU. The EU expanded by 10 new countries in 2004, and so expansion has distorted the comparative trade statistics²². Russia has also grown in wealth and can absorb more EU manufactured goods, boosting EU exports to Russia.

Trade relations, however, are often dependant on Russia's political will and not just because of the nature of the traded commodities. For example, Russia could already be a member of the World Trade Organisation (WTO), but Russia is convinced that the WTO would set limits on its actions and is doubtful of the advantages of membership²³. Russia has also blocked or placed limits on imports from the EU, such as with meat imports, and has used increased export duties and higher railway tariffs to cut exports of raw materials to EU countries. Russia argues that restrictive trade practices are aimed at developing local industries and moving the economy away from a reliance on raw resource exports. In spite of increasing revenues from energy exports, the data does not provide sufficient evidence that these extra funds are indeed invested into boosting the competitiveness of Russia's industry.

The huge size of the Russian markets and the lucrative energy business make Russia an attractive target for EU foreign direct investment (FDI). The EU's FDI in Russia has almost doubled from 2004 to 2006. EU companies' interest in investing in Russia, especially in energy and raw resources is strong, despite the generally uncertain business climate. This business climate is affected by examples such as the politically motivated takeover of energy giant, Yukos, and the tribulations of TNK-BP's energy business, along with Russia's 2007 law on foreign investments, which restricted foreign investors' access to sectors that Russia deems to be strategic.

There has not been much recent progress on EU-Russia energy relations. Formally an early warning mechanism (direct communication channel for informing the other party about supply or demand difficulties) has been established between the EU and Russia, but its use still remains to be tested.

More importantly, there is an unequal relationship in access to each other markets. Russia has restricted foreign investors' access to Russia's strategic sectors including energy; but it would like to have access to the EU's downstream energy market. The EU wants to use the new EU-Russia PCA for the creation of an equal playing field in the energy sector between the two countries, but the prospects for success are not bright. There is a lot of discussion in the EU about the need for a common energy policy to better secure supply.²⁴ From the practical side, large European energy companies need incentives to invest in common energy grids and natural gas reservoirs.

Overall, market participants say that EU trade and investment opportunities in Russia are limited by an uncertain business and political climate, and barriers to imports. However, EU and Russia trade is expanding, although there is still room for development. There are many

²² For trade statistics, see http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf, p.6.

²³ See for example, http://www.kremlin.ru/eng/text/themes/2005/12/161305_99078.shtml

²⁴ See, for example, Claude Mandil, Energy Security and the European Union. Proposals for the French Presidency. Report to the Prime Minister, 21 April 2008.

unresolved issues, to name a few: abolition of Siberian over-flight payments, Russia's discriminatory railway tariffs between domestic and international destinations, increasing export duties on wood and maritime safety related to the transport of oil and oil products.

The framework of CES dialogues may have important longer term results for Russia's economy and EU-Russia economic relations providing there is continuing interest from Russia in developing these dialogues and carrying out reforms.

However, the CES has not been efficient in helping to defend the EU's trade and economic interests. The lack of substantial progress was also stressed by the EU trade commissioner Peter Mandelson in his speech in Moscow in the summer of 2008, when he suggested that the two sides need "new mechanisms" to encourage economic forces, and that a high level economic dialogue similar to that of the EU and China should be considered.²⁵

II Freedom, Security and Justice

This common space of Freedom, Security and Justice contains diverse issues such as visas and human rights, as well as cooperation in the fields of justice, police and border guard. The area is dominated by the visa facilitation issue, where Russia has a clear interest to achieve visa free travel in Europe for its citizens, and most of all, for its elite. The human rights dialogue has so far remained mainly in the interest of the European Union. The Second Common Space is a good example of how progress depends on Russia's self interests.

The entry into force of the Visa Facilitation and Readmission agreements on 1 June 2007 was the most tangible achievement of the Second Common Space.²⁶ For Russia, visa free travel in the EU has been one of its priorities, endorsed at the highest political level.²⁷ Not surprisingly, it has been one of the areas where concrete progress has been achieved. The visa facilitation agreement grants visa free travel for diplomatic passport holders, and makes visa procedures easier for journalists and local government officials, as well as people from the fields of arts, culture and sports. While Russia's biggest gain was the visa free travel to Europe for a part of its elite, the EU's achievement was the conclusion of a readmission agreement with Russia which aims to fight illegal migration and easier people-to-people contacts. The EU has stressed the positive influence of the agreement, to quote the Commissioner for External Relations, Benita Ferrero-Waldner: "people-to-people contacts are intensifying and our economic and societal interaction is increasing to the benefit of all our citizens".²⁸

The visa dialogue has been useful, but it has not brought about any effective solutions to the EU's problems. For example, Russia has not eased visitor registration requirement for

²⁵ http://ec.europa.eu/trade/issues/bilateral/countries/russia/pr190608b_en.htm

²⁶ EU-Russia Common Spaces. Progress report 2007, p.34.

²⁷ As stressed in the Foreign Policy Concept of the Russian Federation, adopted by president Medvedev on 12.07.2008: "From the long-term perspective, it is in the interests of Russia to agree with the European Union on a strategic partnership treaty setting special, most advanced forms of equitable and mutually beneficial cooperation with the European Union in all spheres with a view to establishing a visa-free regime." <http://kremlin.ru/eng/text/docs/2008/07/204750.shtml>

²⁸ "We are fostering trust and dialogue. People-to-people contacts are intensifying and our economic and societal interaction is increasing to the benefit of all our citizens. Through readmission we are effectively fighting illegal migration and contributing to joint migration management." <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/80&format=HTML&aged=0&language=EN&guiLanguage=en>

Europeans, as was agreed, and Russia made its visa rules more complicated in 2007, when it ceased to issue multiple-entry business visas. Consequently, EU business people have difficulties getting work permits in Russia. Senior official and ministerial meetings consistently fail to bring solutions to these issues.

The Second Common Space also deals with the EU's external borders. The ratification of the Latvian-Russian border treaty in December 2007 has been a success. However, Lithuanian border demarcation is still not finalised and the Estonian-Russian border treaty has not been ratified by Russia. The European Union has urged Russia to move forward with the ratification of the border agreement with Estonia and undertake border demarcation with Latvia and Lithuania. Even if the border agreements remain classical bilateral issues between states, EU pressure on Russia has been helpful in speeding up the processes.

EU-Russia human rights (HR) dialogue has not shown tangible results. The most recent development is that Russia has started criticising all the EU member states involved in the dialogue, instead of focusing on some specific issues as before, e.g. the rights of the Russian-speaking minority in the Baltic countries. Sometimes the discussions reach a point where the EU starts to defend itself. Russia has recently established its own HR NGOs in Paris and New York to forward its opinion to the wider public in these countries. Regardless of the wide range of issues discussed, the dialogue remains formal and inefficient. The EU faces a dilemma: it has a responsibility to promote European values, democracy and human rights, but at the same time it is aware of Russia's wish not to recognise common values and universal human rights, and to promote its own "Orthodox human rights". With HR issues, Russia has continued the approach of Soviet Union. It seems to think that the HR dialogue is a means for political manoeuvring at the international level. Russia does not want to admit that it has to fulfil its obligations that derive from international conventions it has signed and from its membership in organisations, such as the Council of Europe, that promote universal human rights, free elections and media freedom.

This common space is an example on how the cooperation can progress if it is in Russia's interest (e.g. visa-free movement) and how difficult it is to progress on issues where Russia is not interested (HR dialogue).

III External Security

Despite Russia's-declared self interest, as well as intensified contacts, cooperation in the foreign and defence policy fields has had only a modest result during the last four years. This field clearly demonstrates the discrepancy between Russia's rhetoric and substantive actual behaviour. Regardless of the differences of opinion on global security issues with Europe, Russia has stated that it would like to have closer cooperation with the EU on security matters and is eager to move from information exchange to joint decision making. Russia wants an EU-Russia body similar to the NATO-Russia Council, which would take binding decisions.²⁹ In Russia's view, the cooperation in crisis management should mean equality and joint decision-making. After Russian withdrawal from the first European Security and Defence Policy mission

²⁹ Andrei Zagorski, Negotiating a new EU-Russia Agreement, in *The EU Common Foreign and Security Policy Toward Russia: The Partnership and Cooperation Agreement as a Test Case*. Riga, 2006, p. 66.

in Bosnia and Herzegovina, a new agreement on Russia's participation in the EU's Chad operation has been reached recently (Russia promised to provide four helicopters and personnel for the EU operation). The promise has not yet moved from words into action.

The reason for modest results, on the one hand, is that the EU has not yet developed a common policy in these areas for itself and, on the other hand, there are substantial differences of opinion between the EU and Russia. Even if there are a few areas of cooperation such as the Middle East Peace Process, Afghanistan and Iran's nuclear programme, there are many more disagreements over developments in the world. For example, Russia has not ratified the Rome statute of the International Criminal Court; it questions OSCE's ODIHR³⁰ election observation missions, Russia has suspended its status in the Conventional Forces in Europe Treaty, it disagrees with the US Missile Defence in Europe. There are major difficulties associated with finding a sustainable solution for Kosovo, whose independence has been recognised by the majority of Western countries, but Russia calls Kosovo's sovereignty a breach of international law. And it has used Kosovo's break from Serbia as justification for its own actions in Georgia.

The biggest differences of opinion between the European Union and Russia concern their common neighbourhood, which is seen by the EU as a possible area for democratisation and by Russia as interference in "its sphere of influence". The Russians do not consider Ukraine, Georgia and even the Baltic countries to be "proper" states.³¹ They treat the EU initiatives in the common neighbourhood with great suspicion. For years the EU has urged Russia to resolve the frozen conflicts in Transnistria and in the South Caucasus.

The EU's efforts have not led to a solution and unfortunately we have witnessed Russia's military action on Georgian territory this August. The peaceful resolution of the Russia-Georgia conflict is the next big test case for Europe. The conflict shows Russia's lack of respect for international law and democratic principles. It decreases trust between the EU and Russia and raises serious doubts on whether the further deepening of cooperation in the fields of foreign and defence policy is possible.

Overall, the Common Space of External Security has made very little progress since 2004. The EU has been careful in responding to Russia's foreign policy initiatives on a new global security architecture³². Russia's aggression in Georgia gives an incentive for the EU to reinforce its foreign policy. The recent decision by the extraordinary European Council on September 1 to carry out an in-depth review of EU-Russia relations shows that the EU has seized this opportunity.³³ However, the conclusions reached by the EU heads of state and government on the Russia-Georgia conflict concentrated mostly on how to help Georgia, and fell short of posing sanctions on Russia.

³⁰ Organisation for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights

³¹ On the Russian syndrome of vassal states in the Estonian context, see, for example, Lauri Mälksoo, Vassal States, *Diplomaatia* nr 46, June 2007, [http://www.diplomaatia.ee/index.php?id=242&no_cache=1&L=1&tx_ttnews\[tt_news\]=298&tx_ttnews\[backPid\]=425&cHash=fed985d9a0](http://www.diplomaatia.ee/index.php?id=242&no_cache=1&L=1&tx_ttnews[tt_news]=298&tx_ttnews[backPid]=425&cHash=fed985d9a0)

³² See President Medvedev's speech in Berlin on 5 June with the proposal of "drafting and signing a legally binding treaty on European security in which the organisations currently working in the Euro-Atlantic area could become parties." at

http://kremlin.ru/eng/speeches/2008/06/05/2203_type82912type82914type84779_202153.shtml

³³ http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/102545.pdf

IV Research, Education and Culture

This common space is one of the less regulated fields of cooperation from the European side. The member states are in charge of their respective policies and the EU's added value consists mostly of Commission-led and financed programmes. Russians' interest in studying in the EU's universities and participating in European research programmes, and Europe's interest in attracting Russian students and researchers, help explain the increased cooperation. Cultural exchange is also flourishing with even less official coordination than in education and research.

Education exchange and academic cooperation have intensified during recent years, after the Erasmus programme was made accessible to Russian students. Some member states offer scholarships for Russian students.³⁴ Russia has also joined the Bologna process, which leads to convergence of European and Russian educational systems. In 2007, a 4+2 system of higher education was adopted in Russia. In addition, the European Studies Institute was established at the Moscow State Institute for International Relations (MGIMO), based on common funding by Russia and the EU. The primary aim of the institute is to educate Russian officials in European integration studies. The Russians are interested in participating in the 7th EC framework programme for research and technological development.

In the light of numerous exhibitions, theatre performances and literature translations, cultural cooperation and exchange between Russia and European countries seems to be flourishing. However, there are problems even with cultural cooperation. One recent example is the closure of the British Council's regional offices in Russia at the beginning of 2008, and the harassment of its staff by Russian security services. Interestingly, the proposal to close the offices came as a surprise to the Russian delegation members who, in contradiction, made a proposal at the Lisbon Permanent Partnership Council on Culture (25.10.2007) to agree upon establishing cultural institutes on the basis of reciprocity.

The experience within this Common Space shows that successful cultural cooperation is possible without extensive regulation. It is important though that the EU-Russia visa facilitation agreement has made it easier to obtain visas for persons participating in scientific, cultural and artistic activities, including exchange programmes, as well as for pupils, students and teachers who travel for the purposes of study.³⁵

Institutional framework of the cooperation

The four common spaces agreement established an extensive framework for formal meetings: two summits every year, meetings at the level of ambassadors and numerous expert meetings. The 'proliferation' of meeting formats has proved to be a valuable tool for keeping the process going at a technical level. However, expert dialogues have not proven to be efficient in solving practical problems due to the lack of agreement at the political level.

³⁴ European Commission Delegation in Moscow, Your Scholarship in Europe 2008-2009, http://www.delrus.ec.europa.eu/en/images/pText_pict/220/Guide%20eng%2007.pdf

³⁵ http://www.delrus.ec.europa.eu/en/images/pText_pict/508/Visa_facilitation_EN.doc, p.4

As with other third countries, the EU's cooperation with Russia also has a parliamentary dimension. The European Parliament (EP) has formed a delegation to communicate with its Russian counterpart; the respective cooperation council holds meetings twice a year. If necessary, the Foreign Affairs Committee of the EP discusses issues related to Russia. It has also prepared reports on Russia.³⁶ In addition, the EP follows closely the negotiations with Russia on the new agreement and will have to give its consent before the agreement can enter into force.³⁷ In June, the Foreign Affairs Committee issued its recommendations to the Council on how to pursue the negotiations for the new EU-Russia agreement.³⁸ The Foreign Affairs Committee asked the Commission, for example, to insist on a broad agreement that would represent a step up from the current PCA; to raise with the Russian government concerns about Russia's civil society; to call on the Russian authorities to respect the 2004 EU-Russia agreement on WTO accession; and to deal with the potential environmental hazards resulting from the growth of tanker traffic in the Baltic Sea.

Although there are serious differences of opinion over Russia between EP members (in particular between the old and new member states), the EP is the most outspoken among the institutions. The Russian-Ukrainian gas crisis in January 2006 provided EP members with a deeper understanding of issues related to Russia and the Eastern neighbourhood; it also made them generally more critical towards Russia. The EP does not deal only with foreign policy – it has a right to express its opinion on many issues that concern Russia, such as energy and the environment. The importance of the EP has been growing gradually; its future status will depend on the composition of the next EP.

Conclusion

The Four Common Spaces framework has an important role to play in facilitating dialogue between the EU and Russia. It has raised the level of cooperation with Russia for all EU member states. But its extensive dialogues are not sufficient for solving practical problems. The link between the technical level dialogues and ministerial or summit meetings is mostly missing.

There are difficulties with this cooperation. As the European Commission has put it, “the Russian side has been slow to respond to EU proposals for implementation of the Common Spaces road maps, probably due, at least in part, to a reluctance to move fast in areas implying political or economic liberalisation. The signs are that the EU will need to work hard to maintain the pressure for the implementation of the Common Spaces for some years to come.”³⁹

³⁶ See, for example, Cecilia Malmström, 2005 European Parliament Report on Russia.

³⁷ According to the Interinstitutional Agreement (p. 19), the Commission keeps the EP informed of the progress made in the negotiations.

³⁸ Draft report with a proposal for a European Parliament recommendation to the Council on relations between the EU and Russia (2008/2104(INI)), Committee on Foreign Affairs, Rapporteur: Janusz Onyszkiewicz, 24.06.2008.

³⁹ European Commission, Country Strategy Paper 2007-2013. Russian Federation, p. 14, http://ec.europa.eu/external_relations/russia/docs/2007-2013_en.pdf

The European Union's common policy towards Russia: what is it and how does it work?

The EU does not have an official common strategy for Russia, although it still has a common policy towards Russia - as much as it is possible to agree among the member states to use the EU's modest collection of foreign policy tools. In its relations with Russia, the EU has used almost all possible means at its disposal. It had agreed on a Common Strategy for Russia in 1999; has its Country Strategy Paper⁴⁰ as the basis for financial cooperation and it has adopted Common Foreign and Security Policy (CFSP) declarations to express its shared opinion. It has not used common positions to apply sanctions on Russia. Its policy line is agreed at foreign ministers' meetings (GAERC) and expressed at EU-Russia summits and other meetings.

On June 4, 1999, the EU determined for the first time its long-term strategic approach to Russia when it adopted a four-year Common Strategy on Russia.⁴¹ It was the first experiment with the new instrument of the CFSP introduced by the Amsterdam Treaty⁴² and entered into force on [May 1, 1999](#). However, the Strategy was not really applied; regardless the fact that after having been unanimously adopted by the European Council, individual decisions on its implementation of the CFSP did not require consensus, but only a qualified majority voting.⁴³ After four years, the strategy was not extended. The most concrete result of the strategy was Russia's response when it presented its Middle Term Strategy towards the EU (2000-2010),⁴⁴ in which Russia stressed the importance of its sovereignty and special status.

The EU has adopted a Country Strategy paper (CSP) for the years 2007-2013 that sets out EC cooperation objectives as follows: "EU cooperation with Russia is conceived in terms of, and is designed to strengthen, a strategic partnership founded on shared interests and common values. The main interests of the EU in Russia lie in fostering political and economic stability of the Federation; in maintaining a stable supply of energy; in further cooperation in the fields of justice and home affairs, the environment and nuclear safety in order to combat 'soft' security threats; and in stepping up cooperation with Russia in the Southern Caucasus and the Western NIS (Newly Independent States) for the geopolitical stability of the CIS (Commonwealth of Independent States) region."⁴⁵

⁴⁰ European Commission, Country Strategy Paper 2007-2013. Russian Federation, http://ec.europa.eu/external_relations/russia/docs/2007-2013_en.pdf

⁴¹ http://www.delrus.ec.europa.eu/en/p_244.htm.

⁴² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:321E:0001:0331:EN:pdf>, Title V, Art. 13.

⁴³ See Günter Verheugen, Germany and the EU Council Presidency: Expectations and Reality, ZEI Discussion Paper C35, 1999, http://aei.pitt.edu/333/01/dp_c35_verheugen.pdf: "Against the background of enlargement and in the interest of continuing to build a comprehensive and stable peace order in Europe, the steady expansion of the EU's relations with Russia and Ukraine is essential. The partnership and cooperation agreements have laid a solid foundation, the challenge now is to exploit this potential. Relations between the EU and Russia will be a major focus of our Presidency, not just on account of the current crisis. As reiterated at the European Council, we aim to draw up a Common Strategy on Russia in accordance with the Amsterdam Treaty..."

"...In our view, the new instrument introduced by the Treaty of common strategies to determine the essentials of a common policy should be utilised as soon as possible. Alongside Russia, the Vienna European Council cited an array of possibilities. The common strategy brings together all EU foreign relations activities on a particular topic and therefore fosters coherence. Following the unanimous acceptance of the common strategy by the European Council, individual decisions on its implementation in the CFSP will be taken by qualified majority voting. The Common Foreign and Security Policy's decision-making and ability for action will thus be enhanced considerably."

⁴⁴ http://www.delrus.ec.europa.eu/en/p_245.htm.

⁴⁵ http://ec.europa.eu/external_relations/russia/docs/2007-2013_en.pdf, p. 4.

As described in the CSP, which is a framework for financial cooperation with Russia, the philosophy of the EU's financial aid to Russia has changed after 2006 from aid to more equal financial cooperation. Taking into account the improved financial position of Russia, the CSP no longer talks about financial aid and focuses more on actions, which contribute to political and economic reform; places emphasis on the promotion of democracy, the rule of law and good governance, as well as respect for human rights and fundamental freedoms, in line with its development policy. The EU, as the other few remaining donors (e.g. World Bank, Germany, the UK and Sweden), have cut back their assistance to Russia.⁴⁶

Financial support to the EU's policy objectives remains weak and relatively inefficient, and its implementation is conditional on Russia's approval and cooperation. Financial cooperation between the EU and Russia seems to have continuous difficulties from the Russian, as well as the EU side. Russia is not interested in having international aid programmes running in its country that may influence its development (for example, to promote democratic developments or "orange revolutions") and the EU has decreasing interest in spending money to support Russia.

In addition to the technical assistance and financial cooperation led by the European Commission, foreign policy declarations agreed by the member states add to the picture of the EU's policy towards Russia. Since 2004, the EU has adopted about 20 CFSP declarations related to Russia.⁴⁷ Four of the 20 declarations deal with bilateral questions between a member state and Russia (namely: two statements about the closure of the regional offices of the British Council; one about the murder of Alexander Litvinenko in London and one about the conclusion of the Latvia-Russia border treaty). Other declarations pertaining to Russia deal with its elections; the Beslan terrorism attack; and more of half of the declarations deal with Russian-related problems in Moldova or Georgia. The majority of the issues covered by the declarations remain unresolved today.

Conclusion

The EU has a common policy towards Russia that is formulated on the basis of several policy documents, from one foreign ministers' meeting to another and from one EU-Russia summit to another. It lacks, however, a strategic approach and coherence.

In its daily work it draws upon documents that set the objectives of the EU with respect to Russia. An example of the EU's common policy towards Russia is the negotiating mandate for the new EU-Russia agreement. There is also the *Outstanding Issues Paper*, an agreed list of unresolved issues, where the negotiations between the member states allow them to "release steam" from the CFSP-mechanism. The main expression of EU policy towards Russia is currently seen in the implementation of the Four Common Spaces.

⁴⁶ e.g. national allocation for Russia will amount to €30m *per annum* - that is, less than half in recent years under the TACIS Programme. In comparison, USAID has a €100m *per annum* programme that focuses on the private sector and on democracy and health sector interventions through NGOs.

⁴⁷ For CFSP statements, see:

http://ec.europa.eu/external_relations/russia/docs/2007-2013_en.pdf
http://www.consilium.europa.eu/cms3_applications/applications/newsRoom/loadBook.asp?BID=73&LANG=1&cmsid=257 In comparison to Russia, the other three EU's strategic partners have been subjects to less attention. For example, since 2004 the EU has made two declarations on India; nine on USA and fourteen on China. This comparison shows that the EU's bigger interest is in its immediate neighbourhood.

The strength of the EU's message depends of the messenger – often this is the Presidency that still rotates on a half-yearly basis. Even if the EU is weaker than Russia in getting its message across, it has repeatedly made its point to the Russians. One of the recent examples is the frank discussion between the EU and Russian leaders at the Samara Summit in May 2007, at which the President of the European Commission Jose Manuel Barroso, and the German Presidency of the EU Council Angela Merkel openly promoted a European common approach.⁴⁸ The Samara Summit “hard talk” (which was partly caused by the siege of the Estonian Embassy in Moscow by the Kremlin-promoted youth group “Nashi”), is well remembered by Russians, and shows that a clear message is better understood.

Due to Russia's recent actions, interest in discussing Russia has increased among the member states.⁴⁹ Given the previous strategy's lack of use, a new Common Strategy on Russia is seen by policy makers as not needed. However, there is recognition of the necessity of EU guidelines or a code of conduct concerning Russia. This understanding has developed gradually from different conflicts with Russia: the Russia-Ukraine gas row in January 2006; Litvinenko poisoning case, closure of the British Council offices in Russia; siege of the Estonian Embassy in Moscow in April-May 2007; and finally – Russia's aggression in Georgia in August 2008. The latter event will have a major influence on the EU (and other international actors) in reviewing its policy towards Russia.

But an even more important deficiency than the lack of a Common Strategy on Russia is the lack of political will and interest in engaging with Russia, although recent events in Georgia may change this. The EU as a foreign policy actor is relatively slow and weak, as its policy-making process takes time and its consensus-based positions are often general in nature. The EU reacts to Russia's actions and, when a common position towards Russia is formulated, the opinions between the member states diverge and the final outcome is often determined by the most Russian-friendly position. The essence of the Russia-policy is decided more in the capitals of the member states than in Brussels, as the countries' positions reflect their domestic politics and are more or less influenced by their large businesses' interests.

The common policy remains mostly declarative and the EU has increasing difficulties in achieving its aims in negotiations with Russia. Russia does what it wants and it lets the EU help only where Russia likes to be helped.

⁴⁸ See President Barroso's Statement at the press conference: “Of course, we have difficulties. The Polish meat issue is a difficulty. We had an occasion to say to our Russian partners that a difficulty for a Member-State is a difficulty for all of us at the European Union. We are a Union based on principles of solidarity. We are now 27 Member-States. So, a Polish problem is a European problem. A Lithuanian, an Estonian problem is a European problem as well. And this is very important, if you want to have a real, good, close cooperation, to understand that the European Union is based on the principles of solidarity. That's why I think that these matters should be solved in the spirit of cooperation – constructive spirit.”

⁴⁹ EU foreign ministers and political directors have discussed Russia in 2007 and 2008. On 27.03.08, Foreign ministers Kouchner and Miliband of France and UK sent a letter to their Slovenian colleague Dimitrij Rupel, supporting the Slovenian Presidency's idea to discuss Russia at the informal foreign ministers' meeting: “Given the importance of Russia, and the potential for diverging views between Member States, we believe it would be right for Foreign Ministers to discuss EU/Russia relations on a regular basis at the GAERC, especially as negotiations on a new PCA get under way.” In July 2008, the European Commission and the French Presidency organised a Russia-discussion among EU ambassadors and analysts, to reflect on lessons learned and the way forward.

The Estonian-Russian relationship in the EU-Russia context

Even though it is complicated to give a clear assessment of the benefits that Estonia has gained from its EU-membership since 2004, it is clear that Estonia has selectively benefited from existing EU policies and has been able to advance its interests within the limitations of the unequal relationship with the Russian Federation and the institutional restraints and compromises that are part of EU membership. It can be argued that advancing its interests has been more successful than if Estonia were not a member of the EU and NATO.

When Estonia joined the European Union in 2004, it was often said that that relations with Russia can be forgotten after membership as the EU will take care of the foreign policy of the member states. There were also hopes that the relationship between Russia and Estonia would improve remarkably just because of membership. At present, after four years of EU membership, neither of these expectations have been realised. Russia has remained an important neighbour for Estonia; relations between Estonia and Russia, however, have not improved. The balance of EU-Russia relations compared to Estonia-Russia relations is currently strongly weighted in favour of EU-Russia relations. However, it is likely that relations would be more complicated if Estonia were not an EU (and NATO) member since Russia would also have more temptation to test its small neighbour's nerves in different disputes, as Russia seeks to protect its power beyond its borders.

According to the foreign policy strategies of Estonia and Russia, both countries aim for good neighbourly relations; however, there are different emphases: Estonia wishes to see democracy and prosperity developing in Russia, while Russia stresses the importance of rights of people who speak the Russian language.

The Estonian Security Strategy⁵⁰ from 2004 states, "Estonian and Russian bilateral relations overlap with NATO and EU multilateral efforts to establish mutually beneficial partnership relations with Russia. /.../ Seeking good neighbourly relations with Russia, Estonia, along with other states, contributes to the implementation of the principles prescribed in the NATO and EU security strategies and actively participates in the further development of this cooperation. The development of democracy and the increasing of prosperity in Russia are seen as important for the security of the Baltic Sea region as a whole. And Estonia is making efforts to utilise opportunities for cooperating with Russia and its border regions. This includes the fight against common threats such as organized crime, terrorism, and environmental disasters."

Russia's Foreign Policy Concept states that the "Russian Federation is directed at cooperation with Latvia, Lithuania and Estonia in the spirit of good neighbourly relations, based on the mutual consideration of the interests of both sides. Russia assigns importance to the questions related to the rights of the "Russian-speaking" population in accordance with European and International Law, as well as issues related to the guarantee of viability for the Kaliningrad Oblast."⁵¹

⁵⁰ http://www.vm.ee/eng/kat_177/4665.html

⁵¹ http://www.mid.ru/brp_4.nsf/sps/357798BF3C69E1EAC3257487004AB10C

In practice, the relationship is not much different from the picture described by the strategies of the two countries. There is mutual interest in cooperation on practical issues such as the fight against organised crime and social security questions, as well as cultural cooperation and tourism. However, high-level political relations are not as fruitful as there are differences of opinion on important legal issues. Russia does not recognise the occupation of Estonia because it is afraid of compensation claims that may follow, and Estonian politicians promote the idea of the equality of crimes committed by the Stalinist and Hitler regimes, much to Russia's ire.

Against this multicoloured background of bilateral relations, it is not easy to reveal how successful Estonia has been in its work to advance its interests through the European Union's policy mechanism, and whether EU-membership has provided added value to Estonia's relationship with Russia. To understand Estonia-Russia relations, we have to look deeper at the interests of Estonia and Russia.

Estonia's interest, as regards Russia, is trade, business, transport, energy, travel and tourism, student and cultural exchange and the conclusion of different agreements that would be mutually useful for the Estonian and Russian populations.

Estonia is tiny within Russia's global foreign policy aim – it is too small to be an important partner for politics or even for economics. Russia has insignificant economic interests in Estonia, with a few Russian transit businesses being the most prominent, but even this will disappear in the coming years⁵². Besides being of little economic interest, Estonia is more useful for Russia in the political sphere. For many Russians, and not less importantly, for the countries of the former Soviet Union, Estonia and the other Baltic countries have demonstrated that transition from communism to democracy and a market economy is possible. It can be argued that it is against Russia's interest to recognise the positive example of economic and political reforms in these countries. Instead, Russia has taken the approach of restoring its old sphere of influence and has created a foreign-ministry-led compatriots' policy and a "Russian World"⁵³.

The Baltic countries have also been a political bargaining chip for Russia in its relations with the EU. Russia does not want to have good relations with them, but sets conditions for a good relationship and exploits internal issues. Russia is interested in maintaining "human rights", although Russia often confuses human rights with political rights, and other problems in the Baltic countries, so as not to lose part of its leverage on the EU. For example, Russia has interfered in its neighbours' integration programmes so that persons with undetermined citizenship living outside Russia were recently granted visa-free travel to Russia, and this has actively decreased their incentive for naturalisation. Russia also offers citizenship to any former Soviet citizens in the area formerly controlled by the Soviet Union.

For Estonia, EU membership brought about positive opportunities and developments in many cooperation areas with Russia. For instance, the extension of the PCA to the new member states in the 2004 enlargement opened up new opportunities for Estonian trade and businesses. The double tariffs that Russia had applied to Estonian goods in the 1990s

⁵² Reuters, Interview – Estonia sees end to Russian oil transit in future, 12.09.2008

⁵³ <http://www.ruskiymir.ru/ru/about/ideologia/>

disappeared when the EU-Russia Most Favoured Nations regime was extended to Estonia. According to the Statistical Office of Estonia, Estonian exports to Russia increased from 156 meur in 2003 to 607 meur in 2006; and imports from Russia increased from 491 meur in 2003 to 1387 meur in 2006.⁵⁴ At present, however, Estonia's trade with Russia remains at about 10 percent of Estonia's total trade. This relatively modest figure shows that Estonian business prefers trade with other European countries, as the European common market is seen as being less risky and more stable and transparent.

The political nature of the Russian economy and its related risks remain high for Estonian business despite EU membership. A good example of the Russian economy's political nature can be seen in the fact that trade volumes with Russia were dramatically influenced after the April 2007 events, or the so-called bronze soldier case, and that the implementation of hidden economic sanctions imposed by the Russian government cut transit trade with Estonia. After April 2007 imports from Russia decreased 17 percent in 2007.

Another example where EU membership is useful for Estonia is in cross border cooperation that encourages regional cooperation and among other things, enables financing of projects on the EU's external border. Estonia and Russia have negotiated for many years on rebuilding the border bridge over the Narva River. The bridge is an important border crossing for vehicles, trains and pedestrians and according to expert evaluation the bridge needs urgent renovation. With the EU's help, there is renewed hope to overcome the difficulties and launch the necessary planning and construction work. However, a lot depends here on the political will of the Russian central government, which has so far made the project dependent on the political "atmosphere".

Estonia also benefits from the EU-Russia visa facilitation and readmission agreements, which are considered one of the best achievements of EU-Russia cooperation. Even if the bilateral protocols of the readmission agreement have not yet been signed between most EU Member States and Russia, visa facilitation is a positive example of easier visa rules for journalists, local government officials, artists and musicians – and enables visa-free travel for Russian and EU member state diplomats. However, for businessmen, the problems with working permits still remain as they do for all EU states.

Estonia has also gained from membership in the common Schengen visa area. More tourists from third countries, including Russia, can travel more easily to Estonia as from December 2007. Travellers do not need a separate visa to visit Estonia and so this has boosted tourism. The Schengen visa room is also useful in keeping out unwanted visitors – the common visa black list prevents undesirable guests from third countries travelling to the entire Schengen area (among others, some members of the Kremlin-organised youth group "Nashi" who did not comply with Estonian law).

The EU's political solidarity has supported Estonia. During the 2007 dispute with Russia, after moving the Soviet soldier monument from a public square to the military cemetery and the

⁵⁴ http://www.vm.ee/eng/kat_176/1430.html#economy

following siege of the Estonian Embassy in Moscow⁵⁵, Estonia was supported by EU solidarity.⁵⁶ Some analysts argue that EU support helped lift the siege.

If Estonia has positive experiences related to common EU policies, then there are other issues in Estonian-Russian relations that have not advanced. One critical example is the Estonia-Russia border treaty, which was signed by the two countries in May 2005 and ratified by Estonia a month later. Russia refused to ratify the treaty as it says that the preamble to the Estonian Parliament's ratification act refers to territorial claims by Estonia. Estonia denies the charge. The EU has urged Russia to come back to the ratification procedure, but the issue remains unsolved. The EU could be helpful with its support, if there were the will from both countries to reach an agreement. If there is no progress by the partners, the EU is unable to bring about a solution.

Conclusion

Estonia has promoted its interests through the EU with mixed results so far, but overall, the outcome is relatively good. Estonia has experienced some positive aspects in its relations with Russia – such as the growth of trade since EU membership and the easier travel within the framework of the visa facilitation agreement.

Estonian politicians and MEPs can be critical and very vocal on Russian issues⁵⁷. Despite the words, Estonia's policy in practice remains pragmatic, seeking to work with the EU's complicated balance of power in the spirit of cooperation. Estonia can choose whether to bring its bilateral economic or political issues with Russia to the common European table, but it eschews this approach. It has been noticed in Brussels that Estonia has pursued a pragmatic policy line within the EU's Russia-politics and has kept its distance from a problem-oriented approach. For example, Estonia has not blocked any European initiatives with regard to Russia. Estonia did not bring any bilateral issues to the table when the mandate for the EU-Russia new agreement was discussed since Estonia saw the beginning of the talks on the new PCA agreement useful for finding solutions to unsolved problems and political issues.

Many issues that Estonia is interested in advancing through EU policies need to be systematically developed. For example, regarding Russia's wish to join the WTO, Estonia has linked its interests, and shares information with other EU members in objecting to Russia's railway and timber tariffs, in order to help the Commission to negotiate these questions. It promotes the EU-Russia pilot customs project in hope that the queues of trucks on its eastern border with Russia will become shorter and customs procedures smoother when they come into force. It participates in common foreign policy making, advancing its ideas and supporting other members' initiatives.

⁵⁵ See for example, Kadri Liik, The "Bronze Year" of Estonia-Russia relations, Estonian Ministry of Foreign Affairs Yearbook, 2007, http://www.icds.ee/fileadmin/failid/Kadri_Liik_Bronze_Year.pdf

⁵⁶ See for example, EU Presidency Statement 02-05-2007, http://www.eu2007.de/en/News/CFSP_Statements/May/0502BoEstland.html; Statement by the European Commission on events around the Estonian Embassy in Moscow. Brussels, 2 May 2007; Resolution by European Parliament, 23.05.2007.

⁵⁷ For example, Estonian President T.H. Ilves has recommended that Europe should adopt a policy of benign neglect towards Russia, <http://www.president.ee/en/duties/interviews.php?gid=102780>

The experience of multilateral diplomacy in the EU has been a challenge to Estonia as a small country with limited resources. The EU has had a good influence on Estonia: on one hand, its foreign policy horizons have widened; and on the other hand, Estonia has understood the necessity of setting priorities. The EU has also been useful for its lessons in consensus building.

Estonia's experience shows that a member state has more opportunities to achieve its interest and aims if there is common interest and cooperation with other member states. It is not realistic to expect to achieve 100 percent of a country's policy aim since the EU is a mechanism for policy compromises. Membership of the EU gives Estonia a broader opportunity to implement its ideas – provided those interests are also shared by other member states. Estonia's experience has shown that member states may be competitors in their trade or economic relations with Russia, but they are allies when disputes with Russia concern common values and principles.

Conclusion

EU and Russia relations pivot on Russia's self-interest. The EU may have a policy and programme, but unless Russia is interested or there will be no cost to the political leadership, the policy will never leave the EU drawing board. In this way the EU may have many initiatives and seek dialogue with Russia, but the success of these designs rests more with Russia's elite than the EU's enthusiasm. The mixed and modest results of the EU's policies come from the fact that they are mostly based on the EU soft power and integration model. Russia, on the contrary, is not so much interested in adopting the EU's rules but wants to set the relationship on its own terms, according to its classical *realpolitik* model.

The three main reasons for misunderstandings and the increasing number of open questions are: one, the different nature of the two as foreign policy actors with Russia as a classical nation state and the EU as a complicated international organisation; two, Russia's recent economic growth; and three, the EU's lack of political power and unity to implement its policies.

The European Union is not in a good shape to compete with Russia. The failure to ratify the Lisbon treaty is just one symptom of the EU's general condition. A substantial reason for why progress is not possible are the different opinions among the member states. Also, the world has changed – the romanticism of the 1990s has been replaced with realism in the 21st century.

Estonia's experience of its relations with Russia during its first four years of EU membership has been mixed, but generally positive. EU membership has created new opportunities to further Estonia's interests, but Estonia also has to take into account the EU's consensus-based foreign policy mechanism and the interests of other European countries.

Estonia's policy initiatives towards Russia depend very much on the support of other EU member states. If there is no interest from other EU member states, then the policy will not be advanced.

Policy advice

European Union:

- The EU needs a more consistent policy for Russia – be it guidelines or a code of conduct, or in a different form. It would send a signal to the outside world that the EU is going to act in a more coordinated manner on foreign policy issues, but, more importantly, it would define for the EU the boundaries of its own political paradigm for Russia. In addition, it would help to keep the EU united and facilitate reaching common agreement between the member states through routine policy-making processes.
- The EU (the European Commission and Presidency) should continue recently started Russia-discussions, which should be based on quality analyses and facts.
- For a common voice in energy, the EU needs a common energy policy that would restrain the member states from doing deals with third countries that harm the common interest. The EU should speed up its work on solving energy questions, and to find will and interest to develop common European energy grids and common security of supply.

- There should be more information sharing among the member states about their bilateral relations with Russia, both problems and positive experiences.
- In light of the Russia-Georgia conflict, the EU should review its policy towards Russia, taking into account Russia's growing aggressiveness and unpredictability. The EU should revise its mandate for the new PCA agreement. It should also rethink whether Russia can be a strategic partner of the EU in areas that need confidence (as cooperation in foreign policy and defence policy, information exchange on different internal security questions). The EU should postpone high level meetings with Russia until it has agreed its common policy line. The high frequency of political dialogue meetings seem to be unjustified, taking into account the modest results in practical cooperation and increasing lack of trust.
- The EU should review the number of EU-Russia summits per year. Considering that, with other strategic partners the EU holds one summit per year, the EU should seriously consider postponing the EU-Russia summit this November, or organise one summit per year starting from 2009.
- The EU should define more clearly its aims towards the countries of the common neighbourhood. It should openly support Georgia, Ukraine, Moldova and other countries in their democratic and economic reforms and it should deliver a clear message to the population of these countries about its support. Ukraine's integration into the EU and its future membership would be the best example to Russia that a successful Europeanization without identity loss is possible.
- Europe should deepen its cooperation with its partners that share the same values (e.g. the United States) to face new challenges together.
- The EU should take Russia seriously. It has to face Russia as it is. It should not shy away from recognising that Russia is not developing in the way Europe would like to see, and it should discuss questions openly with Russia and criticise Russia if necessary.
- It is important to avoid mystification of Russia. The EU's relations with Russia are no different from relations with other partners. A comparison of the relationships with Russia and other strategic partners (China, USA and India) would be a useful exercise.
- It is essential to support Russia in its efforts to promote the rule of law – especially because the Russian government is currently interested in it.⁵⁸ Russian entrepreneurs should learn to appreciate the advantages of legal agreements.
- The EU should hope for the best in its relationship with Russia, but should be prepared for the worst. The actions of Russia on the global scene have escalated year by year. European policy planners should run scenarios for Russia's possible economic and political instability.

⁵⁸ There is a widespread suspicion, however, that president Medvedev's rhetoric about the rule of law is aimed at the elite and is just free-riding on the western rule of law. It may also be an attempt to avoid "permanent redistribution" of the way in which political successions often lead to a struggle over assets and property.

Estonia:

- Estonia should continue its diplomatic efforts to explain its policies and actions to its partners in Brussels and in other European capitals. It is a daily demanding job in Tallinn and Estonia's embassies. Among other things, Estonia should continue the efforts to explain our course of history, based on facts.
- Estonian politicians should try to keep a more stable rhetoric/political line. Less emotion would be better for the relationship.
- Estonia should rethink the open issues with Russia – such as the border agreement, which would be worth finalizing.
- Estonia should be more active in the EU's cross-border cooperation programmes and the Northern Dimension policy that further regional cooperation.
- Estonian politicians should engage more with Estonian Russians. It would be useful to follow the example of President T.H. Ilves in saying that people with Russian cultural identity who live in Estonia, are not compatriots (*"sootchestvenniki"*) of Russians, but they are compatriots of Estonians. The Russians living in Estonia are not "Russians in Estonia", but "Estonian Russians".
- Estonia should reflect upon how to get its message across to Estonian Russians through different media channels.
- It would be useful for Estonian politicians and policy makers to seek solutions to issues that are repeatedly used by Russia for creating a negative image of Estonia: history of WW II, discrimination of the "Russian speaking minority" in Estonia, persons without determined citizenship, language rules etc.
- There should be practical solutions found that would make the citizenship application technically simpler for children whose parents do not have a determined citizenship.
- Estonians should make more friends with Russians in Russia. Cultural cooperation, student exchange and family contacts are some of the best ways to build bridges between people.