



Russia-EU Relations

The Present Situation and Prospects

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This report and its recommendations were prepared by a scenario group, which comprised Sergey Karaganov (head), Timofei Bordachev, Vagif Guseinov, Fyodor Lukyanov and Dmitry Suslov. The report is based on the situation analysis conducted at a workshop on 21 January 2005. See the annex for a list of all participants in the workshop.

The workshop was organised by the Institute of Europe of the Russian Academy of Sciences, the Institute of Strategic Studies and Analysis, the Aeroflot Joint Stock Company, the Council on Foreign and Defence Policy and the Editorial Board of the magazine *Russia in Global Affairs*.

The authors express their gratitude to all the participants in the situation analysis for their scientific contribution to its success. Responsibility for the conclusions contained in this report rests exclusively with the members of the scenario group.

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ISBN 92-9079-577-8

Available for free downloading from the CEPS website (<http://www.ceps.be>)

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Abstract

The main problem of Russia's EU policy is the lack of a strategic vision of Russia's place in the pan-European context. The Moscow-declared 'European choice' has not been confirmed in either the foreign or domestic policies of the Russian Federation. Mechanisms of interaction with the EU are not fully developed. Russia's EU policy lacks a strategic vector and sufficient bureaucratic support.

The experts contributing to this Situation Analysis (see list of participants in the annex) warned that Russia may repeat its past mistakes if it replaces specific projects with loud declarations, in relation to which its partners may also demand unilateral concessions.

The current scenario may take the form of an international legal 'package', consisting of agreements on four 'common spaces' between Russia and the EU. A majority of the experts warned Russia against hurrying to conclude formal agreements on these 'spaces', especially if these agreements do not concern strategic areas of cooperation but rather specific concessions.* Instead, Russia should focus on the preparation of a new 'major' treaty with the EU to replace the 1994 Partnership and Cooperation Agreement and on efforts to advance specific rapprochement projects.

The experts concluded that there are no objective insurmountable obstacles to solving the issue of Russia's formal accession to the European Union. The solution of this issue depends, above all, on the EU's further evolution (towards a quasi-federative state or a 'common market plus' model) and on Russia's choice of development model (a stagnating authoritarian state vs. a steadily developing democracy).

Regardless of the scenario under which Russia-EU relations develop, Moscow must reinforce the 'European' component of its state machinery and launch a serious programme for improving Russians' knowledge about the European Union and their practical interaction with it.

* Editor's note: This report was concluded in early 2005, before the documents on foreign policy spaces were adopted at the EU-Russian summit of May 2005. Only the Preface that follows has been updated in this report.

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Preface

During the Moscow summit of May 10th, 2005, Russia and the European Union adopted joint Road Maps for the building of ‘four common spaces’. Formally, Russia and the EU had never before assumed such comprehensive commitments, especially in the economic sphere. The main objective of a Common Economic Space (CES), set by the parties, is “the creation of an open and integrated market between the EU and Russia”.

As the main instrument for achieving this goal, the Road Maps provide for gradual harmonisation of Russia’s and the EU’s legislation and regulatory norms. These efforts must involve industrial and competition policies, government support for companies and foreign trade. As regards the Common Economic Space, the Road Maps repeatedly emphasise the need for building mechanisms for bilateral consultations among all interested parties, including business persons and civil society. At the same time, the Road Maps do not even mention the possibility of creating a free trade zone between Russia and the EU, nor bind the parties to accept some other norms.

The summit’s results failed to give a clear answer to any of the issues raised at the workshop held by this group in January 2005. The Road Maps represent an attempt to replace a strategic vision of Russia-EU relations with technocratic plans and cooperation between their administrative machineries. The recent years have shown that even well thought-out technocratic decisions may fail if they do not rest on a long-term vision of the relations and if they are not supported by society.

The Road Maps, which after a period of long negotiations appear as if they were a very ‘light’ version of preparation plans for Russia’s EU membership, largely resemble a list of good intentions. Politically, they have masked the crisis in Russia-EU relations but failed to solve their main problems. The approval of the Road Maps can take these relations out of the political context, markedly reduce public interest in this issue and bring about stagnation in relations between the parties. But if Moscow and Brussels display enough political will, which they presently lack, the Road Maps can lay the foundation for their long-term structured cooperation.

Russia-EU relations may follow an undesirable scenario, where they would be transformed into administrative routine, and the decision-making would be made by ministries and other government agencies but would be not controlled by society. The leadership in the struggle for the right to fill in the details of the Road Maps with actual decisions would belong to those having greater administrative-bureaucratic resources.

The European integration of the last 50 years provides solid arguments in favour of shifting the focus to cooperation in specific areas and projects. However, such a policy will be successful only if the parties have a clear, shared understanding of the strategic prospects of their mutual relations. Thus far, Russia and the European Union have not acquired such an understanding.

Annexes to the present report in Russian can be found on the following websites: www.svop.ru, www.globalaffairs.ru, www.isoa.ru, and www.ieras.ru.

RUSSIA-EU RELATIONS

THE PRESENT SITUATION AND PROSPECTS

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CEPS WORKING DOCUMENT No. 225/JULY 2005

1. Introduction

Relations with the European Union occupy a special place in the system of Russia's international ties. The EU also plays an important role in people-to-people contacts of Russian citizens abroad. At the same time, the level of mutual understanding between the larger part of Russian and European elites has been very low over the last few years. Currently, Russia-EU relations are in a contradictory and even crisis state: serious political differences between the parties and their rivalry in the economic sphere combine with the so-called 'strategic cooperation' programme aimed at Russia's acceptance of European rules and standards.

What is the real scope of the interdependence and cooperation between Russia and the EU? What do the partners want from this cooperation? How may Russia-EU relations develop in the future? And which of possible cooperation models is the most advantageous to Russia? Can Russia join the EU in the future?

To find answers to these questions, the Institute of Europe of the Russian Academy of Sciences, the Editorial Board of *Russia in Global Affairs*, the Aeroflot Joint Stock Company, the Council on Foreign and Defence Policy and the Institute of Strategic Studies and Analysis organised a workshop entitled "Russia and the European Union: The Present Situation and Prospects". The workshop was attended by distinguished Russian experts in Russia-EU relations, representatives of Russian ministries and agencies (the Presidential Administration, the Foreign Ministry, the Ministry for Economic Development and Trade, and the Ministry of Transport) and businesses. Along with discussion of the issues raised at the workshop, the experts answered questionnaires drawn up by the scenario group.

The present report sums up the conclusions drawn by the participants in the workshop and shows their agreement or disagreement on the issues discussed. Besides, the report contains recommendations for Russian governmental institutions, made on the basis of the workshop discussions. The report also takes into account the results of the experts' anonymous polling on major issues of Russia-EU relations.

The present report consists of two main parts. The first part (General Analysis of the Situation) contains a brief discussion of the state of Russia-EU relations by the participants in the workshop. It focuses on major problems and sensitive issues of the present-day relations between the two parties.

The second part of the report (Conclusions and Recommendations) provides main conclusions concerning key areas of Russia-EU relations. The recommendations comprise measures needed for finding a way out of the present situation; Russia's strategy toward improving relations with the EU; formulation of an acceptable legal basis for these relations; and priorities in the development of Russia's trade and economic relations with the EU.

Naturally, the workshop format did not permit the experts to make a comprehensive analysis of Russia-EU relations. In accordance with the scenario, the experts focused only on the most important issues. Other aspects of Russia-EU relations are to be discussed at a later date.

An absolute majority of the participants in the workshop agreed that Russia must determine its priorities with respect to its relations with the European Union. A continuation of the present ambiguity and inconsistency in approaches to Russia-EU relations would be unproductive and even detrimental to Russia's and Europe's future and to their mutual relations. Russia must work out a strategic agenda of its own for relations with the European Union and reform the system of interaction with the EU. Also, Russia must define its strategic goals concerning interaction with the EU and its political culture.

2. General Analysis of the Situation: A Brief Summary of the Discussion

2.1 Current Trends in EU Development

The European Union is witnessing difficult and sometimes conflicting processes. On the one hand, the EU's inner unity is strengthened by ever-new powers and authority vested in the Union's supranational bodies in Brussels. On the other hand, the integration among the EU member states in foreign policy, security and defence has dim prospects. The EU's large-scale enlargement has made it a loose organisation that is hard to control. There have emerged rival groups inside it. Outside forces (the United States) seek to play on the EU's differences and prevent it from becoming a consolidated and powerful actor on the international political stage. Thus far, the complexity of the coordination process in Brussels has been reducing the foreign-policy influence of powerful actors. It remains unclear whether this tendency will persist after the EU Constitution takes effect (if it ever does) and after the post of EU 'foreign minister' is instituted. The participants in the workshop agreed that, despite strengthening of the pan-European element in the policies of the leading EU members, countries such as the UK, France, Germany or Italy are unlikely to waive their sovereign rights in some important issues in the foreseeable future.

The majority of the workshop participants (80%) expressed their conviction that the European project is viable and that it will further develop in content and scope. The EU's laws, rules and new political culture will have an ever-growing influence on adjacent territories and – in the long term – on all the former Soviet republics in the western part of the ex-Soviet Union. This factor is changing the context of almost all aspects of Russia's foreign and home policies and requires adequate understanding, reaction and adaptation to the new realities.

The nature and direction of the evolution of the European Union, its institutional structure and the decision-making process have immense significance for the formulation by Russia of its ultimate goal with regard to its relations with the EU. At present, this evolution has a contradictory nature, as, depending on concrete spheres and issues, it combines elements of both centralisation and decentralisation, strengthening its supranational nature and at the same time reverting the decision-making power and authority back to the member states.

On the whole, the workshop participants agreed that the Euro-bureaucracy and some EU member states (smaller countries and some of the new members) are interested in deepening the supranational character of the integration, in enhancing the roles of the European Commission and the European Parliament and in centralising the decision-making process. Officially, the EU is following this path, but it is encountering objective difficulties provoked by the EU's enlargement, which increased its loose and heterogeneous nature and is undermining the integration platform based on common standards and values. It is not ruled out that the present and future enlargement of the European Union (involving the Balkans, Turkey and Ukraine), as

well as difficulties involved in the institutional reform and introduction of the EU Constitution, may cause the EU to develop according to the ‘common market plus’ formula.² Yet, the majority of the experts argued that the centralisation of the EU and the deepening of its unity will prevail despite the ‘developmental diseases’.

The majority of the workshop participants agreed that a heterogeneous, rather than over-centralised European Union would better meet Russia’s interests. However, Moscow’s ability to influence the EU’s evolution is almost zero. At the same time, there remains the possibility to look for allies – both among the EU member states and its institutions – and for forming ‘coalitions of the willing’ to promote decisions that would be advantageous to Russia. It is important that such coalitions be built at stages of initial discussions in the EU, rather than when final decisions are made. Another major priority is the building of mechanisms for interaction with the EU’s central bodies –the European Commission and the Parliament.

2.2 Russia-EU Political Relations

Despite the long and active dialogue between Russia and the European Union, a well-developed system of bilateral ties at various levels and a solid legal basis, relations between Russia and the EU remain in a state of uncertainty. The main sign of this uncertainty is the inability of both parties to jointly formulate their strategic goals in their relations (and to define common values, interests and tasks in the area of Russia-EU cooperation).

Above all, this concerns Russia, whose policy lacks clarity with regard to Europe. At present, the only clearly formulated point of Russia’s policy towards the European Union is the assertion that “Russia does not seek EU membership”. This can hardly be viewed as an adequate programme of action and as a strategic agenda.

Representatives of both the EU and Russia emphasise the ‘special Russian mentality’, as well as Russia’s huge size and relative economic backwardness when speaking about the hypothetical impossibility of Russia integrating itself into the European Union. On the whole, these arguments are valid enough, yet they should not be made absolute. At the same time, several participants argued there are candidates for EU accession that are less developed economically than Russia, or have a mentality that differs significantly from the ‘European mentality’ (for example, Turkey). When speaking about the size of Russia as an argument against EU integration, this seems to lack real validity in our modern era of communications; moreover, it may be balanced by Russia’s rich natural resources. Besides, representatives of EU institutions themselves say that the territorial factor is now losing its decisive importance in the EU.

An overwhelming majority of the experts (80%) agreed that it is reasonable to discuss Russia’s accession to the EU in the long term (in 15 to 20 years). Much will depend on what path the EU and Russia take. The EU may transform into a quasi-federation or a socio-economic union, whose members may share some aspects of their foreign and defence policies. Russia may become a stagnating and weakened authoritarian nation or a fast-developing and democracy-bound country. Russia’s integration into a quasi-federative state would be much more difficult.

² ‘Common market plus’ stands for a model of the European Union’s evolution, in which the economy and the social sphere will be the main area of integration. The right to make decisions on matters pertaining to foreign policy and security will go predominantly to the capitals of the EU member states. In other words, the EU will return to the pre-Maastricht model of the Common Market, while preserving Europe’s single currency and some additional elements. The Commission’s powers will be reduced, the decision-making process will be decentralised and an intergovernmental model of integration will be given preference over a supranational one.

Factors that cause Russia to make the 'European choice' include the scope of Russia-EU trade (which should be diversified) and, more importantly, geopolitical and cultural realities. In the future, not only will Russia find it difficult to successfully develop on its own, but even simple survival will be a problem. The regions to the south of Russia are growing increasingly unstable; a close union with China is hardly possible. The Euro-Atlantic zone and the EU's zone of attraction cover most, if not all, of the former Soviet republics west and southwest of Russia. In the foreseeable future (within two to four years), Ukraine may join NATO and, in a longer perspective, enter into accession negotiations with the European Union. Moldova and, maybe, Belarus (in the event of political changes in the country) will follow suit.

At present, the main factors that prevent Moscow and Brussels from overcoming ambiguity and the crisis of confidence in their mutual relations are growing differences in values between Russian and EU societies and, especially, their elites, Europe's inability to start a real integration process with Russia, and the inefficiency of Russian bureaucracy in interacting with the European Union.

Russia and the EU do not consider themselves opponents on the international stage. Both parties seek to find positive aspects in any situation, even in a conflicting one. At the same time, Russia and the EU lack a shared perception of the 'strategic partnership' notion, although this term has officially been used to describe the nature of their relations. The European Union often replaces this 'partnership' with tough and petty competition in specific economic issues. A majority of the participants in the workshop (75%) agreed that the EU views Russia as a potential opponent of the EU's enlargement and seeks to neutralise its actions. At the same time, Russia has not been the main priority of the European Union, which has affected the quality of its Russia policy.

In the last 18 to 24 months, both Russia and the European Union have grown disillusioned and even irritated with each other. The agenda of bilateral summits, together with the meaningful content of their drafted agreements, have come up short. Therefore the participants of the dialogue are seriously considering reducing the frequency of meetings at all levels in order to make them more meaningful. According to a majority of the workshop participants, Russia should work to temporarily 'cool down' its relations with the EU. This would protect it against excessive expectations and, therefore, disappointments. Also, the parties should start implementing joint projects of a lower level, which would help them bring the formal framework of their cooperation into line with the political and economic realities. Simultaneously, Russia should actively prepare a new political and legal base for its relations with the EU to replace their Partnership and Cooperation Agreement (PCA), which expires in 2007, in order not to have its role reduced to merely reacting to the EU's proposals.

At the same time, some of the workshop participants suggested that the present situation can be resolved by raising Russia-EU relations to a higher level and proclaiming more ambitious goals. However, this measure would be rational only if the Russian government makes a strategic decision on Russia's real development along the 'European path'.

An overwhelming number of the participants in the workshop admitted that the personal relationships forged between the Russian president and the leaders of the EU's major countries in 2000-2003, are beginning to lose their effectiveness. One of the reasons for that is the increased influence of smaller countries on the EU's policy. Some of these countries (Austria, Denmark and the majority of the new member states from Central and Eastern Europe) are biased and traditionally critical with regard to Russia. As a result, European leaders sympathising with Moscow (Jacques Chirac, Gerhard Schroeder, Silvio Berlusconi) have found themselves in a minority; they are unable to control decision-making in the EU and their promises remain unfulfilled. Second, the leaders of major EU member states have to reckon with the influence of mass media and public opinion in their own countries, which are very

critical about the current changes in Russia. Some of these leaders (for example, Tony Blair) are taken aback by Moscow's moves on some minor practical issues. As a result, Russia has been having more and more setbacks in its EU policy.

2.3 Russia-EU Trade and Economic Relations

Today, the EU accounts for 48.6% of Russia's foreign trade. However, an absolute majority of Russia's exports to the EU include fossil-fuel energy supplies and primary processed goods. At the same time, Russia accounts for 7.6% of the EU's aggregate imports and 4.4% of the EU's aggregate exports. On the whole, Russia ranks fifth among the European Union's trading partners (after the United States, Switzerland, China and Japan). Although this imbalance in trade is already restricting bilateral relations, Russia objectively requires not a smaller EU role in its foreign trade but a diversification of its exports and the development of trade with other actors, specifically by exporting its traditional goods to other regions as well. This was a unanimous view of the workshop participants.

The experts paid particular attention to the transport aspect of Russia-EU cooperation. Owing to its unique geographical position, the Russian Federation can offer the most convenient and safest route between Europe and Asia and reap essential economic benefits from that. At present, the European Union seeks to increase its presence on Russian transit routes; this would include, primarily, flight routes. To this end, the European Commission insists that European airlines be exempted from compensatory payments for flights through the trans-Siberian corridor. If Brussels persuades Russia to implement such steps, this would represent a major precedent. Essentially, it would permit the EU countries to increase their traffic and transit across Russia, thus effectively sidelining Russian airlines without compensating their financial losses. Russia's integration into Europe and the global economy could also be promoted by railroad traffic between Europe and Asia; this potential, however, has not been sufficiently tapped. Also, the toughening of environmental requirements will complicate projects involving the transportation of Russian energy resources across the Baltic Sea.

The participants in the workshop agreed that there is a direct link between the quality of Russia's economic policy at home and the state of its trade with the European Union. Therefore an improvement of these relations is impossible without changes in Russia, without modernisation of its economy and improvement of the state governance of the economy.

The workshop participants said the structure of Russian exports to the EU corresponds to the real competitiveness of Russian products. Russian oil and gas exports presently serve as a kind of 'airbag' that provides a cushion against unpredictable complications in political relations. Yet, this is obviously not enough to further deepening of economic ties with the EU. Russia can broaden the range of its exports and change their structure only through the development of competitive goods and services inside the country.

Meanwhile, the EU countries themselves do not display any special interest in a broader range of imports from Russia. In the medium term, they will most likely view this country rather as a source of energy resources. Stable energy supplies, along with political stability, are the main priorities of the today EU policy.

Concurrently, the European Union is searching for new resource suppliers in order to secure itself against possible cataclysms in Russia, as well as to deny Moscow even a theoretical possibility of using its energy supplies as an instrument of political pressure.

The experts agreed that the political and economic systems of Russia and the European Union are now incompatible. The Russian economic reforms from the very beginning proceeded under a strong influence of the so-called 'Anglo-Saxon model' and were not oriented to the EU's

continental standards. Although the influence of European standards has been gradually increasing, this tendency does not prevail in the development of Russian legislation, partly because of the dim prospects of Russia-EU relations. In the same way that Russia has not yet made up its mind with regard to the 'European choice', similarly the European Union has not yet made a firm decision on its long-term policy towards Russia.

Discussing relations with the EU in the context of Russia's accession to the World Trade Organisation (WTO), the experts disagreed on their assessment of the terms on which Russia and the EU signed a protocol on the completion of the negotiations, and on how this factor could be best used by Russia.

A majority of the experts believe that, despite the positive significance of the protocol's signing, the concessions which the EU has forced Russia to make may inflict great damage on the Russian economy as a whole, as well as on its individual corporations, such as Aeroflot, Gazprom and Russian Railroads. It also remains unclear what the balance of benefits and losses will be for Russia now that it has ratified the Kyoto Protocol. At the same time, an overwhelming majority of the workshop participants agreed that the closure of the WTO issue is a positive development as it has removed a major irritant from the Russian-EU agenda – if, of course, the European Commission does not try to 'unseal' it again.

The experts agreed that there are at present no effective mechanisms or instruments for protecting the interests of Russian private business at the level of Russia-EU relations. Russian businesses, with rare exception, are not ready to make serious investments in the creation of a lobby. Furthermore, the present format of the relationship between business and government in Russia is not conducive to protecting the interests of Russian entrepreneurs abroad.

Most of the experts agreed that the complicated relationship between business and government in today's Russia is one of the main reasons for the vulnerability of Russian economic actors in relations with the European Union.

This is a major reason why the Russia-EU negotiating process remains at a dead end and is non-transparent for the Russian business community and why its interests are not duly taken into consideration by the Russian authorities. Another problem is that Russia consults the business community only at the early stage of its negotiating process with Brussels. In order to solve political problems, Russian officials often sacrifice the material interests of businesses – even large corporations with state capital. The Commission, however, acts exactly in the opposite way – it meticulously bargains even on minor issues in the interests of European economic actors.

2.4 The Legal Base of Russia-EU Relations and the Problem of 'Four Common Spaces'

The legal base of Russia-EU relations has become outdated; moreover, it has been inadequate from the very beginning. The parties fail to completely fulfil the terms of their Partnership and Cooperation Agreement (PCA), concluded in 1994, and most of its key elements will no longer have any relevance after Russia joins the WTO. Furthermore, neither Russia nor the EU is preparing an adequate substitute for the PCA, which expires in 2007. The workshop participants unanimously agreed that top priority must be given to the preparation of a new 'major' treaty between Russia and the EU.

Russia and the EU continue working on new cooperation mechanisms, known as ‘four common spaces’.³ Acting by administrative inertia, Russian and EU officials are drafting a large package of agreements, whose fulfilment will require much time and effort from Russia. The workshop concluded that the two parties can reach agreement on common spaces in the economy and culture, including education. In the areas of internal and external security, however, serious differences remain. Also, the content, depth and duration of the common spaces are unclear; a majority of the experts (75%) described them as unpromising, at best, and dangerous, at worst.

Russia’s participants in the negotiating process include various government agencies which fail to coordinate their efforts among themselves. Besides, this process practically does not involve Russian businesses; their participation in the coordination of Russia’s negotiating position is largely formal. EU officials play on this situation and push through their own decisions, especially in the economic field. Often these actions are aimed at gaining unilateral advantages.

Some of the experts said the very concept of the common spaces may serve as a general framework for Russia-EU relations, which will be filled with specific moves and projects depending on circumstances. Other experts argued that this scenario may prove disadvantageous to Russia as, considering Moscow’s small negotiating capabilities, it would enable the EU to fill the agenda with its own initiatives and to block those of Russia. The experts failed to reach an agreement on this issue.

However, a majority of the experts warned against signing any formal agreements on the four common spaces in the present format of Russia-EU relations – especially given the fact that Brussels knows that the Russian negotiators are pressed for time and have to conclude an agreement. Most likely, the ‘common spaces’ will result in idle declarations concealing the absence of real cooperation. Also, agreements on the ‘common spaces’ may contain provisions that would be disadvantageous to Russia. This is what the present line of the European Commission is aimed at. Either of the above variants would create additional irritations.

The experts believe the work on the ‘common spaces’ should be continued but re-oriented to the preparation of a new ‘major’ treaty between Russia and the EU and agreements on individual projects.

2.5 The EU’s Russia Policy

The European Union is becoming increasingly aggressive towards Russia. Most importantly, this refers to the situation in the post-Soviet space and to competition for markets and economic channels of the future. In a way, the European Union, abiding by its goal of ‘Europeanising’ Russia and by its cooperationist agenda, is a tough rival of Russia in the economic field. All the workshop participants agreed with this statement.

Some of the experts said that the European Union’s proposals for cooperation with Russia’s border areas make the EU a rival to Moscow in Russia’s inner space. The EU’s economic attractiveness for some Russian regions serves as the main instrument in these efforts. This is particularly true in the Kaliningrad Region and Russia’s northwest territories where proposals for joint Russian-EU funding of development projects are invariably accompanied by Brussels’s wish to exert direct influence on state government in Russia – often to Russia’s disadvantage.

The EU’s new member states, which joined the Union in the spring of 2004, play a special – and ambiguous – role. A majority of them have taken a tough stance toward Russia; they try to

³ A common economic space, a common space of freedom, security and justice, a common space of cooperation in the field of external security, as well as a common space of research and education, including culture.

block pro-Russian initiatives of France, Germany or Italy inside the EU, seek a major role in mapping out the EU's Russia policy and want to extend their influence in the post-Soviet space. At the same time, the existing trade and people-to-people contacts with the former Communist allies give Russia additional advantages in its relations with the European Union, and it would be a mistake to ignore them. The growing centralisation of decision-making in the EU causes discomfort to its new members, which also gives Russia some room for manoeuvre.

The recent enlargement of the European Union has aggravated the Kaliningrad transit problem. All the experts participating in the workshop agreed that Russia should not expect any concessions from the EU with regard to the movement of Russian citizens between Russia and the Kaliningrad exclave. The only condition for a facilitated regime for Russians' travel in that region would be the EU's hypothetical control over the region and Russia's de facto loss of its sovereignty over that territory.

An overwhelming majority of the experts (85%) described the agreed Russian-EU 'solution' of the problem of the freedom of movement of people and goods between Kaliningrad and the rest of Russia as unsatisfactory and as Russia's failure. The de facto existing format of transit is in no way different from a full-scale visa regime; moreover, the right to issue transit documents belongs to foreign states which can deny permission for transit. Freight transit rates have been increasing fast.

It is also unlikely that Russia and individual EU countries will conclude bilateral agreements to facilitate the transit regime, which would not run counter to the Schengen Agreement, as was the case with similar agreements concluded by Russia with Germany and France.

2.6 Possible Scenarios for the Development of Russia-EU Relations

The experts were split on what scenario for the development of Russia-EU relations after 2005-2007 would be more advantageous to Russia.

The larger part of the experts (65%) believes that Russia would gain from a technical pause (not a freeze) in its relations with the European Union. This pause could be used to rethink and mend negative aspects of the present format of relations, prepare a more stable platform for the future and implement specific projects.

A pause is needed because the Russian economy and businesses are unprepared for closer relations with the EU. The Russian business community and even the government lack enough knowledge about EU mechanisms, while the Russian state does not defend domestic businesses from the pressure of rival companies and bureaucracy of the European Union. As a result, Russian corporations incur direct losses and can lose major markets for their goods and services.

Some of the experts favour a more active dialogue with the EU, fearing that a pause may evolve into a decline. At the same time, an overwhelming majority of the experts warned against an early conclusion of an agreement on 'four common spaces'. According to the poll, however, this majority is not overwhelming (60%).

2.7 The Level and quality of Russia's governmental structures Knowledge about the European Union

The experts concluded that Russia's administrative machinery is not prepared for the tasks set down by its EU policy. The structures that are responsible for interaction with the European Union are organisationally disunited, and the number of qualified personnel is insufficient to effectively work with the powerful bureaucratic machinery of Brussels.

Individual Russian agencies specialise in their narrow areas of cooperation with the EU and interact with their counterparts in European Commission subdivisions and other EU bodies without sound coordination of their efforts between themselves. In contrast, the individual agencies and departments of the European Union are highly coordinated.

Russia's society, political establishment and bureaucracy lack adequate knowledge of how the European Union operates. The number of people in Russia who are well informed about the inner workings of the European Union is very small (estimated in tens), and over the past few years their numbers have not increased. The growth in the number of qualified personnel in the 1990s has been offset by their peers leaving for the sphere of business where they do not use this knowledge at all or cannot use it in full. As a result, Commission officials take the drafting and decision-making processes under their control. Russia often lacks the people and time to prepare its own drafts for joint documents.

The representation of Russian business interests in Brussels is extremely weak or practically non-existent, and only a few Russian companies have lobbyists and legal staff there. The increase in the number of Russia's permanent representation to the European Union has been a positive move, yet the lobbying staff remains obviously insufficient.

3. Conclusions and Recommendations

3.1 Russia's Long-Term Strategy towards the EU and European Integration

The participants of the workshop unanimously agreed that the main problem of Russia's EU policy is the absence of a strategic vision concerning Russia's place in the pan-European context.

The main conclusion and recommendation of the experts was as follows: Russia's political class and society must choose a model for the country's development and define a strategic goal for its relations with the EU.

The experts argue there are only two possible models:

- 1) Russia's strategic integration with the EU which may result in its eventual accession to a new European Union; or
- 2) cooperation between two independent centres of power (each belonging to the community of developed democratic nations) that does not imply elements of formal integration, such as harmonisation of respective legislations, etc. (The community of developed nations can be defined as a 'democratic community', 'Euro-Atlantic community', or the 'world centre', etc.)

The experts did not discuss a model that Russia-EU relations may assume if Russia takes the path of stagnation, political degradation and disintegration.

The experts emphasised that, when choosing between the two variants, one must take into consideration that, if the present tendencies persist, including in Russia's internal development, most (if not all) of the former Soviet republics in the western part of the ex-Soviet Union will integrate into the Euro-Atlantic military and political system within the next few years and will seek EU membership.

An overwhelming majority of the experts concluded that the process of the European Union's continuing extension into the post-Soviet space cannot be stopped and should be viewed as an objective reality. In the future, the civilisational, military, political and economic divide may lie along the boundaries of Russia's western areas. It must also be taken into account that a

European Union of 2015 or, especially, 2030 will differ greatly, if not essentially, from the present Union. Russia must orient itself to the future, not present, EU.

3.2 The More Acceptable Scenario for the Development of Russia's Relations with the EU

An overwhelming majority of the workshop participants agreed that maintaining the status quo in Russian-European relations – preserving the present model of cooperation and trying to overcome the latent crisis by letting things run their natural course – would be unacceptable.

The experts disagreed over what scenario for the further development would be advantageous to Russia. They agreed, however, that the choice of a specific model of interaction (a decision not to integrate into the EU; a decrease in the level and format of Russia-EU relations; or an upgrade to a higher level of integration) will depend on Russia's strategic goal. If Russia builds its relations with the EU without having such a goal in mind, it will have to make ever-new unilateral concessions and its role will be reduced to merely reacting to the EU's proposals.

Considering the possibility of the EU evolving toward a 'common market plus' model (instead of a quasi-federative state) and the interests of Russia's modernisation, and provided Russia identifies itself as a European state, some of the experts recommended raising (theoretically) the issue of EU membership for Russia, thus elevating Russia-EU relations to a higher level of integration. They also proposed that Moscow enter into negotiations with Brussels for the replacement of the Partnership and Cooperation Agreement with an Association Agreement.

There are several reasons for this proposal. First, Russia is economically dependent on the European Union. Second, among Russia's foreign-policy partners and neighbours, the European Union is the most predictable, civilised and attractive. Third, Russia's acute demographic crisis, together with its increasing lag behind the advanced countries in terms of technological progress, will inevitably reduce its role as an independent global centre of power. Therefore, according to some of the experts, Russia's most rational, pragmatic and successful decision would be to end its unrealistic claims of being an absolutely independent 'pole' and assume a steady rapprochement with the European Union.

However, a majority of the experts who share the view that the most advantageous policy for Russia would be to nurture its relations with the EU, believe that drafting a Treaty of Association at this point in time would be premature. Russia should waive the present format of its relations with the EU and proceed to deeper integration in two stages.

Russia-EU relations have been hit by a crisis of confidence and systemic differences, which prevents raising these relations to a higher integration level at once. Besides, such a decision would be ineffective considering the peculiarities of the present political regime in Russia, as well as the need for the European Union to 'digest' its 10 new members (plus Bulgaria and Romania) and to carry out an institutional reform. Now when the EU's Russia policy is aimed at wresting economic and political concessions from Russia and at extending European (not international) legislation to Russian soil, attempts to raise the issue of upgrading Russia-EU relations would not be taken seriously and may result in increased pressure from Brussels.

Therefore, as an intermediate measure, Russia could revise its relations with the EU, removing any elements that does not meet Russia's objective interests.

First, any reference to integration must be temporarily removed from Russia-EU relations, in particular those references that demand the extrapolation of EU legislation to Russian soil. Russia's priority must be its adaptation to international, as opposed to European, legislation through accession to the World Trade Organisation. Once Russia's legal norms are brought into

line with international standards, Russia will be able to bring its relations with the EU to a higher integration level.

Second, Russia and the EU should draft and sign a new treaty that would provide for close economic and political relations between the two mutually independent economic and political actors on the world stage.

Third, relations with the European Union, which now dominate Russia's foreign policy agenda, should be temporarily given a less significant place in the hierarchy of Russia's foreign-policy priorities. The experts believe this move will help Russia and the European Union to achieve a higher level of integration in the future, as they will proceed not from the present negative state of affairs in their mutual relations but from a relatively clean sheet. Besides, it will be in line with the EU's rhetoric with regard to Russia, which Brussels describes as its 'strategic partner' along with the United States, Japan, China and India.

Some of the workshop participants insisted that lessening the significance of Russia-EU relations, together with the removal of integration references, must mark a final, rather than intermediate format and model of these relations. These experts argued that proceeding to a higher level of integration would make sense only if it results in full-scale EU membership, whereas intermediate stages would actually repeat the present format of Russia-EU relations, with its shortcomings. Following their logic, full-scale EU membership (even if it evolves into a 'common market plus' model) would damage the long-term interests of Russia as a global player. Besides, Russia and the EU are rivals in some areas of global politics, such as the future of the post-Soviet space and relations with the United States. Finally, Russia's mentality and political culture prevent it from accepting the idea of becoming 'one of numerous leaders' inside the European Union.

However, the experts expressing this point of view were in the minority; the majority of the experts believe that in the medium term and, particularly, in the long term, Russia will not be able to handle the task of becoming an independent centre of power in the global system, while siding with other centres of power (for example, China) would be either unrealistic or simply dangerous.

A 'Russian Model' of Relations with the EU

The experts unanimously concluded that none of the present models of the EU's relations with external partners (EU-US, 'New Neighbourhood', 'Swiss' or 'Norwegian' model, etc.) can be fully borrowed by Russia. Each of these models is based on a unique historical, economic, political and cultural platform and cannot mechanically be applied to Russia.

Of the various models of relations which the EU builds with its external partners, the least advantageous for Russia would be 'integration without membership'. Such a model (used, for example, in the EU-Norway relations) would provide for the harmonisation of Russian and EU legislation, but would deny Russia the right to participate in the drafting process of EU legislation. The 'Swiss' model may be somewhat more acceptable, as it provides for borrowing only those EU norms and standards that the recipient country finds advantageous.

The participants in the workshop recommended studying thoroughly all existing models and borrowing only those that would meet Russia's interests. The same relates to EU legislation – only those elements that are advantageous for Russia can be transferred onto Russian soil, including both those advantageous in themselves, and those advantageous for the development of relations with the EU.

An overwhelming majority of the experts agreed that any integration efforts on the part of Russia with regard to the EU will be successful only if it seeks to adopt a model of democracy

that would be similar to that of the EU. But given the conditions of the present situation, when the elites of Russia and the European Union have different values and views, attempts to borrow individual elements of integration can only serve to aggravate the negative atmosphere.

The experts unanimously agreed that the main criterion for choosing positive elements of other models of the EU's relations with external partners must be clarity with the final goal of Russia-EU relations – membership in the EU or intensive cooperation between two different actors.

The experts believe that, when choosing advantageous elements of cooperation with the EU, Moscow must take into account objective and subjective limitations imposed on the possible format of Russia-EU relations by the nature of the European Union and the logic of its functioning and interaction with external partners. When building a 'Russian model', Moscow must not only be guided by what is advantageous to it, but also by what the EU will really permit.

These limitations are as follows:

- the internal agenda of the European Union, which implies the need to adapt its new 10 members (plus Bulgaria and Romania);
- the European Union's constant striving to enforce its own legislation and standards on third countries as a condition for cooperation; and
- the integrationist nature of the EU, which does not allow it to depart from the set of common standards and rules for fear of its own disintegration.

Russia can soften the effect of these limiting factors if it adapts to international (not European) legislation and standards in the economic, judicial and other spheres first.

3.3 The Legal Base of Russia-EU Relations and the 'Four Common Spaces'

The experts concluded that the concept of 'four common spaces' cannot be viewed as an adequate replacement for the Russia-EU Partnership and Cooperation Agreement of 1994. At the same time, there is a serious threat that these 'spaces', rather than a new treaty, will serve as the basis of Russia-EU relations in the future. From a legal point of view, the concept of 'four common spaces' is beyond the juridical conceptual vocabulary. From the point of view of political relations, the content of Russia's and the European Union's joint 'road maps' does not bring Moscow any serious additional dividends.

Therefore, a majority of the experts proposed that official Russian bodies should not hurry with the drafting of joint Russia-EU documents on the 'common spaces'. They agreed that the main driving force behind the continued efforts in this field is the administrative and negotiating inertia on both parts, as well as the fear that a pause in the dialogue would increase the atmosphere of mutual mistrust. There are serious apprehensions that introducing additional irritating factors into Russia-EU relations would threaten the impermissibly small positive agenda of the parties.

A majority of the experts (80%) believe that the incompleteness of the work on joint documents concerning the 'four common spaces' would not be an obstacle to continued cooperation with the European Union in individual areas or for the conclusion of a new major treaty with the EU. Moreover, the work on the 'four spaces' would only create a false impression of progress in bilateral relations and would thus undermine stimuli for creating and implementing specific projects.

In the opinion of an overwhelming majority of the experts, Russia should refrain from signing any binding agreements with the European Union for the next two to three years. Russia should explain to its European partners that, given the present circumstances and taking into consideration the need to draft a new Russia-EU treaty, the parties should not hurry to conclude individual agreements – and even less so a ‘package’ of documents – on the ‘four spaces’.

Besides, the European Commission will, most likely, try to fix Moscow’s unilateral concessions through formal agreements. If, however, Russia does decide to sign documents with the EU, these should be limited to ‘agreements on strategic intent’. Further concessions would hit Russian society with the ‘Gorbachev-Kozyrev syndrome’ of the late 1980s-early 1990s when Moscow’s ‘at-your-service’ policy towards the West engendered resentment within the society. This resentment is still complicating development of constructive Russia-West relations.

The negotiations on the ‘common spaces’ should be re-directed towards the preparation of a new ‘major’ treaty between Russia and the EU, which must replace the 1994 PCA. Already now Russia should build an internal mechanism to draft its own variant of a new fundamental document.

This is particularly important as it will help increase Moscow’s initiative in its contacts with the European Union; until now, Moscow has only reacted to Commission-prepared projects. Russia should draft and propose its own variant of a new ‘major’ treaty with the EU for the period after 2007, as well as drafts of agreements on individual areas of cooperation and specific projects.

The experts repeatedly emphasised that the content and nature of a new treaty must be determined not by the need for ‘rapprochement’ or as a result of administrative inertia, but by Russia’s final goal in its relations with the EU. The formulation of a clear goal must precede the drafting of the treaty, and not vice versa. Russia’s goal with regard to the EU will determine whether the new treaty will be, say, a Treaty of Association or a less significant agreement that will not provide for any serious integration.

3.4 Russia’s Trade and Economic Relations with the EU and Russia’s Accession to the WTO

A majority of the experts agreed that Russia should diversify its exports and seek new markets. The growth of Russia’s aggregate exports must not depend solely on the situation in the EU market, which is already saturated with goods and services. At the same time, the EU is the most probable source of foreign direct investment in the Russian economy, which is required to develop new industries, improve ecological and technological culture and enter promising export markets.

Russia can increase its competitiveness by developing a transcontinental transport infrastructure. In this respect, Russia must revise its approach to transportation issues, which are now linked to the problems of national security only. The construction of new railroads, air navigation and air traffic control systems and the modernisation of existing ones, the construction of modern transit airports and the preservation of compensatory payments for non-stop flights along the promising trans-Siberian route are important steps in this direction.

Some of the experts recommended considering the ecological aspect of Russia’s trade with the EU. In the near future, environmental protection requirements will become a mighty weapon in the hands of the European Union, and Russia must be ready for that. It must forestall possible accusations against itself of ecological/social dumping.

Russia should take advantage of the completion of the WTO negotiations to address specific problems, such as relations in the post-Soviet space; the Kaliningrad issue; the drafting of a new Russia-EU treaty; and the future of the concept of ‘four common spaces’. Earlier, the need to

sign the WTO protocol forced Russia to make concessions to the EU which occasionally linked one issue or another to the WTO accession issue. Now that this ‘sword of Damocles’ has been removed, Russian negotiators have gained more freedom of action. Besides, if the negotiations on the ‘common spaces’ are re-directed into the context of the preparation of a new Russia-EU treaty, the new agenda will have to be filled with specific projects instead of mere declarations.

3.5 Addressing Problems Associated with the Kaliningrad Issue

According to an overwhelming majority of the experts (95%), the solution of the problem of transit and free travel between Kaliningrad and the rest of Russia is impossible without solving the problem of free travel between Russia and the European Union as a whole. The conclusion of a special treaty that would make special exceptions to the Schengen Agreement and abolish transit visa is ruled out.

3.6 Improving the Performance of Russian Official Bodies Interacting with the EU

In the unanimous opinion of the workshop participants, Russian official bodies engaged in routine interaction with the EU need to seriously improve the quality of their work. This can be done by increasing their personnel and funds, improving the personnel’s professional skills, implementing structural changes and better coordinating Russia’s EU policy.

Several experts proposed consolidating negotiation resources in one of the existing agencies or – in the long term – within the framework of a special agency on EU affairs. This move would help remove many of the problems caused by the lack of coordination of Russia’s position. Also, it would deny the Commission the possibility to push through its own decisions due to the lack of coordination among various Russian agencies.

The experts proposed that Russia’s Foreign Ministry should act as the coordinating agency for the transition period; this ministry boasts highly skilled negotiators and has rich experience in conducting multilateral negotiations. At the same time, other Russian ministries that are now engaged in dialogue with the EU must play their roles too. Their representatives must be involved in the coordination of positions within the framework of interdepartmental committees and in ad hoc working groups.

The establishment of ad hoc working groups was mentioned as a possible intermediate form of interaction. The experts spoke highly of the US experience in this field, which implies strict subordination of such a group to a higher governmental official with a sufficient scope of powers. The experts expressed doubts, however, that this system would work in Russia, given the present lack of efficiency and problematic administrative culture of the state apparatus.

If none of the existing government agencies is assigned the role of coordinator with the EU, priority must be given to the establishment of a special agency that would coordinate efforts to work out and advance a single Russian position on all aspects of relations with the European Union. This agency should actively pool the expertise of the Russian expert community. In particular, the experts put forward the idea of creating a broad public Council on Russia-EU relations, which would assess their current relationship and propose new initiatives for furthering rapprochement with the European Union.

Taking into account the increasing role of the European Parliament, it is important that Russia strengthen ties with it at the level of inter-parliamentary structures, public organisations and business associations. It is time for Russia to go beyond the framework of the existing inter-parliamentary dialogue and proceed to direct representation of Russian interests in the European

Parliament. The experts also proposed establishing ad hoc committees (subcommittees) on Russia-EU relations at Russia's Federal Assembly, as is done in many other countries.

Considering the acute shortage of specialists in EU affairs, which threatens the key interests of Russia and its national security, the experts spoke in favour of introducing special bonuses to encourage such specialists to work for government agencies.

On the whole, the experts expressed their dissatisfaction with the existing system of managing relations with the EU but failed to reach agreement on ways to improve this situation. The experts pointed out differences among government agencies.

3.7 Increasing the Role of Private Businesses

The participants in the workshop unanimously favoured strengthening the participation of Russia's business circles in implementing practical moves with regard to the European Union and in protecting Russia's economic interests in Brussels. To this end, clear-cut 'rules of the game' (distribution of powers) must be established in cooperation between Russian official bodies and private businesses.

New modern mechanisms for advancing Russia's economic interests in relations with the EU must be created on the basis of coordination and mutual support of private and state structures.

This can be achieved through more active interaction of the business community with Russia's official representation at the European Union, more active involvement of EU legal structures, and creation of its own infrastructure for influencing the decision-making process in the European Union. Also, Russian businesses and government agencies must use the Russian expert community in this field on a larger scale and promote its consolidation. To this end, the workshop participants proposed that Russian businesses invest in efforts to improve knowledge about the European Union in Russia.

The Russian business community must intensify efforts to establish its representation with a powerful analytical and legal potential in Brussels. Also, requests for analytical research should be submitted to Russian scientific and educational centres that still have groups of specialists in EU affairs.

3.8 Improving the Knowledge about the EU

The participants in the workshop unanimously agreed that Russia must urgently adopt a state programme for studying the European Union. Emphasis in these efforts must be placed not on purely theoretical studies, as is done in Russian academic institutes or institutions of higher education (the description of the European Union's institutions and its history), but on the study of all practical EU mechanisms – most importantly, European law – and on the training of experts in EU affairs, both in Russia and abroad. Applied knowledge of this kind will help Russian representatives to defend and promote Russia's interests and positions in a competent way.

The experts supported the idea of establishing a European College at the Moscow State Institute of International Relations, but agreed that this proposal is insufficient for achieving the above goals. More important is the mass education of Russian students and young specialists at European colleges and universities, as well as the establishment of specialised courses in Russia, involving Russian professors. The programme of training young specialists in EU affairs could become the subject of a special agreement with the European Union. Russia and the EU might jointly allocate funds for this purpose.

In the opinion of all the participants in the workshop, training of Russian specialists at educational institutions and government agencies of the European Union would provide them with unique knowledge and experience. It would give them an opportunity to understand how it feels to be in the shoes of a European bureaucrat, while enabling them to establish personal contacts with officials of the European Commission and other European institutions. Besides, it would help establish network ties between young Russian elites and elites of other European countries.

Public and civil society organisations that are establishing personal, professional and political ties with Europe are to be resolutely encouraged and supported.

Annex 1

Participants in the Workshop

Nadezhda Arbatova – Head of a Department of the Institute of the World Economy and International Relations, Russian Academy of Sciences; Scientific Director of the Russia in the United Europe Committee

Vladimir Baranovsky – Deputy Director of the Institute of the World Economy and International Relations, Russian Academy of Sciences

Timofei Bordachev – Deputy Editor-in-Chief of *Russia in Global Affairs*; Research Director of the Council on Foreign and Defense Policy

Yuri Borko – Head of the Center for European Integration Studies of the Institute of Europe, Russian Academy of Sciences

Dmitry Danilov – Head of the European Security Department of the Institute of Europe, Russian Academy of Sciences

Mark Entin – Director of the Institute of European Law at the Moscow State Institute of International Relations

Vladimir Feygin – Chief Executive of the ENGO Research Center

Leonid Grigoriev – President of the Association of Russian Economic Think Tanks; Deputy Director of the Expert Institute of the Russian Union of Industrialists and Entrepreneurs

Ruslan Grinberg – Director of the Institute of International Economic and Political Studies, Russian Academy of Sciences

Vagif Guseinov – Director of the Institute for Strategic Studies and Analysis

Sergei Karaganov – Chairman of the Editorial Board of *Russia in Global Affairs*; Deputy Director of the Institute of Europe, Russian Academy of Sciences; Chairman of the Presidium of the Council on Foreign and Defense Policy

Lev Koshlyakov – Deputy Director General and Director of the Public Relations Department of the Aeroflot Joint Stock Company

Vassily Likhachev – Member of the Federation Council of Russia's Federal Assembly, representative of the Republic of Ingushetia

Fyodor Lukyanov – Editor-in-Chief of *Russia in Global Affairs*

Vladimir Milov – President of the Institute of Energy Policy

Theodore Shtilkind – Deputy Director General of the Research Institute of the Economics of the Gas Industry (NIIGazekonomika Institute)

Alexei Sidorov – Director of the International Ties Department of Aeroflot JSC

Alexei Slizkov – Deputy Director of the Department for Foreign Economic Relations of Russia's Ministry for Economic Development and Trade

Sergei Sokolov – Director of the International Ties Department of Russia's Ministry of Transport

Dmitry Suslov – Deputy Director for Research at the Council on Foreign and Defense Policy

Sergey Yastrzhembsky – Aide to the President of the Russian Federation, Special Presidential Representative for Russia-EU Relations

Mikhail Yevdokimov – Deputy Head of the Department for Pan-European Cooperation of Russia's Foreign Ministry

Sergei Zonov – Head of the European Union Section of the Department for Foreign Economic Ties, Russia's Ministry for Economic Development and Trade

Stratagen - Strategic Agenda for the Greater European Neighbourhood

A Programme of the Centre for European Policy Studies (CEPS), for 2005-2010

Stratagen mission statement

- To define a vision for a Wider European order and the relationship between the enlarged EU and its Arab/Muslim neighbourhood;
- To develop these proposals in-depth and in policy-operational terms;
- To combine in-house research capacity with networks of individuals from leading research institutes in the EU and the neighbourhood, and to disseminate and advocate proposals throughout the region;
- To work independently from the EU institutions but in close interaction with them; and
- To decide on the sequencing and selection of priority topics with core stakeholders.

Over the last five years, CEPS has developed an exceptional expertise in European Union policies in the area often called the Wider Europe. This has been reflected in publications that have been both regional and thematic: *CEPS Plan for the Balkans* (1999), *Stability Pact for the Caucasus* (2000), *The Elephant and the Bear – EU, Russia and their Near Abroads* (2001), *Cyprus as Lighthouse of the East Mediterranean* (2002), *Norway, the European Economic Area and the European Union* (2002), *Europe's Black Sea Dimension* (2002), *The Rubic Cube of the Greater Middle East* (2003), *The Wider Europe Matrix* (2004), *Economic Transition in Central and Eastern Europe* (2004), *Europeanisation and Conflict Resolution* (2004), *Readings in European Security*, Vols. I (2002) and II (2004). These publications and related working papers are available from the CEPS' on-line bookshop, at <http://shop.ceps.be>

CEPS has decided to build on and strengthen its work in this broad area through the **Stratagen** programme over the five-year period 2005-2010. The rationale for this initiative follows from both the EU's historic enlargement on 1 May 2004, which now leads the EU to define a new neighbourhood policy, and the unprecedented turmoil in the Middle East in the aftermath of September 11th and the Iraq war, with its consequences for transatlantic relations.

The **Stratagen** programme will be organised under the following broad geographic areas:

- Northern neighbourhood policy, covering CIS states targeted by EU neighbourhood policy
- EU-Russian relations
- Southern neighbourhood policy, covering Mediterranean states, but reaching also into what is now officially called the Broader Middle East and North Africa (BMENA)
- Implications for transatlantic relations will be considered for all three regions above.

The analytical methodology will be multi-disciplinary: political science, international relations and European studies, economics and law.

The programme is led by Michael Emerson, CEPS Senior Research Fellow, together with Daniel Gros, CEPS Director. CEPS gratefully acknowledges financial support for the **Stratagen** programme from the Open Society Institute and the Compagnia di San Paolo.

About CEPS

Founded in 1983, the Centre for European Policy Studies is an independent policy research institute dedicated to producing sound policy research leading to constructive solutions to the challenges facing Europe today. Funding is obtained from membership fees, contributions from official institutions (European Commission, other international and multilateral institutions, and national bodies), foundation grants, project research, conferences fees and publication sales.

Goals

- To achieve high standards of academic excellence and maintain unqualified independence.
- To provide a forum for discussion among all stakeholders in the European policy process.
- To build collaborative networks of researchers, policy-makers and business across the whole of Europe.
- To disseminate our findings and views through a regular flow of publications and public events.

Assets and Achievements

- Complete independence to set its own priorities and freedom from any outside influence.
- Authoritative research by an international staff with a demonstrated capability to analyse policy questions and anticipate trends well before they become topics of general public discussion.
- Formation of seven different research networks, comprising some 140 research institutes from throughout Europe and beyond, to complement and consolidate our research expertise and to greatly extend our reach in a wide range of areas from agricultural and security policy to climate change, JHA and economic analysis.
- An extensive network of external collaborators, including some 35 senior associates with extensive working experience in EU affairs.

Programme Structure

CEPS is a place where creative and authoritative specialists reflect and comment on the problems and opportunities facing Europe today. This is evidenced by the depth and originality of its publications and the talent and prescience of its expanding research staff. The CEPS research programme is organised under two major headings:

Economic Policy

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 European Network of Economic Policy
 Research Institutes (ENEPRI)
 Financial Markets, Company Law & Taxation
 European Credit Research Institute (ECRI)
 Trade Developments & Policy
 Energy, Environment & Climate Change
 Agricultural Policy

Politics, Institutions and Security

The Future of Europe
 Justice and Home Affairs
 The Wider Europe
 South East Europe
 Caucasus & Black Sea
 EU-Russian/Ukraine Relations
 Mediterranean & Middle East
 CEPS-IISS European Security Forum

In addition to these two sets of research programmes, the Centre organises a variety of activities within the CEPS Policy Forum. These include CEPS task forces, lunchtime membership meetings, network meetings abroad, board-level briefings for CEPS corporate members, conferences, training seminars, major annual events (e.g. the CEPS Annual Conference) and internet and media relations.