Russia and the European Union: Wasteful Competition

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Since the collapse of the Soviet Union, Russia’s potential to contribute politically and economically to the stability of the Russia – European Union Shared Neighbourhood has been systematically undervalued. The regional integration initiative by the governments of Belarus, Kazakhstan and Russia has created a new institutional and ideological reality. However, the increased risk of political and economic competition with the European Union threatens to split the region into separate competing blocs, potentially limiting further regional development.

One of the negative factors is the long-term decline of the institutional tools that the EU can apply to sustain its presence in the region. As a consequence of previously used unilateral mechanisms, current European regional policy is ineffective. Because no prospects of membership can be offered to the countries in the Shared Neighbourhood, regulatory convergence with the EU depends increasingly on individual political regimes. This principle prevents a multilateral regional framework from emerging. The process is aggravated further by the increased role of irrational factors in EU regional policy, as opposed to security interests, since the mid 2000s.

However, since the beginning of Eurasian integration, the Shared Neighbourhood has entered a new phase of political and economic development, where irrational competition can only jeopardize the strategic goals of Russia and the EU. In the long term, both actors are interested in creating a coherent regional subsystem, based on multilateral formats of regional cooperation.

Key words: Eastern Partnership, Russia – EU relations, post-Soviet space, Eurasian integration, Shared Neighbourhood, European Neighbourhood Policy

Introduction

The formation of the new independent states after the end of the Soviet Union in the early 1990s was accompanied by significant political, economic, social and regional changes. Today, a complex interplay of economic and political relations, both within national borders and on a region-wide scale, remains a main characteristic of the Russia–European Union Shared

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Neighbourhood. As a result, the inevitable fragility of the emerging regional subsystem carries significant risks for successful national development.

A strong institutional basis for all members of the Shared Neighbourhood could be the key to regional stability and integrity. It would require the active participation of two key actors — Russia and the European Union. However, the EU is increasingly focused on its own internal development problems, rather than on reforming its regional policy to ensure a long-term regional presence and multilateral institutional instruments.

The conceptual vagueness of current EU external policy for the Shared Neighbourhood stands in stark contrast to its proactive strategy for the countries of Central and Eastern Europe that characterized the 1990s. In the absence of functioning institutional mechanisms for multilateral cooperation, the EU has sacrificed regional integrity for short-term unilateral gains in terms of its own regional influence, not taking into account the qualitatively new stage of development achieved by the region in the second half of the 2000s. Attempts to differentiate members of the Eastern Partnership according to their value-convergence with the EU threaten European security interests by increasing the role of irrationality in its regional policy, and raise the risk of increased competition with Russia.

However, the logic of regional development does not necessarily imply an emergence of regional competition between Russia and the EU in the Shared Neighbourhood. The goals of the regional policies of both actors are defined by different priorities, although Russia and the EU are equally interested in multilateral forms of regional cooperation, which increases demands on the institutional design of any political projects in the Shared Neighbourhood.

The regional subsystem after the collapse of the USSR

In 2006, Boris Yeltsin, the former president of Russia, said that the independence of the republics from the USSR “happened without any conflict or bloodshed, which is important” [Russia Today, 2006]. The establishment of the Commonwealth of Independent States (CIS) in 1991 marked the collapse of the existing political system rather than a possible sustainable mechanism for cooperation among the former Soviet republics.

After this “civilized divorce,” the CIS had no sufficient institutional capacity for the co-development of its member states. According to experts, the main economic and social indicators showed that intraregional trade dramatically declined by one third of the level from 1990 to 1993 [Williamson, 1992]. In 1999, trade among CIS members accounted for only 27.3% of total regional exports [Zhukov and Reznikova, 2007]. One of the main problems resulted from the exceptional heterogeneity of the states, not only in terms of economic development but also in terms of national political priorities [Trenin, 2009]. In the early 1990s, political uncertainty was intensified by a number of domestic and international conflicts accompanied by ethnic clashes. Many of these conflicts have still not been fully settled.

However, during this period, western countries limited their policies toward the former Soviet Union mainly to regional security. For the more than two decades after the end of the 1980s, European efforts focused almost entirely on the internal enlargement of the EU and the addition of Central and Eastern European countries, which predictably reduced the EU’s activity in other areas [Georgiadis, 2008]. “Europe and the challenge of enlargement,” a report prepared by the European Commission for the 1992 European Council in Lisbon, did not contain any political statements about post-Soviet countries. The EU’s program of Technical Assistance to the Commonwealth of Independent States (Tacis), which functioned from 1991 to 2006, also aimed largely at developing cooperation on the priorities of EU nuclear and energy security. In addition, according to European estimates, even with this limited cooperation with
CIS countries, the partners lacked the basics at the start: “The European Commission’s Tacis Programme had to be built up from scratch. Internally, no adequate procedures, no adequate rules and regulations, no common corporate culture were in place” [Frenz, 2006, p. 2].

In 2002, Romano Prodi, president of the European Commission, officially voiced the position:

> Let me reiterate. The current enlargement is the greatest contribution to sustainable stability and security on the European continent that the EU ever made. It is one of the most successful and impressive political transformations of the twentieth century ... I do not deny that this process has worked very well. But we cannot go on enlarging forever. We cannot water down the European political project and turn the European Union into just a free trade area on a continental scale.

Thus, in the absence of any intention to include post-Soviet countries in the EU’s internal structure, relations between them were historically defined by security interests. The existing mismatch between the goals of European policy and the practical tools of its implementation on a multilateral institutional basis became increasingly important.

For Russia, by contrast, regional relations over the 20 years since the collapse of the USSR have been gradually transformed from passive, weakly institutionalized interaction with neighbouring countries to more active forms of organized partnership. Early in the 21st century, several regional projects were launched to enhance the economic and political integration with a small number of stakeholders. In 2000 the Treaty establishing the Union State of Belarus and Russia came into force. In 2000 the Eurasian Economic Community (EEC) was established; in 2003 the leaders of Belarus, Russia, Kazakhstan and Ukraine signed a letter of intent to create a single economic union. Parallel attempts aimed at rethinking the organizational capacity of the CIS to foster cooperation among the participating countries. In 1999, the CIS reformed its institutional structure to boost sectoral economic cooperation. In 2002, the Collective Security Treaty was transformed into a full-fledged intergovernmental organization.

However, by the mid 2000s, regional integration in the post-Soviet space did not take the form of the so-called “spaghetti bowl,” as in the Asia-Pacific region. In contrast it was characterized by a growing risk of isolation emerging among different regional blocs as opposed to a system of crisscrossing economic commitments.

As a result, for several Shared Neighbourhood countries, manoeuvring among the centres of regional influence became the most rational way to gain additional political and economic benefits. The low level of implementation of intergovernmental agreements constituted a common problem, which even led some researchers to talk about inertia and the fact that “despite the obvious absence of economic and political gains governments still continue initiating new projects of regional integration and ‘imitating’ integration activity” in the post-Soviet space [Libman, 2007, p. 402].

The risk of increased competition between Russia and the EU has grown since the start of a new phase of regional cooperation in the mid 2000s.

### The Shared Neighbourhood region since the mid 2000s

Events of the second half of the 2000s marked the conclusion of a period of political and economic transformation in the post-Soviet space and the formation of the Shared Neighbourhood region between Russia and the EU. As Sergey Karaganov [2013] wrote about Russian-European cooperation, “the idea of creating a union of Europe — a single economic, energy and humanitarian area stretching from France’s Brest to Vladivostok with the inclusion of ‘undecided’ states such as Turkey and Ukraine — objectively meets the interests of all. It would create a third
pillar of the future world order, which would strengthen European as well as international sta-

bility ... along with China and the U.S.”

However, positive trends emerged in the regional reality of practical difficulties associated
with the lack of multilateral institutions that would involve all actors of the Shared Neighbour-

hood equally. Those difficulties were reflected in the increasing discrepancy between the EU’s
regional security objectives, which implied multilateralism, and the existing unilateral mecha-

nisms of their implementation.

By 2004, after an ambitious enlargement process that included Central and Eastern Euro-

pean countries, the number of EU members increased to 25 and its external relations became
more heterogeneous. The EU now needed to develop relations with its bordering regions, which
included other countries in Eastern Europe, the Caucasus, the Western Balkans and the Medi-

terranean.

In 2003, the European Neighbourhood Policy (ENP) contained the notion of a “ring
of friends” along the European borders that would represent a single strategy in EU external
relations. It would build security in neighbouring regions by creating a group of “well governed
countries” [European Council, 2003, p. 8]. Limits were set on enlargement as a means of inter-

action with partner countries.

It was assumed that this policy would provide a universal incentive for the development
of EU relations with its neighbours and facilitate voluntary regional economic integration and
political stability at its borders [Harris, 2004]. As a result, EU external relations concentrated
on cross-border relations in the areas of the economy and investment, as well as security in a
broad sense. The EU was declared responsible for developing interregional and subregional
integration in border areas, which was considered a precondition for political stability, sustain-
able economic growth and the levelling of social distinctions in the bordering countries. The
prospect of gradually including those bordering countries into a single internal market similar
to the Barcelona process was meant to encourage relations with the countries in the Shared
Neighbourhood.

However, a multitude of regional contexts raised the issue of the effectiveness of a single
format for interaction. As Karen Smith wrote [2005, p. 771], the ENP was “a policy based on
strengthening the bilateral links between the EU and each neighbour – a policy for neighbours
rather than a neighbourhood policy.” Indeed, the two regions faced significantly different in-
ternal challenges, which contributed to a gradual diversification in EU external policies, as well
as to the increasing domestic contradictions among EU members in relation to their common
policy priorities.

The first response to the problems related to the eastern region came in the “European
Neighbourhood Policy Plus,” the initiative launched during the German presidency of the Eu-

ropean Council in 2007. A key component aimed at a greater differentiation among the policy
packages offered to partner countries by the EU in an advanced system of incentives for legal
convergence.

Security and economic development lay at the centre of the German vision of the new
regional policy for the east. German foreign minister Frank-Walter Steinmeier stated [2007,
p. 51] that “the European Union has a vested interest in strong, stable partners and friends in its
immediate neighborhood ... if Europe does not strengthen security, prosperity, and the rule of
law in its own neighborhood, it will end up importing instability.” Germany proposed expand-
ing the single European market by through free trade agreements. The EU’s readiness, demon-
strated by differentiating areas of cooperation in the interests of European security, reaffirmed
this pragmatic approach. In particular, there were attempts to strengthen Russia’s involvement
in regional cooperation on energy.
By the mid 2000s, the rhetoric of the Shared Neighbourhood countries’ adaptation to European standards had been saved and strengthened, although without any multilateral mechanisms for implementation. The progress report on the presidency submitted to the EU Council in 2007 refers to the need for the EU to “focus on partners’ comparative advantages and thus feature elements of asymmetry in their favour as appropriate. In return, partners must continue opening their economic systems and selectively adopt relevant parts of the EU acquis” [General Affairs and External Relations Council, 2007, p. 7].

In the continuing evolution of the ENP, several important adjustments were introduced in 2008. The EU regional strategy began to emphasize the political aspects of regional cooperation. In June 2008 the EU Council supported a joint Polish-Swedish initiative to develop a special relationship with the countries of Eastern Europe and the Caucasus. At the first Eastern Partnership Summit, held in Prague in May 2009, the parties confirmed that the new EU regional policy for the east should be “a clear political message about the need to maintain and bolster the course towards reforms” [EU Council, 2009, p. 6].

To enhance the reform process, the EU offered to assist in developing effective governance mechanisms in the partner countries, including providing support for changes in the financial sector, regional development and social systems. Additional institutional mechanisms were introduced for four thematic platforms: democracy, good governance and stability, economic integration, and convergence with EU policies, energy security, and contacts among people. Priority areas of cooperation were also institutionalized in “flagship initiatives.” The areas of greatest cooperation included managing joint borders and liberalizing visa regimes.

A new system of association agreements supported a more active way to extend the EU’s regulatory influence on a bilateral basis. Comprehensive free trade areas would be developed “where the positive effects of trade and investment liberalization [would] be strengthened by regulatory approximation leading to convergence with EU laws and standards [in general]” [EU Council, 2009, p. 7].

However, the Eastern Partnership initiative has not brought any substantial institutional change to the implementation mechanisms of the European Neighbourhood Policy. No multilateral regional framework has been created. The traditional instruments of the EU’s regional policy have instead been supplemented by political conditionality. As a result, since the beginning of the 21st century, the political discourse has been dominated by an emphasis on the political solidarity that neighbouring countries should demonstrate with the EU.

In 2010, Polish foreign minister Radoslaw Sikorski and Swedish foreign minister Carl Bildt [2010] issued a joint letter on the importance of establishing a clear mechanism for the economic integration of the neighbouring countries, emphasizing the long-term character of this process. Economic integration with the EU had acquired an increasingly important feature of political conditionality, which had transformed ENP priorities. In the medium term, the EU encouraged more active bilateral interaction, accompanied by a strengthened role of individual governments, both within the EU and with its partners.

This trend suggested negative consequences in terms of any long-term institutional cooperation, and as a result undermined the initial goal of stabilizing the EU’s external relations in the Shared Neighbourhood. As Karen Smith [2005, p. 759] writes, “Russia’s relations with its ‘near abroad’ are particularly sensitive, and the absence of Russia from the framework that is supposed to address difficult cross-border issues leaves a large hole in the middle of the policy.” The EU still has no institutional tools either to control or to stabilize individual countries in its surrounding region. For the development of EU – Russia relations, the growing inclusion of irrational factors in EU regional policy increase the possibilities of competition and unpredictability in that region.
The significance of constructive and multilateral regional participation on the part of the EU has been increased since the Eurasian integration project began. The inefficiency of the Eastern Partnership institutional format, aggravated at the end of the first decade of the 21st century by the added irrational factor of a “commitment to shared values” as a key indicator of cooperation, has had negative consequences for the Shared Neighbourhood.

In 2010, the process of regional integration with Russia reached a new level. The customs union of Belarus, Kazakhstan and Russia was initiated and then supplemented by deeper trade and economic integration as part of the Common Economic Space. The supranational Eurasian Economic Commission was given more capacity to control the implementation of intergovernmental agreements than ever before in post-Soviet history. As stated at that time by Russian prime minister Vladimir Putin:\(^2\)

> The integration project is entering a qualitatively new phase, opening up broad prospects for economic development and creating a competitive advantage. Through this joint effort, we will be able not only to fit into the global economy and trade, but also to participate meaningfully in the decision making that defines the rules and determines the contours of the future.

However, in the absence of multilateral mechanisms that would foster intraregional dialogue and cooperation, competition between the EU and Russia has increased. This situation, made worse by irrational factors in the EU’s regional policy, does not lead to the effective implementation of the strategic objectives that both actors pursue.

The EU is forced to sacrifice the integrity of its regional system, making the development of security relations with neighbouring countries conditional on the regulatory cooperation with the specific political regimes within the Shared Neighbourhood. The continuing heterogeneity of the regional system in fact prevents the EU from creating a consistent multilateral strategy for its regional relations, as well as from comprehensively assessing ongoing results [Bosse, 2009]. For Russia, competition within the Shared Neighbourhood also raises the risk of artificially accelerating the pace of Eurasian integration, which could jeopardize its future prospects.

**Conclusion**

Competition between Russia and the EU for individual countries in the Shared Neighbourhood must give way to effective multilateral mechanisms for cooperation between the two institutionalized integration blocs.

During the large-scale political and economic transformations associated with break-up of the Soviet Union in the early 1990s, the EU made an unprecedented contribution to regional stability by integrating several Central and Eastern European countries into its structure. However, in the current stage of regional development, the institutional impact of that process on the EU’s policy toward its neighbouring countries is now in turn breaking up the EU – Russia Shared Neighbourhood.

In the years after the EU’s 2004 enlargement, regional security was the main topic of European discourse. Since then, while preserving the traditional shortcomings of the institutional structure, there has been an attempt to promote political integration based on value-convergence.

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As a result, the maturity of the EU’s legal system contrasts ironically with the stagnant state of cooperation between the EU and its external region. The EU is facing the unpredictability of its partnering countries, without any adequate institutional arrangements, which are currently based on the contradiction between the security goals and proclaimed convergence of values. Under the circumstances, with Russia having achieved its potential as an additional provider of security and economic growth in the Shared Neighbourhood, the process of Eurasian integration has been artificially and irrationally politicized.

Because of the EU’s longstanding diminished participation in the Shared Neighbourhood, Russia’s efforts to engage both European and Eurasian integration blocs in a constructive dialogue are attracting growing significance. The fact that today Russia and the European Union are interested in creating multilateral forms of intraregional relations bodes well for the prospects for cooperation in the long term.

References


Россия и Европейский союз: конкуренция от недопонимания

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Потенциал России как контрибутора безопасности и проводника экономического роста в регионе общего соседства России и Европейского союза долгое время был недооценен. Сегодня интеграционный выбор национальных элит Белоруссии, Казахстана и России создает в регионе новую политическую и институциональную реальность. Однако высокий риск развития конкуренции с Европейским союзом создает угрозу разделения региона на отдельные конкурирующие блоки, что может существенно ограничить его совокупный потенциал.

Одним из негативных факторов является снижение ресурсов конструктивного долгосрочного присутствия в регионе общего соседства Европейского союза. Последствием доминирования односторонних механизмов во взаимодействии ЕС с внешним окружением в предыдущий исторический период стала недостаточная эффективность современной европейской политики соседства. В отсутствие перспектив членства нормативное сближение стран-партнеров с Европейским союзом было поставлено в зависимость от политических режимов отдельных стран и не способствовало созданию многосторонних форматов регионального взаимодействия.

С началом процессов евразийской интеграции регион вошел в новую фазу политического и экономического развития. Однако стратегия ЕС по более дифференцированному подходу к странам-партнерам с Европейским союзом было поставлено в зависимость от политических режимов отдельных стран и не способствовало созданию многосторонних форматов регионального взаимодействия.

В результате риск конкуренции за страны общего соседства не способствует эффективной реализации стратегических целей России и Европейского союза. В долгосрочной перспективе оба актора заинтересованы в создании целостной региональной подсистемы, опирающейся на многосторонние форматы регионального взаимодействия.

Ключевые слова: Восточное партнерство, российско-европейские отношения, общее соседство России и Европейского союза, евразийская интеграция

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