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*The EU-Russia Relations in the Context
of the Eastern Neighbourhood*

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THE EU-RUSSIA RELATIONS IN THE CONTEXT OF THE EASTERN NEIGHBOURHOOD¹

Executive summary

This report briefly examines EU-Russia relations in the context of the eastern neighbourhood. It contends that both the EU and Russia's ambitions for the eastern region have evolved into two *competing region-building projects* underpinned by differing strategies, norms, instruments, and actors. Although projecting competing rationalities, the two projects, until recently, had peacefully co-existed, working around conflicting issues of political norms and economic convergence, which were not necessarily seen as insurmountable for furthering regional cooperation. Their subsequent politicisation and securitisation, as a consequence of events in Ukraine, have rendered regional partnership currently *incompatible*, revealing a profound lack of understanding the region by both the EU and Russia; and the EU under-exploited capacity to work co-jointly with the Eurasian Union (and Russia) vis-a-vis the region. This report contends that the EU must make an effort to acknowledge and engage with the above actors in the region, in order to develop cooperative strategies, based on shared interests, international norms and compatible instruments for the advancement of economic and political convergence.

¹ This policy paper was submitted and published as part of the House of Lords' inquiry into 'The EU and Russia: before and beyond the crisis in Ukraine', February 2015 available at: www.publications.parliament.uk/pa/ld201415/ldselect/lddeucom/115/11507.htm#a47

1 SETTING THE SCENE: DE FACTO COMPETING, DE JURE CONFLICTING REGIONAL PROJECTS?

1.1 The EU's approach towards the eastern neighbourhood has evolved to become an inclusive EU-centred regional policy

With the articulation of its 'proximity policy' in 2002, the EU registered its explicit interest towards the eastern region, but had no particular strategy or vision to support its intentions.² The initial policy resembled more of a generalist security-predicated aid package, primarily intending to safeguard EU borders (Youngs 2009). Its subsequent reformulation into a European Neighbourhood Policy (ENP) rendered it a 'wider-European' focus with an overarching responsibility over the region underpinned by an 'enlargement-light' strategy (Commission 2004). However, with the launch of the Eastern Partnership Initiative (EaP) in 2009, the policy gradually acquired a more pronounced (and contested) *region-building narrative* (Commission 2009). At its core was the promotion of low-key technocratic strategies of engagement to codify an EU-centred agenda into a series of roadmaps and Associations' requirements, with some profound implications for the wider region.³

The policy's 'regional' framing was predicated on two fundamental principles of EU effective multilateral regionalism – externalisation of EU governance and the promotion of 'European cohesiveness', thus naturally prioritising the EU legal and economic *acquis* to 'first and foremost... ensure that the benefits of the single European market based on free movements of goods and services, labour and capital, were as widely spread as possible' (Ibid). As far as the European neighbourhood was concerned, as the Commission further argued, 'the EU [specifically] wished to promote key concepts of EU regional policy such as open markets, respect for environment, participative democracy and partnership in the conception and implementation of its *development policy*' (Commission 2014; emphasis added).

Having encountered much criticism from its own institutions and the region itself, by 2012 the ENP/EaP became reduced to 'a set of instruments'⁴ to further the Eastern region's internalisation of EU norms and regulations, supported by complex machinery of financial tools and inclusive of all levels of society. The instruments in particular evolved to reflect the EU's manifold aspects of economic and legal *acquis*, as transcribed in individualised roadmaps (Commission 2012) and more recently, the EU Association Agreements, now signed with Ukraine, Moldova and Georgia. The anticipated impact of these agreements, as claimed, was to develop 'capacity of the third countries to set strategies and prioritise *convergence* of their regional policies with those of the EU' (European Commission 2014:7, emphasis added). The overall aim, as initially conceived, was to bolster the formation of a Neighbourhood Economic Community (Casier et al 2014), as part of the EU-centred inter-regionalist strategies.

As a region-building project, the policy by definition entails inclusion and exclusion (Delcour 2011), favouring conformity and isolating resistance, which also extends to Russia, who had originally refused to be part of the EU's ENP, and presently has set to pursue a region-building strategy of its own.

1.2 From the start Russia has intended hegemonic region-building policies towards the eastern neighbourhood, while carefully observing EU actions in the region

Following the dissolution of the USSR, and the subsequent inter-state integration tendencies, especially in economic and humanitarian fields, in 2007 Russia, Belarus and Kazakhstan, at the latter's initiative, inaugurated the Eurasian Customs Union (ECU), an (alternative) Russian-led, region-building project in the post-Soviet space (Eurasian Economic Commission 2013). The construction of the ECU

and the forthcoming Economic Union (EEU) allegedly emulates the EU's supranational structures (Karlyuk 2012) and has considerably moved apace from signing the initial treaty on the ECU Commission and Common Territory (2007), to establishing the ECU in 2011 and the new Eurasian Economic Commission in 2011, and a single economic space (SES) in 2012. The launch of the EEU took place in 2015, involving further expansion of its membership to Armenia, Kyrgyzstan, and as prospective members – Tajikistan, Turkey and Iran. Noting this fast-flowing regional integration, Vladimir Putin commented:

'It took Europe 40 years to move from the European Coal and Steel Community to the full European Union. The establishment of the Customs Union and the Common Economic Space is proceeding at a much faster pace because we could draw on the experience of the EU and other regional associations. We see their strengths and weaknesses. And this is our obvious advantage since it means we are in a position to avoid mistakes and unnecessary bureaucratic superstructures'.⁵

The key features of this alternative regional integration project include *market harmonisation*,⁶ and interest-driven multilateral partnerships often led by Russia, with the consentment of other signatories. Since its launch this regional project has not received adequate international recognition. At the same time, as Dragneva and Wolczuk contend, 'unlike previous integration regimes, the ECU and SES provision have developed alongside Russia's accession to the WTO in 2012,... in future agreements to comply with the WTO regime, even in the case of non-WTO members, and for WTO law to prevail over any conflicting ECU provision' (2014).

Russia's special interests in fostering closer cooperation with its 'near abroad' have been *de jure* stipulated in its foreign policy strategies of 1993 and 1998, and reinforced further by pre-existing and increasing cooperation across the region. Hence, the AAs' signature by Ukraine, Moldova and Georgia, presuming closer political, economic and legal integration with the EU, has led to adverse reaction by Russia, resulting in *politicisation* of two competing but not yet conflicting or *incompatible* region-building projects in the neighbourhood.



² Hence, the initial inclusion of Russia (subsequently rejected by the latter), and almost incidental of the Southern Caucasus. For more discussion see Korosteleva 2012; Delcour 2011

³ EU region-building policies de facto assume the primacy of economic inter-regional cooperation, without a prospect of EU membership for the willing partners

⁴ From the author's interviews with Commission officials in 2012

⁵ www.russianmission.eu/en/news/article-prime-minister-vladimir-putin-new-integration-project-eurasia-future-making-izvestia-3

⁶ This is different to the EU's unilateral convergence requirements for DCFTAs, but similar to the EU's *modus operandi* with Switzerland, Canada, Norway etc. based on the conformity assessment principles. See http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/mutual_recognition_agreement/index_en.htm

1 SETTING THE SCENE: DE FACTO COMPETING, DE JURE CONFLICTING REGIONAL PROJECTS? CONT

1.3 De facto regional competition: 'shared', 'common' or 'no-man's land' neighbourhood?

The EaP and ECU region-building projects, by their design and objectives, do not seem dissimilar in their rhetorical projections by both the EU and Russia. At the same time the process of their realisation points to an enduring practice of tacit competition between the projects and recently articulated *incompatibility* of their respective economic components. This sense of rivalry between the two regional powers in the neighbourhood has been registered by public opinion⁷ as 'alarming' and un conducive to the future sustainability of the region, and which, as the latest events in Ukraine illustrate, leads to the long-term instability and conflict in the neighbourhood, as well as the disruption of global order.

What are the seeming commonalities and differences between the projects, and could they co-exist?

First, both projects effectively target an overlapping zone of interest – the eastern neighbourhood – which, however, is framed in somewhat conflicting terms by the EU and Russia. In particular, the former refers to the region as 'shared neighbourhood', *de facto* extending the EU governance bias towards the region. Conversely, Russia, from the early 2000s has been methodically depicting the region as 'common' rather than 'shared', with subtle but crucial difference which invokes an alternative meaning – of a no-man's land – for the same region (Shishkina 2013). More importantly, these terms of reference have been significantly politicised in the Russian media adversely affecting perceptions as well as prospects for future cooperation across the region.

Second, both the EU and Russia claim to have an overlapping 'grand vision' for the region, especially in terms of their prospective inter-regional economic cooperation. The Commission, for example, contends: 'Our vision is that these agreements should contribute in the long term to the eventual creation of a common economic space from Lisbon to Vladivostok, based on the WTO rules' (Füle, 2013). In a similar manner, at the inception of the project Vladimir Putin, the then Prime Minister, insisted that 'we suggest a powerful supranational association capable of becoming one of the poles in the modern world and serving as an efficient bridge between Europe and the dynamic Asia-Pacific region... Alongside other key players and regional structures, such as the European Union, the United States, China and APEC, the Eurasian Union will help ensure global sustainable development' (2011).⁸ This overlapping 'grand rhetoric' of the EU and Russia, however, falls short when comes to its implementation, resembling more a tug-of-war than partnership for regional modernisation. While the EU demands convergence with its *acquis*, which is claimed to be incompatible with the ECU standards; Russia conversely, although envisaging a prospective application of the WTO rules to the EEU, operates more through compulsion and dependency arguments bearing the mark of the Soviet times.

Finally, both the EU and Russia clearly recognise each other's presence and interests in the region, often stipulated in their respective official discourses. At the same time, in this acknowledgement of interests, they fail to understand, let alone to facilitate the need for interface and dialogue over and with the region. Instead, they continue their advancement of overlapping but disjointed projects in the region, which in 2013, owing to their highly politicised focus on economic integration (see section 2 for illustration), led to the eruption of conflict in Ukraine.

While recognising the region's historical complexity, the EU efforts in particular fall short of discernment and resemble more of an 'ostrich' approach in a blinkered pursuit of its technocratic governance. Even in 2013, in the midst of the emerging tensions in the wider region, the EU approach remained unaltered: while negotiating the divisive AA/DCFTA with Ukraine, the EU also had separate talks with Russia on a 'new' PCA agreement, to belatedly consider 'provisions for greater convergence of the regulatory framework between the EU and Russia', which however did not aim to defuse regional tensions caused by the alleged 'incompatibility' of the two economic projects, but rather 'to generate stability and predictability for both Russian and EU companies' (Füle 2013). The decision to finally triangulate the EU and Russia's intentions with Ukraine came rather late in 2014, as a consequence of war and the negotiated ceasefire in Ukraine whereby the DCFTA implementation by the latter was agreed to be delayed by six months, on Russia's demands (Council 2014). Furthermore, while the Commission proposed to establish contact with the Eurasian Union to begin negotiations on harmonisation of respective FTAs between the EU and the EEU,⁹ there has been no further forthcoming official engagement to acknowledge the EEU. At the same time, this new rhetoric of postponement and prospective FTA discussions, cannot by itself reconcile more pressing issues of competition and incompatibility in the region, and requires urgent prospective thinking.



⁷ Opinion polls were conducted by the author in Belarus in 2013 and Moldova in 2014; findings have been corroborated by other survey sources. For more information visit www.kent.ac.uk/politics/gec/research/index.html

⁸ www.russianmission.eu/en/news/article-prime-minister-vladimir-putin-new-integration-project-eurasia-future-making-izvestia-3-

⁹ www.focus-fen.net/news/2014/09/13/348455/unian-it-is-time-for-eu-to-establish-official-contacts-with-eurasian-union-says-fule.html

2 THE BATTLE OF DISCOURSES: FROM COMPETITION TO CONFLICT

This section offers an illustration of how inflammable the unresolved discourses of competing and allegedly incompatible regional projects are; and how easily they can shift from their politicisation to the level of securitisation and war. The reverse process, that the region presently requires, is far more difficult to ensure.

Interpretation of the 2013-14 tensions in the eastern region:

Rhetorical pronouncements of major players could *de facto* form real action, which may disrupt or reinforce stability. Consequently, and precisely through utterance, by declaring essential aspects of their respective regional projects (trade agreements – DCFTA and ECU codes) *incompatible*, the relations between the EU and Russia immediately became *politicised*. This was initiated with the EU's moderate but miscalculated campaign to accelerate or arguably compel Ukraine to a decision over the AA at the then forthcoming EaP summit in the autumn 2013: 'It is crucial to define a vision for the coexistence and mutual enrichment of the regional projects as not to end up with two different sets of rules in the European Union economic space and in the Customs Union' (Füle 2013). Russia's authorities followed suit immediately by impressing the alternative choice on Presidents Yanukovich of Ukraine and Sargsyan of Armenia.¹⁰

The EU's politicisation campaign intensified in the autumn 2013 responding to Russia's growing pressure on the neighbourhood. Two regional projects were declared fully dichotomous and the expression of 'choice' and 'allegiances' was required from partner countries.

The consequences have been debilitating for the region and the status-quo of global order. While Ukraine refused to sign a deal with the EU at the Vilnius summit, it lost control over its own population, resulting in the Euromaidan protests and the ousting of President Yanukovich. From that moment, EU-Russia relations became fully **securitised**, following Russia's invasion and annexation of Crimea, and its continued threat of intervention into eastern Ukraine.

Securitisation also left the EU and the international system incapacitated. While drafting NATO troops to Ukraine's western borders, with Russian troops stationed on high alert on Ukraine's eastern border, the global actors lost control over a common strategy vis-à-vis Russia. Several months after Russia's annexation of Crimea, this highly securitised discourse between the EU and Russia continues to dominate the EaP landscape – despite engaging in several rounds of Minsk talks on peacebuilding¹¹ – while the region desperately awaits its diffusion and reconciliation.

In light of the above developments, one would question the grand vision of the EU and Russia vis-à-vis their respective regional projects in the neighbourhood. Two particular manifestations become apparent.

First, in their Self-centred projections, both the EU and Russia have explicitly disregarded each other's rationalities over the contested region. In particular, the EU focused on the default assumption that the exposure of Ukraine and others to the future benefits of the EU, and the promise of a 'well-governed ring of friends' (centred on the EU) would enable recipients to unequivocally legitimise the European course. This was clearly an error of judgement, not only in terms of the timing to harvest allegiances, but also, more essentially, in failing to factor Russia into the EU's expansionist normative *modus operandi*.

Second, and most significantly, both powers evidently failed to understand the region itself and its historical urge for complementary rather than dichotomous relations with the wider Europe. As the following research findings¹² indicate both powers yield similarly appealing offers in the eastern neighbourhood, which, instead of mobilising binary

loyalties, foster an ambivalence of choice for the peoples in the region: in 2013/14 a healthy plurality (40 per cent on average) of the polled respondents across Belarus and Moldova indicated attractiveness of both regional projects. Furthermore, a temporal cross-regional comparison¹³ reveals that both powers appeal to the residents of the region, in their own, complementary way: while the EEU is seen as important for energy security and trade; the EaP and the EU have stronger clout in promoting functional government and effective sector-specific cooperation. Enforcing a dichotomous choice on the region, not yet ready for making these commitments through their internalised norms of behaviour, testifies to the profound lack of understanding the 'Other' – the partner countries – including their needs and aspirations. The error of judgement by the EU and the loss of control by Russia are, in an equal measure, the causalities of the decision-making process which occurred in the vacuum of correlated knowledge, resulting in unnecessary politicisation and subsequent securitisation of the contestable narratives, as the case of Ukraine has lately demonstrated.

The bigger question here, however, is whether and how the EU and Russia's discourses could be defused and de-securitised in their rhetorical furnishings, to return to a zone of peaceful coexistence. As our comparative research findings indicate (see fn 12-13), the normative framing of discourses continues to conflict in a profound way but they are not necessarily insurmountable. Both powers profess and are associated with differing sets of values which in turn support and engineer different behavioural patterns and expectations. Notably, the EU is clearly identified as a liberal democratic model, premised on the values of democracy, human rights, market economic, and the lack of corruption; and the spatial analysis of 2009 and 2014 public associations indicated a relative endurance of this model in people's mind-sets'. At the same time, the ECU and Russia, in the respondents' eyes, offer a mix of qualities, a hybrid case, which could be referred to as a social democratic model, but which could potentially approximate the EU especially along the values of market economy, stability, economic prosperity, and security, and at the same time retain its cultural uniqueness. The 2014 findings indicate there is more proximity in these values than was publicly purported in the earlier days of the EaP, five years ago, which could avail some prospects for economic cooperation as optimal space if mutually agreed rules were to be considered (see fn 12-13).



¹⁰ For more information see www.russianmission.eu/en/news-and-events

¹¹ www.eeas.europa.eu/statements/docs/2014/140612_01_en.pdf

¹² For more details see the 2013-14 research results available at: www.kent.ac.uk/politics/gec/research/index.html

¹³ Please refer to the results of 2008/9 ESRC project (RES-061-25-0001) available at www.aber.ac.uk/en/interpol/research/research-projects/europeanising-securitising-outsiders/

3 TOWARDS ‘DEPOLITICISATION’ OF DISCOURSES IN EU-RUSSIA RELATIONS OVER THE NEIGHBOURHOOD

In light of the above discussion, the following conclusion becomes apparent. The framing of political narratives (including ‘planting the flag’ over the region) is a sensitive matter, which requires sound analytical grounding and further contextualisation. Transmission of narratives, as has been illustrated on Ukraine, could be either disruptive or peace-making, paving the way either towards ‘frozen’ conflicts or conversely, to prospective normalisation and cooperation. It remains to be seen how the new negotiations over respective regional FTAs will proceed in defusing tensions between the EU and Russia over and across the region. At least, what could be ensured for now, as the new Commission being installed,¹⁴ is the needed focus on framing new discourses and a search for new forums to foster mutual cooperation, where the *compatibility of both economic projects* would be firmly on the agenda.

Three recommendations may be particularly note-worthy to define the future course of action:

First, the EU needs to revisit its *modus operandi* in the areas of mutual recognition and market harmonisation to establish if the latter could be extended to the Eurasian Economic Union, in recognition of its regional presence. The EU has developed an extensive experience of operating Mutual Recognition Agreements (MRAs) across its own territory and with third countries, which aim to benefit businesses by providing easier access to conformity assessment regulated by independent and mutually appointed bodies (CABs).¹⁵ Discussing prospective MRAs applications with the EaP and EEU members may assure reciprocation and recognition of regional geopolitical sensitivity for individual parties. Furthermore the EU should also draw lessons from its ongoing negotiations with Kazakhstan, an ECU member, on developing a new PCA.¹⁶

Second, the EU needs to issue a policy brief which does not only explain the benefits of the DCFTAs but also whether and how those could work in partnership with the EEU. An in-depth analysis of possible synergies and prospective cooperation between the respective unions would enable third parties to rationalise their own choice and articulate commitment to the project(s) as necessary.

Finally, a more discernible approach to the EaP partner countries is required from the EU – that is, more decentred and differentiated – to understand their needs and difficulties, and to send the right signal to the eastern neighbourhood, which seeks *complementarity* rather competition between respective regional projects. Rather than competition, there has to be *cooperation* between these projects, if the ‘grand vision’ of the greater neighbours – for a pan-European single market, premised on the WTO rules – were to be achieved. It is hoped that the revised ENP will address some of the challenges of incompatibility examined above.

¹⁴ From the author’s informal discussions with new members of Commissioner Hahn’s cabinet

¹⁵ http://ec.europa.eu/enterprise/policies/single-market-goods/free-movement-non-harmonised-sectors/mutual-recognition/index_en.htm#h2-1

¹⁶ www.astanatimes.com/2014/09/kazakhstan-eu-close-completing-talks-new-partnership-cooperation-agreement/



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