



# BULLETIN

No. 43 (119) • March 18, 2010 • © PISM

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## Partnership on Modernisation: the EU's New Initiative towards Russia

by Jarosław Cwiek-Karpowicz and Ryszarda Formuszewicz

*The European Commission-proposed Partnership on Modernisation, aiming to improve cooperation between the European Union and Russia, is at a conceptual stage, but it has already drawn interest from Russian authorities. The priority for the EU, though, should be to conclude a new Partnership and Cooperation Agreement.*

The Partnership on Modernisation was proposed to Russia at the EU–Russia summit in Stockholm last November. Later, in February 2010, EC President José Manuel Barroso acquainted the Russian authorities with a written outline of the initiative. An agreed Partnership on Modernisation concept is expected to be presented at the next EU–Russia summit, to be held in Rostov-on-Don on 31 May and 1 June, 2010. With details yet to be revealed to the public, only a general direction of the initiative can be analysed at this stage.

**Existing Institutional Framework for EU–Russia Relations.** Bilateral relations are founded on a Partnership and Cooperation Agreement (PCA), in force since 1997, which focuses on trade regulations. Signed for a ten-year period, the agreement is automatically renewed every year. In December 2008, after Poland and Lithuania withdrew their vetoes, negotiations were launched on a successor agreement, PCA 2.

EU–Russia cooperation has also been developed since 2005 within four so-called common spaces, covering the economy, justice and home affairs, external security and science/education. The political dialogue is conducted in the forum of the Permanent Partnership Council and at semi-annual summits.

Despite this extended institutional framework, the cooperation hasn't so far brought about expected results in the political and economical spheres. Even in respect of the common economic space, which is relatively the most advanced, the goal of a gradual market integration remains elusive. Russia has taken a highly selective approach to cooperation with the EU. It takes interest in opening only those areas of economic cooperation where it stands to gain (e.g. trade in steel products), while on other issue, the Russian position renders any progress impossible. One example is the Energy Early Warning Mechanism, which did not prevent the major gas crisis and interruption of Russia's supplies to EU consumers in January 2009. And for years, no agreement was reached on matters of seemingly so little controversy as e.g. a phasing-out of Siberia overflight charges imposed on European carriers, or the resumption of oil supplies through the Druzhba pipeline to Mažeikiai refinery. Russia's failure to join the World Trade Organisation has been another factor greatly restricting bilateral economic cooperation.

The PCA 2 negotiations have been very tough. Russia ignores the EU negotiators' mandate and, while seeking to conclude an overall framework agreement, it at the same time pushes for fields of its greatest interest to be regulated under detailed sectoral agreements. Such an approach contradicts EU law and the standards followed by the bloc in developing relations with external partners, based on partnership and cooperation agreements.

**Predicted Shape of Partnership on Modernisation.** The readiness to back President Medvedev-announced reforms, declared by the European Commission, indicates that the Partnership on Modernisation concept will likely invoke the idea of Russia's modernisation. According to publicly available information, the Commission offered support for measures aiming to strengthen the rule of law, fight corruption, improve investment climate, develop NGOs and adopt EU technical norms and

standards, as announced by President Medvedev with a view to the modernisation of Russia's economy and administration. The Partnership on Modernisation proposal is based on the assumption that Russia needs EU support in pursuing its internal reforms. But the Russian authorities' behaviour to date demonstrates that to them the notion of "modernisation" means only acquiring modern technology and upgrading the country's infrastructure.

Also, much seems to indicate that Partnership on Modernisation is inspired by Germany's earlier proposals on EU–Russia cooperation and that country's experiences from bilateral contacts. The first German initiative to improve relations with Russia dates back to the country's EU presidency in the first half of 2007. According to that concept, a cooperation leading to the emergence of EU–Russia interdependencies was to stimulate a process of internal change in Russia. In May 2008, a "modernisation partnership" offer was put forward as part of German-Russian bilateral relations. Germany proposed to Russia that two-way contacts be based on mutual interests and conducted via concrete ventures. The offer was made in response to Medvedev's reformatory declarations and also the expectations of German business. Seen from the German perspective, a matter of key importance was to provide optimal condition for German companies to enter and operate on the Russian market, in exchange of Russia's access to new technology. The cooperation was to be carried out along sectoral lines, mainly in energy, climate change, science/education, response to demographic challenges, health policy, and also the strengthening of public administration and the judiciary.

**Prospects.** The Commission's new initiative was put forward in conditions of foot-dragging negotiations on PCA 2, and so there is the risk that a focus on Partnership on Modernisation may further slow down, or actually halt, the PCA 2 effort. While capable of improving cooperation within the EU–Russia Common Spaces, Partnership on Modernisation will not substitute for PCA 2 as an arrangement covering the entirety of mutual relations. Not inconceivably, Partnership on Modernisation may bring about a modification of the previous comprehensive concept of cooperation towards greater emphasis on by-sector activity, especially in the energy field.

Attempts at streamlining EU-Russia cooperation are welcome, but it should be remembered that the attitude of the Russian partners is decisive when seeking to break the impasse in mutual relations. At least on the rhetorical level, Partnership on Modernisation will likely reflect Russia's reservations about contacts with the EU, especially resentment of the EU's stepping into a mentor's shoes and failing to respect "Russian sensitivity."

A situation where the focus in mutual relations is on the economy and business would not necessarily mean that the EU abandons efforts to promote democratisation and respect for human rights in Russia. That, however, would require at least a more effective use of the already existing opportunities, such as financial support within the European Instrument for Democracy and Human Rights, or regular consultations on human rights. One can also expect that a possible marginalisation of values—such as rule of law and human rights protection—in relations with Russia would provoke an objection from the European Parliament.

The experience so far, though, warrants doubts as to whether the real influence of the initiative will not be confined to a handful of symbolic actions. As it is, Partnership on Modernisation is not going to remove the basic impediments to cooperation with Russia, which after all regards the Union as its geopolitical rival in Eastern Europe. It is therefore not entirely inconceivable that the new formula for mutual relations will only function as a façade, legitimising in the process the vested interests of some EU member states.

The development of the EU's coherent cooperation with Russia is a matter of special importance for Poland. Concluding PCA 2 is a priority. Partnership on Modernisation could be initiated in a pilot-programme form, targeting Kaliningrad Oblast, where changes in the functioning of the special economic zone, coupled with the ongoing crisis, have made themselves felt to the inhabitants (judging by increasingly frequent public protest actions). The Kaliningrad Oblast population also miss opportunities offered by the EU's geographical proximity, the reason being absence of an agreement on local border traffic.