

# RUSSIA IN EUROPE: STRATEGIC CHALLENGES

While the economic importance of Russia in Europe has increased over the past years, political relations have deteriorated. Russia under Putin is once more pursuing great power ambitions and is increasingly asserting interests and values that differ from those of the West. Those hoping for a post-imperial and democratic Russian identity have largely been disabused. Europe and the US should try to maintain their own interests through a combination of cooperation and strategic competition.



*Tense relations: Vladimir Putin at the EU-Russia Summit in Brussels, 21 December 2012*

There can be no security in Europe without or against Russia – thus runs a truism in European security policy debates. Russia is regarded in Europe as a key actor in foreign and security policy. Moscow explicitly affirms that view and presents itself accordingly. As a permanent member of the UN Security Council, Russia is blocking sanctions against Syria, for instance. Towards other European states, it asserts its role as an important provider of energy. Furthermore, the Kremlin supports secessionist republics such as Transdniestria, Abkhazia, and South Ossetia and uses its involvement there to gain leverage. It thus remains unclear how security can be ensured in Europe *with* Russia.

The problem is all the more acute because the Russian leadership is adopting an increasingly uncompromising stance in

foreign policy. NATO and the US are considered as a threat. The Russian leadership is trying to weaken the US influence in Europe and wants to enforce a sphere of influence in its neighbourhood. This runs contrary to the interests of the EU, which strives to bring these countries closer to its own zone of economic inclusion and integration. Russia's wish to have a say in European security policy is made as the features of authoritarianism in domestic policy become more dominant, as seen in the rigorous approach adopted towards civil society organisations. The Russian leadership is increasingly trying to seal off the country against foreign influence.

Growing insecurity and great power ambitions on the part of Russia's leaders are lurking behind the current developments. Ambitions at restoring Russia as a great

power were initially pursued quite pragmatically, but since the mid-2000s have been increasingly ideological and anti-Western in tone. In terms of domestic policy, the more and more assertive claim for great power status and the focus on more external power served to distract attention from the lagging domestic reform efforts.

Russia's pursuit of greatness constitutes a growing challenge both for the European order that emerged after the cold war and for the EU's plans to transform its neighbourhood. If political change should remain absent in Russia in the future as well, disputes over interests and values in neighbourhood and security policy as well as in economic policy may be expected to grow. EU and EFTA states must develop a strategy for handling this challenge, though cooperation with Russia continues to be possible and useful in certain areas.

## **Russia as a sovereign great power**

The global aims of the Russian leadership rest on two fundamental assumptions: First of all, that due to its unique history and its vast territorial expanse, Russia has a claim to great power status; and secondly, that a multipolar order is desirable because it promises greater influence for Russia. Russia aims to strengthen the principles of state sovereignty and non-interference in domestic affairs as linchpins of such a new multipolar world order. However, these principles would only apply to a limited degree to countries in Russia's sphere of influence. Beyond these considerations, however, there are few ideas as to how such an order would function.

The form of expression of Russia's great power ambition has changed over the years. Until the mid-2000s, Moscow mainly concentrated on cautiously questioning the role of the US, which had emerged as the dominant power since 1990. This was seen especially in the Kosovo and Iraq wars. Russia attempted to block and delegitimise the US moves with a veto in the UN Security Council. Outside of Russia, Moscow refrained from using military power.

Around 2006, it changed the trajectory of its approach. Based on a reinterpretation of Russian history, the Kremlin developed new, state-centric concepts. Russia increasingly defined itself as different from the West and emphasised its own traditional values. For instance, it accentuated the importance of a strong state, as it was claimed that periods of weak statehood had historically coincided with chaos. Therefore, strong state structures and patriotism were prioritised over the appreciation of the individual.

Russia also had to demonstrate its power at the international level, as Moscow believed that Western influence and standards aimed to undermine strong statehood. Subsequently, its foreign and security policy increasingly emphasised strategic competition and nuclear parity with the US, resulting in a throwback to the patterns of confrontation between the Cold War power blocs. Thus, the Georgian war of 2008 and Russia's recognition of Abkhaz and South Ossetian sovereignty were presented as tit-for-tat payback for the West's intervention in and recognition (by a majority of Western states) of Kosovo.

In order to mitigate the negative outcomes of the Georgian war and the global economic crisis, Russia under President Dmitry Medvedev intermittently pursued a somewhat more cooperative policy aimed at economic reform after 2008. In 2010, Russian and Norway signed a border treaty. Moscow's decision to apply for WTO membership was also an important signal that the country does not wish to become isolated. Although Russia has followed up on accession with new protectionist measures, the long-term consequences will be positive.

Under President Vladimir Putin, who was re-elected in 2012, the stance once more became confrontational. Putin increased military spending and reinforced integration efforts within the post-Soviet space instead of advancing reforms to diversify the

resource-dependent economy. In the Syrian conflict, Russia has taken an uncompromising stance. The hopes among Western observers that Russia might gradually transform into a partner on the international stage have thus remained unfulfilled.

### Domestic considerations

The Russian leadership cultivates its antagonism against the West not least due to domestic considerations. The targeted efforts to define Russia as a state-centric, culturally self-contained great power serve to prop up the power of the political elites. This makes it easier to reject external standards and to blame "external powers" for domestic problems. This attempt at identity formation and the conjuring up of external threat representations play increasingly important roles for shoring up the Russian regime, which is struggling with growing legitimacy problems. Putin's popularity has been due not just to economic successes and the increase of political and economic stability achieved since the 1990s, but also to the perception that Russia has been restored to great power status. In the meantime, however, part of the population increasingly perceives this "stability" as the hardening of a regime regarded as corrupt and inefficient. In compensation for the decreasing economic performance, the Russian leaders are therefore using foreign policy as a legitimating factor, since economic reforms would imply a loss for at least some of the existing elites.

In this discourse, shaped by the elites, liberal perspectives are systematically neglected. Reform-oriented actors are marginalised, while the representatives of the security services have gained ground. Prime Minister Medvedev, who is more liberally minded than Putin, is almost completely unable to assert himself. Former finance minister Aleksey Kudrin and chief ideologist Vladislav Surkov, who both advocated economic reforms, lower military expenditures, and lately also greater political openness, have given up their positions. The opposition, civil society organisations, and liberal academics are increasingly experiencing repression. A strengthening of the Russian leadership's legitimacy through successful domestic reforms instead of excessive emphasis on global status has thus become a more distant prospect.

In this climate, a cooperative approach in foreign policy can swiftly cause a loss of legitimacy for the regime, as seen in the nationalist criticism of the border treaty

with Norway. At the same time, the fostering of nationalist tendencies may further reinforce an aggressive foreign policy, as occurred before and after the Georgian war. A change of direction towards a more cooperative foreign policy would therefore require a substantial change in the composition of the political leadership.

### Areas of tension

The policies of the Russian leadership explicitly position their country in an antagonism to the West. For many contentious issues, cooperative solutions are thus very difficult to find. This is becoming clear in security policy matters as well as in connection with neighbourhood and energy policy. In matters of security policy, the Russian leadership focuses purely on power politics. Moscow justifies this stance with the behaviour of the Western states after 1990, arguing that the US unilaterally expanded its power by expanding NATO, although German and US politicians had promised the Soviet Union in 1990, in return for Germany's peaceful reunification, to do nothing that would diminish the security of the Soviet Union. However, the Russian leadership asserts, NATO's eastwards expansion is a threat to Russia. This perspective discounts the security policy priorities of the former Warsaw Pact states as well as the changes in the geopolitical context and in the role of NATO.

A key stumbling block is still the missile defence system that the US is planning to establish, including on bases in Central Eastern Europe. Moscow has long criticised Washington's plans for a national missile defence as well as its decision to withdraw from the Anti-Ballistic Missile Treaty in 2002, though this criticism has largely been confined to military circles. The Kremlin feared that such a project would diminish Russia's nuclear second-strike capability and warned of a loss of strategic stability and of a reinvigorated arms race. This criticism was brought to greater public attention only once the planned stationing of missiles in Eastern and Central Europe "on Russia's borders" was announced, although these would have no effect on Russian nuclear missiles heading towards the US.

For Washington, stationing missiles in Eastern and Central European states was also important for reasons of alliance policy. This move would have satisfied the new allies' requests for "boots on the ground", combining it with defensive weapons. However, it is precisely this nexus between



the US and Central Eastern Europe that the Russian leadership is aiming to prevent. The criticism is thus primarily directed at the interceptor missiles based in Europe. Moscow even threatened pre-emptive strikes against these. The reduction in size of the project did nothing to assuage the Russian leadership either: In 2009, US President Barack Obama decided to forgo the planned permanent installation of interceptor missiles, and in 2013, he further reduced the alternative plan for a mobile system. However, the Kremlin has insisted on its maximum demand of a legally binding agreement that the missiles will not be used against Russian nuclear missiles. The offers submitted by NATO for informational coupling of Russian and NATO missile defences were deemed insufficient.

At the same time, the Russian leadership aims to leverage its numerical superiority in non-strategic nuclear weapons to strengthen its position. These are nuclear warheads that fit on missiles with a lower range than intercontinental missiles. Russia has more than twice as many of these nuclear warheads than the rest of the world combined. The Russian leadership regards these as a counterweight to NATO's superiority in conventional forces. Therefore, Russia will only negotiate on disarming non-strategic nuclear weapons if the innovative US weapons systems for conventional prompt global strike capability are also on the table. Also, it demands that the US first remove all non-strategic US nuclear weapons remaining in Western Europe.

When it comes to collective security in Europe, the Kremlin is aiming to turn back the clock not only in terms of power politics, but also conceptually. In 2009, then-president Medvedev presented a treaty on a European security framework. This treaty exclusively addresses inter-state conflicts and

redefines the principle of the "indivisibility of security": Under this reasoning, parties to the treaty would not be permitted to undertake anything that might be regarded by another state as a security threat. In this way, Russia ultimately wishes to gain a veto right over NATO and defence cooperation within the EU. At the same time, such a treaty would imply a revision of the basic principles of the Organization for Security and Co-operation in Europe (OSCE). According to the OSCE, security encompasses not just the politico-military dimension, but also the economic-social dimension and the human rights dimension. This is anathema to Russia, which believes such an approach provides the grounds for interference in domestic affairs. Russia is therefore only interested in strengthening the OSCE if it can simultaneously weaken the human rights dimension, particularly as it relates to election monitoring.

The increasing tensions between Russia and the West are also coming to the fore in the shared neighbourhood, where competition between Russia and the EU has intensified. Russia regards its neighbours to the West as part of its sphere of influence. The EU for its part is attempting to encourage democratic and free-market reforms in these countries and to bring them closer into its own economic and legal orbit. This antagonism is currently focused on Ukraine. The EU has negotiated an association agreement with Kiev that includes not only a free trade agreement, but also political, social, and legal aspects, as well as foreign and security policy cooperation. The treaty is conceived as an alternative to EU membership. However, the Kremlin does not regard Ukraine to be a completely sovereign state. Moscow wants the country to join the Eurasian Economic Community (EAEC) with Belarus and Kazakhstan, which is designed to link

the post-Soviet states closer to Russia. The incentives it has to offer are preferential market access and cheaper gas prices, but not economic transformation. The Ukrainian elite is trying to postpone the difficult decision between Russia and the EU.

In the conflict over the separatist Moldovan republic of Transdnistr, Moscow is unwilling to contribute to a solution. Since Moldova also aspires to EU membership and wishes to sign an accession agreement, Russia is doing what it can to scuttle any unification process. From Russia's point of view, Moldova can only expect support for its efforts to reintegrate Transdnistr if it gives up its EU ambitions and also becomes a member of the EAEC. Once again, Russia is using its natural gas as a means of applying pressure. Moscow is threatening to demand payment of the separatist republic's gas debts, which it has so far deferred. These amount to more than half of Moldova's annual GDP.

Russia maintains close and multi-layered economic ties with the EU. Some hope that the WTO accession will help to further open up Russia. However, the potential for further economic integration with the EU is limited, since Moscow values control higher than economic development. Negotiations on a new partnership agreement are therefore at an impasse. With regard to natural gas supply, conflicts are also increasingly evident, as the Russian leadership wishes to instrumentalise natural gas deliveries to enhance its political clout. It has thus limited foreign investment in gas extraction, with the state-owned Gazprom company holding a monopoly on exports. Furthermore, Gazprom is aiming to achieve a dominant position in the EU by way of constructing and controlling pipelines, while hindering other suppliers from reaching the market. The EU for its part has tried to make the natural gas market more flexible and transparent and to limit the control that gas producers have over pipelines. Russia tries to thwart these attempts by enticing individual EU member states to sign bilateral agreements that violate EU regulations.

### Necessary strategy

Cooperation with the Russian leadership is currently difficult, and no improvement is in sight. Its pursuit of great power status is instrumental, as it serves to shore up the stability of the regime. Thus, without fundamental change in the regime's policies, chances for Russia to adopt a post-imperial

identity and become a strategic partner for the Western states are bleak. These European states therefore require a strategy for dealing with Russia. They must define their own viewpoints and also defend them in core areas. Greater emphasis should be given to engage with the Russian population rather than with the leadership.

Such a strategy should also define the areas and conditions of cooperation. It is possible to cooperate with the Russian leadership in those areas where it can expect low costs and high status gains, for instance, in multilateral fora such as the G8 or the G20. In this respect, the WTO is a borderline case. However, in Russia's view, it is too weak to prevent protectionist measures. The current leadership is also interested in economic cooperation in order to strengthen its own economy and to gain influence. Further possibilities of cooperation through balancing interests may be found when it comes to dealing with non-state threats such as terrorism.

Cooperation in the sphere of arms control is in the interests of the West. This can create greater transparency, build trust, prevent proliferation, and make it more difficult for the Russian leadership to construct bogeymen. In the sphere of missile defence, an appropriate answer should be found to Russia's objections in the military-strategic field, for instance regarding the alleged change in nuclear parity. Such a response must not, however, jeopardise the stationing and use of interceptor missiles in Europe. The US might submit a cooperation proposal here in the form of a new treaty on disarmament of ballistic missiles.

## Russia and Switzerland

As early as 2005, the Federal Council in a foreign policy review defined Russia, together with other countries, as a focal country for Switzerland's bilateral relations. The importance of Russia was confirmed in the 2012 foreign policy strategy, though there was also a renewed emphasis on the significance of the EU and its member states. Against this background, Swiss-Russian relations have been intensified in the past few years. The goal of a "strategic partnership" is reflected, for instance, in a continuous exchange of views at the ministerial and governmental level.

In the economic sphere, financial relations are the determining factor. Switzerland is an important financial centre for capital from Russia. Russia's natural resources also

play an important role in the commodity trade, which has evolved into a key part of Switzerland's economic performance. Thus, a large part of Russia's oil exports are processed via commodity traders based in Switzerland. About one-third of the oil traded in Switzerland may come from Russia. The trade in real goods with Russia is relatively insignificant by comparison: In 2012, Switzerland's imports from Russia totalled approximately CHF0.54 billion, while exports stood at about CHF2.96 billion.

Politically, a significant factor contributing to frequent institutional contacts is the fact that since the Russian-Georgian war of 2008, Switzerland has represented Russian interests in Georgia and Georgian interests in Russia. Switzerland has also undertaken successful mediation efforts that helped persuade Georgia to refrain from blocking Russia's WTO accession, paving the way for Russia to join the organisation in 2011/12.

The intensification of Swiss-Russian relations has certain advantages for both sides. For instance, Russia benefits from Switzerland's support in the advancement of Moscow as a financial centre, in enhancing energy efficiency and advancing economic modernisation, or in the reform of its criminal law and penal system for juveniles. On the political-strategic level, Switzerland is mainly of interest for Russia as a potential bridge-builder towards the "phalanx" of European EU and NATO states. For instance, Switzerland reacted less negatively to the

Russian proposal for a new security treaty than the other Western states, at least in formal terms. Switzerland for its part benefits from Moscow's good contacts, for instance in the framework of Russia's current annual G20 chairmanship. For the first time, Switzerland was invited to participate in the G20 meeting of finance ministers and central bankers. However, no invitation was extended to the G20 summit in September 2013.

Through its intensified cooperation with Russia, Switzerland has succeeded in deepening its relations with a strategically influential country and to raise its international profile. At the same time, however, in weighing its interests, Berne must also bear in mind Russia's strategic goals and take care not to lose on the side of its European neighbours and other partners the influence it has gained with Moscow.

Author: Jonas Grätz  
jonas.graetz@sipo.gess.ethz.ch

Responsible editor: Daniel Trachsler  
analysen@sipo.gess.ethz.ch

Translated from German:  
Christopher Findlay

German and French versions / other  
CSS Analyses / mailinglist:  
www.css.ethz.ch/cssanalysen

ISSN: 2296-0244

## Previous issues

- No. 134: The 2014 NSS: Towards an Obama Doctrine?
- No. 133: The Council of Europe: Time for reform
- No. 132: Lashkar-e-Taiba: Local Organisation, Global Ambitions
- No. 131: Nagorno-Karabakh: Obstacles to a Negotiated Settlement
- No. 130: The ICC: High expectations, ambiguous record
- No. 129: Whole of Government: Integration and Demarcation
- No. 128: European strategies against jihadist radicalisation
- No. 127: The Nuclear Suppliers Group at the Crossroads
- No. 126: State of Play in European Defence And armaments Cooperation
- No. 125: Nepal's faltering peace process and Swiss engagement
- No. 124: The Syrian Civil War: Between Escalation and Intervention
- No. 123: Israeli perspectives on the Arab uprisings
- No. 122: The Chemical Weapons Ban: Status and Prospects
- No. 121: The North Korean Nuclear Issue: Between Containment and Dialog
- No. 120: Swiss Nuclear Phaseout: Energy Supply Challenges
- No. 119: Somalia: Little Hope for Peace
- No. 118: The Arctic: Thaw with Conflict Potential
- No. 117: India-US Relations: Progress Amidst Limited Convergence
- No. 116: NATO's Chicago Summit: Alliance Cohesion above All Else?
- No. 115: Myanmar: Limited Reforms, Continued Military Dominance
- No. 114: Women, Peace, and Security: UN Resolution 1325 Put to the Test