



BULLETIN

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Editors: Marcin Zaborowski (Editor-in-Chief) • Katarzyna Staniewska (Managing Editor)
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More Sense than Sensibility: French Policy towards Russia under Hollande

Elżbieta Kaca, Zuzanna Nowak

François Hollande's promise of a tougher line towards Moscow has not translated into greater French assertiveness in the post-Soviet realm, let alone a shift in security relations. Indeed, the trend has actually been towards deeper economic relations. This need not be an obstacle to Polish ambitions for the Eastern Partnership. Franco-Polish cooperation should therefore focus on reducing EU-Russian brinksmanship in the run-up to the Vilnius EaP summit, forging an east-south compromise on neighbourhood policy and allaying French domestic concerns about the agreements with eastern neighbours.

During the French 2012 election campaign, François Hollande promised a tough line with Moscow, consciously echoing the Mitterrand policy of assertiveness. This seemed to mark a break with a succession of centre-right presidents, who opted for closer ties with Russia, culminating in Nicolas Sarkozy who acted as a mediator in the Georgia–Russian conflict in 2008, signed contracts on selling Russia Mistral warships, and oversaw the investment of Total in the exploration of gas fields in the Arctic. Yet, even if relations are less dynamic, the rupture is not great. The long-term deepening of economic ties between Russia and France means Hollande has clung to the principles of his centre-right predecessors.

French Policy towards Russia: From Security to Economy. In the key field of security cooperation, French interactions with Russia have been marked by continuity. Even under Sarkozy, Paris responded to Moscow's assertive security policy with like for like measures. Russia's failure to respect a 2008 agreement on the Georgian conflict, as elaborated by Sarkozy, made France less susceptible to Russian arguments about the dangers related to NATO developments. Moreover, Paris returned to NATO's military structure in 2009 and Hollande is simply building on this decision, adding support for the construction of an EU defence policy around a consolidated European defence industry. France contributed the second-largest contingent of troops, after Poland, under the NATO Response Force exercise Steadfast Jazz in Poland, Latvia, Lithuania, Estonia and the Baltic Sea. This could be justified by the fact that France is a framework country in 2014 rotation of NATO's Response Force, but it is notable that Paris decided to contribute troops to a major live exercise in the vicinity of Russia's borders, despite Moscow's critical position.

Like Sarkozy, Hollande has also tried to attract Russia to support the French position, most notably in tackling regional conflicts in which both parties have interests. This is based on the logic that both countries are permanent members of the UN Security Council. Yet, the diversity of those interactions indicate that the relationship still falls short of a structured partnership. In Mali, Russia supported French intervention and the establishment of the United Nations stabilisation mission (MINUSMA). Paris was also positive about Russia's help in transporting technical equipment in the wake of the withdrawal of French troops from Afghanistan. In Syria, however, Hollande failed to persuade the Russian government either to agree on military intervention or to back its draft UN resolution on disarming the chemical arsenal.

Where the relationship has shifted, by contrast, is towards greater economic diplomacy due to a high French foreign-trade deficit with Russia (€1.87 billion deficit in trade in goods with Russia, against the €65.8 billion total French trade deficit in 2012). Last year, Hollande appointed a Special Representative for economic diplomacy towards Russia (the experienced senator Jean-Pierre Chevènement), and during Hollande's first visit to Moscow, in February this year,

trade was the main topic of conversation. This policy is supported by French society. In an Ifop survey early this year, 82% of respondents supported the president's personal involvement in garnering new trade agreements with Russia. This was despite the fact that the vast majority of those polled (86%) assessed the situation of civil liberties and human rights in Russia as unsatisfactory.

A Lop-Sided Economic Relationship. The growing emphasis on economic issues in relations with Russia is explained by the successful increase of France's business share in this market and a rising trade-exchange volume. For France, Russia is the third European trading partner, after Germany and Italy, and is its tenth most important market. In 2012 the trade exchange amounted to approximately €24.3 billion, and the amount of French exports has increased fivefold over the last ten years. However, the mutual trade exchange remains highly asymmetric. French exports to Russia are quite diverse, the most dynamic areas being transport (one quarter of total exports), mechanical devices, pharmaceuticals and cosmetics. By contrast, 89% of imports from Russia to France are hydrocarbons.

Moreover, France is diversifying away from Russian energy resources. In 2012, the share of Russian gas amounted to 14.4%, and oil up to 14.6%, while in 2008 these commodities were oscillating between 23% and 24% respectively. However, Franco-Russian relations in the field are intense, thanks not least to the participation of French companies in the Nord Stream gas projects (GDF Suez, 9%) and South Stream (EDF, 15%), as well as Total's increasing share in Russia's Novatek (from 12% to 16%). Although France is subject to stiff competition in the Russian energy market from Germany and Italy, in the nuclear field France aspires to become Russia's prime partner and is cooperating on nuclear technologies. In July 2012, the French company Areva signed a preliminary agreement with Russian Rosatom on cooperation in the nuclear field, namely in recycling and servicing. Moreover, both countries' prime ministers held a meeting in November 2013, adopting a common declaration on cooperation in the nuclear field and resolving to enhance business collaboration.

In addition, France is the leading foreign investor in Russia (€12 billion in 2012), active in the financial and insurance sectors (with Crédit Agricole and Société Générale in the lead), manufacturing (automotive sector), retail (Auchan hypermarket group) and increasingly also in the food sector. Currently, at the political level, Paris advocates investments mainly in the areas of innovation, energy efficiency, finance, infrastructure and decentralised cooperation. Following Hollande's trade delegation to Moscow in February this year, contracts in the fields of satellite technology, infrastructure and medical equipment were signed.

France is also trying to respond to Russian demands to create more favourable conditions for Russian investments in France, which remain small, at €1.1bn in 2012. Russia, despite investments from such companies as Russian Railways and Transaero, ranks only as the 13th foreign investor in the country. In response to this imbalance, and public concern about the lack of transparency surrounding transactions with Russia, a high-profile Russian Investors Club was created by the French government to encourage French banks to provide loans to Russians. Visa procedures are also being facilitated and France is supporting the further liberalisation of the EU's regime for short-term visas with Russia. The two countries are also working on the mutual recognition of university diplomas.

Conclusion and Recommendation. France's policy towards Russia under Hollande is mainly one of continuity. The French authorities are engaging in ad hoc talks with Russia on key topics of security policy, while supporting the long-term strengthening of European and Euro-Atlantic defence capabilities began under past centre-right governments. Projects and contracts concluded by Sarkozy are being continued, and cooperation in the fields of aerospace and nuclear energy deepened. If Hollande has not been trying to conclude any significant contracts in the area of defence, this is an isolated case reflecting a cooling of personal relations at the top in the wake of early meetings on Syria. Hollande's prime goal is to increase the presence of French business in the Russian market, boosting contracts in a larger spectrum of non-political sectors.

Given the current economic problems in France, a large trade deficit and the potential of the Russian market for French investors, but also the relatively low level of dependence on Russian supplies of hydrocarbons, it is expected that France will carry out a pragmatic policy towards Russia. It means that in areas in which France has no major interests—the Eastern Neighbourhood—it is likely that Paris will avoid involvement so as not to antagonise Russia. This matters to Poland. The Eastern Partnership policy is at a critical stage, following a bout of one-upmanship between the EU and Russia. For Poland, French political backing for EaP development on the eve of Vilnius summit is particularly important due to its opinion-maker position among southern Member States.

There is still room for Franco-Polish cooperation in this region. Both sides have a similar assessment of Russian realpolitik in the post-Soviet area and the warming of Franco-Polish relations under Hollande creates scope for an East-South compromise on neighbourhood policy. On a more practical level, it will be important to secure French consent on the possible signature of the Association Agreement with Ukraine, as well as the approval of French deputies in the Assemblée Nationale and Senate for any association agreements concluded with the countries of the Eastern Partnership (and subject to national ratification), and to have high-level representation from France during the EaP summit at the end of November. French pressure to accelerate the visa liberalisation with Russia could also be harnessed in favour of the Eastern Partnership countries.