


Conflict Studies Research Centre



**Russia & The EU
Under Putin**

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Russia & The EU Under Putin

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Key Points

- * The Putin leadership sees the EU as its main strategic partner in a multipolar international system. It desires to see a Russia-EU axis as a counter to US unipolarity.
- * Russia's desire for strategic partnership with the EU is prompted by the EU's importance as Russia's biggest trade partner. Prior to EU widening in May 2004 it accounted for about 35% of Russia's trade turnover, post May 2004 it could account for 51%.
- * Russian-EU relations can currently be considered using the concept of the four common spaces:
 - a. Common Economic Space
 - b. Common Space of Freedom, Security & Justice
 - c. Common Space of External Security
 - d. Common Space of Research & Education
- * Energy is an important factor in Russia-EU relations. The EU increasingly sees Russia as a reliable source of energy. Russian exports account for 16% of the EU's oil consumption and 20% of the EU's gas consumption.
- * Russia-EU security cooperation has so far achieved very little. Moscow would like this relationship to develop further, seeing it in the long term as a means of diminishing Atlanticism. Currently, however, it has no desire to play the USA off against the EU, seeing both relationships as important.

This paper looks at the development of the Russian-EU relationship under the Putin leadership. Soviet policy towards the EU both prior to and under Gorbachev are considered, along with Russo-EU relations under Yel'tsin, in order to place the contemporary relationship into its historical context.

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No one is casting doubt upon the great value of Europe's relations with the United States. It is just that I am of the opinion that Europe will consolidate its reputation as a powerful and truly independent centre of world politics, firmly and for the long term, if it can join its own capabilities with Russia's possibilities - with the human, territorial and natural resources, and the economic, cultural and defence potential of Russia. We have already taken the first steps in this direction together. Now it is time to think about what can be done, in order that a united and secure Europe become the harbinger of a united and secure world.

Vladimir Putin, speech to the German Bundestag, 25 September 2001
<http://www.pegmusic.com/putin-in-germany.html>

Gorbachev & The European Union

Prior to Gorbachev's advent to power in 1985, the USSR was generally unenthusiastic about the EU.¹ The Khrushchev leadership was initially hostile, seeing it as an example of imperialist integration directed against the socialist bloc and national-liberation movements. There was little direct contact with the EU as such, as Moscow preferred to develop relations with individual European states on a bilateral basis. Even though Brezhnev stated in 1972 that the CMEA (Comecon) and the Common Market should develop businesslike relations, the emphasis remained on the development of bilateral relations with individual EU states.

The New Political Thinking of the Gorbachev era resulted in significant changes in Soviet policy. Changes in Soviet assessments of western economic and political systems meant that EU integration was now perceived positively, and the EU was seen not as a rival to the Soviet Union, but as a potential partner from which the USSR could benefit both diplomatically and economically. Hence in May 1985 Gorbachev told Italian Prime Minister Benedetto Craxi that the Soviet Union was ready to treat the EU as a political entity. This led to a rapid development in USSR-EU relations. A EU-CMEA Common Declaration was signed in June 1988, and in 1989 the USSR and EU reached agreement on trade and economic cooperation. It was intended that this agreement would later be replaced by a USSR-EU treaty, which would significantly upgrade the relationship. In 1989, therefore, the USSR recognised the EU. The then Soviet foreign minister Eduard Shevardnadze visited the EU headquarters in December 1989. However, the USSR still tended to regard the EU as an international organisation, rather than as a quasi-state actor in the international system.

Alongside closer political and economic ties came the development of the notion that the Soviet Union was part of European civilisation, and should therefore participate fully in the political, economic and security processes taking place in

Europe. This was expressed by the Gorbachevian concept of a “common European home”.

Yel'tsin & The European Union

The Yel'tsin leadership came to power as the EU was preparing for the creation of its single market at the end of 1992.² This development would enhance the economic potential of the EU, and therefore make it a more important partner for the new post-Soviet Russian state. Talks on an economic agreement began in spring 1992.

An interim agreement on political cooperation was signed when Yel'tsin visited the EU commission in December 1993. This was followed by a draft partnership and cooperation agreement (PCA), which was signed by Yel'tsin in Corfu in June 1994.³ The agreement freed movements of services and capital but only provided for the gradual liberalisation of trade. The PCA was ratified by the Duma in October 1996 and Federation Council in November 1996. It lowered EU tariffs on Russian goods by two-thirds. However Russia was still not recognised as a market economy, and the EU continued to maintain anti-dumping restrictions on certain products. The PCA also institutionalised the Russo-EU relationship at the political level. It called for two annual summits between the Russian President and EU leaders; a Cooperation Council meeting at ministerial level once a year and a Cooperation Committee, consisting of senior EU and Russian civil servants, assisting the Council. The PCA entered into force in December 1997. Prior to then, Russia-EU relations were regulated by the June 1995 Interim Trade Agreement.

The PCA underlined that Russia saw the EU as an important political partner, and as more than just an international organisation. In 1996, then Russian foreign minister Yevgeny Primakov spoke of a future European security system comprising Russia, the USA and the EU. In 1997, the Russian leadership also called for a greater EU role in the Middle East.⁴ Both these developments underlined the increased importance with which Moscow was viewing the EU's role as a single actor in international relations.

The October 1999 Russian Medium Term Strategy (RMTS) towards the EU, which was a response to the EU's Common Strategy towards the Russian Federation of June 1999, outlined the fundamental features of Russian policy towards the EU.⁵ The 1994 PCA and the 1999 RMTS were the fundamental features of Russian policy towards the EU inherited by the Putin presidency in 2000.

Putin & The European Union

The official tone of Putin's foreign policy is marked by an emphasis on the need for economic modernisation. This was very much the view taken by Putin in his December 1999 essay *Russia on the threshold of the millennium*. He noted the large economic and technological gap between Russia and the most advanced western states, and underlined the need for Russia to become fully integrated into the global economy. The foreign policy doctrine approved in June 2000 also placed great importance on Russia's need for global economic integration. Joining the World Trade Organisation (WTO) is a key objective of Russian foreign policy.

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The development of Russia's relations with the EU are heavily influenced by these economic imperatives. In 1993, Andrey Zagorsky noted that Russia's main potentialities and its infrastructure are concentrated in its European part, and so Russia cannot bypass Europe in seeking access to the world economy.⁶ This is no less true today. Europe therefore is a key focus of Russian foreign policy in the third millennium. The June 2000 foreign policy doctrine placed Europe second after the CIS in the listing of Russia's regional priorities. The establishment of Russia as a *primus inter pares* in the territory of the CIS is the main objective. Alongside this, the development of a close relationship with Europe is now perceived by Russia as a means of integrating with the global economy and remaining a relevant player in the international system. As more states join, the EU inevitably becomes the main focus for Russia in Europe.

The Putin leadership, like its predecessor, advocates the construction of a multipolar international system in order to counter an American led unipolar one. Given that the current combined population of the 25 EU member states is 454.7 million, and their GDP is about 16% bigger than that of the USA, the Russian leadership may well see the EU as the main pole of a multipolar system, and seek to develop a close relationship with it as a counter to the USA.⁷ It is for this reason that Russia sees the EU as a key strategic partner. This was arguably taken one step further by Putin in July 2001, when he called for a Europe united from the Atlantic to the Urals.⁸ The Russian concept appears to envisage a Europe seamlessly united as a single entity, with a close partnership relationship between the Russian Federation and the EU as a key feature of this united Europe.

In an essay marking the promulgation of the Russian foreign policy concept in June 2000, foreign minister Igor Ivanov noted that Europe was a traditional Russian foreign policy priority, and that processes in Europe would have a significant influence on developments within Russia. He stated that Russian foreign policy had two key tasks in Europe. The first was to promote the creation of a stable, all-embracing and non-discriminatory system of security. The second was to develop broad cooperation with the EU. Russia's aim is stable, long-term equal and unwavering cooperation with the EU.⁹

The strategic importance of the Russia-EU relationship was even more graphically outlined by Russia's then ambassador to the EU Vasily Likachev in January 2000, when he wrote that

*Taking into account the accumulated experience of the practical interaction of Russia and the EU ... one can affirm that both the Russian direction assumes all the more significance in the life of the of the largest politico-economic formation in the world, and the EU direction in the international activity of Russia. Another feature is also evident: the further and deeper EU-RF ties are, the more voluminous and realistic are the potentialities of both sides for conducting themselves in the capacity of mutually interlinked poles of the contemporary world order.*¹⁰

Likachev went on to outline the main features of the RMTS towards the EU. He listed them as follows:

First. *Giving the Russia-EU partnership a strategic character. By this Likachev meant close cooperation to develop an equal system of collective security in a Europe without dividing lines. He saw the adoption of the European security charter at the OSCE in Istanbul in November 1999 as*

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part of this process. He argued that the development of strategic partnership also embraced:

- *Ensuring security in Europe without the exclusion of the USA and NATO, but without permitting them to monopolise security arrangements*
- *Developing an all-European economic and legal infrastructure*
- *Consultation and coordination of Russian and EU positions in international organisations*
- *The further opening of the EU market for Russian exports, removal of remaining discriminations, and stimulating investments from the EU*
- *The creation of a Russia-EU free trade zone.*

Second. *The development of a Russia-EU political dialogue that moves from just exchanging information to making joint decisions and undertaking joint actions.*

Third. *The development of mutual trade and investments.*

Fourth. *Cooperation in the financial sphere. This includes programmes such as TACIS, restructuring the Russian banking system, greater use by Russia of the euro in foreign economic activity, and greater interaction with the European Central Bank and European banking system.*

Fifth. *Ensuring that Russian interests are not adversely affected by EU widening. The position of Kaliningrad region is especially relevant in this regard.*

Sixth. *The development of a general European infrastructure of cooperation. This includes projects on an all-European scale, such as the equipping of new sections of the Yamal-West European gas pipeline, and the creation of new transport corridors linking Russia with the EU.*

Seventh. *The development of Russia-EU cooperation in the spheres of science and technology, and in the defence of intellectual property rights.*

Eighth. *Border cooperation with the regions of the Russian Federation which border on the EU. This is linked with other issues such as security, ecological protection, crime-fighting. Border cooperation will also aim to raise Russian regions to the level of euro-regions.*

Ninth. *The development of the legal base for Russo-EU cooperation, and the harmonisation of economic legislation and technical standards.*

Tenth. *Cooperation in law-enforcement. This includes countering international terrorism, drug trafficking, various activities of international organised crime, such as money laundering, smuggling and illegal export of capital.*

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Two key factors are likely to influence Russian policy towards the EU over the next decade:

- The possibility of a growing divergence between the USA and EU over foreign and security policy. Following September 2001, the USA sees the principal threat to its security coming from terrorism and the nations which harbour terrorists. US security strategy now places its main focus on the Middle East, which it sees as the main source of this terrorist threat. This may reduce Europe's importance to the USA as a security interest. The USA's increased tendency to act unilaterally and to place greater emphasis on the use of force is opposed by some of the key EU states, such as France and Germany, and may lead to a loosening of Trans-Atlantic ties.
- The development of the EU integration process. At the same time as accepting new members, the deepening of the integration process as reflected in the drafting of a constitution, means that the EU may become more than a close grouping of independent nation-states and may possibly become either a confederation or federation. The development of an EU Common Foreign and Security Policy and the decision taken in December 1999 to develop the EU's own military capability enhances the importance of the EU as an independent actor in international relations.

The EU's eastward widening has increased the importance of the EU as a partner for Russia, as the Putin leadership has realised. The EU is currently Russia's biggest trade partner. It is also the biggest source of foreign investment. Before May 2004, trade with the EU accounted for about 35% of Russia's trade turnover. EU widening could increase this figure to around 51%. For the EU, Russia is its fifth biggest trading partner (after the US, Switzerland, China and Japan). The EU accounts for 61% of Russia's imports and 61.9% of its export trade.

Total EU trade with Russia in 2003 amounted to €84 billion and the EU had a trade deficit with Russia of €18 billion. Main EU imports from Russia are energy, agriculture and chemicals. Main EU exports are machinery (34%), chemicals (13%), agriculture (11%), transport material (11%) and textiles (6%). Russia's manufacturing and trade structures continue to be unbalanced. In 2003, energy and fuels accounted for more than 50% of Russian exports to the EU and EU-Russia trade in services is still rather limited in value terms: around €10 billion in 2002 in total, around 2% of total EU trade in services.

The Putin leadership consequently welcomes EU widening, which it sees as a natural process of integration, provided it does not damage Russian economic interests. In March 2001, Putin attended the EU summit in Stockholm, the first time that a Russian leader has ever attended an EU leaders' summit. In May 2001, at the Russia-EU summit in Moscow Putin described the Russia-EU relationship in the following way:

Our meeting with the EU troika was very constructive, meaningful and, in our view, exceptionally useful. In essence, we discussed all aspects of our cooperation. And I think it can be said that it was a question of strengthening long-term strategic partnership. So far as we are concerned, the European Union is a key partner. I would note that the Russian Federation's foreign policy blueprint regards ties with the EU as one of the most important priorities.¹¹

It was at this summit that European Commission Chairman Romano Prodi put forward the initiative of creating a high-level commission to develop through the joint efforts of the EU and Russian Federation the principles of a single economic space in Europe, which would include Russia. In July 2001, Prime Minister Mikhail Kasyanov spoke at the European Economic Forum in Salzburg of a linking (*soyedineniye*) between Russia and the EU rather than Russia seeking EU membership.¹² The development of a single economic space would be an important step in this process, and the Russian leadership has put emphasis on developing its legislation to conform to EU norms. Russia is now increasingly using the euro instead of the US dollar to conduct trade with the EU.

Relations did go through some difficulties in 2003 and 2004 as a result of the planned EU widening that took place in May 2004, when ten Central and East European states joined the EU. The Russian leadership expressed concern over the economic consequences it might suffer when these states became members. In April 2004, the minister of trade and economic development German Gref warned that there was a danger of a trade war between Russia and the EU. He said that EU widening could cause annual losses of \$150m in Russian trade as the new members adopted the EU's common tariff. In June 2004, foreign minister Sergey Lavrov warned that losses could be as high as €400 million a year.

These were echoes of a warning made in December 2003 by then deputy Prime Minister Viktor Khristenko at a round table of Russian and EU industrialists. He warned that EU enlargement would have complex and contradictory consequences for the interests of Russia and Central and Eastern Europe. He said that Russia could incur substantial losses in exports of energy, metals and nuclear substances, and that relations between Russia and Central and Eastern Europe would become more difficult because the legal basis of bilateral relations would become invalid as these countries went over to EU legislation. "In the near future a legal vacuum may bring about serious problems in our commercial and civil relations with candidate member countries." He said that the accession would radically change the geopolitical and economic situation in Europe.

In early 2004 relations became strained, as Russia warned that it might not automatically extend its PCA to cover the new members. In February the then foreign minister Igor Ivanov repeated the fears about the possible legal vacuum. He was concerned that Russia's economic relations with the new members would suffer, as it would become more difficult for Russia to export certain goods to these states. Russia sent the EU a list of 14 unresolved issues that touched on various areas in the Russia-EU relationship. Later in February, the EU warned Russia that there would be serious consequences if the PCA was not automatically extended to the new EU members.

Talks took place in early 2004 on both political and economic issues connected with EU widening. In addition to trade issues, the Russian leadership was still concerned about transport links with Kaliningrad (although agreement on this had been reached in November 2002), and the situation of the Russian communities in Latvia and Estonia. Most of these issues had been resolved by late April 2004. On 22 April, the President of the European Commission and seven leading European commissioners visited Russia for talks. This was the first time that such a high level EU delegation had visited Russia. It was agreed to set up a permanent council of EU commissioners and Russian ministers. This marked a significant step forward in institutionalising the Russia-EU relationship.

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Five days later, on 27 April, two documents were signed, which defined the relationship between the Russian Federation and the newly expanded EU. Most of Russia's economic concerns were met. The level of tariffs for imports of goods of Russian origin to the new Member States would decrease from an average of 9% to around 4% due to the application by the enlarged EU of the Common Customs Tariff to imports from Russia, as of 1 May 2004. Energy comprises 55% of Russian exports to the EU, and is not subject to any tariffs. This appeared to resolve most of the problems caused by EU widening.

The biannual Russia-EU summit which took place in Moscow on 21 May 2004 confirmed the trend towards a closer relationship. The Rome summit in November 2003 had approved the concept of a Common Economic Space between Russia and the EU. It had been agreed at the Russia-EU summit in St Petersburg in May 2003 that the EU and the Russian Federation would work on creating three other common spaces:

- Common Space of Freedom, Security and Justice
- Common Space of External Security
- A Common Space of Research and Education.

Head of the European Commission Romano Prodi outlined the concept of these four spaces in a speech in Moscow in April 2004:¹³

***The Common European Economic Space** aims to create an open and integrated market between Russia and the EU. Russia and the EU will move on to practical steps to increase the mutual openness and compatibility of their economies, including establishing harmonised or compatible regulatory standards, competition rules and intellectual, industrial and commercial property rights.*

***The Common Space of Freedom, Security & Justice** comprises cooperation in coping with the challenges of international terrorism, illegal migration and cross-border crime, including trafficking in human beings and drugs. The EU and Russia aim to strengthen judicial and police cooperation to combat all these threats. The recent agreement between Russia and Europol is a significant step forward. The aim of this common space is also to prevent any artificial barriers to the free interaction of our societies. Therefore Russia and the EU will strive towards visa-free travel as a long-term objective. In the short term both sides will take reciprocal measures to simplify visa requirements and make it easier for citizens to travel for business and leisure.*

***The Common Space of External Security.** Russia and the EU have already laid many of the foundations for this Common Space. Russian and EU positions converge on many international problems, including the Middle East, Iraq and the proliferation of weapons of mass destruction. This creates great potential for enhancing cooperation in multilateral fora such as the UN.*

The security dialogue has worked out a lot of the practical and legal aspects for future cooperation on the ground in conflict prevention, crisis management and post-conflict reconstruction. Russia has participated in

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the first EU-led police mission in Bosnia. The EU wants to work more actively together with Russia to find lasting settlements to the 'frozen conflicts' in Transdnestr and the South Caucasus.

The Common Space of Research & Education. *Cultural cooperation will increase student, scientific and cultural exchanges. Russian graduate students and academics will participate in the European Union's Erasmus Mundus programme, and some Russian officials will study at the College of Europe.*

At the Moscow summit in May 2004, Putin announced that work on creating EU-Russia common spaces would be headed as follows: Industry and Power Minister Viktor Khristenko would be in charge of the common economic space. Presidential aide Viktor Ivanov would "organize work on forming the internal security space". Foreign Minister Sergey Lavrov has been entrusted with running the foreign security space and Presidential aide Sergey Yastrzhembskiy the science, education and culture space. Yastrzhembskiy will also continue his work in the capacity of the Russian President's special representative on developing relations with the EU. Putin said he hoped that specific proposals on the four spaces would be drawn up at the Russia-EU summit in the Netherlands in November 2004.

TACIS

TACIS is the EU's programme of technical assistance to the Russian Federation and other former Soviet states.¹⁴ It provides grant aid to help develop the economic and social infrastructure of the former Soviet states in order to facilitate the transition to a market economy and thereby help consolidate stable democracies with close friendly links to the EU. It gives assistance in various sectors, its priorities being: education, energy, enterprise support, environment, financial services, food and agriculture, human resources and social protection, nuclear safety, reform of public administration, the development of small and medium enterprises, and transport and telecommunications. The programme began in 1991, and in the period to 1999, €2,048 million were spent on more than 3,000 projects TACIS programmes in Russia.

A new phase began in 2000. It aims to spend €3,138 million between 2000 and 2006. The programme for the Russian Federation is intended to concentrate on four main areas:

- Support for institutional, legal and administrative reform
- Support to the private sector and assistance for economic development
- Support in addressing the social consequences of transition
- Nuclear safety.

The programmes will consist primarily of technical assistance and will support the following: transfer of expertise including training; industrial cooperation and partnerships for institution building, involving public and private organisations from the EU and partner countries; the cost of some necessary supplies (particularly in nuclear safety, justice and home affairs, and cross-border cooperation); investment and investment support activities.

Kaliningrad & The Northern Dimension

Russian concern that EU widening could adversely affect the position of Kaliningrad has acted as a spur towards seeking closer cooperation with the EU. There was concern that Lithuanian accession to the Schengen Agreement would close transit routes for Russian goods and passengers to Kaliningrad. This raised the possibility that Kaliningrad might effectively become detached from the Russian Federation.

The EU was mindful of Russian concerns on this issue. In January 2001 the European Commission issued a communiqué to the European Council on Kaliningrad that discussed the implications of EU widening for the region.¹⁵ It was partly for this reason that Putin attended the EU summit in Sweden in March 2001.¹⁶

Agreement on travel between Kaliningrad and the rest of the Russian Federation was reached at the November 2002 Russia-EU summit. At this summit a Facilitated Transit Document (FTD) scheme was agreed to enable Russian citizens to travel between Kaliningrad and the rest of the Russian Federation by land. The Russian leadership professed itself satisfied with the agreement, which does not appear to have resulted in any loosening of Moscow's control over the region. Some temporary problems arose over implementation of the agreement in early 2003. Russia in 2004 has seen problems over cargo transit between Kaliningrad and the rest of the Russian Federation. It was agreed to start talks on this problem and on easing visa regulations. Foreign minister Sergey Lavrov says that it is still necessary to adopt a special agreement to settle the issue of military transit to Kaliningrad.¹⁷

In addition to the special issue of Kaliningrad, the EU's Northern Dimension is another area of increased cooperation between Russia and the EU.¹⁸ The EU aims at providing structural assistance to this region, which includes the north-western regions of the Russian Federation. EU aid policy in relation to the Northern Dimension aims at strengthening what the EU commission regards as the "positive interdependence between Russia and the Baltic Sea Region and the [European] Union".¹⁹ In addition to addressing the Kaliningrad issue, the 2000-2003 Action Plan, adopted in June 2000, set out the following objectives for the Northern Dimension:

- Addressing the environmental problems in the region, eg the treatment of waste water in St Petersburg, Kaliningrad and the Baltic States, as well as atmospheric pollution and other problems which are a threat to the surrounding arctic environment.
- Improving the level of nuclear safety and nuclear waste management in the area where thousands of spent nuclear fuel elements have been stored and dumped into the sea (eg in the Kola Peninsula area), and where there are several nuclear power plants in operation.
- Facilitating cooperation in the energy sector. The north is rich in gas and oil.
- Developing efficient transport and border-crossing infrastructure, to make cross-border contacts easier and minimise the negative impact on trade, cultural and personal contacts.

- Enhancing cross-border co-operation in the fields of Justice and Home Affairs, to secure the legality of cross-border activities in an area where living standard disparities are wide.
- Supporting cross-border business cooperation and investment.
- Supporting public health and social administration programmes to address the problems of poverty, unemployment and health, including communicable diseases.
- Improving access to telecommunication and IT facilities, which can enhance cross border co-operation, create new kinds of employment and economic activity.
- Enhancing human resources development through international networks between research institutes, and the exchange of students and research staff.
- Preserving the traditional ways of life of the indigenous populations of the Arctic.

The Security Dimension

The moves by the EU to develop a European Security and Defence Policy (ESDP) have not gone unnoticed in Russia. In October 2000, at the Russia-EU summit in Paris, it was agreed that the EU would associate Russia with future EU crisis management operations and that Russia and the EU would develop a strategic dialogue on security issues and hold specific consultations on security matters, enlarging the scope of regular consultations on disarmament, weapons control and non-proliferation of weapons of mass destruction.²⁰ In November 2000, Igor Ivanov said the possibilities of Russian contributions to future EU crisis management operations would be studied.²¹

In 2001 Russian interest developed further. In January it was reported that the Kremlin was interested in coordinating Russian defence doctrine with that of the EU, and the visit of an EU delegation including Chris Patten, the EU Commissioner for external relations and Javier Solana, High Representative for the Common Foreign and Security Policy of the EU to Russia in February 2001 enabled the then secretary of the Security Council Sergey Ivanov to discuss security issues with them.²² Likewise when Solana visited Moscow in April 2001 to discuss the EU-Russia summit planned for May 2001, he discussed defence cooperation with defence minister Sergey Ivanov.²³

In February 2001 Putin said that Russia wished to cooperate more widely with both NATO and the EU in controlling the proliferation of weapons of mass destruction, and when Igor Ivanov met EU leaders in Sweden in March 2001, he proposed a non-strategic missile defence system.²⁴ Prior to 2000, discussion of such topics would probably have taken place in other fora, and Russia-EU dialogue would have been confined to economic and trade issues. Russian attitudes were well summed up by Foreign Ministry spokesman Aleksandr Yakovenko in June 2001 when he said that Russia would continue its dialogue with the EU in creating the future architecture of European security and on settling crisis situations.²⁵ At the seventh Russia-EU summit in Moscow in May 2001, it was agreed that:

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We reaffirm our attachment to promoting closer dialogue and co-operation on political and security matters in Europe. We recall the general Joint Declaration and the specific Joint Declaration on Strengthening Dialogue and Co-operation on Political and Security Matters in Europe, both adopted at the EU-Russia Summit on 30 October 2000, and have agreed to deepen our partnership. We have made foreign and security policy matters a regular feature of the agendas of the EU-Russia political dialogue meetings at all levels, including at the highest political level.

The EU will inform Russia on developments in ESDP matters and Russia will inform the EU on the development of its security and defence policy and its implementation within the fora for political dialogue. We shall make full use of existing formats for dialogue and focus on substantive issues of common concern in the field of security policy. Meetings at the level of senior officials will be used as a focal point to intensify the security policy dialogue, including on the work of the EU on military and civilian crisis management. We have concluded that the co-operation should continue to evolve gradually and in a structured way.

Crisis management in Europe as well as UN and OSCE matters have been identified as important areas of co-operation. As the European Union is improving its capacity for conflict prevention the dialogue with Russia in this field is being strengthened. The successful implementation of the decisions of the Nice European Council on the arrangements for strengthened dialogue and co-operation with Russia should lay the necessary ground for possible participation by Russia in EU-led crisis management operations under agreed conditions.

We have emphasised mutual interest in further developing our dialogue and interaction on non-proliferation, disarmament and arms control, and pointed out the significance of realising our commitments and obligations in this field. The European Union and Russia have strengthened their cooperation in support of destruction of chemical weapons and disposition of weapons grade plutonium, implemented in the Russian Federation.²⁶

Russia has given a cautious welcome to the EU's moves to acquire a certain military capability. It is not regarded with the suspicion that attended NATO widening. Russia's 1999 Medium Term Strategy Towards the EU expressed the hope that the development of an EU defence identity could counterbalance NATO-centrism in Europe. This is certainly the view taken in Russian military circles. In December 1999, the Russian Defence Ministry stated that it hoped that the planned EU military structures would be independent of NATO, whilst in November 1999 CGS Anatoly Kvashnin hoped to try and play on possible US-EU tensions by accusing the USA of seeking to weaken the EU, in order to prevent it from becoming an economic and political rival.²⁷

In an ideal scenario, the Russian military and political leadership would probably like to see an EU military force replace NATO and remove the USA from involvement in the management of European security. Articles on this subject in the military newspaper *Krasnaya Zvezda* in 2000 expressed the hope that an EU military capability would be to the detriment of NATO, and of Europe's security ties with the USA.²⁸

The Russian leadership is aware, however, that such a development is currently unlikely, and that Russia's hopes of creating and/or exploiting NATO-EU rifts are minimal. Defence minister Igor Sergeev was therefore probably sincere when he stated in Sweden in February 2001 that Moscow was not trying to play NATO off against the EU as it is not currently possible to do so.²⁹ Should significant NATO-EU differences arise, however, then this is unlikely to discomfit Moscow, which may exploit such a situation. Russia has expressed the concern that the EU should only take military action with the backing of the UN Security Council.

The Russian MOD put forward an Action Plan at the Russia-EU summit in May 2002, suggesting possible future areas of security cooperation.³⁰ In October 2002, Foreign Ministry spokesman Aleksandr Yakovenko outlined Russian interest. He said Russia had called for developing "sustainable and long-term" cooperation with the EU, based on mutual benefits and in the interests of global peace and stability, and that the development of Russia-EU security and economic cooperation would help transform the EU into "an independent centre of influence in the world". On specifics he said that Russia was interested in "participation in the EU policing mission in Bosnia-Herzegovina and the furtherance of talks on the use by the EU of Russian wide-bodied planes". He called for "strengthening the base for cooperation between Russia and the EU in the anti-terrorist sphere", and expressed support for the proposal to create a Russia-EU internal security council.

In early 2001, the MOD had outlined proposals for joint work on crisis management and possible multinational peace support units with the EU. Russia and the EU started a dialogue on mine clearance in May 2002.³¹ The first meeting of the EU Military Committee Chairman with Russian officers took place then also. In November, a Russian liaison officer began working with the EU Military Staff in Brussels. In 2002 the Ministry of Emergency Situations presented the EU a concept of civilian crisis management. This was followed by proposals on disaster management in March 2003.

The Presidency Report on ESDP in June 2002 outlined arrangements for consultation and cooperation between the EU and Russia on crisis management. The EU is to start an intensified dialogue with Russia if a crisis emerges. Russia will also be informed if the EU is considering a military operation. If Russia provides significant forces to any operation, Moscow will have the same rights as participating EU member states in the Committee of Contributors, the main body for daily operational management.

Russia has offered aircraft in order to help the EU develop a strategic airlift capability. The EU has not so far taken up this offer. Moscow has also suggested that the EU make use of its satellite images. The EU Satellite Centre in Torrejon has bought Russian satellite images in the past. Russia and the EU launched a space dialogue in 1998. In March 2002, the EU decided to develop a civilian satellite navigation system, Galileo. Russia may become involved in this. There has been some speculation about merging the European and Russian Space Agencies.

In April 2003, then foreign minister Igor Ivanov met Javier Solana, EU high representative for common foreign and security policy in Moscow. He again emphasised Moscow's interest in a long-term dialogue on defence and security matters. He also welcomed the recent decision of France, Germany, Belgium and Luxembourg to adopt a programme for the accelerated creation of their own defence potential. "Russia is interested in developing full-fledged cooperation with the EU in all fields, including in the field of defence, and will build its relations with the EU

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depending on the development of this structure." He suggested that Russia and the EU should "jointly combat drug trafficking and form a common law enforcement zone in Europe. We support the idea of setting up a Russia-EU internal security council."

However, response from the EU on military cooperation has been slow. In July 2003, First Deputy Chief of the General Staff Col-Gen Yuriy Baluyevskiy said that Russia was waiting for response from EU countries to specific proposals on military cooperation. Baluyevskiy welcomed the development of what he termed a defence component in the EU framework, as he believed that it would be less susceptible to US influence.

At the Russia-EU summit in Rome in November 2003, it was noted that Russia and the EU had implemented concrete co-operation in the context of the European Union Police Mission in Bosnia-Herzegovina. Moscow was also invited by the EU to be involved in the active phase of the joint EU-NATO crisis management exercise CME/CMX 03. It was also resolved that:

Within the framework of on-going security dialogue, EU and Russian experts will exchange views on developments concerning CFSP/ESDP and the European Security Strategy;

They will exchange views on Russia's foreign policy and security concept and their development;

The EU and Russia recall their wish to work towards a joint approach in the field of crisis management. EU and Russian experts will in this context exchange views on matters related to the EU's and Russia's response to crisis situations;

With this in view the European Union and the Russian Federation have opened talks aimed at defining a standing framework on legal and financial aspects in order to facilitate co-operation in crisis management operations;

The EU and Russia confirm their wish to establish co-operation in the field of long-haul air transport;

Exchanges of research fellows could take place between the EU Institute for Security Studies and the network of Russian Academic bodies for the purpose of joint studies.

The European Union and the Russian Federation reaffirm their special attention to developing international co-operation in the field of civil protection ... In view of enhancing responses to emergencies they have decided, in particular, to establish appropriate links between the respective competent bodies in Brussels and Moscow and to continue discussion on possible practical steps of co-operation in the field of civil protection.

The Bush Administration appears to accord Europe a lower priority than any of its post-1945 predecessors. It is likely that future US Administrations, whatever their political complexion, will not see Europe as having the strategic importance it had during the Cold War. An EU military capability, along with a more coherent Common Foreign and Security Policy may, in the long term, encourage the EU to

regard its relationship with the USA as being less central to its interests.³² It is possible that Russian and EU interests in some international issues may converge, and Russia may seek greater diplomatic cooperation with an EU less closely tied to the USA. Both Russia and the EU may see each other as useful partners in countering aspects of US foreign policy that both oppose. So far, however, there has been little meaningful foreign policy cooperation.

Energy

Russia envisages a partnership with the EU in which the two partners become organically linked. An important part of this process is the development of a close energy relationship.³³ The EU imports 53% of Russia's oil exports and 62% of Russia's gas exports. Russian exports account for 16% of the EU's oil consumption and 20% of the EU's gas consumption. There are no quantitative limitations on Russian energy exports to the EU. Energy accounts for about 20% of Russia's GDP, with Gazprom alone accounting for 8% of GDP and United Energy Systems 6%. At the sixth EU-Russia summit in Paris in October 2000, it was agreed to institute an energy dialogue on a regular basis in order to make arrangements for an EU-Russia energy partnership. The Joint Declaration stated that the energy partnership "will provide an opportunity to raise all the questions of common interest relating to the sector, including the introduction of cooperation on energy saving, rationalisation of production and transport infrastructures, European investment possibilities, and relations between the producer and consumer countries. The planned ratification of the Energy Charter treaty by Russia and the improvement of the investment climate will be important aspects in this context." Russian deputy Prime Minister Viktor Khristenko and Director-General of the EU Commission directorate of Energy and Transport, Francois Lamoureux, were appointed interlocutors.

Europe's need for a secure energy supply, and Russia's need to earn revenue for investment in its energy sector are a basis for a closer relationship. It has been estimated that the Russian energy sector will require between \$460 and \$600 billion in new capital investment up to 2020. The partnership aims at improving investment opportunities in the Russian energy sector by upgrading infrastructure, promoting efficient and environmentally friendly technologies and enhancing energy conservation within Russia.

The EU desires that Russia undertake concrete commitments in terms of fiscal stability, improvement of production and protection of investment. It also aims to improve the legal framework in which European firms operate. Access to Russian transport infrastructure will be part of the EU's concerns. The European Commission's role is to facilitate discussions between the parties involved. Four thematic groups have been set up to deal with the following issues:

- Energy strategies and balances
- Investment
- Technology transfer and energy infrastructure
- Energy efficiency and environment.

So far, the dialogue has reached agreement to launch feasibility studies for the following infrastructure projects:

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- Shtokman natural gas field development;
- Northern European Trans-Baltic natural gas pipeline;
- Yamal-Europe natural gas pipeline interconnection;
- Adria-Druzhba oil pipeline interconnection;
- EU-Russia electricity grids interconnection.

Work is underway to create a regional satellite accident prevention monitoring system for oil and natural gas infrastructures. Furthermore, Russian and EU experts have started working on the interconnection of electricity grids. The Moscow-based EU/Russia Energy Technology Centre inaugurated in November 2002, with the aim of enhancing technology transfer, contributes towards technology transfer involving private sector operators, particularly small and medium-sized enterprises

Energy cooperation will prove to be one of the most important aspects of the Russia-EU relationship. However, Russian entry into the WTO and closer economic ties with the EU are likely to create pressures for a reform of Gazprom in order to end its monopoly position in the Russian gas market. There is likely to be resistance within Gazprom to such pressures, so the development of a close energy partnership will be problematic.³⁴

Problems in the Relationship

Human Rights

For all Russian hostility towards NATO, it is ironic that the EU as an organisation has been more critical of Russian policy in Chechnya than has the North Atlantic Alliance. This has caused irritation, but Moscow has not allowed this to obstruct the process of developing a strategic partnership with the EU. However differences over human rights are a major impediment to developing a close partnership and while the conflict in Chechnya continues, it is likely to prevent the development of a seamless integration between Russia and the EU. The Yukos affair has also strained relations, as the EU and most EU member states strongly believe that the case against former Yukos oil company president Mikhail Khodorkovskiy is politically motivated by the Russian leadership, rather than a genuine attempt to clamp down on tax evasion and to ensure that Russia's business oligarchs obey the law.

On the Russian side, the inclusion of the Baltic states into the EU means that the status of the Russian residents of Estonia and Latvia is now a direct Russia-EU issue. Russians now constitute one of the largest ethnic minorities within the EU.

Economic Relations

As discussed above, there is some concern in Russia over its trading relationship with the EU, even though the EU recognised Russia as having a market economy in May 2002. The development of the economic relationship is likely to be hindered by the Russian leadership's failure to create a proper legal environment in which EU businesses can invest in and trade with Russia. The Yukos affair has done little to encourage the investment climate for foreign business in Russia. The task of ensuring that Russian technical and legal standards conform to EU ones is

enormous, and probably beyond the capability of this or any other conceivable Russian leadership. As a result, Russia still faces the problem that it may remain little more than a raw materials appendage for the EU for decades to come.

Foreign & Security Policy

If the EU is successful in developing a Common Foreign and Security Policy, and acquires in the long term a military capability, this could be a mixed blessing to Moscow. There is no guarantee that an EU foreign policy will always coincide with Russian foreign policy, particularly as the EU widens eastwards, taking in states which have traditionally been suspicious of Moscow. The EU and Russia may have conflicting interests in the “near abroad” of former Soviet states, particularly if armed conflicts arise where Russia feels it has major security interests. Kaliningrad may become an issue again in the future, and if the exclave’s EU neighbours prosper, then this might encourage the region to look further away from Moscow. An EU less inclined to look to Washington does not necessarily translate into a greater willingness to take Russian views into account, and there is no guarantee that an EU with a military capability would only use force in ways that would not conflict with Moscow’s views.

Conclusions

The Russian Federation has seen a close relationship with the EU as a central feature of its foreign policy. The Putin leadership has placed strong emphasis on the desirability of Russia and the EU having what Moscow calls a strategic partnership, and has increasingly emphasised Russia’s identity as a European power. In many respects it appears that Moscow sees its relationship with the EU as the single most important bilateral relationship. Since the collapse of the Soviet Union, Russia has been looking for a role commensurate with its self-perception as a great power which should be playing a major role in the international system. A major part of Russia's foreign policy since 1991 has consisted of seeking relationships that would enable it to continue to play a major role alongside other major powers.

Russia had initially hoped that it would be able to develop a close partnership with the USA akin to that at the height of the détente period in the early 1970s. Moscow still hankers after a special relationship with the USA. This is made clear by Igor Ivanov’s comments in his book *New Russian Diplomacy: Ten Years of the Country’s Foreign Policy*, where he describes Russia and the USA as having a special responsibility for world peace.³⁵ Although Russia’s importance to the USA as a partner has grown as a result of the war on terror, this has not resulted in the sort of close Washington-Moscow relationship desired by the Kremlin.

As an alternative Yevgenny Primakov, when he was foreign minister, expressed the hope that Russia could develop a strategic triangle with China and India that would be a partial counterweight to the USA and NATO. Particular stress was placed by Moscow on its relationship with China. However, although China and India share many perspectives on the international system with Russia, particularly in their opposition to US unipolarity, neither wishes to develop the sort of close quasi-alliance envisaged by Moscow to counter the USA. China and India’s economic relationship with the USA (both countries do far more trade with the USA than they do with the Russian Federation) is too important for them to risk jeopardising it by engaging in strategic competition with Washington in order to boost Russian great

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power status. "Strategic partnership" with China and India has thus proved to be of limited value to a Russia which still hankers after great power status.

Russia has thus turned to the EU. In Russian thinking the EU would be the western pillar of a united Europe, linked with the Russian Federation as its eastern pillar. This would be a mirror image of the Atlanticist conception of the USA as one pillar of the Atlantic alliance, and a united Europe as the other. The conception goes beyond Europe to embrace Eurasia: although the Putin leadership has been anxious to assert Russia's identity as part of Europe, it is also an Asian (or Eurasian) power with interests in various parts of Asia. Putin and other members of the Russian leadership have spoken rather ambitiously of developing Russia as a Eurasian transport corridor that could link Europe with Asia and also North America. For all these grandiose ideas, it should be noted that Russia's desire for a close relationship with Europe is largely prompted by fear that it will be marginalised on the eastern periphery of Europe by a widening EU that may be evolving into a quasi-state, with its own foreign policy and possible military structures.

Russian weakness is therefore one of the factors driving Moscow towards partnership with the EU. In trade terms, the EU needs Russia a lot less than Russia needs it, although the EU clearly sees Russia as an important source of energy. The USA and Japan are significantly more important trade partners for the EU than Russia. If a single economic space is to be created between Russia and the EU, which in effect means that Russia becomes part of a single European market, this would require Russian accession to the WTO, and a major effort to bring Russian legislation up to EU standards, along with a significant further restructuring of the Russian economy. Obtaining EU support for Russian accession to the WTO is therefore an important Russian foreign policy objective. It was for this reason that Putin said at the Russia-EU summit in May 2004 that Russia would sign up to the Kyoto Protocol in exchange for EU support over its negotiations with the WTO.

The EU does have an interest in a partnership with Moscow, due to its desire to see the emergence of a stable, democratic Russia with a non-threatening foreign policy. Its interest in partnership is therefore aimed at the transformation of Russia. Russian and EU objectives broadly coincide. The EU partnership will remain important to Russia, partly because of its potential to counter US unipolarity. The Russian Medium Term Strategy approved of a Finnish proposal that there be tripartite EU-USA-Russian Federation summits. Russia also hopes for a close partnership with the EU as a means of influencing the West, as it has failed to develop the sort of influence in the OSCE and NATO for which it originally hoped.

If the USA and the EU became less closely aligned, this would be a development that Russia would probably welcome, particularly in the field of military security. Russia's ability to influence these processes will however be constrained by its economic and military weaknesses. It is likely that the EU will play the lead role in determining the future of the Russo-EU relationship whilst Russia remains in a position of relative weakness. Whilst a closer partnership may develop, it would also contain the potential for many areas of disagreement: differing approaches to human rights is likely to prevent coincidence of outlooks. The development of a close security relationship could also prove problematic if the EU ever seeks to become involved in peace-keeping operations within the former Soviet Union.

Furthermore, in some ways Russia does not understand the structures of the EU, although its understanding may now be improving. The institution of the rotating EU presidency is one that Russians find difficult to understand due to their preference for dealing with major powers. The idea that a country as small as Luxembourg will be EU President for six months is an idea that Moscow finds difficult to understand. Moscow will probably prefer to deal with the EU through its relationship with the major EU powers (in particular Germany, France and Britain). Russia is likely to try to develop a special relationship with Germany. The EU is not experienced in carrying out its own foreign policy, and it is logical to expect Russia to try to exploit differences between EU members to its own advantage.

It is likely that a closer relationship will develop between the EU and the Russian Federation, which could become one of the most significant set of bilateral relationships in the international system in the opening decades of the twenty-first century, but the path to such a closer relationship is likely to be bumpy, and for the moment at least, the concept of a seamless *soyedineniye* is overstated. The possibility of eventual Russian membership of the EU is currently non-existent. This would require a remarkable evolution of the Russian political and economic system that cannot currently be envisaged. It should not be noted, however, that in May 2004 Konstantin Kosachev, the chairman of the Duma Committee on International Affairs, commented that "the time is already coming".

*Nobody is talking about a specific timeframe, but if this question remains unresolved, a time may arrive when there will not be equality in our relations ... The problem lies in the fact that the European Union has still not determined what kind of strategic relations it wants to build with Russia, and the same can also be observed on the Russian side.*³⁶

If other former Soviet states join the EU, then possible Russian membership may eventually become an issue. Then Russians would become a very sizeable ethnic minority within the EU, and this would inevitably affect Russian approaches towards it.

ENDNOTES

¹ The term European Union (EU) will be used throughout this paper, even though this name has only been officially used since 1993. Prior to that this grouping of states was known as the European Economic Community (EEC), and later the European Community (EC). For a good overview of Russia-EU relations from Khrushchev to Gorbachev, see Vladimir Baranovsky, 'The European Community as seen from Moscow: Rival, Partner, Model?' in Noel Malcolm, Ed, *Russia and Europe: An end to confrontation?*, London and New York, Pinter Publishers for the Royal Institute of International Affairs, 1994, pp59-78, on which this section is based.

² For an overview of Russo-EU relations in the 1990s, see Yury Borko, 'Thorny path to partnership – Russia and the European Union', *Svobodnaya Mysl*, No 2, 2001, pp24-40 and No 3, 2001, pp55-67.

³ For the text of the PCA see the website of the European Union, http://europa.eu.int/commm/external_relations/russia/intro/index.htm or the website of the European Commission delegation in Moscow, <http://www.eur.ru/eng/euru/docs.html>.

⁴ For Primakov's comments on European security on the occasion of the visit of the Danish foreign minister to Moscow, see BBC Summary of World Broadcasts (hereafter SWB) SU/2668, 19 July 1996. For comments on the Middle East, see Primakov's comments on the occasion of the visit of EU Middle East envoy Miguel Moriantes, SWB, SU/2924, 21 May 1997. See also deputy foreign minister Georgy Tarasov's comments, SU/3045, 9 October 1997.

- ⁵ For the texts of the Russian Medium Term Strategy and the EU strategy towards Russia, see the websites of the European Union or the European Commission delegation in Moscow as referred to in fn.4.
- ⁶ Andrey Zagorsky, 'Russia and Europe', International Affairs, January 1993, p50.
- ⁷ The GDP of the USA in 2001 was 8,977.8 billion dollars and of the 25 EU members in 2001 was 10,422.2 billion dollars. For GDP data for the USA see <http://www.oecd.org/dataoecd/48/4/30539246.pdf>. For the 25 EU states see http://en.wikipedia.org/wiki/Enlargement_of_the_European_Union#Current_EU_statistics.
- ⁸ SWB, SU/4202, 2 July 2001.
- ⁹ I S Ivanov, 'Vneshnyaya politika Rossii na sovremennom etape', at <http://www.mid.ru>.
- ¹⁰ V Likhachev, 'Rossiya i Yevropeyskiy soyuz v strategicheskoy perspektive', *Mezhdunarodnaya Zhizn*, 1, 2000, p40.
- ¹¹ SWB, SU/4158, 19 May 2001.
- ¹² SWB, SU/4204 4 July 2001.
- ¹³ See the website of the European Commission delegation in Moscow. SPEECH/04/198 - 23 April 2004, paraphrased.
- ¹⁴ See the TACIS section on the websites of the European Union and the European Commission delegation in Moscow, as referred to in fn.4.
- ¹⁵ The European Commission communique on Kaliningrad can be found on the European Union website (fn.4).
- ¹⁶ SWB, SU/4104, 26 March 2001.
- ¹⁷ BBC Monitoring, 27 April 2004.
- ¹⁸ The European Commission has a communique on the Northern Dimension. See the European Union website (fn.4.)
- ¹⁹ *Ibid.*
- ²⁰ Peter Norman, 'EU, Russia move to strengthen energy and security ties', *Financial Times*, 31 October 2000.
- ²¹ See the speech by Igor Ivanov at the European Forum in Berlin, 25 November 2000, on the Russian Ministry of Foreign Affairs website, <http://www.mid.ru>. See also Haig Simonian, 'Russia seeks stronger ties with EU', *Financial Times*, 27 November 2000.
- ²² SWB, SU/4038, 8 January 2001 for the report on coordinating defence doctrines and SWB, SU/4072 16 February 2001 for the visit of the EU delegation to Moscow.
- ²³ SWB, SU/4115, 6 April 2001.
- ²⁴ SWB, SU/4076, 21 February 2001 and SWB, SU/4092, 12 March 2001.
- ²⁵ SWB, SU/4200, 30 June 2001.
- ²⁶ See European Union website for the text of the summit communique (fn.4).
- ²⁷ For the MOD's comments see SWB, SU/3712, 8 December 1999. On 22 December 1999 the head of the Defence Ministry's Main Directorate for International Military Cooperation, Col-Gen Leonid Ivashov, said that Russia would consider different forms of cooperation with the European corps if this military-political structure sought to reduce NATO's role and did not add to its potential. See SWB, SU/3726, 24 December 1999. For Kvashnin's comments, see SWB, SU/3694, 17 November 1999.
- ²⁸ See Yury Pankov, 'EU attention! NATO at ease!', *Krasnaya Zvezda*, 8 September 2000 and Mikhail Dem'yanov, 'A Europe of different speeds', *Krasnaya Zvezda*, 6 December 2000.
- ²⁹ SWB, SU/4064, 7 February 2001.
- ³⁰ See Mark Smith, 'Russia and the West', Conflict Studies Research Centre, F78, May 2002, p5.
- ³¹ This section draws heavily on Dov Lynch, 'Russia Faces Europe', Chaillot Paper No 60, EU Institute for Security Studies, May 2003, p69-73.
- ³² See Ivo H Daalder, 'Are the United States and Europe heading for divorce?', *International Affairs*, Vol 77, No 3, July 2001, pp553-568.
- ³³ See http://europa.eu.int/comm/energy/russia/overview/index_en.htm.
- ³⁴ See the interview with Yury Komarov, head of Gazprom exports, 'We will increase the supply of gas to Europe', *Nezavisimaya Gazeta*, 10 August 2001.
- ³⁵ Igor' Ivanov, *Novaya Rossisskaya Diplomatiya: desyat' let vneshnei politiki strany*, Moscow Olma Press, 2001, p141.
- ³⁶ BBC Monitoring, 19 May 2004.

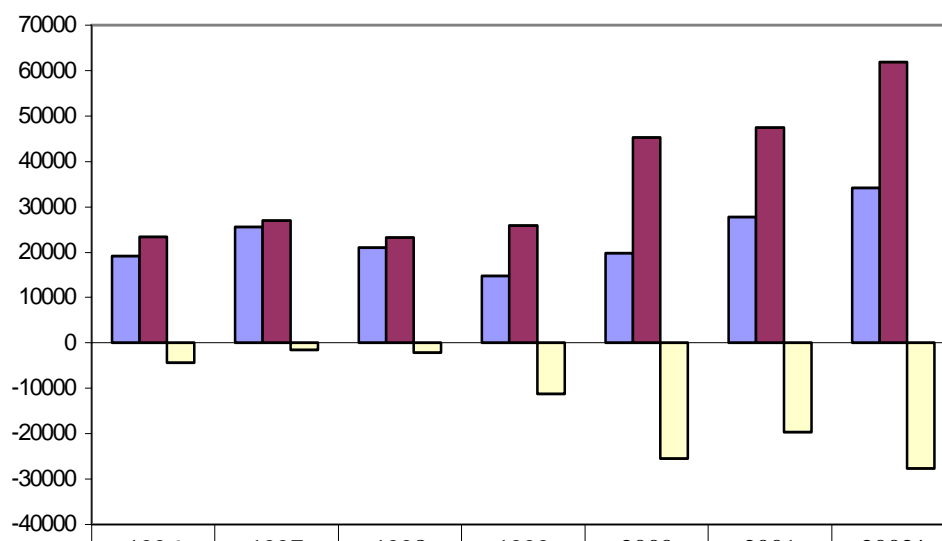
Appendix

These indicators are taken from the website of the European Commission delegation in Moscow. See: http://www.eur.ru/en/p_216.htm

The EU & Russia – Economic & Trade Indicators

2002 data derived from Eurostat and Russian State Statistical Committee relatively	EU (15 Member States + 10 Acceding Countries)	Russia
Population (million)	452.7	144.8
Area (1000 km ²)	3,972	17,075
Population density (inhabitants per km ²)	114	9
GDP (€ billion)	9,643	360
GDP per capita (€)	21,300	2,500
Exports (€ billion) (2002)	900.3	100
Imports (€ billion) (2002)	940.7	56
Balance (€ billion) (2002)	-40.4	44
Russia's share in EU exports/ EU share in Russia's exports	3.8%	61.9%
Russia's share in EU imports/ EU share in Russia's imports	6.6%	61%
Russia's share in EU trade/ EU's share in Russia's trade	5.2%	61.6%
Exports as share of total world exports (2002)	20.0%	1.65%
Imports as share of total world imports (2002)	17.5%	0.67%

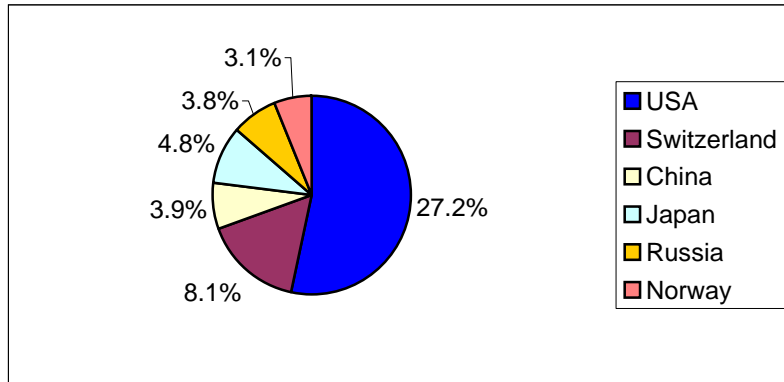
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EU-RUSSIA TRADE, 1996-2002 (€MILLION), EUROSTAT DATA

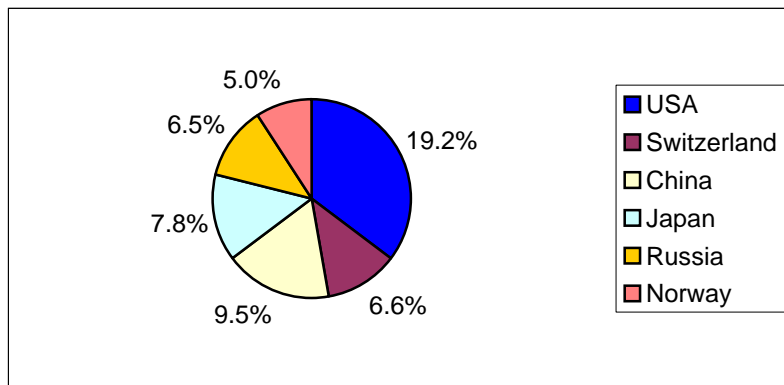
	1996	1997	1998	1999	2000	2001	2002*
EU Export to Russia	19132	25539	21087	14772	19828	27814	34200
EU Import from Russia	23392	27037	23172	25918	45334	47428	61900
EU-Russia Trade Balance	-4260	-1498	-2084	-11145	-25506	-19614	-27700

* Trade between EU-25 (15 Member States +10 Acceding Countries) and Russia.

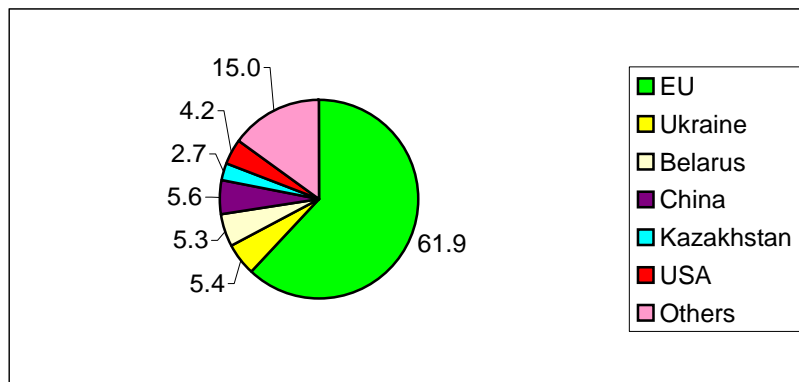
EU EXPORTS BY COUNTRY OF DESTINATION



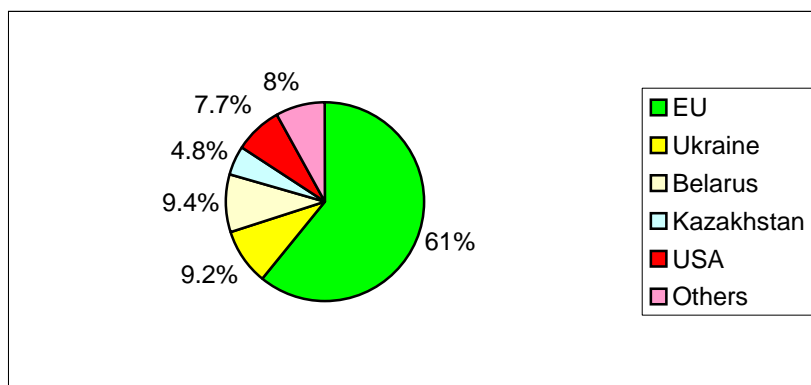
EU IMPORTS BY COUNTRY OF ORIGIN



RUSSIA'S EXPORTS BY COUNTRY OF DESTINATION



RUSSIA'S IMPORTS BY COUNTRY OF ORIGIN



2002 Statistics by Eurostat.

Want to Know More ...?

See: Dov Lynch, 'Russia Faces Europe', Chaillot Paper No 60, EU Institute for Security Studies, May 2003, <http://www.iss-eu.org/>

Dov Lynch, Ed, 'EU-Russian Security Dimensions', Occasional Paper No 46, EU Institute for Security Studies, July 2003, <http://www.iss-eu.org/>

Pekka Sutela, 'Russia and Europe: Some Economic Aspects', <http://www.carnegie.ru/en/pubs/books/>

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