



CENTRE FOR EUROPEAN REFORM

policy brief

The EU and Russia: All smiles and no action?

By Katinka Barysch

- ★ The atmosphere in the EU's relations with Russia is warmer than it has been in years. A broader reset in Russia's relations with the West has helped, as has Russia's acknowledgement that it might need help with modernisation. The EU is no longer deeply split about how to deal with its biggest neighbour.
- ★ Nevertheless, the EU and Russia have made little or no progress towards a modernisation partnership, a more secure energy relationship, a bilateral treaty or joint efforts to solve conflicts in the Caucasus. There is no alternative to engagement. The question is how.
- ★ The Russian leadership will be risk-shy and pre-occupied in the run-up to the 2012 presidential election. The need for Western assistance will appear less acute with oil prices climbing to new heights. While the Russian state will remain difficult to deal with, the EU and its member-states should strengthen links with Russian entrepreneurs, activists, researchers and other parts of civil society.
- ★ The EU's Russia policy has become more coherent and realistic; but it is still largely reactive. A reinforced dialogue between Russia, Germany and Poland (and perhaps France) could act as a clearing house for differences and perhaps add some vision and leadership.

Are the EU and Russia finally learning how to get on? When President Dmitri Medvedev travelled to Brussels in December 2010, Commission President José Manuel Barroso described the meeting as the “best summit” in years and an agreement reached on trade as “a milestone”. Although a similar meeting with Prime Minister Vladimir Putin, in February 2011, was a little less harmonious, Barroso still called it “very fruitful and constructive”. After years of frustration and acrimony, there is a glint of optimism in EU-Russia relations. In a relationship that usually lurches from crisis to crisis – think of the gas cut-off in 2009, the Georgia war in 2008, or the stand-off over Estonia’s ‘bronze soldier’ statue in 2007 – more than two years have passed without any major upheaval. Instead, the Union and Russia are using the improved atmosphere to explore new initiatives, such as security co-operation, a joint energy road map and a modernisation partnership.

A general relaxation in Russia’s relationship with the West has prepared the ground for improved EU-Russia relations. The ‘reset’ between Washington and Moscow has resulted in the ratification of the new START arms reduction treaty, tougher sanctions on Iran, stronger co-operation on Afghanistan and renewed US support for Russian WTO entry. The bitter dispute over US plans for missile defence was defused in December 2010, when Russia and NATO agreed to co-ordinate steps towards a new European missile shield. Although Russia’s standing in its neighbourhood remains precarious, Moscow gladly thinks that Western advances into its ‘near abroad’ have slowed for now. Plans for Georgia’s and Ukraine’s NATO membership have been postponed, perhaps indefinitely. Ukraine’s current government is snuggling up to Moscow and Belarus has abandoned all pretensions of moving westward.

In addition, Russia's deep recession in 2009 and the temporary collapse in energy prices appeared to make Moscow a little more humble. Gone was the hubris and aggression of previous years. Instead, Russia dusted off its WTO application and asked key Western partners to help modernise its economy.

On the EU side, divisions and disagreements among the member-states are no longer a significant obstacle to formulating and implementing the EU's Russia policy. Partly, the EU's newly found harmony stems from the fact that there are no big, contentious issues on the EU-Russia agenda, so there is no need for governments to take sides. Partly, it is the result of an all-round disillusionment with Russia: governments that have been critical of the EU's policy for not being 'tough' enough realise that the EU's influence on Russia is limited. But equally important is the fact that EU countries that used to have tetchy relations with Russia (like Latvia, the UK and Sweden) have all managed to improve them. The Russian-Polish rapprochement is easily the most important development in EU-Russia relations in recent years. Russia's initially tactful handling of the tragic crash of a plane with Polish political leaders, and its increased openness about historical events such as the Katyn massacres, have allowed for a thawing in this traditionally tense relationship.

Divisions still exist among the member-states. But they no longer manifest themselves in theological debates on whether to engage Russia or criticise it. They tend to surface when decisions about individual issues have to be made. For example, Italy and Germany are said to have looked more kindly at Russian requests to get special treatment under the EU's energy rules (of which more below). Spain, Greece and Italy got so fed up with (German-led) opposition to ease visa requirements for Russians that they threatened to start issuing lots of bilateral long-stay Schengen visas until the EU position softens. At their December 2010 summit, the EU and Russia only managed to agree that they would identify the steps that, if implemented, could one day lead to the EU waiving visa requirements for Russia.

However, while the international atmosphere has much improved, Russia has mellowed and the EU is better prepared to speak with one voice, there have been few concrete achievements in EU-Russia relations in the last couple of years.

EU-Russia talks on a new bilateral treaty to regulate their relationship are in their 12th round – with no final agreement in sight. Political or ideological disagreements are no longer the main obstacle to progress. The EU saw the old 'partnership and co-operation agreement' (PCA) from 1994 as a "roadmap to parliamentary democracy", in the words of one scholar. The EU initially thought that by inserting robust language about 'common values' into the new treaty, it could nudge an increasingly authoritarian Russia back onto the path towards

pluralism. EU officials and politicians still promise to keep reminding Russia about its existing commitments to democracy and human rights, for example in the framework of the Council of Europe. But they are no longer trying to use the new PCA to address outstanding political issues. They talk of a "de-ideologisation" of the negotiations process.

The main obstacles to progress on the new PCA have been disagreements over trade and energy. The EU's big idea has been to offer Russia a free trade agreement, in return for which Russia would sign up to bilateral and binding rules on energy trade, transit and investment. Both sides agree that it makes little sense to start working on a free trade agreement before Russia has joined the WTO. The EU would have to battle with unilateral Russian tariff hikes that would be illegal under WTO rules, while Russia fears that it might have to make the same trade concessions twice. The EU also sees a 'deep' free trade agreement as a logical continuation of Russia signing up to international trade rules in the WTO. EU tariffs towards Russian goods are already rather low and energy, which makes up the bulk of Russian sales to the EU, passes tariff-free. But both Russian and EU-based businesses would gain a lot if regulatory and bureaucratic barriers were removed.

WTO entry within 12 months?

After years of little progress (and various setbacks), Russia's WTO accession finally gathered some momentum in 2010. Although Moscow had signed bilateral WTO deals with the EU in 2004 and the US in 2006, various trade disputes, from chicken import bans to export levies on birch logs, precluded a final agreement. Russia resolved such outstanding issues with the US in October 2010, and with the EU two months later. Russian officials are once again talking about their country finally joining the trade club within a year. However, Russia has yet to sign a multilateral deal with all WTO members, some of which still grumble about the level of farm subsidies and export support that Russia wants to maintain. More intractable is the dispute with Georgia which, as a WTO member, can – and currently does – veto Russia's accession. Russia still bans many Georgian food products from its market. More importantly, Moscow and Tbilisi cannot agree where Georgia's border (and hence its customs posts) should lie following the 2008 Russia-Georgia war that ended with the de-facto secession of Abkhazia and South Ossetia. Russia and Georgia have not talked to each other directly since 2008, leaving a resolution to be pursued awkwardly through Swiss mediators.

Furthermore, Russia has yet to explain fully how it intends to combine WTO membership with the customs union it is building with neighbouring Belarus and Kazakhstan. A law establishing a single external tariff for the three countries came into force in mid-2010, with tariffs between them to be removed by July 2011. The three are also working on

a more ambitious ‘single economic space’. Russia has given up the plan (announced in 2009) to join the WTO as a bloc with its customs union partners. But even if Russia enters the WTO solo, it will have to make sure that its regional trade arrangements are compatible with WTO rules. The Russians claim that they are, although neither Belarus and Kazakhstan are WTO members.

The EU views Russia’s trade policies with suspicion. The immediate effect of the creation of the customs union has been to turn Russia’s recent ‘crisis tariffs’ into law and oblige Belarus and Kazakhstan to apply them too. The EU says its businesses are losing €860 million a year as a result – and that is without the hassle of getting EU goods past customs officials toiling under a host of new rules and regulations. Although Russian politicians like to talk about “free trade from Lisbon to Vladivostok”, many Europeans doubt whether Russia’s integration with its former Soviet neighbours can easily be combined with the EU-Russia free trade agreement that will probably be envisaged in the new PCA. Such an FTA would entail the harmonisation of many trade rules and product standards between Russia and the EU. At the same time, Russia would have to harmonise rules and standards with Kazakhstan and Belarus, if it was serious about making free trade between the three countries a reality. “The customs union has been a setback for the WTO process”, says one Brussels diplomat. “And at the moment we are not even talking about any further free trade arrangements with Russia.”

Politically, the EU resists dealing with Russia, Belarus and Kazakhstan as a bloc since it likes to use bilateral trade deals as a carrot in its own neighbourhood policy. The EU is reluctant to extend concessions it is prepared to make to Russia to other countries automatically. “We won’t take a free trade agreement with Belarus to the European Parliament”, scoffs one EU official.

The next energy battle

While there is at least some movement on trade, negotiations on energy are proving ever more challenging. The EU was hoping to use the new treaty to make Russia finally sign up to binding rules governing what is one of the world’s biggest energy relationships. Although Russia had never ratified the multilateral Energy Charter Treaty, the fact that it had signed it (and was thus obliged to provisionally apply many of its clauses) gave foreign investors a modicum of confidence. By withdrawing its signature to that treaty in 2009, Russia sent a strong signal that it did not want to be bound by rules that it saw as biased towards the consumer countries. Equally unappealing to Russia is the idea that the PCA energy clauses should be based on the EU *acquis* in energy.

On the contrary, Russia has in recent years been trying to re-jig Europe’s energy framework in its

favour – so far to little avail. President Medvedev’s suggestion in February 2009 that energy producer, consumer and transit states should negotiate a new energy charter was met with scepticism in the West. So was Prime Minister Putin’s call in March 2011 (in an article for the German daily *Süddeutsche Zeitung*) for a joint EU-Russia ‘energy complex’.

Although both proposals were vague, it appears that Moscow’s aims are two-fold. First, it wants to be exempt from EU moves to liberalise its energy markets. While in the past, Russia frequently complained about the protectionism it encountered in some European energy sectors, its main grievance now concerns the ‘third energy package’ that came into force in March 2011. The new EU law requires all energy companies active in the European market to run their supply, transport and sales businesses separately. Gazprom, Russia’s giant quasi-monopoly, is required legally to ‘unbundle’ the gas pipelines it owns and operates on EU territory, and to sell access to these pipelines to other energy companies. To make sure they stay within the law, EU countries now tend to involve the Commission when they negotiate new contracts with Russia. Poland did so in the autumn 2010, which forced Russia to cede majority control of the transit gas pipeline it operates on Polish territory. The third energy package will also prevent Russia from running new projects, such as the South Stream pipeline from Turkey to Western Europe, as an integrated entity.

When Prime Minister Putin visited Brussels in March 2011, he complained that the third energy package would lead to “confiscation” of Russian property on EU territory. He warned that it would deter investment and hence drive up energy prices. The EU, however, has rejected Russian demands for exemptions from the new rules. The dispute remains unresolved and is likely to keep EU judges and competition officials busy for years to come.

Second, Russia wants more ‘security of demand’. Europe’s outlook for gas demand is uncertain because of sluggish economic growth and the unknown impact of the EU’s ambitious climate change policies. Some people also expect that Europe will be able to exploit local resources of ‘unconventional gas’ that are currently being explored in places such as Poland and Germany. Although such production is years away at best, the explosion of shale gas output in the US has contributed to a global gas glut that is also affecting the dynamics of the European market. The big European gas companies are locked into 30-year bilateral contracts with Gazprom that force them to buy certain gas volumes at a price that is linked to that of oil. With the oil price climbing again in the wake of the global recovery and driven up by fears about Middle Eastern instability, such contract gas is becoming very expensive. Meanwhile, smaller companies are taking advantage of the increasing liberalisation of the European market to supply customers with much cheaper gas that they buy on the ‘spot’ market.

Gazprom has already grudgingly allowed a little more flexibility in the contracts with its big European customers. But it categorically dismisses suggestions that the old model – of long-term contracts with prices linked to oil – is becoming obsolete. Russian leaders and energy executives frequently warn that unless the Europeans state clearly how much gas they will buy in the future, Russia will not invest the vast sums needed to replace its depleted gas fields with new ones. It also keeps promising to sell more gas to China. Although the second threat sounds hollow to most Europeans, EU policy-makers and energy executives acknowledge that Russia needs predictability to raise money for new energy investments. The EU has offered to draw up a joint ‘energy road map’ to 2050 with Russia as a way of matching long-term forecasts and plans. Nevertheless, with the dynamics of the global gas market shifting in favour of consumers, the EU and Russia face a period of acrimonious negotiations before a new gas regime emerges that suits both sides.

What kind of modernisation?

While negotiations on trade and energy will continue to go slowly, the EU and Russia are working on their latest project – a ‘partnership for modernisation’. The two sides adopted a joint declaration on this at their Rostov-on-Don summit in mid-2010, and by December they had drawn up a ‘rolling work programme’ to identify possible projects for co-operation. Many EU diplomats and politicians consider the idea promising because it chimes with Russia’s own domestic priorities. President Medvedev has warned repeatedly that Russia’s economy will crumble unless the country kick-starts reforms. Prime Minister Putin has thrown his weight behind certain projects designed to upgrade the economy. However, the Putin and Medvedev camps differ profoundly over what Russian modernisation should entail. Medvedev’s concept is pretty comprehensive, including improvements to the country’s unappealing business environment, a stronger legal system and more individual freedoms. Putin and his people favour selective support for the development of advanced technologies and skills, such as the Russian institute of nanotechnology or the Skolkovo innovation city. Most Europeans would agree with Medvedev that such state-led mega-projects will do little to overhaul Russia’s sclerotic economy and help it diversify away from oil and gas. The bigger problem is that businesses in Russia get strangled by red tape and picked on by corrupt officials, while education and research continues to deteriorate and mollycoddled state-linked behemoths are allowed to dominate whole sectors.

The differences over what modernisation means became apparent in the run-up to the Rostov summit. While Russia prioritised joint industrial policies, support for innovation projects and visa-free travel, the EU side insisted on the need to strengthen the rule

of law and civil society, market opening and integration, and co-operation in science and research. Rather than resolving such differences, the joint communiqué that launched the modernisation partnership reflected a limp compromise. It contained a long list of ‘priorities’ related to both the industrial and innovation policy aspects favoured by Moscow and the more systemic (rule of law, competition) aspects highlighted by the EU. The ‘work programme’ added in December 2010 was equally broad, containing dozens of potential areas of co-operation from student exchanges to space technology. It overlaps greatly with the long list of projects included in the 2005 programme for building four ‘common spaces’ (in economics, energy, security, education) which has made very little headway to date.

The EU has chipped in €3 million to get modernisation co-operation going at the official level (and Russia says it will add a similar amount). But – with the exception of one project to set up appellate courts in Russia – the modernisation partnership has so far resulted in little concrete action. Some observers criticise the EU for supporting Russia’s skewed idea of top-down modernisation instead of making a strong case for systemic reform. If the Russians themselves can have a lively debate about how far and deep modernisation should go, why should the EU shy away from such questions? Others think that the EU is right to let Russia pick and choose the kind of projects it wants to work on with the EU. They warn that if the EU insists too much on legal and political reforms, the modernisation partnership will be still-born, like various previous EU initiatives that linked economic perks with political chores.

Meanwhile, Moscow is looking for help and understanding elsewhere. By March 2011, Moscow had concluded eight bilateral modernisation partnerships with individual EU countries, with another eleven in the works. Some of these bilateral frameworks have already produced some useful results. For example, Germany and Russia have initiated worthwhile projects on energy efficiency and healthcare in the framework of their own modernisation partnership, which predates the EU one. Some of the other bilateral partnerships include statements on the importance of reform in Russia but most focus on joint projects in selected industries, as well as research and innovation. There is nothing wrong with this: both Russia and the EU countries involved will gain from more economic integration and interaction between business people, bureaucrats and scientists. The risk is that while EU member-states focus on the things that Russia wants – most notably the transfer of technology, skills and investment capital – the EU gets lumbered with pushing for the rule of law, political opening and other issues that Moscow prefers not to talk about.

The EU-Russia modernisation partnership will only have an impact if the member-states back it firmly

and continue making the case for comprehensive reform in Russia. Close co-ordination between the EU's support for modernisation and the various projects started by the member-states is also essential. Both the EU and its member-states should also pay more attention to the needs of smaller businesses in their modernisation partnerships. Small enterprises struggle in Russia's state-controlled, over-regulated economy. An estimated 1.2 million members of the Russian middle class have left Russia in recent years to look for better opportunities abroad. "Russia has business schools but no entrepreneurs", concludes one expert on the Russian economy. A growing class of small business owners and entrepreneurs would not only create much-needed employment and help the diversification of the economy. They may also one day push for better property rights, less corruption and more political freedom.

The values question once again

The modernisation partnership once again throws up a long-standing dilemma in the EU's policy towards Russia: should the EU make adherence to human rights and democratic standards a precondition for a closer relationship? Or should it pursue its interests in a mind-set of realpolitik, which means accepting Russia as it is, not as the EU would like it to be? In recent years, the EU's policy has been moving towards the latter. But not everyone in the EU has been comfortable with this tendency. And the uprisings in Northern Africa and the Middle East have triggered debate in EU circles on whether a foreign policy that helps to prop up authoritarian regimes can ever really be in the EU's interest. The European Commission has proposed turning the EU's policy towards the Mediterranean countries into a 'partnership for democracy' and re-focusing the 'Eastern partnership' on political change. Various EU capitals have called for making closer ties with, and extra aid for, neighbouring countries conditional on political reforms. Although Russia is a declared strategic partner (and consequently not part of the EU's neighbourhood policy), the EU might be accused of double standards if it pushed harder for democratic freedoms in countries ranging from Belarus to Morocco while seemingly turning a blind eye to human rights violations in Russia.

Formally, political reform is of course very much part of the EU-Russia relationship. And the EU has been running a bi-annual human rights dialogue with Russia since 2003. However, since Russia insists that these get-togethers involve only diplomats, not civil society representatives, they are stilted and of little consequence. Overall, the EU's public admonishments have had little discernable impact on Russian political developments. In international rankings of transparency, accountability and democratic freedoms, Russia has continued to slide.

The EU should explore how to promote change in Russia without relying on the state. The Commission

already consults Russian NGOs about its human rights dialogue with the government. The EU also makes around €1 million a year available to support such NGOs through the 'European Instrument for Democracy and Human Rights'. The Polish government is pushing for the establishment of a much bigger 'European Endowment for Democracy' to support civil society and democratisation primarily in the countries around the EU's external borders. The endowment, if established, should get active in Russia. A new EU-Russia civil society forum met for the first time in Prague in March 2011 to encourage closer ties between European and Russian activists. Although the forum is a private initiative, the EU has said it will help with some money (without, however, adding the political constraints and bureaucratic rules that apply to its own human rights activities).

The Russian leadership is likely to watch the EU's reinforced focus on governance and civil society with suspicion. Following Ukraine's 2004 orange revolution, Russia has tended to see Western support for NGOs within Russia and in the former Soviet space as subversive and dangerous. The EU should be prepared for such opposition and proceed regardless. This is a quarrel worth having.

Conflicts in the neighbourhood

Another issue over which Russia and the EU are likely to clash in the coming years are the frozen (or protracted, in EU parlance) conflicts in Nagorno-Karabakh, Transnistria, Abkhazia and South Ossetia. As part of its revamped neighbourhood policy, the EU is hoping to play a bigger role in attempts to resolve them. The EU reasons rightly that the frozen conflicts – by holding back political reform, stunting economic growth and giving Russia undue influence over some of the governments and entities involved – are a major impediment to the declared objectives of its neighbourhood policy. Russia has so far resisted a greater EU role in conflict resolution, insisting that talks should take place in existing forums, such as the OSCE Minsk Group for Nagorno-Karabakh (which includes France but does not give a role to the EU). Many also suspect that Russia is not keen on durable solutions since continued instability allows it to meddle in its near abroad.

In June 2010, German Chancellor Angela Merkel, together with President Medvedev, came up with the idea of upgrading EU-Russia security co-operation (something that Russia wants) in return for greater Russian support for conflict resolution. Russia would get a seat on a newly established 'political and security committee' where it might get a say in the formation of EU policies rather than being presented with signed-off decisions – but only after Moscow has shown that it is serious about co-operation by producing tangible progress in Transnistria, the least intractable of the regional conflicts. However, the so-called Meseberg initiative has gone nowhere. The

Russians have argued that the establishment of the new committee should precede attempts to get things moving on the ground, not follow it. Germany has countered that Russia should first help to unblock the ‘5+2 talks’ on a settlement between Moldova and Transnistria and renew its promise to withdraw its ‘peacekeeping’ troops from Transnistrian soil. Some of Germany’s European neighbours – miffed at not having been properly consulted about Meseberg – have blocked progress at the EU level. Others have worried about how the new committee would fit in with the role of NATO in Europe and the work of the NATO-Russia Council.

In March 2011, Russia’s foreign minister, Sergei Lavrov, came out in favour of reviving the Meseberg initiative. Although institutional fixes cannot compensate for a lack of political will, the idea of a new committee seems to appeal to the Russians. Russia is also keen to portray itself as a peacemaker in this troubled region, rather than a party to the conflicts. The EU should use this opportunity to engage Russia in a serious debate about a joint crisis response mechanism and joint peacekeeping missions.

How to deal with a stagnating Russia?

The EU’s Russia policy is now mostly about pragmatic co-operation – although the EU is also trying to get more hard-nosed where interests clash, for example in the common neighbourhood or with regard to energy questions. While this ‘whatever works’ approach suits Russia much better than the EU’s previous preaching on common values and commitments, it has not so far resulted in a more fruitful EU-Russia relationship. There has been little or no progress on any of the projects the EU and Russia are pursuing at the moment: a new bilateral treaty, a modernisation partnership, an energy dialogue or common efforts at crisis resolution. The picture is not all bleak: the 2010 EU-Russia agreement on trade might help finally to propel Russia across the WTO finishing line; and co-operation between the EU and Russia on international issues, such as Iran’s nuclear programme, is going better. But these developments do not add up to the kind of strategic partnership the EU claims to be building with Russia.

The EU’s focus on pragmatism and small steps means that EU-Russia relations will remain shallow and directionless. One-off events or sudden changes – if Russia changed its mind on missile defence co-operation, a frozen conflict in the Caucasus blew up or a dispute with Ukraine triggered another gas crisis – could quickly derail what little progress there has been in recent years.

A more strategic and deep-rooted relationship looks unlikely for the time being. Few people expect much positive change in Russia while the country prepares for the December 2011 parliamentary and March

2012 presidential elections. Of course, these elections will not involve free and fair choices. The pro-Kremlin party will continue to dominate parliament, and the decision on who will be president after 2012 is Putin’s alone to make. Yet the leadership is nervous, suspecting that much of its approval ratings represent acquiescence rather than loyalty. Russia will be loath to rig the election blatantly, knowing full well that the EU and the US would have to react negatively. The elections, although in many ways a foregone conclusion, present a political challenge that will leave little room for risk-taking. “The Russians will struggle to engineer an orderly succession under formally democratic conditions”, explains one Moscow-based expert. “They have to pretend to be in an election cycle; they have to fake so many things.”

With a cautious leadership otherwise pre-occupied, even low-key ideas such as the modernisation partnership have little chance of rapid success. In Russia’s highly centralised system, nothing moves unless there is a nod from the very top. “We have some support from the Putin government but [the modernisation partnership] is not a priority”, sighs one EU diplomat in Moscow. “If Putin gave his firm commitment, it would spur Russia’s bureaucrats into action.” As things stand, the modernisation partnership is likely to result in “progress reports but no progress”, to quote another person involved.

Russia’s moment of humility – which the EU had been hoping to use to strengthen co-operation – might already be passing. The oil price has recovered, which is helping Russia to refill its depleted treasury, ignore the need for change and bolster its political self-confidence. What little respect the Russian leadership has for the EU has been undermined by the protracted eurozone crisis, the EU’s bumbling reaction to the Arab spring and the disarray that has accompanied the establishment of the EU’s new External Action Service in Brussels.

Russian politics and Moscow’s attitude towards the EU will naturally limit what the EU can achieve with the current regime. Many of those who are intimately involved in EU-Russia co-operation are warning against undue optimism. “There is only one thing that is constant [in EU-Russia relations]”, says one German politician. “Russia is an ambivalent, complex and difficult partner that defies easy solutions.”

While the Putin regime is unlikely to make big concessions to the EU, the EU should continue exploring ways of supporting change in Russia that does not immediately require the co-operation of the state. The EU-Russia modernisation partnership (as well as the bilateral partnerships Russia is establishing with most EU countries) should pay particular attention to the needs of small businesses and entrepreneurs. The EU and its member-states should broaden exchange programmes for students, scientists, bureaucrats and activists, to transfer skills and experience but also to help battle anti-EU

prejudices in Russia. The EU, the member-states and EU-based NGOs should try to support civil society in Russia as much as possible.

Such grassroots efforts cannot, however, compensate for the lack of leadership and strategic thinking in EU-Russia relations. The EU's policy towards Moscow might be more coherent and realistic today, but it is still largely reactive. It is possible, and highly desirable, that the External Action Service will soon produce cogent strategy documents on Russia (and other foreign affairs issues) around which the member-states can rally. However, in a Union where power is once again moving from the Brussels-based institutions to the member-state capitals, it appears that the EEAS's role will be auxiliary for the time being. Meanwhile, apathy and anti-Western sentiment in Russia, and resignation in the West, are making a flourishing EU-Russia relationship ever less probable.

Where could leadership and vision on Russia come from? Like in so many other policy areas today, Russia policy may benefit from a smaller group of countries taking charge – like Germany and France have done on fixing the euro, France and Britain on defence, or Sweden and Poland on eastern policy.

No EU policy towards Russia stands a chance unless Germany is firmly on board. Germany is by far Russia's biggest trading partner and energy customer in the EU. It also has strong and friendly (sometimes too friendly) political links with Moscow. There are fruitful connections between German and Russian foundations, universities and other non-governmental actors. But Germany cannot lead on Russia alone, lest it be accused of putting its own commercial interests ahead of the historical and current grievances that some of its neighbours have with Russia. It needs a partner.

Although the UK is one of the biggest investors in Russia, its political relationship with Moscow remains thin and plagued by mutual suspicion following the murder of a former Russian agent in London. Many Europeans equate Italy's relationship with Russia with the personal friendship between Vladimir Putin and Silvio Berlusconi. Poland is the obvious partner for Germany in this policy area. Polish-German relations are thickening following the frosty period when the Kaczynski brothers ruled in Warsaw. The Polish-Russian rapprochement allows for a narrowing of positions between Berlin and Warsaw on Russia. With its strong commitment to integrating Ukraine, Moldova and other eastern neighbours with the EU, Poland would make sure that Berlin does not pursue a

'Russia first' policy. By working with Germany, Poland would gain gravitas and influence. Germany would gain legitimacy and balance.

Alternatively, the 'Weimar triangle' – the long-standing if ineffective club of Germany, France and Poland – might lead on Russia. In February 2011, the leaders of the three countries met for their first Weimar summit in five years. Polish President Bronisław Komorowski used the occasion to invite the Russian president along to such gatherings in the future. The Weimar foreign ministers have already met their Russian counterpart (and also the Ukrainian one). Working relationships are developing among German, French and Polish officials, policy planners, parliamentarians and university professors. Russians could easily be included in some of these get-togethers. Adding France to a German-Polish duo on Russia would lessen opposition in South European countries such as Spain. It would also give the group a stronger focus on security. On the downside, the inclusion of France might make the leadership group look suspiciously pro-Russian since President Sarkozy is even less prone to criticising Russia than Merkel. Moreover, the well-known differences between Merkel and Sarkozy might hold back constructive thinking on Russia policy. Yet, one influential German official calls the Weimar triangle "the most viable platform for dealing with substance [in EU-Russia relations]".

Some Polish policy-makers and officials dislike the idea of a leadership duo (or trio) on Russia. Perhaps they fear being dominated by their big neighbour or they prefer to uphold the principle that all EU countries should move in unison. EU officials are equally unenthusiastic. "The member-states should not take the perceived weakness of the EEAS as a pretext for re-nationalising foreign policy", warns one Brussels official. "It is welcome that individual countries feed their ideas on the east or the south into EU policy-making. But only the EU at 27 can deliver."

Of course, the Weimar triangle could not impose a Russia policy that other EU countries do not agree with. But it could act as a useful clearing house for different ideas and convictions on Russia. It could provide focus and fresh ideas. And it might be taken more seriously by Russia.

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