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Policy Brief

Managing
Divergences
and Redefining
Common Interests
with Russia:
A European Perspective

Managing Differences and Redefining Common Interests with Russia: A European Perspective

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The outbreak of the Ukraine crisis and Russia's response to it caught the European states by surprise. European countries have long struggled to agree upon a common position in the fora of the European Union (EU) and NATO. A multitude of views on Russia and Ukraine policy reflected the different political and economic priorities of individual governments, the influence of geography and history, and many other factors. At the same time, however, **European members of NATO and the EU have displayed a dogged desire to work on the problem and to achieve some unity of action in response to Russian behaviour**, notably in the establishment of the sanctions regime against Russia and in their ability to reach consensus decisions at the 2014 Wales NATO Summit. Throughout the crisis, the divergent perspectives and perceived short-term national interests of European states have been in competition with **a deep-rooted, if sometimes inchoate, sense that more fundamental interests—and even perhaps the very future of European unity itself—are at stake in the crisis.**

In this Brief, we set out a European perspective on the issues, interests, and institutions at the heart of the crisis. We identify key points of tension and divergence between European states and Russia, and then move on to a discussion of the common interests that remain and the rationales that could persuade various actors to pursue them. We conclude the chapter by considering the implications of the remaining cooperative agenda outlined for NATO, the EU, and the Organization for Security and Cooperation in Europe (OSCE).

1. Divergence of Interests

Before we can think about redefining common interests, the divergent perspectives of European states and Russia need to be understood and acknowledged.

Today, **a closer look at the nature of the divergence with Russia reveals three important aspects.**

First, **at the ideological level, Russia's authoritarianism at home is increasingly at odds with European liberalism.** Moscow's behaviour internationally also remains far from what is seen in the West as a model of commitment to a rules-based international

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order. This values gap emerges as a particular source of tension given the fact that Russia is still nominally bound by a number of human rights obligations, including those stipulated in OSCE and Council of Europe documents. Many Europeans, from opinion leaders and civil society groups to ordinary citizens, expect European governments to consider this normative dimension when formulating policy toward Moscow.

The status of the post-Soviet common neighbourhood is a second point of contention. The majority of European states remain wary of offering EU or NATO membership—or even the prospect of membership—to the countries situated between Russia and the borders of these institutions. Nonetheless, there is consensus within the EU that the citizens of countries such as Ukraine, Moldova or Georgia would benefit from a closer political, economic, and military relationship with the West and through greater approximation of their governance structures to Western standards. That conviction has underpinned the core of outreach programs such as the EU’s Eastern Partnership or NATO’s Partnership for Peace. Russia seems to interpret this Western policy as infringing on its legitimate interests and therefore aims to limit the policy choices of the common neighbourhood countries to either integration into Russian-dominated organizations or acceptance of a less formal dependence relationship. So far, no viable model to reconcile these two visions of the future of the common neighbourhood has emerged.

Closely connected with the status of the common neighbourhood is a **third broader question regarding the functioning of the Euro-Atlantic security system.** Europe has a stake in preserving the system based on the UN Charter, the 1975 Helsinki Principles and the 1990 Paris Charter for a New Europe, with links between states based on equality, respect for sovereignty and territorial integrity, a prohibition on the use of force, and respect for human rights and the principles of democracy. From a European perspective, Russia’s recent policy reflects a radically different approach to the organizing principles of regional security in the Euro-Atlantic area. According to Russia’s playbook, rules such as indivisibility of security or nonintervention in the internal affairs of other states are interpreted in such a way as to preserve Russia’s influence over its immediate neighbourhood, give Moscow a veto power over EU and NATO activities in the area, and assure the stability of other authoritarian regimes in the OSCE zone. Moscow presents its use of force to defend its interests as comparable to, and just as legitimate as, the West’s use of force in Kosovo in 1999, Iraq in 2003, and Libya in 2011. Moreover, Moscow seems convinced that the West is fomenting colour revolutions—which some Russian government and military officials see as a form of Western asymmetrical warfare—in order to weaken and surround Russia.

2. Europe’s Common Interests with Russia

As long as Russian and European interests and perceptions do not align on the crucial

issues highlighted above, it is difficult to envisage progress on the creation of a common political, economic, and security space from Lisbon to Vladivostok—even if it is recognized that the creation of such a zone would most likely be beneficial in the long term to all European countries, including Russia. **Fallout from the Ukraine crisis will be an obstacle to cooperation even where clear common interests do exist.**

Nevertheless, **it is important in the wider setting of twenty-first-century international politics that efforts at cooperation continue, despite the difficulties.** While a geopolitical struggle appears to have returned to the heart of Europe, it is contextualised by a global environment in which power is diffused. No state has all the means at its disposal to deal single-handedly with the threats and challenges it faces. There is a need to preserve and strengthen cooperation with Russia today in some areas, even more than at the height of the Cold War, when some cooperation with the Soviet Union developed and was preserved through crises.

Notwithstanding the acknowledged fundamental disagreements outlined above, the priority areas for cooperation include the following:

Avoidance of a Larger Military Conflict in Europe

Despite the Russian annexation of Crimea and its intervention in eastern Ukraine, it is plausible that the Russian leadership understands the disastrous and prohibitive costs of a direct military conflict with NATO countries. Similarly, **NATO states do not seem to be interested in escalating military tensions with a nuclear-armed Russia to the level of direct confrontation.** At the NATO Wales Summit in September 2014, the allies agreed on relatively minor, defence-oriented reinforcement of the eastern flank of Alliance territory. Proposals to support Ukraine with significant quantities of weapons and military equipment were still debated at the time of the publication of this report, confirming the unwillingness of Europeans to increase the chances of direct confrontation with Moscow.

The main danger seems to be the possibility of unintended escalation following an incident involving the military or law enforcement agencies of Russia and other European and NATO states. Recent research by the European Leadership Network (ELN) has identified more than fifty specific cases of close encounters between Russian, NATO, and other Western country militaries between March and December 2014.² These incidents included narrowly avoided collisions between aircraft, close encounters at sea, and the abduction

² European Leadership Network, “Interactive Map of Russia-West Dangerous Military Encounters Updated,” December 15, 2014, http://www.europeanleadershipnetwork.org/interactive-map-of-russia-west-dangerous-military-encounters-updated_2262.html. See also the original report by Thomas Frear, Lukasz Kulesa, and Ian Kearns, *Dangerous Brinkmanship: Close Military Encounters Between Russia and the West in 2014*, (European Leadership Network, November 2014), <http://www.europeanleadershipnetwork.org/medialibrary/2014/11/09/6375e3da/Dangerous%20Brinkmanship.pdf>.

of an Estonian intelligence officer—on Estonian and, therefore, NATO soil—by Russian operatives. In the current environment, any such incident that results in a loss of life or in extensive damage to either side would be likely to provoke a response involving either direct military action or increased military operations in border regions. This could feed a spiral of growing tensions that may be difficult for any side to completely control or stop.

To avoid such an outcome, **it is in the common interest of European states and Russia to exercise restraint throughout all military chains of command**, especially regarding their respective armed forces' activities in the border areas. To increase predictability and stability, both sides should build on transparency and confidence- and security-building measures already agreed on in the OSCE framework, such as those in the Vienna Document.

Salvaging the Ukrainian Economy and Avoiding a Rupture in Europe-Russia Energy Relationship

Questions about the vector of Ukrainian political and economic integration (EU- or Russian-oriented) are at the heart of the current crisis. President Viktor Yanukovich's November 2013 decision to suspend preparations to sign the Association Agreement with the EU sparked the protests that culminated in his ouster from power.

While the question of the consequences of the Association Agreement's implementation remain unresolved, a war has continued at various degrees of intensity in the Donbas area of Ukraine, and the country's economic situation has continued to deteriorate. Ukrainian gross domestic product (GDP) has fallen by 6.7 percent in 2014, according to official estimates from Kyiv. Without external support, primarily in the form of International Monetary Fund (IMF) and EU loans, the Ukrainian economy will most likely not be able to survive in the coming years.

From the European perspective, preventing the collapse of the Ukrainian economy remains a high priority. The Europeans seem to tacitly acknowledge that the EU and IMF alone cannot provide all the necessary support and that some degree of Russian cooperation is required if the worst is to be avoided. This was reflected in the decision to suspend the implementation of the economic part of the EU Association Agreement until December 2015, a move influenced by the assumption that Russia may impose further costs on Ukraine if its position on halting the Deep and Comprehensive Free Trade Area (DCFTA) implementation is not taken into account.

Russia has been eager to use Ukraine's economic vulnerabilities to obtain a high degree of influence over internal developments in Kyiv. However, **there may also be significant costs to Russia if the Ukrainian economy collapses.** Most obviously, Russia's trade

with Ukraine would diminish further, to the detriment of its own economy. Perhaps more importantly, as Russia is widely perceived inside Ukraine to be the cause of the economic problem, this could alienate much of the population even further from Russia and drive the authorities in Kyiv into the arms of the EU.

If, on the other hand, Russia recognizes the benefits of easing the pressure on the Ukrainian economy, that could create a platform for discussions on how the EU and Russia could work together to help Ukraine, a conversation that in turn could lead to a dialogue on a more positive economic relationship across the entire Lisbon to Vladivostok area.

Russia and Europe also have a common interest in terms of preserving their energy relationship. Russian resources have been playing an important role in the energy mix of several European states. Russia has been supplying one third of EU oil imports and a quarter of its coal and other solid fuel imports. It has also been the source of approximately 30 percent of EU countries gas imports, and in a number of eastern and south-eastern EU states, dependence on Russian gas is between 80 and 100 percent.³ In turn, Europe has been providing a predictable and stable source of revenue for Russia. This mutual dependence relationship may however change in the future. Russia's heavy-handed approach towards Ukraine and the implicit threat of gas delivery interruptions buttress the arguments of those who advocate reducing Europe's dependence on Russian oil and gas. Similarly, Russian authorities seem to emphasize gas exports to China as a way of diversifying away from its dependence on European markets.

Humanitarian Assistance and Reconstruction Support for the War-Damaged Areas in Ukraine

Russian annexation of Crimea and nearly overt support for separatist forces in Eastern Ukraine has resulted in an armed conflict which, by early 2015, had cost the lives of more than five thousand people. **The full picture of the devastation to private property, industry, and infrastructure caused by the fighting in the Donbas area has not yet emerged**, but, according to early estimates, between \$1 and \$2 billion would be needed to assist the areas that remain under Ukrainian control alone.⁴ According to the United Nations, some 5.2 million people in Ukraine live in conflict-affected areas and over one million have fled to elsewhere in Ukraine, Russia, and other neighbouring countries.⁵

³ Eurostat, "Energy Production and Imports," http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_production_and_imports.

⁴ "\$2 Billion Needed to Restore Donbas," UNIAN, October 14, 2014, <http://www.unian.info/economics/995748-2-blm-needed-to-restore-donbas.html>.

⁵ Kieran Guilbert, "More than 1 Million Flee, Ukraine Close to 'Humanitarian Catastrophe,'" *Reuters*, January 8, 2015, <https://uk.news.yahoo.com/more-1-million-flee-ukraine-close-humanitarian-catastrophe-182157516.html#8pTsTQs>.

If a viable ceasefire can be reached in eastern Ukraine, provision of urgent humanitarian assistance and the start of reconstruction work therefore emerge as important common interests for both European countries and Russia. Russia should be especially interested in outside assistance in the reconstruction of the areas of Donbas controlled by the pro-Russian forces, given its own budget constraints and other priorities.

An **international donor conference** for the reconstruction of Donbas is planned for spring 2015. It could be an opportunity to facilitate broader cooperation on the issue, with some Russian involvement. Granted, there would most likely be strong objections against involving Russia in the joint effort, as in Ukrainian and European assessments it bears prime responsibility for the conflict and therefore the destruction caused. The only practical alternative is to focus Western support on the areas controlled by Ukrainian authorities, while leaving it to Russia to offer assistance to the separatist-held areas. However, this path would most likely result in a gradual severing of economic links with the rest of Ukraine and a solidifying of the frozen conflict status of the region. It may therefore be useful to begin by designating specific areas or reconstruction projects in which, based on Ukrainian consent and possibly under a framework involving the OSCE or the United Nations agencies, European donors and Russia can cooperate.

Dialogue on the Future of Security Order in Europe

In Europe, differences remain regarding the wider impact of the Ukraine crisis on the European security order. For some, the only way forward is to persuade (or coerce) Russia to return to observing the post-Cold War rules of relations, which would involve withdrawal from all of Ukraine's occupied territories. Until that happens, only a basic level of interaction with Russia in the security sphere is possible, and Russia should be treated as an outsider to the European system. **Others call for a more thorough examination of the reasons for the failure of the European security order,** including analysis of cases when Western actions may have contributed to the erosion of the system, such as the NATO and EU enlargement processes, or the development of the US missile defence system. In that interpretation, European states should still attempt to keep Russia "in," which may require going through the list of Russian grievances. According to this reading, the rules of the game for the common neighbourhood between NATO/EU and Russia need to be discussed.

A discussion that reflects on the conditions for regional stability, the current divergent interpretations of the Helsinki Principles, and the relevance of the Paris Charter is needed both within Europe and between representative of various European countries, Russia, and the United States. At the same time, it is unlikely that it can be productively pursued in the fora of international organizations such as the OSCE, the Council of Europe, or the NATO-Russia Council, given the entrenched official positions of

all parties. This is an area where credible track 2 activities have a positive role to play.

Ultimately, if a new understanding is not reached with Russia on the basis of the European security order and its effective implementation in practice, the costs and potential dangers of an unstable status quo will increase for both sides.

Cooperation on Selected Global and Regional Challenges

Both Europe and Russia also have a stake in continuing cooperation on a number of global and regional challenges. While it is naive to expect that such cooperation on global issues would have a spillover effect and transform the way in which the two sides pursue their interests within Europe and the joint neighbourhood, it is still worth pursuing. It should be remembered that the crisis over Ukraine erupted roughly at the same time as Russia, the United States, and a number of European countries were engaged in unprecedented cooperation aimed at securing and eliminating Syria's stockpile of chemical weapons.

Cooperation over the Iranian nuclear program has survived the crisis, at least up to the time of writing. **Preserving the current international order based on the UN Charter and combating wider global challenges remains as much in the interest of Russia as of Europe**, and other areas of cooperation are possible. From a Western perspective, since it is not always the case that Russian cooperation is indispensable to the pursuit of European interests, these possibilities probably have to be assessed on a case by case and transactional basis.

Protection of the international weapons of mass destruction (WMD) nonproliferation system is at the top of the list of common interests among short-term priorities. Neither side would benefit from proliferation of WMD, caused by the collapse of regimes such as the as the Treaty on the Nonproliferation of Nuclear Weapons (NPT) or the Comprehensive Nuclear-Test-Ban Treaty (CTBT), the emergence of new nuclear powers, or the use of biological and chemical weapons.⁶ Containing the **threat of terrorist organizations** with radical Islamist agendas has also re-emerged as a uniting cause following Islamic State of Iraq and al-Sham (ISIS) advances in the Middle East, despite all the differences about the strategies for combating specific terrorist organizations. The cooperation here includes action at the UN level to prevent radicalisation, as well as contacts between intelligence officials and some degree of information sharing.

Regional cooperation on maritime issues involving resource management, spill prevention, search-and-rescue, and other practical issues has also continued in the Arctic, Baltic, and Black seas with Russian participation, despite the Ukraine crisis. Similarly, regional

⁶ In this context, Russia's decision to discontinue participation in the Nuclear Security Summit process, aimed at fostering international cooperation in securing nuclear materials worldwide from the threat of theft and sabotage, is a worrying development.

cross-border cooperation continues in several regions. Russia has shown an interest in maintaining business as usual in these fora. EU and NATO states have imposed certain limits on cooperation, notably in the NATO-Russia Council context. However, it is in the interest of all European countries that low-level, day-to-day cooperation assuring the safety of all European citizens (e.g., cooperation in fighting crime, including drug and people trafficking, rescue at sea arrangements), protecting trans-border ties and the natural environment continues as it does today.

3. Implications for Key Multilateral Institutions in the Euro-Atlantic Area

The pursuit of cooperation in the areas discussed cannot and will not fall to any single institution. We therefore turn next to consider the possible roles of NATO, the EU, and the OSCE in the period ahead.

The Role of NATO in Pursuing Common Interests

NATO will continue to enhance deterrence measures aimed at Russia and will implement the steps agreed at its Wales Summit to reassure allies in the eastern part of the Alliance.⁷ Russia has decided to treat NATO actions as a threat, but a majority of Europeans see them as necessary steps that are important to communicating red lines to Russia unambiguously, which in turn is important to stability and the subsequent pursuit of common interests.

NATO's role in pursuing areas of common interest will be limited in the short term. **Regarding the aim of avoiding direct military confrontation, NATO will need to communicate clearly to Russia exactly what it is doing along its eastern flank** under the framework of its revamped deterrence and reassurance policy. This includes being clear about how it would respond to further Russian military actions. **The NATO-Russia Council, which can still meet at the ambassadorial level, should be utilized for this purpose.** Internally, NATO should also make clear that its procedures for handling incidents involving the Russian military are known and universally interpreted throughout the Alliance and are guided by the principle of restraint. NATO will also need to coordinate its members' positions and be ready for discussions on military transparency and confidence and security-building measures with Russia, which may at some point take place at the OSCE or subregional levels.

The **Alliance will also need to contribute to any discussions on the future of the European security system.** NATO's stance regarding further enlargement of the Alliance

⁷ NATO, "Statement by the NATO Defence Ministers on the Readiness Action Plan," February 5, 2015, http://www.nato.int/cps/en/natohq/official_texts_117222.htm.

and its relationship with the countries in the common neighbourhood remains a major source of disagreement with Russia and will have to be factored into discussions. NATO's position from the Wales Summit that a "clear, constructive change in Russia's actions which demonstrates compliance with international law and its international obligations and responsibilities" is a condition for renewed partnership remains valid as a guiding principle for future NATO-Russia relations.⁸

The Role of the EU in Pursuing Common Interests

The EU has a vital role to play in helping to prevent Ukrainian economic collapse and providing humanitarian assistance and reconstruction support to the affected areas. The EU needs to implement its pledges regarding economic support and **also work with Kyiv on improving its governance capacity and institutional arrangements**, including through a dedicated mission supporting reform of civilian security structures. Individual European leaders have also been engaged in shuttle diplomacy to stabilize the situation in eastern Ukraine, albeit without a formal EU mandate, and may need to be involved also in the future for high-level contacts with Russia.

Provided that fighting in eastern Ukraine stops, the trilateral process of consultations between the EU, Ukraine, and Russia on the consequences of DCFTA implementation on Russia and the proceedings of a contact group on settling the gas issue should be used to agree on a wider joint approach toward stabilizing the Ukrainian economy.

The EU played a crucial role in brokering the October 2014 interim agreement on the resumption of Russian gas deliveries to Ukraine and on the payment scheme for the Ukrainian debt to Russia, which prevented any interruptions of the Russian gas supplies to Europe via the Ukrainian transit system. Russia is currently attempting to portray the Ukrainian transit route as unreliable and to press Europe into supporting alternative delivery options, including North Stream and the planned connection through Turkey. Europe finds itself in an awkward position, trying to support Ukraine in its efforts to obtain reasonable terms for further deliveries of Russian gas, but also planning for scenarios of gas delivery disturbances in the years to come.

For the time being, the EU has focused on attempts to influence Russian policy through a gradual tightening of sanctions. The EU's role in the period ahead should be wider. It needs to contribute to a renewed dialogue on the nature and stability of the European order as a whole, and on the rules of the game in the common neighbourhood. **That may require balancing its policy of sanctions on Russia with political outreach aimed at drawing Russia back into the fabric of Euro-Atlantic political norms.** A clear and

⁸ NATO, Wales Summit Declaration, September 5, 2014, http://www.nato.int/cps/en/natohq/official_texts_112964.htm.

unambiguous declaration re-emphasizing the aims of the Eastern Partnership policy (which does not include a membership perspective, has no link with the question of NATO membership, and does not require severing economic contacts with Russia) and the EU vision of the relationship with Moscow could create space for engagement with Russia.

The Role of the OSCE

To the surprise of many observers, **the OSCE has emerged as the most productive international organization involved in the management of the Ukraine crisis** by providing impartial information about developments in Ukraine, engaging in election monitoring, brokering humanitarian access and ceasefire arrangements, and taking the lead in implementing the ceasefire monitoring regime. This role has been possible not only due to the inclusive nature of the organization and the experience of its staff, but also to the invaluable efforts of the 2014 Swiss chairmanship, hopefully continued in 2015 by the Serbian chairmanship.

From the European perspective, the OSCE has an important role to play in re-establishing a functioning ceasefire in Ukraine. Beyond that task, it may help to revise Ukraine's constitutional arrangements and legal framework for the Donbas area, and make it possible for Ukraine to draw on its expertise in settling minority issues, demilitarization of conflict areas, and reconciliation.

Given Russia's role in the OSCE along with all NATO countries, Ukraine, and others in the common neighbourhood, the OSCE could also be important as the forum through which to restart efforts at confidence- and security-building measures and arms control, in areas such as the revision of the Vienna Document, the CFE Treaty, and the Open Skies Treaty. At the same time, there are serious doubts as to whether the OSCE can be the venue in which the necessary discussion on the future of Europe's security architecture can be successfully concluded. Its concept of the establishment of the Euro-Atlantic and Eurasian security community suffered a blow with the use of force by one OSCE member, Russia, against another member—Ukraine. Furthermore, the majority of European countries are unlikely to agree on giving the OSCE a leading role in managing European security affairs if these countries see this as limiting their own foreign policy ambitions or NATO's and the EU's role and scope for engagement in eastern Europe, the Caucasus, and Central Asia.

Regardless of whether or not the OSCE can be the venue for the necessary wider discussion, the January 2015 decision to establish a panel of eminent personalities to prepare proposals on "reconsolidation" of European security as a "common project" represents the first serious attempt mandated by governments to think strategically about the challenges outlined above.

⁹ OSCE, press release, "All participants of Panel on European Security as a Common Project confirmed," January 12, 2015, <http://www.osce.org/cio/133986>.

For more information

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