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Russia's global power status inside BRIC Group. How can the EU deal with Russia's assertive international profile?

Abstract

Against a background in which the international order is increasingly a multi-polar one, the EU faces the difficult task of maintaining its relevance as a coherent geopolitical actor and at the same time, figuring out whether it can any longer do that in the context of a decreasing US involvement in Europe. We are facing in fact a revival of MacKinder's theory of the Heartland, in which the stakes for world power is being played between continental powers such as Russia and China, while the influence of the United States is likely to continue to decrease. The rising economic and military strength of Russia and China should be understood in association with the overall increasingly visible profile of BRIC countries. This raises for the EU a challenge as regards finding the proper political and economic instruments to counter the rising Russian profile, and - as a solution to this particular problem - engage politically China in order to achieve this goal. The EU is more likely to cooperate with China, given its failure so far to extend its cooperation with Russia to sectors other than economy. However, Russia has considerably consolidated its economic and political dialogue with China over the recent years.

Key words:

BRIC, Eastern neighbourhood, energy security, modernization, energy security.

Introduction

This paper aims to present a realist discourse on Russia's behaviour as an international actor trying to assert an increased role at the level of various international institutions and organizations, including BRIC group. One important instrument through which Moscow manages to achieve that is through an increasingly aligned position with China on important global policies, inside the BRIC group.

The theoretical framework of research is subscribed to the realist discourse of the International relations theory. The main hypothesis which I intend to test through the paper deals with the use of **regional cooperation** and **alignment** on *major global issues* of Russia and China as an instrument to articulate more assertive positions in their foreign policies towards the European Union as an international actor and in general. For this end, a complex set of conditionality factors for regional cooperation will be analyzed at the level of the strategic foreign policy documents as well as military doctrines and concepts formulated by the three above-mentioned actors.

The international scene is becoming increasingly multipolar, in a context in which the US is no longer willing to engage in the European security framework, leaving thus room for actors such as Russia and Turkey to play an increasing role in the shaping up and ultimately the creation of the European security architecture. While the southern neighbourhood of the EU is undergoing revolutionary movements, the Eastern neighbourhood of Europe seems to move closer and closer to authoritarianism. According to Nicu Popescu, "Today, every country in the Eastern neighbourhood except Moldova is less pluralistic than it was 5 years ago (though Belarus arguably could not become worse)"¹. What had become obvious is that EU's neighbourhood policy can only be effective if it approaches each of its neighbours individually.

Against this background, Europeans have the difficult task of maintaining a fragile status-quo in their shared neighbourhood with Russia in an international context

¹ Nicu Popescu, "Of Eastern and Southern Neighbours", European Council on Foreign Relations, 14 February 2011, http://www.ecfr.eu/blog/entry/of_eastern_and_southern_neighbours, accessed at February 17th 2011.

which is increasingly dominated by the BRIC group. The challenges faced by Europeans are complex also in the security field, as the United States are growing each day warier of committing further their resources to a Europe which is marked by divisions and reluctance to invest in its own security. Europe's inability to assume a major role on the international scene and act as a coherent actor during crises such as the ongoing Arab regime transformations is likely to cost Europeans more in the long term.

While the EU is still searching for its international status, Russia is dedicated to reinforcing its international status through a more assertive membership in organizations such as the Shanghai organization. A similar conduct is obvious in China's case. Even further, in the last years, Moscow and Beijing are increasingly coordinating their positions on a significant number of major global issues, among which the most recent ones regard the European response on Libya, Iran and climate change.

The paper examines the factors that are likely to influence Brussels' position towards its Eastern neighbourhood, in light of the changes brought along by the Lisbon Treaty with respect to the European security policy. Apart from the structural restrictions posed by the ongoing economic and financial crisis, Central and Eastern Europe finds itself in a situation where it needs to deal with growing deficiencies in terms of policy integration instruments. We should keep a broader perspective in mind when thinking about the status of Central and Eastern Europe as a group of countries positioned in a complex security situation. On the one hand, countries in this area are EU and NATO members, and, on the other hand, they are situated close to Russia, a major global actor, with nuclear power capabilities and which displays an increasing assertiveness towards its Eastern neighbourhood.

Eastern European states lying on the EU's border, of which Ukraine and Moldova represent the most prominent cases, seem to be caught in a maze of contradictory relations between the East and the West, still dominated by a logic reminding of the Cold War or rather an uncertain peace. The Western Balkans are set on a firm path of democratization, while the East is still very much a vulnerable area, in terms of both security and economic stability. It is nonetheless true that Europe's Eastern neighbourhood is less democratic and less developed economically, with respect to Western Balkans. The potential for Eastern

countries like Moldova to get closer to Euro-Atlantic integration depends not only on Brussels's political will to engage in further enlargement towards the East of the continent but first and foremost on the determination of this country to embark upon a democratic path.

Under these conditions, the caution displayed by the European Union with regard to giving more substance to the Eastern European Partnership is quite understandable, considering also the fact that Russia's attitude towards this initiative is at best ambiguous if not opposed.

Still No Vision for EU's Neighbourhood Policy and its Eastern Dimension

According to the changes brought along by the Lisbon Treaty, the Neighbourhood portfolio was united with the Enlargement one. *This change brings both positive and negative signals for the countries targeted by the Neighbourhood Policy.* The positive elements derive from the fact that this unification of the two portfolios involves a possibility for neighbouring countries to join the EU at some point, while the negative signal lies in the fact that immediate neighbours of the European Union such as Ukraine and Moldova are placed in the category as Mediterranean states. The unification of the Neighbourhood and Enlargement portfolios should have been associated with a more refined and tailored classification of the countries encompassed, not only in terms of their geographical position in Eastern and Southern (Mediterranean) countries but also in terms of different approaches of their relations to the European Union.

Such a measure would have had from the very beginning as a major positive consequence the shaping up of more tailored responses to the specific characteristics and problems of the regions. The unification of the two portfolios reflects the European Union's lack of vision with regard to the exact policies it wants to project in its Eastern and Southern neighbourhood. Moreover, this institutional change sends mixed messages to a group of countries which, apart from experiencing serious internal problems of adjusting to the challenges of Europeanization.

One major *drawback* is the fact that EU's Neighbourhood Policy at no point offers prospects for EU membership. On the other hand, the deep reforms required by the tailored

Action Plans for the region are seen by their beneficiaries as quite disproportionate as compared to the benefits deriving from the implementation of the action plans, especially in light of the fact that their structural problems such as energy and economic deficiencies render cooperation with Russia very desirable.

Unless the EU finds more practical venues of stimulating economic partnerships with Eastern countries like Moldova and Ukraine, these are very likely to return to traditional strong ties with Russia, and recent signs already indicate such tendencies. After Kyiv recently signed an agreement allowing Russian fleet to stay in the Black Sea until 2042, economic relations with Moscow are likely to become increasingly strong over the coming years, as opposed to those with the European Union. As Ukraine's EU affairs minister has put it², this will happen unless the European Union becomes more open to its Eastern partners. The Ukrainian official mentioned as primary sources of frustration for his country the EU's inability to provide Kyiv with a roadmap for future visa-free travel. On the other hand, Russia has already awarded Ukraine significant discounts on gas prices and intends to further invest in the nuclear, oil, electricity and aviation sectors³.

The Action Plan tailored for Moldova, as part of the European Neighbourhood Policy, includes a series of requirements which go well beyond Moldova's possibilities of action, especially in the case of the Transnistrian conflict, where deeper cooperation of all parties involved is needed. The document puts an emphasis on Moldova's obligations, without exploring in detail complex factors which affect or postpone an effective solution to the Transnistrian issue, and repeatedly calling for "Effective co-operation between the EU and Moldova towards a settlement of the Transnistria conflict within agreed formats, including consultation on post-settlement arrangements and guarantees as appropriate"⁴.

² Andrew Rettman, "EU risks losing Ukraine, minister warns", <http://euobserver.com/9/29960>, last accessed on May 13th 2010.

³ *ibidem*.

⁴ EU - Moldova Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/moldova_enp_ap_final_en.pdf, p. 12, last accessed on May 12th 2010.

Challenges for the EU in giving more substance to the Eastern Partnership

The most delicate issue which poses problems in Moldova's path towards long-term stability and increased democratization is the lingering problem of Transnistria, where Russian troops continue to be present.

In a European and international context in which governments increasingly link their economic strategies with energy and particularly energy security, having reliable suppliers of energy is of paramount importance. A positive element about the Eastern Partnership is that it pays attention to issues concerning energy security. However, energy relations in the Central - Eastern area are complex. Moldova's energy dependence on Russia is overwhelming, in terms of both energy imports and strategic positioning of power plants. It is worth noting that Moldova's most important power plants are situated in the separatist region of Transnistria.

A particular attention should be paid to the implications of the statement made by Sergey Lavrov, the Russian Minister for Foreign Affairs, during his address at the 61st Parliamentary Assembly Session in April 2010: "the confidence crisis that has recently grown into strategic misunderstanding which made many talk about "cold peace" or even "a new cold war"... For twenty years Russia has sought new relations with the West, sometimes unable to find understanding and appropriate response⁵". This statement is proof of Russia's change of discourse, announcing a revision of Kremlin's approach of its relationship with the West.

The only way to ensure steady peace in continental Europe is to convince Russia that European and NATO enlargement processes are not directed against it, and that the instruments used by them to conduct relations in their Eastern neighbourhood, such as the Eastern Partnership, are not directed against Russia. This subject should be more present on the agenda of both Europeans and Americans.

This type of statement shows that two decades after the fall of communism were not enough to bring Russia closer to understanding what Euro-Atlantic integration is all about, and especially the fact that this process is not directed against it. At the Brussels Forum in

⁵ Address by Sergey Lavrov, Minister for Foreign Affairs of the Russian Federation, at the Spring Part of the 61st Parliamentary Assembly Session, Strasbourg, 29 April 2010, http://www.mid.ru/brp_4.nsf/0/287611B67339F087C32577150025EFE4, last accessed on May 1st 2010.

March 2010, European Commission President José Manuel Barroso called for a stronger transatlantic relationship based on results rather than on processes⁶. Is the EU really committed to building up a more consistent transatlantic relationship, as part of more comprehensive efforts to ensure a deeper Euro-Atlantic integration of its Eastern neighbourhood?

What EU decision-makers in the field of foreign policy should really do is start working with the US and Russia on current real challenges, such as creating a genuine European security space, in which Moscow does not feel threatened by security arrangements in transatlantic relations. As Nick Witney points out in an article, “geography still matters, and security continues to depend on who your neighbours are and how you rub along with them⁷”.

Russia’s recent efforts to seek a customs union with large former Soviet countries such as Belarus and Kazakhstan are meant to transform it in a serious economic competitor for the European Union over the coming years.

The Lisbon Treaty does not endow the European Union with either more political will or proper instruments to consolidate its international status and conduct more constructive relations with Russia. The major deficiency of the Eastern Partnership is concerned is the fact that it reflects the current state of play, in which the Europeans’ freedom of maneuver and instruments at their disposal are highly limited by Moscow’ inflexibility. Russia mostly sees the EU as a major economic partner and not as a political one, an approach which poses tremendous difficulties for any serious attempts to engage Moscow in a constructive dialogue over security projects, including the demilitarization of Transnistria.

Economic conditionality between Russia and the EU

More than half of Russia’s trade is conducted with the EU and 75% of foreign direct investments in Russia originate in EU member states⁸. The real divergence between

⁶ “European Commission President José Manuel Barroso called for “new Atlanticism”, http://www.gmfus.org/brusselsforum/2010/docs/BF_2010_Friday_release_1.pdf, accessed on May 6th 2010.

⁷ Nick Witney, “Europe: Nice Location, shame about the neighbours”, *Europe’s World*, autumn 2009, no. 13, p. 86.

⁸ Jarosław Cwiek-Karpowicz, “Russia’s Vision of Relations with the European Union”, Bulletin no. 80 (158), May 31, 2010, The Polish Institute of International Affairs, p. 203.

the EU and Russia is the fact the former is interested in more than economic cooperation, a fact which Moscow strongly rejects. This is the main cause for divisions between Brussels and Moscow, and an obstacle in developing further bilateral relations between the two. The potential creation of a customs union between Russia, Kazakhstan and Belarus is likely to have a negative impact on the stronger economic relations with the EU. For the time being, the agreement facilitates trade relations among the three large former Soviet economies without fully abolishing all duties and tariffs. Russian President Dmitri Medvedev said that the three countries would try to open their economies completely by the beginning of 2012. The first step towards achieving this is to harmonize customs rules. Further steps will target the free movement of labour and capital. Particularly Russian banks are interested in gaining access to the Belarussian large, unreformed, Soviet-style economy as it is about to privatize major industries⁹.

The protectionist economic tendencies displayed by the Russian government are unlikely to help facilitate an economic cooperation with Brussels. Russia is interested in developing pragmatic cooperation with individual EU states in strict areas such as economy, especially in the energy sector, limiting this cooperation to fields where Moscow feels it can gain more and use its primary energy resources as political leverage. As pointed out in its *new Foreign Policy Concept*, “Priority attention will be paid to developing mutually beneficial economic cooperation, in particular in the energy sector, with countries of this region, which is of strategic importance to Russia's national interests.”¹⁰

Certain analysts have brought into discussion a series of signs pointing out to the fact that the Russian leadership is increasingly aware of the necessity to find alternative ways to develop the country, others than related to the exploitation of energy resources. President Medvedev’s approach to modernization is a holistic one, as Félix Krawatzek puts it¹¹, stressing the need for bottom-up efforts rather than initiatives launched by the government. However, the limitations of this perspective are highlighted by Moscow’s unwillingness to accept and pursue a genuine modernization platform, in cooperation with

⁹ Andrew E. Kramer, *Russia and 2 Neighbors Form Economic Union*, The New York Times, July 5th 2010,

¹⁰ *The Foreign Policy Concept of the Russian Federation*, approved by Dmitry A. Medvedev, President of the Russian Federation, on 12 July 2010, <http://www.mid.ru/ns-osndoc.nsf/0e9272befa34209743256c630042d1aa/cef95560654d4ca5c32574960036cddb?OpenDocument>, last accessed on 12 July 2010.

¹¹ Félix Krawatzek, “Modernisation and a New Political Game in Russia?”, Center for European Policy Studies, 5 August 2010.

the EU, in sectors others than economy. Social and political issues are still far away from being properly tackled in relation to the European partners, and these represent fundamental areas in order to bring about a real modernization of the Russian society.

In many areas of the economy, Russia has not expressed interest in cooperating, and in some others it has even changed its initial pro-cooperation stance: relevant examples are represented by its inconclusive negotiations with the World Trade Organization, despite previous progress, as well as unwillingness to contribute to the debates on global issues, such as financial regulation, climate change talks during the Copenhagen conference in December 2009 or the UN initiatives concerning the “responsibility to protect”¹².

Improved Relations with Russia are Vital

The EU needs to continue efforts aiming to develop stronger economic relations with Russia, while pursuing also a deepened political dimension. Moscow seems to have already won the economic struggle with Europe: it has established the first oil pipe connecting Siberia with central Asia, which means that Russia is no longer dependent on the European market. European countries, on the other hand, despite increased efforts, have not yet succeeded in finding alternatives to the energy resources provided by Moscow. It is very likely that the Asian market will quickly become significantly more important than the traditional European market, in Russia’s eyes, prompting a change of the strategic focus in terms of energy delivery and routes. The new oil pipe towards China is expected to become operational by the end of 2010.

Deepened political and military cooperation between Europe and Russia is crucial to securing increased transparency and mutual confidence. As Russian Foreign Affairs minister Sergey Lavrov stated during a Joint press conference with Moldovan officials in May 2010, “Russia is opposed to a new arms race unfolding in Europe... The Patriot is not part of a missile defense system; it’s a means of anti-aircraft defense.¹³” This statement shows that Central and Eastern European states like Poland and Romania, which are to host

¹² Dmitri Trenin, “(Re)Engaging Russia in an Era of Uncertainty”, Carnegie Policy Brief no. 86, December 2009.

¹³ Transcript of remarks and response to media questions by Russian Minister of Foreign Affairs Sergey Lavrov at Joint Press conference following talks with Moldovan Deputy Prime Minister and Minister for Foreign Affairs and European Integration Iurie Leancă, Moscow, May 27, 2010.

elements of the US anti-ballistic missile system on their territories, should make efforts to deepen their bilateral political relations with Russia, in order to be able to reach some form of confidence. These efforts should also include interest in achieving an agreement between Moscow and Washington on doing a joint analysis of missile risks, which would go a long way in reassuring the Russian counterpart about the purpose of deploying a US missile defence in Eastern Europe.

Furthermore, Romania needs to consolidate and diversify its political and economic relations with Russia, as a prerequisite for a more transparent Eastern Partnership. For Romania, Moldova and Ukraine hold strategic relevance, since the two represent both the country's and the European Union's Eastern borders. Romania's accession to the EU is an occasion to bring to the table issues which otherwise would probably be overlooked, such as the Transnistrian conflict, but does not represent a guarantee for their solution, unless accompanied by solid multilateral diplomatic and economic instruments.

On October 7th 2009, the Presidents of Romania and the Republic of Poland signed a Joint Declaration on the Strategic Partnership¹⁴ which also contains elements regarding the Eastern Neighbourhood (with emphasis on the implementation of the Eastern Partnership and the Black Sea Synergy). According to the press release issued on the occasion of the signing of the declaration, the two countries expressed their interest in developing joint Romanian-Polish initiatives in cultural and educational areas in the Republic of Moldova, with the involvement of the academia and civil society.

The only strategy which could benefit both Romania and the Moldova is pursuing a deepened Eastern Partnership, with perspectives of accession, as part of a larger CEE block. None of the states in Central and Eastern Europe, except for Russia, of course, has nuclear capabilities of its own. It should be noted that, without its nuclear capabilities, Russia feels vulnerable. Russia's role and importance in the region cannot be neglected by neither the EU as a whole nor by member states individually. The option of neglecting Moscow in all the major security projects in Europe's neighbourhood, especially in its Eastern vicinity, is likely to cause further divisions.

¹⁴ Press release of the Romanian Ministry of Foreign Affairs, Joint Declaration on the Strategic Partnership of October 7, 2009, <http://www.mae.ro/index.php?unde=doc&id=15308>, last accessed on May 12th 2010.

The EU and Russia's modernization agenda

Russia's main priority over the last years has become the economic and social modernization, as a means to reach a global power status and increased political bargaining power in relations with far more competitive international actors. In order to achieve modernization, Russian leaders seem to gradually realize that the country's large energy resources are not enough to ensure a sustainable economic growth. The EU's economic relationship with Moscow is mutually beneficial: Russia has the resources needed by the European states while Russia needs Europe's support to modernize its economy and decaying infrastructure.

Russia's current development and export model has created a dynamic which has triggered counterproductive consequences for both Moscow and its European counterparts. Russia may see itself forced to manage its energy sector more efficiently, allow greater foreign investment, closer relations with foreign partners and increased mutual market access. If this happens, Russia might develop a qualitatively different energy-based influence across a much wider area. Starting with 2004, Russia has benefited from a constant increase in the global oil price that triggered an unprecedented economic growth (Lough, 2011). However, the start of the global economic crisis in 2008 was just the beginning which signaled the need for increased efficiency in the management of the Russian energy resources. This development was followed by a more nuanced stance in relations with Western powers and NATO member states.

Since its power today derives far less from military power than twenty years ago, influence stemming from the exploitation of its energy relations is also subject to the pressure of the changing international environment.

Moscow's use of energy resources is proof of a significant shift from the focus on the deterring role of nuclear weapons, as compared to the Cold War period. In Lough's opinion, starting with the 1990's, energy relations have become a means of achieving economic and political influence through non-traditional and sometimes non-transparent mechanisms. The EU's difficulty in finding a coherent voice to deal with Russia on energy as well as broader security issues has been accompanied by Moscow's diplomatic achievements. Despite a firm intention previously expressed by President Putin to supply

70 billion cubic metres a year of pipeline gas to the Chinese market beginning in 2011, and an abundance of gas reserves in East Siberia, Russia still appears reluctant about establishing gas cooperation with China. There are reasons to believe that Gazprom has been reluctant to commit gas volumes from East Siberia to China for fear that they might be needed to fill the gas supply system elsewhere in Russia.

However, over recent years, several Gazprom senior executives have raised the prospect of diverting the focus of Russian gas exports from Europe to China because of changing EU regulations. At present, the prospects for oil exports are much higher: a spur from Russia's Eastern Siberia–Pacific Ocean pipeline (ESPO) to China has been completed and regular deliveries are due to start later in the year (Lough, 2011).

According to the *Russian Energy Strategy to 2030*, Russia will dedicate more effort to increasing market share for its hydrocarbons (including pipeline gas and LNG) in Asia than in Europe, because Europe is considered already a mature market for gas¹⁵. In order to preserve its market position in Europe, Gazprom will have to compete with a range of other source. At the same time, it will pursue asset swaps with European companies to strengthen its downstream position to secure demand and extract additional rent¹⁶.

Russia's rising profile inside the BRIC Group

In parallel with the country's modernization, pursued with Europe's assistance, Russia increasingly seeks to acquire and consolidate its power status, through membership in the BRIC group. Russia soon found itself running in the group alongside China, a country with similar aspirations and determination to assert its international position. Russia and China found out rapidly they have more elements in common than differences.

¹⁵ *Energeticheskaya Strategiya Rossii na period do 2030 goda*, (2009), pp. 10 ,139, <http://minenergo.gov.ru/activity/energostrategy/Strategiya/Energostrategiya-2030.doc>, accessed on June 16th 2011.

¹⁶ Tatiana Mitrova, 'The Russian Energy Strategy and Europe: A Russian View', paper at conference on 'Russia, Europe and Energy: Rule of Power or Power of Rules?', 14–15 October 2010, Oslo, <http://english.nupi.no/Events/Upcoming-Events/Russia-Europe-and-Energy>, accessed on June 16th 2011.

In a context of gradual economic recovery, Russia adopted an economic modernization plan aiming to reduce reliance on raw materials, and gradually shift to a more sustainable growth pattern. Such a transformation is also promoted by certain representatives of the political and economic establishment, which are pushing for reforms from within the system, without criticizing too much the leadership of the country.

From a military standpoint, Russia has created four integrated strategic commandments, in parallel with changing the military strategy and carrying out significant reforms. In the framework of its recently adopted state weapons program, Russia is likely to spend in the forthcoming period significant sums on procurement of new weapon systems. It has also increased the pace of military exercises in 2010, holding the large- scale exercise “Vostok (East) 2010” in the Far Eastern districts¹⁷.

Russian strategic thinking is still very much in the hands of Prime-Minister Putin. According to the non-governmental public opinion research organization, Levada Center, approval ratings for both leaders have been at around 70 % since the tandem came into being, with Putin still maintaining a runner-up position. President Medvedev is leading the way in policy areas where the president has exclusive competence, such as diplomacy and national security. He also caused a stir when he announced a policy of three-term limits for regional leaders, thus determining the resignation of Shaimiev Mintimer, president of the Republic of Tatarstan, of Murtaza Rakhimov, president of the Republic of Bashkortostan, both of them having ruled since the 1990’s. The actual reason behind these dismissals was the fact that protracted rule by these leaders would eventually lead to delays in the economic modernization of the country as well as in the fight against corruption (The East Asian Strategic Review, 2011).

The moderate recovery of the Russian economy may be attributed to two main factors: the extensive fiscal and monetary policies adopted after that start of the crisis and the recovery of international crude oil prices, starting with the spring of 2009. In term of economic measures, Russia injected public funds into banks and implemented a low-interest rate policy. Other measures included lowering taxes and increasing pensions

¹⁷ East Asian Strategic Review 2011, the National Institute for Defense Studies, Japan, the Japan Times, p 169. 2011, ISBN 978-4-7890-1448-9.

payments, which helped boost internal consumption. It can however be argued that the economic recovery is largely due to the natural resources since the government's fiscal and monetary measures heavily relied on oil and gas- related revenues¹⁸.

However, more recently, both the Russian President and Prime-minister seem to come to terms with the fact that a resource-dependent economy is not sustainable. An initial major consequence is the fact that a decline in crude oil prices can easily lead to an exit of capital from Russia. Russia's own analysis of its economic situation had been consistent from the blueprint for economic reform entitled "*Russia's Development Strategy through 2020*" to the program of economic modernization and development announced by Medvedev in his presidential address to the Federal Assembly in 2009. The awareness for economic reform has also become more present in the President's public discourse ever since.

At the same time, in an attempt to obtain steady revenues from the energy, Moscow has tied up relations with other major international actors in search for vast and cheap energy resources, the most important of them being Beijing. Moscow seems more interested in developing partnerships with China rather than with India, in order to counter the influence of Western powers in Asia. Arguments in favour of this idea are built up on more layers: on the one hand, Russia has been providing weapons to China, on the other hand it has engaged in energy-related deals with Beijing while denying India similar projects. It is also worth pointing out that the two countries closely cooperate in the Shanghai Cooperation Organization, while denying full membership to India.

The economic relations between Russia and India remain limited, which is not quite the case for Chinese - Russian trade connections. However, factors which should rise concern both for Russia and the Western countries include China's consolidated profile in Central Asia, close ties to Pakistan, and recent investments aiming to facilitate the exploitation of Afghanistan's natural resources (Sibal, 2010).

An element which strongly links China's and Russia's cooperation in the area is the urgent necessity for both to modernize their societies. This necessity is even stronger in Russia's case. Senior analyst Leon Aron has pointed out to President Medvedev's more open trade and foreign policies towards the West, as a notable change from the

¹⁸ Ibidem 12, p. 171.

former leadership. The Russian leaders need to cope with significant challenges, such as the decaying infrastructure, the collapsing state-pension system and “develop new gas and oil fields to replace the rapidly depleting ones¹⁹”. In 2010, foreign direct investments in Russia continued to diminish, reaching \$ 2.6 billion in the first quarter of 2010, as compared to \$ 30. 8 billion attracted in China in the same period.

This strong discrepancy reflects not only the precarious state of the Russian economy but also a deep deficit of trust, especially in the energy sector, where urgent investments and technology are needed. The Kremlin has abandoned former president Putin’s insistence that Russia join the World Trade Organization only as part of a customs union with Belarus and Kazakhstan.

Some authors (Brown, Su Hsing, 2011) argue that the lack of clarity about what China intends to do has led other countries into interpreting Beijing’s latest actions as assertive or even aggressive. “China’s unclear narrative leads it into apparently contradictory actions. It joins multilateral organizations but is unyielding on its national interests. It speaks of its harmonious rise but it flexes its military muscle”²⁰. External actors should on the other hand take into consideration China’s actual actions, rather than its political leaders’ political rhetoric.

Despite being a member of all major international organizations, among which the World Trade Organization, International Monetary Fund, World Bank or G20, Beijing continues to support countries that in the mainstream international politics are seen as rogue states (Iran, North Korea).

Russia has received support from China and certain Central Asian countries of the Shanghai Cooperation Organization in condemning US missile shield plans. After a meeting in Kazakhstan’s capital Astana, China together with Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan signed a declaration denouncing US shield plans.

¹⁹ Leon Aron, Dmitri Medvedev’s Modernization Thaw: Objectives, Actions, and Policy Tests, *Russian Outlook*, summer 2010, www.aei.org, accessed on June 17th 2011, p. 2.

²⁰ Kerry Brown, Loh Su Hsing, “Trying to Read the New Assertive China Right”, Chatham House, January 2011.

"The unilateral and unlimited build-up of missile defence by a single state or by a narrow group of states could damage strategic stability and international security²¹," the declaration said. Russian officials have recently voiced their criticism over US missile plans in Europe. Washington has repeatedly argued that the shield is planned to reduce threats from Iran, whereas Moscow sees it as means to neutralize Russia's own nuclear weapons.

Russia is making sustained efforts to reassert itself as an international actor, not only by trying to normalize its relations with its traditional allies, but also by attempting to place itself among the "emerging powers". The Russian foreign policy has set itself the goal of giving more substance to the concept of BRIC membership, as a first step towards achieving a consolidated status inside this group and ultimately a global power status. The fundamental means on which Russia has built up this increased international economic and political profile consist in a systematical use of energy resources. As John Lough puts it in a Chatham House briefing paper, "Without its ability to produce and supply energy, Russia would not have the status it has today²²."

The year 2010 seems to have marked the turning point in China's external conduct, marked by increased determination to pursue its national interests irrespective of other major actors' attitude, among which the United States and neighbouring countries.

²¹<http://www.securitydefenceagenda.org/Contentnavigation/Library/Libraryoverview/tabid/1299/articleType/ArticleView/articleId/2707/Russia-supported-by-China-on-US-missile-shield.aspx>, accessed on June 18th 2011.

²² John Lough, *Russia's Energy Diplomacy*, Russia and Eurasia Programme, The Means and Ends of Russian Influence Abroad Series, May 2011, p. 2.

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