



What are the trajectories of change within the multidimensional relationship between Russia, the US, the European Union and the post-Soviet space? Dr Oliver Gnad considers plausible narratives about how this quadrilateral relationship – and the world – will look like after the end of the next policy cycle ending around the year 2024.

2024 marks not only the end of the next presidential term in Russia but also the end of Donald Trump's second term in office (or the end of the first term of a subsequent incumbent in the White House). By that time we will either see the US and Europe drifting further apart (i.e. US with Europe or the US in Europe) or finding a new transatlantic narrative.

Also, the year 2024 marks the midterm of the EU budgetary cycle (2020-2027) which will heavily reflect the EU's ambition to come to grips with a Common Defence and Security Policy. More importantly, developments within the EU will decide upon the question whether the Union will be able to consolidate itself, whether it will enlarge further (Balkans), whether it will deepen (monetary union, tax union, foreign and defence policy, immigration) or whether it will end up as a two-speed Europe – either by will or force.

Looking at the wider world, other emerging patterns of change and uncertainty will determine Russian-EU relations :

- The void left by the end of the Sykes-Picot order in the Greater Middle East – with Iran, Saudi Arabia and Israel playing the main roles in this big power-game and Turkey being more than just a mere side show with a real possibility of an intra-NATO conflict.
- China, with President Xi Jinping ending his second term in office in 2022. Beijing has openly uttered its ambition to become the world's leading world power by the year 2049 – the centennial of its re-emergence as an independent actor on the world stage. Will the authoritarian regime in Beijing either be successful in moving ahead with its current social contract (i.e. economic growths and distribution of wealth for the masses in exchange for social and political compliance) or it will be under increasing pressure from those parts of society which either want to underpin their socio-economic wellbeing with political influence – and challenge the existing status quo.
- There are massive changes in our habitat under way: first and foremost, the impact of climate change in the Arctic. While for centuries our geographic environment determined geopolitics, climate change will disrupt these eternal certainties. In the Arctic but also in Siberia, climate

change will open up new geostrategic battlefields that will change the way we look at world affairs. By 2024, at least during the summer, climate change will further enable the passage of the Arctic opening access not only to a resource-rich world region (hence economic competition) but also changing the geostrategic balance between Russia, the US and Canada, Europe and China (hence arms race and military infrastructure build-up). An ice-free Arctic will also lead to massive changes in trade and logistics as it shortens the travel time of container ships from Dalian in Northeast China to Rotterdam in Belgium about 25 to 30 per cent. Those who control the passage of containerships across the Arctic will have a mighty lever way beyond the economic sphere.

- Technological change. Looking back only the last few years, we can see a qualitative shift in the appliance of automated systems (particularly in automatic warfare, i.e. drone swarms with semi-intelligent targeting and mission control), mass data and enhanced Artificial Intelligence (Google's DeepMind Go playing app). Already we see an "arms race" on the digital front with actors aiming at achieving an edge over their main competitors – with unknown consequences for the balance of power. The same is true for nanotech, bioscience and radiological warfare.
- The other game changer will be the energy revolution with hydrocarbons losing their role as strategic assets. The right to burn fossil fuels will be one of the main sources for inter-societal conflict in the second half of the 2020s as the impact of climate change will destroy much of the infrastructure built in the 20th century (80 per cent of the world's population live in coastal regions, i.e. up to 100 miles land-inwards).

Against this backdrop, I would like to share a few observations and make a few comments on Observations and Comments on the Theses

The "Theses on Russia's Foreign Policy and Global Positioning (2017–2024)" (reference at foot of this paper) contains 5 principal recommendations/tasks. They are prefaced by:

"The underdevelopment of the Russian economy and its governance institutions poses a much more significant threat to the country's sovereignty and territorial integrity than realistic military threats that Russia is already well protected from." And that, according to the authors, "it is impossible to overcome this underdevelopment in Isolation from the increasingly globalized outside world".

In summary : Russia's foreign and security policy is not sustainable because it leads to international isolation and internal disruption – in economic, political, strategic terms.

So the key question is: What would be an optimal formula that helped Russia benefit from globalisation in the interest of its own development while simultaneously retaining room for broad foreign political manoeuvre in the interest of protecting its security?

Or – as the three authors bluntly put it – to escape to undesirable extreme scenarios: Either self-isolation due to the militarisation of the economy and society and ever increasing entanglements in armed conflicts abroad, or chaotic, unilateral retreat from an untenable position due to worsened conditions at home.

1. Creating an appealing economic zone of integration and collective security institutions in the post-Soviet space.

From an economic point of view, a strong domestic economic base is a condition sine qua non to play a role in a globalised economy. Currently, Russia's rentier economy has not much to offer besides the export of hydrocarbons (under conditions of slumping prices) and weaponry (47 percent / 16 percent of its exports in 2016). The lack of economic diversification and economic excellence (besides space exploration and cyber) leaves the country unattractive for investors and joint ventures – mainly because the economy is hostage to a very small

rent-seeking elite centred around Vladimir Putin and his cronies.

Cooperation within a larger economic space would not only enable Russia to absorb geo-economic shocks; larger and deeper markets and knowledge bases would also improve Russia's access to capital for infrastructure modernization and R&D investments.

So the question is: What would be Russia's economic vision that can compete with the big players China, the European Union and the United States? What would be its Unique Value Proposition for the years to come? What would be its big idea?

As for security, the situation is even more complicated, because Russia lacks the basic currency: Trust. Russia's military meddling in Georgia in 2008 and - more importantly - its annexation of the Crimean accompanied with an undue military intervention in the Donbass has erased much of Russia's soft power influence in the post-Soviet world. In fact, with its hardball approach, Russia has lost Kiev as a possible partner for at least a generation. And it has forced the European Union to tie its credibility to Ukraine's future.

So the question is: How can Russia rebuild trust in its immediate periphery and beyond and how shall collective security institutions be framed that to not impinge on any members sovereignty and yet lead to more security for all members alike. To answer this question, one has to look at the risk landscape of Russia. Security risks for Russia derive rather from the Muslim world than from the West. And as far as economic security is concerned Russia is under pressure from the East and South (China and Belt and Road) as well as from the West (EU enlargement).

The core question here is: Does Russia accept states' right to choose their own alliances or does a claim special rights within its immediate neighbourhood (near abroad, cordon sanitaire, spheres of influence)? Right now the question is answered: The Kremlin claims a de facto Russian sphere of influence.

2. Actively develop non-Western lines of economic and political cooperation. China and India might be Russia's most important strategic partners. But vice versa this might look quite different.

China and India are not partners of choice but of necessity – Russia being the junior partner in the long haul. This is especially true for its relationship with China. Moscow has not yet even started to counter-balance China's "Belt and Road" initiative and – for the above-mentioned reasons – will not be able to in the foreseeable future. Its Eurasian Union has neither an economic foundation, nor the political capital it needs to start off.

Plus: In economic terms, besides hydrocarbons (which will also soon lose their function as a strategic asset due to climate change) and food, Russia has not much to offer to accommodate China. In the medium term (15 to 20 years), Russia has only a chance to develop (economically, politically, socially) if it finds a way to cooperate more closely with European key countries (notably France and Germany). In the Greater Middle East, there is not much to gain besides geopolitical access – most importantly to the Mediterranean but also to the Horn of Africa. But access is worthless if you cannot offer more than blood, toil, sweat and tears.

So the main questions is about Russia's narrative for the future: What is the promise that Russia wants to sell to prospective partners? Right now, the only promise is regime stability through coercive or even offensive measures (political will, military hardware, cyber capacities, oil and gas to prolong the stability of rentier states). For the time being, Russia might be successful in undermining the ambitions of others and hence improve its relative position on the

world stage. But for the long haul, Russia needs to prove its power to create, to convince and to lead.

3. Securing compromises on key political problems in Russia's relations with the West - especially in the realm of security (new arms race, reformatting the Euro-Atlantic security system, selective cooperation on common problems).

As long as the Crimean question is not being resolved there will be no real deal – or cooperation - with the West, hence not much room for cooperation in other policy fields. This is for a simple reason: International law is worthless (and also the UN principles Russia is referring to so often) if we allow coercive measures to lead to an enduring new order in Europe. Rule of law is the only guarantee that protect small countries from big powers´ thrive for widening their spheres of influence. Having said that, the key question seems to be how to make a start without giving up on our positions and without losing face at home.

The sobering fact is that both sides have locked themselves in. The Putin regime has locked itself into a situation where it has almost no room for manoeuvre vis-à-vis the West. In integrating the Crimean into the Russian Federation, the Kremlin has raised the threshold for compromise unreachably high. Any attempt of the West to make a deal with the Kremlin over Ukraine's or other countries' place in the post-Soviet space will be perceived as appeasement and Big Power politics à la Vienna or Yalta and would be the end of Western political and security institutions. This will not happen. And Putin's popularity is tightly knit to the Crimean question – defying from a catastrophic social and economic situation back home. As long as Vladimir Putin plays a role in Russian politics there will be no movement in the Crimean question.

But we can take a few lessons from Cold War diplomacy and Germany's Ostpolitik to overcome this gridlock. Even though the European Union and its member states will not concede to Russia's hold on the Crimean, we can nevertheless – without any preconditions – start a dialogue on mutual long-term interest and threats and ways to commonly address them. Topics which come to mind are the impact of climate change on infrastructure and the habitat (permafrost, sea-level rise), the future of the Arctic, food security in a world of 11 billion and in the wake of climate change, arms control in the age of automation and Artificial Intelligence, proliferation and privatization of WMD / warfare, energy security for the post-fossil age, migration control, health (pandemics) – just to name the most obvious fields.

If these discussions could be embedded into regional formats – be it the OSCE, be it the Council of Europe, be it a new format that allows affected countries to play an equal role - this could be a first step for rapprochement.

To kick-start such a course of action, both sides need to back down on their maximum positions, i.e. Russia destabilizing Ukraine and the EU and NATO pushing for further enlargement (at least for the time being – a moratorium without conceding Russia to interfere in other countries sovereign right to choose its alliances and partners).

Such a cooling off period would allow each side to look beyond current differences and enlarge the cake (as Harvard trained negotiators would call it) – i.e. look upon commonalities rather than frictions and conflicts.

The fact that the EU seems to be heading towards a two-speed Europe might not only ease pressure within the EU (i.e. the V4 countries), it might also ease pressure on EU-Russian relations. But it will be extremely important to create a new space for cooperation which does not leave the non-EU/non-NATO countries in a vacuum while the big neighbours try to sort out their differences. In the meantime, both sides would define a basket of mutual interests and

threats and agree on working principles and formats.

Accepting the nature of today's geopolitics means accepting polycentrism as the rule of the game. Rather than building closed blocks of cooperation (EU) or spheres of influence (Russia) we need to come to a more flexible and fluid way of cooperation – something Ivan and a Berlin foresight group dubbed the "Honey Cone Order".

4. Reinforce global governance institutions (most notably the United Nations).

As long as the UNSC is in limbo (because the big 3 are engaged in a power game against each other), the UN will not be strong enough to cope with the highly dynamic problems of our time: Peace and Security as the most important topic, but also climate change, trade and financial market regulations, not to mention the humanitarian issues which arise from the lack of global governance. So, the UN system can only serve as the platform to iron out the lowest common denominators to prevent the world from derailing. As long as the UN is not being reformed, it will not be the platform where common goods will be created and safeguarded (i.e. security, generation of prosperity, preservation of the habitat).

But there are things Russia could offer as proof of good will: A regime for cyber security (willing? interested? able?); collective peace and security initiatives in Central Asia and the Caucasus (if it could resolve the trust issue mentioned above); a big push to establish an area of trade and societal exchange in the post-Soviet space and its immediate periphery etc.

In short: Renewing global governance institutions will be a bottom-up process, heavily reliant on cooperation of the big regional players. Russia – for its geographical extension – has a huge asset to play a role in at least eight world regions that lack order to a large degree: East Europe, the Baltic, the Balkans, the Caucasus, Central Asia, the Middle East, the Arctic region and the north Pacific. All these regions could serve as testing grounds for Russian-led regional governance initiatives that could prove Russia's willingness to act as a good citizen of the world and a power that provides order and produces security, prosperity and stability that is based on mutual interest not power politics. We should not start to work out our differences where it is most difficult but where it is easier.

5. Linking Russia's foreign policy to its domestic development goals.

As long as the Kremlin does not allow for a more pluralistic, transparent, accountable economic and political system, it will never be able to widen its foreign policy toolbox. Because after all, building trust and reliability is less about hard power but about soft power (attractiveness of societal model, the power to create and innovate, the ability to serve as enabler, the cultural identity, diversity and richness, an attractive narrative for the future etc.).

This closes the cycle: A credible hard power component is indispensable for a world-spreading country like Russia because – as the Frederick the Great, King of Prussia once put it:

"Diplomacy without arms is like music without instruments."

But in the long-haul, Russia can only survive as a world power if it develops its soft power capabilities. If not, it will soon be overstretched.

Background to this paper

On February 20, 2018, Russian International Affairs Council (RIAC) hosted a roundtable on Russia and EU strategy for partnerships. Oliver Gnad, Founder and Managing Director of the Bureau für Zeitgeschehen (<http://www.bureau-fz.de/en>), took part in the meeting. This paper is an edited version of his contribution.

The participants discussed the outlines of Theses on Russia's Foreign Policy and Global Positioning (2017–2024) report prepared by Russian International Affairs Council (RIAC) and Center for Strategic Research (CSR), and shared their vision towards strategic future of Russia-EU relations.

RIAC was represented by Ivan Timofeev, Director of Programs, and Natalia Vyakhireva, Program Manager. CSR was represented by Anton Tsvetov, Advisor to CSR Board Chair on International Issues.