

ECFR STUDY TRIP TO MOSCOW

This note is based on the findings of an ECFR study trip to Moscow on 14-16 March, where we met with government officials, parliament members, various experts, and representatives of the liberal opposition.

On the way into Moscow, many of us hoped that there would be avenues of engagement with Russia that we could explore. We thought that the combination of Russia's economic troubles and its rapprochement with the US over Syria would lead Russia to work towards building better relations with the EU. Our impression now is that this is not the case. There is next to no willingness to explore ways to improve relations with Europe; and discussions with Moscow on the future of EU-Russia relations have effectively hit a wall. Moscow is taking a hard and condescending attitude towards Europe, betting on its disintegration over Brexit and the migration crisis, with plenty of accusations about Western hypocrisy and broken promises on European security. At the moment, out-of-area topics, such as the Middle East, may offer more meaningful avenues for dialogue. Interestingly, those members of the Russian elite who have worked more closely with the EU over the past years are those that have become most frustrated with it.

EU-Russia relations

The EU's five guiding principles on relations with Russia had clearly been noticed in Moscow. They were reported in the media, and several officials and analysts provided assessments of the principles, although the views were largely negative and even contemptuous at times.

Our Russian interlocutors were dismayed that the Minsk agreement constituted the first principle. They questioned why Russia should be under sanctions while in their view it was Kyiv that was responsible for ceasefire violations and that was failing to deliver on

implementation of the agreement. On the second principle – strengthening relations with Eastern Partnership countries and neighbours – several interlocutors picked up on the reference to Central Asia. One senior official stated: "*We know the result of the Eastern Partnership. Now the EU wants to include Central Asia?*" There were plenty of questions about what boosting internal EU resilience (third principle) meant and what the EU was ready to do in terms of strategic communication, energy security, and countering hybrid threats. The EU was seen as entering into a propaganda war that it would not only lose, but which would also undermine its own principles.

The fourth principle – selective engagement on areas where the EU has an interest – was met with the most questions. Several interlocutors asked why Russia should engage with the EU on topics that were of interest to the EU but not to Russia. We were told that this was not how to treat a great power. "*Don't think you can use us and then discard us.*" There were also questions about what added value the EU could actually bring to the table when discussing topics such as North Korea. "*The EU brings the lowest common denominator.*" Even so, a senior official from the Ministry of Foreign Affairs expressed hope that the exercises carried out in parallel by Brussels and Moscow to outline areas for EU-Russia cooperation would bear fruit in the near future. The fifth principle on support for civil society was interpreted as the EU promoting a colour revolution and regime change in Russia. The official asked why the EU did not abolish visas if it cared so much about people-to-people contact.

The five principles were widely interpreted as being neither new nor strategic. "*This approach has been tried before and did not prevent us from ending up in a crisis.*" At the same time, our Russian interlocutors offered no constructive alternative, besides the well-known position that the EU should stay out of the neighbourhood and respect Russia's demand for a sphere of influence. One interlocutor said that the main threat today was the absence of a roadmap for relations and that, given the tension between Russia and the EU, it was necessary to think about damage control. We were told that many in Russia would be comfortable with – and even had an interest in – a new cold war.

Moscow sees the EU as weak and ridden by crises. Many are anticipating that Brexit, the refugee crisis, and a deterioration of Merkel's power will lead to the disintegration of the EU. A common theme was Russia's preference for dealing with EU member states on a bilateral basis - especially the big ones - rather than with the EU as a whole or its institutions. The EU's Common Foreign and Security Policy (CFSP) was seen in a particularly negative light and considered detrimental to Russia and the EU's own member states. We were told that individual member states had complained to Russia about the CFSP and said that they were forced into it. A senior official denied that Russia was trying to split the EU – “*You are splitting yourself in any case.*”

Anti-US sentiment remains strong in Russia, but so does a desire to be taken seriously by Washington. The Syria adventure is seen as having forced the US to engage with Russia in a serious way and on a geopolitical topic. Moscow would also prefer to deal with Washington rather than the EU on Ukraine. Several interlocutors tried to point to China as an alternative to Europe. But even they did not appear to be completely convinced. Enthusiasm for China has declined because Russia has realised that it is unable to reap substantial benefits from a mercantilist Beijing.

Ukraine

The Kremlin recognises that it has lost the initiative on Ukraine (“*We lost this round.*”). But it has not given up. Moscow's immediate aim continues to be to force Kyiv to grant the Donbas autonomy in order to ensure that Moscow has leverage to influence Ukraine's politics as and when it needs and wants to. While Moscow is still intent on bringing Ukraine into its orbit, its mid-term aims are probably not entirely clearly defined, rather Russia knows what it needs when it sees it. This makes Moscow tough in essence, but also potentially flexible on implementing some parts of the Minsk agreement – as long as these do not erode its strategic objectives.

Moscow still questions the notion of Ukraine as a functioning state or even a nation. It continues to argue that Ukraine is an artificial state that can only function if highly decentralised. Russia sees the Minsk agreement as the best way of achieving its goals and

warned that abandoning Minsk would lead to renewed hostilities. In order to put pressure on Kyiv, Moscow is calling for Minsk implementation to be a prerequisite for Ukraine to receive its next loan from the IMF. While Moscow may demonstrate some minor flexibility in its interpretation of Minsk, our interlocutors warned against attempts to internationalise the conflict by bringing in the UN or increasing the OSCE's role. Both the UN and the OSCE are seen as Western-manipulated vehicles serving Western interests.

Moscow feels that as it has not suffered a military defeat in the Donbas – but rather, voluntarily refrained from declaring a full victory – the settlement should be largely on its own terms. Moscow may decide to escalate the fighting or to put pressure on Kyiv should the West try to deny Moscow its primary aims in the Donbas. At the same time, a significant military escalation would not be Moscow's preferred path but rather a measure of last resort, adopted out of frustration or to protest against unpalatable terms.

Local elections in the areas controlled by Russia's proxies in the Donbas will be a key milestone in Minsk implementation. But there is little to suggest from Moscow that they are ready to ensure that the elections will actually be held in accordance with OSCE/ODIHR standards, in particular given the presence of Russian troops (something still denied in Moscow) and separatist militias. Moscow is ready to accommodate a token Ukrainian involvement in the elections – both as regards their organisation and participation – but will not acquiesce to Kyiv's desire to have full oversight of the process.

There is recognition in Moscow that the sanctions - the removal of which is not a priority for Russia - are still hurting and that the long-term effect of them will be isolation. They are hoping that the EU's unity will crumble and that the Minsk-related sanctions will be lifted by the end of the year. But even if EU sanctions are eased or lifted, Moscow knows that the effect on the Russian economy will be minimal since the more powerful US sanctions are likely to stay. This decreases the potential leverage that sanctions can have for the EU. At the same time, the lifting of EU sanctions would represent a major diplomatic victory for Russia.

The annexation – or “reattachment” – of Crimea still has mass popular support, even though Russian television is no longer dominated by good news stories about the peninsula. The fact that Ukrainian troops put down their weapons without a fight is seen as a particular triumph and even a justification for the righteousness of the annexation. There is a strong sense that the operation in Crimea demonstrated that Russia is a great power again because it was able to act according to its national interest in the face of opposition from NATO and the US.

Syria

Our visit to Moscow coincided with President Putin’s 14 March announcement to partially withdraw Russian forces from Syria. Russian interlocutors said that Russia was withdrawing to put pressure on Assad since it would make him more constructive in the political process. They pointed to the Syrian foreign minister’s statement on 12 March as a challenge to the international community and Russia, since he rejected any discussion on the future of Assad and said that the UN was not competent to draw up the agenda in Geneva. Russian media, however, portrayed the withdrawal as having been coordinated with an Assad who was grateful to Russia for its support.

Russia is pulling out of Syria because it has achieved its main objectives while maximising its options, now that the conflict is shifting to a political phase. Moscow has essentially shored up Assad’s regime and military operation without getting bogged down as many had predicted it might. The cessation of hostilities provides Russia with an opportunity to declare success and pull out most of the squadrons while maintaining its two bases in Syria. These two bases mean that Russia is still able to re-engage militarily if necessary.

Through its intervention, Moscow secured a seat at the table and was taken seriously by Washington. The symbolism of the US and Russia working together to cease hostilities was extremely important for Moscow. Moscow is also presenting the bombing campaign as a model for how military interventions should be carried out – in contrast to the West’s interventions in Iraq, Afghanistan, and Libya. This intervention was furthermore carried

out on the cheap. Putin has claimed that the total outlay for the campaign was covered by Russia's yearly budget for training and exercises.

Several interlocutors said that withdrawal in spring had been the plan from the beginning – Putin had indeed said that the campaign would only last four or five months (though he also claimed that the intervention was meant to fight ISIS, which was not the case). The timing of the withdrawal fits conveniently into the domestic political calendar as parliamentary elections are upcoming in September. Although the Syria adventure has not had the same impact as Ukraine on public opinion in Russia, the Kremlin may have wanted to declare an early victory in order to cash in on the success and not risk any mishaps on the battlefield just ahead of elections.

The key risk associated with Moscow's withdrawal is that it may be too early. The divisions in Geneva are still profound, in particular over the key question of Assad's future, and the cessation of hostilities is fragile. But even so, since Russia will maintain some of its fighters and bombers in Syria, it can always decide to intervene again if necessary. For now, the Syria adventure is being presented as a great success.

What next?

Europe is entering an increasingly unpredictable period in its relations with Russia, and this year will be a difficult one. The Minsk agreement requires Moscow to take several difficult steps in the coming months for the sanctions to be lifted. If it becomes apparent that Minsk cannot offer a path to a settlement, Moscow is likely to increase pressure on Kyiv, including through escalation in the Donbas. The NATO Warsaw summit in July promises decisions on reinforcing deterrence capabilities and NATO membership for Montenegro that will not please Moscow and could spark a reaction. At the same time, Russia is entering campaign mode ahead of the parliamentary elections in September and presidential elections in 2018.

The elections will be manipulated, but in smarter ways that diminish the chances of outright fraud coming to light, triggering protests and de-legitimising the process as a

whole. The appointment of Ella Panfilova as chairwoman of the Central Electoral Commission signals that the Kremlin is trying to achieve greater semblance of legitimacy when it comes to the results. Fraud may still take place, but it will be more difficult or even impossible to expose – after all there are severe restrictions on observers for the Duma elections. About 25 percent of the votes are in the so-called “black zones” of the country, such as the North Caucasus and Tatarstan, where it is impossible to check votes. Opposition leaders also risk being arrested ahead of the elections since the law forbids you to run in the elections if you have been convicted. The murder of Nemtsov last year has weakened the opposition, deterring many possible candidates from running.

Putin’s legitimacy during his first two terms as president was built on substantial economic growth. GDP per capita rose from \$1,300 in 1999 to \$15,000 in 2013 and the average monthly salary rose from \$60 in 1999 to about \$1,000 in 2013. It is impossible for Russia to sustain this sort of growth even if the price of oil rebounds to \$50-60 a barrel. Russia’s economy contracted by 3.7 percent last year and is projected to contract by a further 1 percent in 2016. The sanctions have had an impact – accounting for 1-1.5 percent of the contraction last year according to IMF – although the low price of oil and structural problems have a more significant effect. Some 10-15 million Russians moved from having a decent quality of life to an unfavourable one; this means for instance that more people have problems buying necessary items like clothes. Seventeen percent report that their salary has decreased or been paid late.

It is, however, unlikely that Russia’s economic decline will lead to widespread social unrest. There is broad consensus, including within the opposition, that Russia cannot afford a civil war. Ukraine is seen as setting a dangerous and unwelcome precedent. But the Kremlin has no credible plan or strategy to escape from the economic quagmire besides hoping for the price of oil to go up. Putin himself is reportedly not interested in economics, and the prospect of painful structural reform taking place ahead of the elections is minimal. If the current trends persist, Russia will likely come to the 2018 presidential elections with eroding living standards, no structural reforms, and

diminished reserves – stable, but with no vision or means for the future. That will likely add to the unpredictability of the regime.

Putin's popularity ratings have not dropped below 60 percent since he became president in 2000. (Interestingly, his approval rating was at its lowest – 61 percent – immediately before the events in Ukraine in November 2013). Although the Crimea effect has largely worn off, Putin continues to enjoy a popularity rating of around 80 percent. The paradox is that 34 percent of people believe that the country is going in the wrong direction. But they blame the government rather than Putin himself for this. Putin's dilemma is that he is trapped by his popularity. The personality-centric nature of the political system makes a drop to a 60 percent approval rating a sign of failure and weakness. But how do you sustain an 80 percent approval rating when the economy is in decline?

Strongman nationalism and foreign military adventures – in Ukraine and then Syria – have become the new source of legitimacy in Russia to offset the lack of economic growth. The existence of a foreign enemy such as ISIS or Turkey provides a convenient threat to focus attention away from domestic ills. Successes in Syria and Crimea reaffirm the notion that Russia is back as a great power that can carry out expeditionary wars in far off lands and subdue its immediate neighbours. The question to ask now is what we can expect next. Military experts say that the Syria intervention was a model for a campaign in Central Asia against jihadists. Others point to the possibility of hybrid action in Moldova or the Balkans.

The unpredictability of Russia's behaviour has much to do with the centralised decision-making process in the Kremlin and the power of President Putin himself. With the possible exception of Stalin, he is even stronger than Russian leaders during Soviet times, who were at least balanced by the Politburo. The fact that so much power is concentrated in one man makes Russia's behaviour more unpredictable and volatile than ever.

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