

## RELATIONS BETWEEN THE EUROPEAN UNION AND RUSSIA

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### Russia in transformation

The economic, social and political development in Russia is of special concern to the European Union. The 1324 km-long border between the Union and Russia, i.e. at present between Finland and Russia, represents the deepest income gap in the world, a gulf much deeper than between Mexico and the United States or between Hong Kong and China. A sad indication of failure of the economic transition in Russia and the successful transition in Estonia is that a similar disparity in the standards of living has also been emerging between these two countries which ten years ago were at the same level of development. The deficiencies in the Russian transformation have resulted in the infiltration of organized crime, economic, ecological and public health hazards, and a population alienating itself from democratic political principles. Without going into details of the deterioration of social structures in Russia, it should be noted that the average life expectancy of Russian males is currently 58 years, whereas in the Soviet Union it was 67. This is the biggest decrease, excluding famine, ever registered in any country during peace time.

Now, when the crisis in Northern Caucasus shows signs of developing into a full-scale war between the Russian Federation and Chechnya and we are regularly confronted with news concerning the role of the Russian political elite in money laundering scandals, it would be easy to forget that there are also some positive signs visible in the Russian society. For example, in the economic field, the crisis of August 1998 and the resulting depreciation of the rouble seem to have fostered an economic recovery at the microeconomic level, which may result in more sustainable domestic production and exchange patterns, even if the level of investment remains low. Likewise, the weakness of the central government has fostered a self-reliance in the regions and the emergence of a subsistence economy which, in many cases, has stimulated positive local initiatives. In some regions, however, there are also sad examples of organized crime or populist political forces taking over the political structures. At the political level, deficiencies in the democratic development should not hide the fact that the political pluralism has obviously achieved such a strong-hold on political life that a return to authoritarian patterns of governance seem improbable.

### EU and Russia

The Partnership and Cooperation Agreement (PCA) between the European Union and Russia, which entered into force in December 1997, provides the legal and institutional framework for the cooperation between the EU and Russia. It should be noted that neither the Common Strategy of the EU on Russia nor the Northern Dimension initiative is an agreement or a programme. Both are a means of promoting and enhancing EU policies and EU action. They compliment each other.

The Common Strategy on Russia has a clear legal status based on the Treaty of Amsterdam, whereas the Northern Dimension is based on the conclusions of the European Council, and requires active political will of the Union.

The Common Strategy on Russia is a comprehensive strategy on cooperation between the EU and Russia. The Northern Dimension, in particular, promotes stability and economic cooperation in the Baltic and Barents regions. The Strategy on Russia is not restricted to fostering cooperation in one region only. The Northern Dimension initiative aims at promoting cooperation in those areas affected by the interface of the enlarging Union and Russia, including neighbouring countries and Arctic neighbours.

The Partnership and Cooperation Agreement (PCA) entered into force in December 1997, once the institutional and legal basis of the relations between the European Union and Russia had been established. Since then cooperation with Russia has been gaining new momentum despite the difficult economic and political situation prevailing in Russia 2.

In accordance with Article 1 (2) of the Partnership and Cooperation Agreement, the objective is to provide a framework for a political dialogue and to promote harmonious economic relations between the Parties. The objective is also to support Russian efforts to develop its economy and to complete the transition into a market economy. The PCA covers more than 60 areas of cooperation, inter alia, cooperation in harmonising legislation, standards and certificates in Russia with the legislation and standards of the European Union. A longer-term objective of the PCA is to create the necessary conditions for a free-trade area between the European Union and Russia.

Both the Partnership and Cooperation Agreement and the Common Strategy of the European Union on Russia emphasise the importance of the rule of law in its own right, and also as the

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1 The Rapporteur would like to thank the Prime Minister's office for rendering invaluable assistance in preparing this paper. However, the views expressed here are not necessarily shared by the Finnish Government

2 Summit meetings at Heads of State level have been held during all EU Presidencies. The next summit is scheduled to be held in Helsinki on 22 October. Prime Minister Lipponen and Member of the European Commission Mr. Van den Broek made an unofficial working visit to Moscow at the end of July. In accordance with the PCA, the Cooperation Council at Foreign Minister level and the Cooperation Committee at senior official level meet only once a year. In practice, one subcommittee or another meets almost every month

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