



## **Session 450**

# **Russia: The 2020 Perspective**

**05 Apr - 10 Apr, 2008**

From April 5 to 10, the Salzburg Seminar convened 49 participants from 24 countries to examine Russia's return to the world stage and the potential direction in which it is heading. The session, designed to examine scenarios for country's evolution over the next decade, brought together a high-level international contingent of foreign policy experts, academia, researchers, journalists, and participants representing business, government, NGOs and international organisations. The overriding objective of the seminar was to elaborate recommendations for international policy towards the Russian Federation and for the Russian Federation in relation to the country's future foreign policy.

To these ends, and taking a relatively broad and interdisciplinary approach, the seminar examined scenarios for the role of the Russian Federation over the coming decade as well as perspectives for Russia's future relations with the world. Seminar participants evaluated challenges and constraints on the relationship between Russia and its major strategic partners (US, China, India, and the EU) and examined Russia's role in its immediate neighbourhood as well as its role in international economy and security (see part *III. Lessons learned*). Throughout the working sessions of the four Task Force Groups, participants elaborated on recommendations that take into account the multitude of facets shaping Russia's current and future place in the world (see part *IV. Conclusions/Recommendations*).

### **I. Seminar Background**

While it has become clear over the past few years that Russia is back on the world stage, and despite statements from its leaders that Russia is seeking partnership not confrontation, it has remained somewhat unclear where the Russian Federation is headed in the long run. While the world has welcomed Russia's economic recovery, the geopolitical comeback of the Russian federation as a major power in international relations, geopolitics, security, and economics has aroused concerns about what kind of country Russia is to become. How Russia will evolve over the next decade – socially, economically, militarily and politically – is therefore of great significance not only to the Russian people and neighbouring countries but also to the international community as a whole. Convened shortly after the Russian presidential elections in March as well as NATO's Bucharest Summit on 2/3 April 2008, the Session 450 focused on examining key facts and aspects surrounding Russia and its relations with its partners today. With the aim of agreeing on recommendations for foreign policy of and towards Russia, the Session explored scenarios for Russia in 2020 with a view to shaping

both short and longer term strategies vis-à-vis a country that no doubt is and will remain of vital geopolitical importance to the world.

## II. Lessons Learned: Key findings and scenarios

Session 450 concentrated on the following questions concerning the future of the Russian Federation: To what extent will the Russian economy remain based on resource extraction or will it diversify and more fully integrate into the global economy? Will democratic developments and reforms of governance structures have taken a stronger foothold in Russia by the year 2020? What are the demographic projections for Russia in 2020 and how will demographics influence Russia's national and regional identities and its immigration policies? How will Russia develop in scientific, technological, and military terms? What will guide Russia's policies towards its neighbouring countries, the Middle East, the European Union, and the United States? The lessons learned resulting from seminar discussions along these guiding questions can be summed up as follows:

### 1. Russia's place in today's international landscape

The assessment of Russia's current role in international politics in the course of the Session 450 could best be circumscribed with a saying experts quoted on the outset of the seminar: "History is the key to any country's behaviour".

Geopolitical shifts over the past two decades have created a dynamic situation by leaving behind former parts of the Soviet Union as sovereign states that are not yet fully incorporated into international politics. Yet in Russia, as in most other parts of the world, the **striving for sovereignty** has always been and still is a driving emotional force that influences politics to a great extent. Along with the fact that Russia feels (and participants agreed it is) rarely properly understood, this driving force makes Russian relations with the West difficult. Although it is clear that Russia cannot claim any veto over former Soviet republics' decisions (e.g. to join institutions such as the EU or NATO), it has historical, economic, political, and security ties with those countries that Russia's interlocutors do not always seem to pay sufficient attention to. Participants agreed that instead, the West<sup>1</sup> rather assessed Russia's – often overly sensitive – reactions according to criteria of legitimacy instead of taking them seriously. Against this background, "No Russian right to veto" too often appears as an excuse for the West's lack of motivation to engage in a true dialogue with Russia.

On the international stage, Russia has slowly but steadily emerged as an important factor because of its huge territory, its large energy supplies, and an already emerging role as a global player. Yet session participants agreed that Russia's current appearance was ambiguous as it was somewhere shifting between isolationism and a sincere strive for global influence. Although Russia presents itself as a state with a strong government, it all too often resembles a construct relying on uncontrolled power bodies that navigate through a crisis of liberalism. A number of Russian think tankers therefore saw Russia as a "**country in dramatic transition**" that is currently exploring a "third way of democratisation". They stated that this approach could only be understood taking into account Russia's history which was more complex and contradictory than that of Southern/Eastern European states.

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<sup>1</sup> Meaning above all member states of the European Union and of NATO, without intending to resort to Cold War rhetoric.

Participants agreed however that the Russian way was no unique phenomenon, as parallel developments could be perceived in the past decade not only in China, but also in other post-Soviet states.

While Russia is still suffering from what experts called a “**post-imperial syndrome**”, participants agreed that there was no alternative for Russia but to take on a “global role”. Yet to do so, Russia needs international partners and must strongly engage in cooperation and international exchange. At the same time, Russia currently still faces a number of important domestic challenges that slow down its emergence of a truly global player and call for immediate action and long-term strategies. Such challenges include economic reform, the creation of a truly multi-ethnic state (a true “federation”), the transformation of Russia’s military system, and dealing with a dramatic demographic decline that will have an impact on Russia’s economic system, society, and political development. Consequently, and although there are signs Russia may shift towards isolationism, seminar participants considered the country as more integrated into the outside world today than ever before (through tourism, economic exchange, internet, political and cultural exchange) – a fact that might significantly influence any further development of the Russian Federation.

## 2. Russia’s current security and defence challenges

Seminar participants and experts agreed that today’s main threats to Russia’s security lie to the South, similar to those the EU faces. They include, among others, illegal immigration, the drug trade, and the destabilisation of Russia’s southern neighbours by Islamic fundamentalism, with knock-on consequences for Russia’s own Muslim population. Yet experts confirmed that Russia’s own military forces were not yet sufficiently modernised to deal with such threats, in so far as these require a conventional military response.

But although Russia has formulated its security policy goals and strategies, experts pointed out the severe lack of strategic planning and implementation. Oksana Antonenko of the London-based think tank IISS listed the **most urgent security and defence tasks** for the new Russian administration under president Medvedev as the following: *Defence Reform* (advance transformation process of armed forces, raise number of training exercises, increase general prestige, improve civ-mil relations, develop new doctrinal approach, tackle low retention and high suicide rates, corruption; and crime in the Russian armed forces, maintain Russia’s military system while facing a severe demographic decline), *the formulation of Russia’s key security concerns* (the rise of China and Islamic extremism; CFE, MD, START, the possibility of a new arms race and improvement of the general strategic environment; NATO enlargement, a gradual development of NATO-Russia relations, with a strong push for developing cooperation in the Afghanistan context), and *the development of strategies for Russia’s near abroad* (Iran, the Caucasus and the frozen conflicts, Central Asia, and Afghanistan).

## 3. Russia’s relations with the US, China, and the EU

Assistant Secretary of State David Kramer (US Department of State) described the current **US-Russia relationship** as a “generally complicated but extremely important” one. While cooperation remains impossible in many areas, joint action was nevertheless sought wherever possible (counter terrorism, Middle East peace process, Six Party talks, and energy). Although

the US administration wants to “see a strong Russia”, it remains determined to speak out against worrying developments in Russia. A number of participants however did not expect the USA and Russia to become true strategic partners for the foreseeable future as the USA appeared not to be prepared to accept Russia on an equal footing. From a Russian point of view, a true partnership must however touch upon energy cooperation, non-proliferation, the fight against terrorism, and regional security issues needing Russian involvement.

Looking East, experts and seminar participants agreed that the **Sino-Russian relationship** had never been better. However, tensions (e.g. competition over Turkmen gas, China’s strengthened bilateral relationships with Central Asian states, e.g. by granting financial assistance to Tajikistan) were looming on the horizon and might create new strategic challenges for Russia in its relationship with China.

Speaking from a Chinese perspective, Professor Wu Jianmin of the Beijing University for international relations explained that **China** preferred a **realistic approach vis-à-vis Russia** that was based on facts and took into account cultural and political divergences. Prof. Wu pointed out that the Sino-Russian partnership was based on mutual respect and understanding for the respective humiliations each country had undergone, as well as on an equal footing and a strong focus on mutual benefits. Similar to the West, China did not seek confrontation with Russia. From a Chinese point of view, the major change in the decade to come included a global power shift eastwards (“from the Atlantic to the Pacific”). Certain domestic developments in Russia were worrying in the view of Chinese experts which explains why China hopes that Russia will soon “overcome its difficulties to adjust to change”. China’s administration appears to be closely monitoring the evolution of the EU-Russia relationship.

Gunnar Wiegand (head of the European Commission’s Unit for Relations with Russia) and EU Commissioner for External Relations Benita Ferrero-Waldner granted session participants insights into the EU’s perceptions on Russia. While Russia was “the **EU’s most difficult neighbour**”, experts and seminar participants agreed that Russia *as a part of Europe* was too little discussed. EU Commissioner Benita Ferrero-Waldner called it a “challenge (for the EU) to get its relationship with Russia right”, provoking a “major test for the EU’s foreign policy and coherence”. According to the Commissioner, common values and shared international legal commitments<sup>2</sup>, energy (as a continuously dominating aspect of EU-Russia relations), regulatory convergence and human capital (including a possible start of negotiations of a free trade area with the distant goal of creating a “common European economic space”), and foreign policy (expected to be the strong element of Medvedev’s presidency) will determine the EU-Russia relationship. From an EU point of view, NATO’s Bucharest decisions concerning Ukraine and Georgia were considered wise, as they gave room for establishing a more constructive dialogue with Russia.

**Four areas** that were decisive for EU-Russia relations were the emergence of **common values** (with president Medvedev’s comment on the rule of law potentially being a door-opener for developing true and shared international commitments in the areas of human rights and democracy), **energy policy** (still the dominating aspect of EU-Russia relations and a great interest on investment on both sides that should be taken into account in future negotiations), **regulatory convergence and human capital aspects** (e.g. foreign direct investment, funding of exchange programs, introduction of health support programmes, economic diversification support) that will become all the more important following a Russian accession to the WTO

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<sup>2</sup> Medvedev’s recent comments on the rule of law in Russia were considered as helpful in this context.

and could eventually facilitate negotiations on a free trade area between the EU and Russia), and **foreign policy** (where the EU sees itself as a facilitator aiming at engaging Russia more in multilateral engagement and international issues).

The resolution of the **frozen conflicts** in Europe / the Caucasus remained in the view of both experts and seminar participants crucial for the EU's future relationship with Russia. However, and in order to move ahead politically and economically, experts stated that Russia needed to develop better relations with Ukraine, Georgia, and the EU. In this context, participants agreed that Russia's partners needed to develop strategies how to accommodate Russia in (European) international relations while accepting it as a world player.

#### 4. Russia and its Southern neighbourhood: Central Asia and the Caucasus

With Central Asia being the Russian Federation's immediate neighbourhood, participants agreed that the region should be underestimated in its significance for Russian foreign policy. As Central Asia lacks capabilities and influence to manage the problems stemming from Afghanistan, **stability in Afghanistan** will remain one of Russia's current key security concerns. Experts agreed that a Russian return to Afghanistan was not an option, so from Russia's point of view there was no choice but to further develop RU-NATO cooperation and help avoid possible fallout in Afghanistan.

With regard to regional cooperation in Central Asia, Russia appears more open for enhanced **CSTO cooperation** than for increasing cooperation in the SCO framework, as Oxana Antonenko pointed out in her presentation. From a Russian point of view, the SCO might serve to reconcile divergences in Sino-Russian interests but won't provide for extended defence cooperation as long as China's military role and its ambitions in the SCO remain unclear. Although SCO cooperation was promising in the beginning, experts have been observing growing tensions between China and Russia over the past decade. Professor Wu however stressed that China's interest in Central Asia was rather one of "growing (economic) cooperation" than of rising political influence, and that it was intended to satisfy China's "energy hunger" and not aimed at keeping other powers out or down (i.e. Russia). In the Afghanistan context, most experts assessed NATO's refusal to develop either informal or formal contacts with either CSTO or SCO as incomprehensible.

#### 5. Russia's economic constitution

Keynote speakers stressed the fact that Russia introduced the market economy over night but not always according to market criteria. Therefore Russia's **economy today was growing but not developing**. Although Putin has taken great advantage of the increased value from the natural resource sector, Russia today faces immense challenges concerning resources, space, and people. Russia will therefore not be able to create sustainable economic growth unless it improves the most urgent structured vulnerabilities, which participants identified as:

- Economic structure: need to privatize and diversify the economy, aim at improvement of the investment climate and infrastructure
- Social structures: need to reduce the dramatic imbalance between rich and poor and to balance rising social instabilities

- Regional imbalance: need to overcome the significant gap between developed and underdeveloped regions
- Civil society: need to invest in cultural evolution, public science and education, and in international exchange

Clifford Gaddy from the Brookings Institution distinguished three main economic challenges for Russia in the coming decade: **resources, space, and people**. While Russia was granted great wealth, this would not automatically result in strong growth as diversification was badly needed. Despite a vast territory, Russia was still suffering from its spatial misallocation of the 1970s/1980s which – combined with an increasing shift towards the Far East – could entail not only an economic boom but also impose greatly associated costs (transport, difficult natural conditions. Last not least Russia needed to develop strategies to face a demographic crisis with a currently dramatically decreasing population by increasing birth numbers, decreasing the mortality rate and increasing immigration. Ralf Land of the British-Romanian Chamber of Commerce in London pointed out that combined with the challenges of inflated management wages, a culture of a top-down-managed, and Russia's high export dependence in trade with Europe this situation could prove even more challenging if the European West started to suffer from recession.

Participants assessed an undeniable **geopolitical element in Russia's energy policy** that was even spelled out in official Russian documents. Russian energy resources have made Russia an international player on the world scene. Most participants agreed that the image Western countries have of Russian foreign energy policy is often distorted (e.g. when perceived as a “tool for blackmailing”). The West often overlooked that Russia had granted energy subsidies to Ukraine, Belarus and others, expecting this would help forge better relations – a strategy that obviously failed and is therefore under constant revision. In the energy infrastructure sector, however, Russia faces **severe structural problems** such as over-aged pipeline structures, a lack of foreign and domestic investment, comparatively low energy efficiency, and an expanding domestic demand (without a corresponding increase in supply, thus causing increased competition for Central Asian and Caspian gas between Russia and the EU).

While Director of the Institute for International Economic and Political Studies in Moscow Ruslan Grinberg pointed to competitive advantages Russia disposed of (e.g. real estate, energy), Ralph Land assessed the future economic prospects as grim as long as key industries such as oil, gas, aircraft remained under state control. All experts agreed that economically, Russia's further development would very much **depend on the oil prize** and whether Russia could overcome its resource dependence on gas and oil, and develop long-term strategic economic perspectives.

Experts agreed that one main concern and constraint to future Russian economic growth remained; a persisting degree of **organized crime and corruption** that had not greatly decreased during the Putin years and still persisted in the heart of the Russian bureaucracy. However, estimations on the real impact on Russian economy were hard to make as to the degree of damage done to the Russian economy was unknown and the two evils had not much hindered foreign direct investment.

## 6. Russia's domestic politics and the transition from Putin to Medvedev

Experts pointed out that in Russia – as was true for all of the post-Soviet space – political leaders still were and would remain to be measured not only by their effectiveness but also by the **importance of personal charisma**. Often overseen by the West, having a new leader approved, even though not truly elected, by the population was already a major step forward for Russia and comparatively new for Russians.

The “**Putin paradox**” would therefore continue to influence Russia's policy and it's relations with the world. Andrew Jack of the Financial Times London Office characterized Putin's legacy as threefold, namely “the good (Ikea in Russia, striking economic growth, new personal freedom of an emerging and wealthy middle class), the bad (media control, manipulated judiciary, removal of checks and balances), and the ugly (emergence of ultranationalist groups, war in Chechnya, political suppression, harsh rhetoric). Together with Russian senior think tankers Andrey Kortunov (President of the New Eurasia Foundation in Moscow) and Viktor Kuvaldin (Head of the Centre “Expertisa” of the Gorbachev Foundation in Moscow) he assessed that Putin's decision to create a super-centralized state was the best amongst all alternative choices in 1999, and that Putin's place in history would be determined by his ambiguous domestic record (economic reform with an iron fist, money prevailing over democracy, political stability prevailing over political liberty).

Experts agreed that the future Russian president **Medvedev** stood for **continuity**. He is so far perceived as a young, uncharismatic “Western” liberal who is guided by good intentions and (Putin's) disputed heritage. Medvedev's most significant difference to Putin was seen in his lack of KGB history. As the KGB factor decisively shaped the Putin presidency over the past years, participants agreed that the impact of Medvedev's lack of KGB experience remained to be seen over time.

## 7. Scenarios of Russia's future development until 2020

The West's relationship with Russia is already undergoing dramatic changes. Latest indications were noticed at NATO's Bucharest Summit. Russia's current development might therefore lead to a **major shift in international relations**, with Russia truly becoming one of the global players by 2020, on an equal footing with the USA, China, the EU, and India.

Given Russia's current domestic challenges and its ambition to play a decisive role on the future world stage, participants agreed however that Russia was in **need of developing strategic partnerships** with reliable partners in order to keep its domestic modernization process going. As Russia regarded the EU – originally its “first choice” in terms of partnerships – as an increasingly difficult partner, it was likely to increasingly search for alternatives. In the view of experts, this could lead to a slow but steady geopolitical shift of Russia eastwards, which Russian experts compared with the USA's move westwards.

Chinese experts laid out a scenario in which the global world order would be determined by the **relationship China and Russia develop towards the USA**. In this global context, they expected Sino-Russian relations to be determined by geopolitical influence and energy issues rather than by migration or border disputes. For China, cooperating with Russia therefore would have to include common strategies to generate economic clout in the Far East.

Against this domestic and foreign policy, economic and sociological background, seminar participants discerned two options for Russia's future political development: either a **consolidation of mild authoritarianism / managed democracy** (this equals no clear democracy but stopping short of establishing an explicit authoritarian regime), **or a slow shift towards a true democratic system**. Russia's future behaviour in international politics could consequently be one of opening up towards the West (requiring Russia to leave history behind and accept consequences for Russia's internal system) or turning inwards, yet still becoming the World's third superpower together with the USA and China. Participants considered the following aspects as decisive for the road that Russia might take:

- The level of political competition: Free and fair elections? Equal chances for political parties?
- The rule of law: Liability of the regime? A functioning legal system?
- The separation of powers: Viable legislation? Constitutional court ability to challenge the executive?
- The accountability of the state: Administrative procedures? Fight against corruption? Abuse of power?

Participants also agreed that Russia's future political development until 2020 would be much determined by **Medvedev's presidency**. They therefore called for the need to achieve the closest of 2020 visions now and elaborate strategies in order to avoid "losing" the incoming Russian president right from the start. Not much change was expected from Medvedev's foreign policy, as experts stated that Russian foreign policy decisions had always been and would most likely continue to be taken in the Kremlin, and key Kremlin officials were expected to remain in place.<sup>3</sup> Interpreting Medvedev's recent comments on the modernization of state's role in economy and risks of legal nihilism, most experts expected a change in style under president Medvedev. Most participants predicted a form of co-existence of Putin and Medvedev to emerge in the years to come. As the Putin system was created under extraordinary circumstances, Putin was not necessarily expected to stay on in international politics. Medvedev was however expected to follow the Putin model, on the understanding that Russia wanted to be accepted and respected. Given his strong interest in economic and social independent think tank work, Medvedev however seemed to be – unlike Putin – more open for recommendations, e.g. by the recently created Institute for Contemporary Development, to more take into account the links between foreign policy, economic and social spheres. If Medvedev failed to deliver in his new position as Russian president, participants agreed that it would be most difficult for him to remain in power.

Sergey Kulik of the Russian presidency administration stated that **Russia's future foreign relations** would see a continuation of dialogue in an open exchange of views but also a strong need to "talk business" as well as "pragmatic capitalism". One of the guiding topics in Russian foreign policy in the years to come will be the "global integration process", where Kulik expects the "Asian direction" to be "activated in the near future". Kulik pointed out that any prognosis on future Russian foreign policy will have to take into account Russia's strive to meet energy demands – a key factor that was hard to forecast at this point. Putin's 2006 and

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<sup>3</sup> E.g. experts assumed that Russian foreign policy would most likely continue to be shaped by the assistant to President Putin, Mr. Prikhodko, who was a key figure as head of the department for external relations and involved in foreign policy decision-making and who would remain in office.

2007 speeches gave a true overview of the Kremlin's foreign policy direction in the years to come.<sup>4</sup>

For Gunnar Wiegand from the European Commission, the future development of the **EU-Russia relationship** will depend on the partners' ability to define common interests (that exist, albeit in "different notions") and develop ways for open and effective cooperation. He expects Russia to be an "assertive power" rather than an "easy partner".

According to Kulik, **triangular relations (e.g. Russia-China-India)** could determine future Russian foreign policy much more than participation in organisations or blocks. Geopolitically, the Russian administration was eager to think about a "new positive agenda for international relations", e.g. a new global security structure based on the UN system but with a slightly different approach that would take into account the link between security and trade as well as new security threats. Above all, Russia was determined to continue what it calls "responsible policy" (in opposition to the West's Kosovo policy) and remain a "reliable partner" that was "willing to implement negotiated agreements" while at the same time "keep its sovereignty in foreign policy", i.e. remain free to take actions that were in its own interest, also with regard to the economic and social development. In this context, Kulik stressed the SCO as "an important structure" for shaping the world's future security and economic architecture. Although experts pointed out that the CSTO played a much more prestigious role for Russia, Kulik expected cooperation in the SCO framework to be enhanced.

In the view of the Russian administration, Russia's **accession to the WTO** constitutes a crucial step for the future development of EU-Russia relations. The Russian presidency administration is determined to take in "new ideas" (e.g. from the Russian expert community) as it sees the EU-Russia relationship "changing" and wants to give it a positive spin.

Seminar participants agreed that **domestic change in Russia** could only come about with self-generated pressure. Factors entailing change might be social pressure (e.g. created by demographic change), economic recession (e.g. as a consequence of a drop in oil prices), public dissent and unrest (e.g. because of high corruption levels), nationalism and lack of domestic stability (e.g. out of lack of multi-ethnic structures), pressure for change in society (created by new dynamics in young generation).

If successfully managed, however, **Russia's economic transition** could lead to more oil for world markets, and more private ownership, provided that Russia assumes the oil price was going down. However, economic experts pointed out that if the future oil price remained uncertain, Russian oil and gas production was likely to remain at the current level as more output during a period of steadily increasing prices would not be favourable for Russia.

While some experts did not expect the **creation of a "GASPEC"** or gas-OPEC any time soon and regard it as a purely psychological threat, others assumed Russia would take the initiative and propose (expected by June 2008) the creation of such an institution to allow better price coordination between producers. Such a creation could divide the world market and lead to more competition between suppliers, but also to improved dialogue and better coordination of production, security of supply, and demand.

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<sup>4</sup> In this context, Sergey Kulik called Putin's Munich speech an "open and sincere message" that reflected "Russia's role".

Taking into account the potential full range of Russian development along four major axes of change (a political regime change, the centre-periphery relationship between Moscow and the regions, economic and political development and modernization, and Russia's role in the international environment), Andrey Kortunov, president of the New Eurasia Foundation in Moscow finally presented **four alternative futures** for the Russian Federation:

- A future “Fortress Russia” as the most radical pole, providing a hostile international environment, engaging in regional conflicts and arms race, aiming at starting a new cold war while taking advantage of high oil prices, concentrating power and resources in the hands of the government;
- “Kremlin's Gambit” as the most likely scenario, where Russia would become the significant other for the West, using oil revenues for paternalistic social projects but yet keeping alive phobias of the 1990s chaos and orange revolutions;
- A “Russian Mosaic” as the least desirable option, where Russia would be forced to introduce political decentralisation by a radical decline of oil prices and pressure from the outside while internally facing the collapse of corrupted and immobile federal authorities that would eventually introduce political fragmentation, non-consolidated democratic institutions as well as, economically, a massive wave of privatization;
- And the “New Russian Dream” as the most tentative path to take, where Russia in a world of decreasing oil prices would see a rapid hi-tech modernization in a friendly, peaceful external environment, the creation of transparent institutions and a flexible federal structure.

### III. Conclusions: Recommendations for international and Russian foreign policy

Seminar participants elaborated on two recommendations 1.) international policy towards Russia and 2.) Russia's foreign policy. The general understanding was that history above all was the key to any future shaping of policy both in and towards Russia. At the same time, experts stressed the fact that Russia was a part of Europe and as such wanted to be taken seriously. Although Russia might not yet be a great power, participants agreed that Russia will aim at remaining an influential sovereign and independent country with a global role to play. In today's world as much as in 2020, Russia's future development matters to Europe and to the world, the more so as the rise of China and India, and the comparative decline in America's unquestioned dominance in world affairs might introduce significant changes in the years to come. Therefore participants agreed that external influence by the West on Russia might not be decisive but could be crucial – if applied wisely and carefully.

#### 1. Recommendations for international policy towards Russia

Participants of the Task Force Working Groups on international policy towards Russia recommended that the West should seriously engage with Russia while accepting that Russia functions and acts differently, and that it has expectations that diverge from those of the West. Reducing both illusions and hollow rhetoric and striving for realistic and pragmatic engagement with Russia on the basis of existing common interests instead could help deal with Russia's assertiveness in a constructive way. Recommendations for international policy towards Russia that participants agreed upon included the following:

- The need for Russia's partners to **understand** that Russia's traumas and humiliation of the 1990s still severely affect its policy today, and to take Russia's interests and

concerns seriously. Experts agreed however that this did not mean allowing Russian concerns and interests to outweigh a measured pursuit of their own interests and letting understanding degenerate into weak acquiescence.

- Recognize that **interdependence** is the basis of mutual trust. On this basis devise, propose or revive confidence building measures. These include better communications and networking, educational and professional exchanges, but also cooperation in the exchange of military technology and a renewed effort to revive the traditional or create a new arms control regime.
- Act accordingly to the principle of “**enlightened self-interests.**” Prepare for Russia to stand up for its interests as the Russian administration perceives them. On their side, Russia’s partners should be prepared to stand up for their interests.
- Work towards a **solution of the Frozen Conflicts** in the Southern Caucasus and start with Moldova/Transnistria (e.g. by setting up a joint EU-Russian police force) that, at the time of Session 450, appeared to be closer to resolution than the others.
- Develop **joint infrastructure or energy projects** among those partners who are active in Central Asia and the Southern Caucasus (principally the US, EU, Russia and China). Develop a common European energy policy in order to strengthen the EU’s hand in dealing with Russia.
- Use existing **consultation mechanisms**, in particular the NATO-Russia Council and the EU-Russia machinery, to the full extent and disperse any remaining Russian perception that they are being treated any less than equal. Examine the possibility of establishing or increasing contacts with the SCO across international organisations.
- Overcome remaining obstacles to **Russia’s WTO accession** in order to enable Russia with its rapidly growing economy to play a full and adequate role in the international economic institutions.
- Explore options for cooperation with Russia on the basis of the presence of US/NATO forces in **Central Asia** (including via the established lines of communication and / or a possible SCO or CSTO involvement).
- Identify and **develop areas of mutual and common interests** in order to develop a vision of a common future, e.g. in the area of growing trans-national threats (e.g. climate change, proliferation of WMD, the spread of new / newly resistant diseases, terrorism, trafficking in drugs and people) and eventually provide opportunities for common action.
- Focus on areas of cooperation in the fields of **education, social projects, and cultural exchange** that could eventually help reduce misunderstandings and conflicts between Russia and its interlocutors. Keep democratic freedoms and human rights on the agenda of dialogue with Russia without pushing for too much too quickly.
- Acknowledge **Transatlantic solidarity** as a principle of central importance in dealing with Russia in a multilateral framework and develop mechanisms to help European countries organise themselves in such a way that outsiders are no longer able to

exploit internal divisions. In this context, understand that any country dealing with the EU would be foolish not to exploit European divisions, and that the Americans, also had exploited them whenever they could.

- Encourage Russia to play a **key role between the East and the West** by providing two aspects that China, the US, and Europe are lacking: uninhabited territory and transport potential (roads, tracks, air transport).
- And last not least: Mitigate inevitable clashes by timely consulting each other about intended actions and avoiding mutual surprises.

## 2. Recommendations for Russian foreign policy

Participants of the Task Force Working Groups on recommendations for Russian foreign policy elaborated on different areas of Russian interaction with its partners in the areas of international relations, security, and economy, in the regional and multilateral context. With experts considering that Russia should be first and foremost aiming at more in-depth engagement with the outside world – bilaterally as well as multilaterally –, they agreed that Russia needed to become more understandable to its partners. There was a general understanding that Russia needed to advance on domestic issues related to social, cultural and humanitarian questions, with Russia’s main objectives being external security, economic development, internal political stability, and achieving consensus on social and political issues. Working Groups were however convinced that despite its domestic “homework”, Russia could take on a role as an honest and non-biased broker on the international scene over the next decade – if it carefully managed to orchestrate its foreign policy and to develop a true strategic vision driven by pragmatic national interests. Concrete recommendations for the Russian Federation included the following:

- Work towards a **redefinition of Russia’s foreign policy strategy**: make the country an attractive place for foreign direct investment by improving the domestic legal environment (rule of law), by building sustainable relations with foreign partners; and by creating new and by enhancing old economic and political ties with its partners, including with NATO. Work out a national core strategic priorities document for Russian foreign policy over the next decade.
- Withstand the temptation to withdraw in isolation in international organisations but develop a **more activist foreign policy line**. To these ends, enhance the quality of professional diplomacy by investing and preparing cadres and related institutions.
- Work towards resolving outstanding “hard” **security** issues with partners, such as in the area of CBRN weapons, disarmament, the demilitarisation of the outer space, and the Arctic region (e.g. by convening an intergovernmental conference). Promote a “soft” security agenda together with partners (e.g. organized crime, counter narcotics).
- Transform the Russian Federation into a **knowledge-based economy** by opening up for other countries’ expertise, investing in personnel training abroad etc. Pursue WTO membership and increase national efforts to enforce internationally accepted intellectual property rights regime within the Russian Federation.

- Engage in building an **international energy framework** to create an alternative to the European Energy Charter while creating a more balanced investment climate (e.g. by adopting international standards), thus opening up Russia's own energy sector and making it more transparent for partners. Open up ways for cooperation with northeast Asia (including the solution of territorial disputes) and raise Russia's domestic energy efficiency (e.g. by developing Russia's Far East), not the least to prepare the region to face the challenges of global climate change in the long term.
- On a **sociological and societal level**, pay more attention to humanitarian issues such as migration and immigration. Engage in fund raising in order to enhance student exchanges. Facilitate the internal and external cultural dialogue by reviving old cultural ties and by establishing new ties with new partners. Tackle the domestic problem of declining demographics and work towards bridging the gap between different regions (e.g. by the decentralization of power, by establishing a new system of checks and balances, by enhancing fiscal decentralization, and by introducing financial compensation tools and mechanisms).
- In international relations, pursue the role of a **key world and regional player as well as a global contributor**: take on the challenge of acting as a *key world player* in the relations with the most developed countries and rising powers such as China and India. Develop *key regional player* credentials in Russia's relations with its neighbouring CIS countries, by taking a more active role in solving the frozen conflicts, the territorial disputes with Japan as well as the remaining border issues with the EU. Emerge as a *global contributor* by joining cooperation efforts with the USA and the EU in Afghanistan, by acting as a mediator in the Middle East and in Six Party Talks with North Korea as well as in Africa, by engaging in peace keeping missions (e.g. in Abkhazia), by participating actively in efforts to counter global warming (e.g. the Kyoto process), by aspiring for a greater international economic role (e.g. in G8 and by pursuing WTO membership), and by initiating new free trade zones with the EU, the USA, and East Asian countries.

Across all Working Groups participants agreed that a window of opportunity for further exploiting the potential of a constructive relationship with Russia will open up with incoming Russian president Medvedev taking office in May 2008. The EU-Russia Summit in June 2008 was perceived as a decisive opportunity to give Russia's relations with the West new momentum. Any further concrete predictions on Russia in 2020 had to remain vague; however, the events that have shaped the Russian Federation over the past two decades have showed that Russian history was more shaped by the unforeseen. I remained clear however that both Russia and its partners needed to listen and learn about each other and accept sovereignty as a driving emotional force, both in Russia and in the rest of the world. Combined with mutual respect and the power of imagination, this could eventually lead to the breakthrough for Russia until the year 2020.

#### **IV. For further discussion**

Session 450 had been designed as a forum for in-depth discussion of foreign policy approaches towards and stemming from the Russian Federation. Seminar participants profited from the interdisciplinary and multinational approach to engage in a more in-depth examination of remaining and changing attitudes from and towards Russia, of risks and

challenges of the Russian social, economic and political development in the coming decade, and of potential and perspectives concerning the future evolution of the Russian Federation with regard to its role and place in the world of 2020. The multitude of viewpoints that participants from all corners of the globe could filter into the discussion made the Session 450 a most comprehensive exercise. Yet, and although much of the follow-up and private discussion stretched well beyond the “2020 Perspective”, seminar participants agreed that most subjects needed even further discussion, and that it was difficult to address all factors shaping the Russia of 2020 in as deep and thorough a manner as this complex topic would require. Aspects left for further discussion include the following:

- The development of foreign policy under new Russian president Medvedev and his view on the role of the Russian political system and the rule of law in the Russian modernization process;
- A much needed but yet uncertain renewal of the conceptual base of foreign and economic policy, including the revision of a national security concept.
- Russia’s role as an energy player in an increasing energy-dependent world, taking into account the future development of the gas/oil prices, the increasing scarcity of natural energy resources world wide, and the potential of a “pipeline war” unfolding between the North stream, South stream, Nabucco projects due to EU/Russian misunderstandings.
- The further evolution of a Russian positions concerning international agreements such as in the areas of disarmament (CFE), the link between energy policy and climate change, including Russian engagement in potential post-Kyoto negotiations, as well as Russia’s future role in the WTO and in the G 8.
- The development of a true EU-Russia partnership notably following the upcoming EU-Russia Summit in June 2008, as well as implications of a lack of a common stance towards Russia among European member states and the future of trans-border issues between Russia and the European Union;
- Russia’s future role in cooperation with NATO, especially in the context of a potential future NATO enlargement (e.g. to Georgia and Ukraine).
- Recent announcements made by the Russian administration to pursue a new “positive agenda” for international relations, in form of a new global security structure based on the UN system but with a slightly different approach that would take into account the link between security and trade as well as new security threats.