



EUROPE RUSSIA CONTACT GROUP

Exploring New Vehicles for a Strategic European Engagement with Russia

- Brainstorming Meeting -

Italian Foreign Ministry, Rome, 3rd March 2009

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In dealing with the EU's relationship with the Russian Federation, it might be easier to ask ourselves now how we want to see that relationship in ten years time, in say 2020. Let us assume that Russia has no wish to become either a member of the EU or even formally an associate member. Nevertheless, as the largest neighbour of the EU it will be of crucial importance that we spend the next ten years maximizing areas of cooperation between us. How can we do this? At present, the most fruitful cooperation is that done on a bilateral basis between, for example, Germany and Russia, Italy and Russia and France and Russia. Sadly, UK/Russian relations, which started so well in the 1990s has run into a bad patch over the last five years. The European Commission has tried to establish a productive relationship and it is an essential vehicle. If we only rely on bilateralism we will not achieve the full potential that can come from an EU-Russian relationship. Yet the European Commission must not fall into the trap of believing that in order for their relationship to build up, bilateralism must be abandoned. The historic relationships between EU countries and Russia cannot be set aside. The depth of the relationship between some of the big European companies, particularly in the energy field, with Russian companies, particularly Gazprom, cannot be swept aside. A European Commission that attempts to bypass these relationships will continue to meet a wall of resistance. The skill is to develop the EU-Russian relationship with different combinations.

I also believe that we must not see EU-Russian relationships in isolation from the EU's relationship with Turkey. By 2020 I personally hope Turkey is very close to becoming a member of the EU, if not already a member. But we cannot assume that and there will be resistance within the EU from powerful countries, like Germany and France, if the EU adopts policies that are predicated on Turkish membership by 2020.

Norway is another country, because of its wealth, its gas and oil and its fishing industry, that I personally hope by 2020 is a member of the EU. That, however, depends on the Norwegian people's readiness to vote in a referendum for full membership.

I assume by 2020 the Balkan states will be predominantly within the European Union, though it may be that Kosovo and Serbia and possibly Albania will not yet be full members, though I hope that this is not the case. The Ukraine would, I expect, be well on the way to full membership of the EU.

Now this EU will have well over 30 Member States. It will not be the fully integrated EU that some dream of but it will be an EU where the Commission does more in the maintenance and fulfillment of a single market than it does at present, and the Council of Ministers will have developed a more sophisticated way of coordinating national foreign and security policies. In such an EU there will inevitably be different groupings between nations and on different subjects. Thirty+ countries cannot always move in harness together and some degree of differentiation, reflecting geography and national interest, can enrich and need not debilitate the wider EU grouping. In this context, the Contact Group approach has already proven itself in Europe.

In 1994 it fell to me, as the EU peace negotiator in the former Yugoslavia, to propose a Contact Group of nations, initially the US/UK/France/Germany and Russia, later to be joined by Italy. We have a Contact Group approach in the Quartet dealing with Israel and Palestine, consisting of the US/Russia/UN and EU. We have another grouping dealing with Iran, initially the UK, France and Germany, and now involving the US and Russia, with Xavier Solana, the EU High Representative, being the principal contact point with his Iranian counterpart. That grouping will now obviously be somewhat reduced in importance given the Obama Administration's initiative to help both the US and Iran to "unclench the fist".

When I look at the problems of building a relationship between the EU and Russia I believe there is scope for the establishment of an informal Contact Group which in no way challenges the role of the Commission, the Presidency of the Council of Ministers or bilateral or multilateral relationships between countries and companies. The core of any such group would be not just Russia, Germany, France, the UK and Italy but would need to involve Poland, Holland and there would be sense in involving the Czech Republic, presently holding the EU Presidency, and Sweden, the country which takes over the Presidency in July. I believe right from the start such a grouping should also have associated with it, Turkey and Norway. Its membership should be mixed and not just dominated by politicians but have representatives from key companies who work closely together on a day to day basis and, of course, the EU Commission.

Its remit would cover political, economic, security and cultural affairs but it would in the first instance focus much of its attention on energy matters. No-one can look at the geography without realizing how deeply linked Russia is already to Europe and how that linkage relates in important respects to Turkey, North Africa and Norway.

In the perspective of 2020, we need to ask ourselves what network of gas and oil pipelines makes sense to all of us, Russians and Europeans, and what should be the relationship between our energy companies, both in terms of production, supply and distribution. Only if we take a ten year perspective will we be able to encourage a wise allocation of what will certainly be, in the next few years, scarce financial resources. As far as Russia is concerned, they have every intention of diversifying their supply lines and they are already building, with Japanese financial support, pipelines to supply the Far East and that will soon be followed by pipelines to China. It would be totally unreasonable for Europe to expect that we would be the sole recipient of Russian gas and oil, as we are through pipelines at present. Similarly, it is perfectly reasonable for Europe to diversify its sources of gas and oil so that we are not wholly dependent on Russian supplies. It makes sense for Europe to build pipelines so that we can tap into not only Caspian oil and gas but also Iran and end the embargo on any new commercial energy investment in Iran. Also to see an increased investment in LNG, given our longstanding maritime connections.

Some believe, because of forward thinking investment decisions by Gazprom and the Russian government, that any steps by Europe to be less dependent on Russia will be resented in Moscow. I do not believe that will be the considered view in Moscow. Russia understandably pursues its national interest, commercially as well as politically, and no one but a fool would deny them the right to do so. But they know they live in a global world market. What they want is to be treated as genuine partners within that global market and one way to give them some certainty of their position as key suppliers is to encourage them to invest in distribution within the EU, while the European countries and companies increase their existing investment in production in Russia. These are areas of mutual advantage just as the Commission is right to want to spend now on internal pipeline connections within the EU, so that we share energy supplies across the borders of our Member States in solidarity within the Single Market.

President Obama, in deciding to reset the button in relations between the US and Russia, has done us all a great service. There was something ridiculous about the way we were forgetting the massive improvement in relations that followed the fall of the Berlin Wall in 1989. Many too many people were glibly assuming that because of a few upsets we were heading back into the Cold War. That empty rhetoric was becoming self-defeating and even in danger of spiraling out of control. Now we all have a chance to rethink.

Let us remember how well Russia worked with the EU and US in achieving and sustaining the Dayton peace accord of 1995. How groundbreaking it was for the Russian military to work with NATO in Bosnia-Herzegovina. We never gave enough credit to President Yeltsin for helping to bring about the settlement with Serbia over Kosovo after the week's of NATO bombing and we began to lose the habit of cooperation which made the independence of Kosovo so contentious. Not surprisingly, that friction spread over into another longstanding area of tension, in Georgia.

Mistakes have been made by all of us. Recrimination will achieve little. Reconciliation is what is needed and we must find an agreed solution to solvable problems, whether it is the deployment of anti-missile, radar and interceptor stations in Poland and the Czech Republic, the future extension of NATO, the recognition of Kosovo, Abkhazia and South Ossetia and resolving disputes like Ngoro-Karabakh.

The idea of an informal Contact Grouping is not that it replaces existing institutions but that it focuses activity. When Namibia presented a massive problem to the UN in the late 1970s, the decision was made to form the first Contact Group consisting of the US/UK/Germany/France and Canada. This provided focus and momentum and led to the passing of a UN Resolution in 1978 on which Martti Ahtisaari helped bring Namibia to independence 12 years later. Many nations within the UN were initially suspicious about that Contact Group and I have no doubt today that there will be people in Brussels suspicious of the idea of forming a mixed informal Contact Group of the sort I envisage. It may be it will never become a formal grouping of nations but if it provides focus and momentum and makes politicians sit down with business people to discuss specifics and not just mere generalities, then I have no doubt it will at the very least make a contribution to the establishment of a relationship which has gone backwards rather than forwards over the last five years.

I have chosen to do business in Russia since 1995 after stepping down from my EU role in the former Yugoslavia. Firstly, with the steel mill, OEMK, now part of Metalloinvest and for three years in oil as Chairman of Yukos International. That experience gives me confidence that we can build and sustain a genuine EU- Russian partnership.

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