



EXECUTIVE SUMMARY

Conference on

The EU, Russia and China – A Coming Triad?

26 April 2010

Maison de l'Europe, Luxembourg

Introduction

In cooperation with the Russian State Agency for International Cultural and Humanitarian Cooperation (Russian Ministry of Foreign Affairs) and the Moscow-based Association for Euro-Atlantic Cooperation, the Luxembourg Institute for European and International Studies (LIEIS) convened a one-day roundtable on 'The EU, Russia and China – A Coming Triad?', held on 26 April 2010 in Luxembourg. This event was supported by the Business Association Luxembourg-Russie and the Luxembourg Ministry for Culture, Higher Education and Research.

Following seminars in 2006, 2007, 2008 and 2009 in Luxembourg, this conference was the fifth in a series of events on Russia in recent years organised by the LIEIS in cooperation with the Russian State Agency for International Cultural and Humanitarian Cooperation (formerly the Russian Center for International Scientific and Cultural Cooperation). The earlier seminars focused on either Russia's internal political and socio-economic development or relations with countries in its 'near-abroad' and in the shared neighbourhood with the EU. By contrast, this latest roundtable explored the nature and extent of links with China and the EU at the level of bilateral and multilateral ties.

More than 20 participants from Russia, Europe and China debated, first of all, the main political, economic and strategic developments of the three powers; secondly, the geo-political and geo-economic stakes; thirdly, the potential for cooperation; finally, relations with the rest of the world (cf. programme and list of participants in Appendix I). The discussions were chaired by Armand Clesse, Director of the LIEIS.

In his speech, Alexander Shulgin – Ambassador of the Russian Federation in Luxembourg – stressed that his country is committed to the existing partnerships with China and the EU. Whilst there are undoubtedly divergences between the three sides, it is more important to focus on the growing number of commonalities. Examples include terrorism, organised crime, ecology, drugs trafficking, the financial crisis or the threat of extremism. Likewise, the urgent need of building a more democratic and fairer international system is recognized by the three powers. For her part, Russia participates actively in the UN and in other multilateral structures like the G20. Even though Russia is not a member of NATO or the EU, relations with both organizations are a top priority in Russian foreign policy. In this context, it is also worth mentioning the increasing importance of network diplomacy, also as part of the BRIC group in terms of coordination and decision-making. One key challenge for Moscow is how to enhance these links with new partners such as Brazil and also improve ties between the three poles of Russia, China and the EU.

His Chinese counterpart, Zhixue Ma – Ambassador of the People’s Republic of China in Luxembourg – said in his address that he welcomes the initiative of this roundtable. In a rapidly changing world, the question of relations between China, Russia and the EU is a topic of great importance that matters to everyone. Since the establishment of diplomatic relations with the then European Economic Community in 1975, ties between Beijing and Brussels have grown spectacularly, with bilateral trade increasing by a factor of 176 over the past 35 years. Today both sides have forged a global strategic partnership, and they are cooperating in different spheres at all levels. Good EU-China relations are not just beneficial for the development of both partners but also for the peace and prosperity of the world as a whole.

Similarly, Russia is an important neighbour for China. Friendly relations have withstood the test of time, as there have been some exceptional events over the course of 60 years of diplomatic ties. But for the past 14 years, the two countries have established a partnership of strategic coordination that has facilitated mutual political trust and pragmatic cooperation on both international and regional issues – fostering peace and stability in their shared neighbourhood and beyond. The EU, Russia and China are all major strategic actors in today’s world. Closer ties between the three is of interest to them and to the rest of the international community.

These two speeches were followed by a short question and answer session. Asked about the Russian position on the future of Moldova, Ambassador Shulgin said that Russia would like to see better bilateral relations with the country. The Kosak Plan demonstrates Russia’s willingness but so far there has not been any constructive response. Moscow’s preferred option is a multilateral negotiated solution.

Asked about the foundation for Sino-Russian strategic links and how these fit into the framework of the Shanghai Cooperation Organization (SCO), Ambassador Ma declared that international relations are frequently fraught with difficulties and unexpected developments, including in important bilateral ties such as those between China and Russia. Yet at the same time, there is growing mutual, political trust vis-à-vis Moscow. As a result, the SCO is part of Chinese regional foreign policy, including Russia and Central Asia.

I. The political, economic and strategic developments in China, the EU and Russia

At the start of the first session, A. Clesse remarked that the three powers constitute three very different entities, with two sovereign states and one hybrid political structure. Moreover, the three have followed vastly divergent trajectories in recent times. After decades of stagnation and short periods of sharp decline, China has witnessed an exceptionally long period of high and sustained growth and development. By contrast, Russia's recovery from transition and the crisis of the late 1990s has been more uneven and precarious, as the collapse of energy prices and the severe recession of 2009 showed. Meanwhile, the EU has undergone a long process of integration and enlargement, but it is far from clear whether the Union is now in a stronger position. Instead, it is obvious that the EU lacks a coherent common economic, security and defence policy.

In addition to the fundamental differences concerning internal development and evolution, the other issue that underpins the discussions of the roundtable is the meaning of the notion of triad. Broadly speaking, 'triad' is weaker than other notions such as 'axis' or 'alliance'. Is the Sino-Russian relation an 'axis of convenience', as Bobo Lo has argued in his eponymous book? The first session aims to clarify these questions by exploring internal development in all three powers.

In his presentation, Peter Ferdinand – Reader in the Department of Politics at Warwick University – examined the nature and extent of convergence between the three powers based on their recent domestic evolution. Are we moving towards a multi-polar world? The NIC 2025 report suggests that a multi-polar world is forming, but only five years ago the NIC had not envisaged such a development. Does multi-polarity centre on regions or does it exist exclusively at the level of 'great powers'? Does the size of countries and their economies matter? Is convergence based upon identity? More likely, interests come first, but from a convergence of interests a convergent identity might develop. Here trade plays a particularly important role. As can be seen from Appendix II, by 2008 the share of exports from the EU, Russia and the USA to China was about 6% each. Likewise, by 2008 the EU, Russia and the USA recorded each approximately 14-16% imports from China. Compared with the volume of other bilateral trade, EU-Russia trade is particularly high, but the weight of the Union in trade relations with the USA is declining. Russia-China trade volumes are rapidly growing, but they started from very low levels. So concerning trade, there is growing mutual importance for all three poles, especially commercial exchanges between the EU and Russia.

As for other areas, divergence is particularly marked in defence spending. IISS statistics on total defence expenditure show that as a percentage of GDP, China spends 1.3, the NATO countries (excluding the USA) and Russia about 2.4, and the USA as much as 4.88 (600 billion US *per annum*). On other issues, the picture is more mixed. Russia and China are not liberal market democracies; they defend 'national champions', have built up vast sovereign wealth funds and view energy and other sectors as integral to their national security. Moscow and Beijing call for more democracy in international relations and global governance, but tend to disregard the issue of democracy at home – or at the very least the model of liberal democracy. They require property rights and the rule of law for their economic development but do not respect universal human rights. All these issues have a bearing on trans-regional and trans-national cooperation between the three sides.

For his part, Vladimir Portyakov – Professor and member of the Russian Academy of Sciences – argued that the three entities follow different models and have divergent views about the international system and their respective place therein. All three have development targets for 2020: GDP growth in the case of China; becoming the 5th biggest world economy in the case of Russia (at least until the crisis), and the EU's 2020 economic strategy. But beyond that, profound differences prevail. The EU puts a much stronger emphasis on regional development than either Russia or China, and Russia depends far more on energy and commodity prices than its Central Asian neighbour. As for their international status, the question facing Beijing is whether it aims to be the 'unipole' and whether it will replace the US in this role. Moscow is convinced that Russia will remain one of the world's major actors. According to one ranking drawn up by the Moscow State Institute for International Relations (MGIMO), there is a global nucleus formed by the US, China and Russia, with the EU far more peripheral.

Lothar Rühl – a former state secretary in the German Defence Ministry – was scathing in his critique of the EU's overall development. The Union's member-states have taken progress on all fronts for granted. However, enlargement has not led to a genuine strengthening of the Union, while treaty reforms and some selected enhanced integration has failed to give the EU a more coherent outlook. The Union's key personnel and its recent appointments have been far from optimal. Among the most pressing questions the EU faces, there is, first of all, just how much cooperation between member-states is actually feasible. It seems that the EU adopts more and more formal and less and less practical measures. Secondly, the European Court of Justice (ECJ) and the Commission seem to behave in a quasi-imperialist fashion – making decisions that disregard the treaties. Thirdly, is there a real prospect of improving European democracy? Take the ongoing Greek crisis: taxpayers are not asked, populations are excluded from decision-making and parliaments are ineffective. Indeed, the EU's national legislatures are dealing in unimportant matters, they do not scrutinise national governments, which in turn are failing to keep the Commission in check.

Fraser Cameron – Director of the EU-Russia Centre – took a different line on the EU, emphasizing the gradual development of its global 'actorness', compared with China's inexorable rise and Russia's attempt to cope with the loss of her empire. Economically, the EU represents 25% of world GDP and China 10%, whereas Russia lags far behind with a meagre share of just 3%. This matters, as the biggest single crisis is economic. However, the EU is weakened by the divisions that undermine the Franco-German engine. Beyond that, there is a growing disillusionment about what the Union can achieve in future. Russia's lack of economic development and political reforms is overshadowed by the '2012 question', but does it matter? The current system is hardly threatened by presidential elections. Whoever occupies the Kremlin, the power of the ruling regime peaked in September 2008 – just after the conflict with Georgia. Since then, the country has been plunged into a deep recession from which it struggles to recover.

By contrast with the EU's stagnation and Russia's economic and political regression, China's growth – at more than 10% per annum – is so strong that it seems unsustainable. This seems true at least in terms of the social consequences, the urban-rural divide, the environmental effects, endemic corruption, the monopoly of the Chinese Communist Party (CCP) and a conservative foreign policy. Like Moscow, Beijing attaches rather more importance to

questions such as status and prestige in international relations. The rise in China's IMF quota from 2.7% (less than Belgium's) to 4.7% is a small yet significant step. However, it is also true that for all three entities, internal development will be predominant. Foreign ministries are in decline and less attention is being paid to diplomacy. Likewise, power is no longer exclusively 'hard'; a country's influence and ability to shape national and international affairs is much more about branding and 'soft power'. Here the EU has still a number of advantages over both China and Russia.

In his remarks, Yiwei Wang – Associate Professor at Fudan University – suggested that China is still an inward-looking country (focused on economic development and social stability). But China pays more and more attention to culture and civilisation rejuvenation, making it harder and harder to grasp a true China from the old angle of economic China, or political China, rather than cultural China. Secondly, China is taking the global financial crisis as an opportunity to achieve the transition of its economic growth model from export-led to more domestic demand, from carbon and labour intensive to low carbon-based economy. Thirdly, the power transition from an appointed leadership to an elected leadership which will take place at the 18th party congress in 2012 will further demonstrate the genuine process of democratisation within the party. Moreover, there are now perhaps as many as 400 million 'netizens'. Chinese governance is also increasingly multi-level.

Globally, China is not as yet prepared to play a significantly greater role. While it attempts to coordinate between bilateral and multilateral relations (EU, Russia, SCO, etc.), it still lacks capabilities in new, public, cultural but also security diplomacy. Finally, China's complex predicament is evinced by four identities: i) developing country; ii) emerging power; iii) oriental civilization; and, iv) socialist state. The international community usually highlights China's emerging power identity but neglects that China's per capital GDP ranks just number 103 in the world – in short, China is a *sui generis* democracy with a unique identity.

For Bobo Lo – an independent consultant and analyst – there are a number of Chinese myths and fallacies that need to be debunked and corrected. First of all, China is the big winner of the global crisis, turning the recession to its geo-political advantage. Contrary to claims bandied about in the Western press, the Chinese model is sustainable. External trade only adds only about 1% to China's growth rate. In fact, the country is seeing the biggest consumption boom in history. The idea that it will suffer from problems of over-capacity and asset bubbles is basically nonsense. Secondly, the regime is not unsustainable, caught between a system that is politically authoritarian and one that is economically liberalising. Instead, it is stable and delivers prosperity to growing numbers of its citizens. Does Russia really want to emulate the Chinese economic model – or just its success? Here it is important to consider that over 70% of Chinese growth is generated by small and medium-sized enterprise, whereas in Russia that share is less than 20%. Thirdly, China is paradoxically too big to be a global actor. Fourth and finally, is China's rise inevitable? Yes, it will ultimately overtake the US – a point to which Y. Wang added that the country is somehow 'forced to rise'.

A. Clesse concluded the first session by asking just how united China and Russia internally are and in what ways the EU's weakness will determine the contest between the three entities. Can we really speak of convergence? Will Russia and China become Western-style or *sui generis* democracies?

II. What is geo-politically and geo-economically at stake?

The second session focused on the geo-political and geo-economic stakes involved in relations between the EU, Russia and China – with a focus on the case for and against a pan-Eurasian framework.

In his wide-ranging presentation, B. Lo argued that that we are dealing with a kind of new world order whose shape is still unclear. First of all, what can be said is that over the past 10 years, the USA has suffered the greatest loss of power in its history, though it remains by far the greatest single power and most significant pole in the emerging global multi-polarity. As such, the economic crisis has exposed both US weakness and US centrality. Secondly, one key issue is that the very idea of multi-polarity means very different things to different countries. For China, it denotes one superpower (the USA) and several great powers (of which China is clearly one). For Russia, by contrast, it refers to a 21st-century ‘Great Power’ game, with Russia on a similar level as the USA or China. Thirdly, new groups such as the BRIC are little more than a fiction, the triumph of façade over substance. There has been a shift in global power to the East, but this is uneven and could yet lead to a new US-China bipolarity and a number of secondary powers, perhaps by 2030.

Fourthly, the concept of triad is not helpful. Rather, the current constellation looks more like a post-modern ‘triangle’ or conglomerate, with the US, China and a largely amorphous network of states, transnational actors, and non-state actors. Fifth, for Eurasia, this means competition between various entities, with the prospect of growing tensions and conflicts. Moreover, policy seems to be dictated by tactical rather than strategic considerations – which is also why the notion of ‘strategic partnership’ is meaningless and devoid of any real substance. How can countries like China and Russia or entities such as the EU possibly entertain a dozen or more ‘strategic partnerships’ at the same time? Sixth and finally, no pan-Eurasian framework is on the cards. The Russians are committed to multi-polarity, not to Eurasia. Similarly, structures like APEC and others are either too vague or too narrow or too elitist. Instead of engaging in pipe dreams or some highfaluting rhetoric, what is required is a set of tangible objectives and realistic projects, translated into concrete policies by bilateral rather than multilateral mechanisms. For all these (and other) reasons, the EU will see its global influence diminish, and the shape of things to come is some new form of bipolarity between the USA and China.

Christopher Coker – Professor of International Relations at the London School of Economics – contended that geo-politically speaking, the EU does not have a narrative and China’s invisible rise also lacks an explicit *telos*. Until 1989 and during the presidency of George W. Bush, there were competing narratives, but now there are either empty semantic shells or else vague networks. In the case of Russia, the idea of Eurasia has long shaped debates about Russia’s Western or Eastern destiny, but it is an idea which has never been embraced by the Russian elites in Moscow and St. Petersburg: as Dostoevsky remarked, “Siberia is still awaiting our love”.

But perhaps the single most significant aspect is the absence of a geo-political narrative in US policy vis-à-vis Russia. Since the end of the Cold War, Washington’s strategy was to win Russia for the West or, failing that, to include it in the ‘global war on terror’. Since 2006, there has been a quiet policy of re-engaging Moscow, interrupted by the August 2008 conflict in Georgia. The real question is where the EU is in all of this. Brussels lacks any strategic

vision vis-à-vis Russia or China as well as on Iran and nuclear non-proliferation. As such, the EU is becoming increasingly insignificant in global geo-politics, C. Coker concluded.

L. Rühl agreed with this argument, adding that the absence of an EU geo-strategic vision is due to NATO where US still plays the role of a European power. But none of the EU member-states have much to offer by way of an alternative. Germany has good relations with both the USA and Russia, but that is pretty much it. France has no Eastern European policy and still isn't fully aligned with the USA. US-Russian tactical arms are negotiated without any EU participation. Poland and Baltic States will either just be annoying or trying to disrupt EU's links with Russia. Or else they will follow Washington's lead, currently committed to a 'reset' of relations with Moscow.

On Central Asia, there is neither a credible EU policy (association, partnership or accession?) nor is there a grid for US power (military bases in politically vulnerable countries such as Kyrgyzstan). Moreover, the eventual retreat from Afghanistan will require access to Russia and Central Asia (especially Russian railways). Indeed, from August 2011 onwards, the US will be in 'withdrawal mode' from Kabul. Given the implications for Afghanistan, Pakistan and Central Asia, Russia is keeping a very close eye on the situation and is prepared to act. So even if national interests differ widely, there is potential for East-West strategic cooperation. While it is true that there is a worldwide perception of loss of US power, L. Rühl also suggested that the US military power is in fact on the rise. Under the Obama Administration, it is structurally changing, but the US navy, air force and marines are the only global military force. Neither China nor Russia nor any alliance is able to challenge US supremacy.

F. Cameron disagreed with some of these and other previous arguments, contending that the US had no policy with Russia for long periods since 1991 (especially under the Bush Administration) and that the EU is much more than a Hanseatic trading league. For one, the Baltic States themselves need the EU for their difficult links with Russia. There are also powerful Russian interests for closer cooperation with the EU, including market access, visa-free travel, the environment, justice, liberty and freedom. As for the EU post-Lisbon, a combination of socialisation and culture will turn the new External Action Service into something rather more significant and meaningful than critics and cynics recognise. Something similar is true for the EU's 'strategic partnership' with Russia and cooperation with China. The reason is that all EU member-states ask themselves whether they achieve more on their own or via the Union.

According to Mark Almond – Visiting Professor at Bilkent University – the old geopolitics is dead: the Eurasian heartland is shrinking and the periphery is gaining in strength, both demographically and economically. At the same time, the US does not have nearly the same degree of energy dependency as the EU, so Washington can afford to play politics in the Caucasus and Central Asia. Moreover, the old fault-lines and ideological divisions across Eurasia are blurred. Geopolitical tensions between Russia and Turkey have subsided, and a number of independent states in Central Asia and elsewhere help Russia's image in the world. We are also seeing a growing backlash against EU and NATO, including in improbable countries such as Latvia where the ethnic Russian population could represent a majority in the next decade or so – albeit one that is politically disenfranchised.

In his remarks, Adrian Pabst – Lecturer in Politics at the University of Kent – argued that, first of all, the global ‘credit crunch’ has revealed the intellectual and practical bankruptcy of an essentially Western model predicated on the primacy of finance. Compared with previous crises, the mark of the 2007-09 Great Recession is the historically unprecedented dependence of the real economy on financial capital – itself increasingly abstracted from productive, physical and social investment. Secondly, financial capital pervades virtually all spheres of human activity, dissolving social bonds and undermining the very communities and localities in which vibrant market economies are – or should be – embedded. Far from generating strong growth and widespread prosperity, this model has not just produced a growing polarisation between rich and poor but crucially locked Western countries into a low-growth path (on average less than 2% per annum since 1973). Given the needs of the Chinese and Russian economies, they and other emerging markets (and developing countries) will resist a further financialisation of the world economy. Instead, as part of the G20, they will argue for greater investment in productive capacities.

Thirdly, just as the free-market financial mode has collapsed, so has the state-centric model of development. Instead of being diametrically imposed, the free-market and the central state have tended to converge and collude – extending the market mechanism into previously self-regulated areas of the economy and also the public sector, in exchange for bureaucratic state regulation and increased taxation. Fourthly, the commonly held belief that the left protects the state against the market while the right privileges the market over the state is economically false and ideologically naïve. Just as the left now views the market as the most efficient delivery mechanism for private wealth and public welfare, so the right has always relied on the state to secure the property rights of the affluent and to turn small proprietors into cheap wage labourers by stripping them of their land and traditional networks of support. This is especially true for emerging markets that are embracing free-market capitalism, including China’s current development strategy.

Finally, A. Pabst suggested that the ideological ambivalence of right and left masks a more fundamental collusion of state and market. The state enforces a single standardised legal framework that enables the market to extend contractual and monetary relations into virtually all areas of life. In so doing, both state and market reduce human labour and social ties to commodities whose value is priced exclusively by the iron law of demand and supply. Since it favours those who already have assets, state-centric development – like free-market finance capitalism – neither maximizes growth, nor does it share wealth via asset-based welfare and other genuinely distributive measures.

Vladimir Korsun – Professor at MGIMO – predicted that the world faces another financial crisis which will affect the developed countries, emerging markets and developing countries in different but similarly devastating ways. As for Russia, her foreign policy is multi-vectored and ‘double headed’ – looking both West and East. China is not simply rising, it’s returning to global centrality. Historically, successive Chinese dynasties operated a vassal-type tributarian regime and also produced significant discoveries such as gun powder or the kaleidoscope. Beijing seeks to regain its former status and power, albeit in a vastly different international context and from a position of relative backwardness.

Karl-Heinz Pohl – Professor of Sinology at the University of Trier – contended that China’s internal development has been far more sophisticated than we think. Thus, Europe needs

many more China specialists than it currently has. From China's perspective, the EU is confusing: it is unclear who's in charge and who conducts foreign policy. Thus, China needs more EU specialists than it currently has. As for China's foreign policy priorities, a recent speech by China's foreign minister on "diplomatic priorities" underscored that the USA matters far more than the EU or Russia and that relations with Moscow only come first because Russia is China's immediate neighbour. Beyond, the priority is USA, followed by Japan, the EU, Africa and last (as well as least) the BRIC group.

On China, Y. Wang said that Chinese self-confidence – as expressed in the media and popular publications (books entitled "China is unhappy" or "China can say No") – aim to influence public opinion and represent a challenge to the Chinese leadership. It is true that foreign ministries have been devalued and that traditional diplomacy is being sidelined: the Chinese foreign ministry has the full responsibility to protect Chinese interests externally but with limited capability to do so domestically. Geopolitics is a Western concept; what matters much more in this day and age is geo-economics: China is already the most important investor in Asia (in terms of FDI). Moreover, the Chinese are developing high-speed railways and will soon be investing in California and in Brazil – one project is to build a trans-Eurasian link that would see high-speed train journeys from Beijing to London in two days. Given the new silk road being built, the Eurasian continent will be the pivot pillar of world politics.

V. Portyakov remarked that Russia is still oriented towards (Western) European values and the EU: human rights, democracy and social policies all matter to Russia. Recently, Sergei Karaganov and Igor Yurgens have published an influential report entitled "Russia and Europe: Towards a new alliance". At the same time, ideas such as Eurasia and multipolarity have political appeal: Russia's 'flirtation' with Eurasia is linked to her interest in non-Western strategies of political 'modernisation'. When Russia speaks of multi-polarity, she means a kind of Russia-polarity, with Moscow exerting global influence based on its 'sphere of privileged interests'. From a Russian perspective, multilateralism is not merely a pragmatic method – it's also about mutual trust, real cooperation and better ties. In fact, the idea of multipolarity is not new but was in fact already discussed between Moscow and Beijing in the 1990s.

Recently, China has started talking about 'world harmony' and 'harmonious society and development'. It is true that the language of national sovereignty and territorial integrity is very much 19th century, but it is important to Russia for many reasons – including historical reasons in relation to state formation, modernisation and foreign invasions. As for the notion of 'triad', it can produce dialogue or triologue – fostering better mutual understanding among different powers and entities, as V. Portyakov remarked.

Responding to comments on his introductory presentation, B. Lo agreed with the point that China lacks a geopolitical narrative. But the country's realist strategic culture and 'facts on the ground' translate into a more coherent geopolitical stance. By contrast, Russia does have a narrative because it has historical traditions (as well as a strategic culture and some 'facts on the ground'), but it is constrained by insufficient capabilities. The EU is and remains a geopolitical pygmy: only a powerful national figure like the French President Sarkozy could pull off a ceasefire in August 2008.

Moreover, China's economy is largely decoupled from world economy, whereas Russia's is thoroughly 'coupled' and dependent on energy prices. Crucially, Chinese development is largely market-led – not state-dominated, as has been wrongly suggested by Western politicians and pundits. Leaving aside bilateral relations with the US, China-Russia ties are top of the list because they reflect the priorities of both Moscow and Beijing to stabilise their shared neighbourhood and protect their territorial integrity.

For its part, Russia wants to redefine what is Western and European, against the normative tyranny of the EU's *acquis communautaire* and NATO's conditional offer of closer cooperation. The Kremlin would like to bring in India and others, but essentially this would take the world back to a 19th-century Congress of Vienna-type balance of power, B. Lo concluded.

III. The potential for cooperation between China, the EU and Russia

In the third session, attention shifted to the nature and extent of possible cooperation between China, the EU and Russia. The discussions focused on process and mechanisms as well as policies and substance. In his opening remarks, Dmitry Danilov – member of the Russian Academy of Sciences and the Association for Euro-Atlantic Cooperation – argued that Russia's strategic cooperation and partnership with the EU is an absolute necessity. At the same time, a new system of bilateral relations with individual EU member-states (and other key actors) is at least as important. Indeed, the Four Common Spaces are far from being complete, which is why ties with countries like Germany, France and Italy are crucial. EU-Russia summit meetings have repeatedly stressed the need for modernisation, a theme that is at the forefront of political debate in Russia. Modernisation includes economic aspects such as technology and science but also legal and political aspects. There is already political dialogue with the USA and China on the EU but something similar would not take place with the EU on the USA or China. Interestingly, President Medvedev's Treaty on European Security excludes China and the SCO.

On the SCO, B. Lo argued that initially this organisation was for Moscow a means to increase its political weight, whereas for Beijing it was about concrete areas of cooperation, especially economic interests. More recently, Russia has progressively lost interest in the organisation as China's leadership within it has become clearer. Indeed, the organisation is Beijing's only multilateral structure in Central Asia, thus projecting a positive, pan-regionalism in an area dominated by China. But given China's growing power, Moscow has been busy promoting the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Community (EurAsEc). These two are essentially proxy institutions to increase Russian influence in Central Asia.

However, as L. Rühl pointed out, the Chinese Ambassador seemed to be down-grading the SCO as a mere regional structure; so what's its real status? What about a big country such as Kazakhstan in all this? V. Portyakov replied that there are different, rival visions of Chinese development and Sino-Russian relations, in the spirit of the formula "forever friends, never enemies", apparently first used by the former Chinese President Jiang Zemin. China has indeed many strategic partnerships, but the Sino-Russian partnership gives China security from the North for the first time in several centuries. Likewise, it provides security for Russia

from the East. In this context, the SCO fulfils an important mission of fighting against terrorism, extremism and separatism. However, there are also potential and actual problems. Russian trade with Central Asia is still much higher than with China. Not only is there Sino-Russian rivalry, there are also tensions among the five Central Asian republics. As such, an uncertain future lies ahead, but also one where there will be growing potential for cooperation between China, the EU and Russia.

F. Cameron disagreed with some of these points, contending that SCO counter-terrorism is not how the EU fights terrorism. The SCO's strategy is based almost exclusively on hard power whereas the EU tries to take a more holistic approach. President Medvedev's proposal for a Treaty on European Security is not going anywhere. The best proof is that it's with the OSCE. More fundamentally, it fails to take into account NATO and the question of values. Crucially, Central Asia is not some kind of object of global geopolitics: the five countries do not like to be lumped together, they do not wish to be part of a Russian empire or under Chinese influence. In fact, they look to the EU as a beacon of stability and also for practical advice on water and other key areas of cooperation and development.

According to Mario Hirsch – Director of the Luxembourg-based Pierre Werner Institute – from a European perspective, the key to Central Asia is of course Turkey and its relations with the wider Muslim world. New structures such as the SCO and the BRIC will only survive if they can get their communication right and offer real cooperation. Even though they have so far been underwhelming, the SCO and the BRIC are not yet a lost cause. M. Almond contended that the BRIC and Russia's Western outlook constitute rival worldviews. Moreover, Turkey is not popular in Central Asia because the way the Turks have behaved in this vast region has been likened to the way the Germans treat Turkish guest-workers.

B. Lo came back to an earlier point, remarking that Jiang Zemin's saying – that China and Russia are “forever friends, never enemies” – refers for the Chinese leadership very much to civilised relations, but not to friendship in a strong sense or to a proper strategic partnership. The latter requires a common worldview and generally convergent interests. On none of these grounds do Russia and China have a fully-fledged strategic partnership. For a relation to qualify as a strategic partnership, you need normative empathy. As for the Treaty on European Security (TES), Dmitry Medvedev seems to be a President for special projects (the BRIC, arms reduction treaty, TES), whereas Prime Minister Putin goes all the hard yards (apparently he negotiated the terms of the arms reduction deal). Finally, the EU is ineffective because it combines selfish national interest and a tendency to panic instead of a shared view and real institutional capabilities to translate it into strong policies.

Following the discussions on partnerships, Y. Wang noted that since the end of the Cold War, China has forged no fewer than 54 strategic partnerships, the EU only has twelve, Russia even fewer. Compared with the EU, Russia is a much more independent country. Indeed, the EU depends on the USA for its defence and security. China and Russia focus more on a common vision/mission to build a multi-polar world, opposing US ‘hegemonism’ and reforming the IMF. (But B. Lo interjected that they agree on what they don't like, but they disagree on what international system they want and how to reform the existing one). China's vision of a ‘harmonious world’ is built on two complementary elements (sustainable peace and common prosperity) that are integral to the Eastern civilisation. The EU is of course part of the Western civilisation, and Russia shares to varying extents in both. China's own domestic priority is to

improve the social basis of its development. As to why the three should cooperate, Y. Wang argued that all three are responsible stakeholders of the international system, all three face the same common challenges (the economic crisis, the environment, etc.) and all three have a stake in European-Asian peace and stability (including potential cooperation between the SCO and the OSCE).

On the SCO, C. Coker said that the organization is a bit like the little boy seeing the emperor without his clothes. Put differently, Russia and China are sleeping in the same bed but dreaming different dreams – in word and deed, they have in mind, not the EU or others, but instead the USA. Iranian non-membership in the SCO suits China but not Russia because the former would like to keep a low profile, whereas the latter would like to be noticed – in all this and on virtually every aspect, the USA is the elephant in the room. More fundamentally, we no longer do strategy, only tactics. This last point was reinforced by L. Rühl who said that strategy is long-term thinking with a requisite for ‘economy of means’ – there is not much of either at the moment. And for the foreseeable future, NATO is the only game in town – the rest is nothing more than rhetorical fashion. NATO-led ‘strategic partnerships’ with Russia and China are possible but the EU does not think along these lines nor can it provide any capability.

A. Clesse concluded the session by asking why we take institutions like NATO (or even the EU) for granted. Why do we think of them as benign? Where are rival, critical approaches to these and other fundamental questions?

IV. Relations with the rest of the world

In a final short session, the focus of the discussions turned to relations between the three powers and the rest of the world. P. Ferdinand argued that notions such as ‘triad’, ‘triangle’, ‘polygons’ and other shapes in a rapidly changing world require substance and need to do something practical. Among the possible policy or issue areas, there is, first of all, the idea of a policy forum on stability in Central Asia (with the deteriorating security situation in Afghanistan making it worse); secondly, greater cooperation on drug trafficking (controlling and reducing the production and flow of drugs), including possible EU-SCO ties; thirdly, cooperation over transport (with rail links extending to other countries); fourthly, cooperation over space research, especially now that the US seems to be giving up some of its ambitions in this area; finally, fighting climate change and improving the environment, notably after the collapse of the Copenhagen summit.

B. Lo remarked that Russian-Chinese mutual trust is making security cooperation more likely but there are still important obstacles, namely the fact that especially aims 3-5 are long-term and difficult to translate into concrete policies. The inability of the EU to offer such policies at the global level diminishes its ability to influence affairs and shape relations with either Russia or China. Practically, the SCO could only survive by becoming more inclusive (extending observer status to the EU, the US, NATO, etc.). Something similarly seems to be true for the CSTO and EurAsEc. One question is whether the G20 has the vocation to become a global security structure, not just a forum for discussions on economic and financial reforms.

A. Pabst argued that the current crisis has exposed the failure of economic liberalism and the underlying logic of social and cultural liberalisation that have made the expansion of the free-market into virtually all areas of human activity. Non-western countries have perhaps embraced a certain measure of economic liberalisation, but they tend to be socially and culturally more conservative. And those countries where state socialism is still dominant – like many in Latin America – tend to erect barriers to economic liberalisation by nationalising strategic sectors and restricting private property and ownership. Coupled with the global resurgence of religion and the concomitant demographic dynamics, there simply is no majority view in favour of wholesale liberalisation of the society or the economy.

Instead, what the west and the rest require is a fundamental debate and a contest of ideas about new models of political and economic development embodied in precise transformative policies that re-embed the central bureaucratic state and the unbridled free market. Here Europe's emphasis on civil society (as a separate sphere that consists of largely self-regulating groups and associations) has a major contribution to make, notably by putting forward ideas and policies that draw on the best insights of civil economy and associative democracy. Such a vision resonates with the strong concern for locality, regionally more balanced development and growing trade links between the world's biggest cities and economically potent regions.

For his part, Sergey Utkin – senior researcher at IMEMO (Russian Academy of Sciences) – suggested that there are other elephants in the room: North Korea, Africa, Asia (including Japan). All three powers must confront the question about what would happen if the North Korean regime collapsed. On Africa and Asia, there are numerous points of convergent and divergent interests, especially trade opportunities but also the key problem of energy security. More generally, the Euro-Atlantic area requires particular projects of cooperation rather than a grand strategy. Moreover, there is not just BRIC or BIC but rather the G20; the US has been implementing effective multilateralism, in which the EU and Russia are participating.

C. Coker wondered what the world thinks about the 'triad'. The EU, Russia and China represent a bit of an odd trio. China is a superpower but not just yet. Russia is dreaming 19th-century dreams of great power status, but sliding into economic irrelevance. The EU calls itself a global actor but has neither a global strategic outlook nor is it able to act. The other significant development is messianism, notably the dangerous tendency of US messianism. In this respect, V. Korsun remarked that in the 19th century, it was said that only socialism can save China – whereas today it seems that only China can save socialism.

For M. Hirsch, the main issue for Europe is that it has lost its ability to project its image beyond its own borders. The EU makes things even more difficult than they are, on key issues such as human rights conditionality, e.g. the association treaty with Syria that is being negotiated since 1975 but not yet concluded. The Syrians are now saying that the EU needs them in order to be a serious foreign policy player in the Middle East.

Rainer Rupp raised a series of questions. First of all, is the US empire declining or is the US army becoming more powerful? How come that the world's most powerful army is increasingly ineffective? If US soft power and economic power is in serious decline, then the elephant in the room might in fact disappear. This would open the way for a more substantive path of cooperation between Brussels, Moscow and Beijing. However, the EU could also dissolve: the EMU/Euro is a good-weather currency – after convergence the eurozone had a

chance to reduce disparities but it did the opposite, such that during the current crisis it is breaking up. 27 years ago, a triangle between the US, China and the then USSR was discussed – Europe was never mentioned. In that sense, not much has changed since.

A. Clesse argued that there is a lot of quantitative and qualitative heterogeneity within and across the three poles. Dissolution and even civil war in Europe have been envisaged by serious academics such as the Harvard economist Martin Feldstein. Since only China seems to be thriving, can one build a genuine triad? Or has China become more aggressive politically?

In the light of intellectual paucity and the absence of strategic vision and grand ‘master-narratives’, C. Coker concluded proceedings on a lighter note by adapting a famous quote: “scholars of the world unite – you have nothing to lose but your chains”!

Conclusion

Four broad conclusions can be drawn from the discussions of the roundtable. First of all, the relations between the EU, Russia and China cannot be understood in isolation. As one participant remarked, the USA is the elephant in the room. All three powers look to Washington before they look to each other.

Secondly, the three face vastly different situations and trajectories. The EU is suffering from integration and enlargement fatigue, and lacks a substantive strategic vision for the world and its place therein. Russia has undergone a difficult transition and severe recession, but its power is resurgent and the current leadership is determined to play a global role. By contrast, China’s economic development has been exceptionally strong and sustained, while the Chinese Communist party remains firmly in power and committed to assume greater responsibility in international affairs.

Thirdly, there is strong convergence between the three powers in terms of growing trade relations. Political cooperation is also increasing in scale and intensity. However, there are profound divergences at the level of defence, strategy, and geo-political culture. For various reasons, the focus of global geo-politics will be on bilateral relations between great powers, especially between the USA – the world’s only superpower – and China – the second most significant pole in the new world order.

Fourthly, there were disagreements about the potential for cooperation at the level of structures such as the BRIC, the SCO or the G20. Multilateralism is merely a mechanism and multipolarity a contested shape. Neither represents a substantive vision capable of generating a sense of shared purpose. With the old geopolitics in decline, the future divisions and lines of engagement seem to be in the area of geo-economics.

Adrian Pabst
May 2010

Appendix I

Programme

- 09.00 Welcome by Alexander Shulgin, Ambassador, Russian Embassy in Luxembourg; Zhixue Ma, Ambassador, Embassy of the People's Republic of China in Luxembourg, and Armand Clesse, Director of the Luxembourg Institute for European and International Studies
- 09.15-10.45 ***Session 1: The political, economic and strategic developments in China, EU and Russia***
- 11.00-12.30 ***Session 2: What is geo-politically and geo-economically at stake? The case for and against a pan-Eurasian framework***
- 14.00-15.15 ***Session 3: The potential of cooperation between China, the EU and Russia***
- 15.30-17.00 ***Session 4: Relations with the rest of the world***

List of participants

- Almond, Mark**, Visiting Associate Professor, Dept. of International Relations, Bilkent University, Ankara
- Ambrosi, Gerhard M.**, Professor of Economics, Jean Monnet Centre of Excellence, University of Trier
- Blinov, Anatoly**, Representative for Luxembourg of the Russian State Agency for International Cultural and Humanitarian Cooperation at the Russian Ministry of Foreign Affairs
- Cameron, Fraser**, Director, EU-Russia Centre, Brussels
- Clesse, Armand**, Director, Luxembourg Institute for European and International Studies
- Coker, Christopher**, Professor of International Relations, London School of Economics and Political Science
- Danilov, Dmitry**, Head, Department of Security, Institute of Europe, Russian Academy of Sciences; Member of the Coordination Committee, Association for Euro-Atlantic Cooperation, Moscow
- Ferdinand, Peter**, Reader, Dept. of Politics and International Studies, University of Warwick, Coventry
- Hirsch, Mario**, Director, Institute Pierre Werner, Luxembourg
- Korsun, Vladimir**, Professor, Department of Oriental Studies, Moscow State Institute of International Relations (MGIMO), Moscow
- Lo, Bobo**, Researcher, Consultant, London
- Ma, Zhixue**, Ambassador, Embassy of the People's Republic of China, Luxembourg



Pabst, Adrian, Lecturer in Politics, School of Politics and International Relations, University of Kent, Canterbury; Research Fellow, Luxembourg Institute for European and International Studies

Pohl, Karl-Heinz, Professor, Dept. of Sinology, University of Trier

Portyakov, Vladimir, Professor, Deputy Director, Institute of Far Eastern Studies, Russian Academy of Sciences, Moscow

Rühl, Lothar, Professor, Research Institute for Political Science and European Affairs, University of Cologne; former State Secretary of Defence, Germany

Rupp, Rainer, Journalist, Saarburg

Shulgin, Alexander, Ambassador, Embassy of Russia, Luxembourg

Stollenwerk, Philipp, MA student in International Relations at the University of Kent, Canterbury, and the Higher School of Economics, Moscow

Utkin, Sergey, Researcher, Head, Section for EU studies, Institute of World Economy and International Relations (IMEMO), Russian Academy of Sciences; Vice President, Association for Euro-Atlantic Cooperation, Moscow

Wang, Yiwei, Associate Professor on leave of Fudan University, Shanghai; Special Advisor to the Ambassador, Chinese Mission to EU, Brussels

Appendix II

(Courtesy of Peter Ferdinand)

Trends in Trade between China, the EU, Russia and the US (as % of total trade with the world)

		China		EU		USSR/Russia		US	
		Export	Import	Export	Import	Export	Import	Export	Import
China	1990			10.6	18.3	3.3	4.1	8.5	12.2
	2000			16.4	13.7	0.9	2.6	20.9	9.9
	2008			20.5	11.7	2.3	2.1	17.7	7.2
EU 27	1990	1.6	2.4			5.8	5.6	21	20.2
	2000	3	6.9			2.7	6.3	28	21.1
	2008	6	15.6			8	11.3	19	11.9
USSR/ Russia	1990	1.9	3.5	63.2	55.3			2.3	5.8
	2000	5	28	54.3	39.6			7.7	8
	2008	4.6	13	57.3	43.6			3	5.1
US	1990	1.2	3.2	26.6	20.2	0.7	0.2		
	2000	2.1	8.6	21.8	18.6	0.3	0.6		
	2008	5.5	16.5	21.2	17.4	0.7	1.3		