EU-Russia Multilateral or Bilateral Relations?

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Introduction

The European Union is the biggest business and political partner of Russia in Europe. This is due to the common history and geography and economic complementarity and the accumulated experience of cooperation. Today, the EU accounts for around 35 - 37% of foreign trade turnover of Russia and more than a third of foreign investment in its economy. The parties are also active political dialogue, and jointly fight against international organized crime and terrorism, which makes their relationship a strategic partnership. - Russia cooperation, the EU relies on the Agreement on partnership and cooperation (signed on 24 June 1994 and entered into force on 1 December 1997) is the most comprehensive document in the international contract practices on both sides, and counter-strategy of development of mutual relations. Relations EU - Russia is largely preferential, privileged character. Therefore, in addition to a complete use of possibilities of the PCA, the parties shall jointly develop a concept for the formation between them of a common European economic space (Chochia, 2015).

Partnership with Europe is the civilizational, ideological choice of Russia. However, this does not imply membership in the EU: an institutional Association with it or the artificial dominance of the EU in external economic relations or the foreign policy of Russia. As a Eurasian power on a global scale. The Russian Federation carries out international cooperation with all interested countries and regions of the world. In particular, the challenge is to come in our relations with the Asia-Pacific region to the same level of cooperation that has been achieved today in Europe, without which it is difficult to speak about the accelerated development of Siberia and Russian Far East. The partnership with the EU does not mean the rejection of economic reintegration in the CIS where our country plays the role of the center of gravity (Troitiño, 2008).

In their relations, the EU and Russia guided by the principles of pragmatism, which determines the similarities and differences of their positions. The differences are manifested in the above-mentioned strategies of relationship: if the Russian document focuses on the economic cooperation in the wider Europe, taking into account Russian specifics, the document EC - on the promotion of reforms in Russia according to Western models. Such a focus, in particular, the different program of technical assistance of European Union TACIS.

Trade and economic cooperation between Russia and the EU are developing now on a fairly liberal trade policy database. In trade in goods, SPS almost 80% of the plays (or make referrals) the relevant provisions of the WTO, the average level of taxation of the Russian goods imported by EU countries is only 1.5%, and including also Russia (as the country with transition economy) tariff preferences and the actual discount from the face value of the fees (e.g., gas) to 80% of our goods are imported to the EU market duty-free However, this liberalism reflects primarily the continuing agricultural-commodity structure of the Russian export. Where it is industrialized or rapidly growing supply met or quotas (steel, nuclear fuel), or on anti-dumping procedures. Formally, covering 1% of total exports, these procedures apply to 10% of its industrial component, and the estimated damage from the 11 antidumping procedures currently in force is approximately $ 200 million.

Russia’s cooperation with EU

1.1 The Agreement on partnership and cooperation between Russia and the EU

Official relations between the Russian Federation and the European communities was established in December 1991 immediately after the collapse of the Soviet Union. Russia declared itself the legal successor of the Soviet Union, including all its debts to foreign countries, international organizations and private creditors.

In particular, she has assumed all obligations under the Agreement on trade, commercial and economic cooperation between the USSR, on the one hand, and the EEC and Euratom on the other, signed on 18 December 1989

In turn, the Ministers of member States of the EU at its extraordinary session held on December 16, issued a Joint statement in which expressed readiness to recognize new States emerged on the territory of the Soviet Union and establish diplomatic relations with them (Troitiño, 2017).

Both sides from the very beginning proceeded from the fact that the future agreement should reflect the new quality of relations between the EU and Russia. In may 1992, during the visit of the chair of the CEC by Jacques Delors in Moscow, agreement was reached on drafting a new agreement based on the idea of "the deepening partnership between the Community and Russia,“. In November 1992, negotiations began. They
lasted more than two years, and 24 June 1994 on the island of Corfu was signed the Agreement on partnership and cooperation.

SPS covers three major areas of relations - politics, trade-economic and cultural. However, the greatest, if not overwhelming, part of its topics and articles on trade and economic cooperation.

1. The PCA establishes relations of the partnership between Russia on the one hand, and Community and its member States, on the other. In the Preamble and articles 1 and 2 fixed criteria of the partnership: "strengthening political and economic freedoms which constitute the very basis of the partnership"; "respect for democratic principles and human rights as defined in particular in the Helsinki Final act and the Paris Charter for a new Europe" that "underpins the domestic and external policies of the Parties and constitutes an essential element of partnership"; the promotion of "international peace and security and the peaceful settlement of disputes", and cooperation for these purposes in the framework of the UN, CSCE and other forums (Ballesteros, 2017).

2. The PCA establishes the relationship between "the full implementation of partnership" and "continuation and completion by Russia of political and economic reforms". PCA is the first bilateral international legal act in which Western countries consider Russia as a country with "economy in transition" and commit themselves to promote the "gradual integration between Russia and a wider area of cooperation in Europe."

3. A mechanism for regular political dialogue, which aims to strengthen ties between Russia and the European Union, promoting convergence of positions on international issues of mutual interest, cooperation on the issues of observance of the principles of democracy and human rights.

4. Trade relations. The parties shall provide each other most favored nation in respect of tariffs. EU abolishes all quantitative restrictions on imports from Russia, except for those categories of goods, the trade of which is regulated by separate agreements (textiles, steel products, fissile materials). As for Russia, it reserves the right to introduce quantitative restrictions on imports from the EU in some sectors, if in them there is a structural adjustment, or have serious social problems, or Russian producers is threatened by the complete or significant loss of position in the domestic market, or the emerging new production (article 15, ADJ.2 and 9).

5. Business activities and related issues. The PCA regulated the most important aspects of cross-border business activities: establishment and operations of companies of member States of the EU in Russia and Russian companies in these countries, investment, payments and movement of capital, mutual provision of services, particularly in the financial sector, intellectual property protection, etc., In General, provides for the gradual liberalization of the conditions provided by Parties to each other in the field of entrepreneurship. ATP contains the widest economic cooperation program, which covers more than 30 different fields, including industrial cooperation, conversion, investment, research and technological development, agriculture, energy, nuclear sector, transport, telecommunications, computer science, space exploration, environmental protection, small and medium business, consumer protection, social sector, education and vocational training, regional development, standardization, statistics, tourism, etc. Documents concerning cooperation between the EU and Russia (Nyman-Metcalf, 2010).

6. Provides for the development of cultural cooperation with the aim of strengthening relationships between people through the free exchange of information, mutual learning of languages and cultures, access to cultural values, etc.

7. Finally, for the first time creates a system of institutions designed to monitor the implementation process of SPS, to develop new recommendations to settle disputes, and to exchange views on a wide range of issues of interest to both Parties.

The validity of the PCA - 10 years, with subsequent extension, if one of the Parties will not declare in advance of his intention to withdraw from it.

The provisions of the PCA cover a wide range of issues, including: political dialogue; trade in goods and services; business and investment; payments and capital; legislative cooperation; science and technology; education and training; energy, nuclear industry and space; the environment; transportation; cooperation on prevention of illegal activities (Shishkov, 2001).

The PCA establishes an institutional framework for dialogue between Russia and the European Union. The dialogue is conducted at all levels:
Economic cooperation is the most developed and extensive field of relations between Russia and the European Union in both its qualities as a community of European States and as a subject of international relations. In this sphere, the EU has the most extensive powers, as manifested in its relations with Russia.

Since the beginning of 1992 until August 1998, economic cooperation between Russia and the EU followed an upward trend, albeit very slowly, with great difficulties. Initially, a significant effect given the abolition of the state monopoly on foreign trade and wide, even excessive, liberalization of foreign economic relations, opened the way to foreign markets to tens of thousands of Russian companies, not to mention small business - millions of so-called "Shuttle traders", the total turnover of which is estimated at billions of dollars. Additional impetus to this momentum was to give the entry into force of the SPS - 1 Dec 1997.

However, in 1998, economic relations between Russia and the EU was in crisis, which manifested itself in three key areas - trade, investment and monetary. In trade, for the first time since 1992 has been an absolute reduction in the value of trade affected, although for different reasons, as Russian exports to the EU (in 1999, 22% less than in 1997) and imports from these countries (decrease in the same period by 45%)(Bot, 2004) for the First time since 1992 reduced the volume of direct foreign investments in the Russian economy, including Western Europe. The culmination of the crisis in the sphere of currency-financial relations has become aware of the decisions taken by the government of S. Kirienko on 17 August 1998, "freezing" the payment of all external and internal debt, failure to maintain the ruble exchange rate, which led to a nearly fourfold devaluation (Kerikmae, 2001).

In all three cases, the negative dynamics was provoked by specific circumstances, but it is based on structural factors, such as the enormous economic strains and imbalances, the incompleteness of the processes of formation of bases of market economy, the huge scale of the shadow economy, social and political instability, weakness of state power and a crisis of legitimacy, the loss of ideological and moral guidelines a significant part of the population at all levels of the social ladder, lawlessness, corruption and crime.

To overcome these deformations and structural reforms will require not years, but decades. As the advance of Russia in this direction will also expand the possibility of dynamic development of its economic cooperation with the EU. But the first condition for the resumption of positive dynamics of cooperation is to achieve macroeconomic stability and resume economic growth. The results of the 1999 and first half 2000 - a sharp decline in inflation and the budget deficit, more or less stable exchange rate, GDP growth and industrial production - suggesting perhaps that the Russian economy has entered a new stage of development. But this is only a preliminary assessment, the truth of which will be confirmed or refuted by the results of the next two or three years.
Trade is the main form of economic cooperation between Russia and member countries of the EU and will remain so in the foreseeable future.

Trade between Russia and the EU is characterized by two main features. From the point of view of dynamics, it is of moderate pace, with the exception of the jump in 1993, partly offset the failure in the previous year. The growth pace of Russian exports had a downward trend, which was replaced in 1998, the absolute reduction of its value, while the export growth of EU countries, on the contrary, was increased, but in 1998 also gave way to an absolute decline in physical and value terms. 1999 repeated negative trend of the previous year, especially in exports from the countries of the EC (Vyatkin, 2000).

From the point of view of the structure of mutual trade is characterized by double asymmetry. First, during recent years the share of the countries-members of EU in the external trade of Russia is in the range of 31 to 35%, whereas Russia's share in their foreign trade amounts to 3.2 - 3.7%. Second, asymmetric commodity structure of mutual trade. Russia exports to Western Europe mainly energy and raw materials, and manufactured goods, a limited range of relatively simple products and semi-finished products; there are imported mainly machinery, equipment, and many consumer goods, mass and elite demand of different types of food.

Reserves and extensive increase in Russian exports of energy and raw materials decrease with each passing year. Besides, Russia is not interested in this and aims to move to a different type of foreign trade, which is based on industrial specialization and exchange of predominantly finished products. A significant role in the solution of this problem could play the Western countries, primarily European. It is obvious that their interest in the sustained growth of its exports to Russia can be implemented only when the oncoming growth of its exports to Europe, which is impossible without the restructuring of its industry. But Western businesses are not in a hurry. His passivity is sometimes perceived in Russia as the West's desire for all to secure for the country the role of supplier of raw materials and a market for Western industries, primarily the sectors of high technology.

A valid explanation is simpler: the Western business community is not United in approach to the development of trade-economic relations with Russia; in different business sectors and different interests, but from a pragmatic point of view, until recently, was more reliable and ultimately more profitable use of the opportunities of trade development based on historical patterns of exchange, especially political, legal and other preconditions for the activities of foreign investors in Russia is still unfavorable.

The main source of trade conflicts between Russia and the EU in the coming years is likely to be competition on the European and Russian market. Until the fall of 1998, the expansion of Western European industrial companies in Russia developed very powerfully: in 1993 - 1997 the value of exports has doubled, including only in 1997 - almost a third. The average level of import tariffs against goods imported from EU countries, amounted, according to Russian official statistics, 14 - 15%, and the European Commission - 17 - 18%.

After the August 1998 crisis, which led to a fourfold depreciation of the ruble, the situation on the Russian domestic market has radically changed in favor of domestic industry. The competitiveness of imported goods fell sharply; imports from EU countries in 1998 decreased by 11.7% (entirely at the expense of the 4th quarter), compared to the previous year, 1999 - 30.5% compared to 1998, International economic relations. In the short term, this reduction can be viewed as positive for Russia, because it reflects the process of substitution of imports by domestic industry and contributes to its recovery. But this is the effect of doping, which is short-lived (Vyatkin, 200).

The creation of a Single market impact on trade between the EU and Russia. When goods and services from Russia appear on the EU common market, in relation to him subject to all General rules, allowing companies to export, invest, organize, create, sales and after-sales service and so on as if they were the only one, and not 15 countries. And after the expansion, they became 25. It is important to remember that the Russian products relatively easy to enter the common market because the EU imports from Russia are largely liberalized. Suppliers of a significant part of Russian goods sold in the Union, additionally benefit from lower tariffs, provided for a General system of preferences. Remaining limitations, for example, in the steel trade, discusses bilateral negotiations, where it is envisaged to increase to the specified quotas by 40 percent. To facilitate anti-dumping procedures, the Russian economy was not long ago recognized by the market. Of course, that the export was successful, Russian goods shall conform to the requirements of the consumer - from the point of view of safety, health, environment and of course quality (Kuznetsova, 1998).

EU enlargement will benefit the development of bilateral relations with Russia because all new States of the Union are to apply common tariffs, the trade regime, and single market rules. Russia is in an excellent position to take advantage of the benefits offered by the single market and EU enlargement. In this part of the advantages of the Common European economic space (CEES), which is currently discussing the EU and Russia. The convergence of regulations is one of the main objectives of the CEES, will allow all operators Union and
Trade and economic relations between Germany and Russia

2.1 Development of relations between Germany and Russia

Since the establishment of diplomatic relations between Germany and Russia on 26 December 1991, the economic ties between the two countries have become constant. Today, Germany's most important trade partner of Russia is in the Western Europe. Its share in the foreign trade of Germany is 15% (the share of Russia in the foreign trade of Germany is about 2 percent.).

In 2002, German firms exported goods to Russia by 11.4 billion euros, 10.6% more than in 2001. At the same time imports from Russia decreased by 10.5% to € 13 billion.

The most important item of German exports is machinery, automobiles, and spare parts. In Russian supplies to Germany is dominated by energy - oil and gas and products of the steel industry.

According to the Chairman of the Russian government Mikhail Kasyanov, the Russian side considers it necessary to change the structure of exports to Germany. Future cooperation should involve joint projects in the field of high technologies. Germany is the largest creditor of Russia. The Russian debt to Germany within the Paris club - 21 billion euros.

The last (fifth) agreement on the restructuring of the Russian debt of Germany was signed in July 2000 in Berlin. The validity period up to 2016, and for part of the debt is deferred until 2020. Over the past 10 years, German businesses have invested in the Russian economy 8 billion euros. Our country employs 3.5 thousand enterprises from Germany. A great impetus to the development of trade-economic relations between the two countries gave a state visit to Germany by Russian President Vladimir Putin, 25 - 27 September 2001. One important outcome was the signing of the framework credit agreement on General conditions of financing the import of German equipment. The document gives the opportunity to carry out large-scale financing projects on the basis of German state export support without the involvement of the guarantees from the government of the Russian Federation (Troitino, 2014).

The financing of the German import machinery and equipment for a total amount of up to EUR 250 million. An important place in bilateral economic and trade relations is the annual governmental consultations held in 1998 (Ramiro, 2013).

The first question about the new scheme of the German-Russian contacts was discussed during the visit of Russian President Boris Yeltsin to Germany in April 1997. At a meeting of Prime Minister Viktor Chernomyrdin and German Chancellor Helmut Kohl in Riga during the summit of member countries of the Council of the Baltic Sea States. The agreement was reached on participation in bilateral consultations at the highest level by the heads of key ministries and agencies of both countries (Inozemtsev, 2002).

The first extended consultation was held on 8 - 9 June 1998 in Bonn. The Russian delegation headed by Russian President Boris Yeltsin consisted of 95 people. They discussed issues of bilateral economic and trade cooperation, project cooperation in the modernization of the Russian MiG-29, problems of restitution of cultural property, as well as international issues Russia and Germany (Timmermann, 2006).

As a result of the consultation, documents were signed in the field of nuclear energy and an agreement on the measures to improve the qualification of the managerial personnel for the Russian economy. The second consultation on the new scheme was held on 18 and 19 February 1999 in Moscow. The German delegation was headed by the German Chancellor Gerhard Schroeder, who took the post in October 1998. During the talks, the parties discussed issues relating to Russian debt, the projects in the field of high technologies, the payment of compensation to victims of Nazism and other bilateral and international issues.

In the course of the next bilateral governmental consultations (15 - 16 June 2000, Berlin) hosted the first personal meeting between the German Chancellor Gerhard Schroeder and Russian President Vladimir Putin, elected to that position in March 2000. In the Russian delegation, in addition to the heads of key ministries, the talks were attended by the leadership of "Gazprom". "Gazprom" has signed 4 documents with the companies "Ruhrgas", "Wintershall", Ferrostaal and "Salzgitter". Agreement with chemical company Ferrostaal has investments in the Russian economy in the amount of 400 million. dollars, and with the company "Salzgitter" - 1 billion. In addition, it was decided on the establishment of a German-Russian working group on strategic economic and financial cooperation and the resumption of credit lines in the framework of the German insurance company "Hermes" for Russian goods in International economic relations (Nolte, 2005).

The fourth consultation was held on 9 - 10 April 2001 in Saint-Petersburg. According to the results of consultations, signed an intergovernmental agreement on cooperation in the exploration and use of outer space for peaceful purposes for a period of 5 years, as well as a joint statement on the continuation of the Program for advanced training of managerial personnel for the Russian economy.
The fifth round of German-Russian intergovernmental consultations was held on 9 - 10 April 2002 in Weimar. The main outcome of the talks between Russian President Vladimir Putin and German Chancellor Gerhard Schroeder was the decision of one of the most pressing issues in financial and economic relations between the two countries - the problem of the adverse balance in trade between the USSR and the GDR (6.4 billion transferable rubles). In 1992, Russian President Boris Yeltsin and German Chancellor Helmut Kohl agreed to defer payment of the Soviet debts of the former GDR until 2000 (Lamy, 2002).

For a long time, Germany and Russia could not develop a methodology of calculating the rate of the transferable ruble, which would suit both sides. In the consultations in Weimar, there was agreement on the transformation of the Soviet debt to the former GDR 500 million euros, which Russia will pay for three years. Only in Weimar was signed on 6 economic agreements for a total amount of 1.5 billion euros.

Conclusion

Germany is the major economic partner of Russia among the EU countries and in most cases plays for her the role of "window to Europe". On the other hand, economic cooperation between Germany and Russia is in line with EU policy towards Russia, which is based on the Agreement on partnership and cooperation (regulating the issues of energy, nuclear safety, environmental protection, mitigating the effects of EU enlargement to the East in Russia, where one of the key problems is Kaliningrad), Joint strategy of the European Union against Russia, as well as work on the concept of a "Common European economic space" that began with the initiative of the President of the EU Commission Prodi, launched at the summit Russia-EU in May 2001 (Borchardt, 2002).

Germany is the most important foreign trade partner of Russia. In terms of volume of trade in 2006 was characterized by significant growth rates (+37.7% to the level 53.55 billion euros), and this trend will continue also in 2007. Russia exports primarily raw materials, and despite some problems, she for many years has been a reliable supplier of oil and gas to Germany and the EU. For Germany, Russia is an important supplier of energy. The German economy primarily exports automobiles, machines, building materials, furniture, consumer goods, and agricultural products (Hamulak, 2016).

The main focus of its activities in Russia, German companies are doing in Moscow and Saint Petersburg, but this activity is becoming increasingly widespread also in other regions of Russia. In Moscow includes about 3,000 German companies in the form of joint ventures, subsidiaries, branches and representative offices. Approximately 4,500 companies have permission to carry out activities in the Russian Federation. The interest of German, including medium-sized companies, has increased significantly in recent years, beyond the main sectors of demand for imports such as cars, machines, building materials, furniture, consumer goods, and agricultural products (Färber, 2017).

In addition to the large German energy companies in Russia are primarily manufacturers of vehicles and components, producers of installations, firms, agricultural sectors, and large retailers. It is expected that Russia in the foreseeable future will continue to play the role of an important export market for Germany (Morawa, 2016). Large German companies managed to maintain his already well-developed presence on the Russian market. And Vice versa - the interest of Russian companies investing in Germany is also growing.

German companies carried out in Russia a significant investment. The accumulated investment in Germany in 2006 was in fourth place (approximately of 9.74 billion US dollars). Behind these figures lurk successful investment and larger medium-sized enterprises in areas which are still served exclusively by exports. The activity of German economy in Russia goes far beyond the purely economic framework, highlighting the significant amount of funds for cultural and charitable purposes and activities in the field of vocational education and training.

literature

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