

Summary event report – 21 April 2005

Discussion at ELIAMEP with Academician Mr. Evgeny Primakov, former Prime Minister of Russia and President of the Russian Chamber of Commerce and Industry.

Research associates and external collaborators of the Hellenic Foundation for European and Foreign Policy (ELIAMEP) had the opportunity to confer in depth with the former Prime Minister of Russia, Mr. Evgeny Primakov, on the core issues that top Russia's economic and political agenda.

During the round table discussion that was held at ELIAMEP's offices, one of the main subjects discussed in depth was the state of the Russian economy. The recent agreement on the Burgas-Alexandroupoli pipeline after more than thirteen years of deliberations was highlighted as a great success. Indeed, it is expected to be beneficial to the economies of the region, and to Greece's wider geopolitical role in the area. The negotiations between the parties involved had in fact dragged on for long due to lack of agreement on the financial terms, but the expectations that have now been raised concerning the market opportunities for Russian oil and gas have nurtured a climate of optimism. Mr. Primakov underlined that Russia intends to intensify the exploitation of its natural resource wealth, particularly in identifying new oil deposits in Eastern Siberia. This is important primarily because Russia hopes to be able to be a main energy provider to both the western markets (EU, US) and the eastern markets in Asia (notably China and Japan). For this, however, significant investment is necessary. Russian oil companies will be able to invest a large portion of the costs, but foreign investment is indispensable and China and Japan have already expressed their strong interest to invest in the exploitation of eastern Siberia.

There was general agreement that Russia's economic growth was currently benefiting from the country's natural resource wealth and from the high petrol prices on the international markets, thereby permitting debt repayment and much-needed investment. However, it was emphasized that a stable economy requires diversification and given the technical know-how that Russia possesses, its priority is to diversify and to decrease its 'dependency' on income from its natural resources. As a matter of fact, it was stressed that foreign investment in Russia was encouraged (principally in infrastructure and in the production sector) and that Russia's participation in the WTO would prove advantageous for its international trade and commerce. On the subject of Greek-Russian commercial relations, all sides agreed that there was much scope for further expansion and that trade in agricultural products and fur for instance had a very large margin for growth.

Internal developments in Russia were also at the core of the discussion. Evgeny Primakov clarified that Russia is not facing any risk of internal disintegration but he did stress that the administrative organization and functioning of the Russian federation is in need of deep restructuring. In light of this, he expressed his strong support for the re-structuring of Russia's current 89 regions into a smaller number of

more efficiently run 'super-regions.' Issues of corruption and 'capture' of the local and regional authorities by the oligarchy that sprung from the mis-managed privatization process of the 1990s were equally highlighted. In effect, particularistic economic interests and fraud have not only distorted the structure and ownership of the Russian economy, they have also affected the application of democratic procedures (cf. local elections, selective application of laws and regulations, insider trading, etc) in the country. Mr. Primakov explained that President Putin inherited this legacy and had to undertake deep-cutting reforms to re-establish certain checks and balances not only at the local level of public administration, but also within the main sectors of the economy. The Yukos affair can be placed within this context. The transformation of Russia's oligarchic capitalist system is imperative, but it cannot be undertaken through drastic measures (such as re-nationalisation of certain sectors or industries); what is required is the application of the rule of law and for the judicial system to be able to function in an independent manner.

The discussion also concentrated on Russia's outlook on current international affairs. Mr. Primakov claimed that a multipolar international system was in the making given the size of the enlarged EU's economy, and the growing economic power of China, etc. Against this background, he insisted on the need for Russia's foreign policy to be multi-directional and multi-dimensional and he stressed that Russia is keen on intensifying relations with China, Japan and India just as much as with the US and the EU25. Russia is a European country and relations with the EU are of special importance, particularly in view of the commonly shared neighbourhood and mutual economic interests. Mr. Primakov was critical of the EU's double-standards, and agreed that the EU has not yet found the optimal manner to deal with Russia and to be sensitive to its concerns. Bilateral relations between Russia and the individual EU member states were just as important as institutionalized EU-Russian relations where there exists a very wide common ground. In any case, he fully supported the European direction of the Ukraine, and even expressed his support for Kiev's eventual accession to the EU, so long as Russia's interests are not harmed in the process.

The so-called 'velvet' revolutions that have recently succeeded one another in Georgia, Ukraine and Kyrgystan were equally examined. Georgia and Kyrgystan were two of the poorest former Soviet republics and, in a sense, public unrest and a will for change was to be expected. In Ukraine, there was much outside interference that contributed to organizing the various stages of the Orange Revolution. Nevertheless, Moscow does not expect un-friendly regimes to develop in any of these three countries especially when taking into consideration the common interests that tie these countries with Russia. Kazakhstan was identified as a positive case in the region with impressive growth rates and high popular support for the President.

On the subject of the reform of the United Nations, Mr. Primakov, who was a member of the high-level group established by the Secretary General Kofi Annan, reported on some of the key issues and proposals that were put forth. He presented the various alternatives regarding: the enlargement of the Security Council to include additional temporary members and/or semi-permanent member states; extension of the veto right v. efficiency of the Security Council; the areas in which the UN should concentrate on (security or social issues); the factors that do not permit a hierarchisation of security threats due to each region's priorities (e.g. terrorism, HIV, illegal immigration, organized crime, environmental depletion, etc); and, the conditions that may justify

humanitarian intervention in another country (i.e. risk to regional peace and security, genocide, etc). Overall, Mr. Primakov underlined the importance of the UN and of the need to maintain it as the core institution within which collective decisions can be taken.

Finally, the issue of Kosovo was discussed along with the potential repercussions for the region. All in all, Mr. Primakov argued that proposals of 'autonomy plus' or 'independence minus' are interesting in theory but inapplicable in practice. Certain regions of Kosovo have a high historic importance for Serbs, even though there are not many Serbs left in the region (it was noted that this is a direct result of the Nato bombings). Mr. Primakov particularly underlined the potentially destabilizing effects of Kosovo for Albania but also for Sandjak and FYROM. The President of the Russian Chamber of Commerce was very wary of the potential implications for Serbia and its nationalist elements, but equally for the wider European stability.