



HOUSE OF LORDS

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 Sub-Committee C (External Affairs)

Inquiry on

THE EU AND RUSSIA

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Witnesses: Fyodor Lukyanov

His Excellency Dr Revaz Gachechiladze

Members present

Lord Tugendhat (Chairman)
 Baroness Billingham
 Baroness Bonham-Carter of Yarnbury
 Baroness Coussins
 Lord Foulkes of Cumnock
 Baroness Henig
 Lord Jopling
 Lord MacLennan of Rogart
 Lord Radice
 Earl of Sandwich
 Lord Trimble

Examination of Witness

Fyodor Lukyanov, Chairman, Council on Foreign and Defense Policy, and Editor in Chief,
Russia in Global Affairs

Q170 The Chairman: Mr Lukyanov, thank you very much for agreeing to give evidence to this Committee. I am sure you are well briefed on what we are doing, but just to put it on the record, this is a formal meeting of the Committee. It is part of our inquiry into EU-Russia relations. We will produce a report, I trust, in the first quarter of next year, so we have some difficulty keeping up with events sometimes. What you say will be written down and we will be able to draw on it for our report. We have a number of questions, as you know, to ask you. I am sure there will be some supplementaries as well. If at the end of the meeting you feel that we have not covered the terrain fully or that there is more you wish to say, or if you feel that you would like to add to something that you have said during the course of the meeting, then by all means we can take written evidence.

With that, I will kick off with a very straightforward question—some of the others may be more sensitive. My question concerns the popularity or otherwise of President Putin. At the moment, I gather on the one hand you have polls showing that 80% of people support what he is doing. At the same time, the Levada Center found that as many as 17% of Russians blame their own Government for the bloodshed in Ukraine. Those two things are not mutually incompatible, but in your opinion what is the divide in Russia on foreign policy? Is it a stable situation or do you feel that opinion could shift quite sharply one way or the other in response to events?

Fyodor Lukyanov: I would not say that 80% in favour and 17% against is incompatible; mathematically it is okay. There has been a profound change in Russian public opinion since the beginning of events in and around Ukraine. Putin's policy enjoys very wide support, and not only among those who used to be the so-called passive majority, supporting whatever the President was doing. Now at least some of those who used to oppose his deeds, and even a few of those who participated in anti-Putin demonstrations three or four years ago, are now on his side as well—at least the nationalistic part of protests in 2011 and 2012. They sympathise with the idea laid out by the President about a Russian world—about the protection of Russians abroad—and they perceive Russian actions in Crimea and in eastern Ukraine as legitimate protection of our people endangered by events in Ukraine. In this regard, Putin extended his base. This development also generated, predictably, a very deep rift in society and a minority. It might be 17%, it might be less—I am not a sociologist so I cannot judge. In my humble opinion it is less than 17% on a stable basis. This minority is very much radicalised, and it is really the traditional part of the intelligentsia and the liberal part of the active population who blame Putin and the Russian state for unleashing war in Ukraine. This polarisation had been in place for quite a long time, but compared with what we had before it is now really fatal. I do not see any points of interaction between this big majority in favour of Putin and the minority against Putin. This is a problem for the state. There is a temptation just to disregard this minority, and the bulk of the electorate is very much in favour of that, but at least part of this minority is a very important part of society: this “productive” or, as it is now called strangely, the “creative” class. To eliminate this part of society is quite bad, but so far I do not see a bigger effort on the part of the authorities to engage them.

The Chairman: Thank you very much. I should have said that we only have an hour.

Fyodor Lukyanov: Okay. I will be brief.

Q171 Lord Radice: It has been suggested to us that Russia is distancing itself from Europe and is charting a separate course from Europe and, indeed, from EU values. Do you think that Russia now views itself as a Eurasian rather than a European power, or is this an exaggeration? What are the implications for future relations between the EU and Russia? It is a rather wide-ranging question, I am afraid.

Fyodor Lukyanov: Eurasianism and Eurasian power is a mentality and an ideology that is very difficult to identify. Yes, it is popular to discuss it, but it is a very abstract notion, so each can try to formulate it in its own way. The whole chapter of our recent political history, which started approximately in the late 1980s under Gorbachev and lasted until quite recently, is over. To simplify it, as I have no time to go into details, the essence of this period was that Russia considered integration—in the broader sense of integration into an extended West—as a goal. It was interpreted in different ways under different Presidents, but the goal was the same. Not any more. Now Russia is stressing the difference. It does not necessarily mean hostility, but it means that the Russian state has no intention any more to make efforts to get acceptance on the western side. This is the key difference. How it will play out in practical terms and what it means for, for example, foreign policy remains to be seen, but certainly the possibility of coming back to the model, for example, and the relationship with the European Union that we had until recently is not available.

Lord Radice: Is the implication of that that there is no prospect of a deal between the West and Russia?

Fyodor Lukyanov: A deal is always possible because Mr Putin from the beginning was very keen to strike a deal. He could never reach western counterparts, either in the United States or in Europe, to get the model for this deal. Again, to be simplistic and to describe the situation in broad terms, Putin wanted to have a very deep and intense relationship with the European Union when he came in as President. The problem was that for the European Union the only way to have such a relationship is that the counterpart takes the normative base of the European Union as the base for the mutual relationship. It is not a product of negotiations. The negotiations could only be about how the counterpart adapts to the normative base of the European Union. That was what Putin never could accept.

Q172 Lord Jopling: Let us turn to the Ukraine situation. It seemed that the Russian Federation woke up very late to the implications of the Association Agreement with Ukraine. What changed Moscow's calculation following the fall of Yanukovych in February of this year? Why do you feel that it was not possible to manage Russian security concerns through diplomatic means as opposed to sponsored violence?

Fyodor Lukyanov: Why was it so late to wake up? For quite a long time during negotiations Russia assumed that the situation inside Ukraine was so troublesome to Europeans—corruption, dysfunction, and in particular Mrs Tymoshenko, who was under arrest and whose release was initially one of the conditions that the European Union put for signing and ratifying this treaty—that it was unlikely that the treaty would be signed. At a certain moment, maybe in summer last year, the European Union position changed. Some people said that it was due to a change of mind in Angela Merkel. Tymoshenko's fate was removed from the picture and the decision was made that it should be signed anyway. Then Russia woke up. At the same time, in a low-intensity manner, Russia tried to put this question in negotiations with the Europeans to discuss the implications of this treaty for the Russian economy, but the European Union never showed any interest in discussing it with Russia;

sometimes it was just indifferent, sometimes it said quite bluntly, “It is not your business. It is our bilateral business”. Russia made certain efforts to get to this topic and to discuss it, but there was no response on the European side at that time.

As for diplomatic means, in Russia there are two reasons: one reason is rooted in history and one reason is rooted in very recent history. The first is that there is a deep belief in Russian political culture that Russia can achieve anything geopolitically only through military means—through being very offensive. As long as diplomacy starts, the rest will be against Russia and they will impose something less favourable on Russia. That is a long story; it has been the case since I do not know which century. The latest experience with the US and Europe at least is perceived in Russia, and especially by President Putin, as a chain of broken promises. Rightly or wrongly, since Gorbachev many steps have been perceived as the West, especially Americans, using Russian weakness to achieve their goals, and it is perceived that even if they promise something they never stick to promises. It is a deep disappointment in their basic ability to achieve something through negotiations.

The Chairman: Can I just ask you one supplementary? What you say is consistent with other things that we have heard, but I wondered about the functionality, or dysfunctionality, of the Russian Government. When we were in Brussels, I was very impressed with what the people in charge of DG Trade—the technicians—said about how they had kept the Russians fully informed at every stage. I wondered whether within the Russian Government what was taking place at the level of the trade officials would have reached up to President Putin and that level, or whether there might have been a disconnect and that what was happening at the working level never got up to Putin until quite late.

Fyodor Lukyanov: It might happen, because the Russian state apparatus never was very functional—this has been the case, unfortunately, since I do not know which century. At the same time, I would humbly doubt the statements by Brussels officials that they kept the Russian side informed. My little experience—I have never participated in such things but I have witnessed some of the stages of the Russian-European relationship since the early 2000s—is that, yes, they keep them informed, but they do it in such a purely formal way that they never allow anybody, especially Russia, to get deeper into the substance of what is happening. The association agreement was almost secret until September last year. Putin may have a problem with this, but Mr Yanukovych had a bigger problem, because it seems that he never read this treaty before he had to sign it. When finally the Russian side simply translated for him what he was about to sign—the initial text was in English—he was a bit surprised because he never meant it. The lack of co-ordination on the Russian side was in place, but I would not believe that the European Union was really interested in discussing things with Russia. Now it is different. You see the difference now after all the tragedies that have happened. Now they are inviting the Russian side to discuss and now suddenly they say, “Okay, we will postpone implementation”.

Q173 Lord Trimble: Turning to the proposed Deep and Comprehensive Free Trade Area between the EU and Ukraine, it looks as though Russia is trying to block this development and may even be treating it as a casus belli. Which is Moscow most concerned about: is it the economic impact of the agreement or its political implications?

Fyodor Lukyanov: Both, but I would guess that the political and security implications are ranked higher in the Russian hierarchy of priorities. The Russian perception is that economic integration in Europe cannot be separated from other forms of integration, and EU

membership will almost inevitably lead, in the short-term or long-term perspective, to NATO membership, which is perceived in Russia as an absolutely unacceptable threat to national security. As for economic implications, there are very different assessments in Russia. You can find assessments that Mr Putin operates that are huge: that it will really undermine the Russian economy. There are more modest assessments, but there are risks. Even those who are in favour of a good relationship with Europe say that there are risks that might be generated by this agreement. Politically, in this agreement, while it is not about security, there is a section mentioning that one of the goals is to boost political and security co-operation with the Euro-Atlantic sphere, which is used in Russia as proof that it is built into the treaty.

Lord Trimble: Some of the people who have given evidence to us beforehand have said that the real political objection is not NATO, it is that the Kremlin regards the creation of a fully democratic state and a successful democratic state on its borders as an existential threat to the present regime.

Fyodor Lukyanov: It was the case 10 years ago. After the Orange Revolution it was the case; the Russian leadership was very concerned about the possibilities of Ukraine being transformed into something else. The Ukrainian leadership brilliantly showed that there was no chance, and now this is not the motivation, because frankly no one in the Russian leadership and not so many in the Russian expat community believe that Ukraine will succeed with their reforms and all this. The security threats are now prevailing.

Lord Radice: Could you just repeat that last half a sentence? I did not quite catch it.

Fyodor Lukyanov: The security concerns connected to possible rapprochement between Ukraine and NATO are now the key element, not the fear that Ukraine will become a successful democracy.

Q174 Baroness Billingham: The Russian Government have reacted very differently to the Moldovan and Georgian DCFTAs from the Ukrainian accord, raising little or no objection whatever to agreements that are indistinguishable from the one with Ukraine. Why is this?

Fyodor Lukyanov: I would not say that Russia welcomes the similar developments with Moldova and Georgia, but, yes, it is true that the scale of reaction is different, which is quite understandable. Even in terms of the economy, the impact of Moldovan or Georgian association is very insignificant compared with Ukraine. Ukraine is a big country. Ukraine used to be very important for the Russian economy. It is a big market. It is a big production entity—it was before, at least—and objectively the implications will be different. At the same time, politically, with all respect to Georgia and Moldova, the geostrategic importance of those countries is incomparable to that of Ukraine.

Q175 Earl of Sandwich: Can we move to the Eurasian Economic Union? We would be very interested to have your views on how important this union is going to be and Russia's attitude to it. Is it going to be further widened? Is the membership going to extend beyond even Armenia? Does the EEU aim to achieve the free movement of capital, goods and services that we see in the EU? Does it aspire to be a currency union? It is suggested that the loss of Ukraine is a mortal blow to the Eurasian union. Is that so?

Fyodor Lukyanov: I do not think currency union is available in any foreseeable future. Even the European experience shows that currency union is such a complicated thing that to

hurry it is senseless. Yes, I would dare to say that the initial idea about the Eurasian union was to create a framework in which Ukraine could be invited and embedded. Now it is not the case any more. Whatever happens in Ukraine, this country will for a long time be un-integrable in any organisation or union, which means that now it is much more about Eurasia: the initial name was to me a bit misleading. The chance to extend this union to other countries beyond Armenia and Kyrgyzstan, which are in line, is not very great, because for one or another reason other countries that might be considered as candidates have no interest or no opportunity. For example, Tajikistan theoretically can apply, but Tajikistan joined the WTO under such terrible conditions that to change it in order to become a member of any economic union is almost impossible. Even if they want to, it is very difficult. As for other countries, Moldova, Georgia, Azerbaijan and Uzbekistan show no interest. Maybe Uzbekistan will change its mind, but not now.

Since the deepening of political integration is not in sight—Kazakhstan and Belarus are not at all keen to share their political sovereignty to a larger extent—the economic logic will prevail. It will be really about free movement of capital, people and goods. It is difficult, because a lot of questions are not settled. My guess would be that in the long run the Russian Eurasian union project will, in one or another form, be merged with the big Chinese initiative launched by Xi Jinping last year about an economic belt or a new Silk Road, which basically covers the same area. So far it is quite difficult to imagine how those projects can co-exist, but given the rapid rapprochement between Russia and China I can imagine that this will be a joint project, and quite a big one. Russia in this case will not be the leading force there.

The Chairman: Could I just ask for clarification on a point? In your opinion, is it possible for a country to have a free trade agreement with the European Union and be a member of the Eurasian union, or do you think that those two things are incompatible?

Fyodor Lukyanov: As the European Commission has told us many times, it is incompatible: “You should choose”. That was the point they put to Ukrainians when Yanukovich tried to, so to speak, combine everything. It was the European side that first said, “No, you should choose”. Russia came later. In fact, I think it is possible if there is political will on both sides, which is not the case now.

Earl of Sandwich: Are you concerned—from what you have said I think you are—that the EU is cutting across WTO rules as well? The example of Kazakhstan comes up. Is that something that you think you should be concerned about?

Fyodor Lukyanov: The Eurasian integration is based on WTO norms. It is not against. This is the key point to make from the beginning. The architects of this union say that it is compatible with WTO rules and that it does not contradict the rules of the European Union. It is compatible in this regard if there is a political will to negotiate and to discuss. Each country had different conditions for joining the WTO. I mentioned Tajikistan. Tajikistan signed a deal that was very bad for them. To put it bluntly, they were less qualified to achieve better conditions, and now it is very difficult to change, because the conditions under which, for example, Russia joined the WTO are much more favourable than others.

The Chairman: Another clarification, if I may. You said that Ukraine is un-integrable in any union. Certainly from my knowledge of the European Union I think there would be very great difficulties in integrating Ukraine into that in any foreseeable future, but in your opinion is Ukraine un-integrable into the Eurasian union as well?

Fyodor Lukyanov: In the current situation of course, because the Ukrainian leadership is bluntly and entirely anti-Russian and anti-Eurasian union. Even if we disregard this, Ukraine is still a split country and is in a terrible economic shape. To get it into the Eurasian union would mean to get a burden such that no one can bear. I think the question about Ukrainian integration anywhere is now closed for quite a long while.

Q176 Baroness Bonham-Carter of Yarnbury: Quite a large part of my question has been covered. I was going to ask how you characterise relations between the Eurasian Economic Union and the European Union, but I think you have covered that. Maybe we could move forward and you could tell us how the leaders of the Eurasian integration project envisage the relationship with the European Union being structured and managed in the future, or whether that is on the back burner.

Fyodor Lukyanov: The Eurasian union is very keen to establish close ties with the European Union as two major economic entities. The European Union until recently flatly rejected establishing these ties, based on the assumption that if they established these ties it would legitimise this project, which is seen at least in western public opinion as a new imperial project of Russia. My personal view is that it is a wrong perception, but it is presented in this way here. Now we can see slight changes in approach on the European side. Maybe with the new Commission, which has a bit more room for manoeuvre, this process might be launched. For the European Union it would be favourable to launch this contact, because however we assess the Russian role in the Eurasian union, which is huge, Russia for the first time ever is ready to limit its capacities in order to get others on board. This is quite a big change in Russian political behaviour compared with what we had before. In the Eurasian Economic Commission there is a consensus rule. All countries de facto—both Belarus and Kazakhstan and, in future, Armenia—have a veto right. That means that Russia needs to change the traditional way of imposing its own will on others. I think that objectively for the European Union it would be very useful to launch negotiations and to launch serious institutional contacts with the Eurasian union.

Baroness Bonham-Carter of Yarnbury: Going back to an answer to an earlier question, you said that the Eurasian concept was a rather abstract one at the moment. Can Russia identify this, what you have called a rather abstract notion, through this structure?

Fyodor Lukyanov: Maybe, but the theory of Eurasianism has very little to do with the Eurasian union as an organisation. This idea was born 100 years ago in the brinkmanship of the collapse of the Russian empire. It was an attempt to find a new identity. It is still now an attempt to find a new identity, but if we go along those lines, that is very metaphysical; it is not about economic integration at all. The Eurasian union in fact is based much more on the principles of European integration as it was 60 years ago.

Q177 Lord Foulkes of Cumnock: I want to ask about military intervention. Do you think Mr Putin is envisaging any further military intervention, for example in support of Russian-speaking minorities in any of the countries around Russia?

Fyodor Lukyanov: No, I do not think so. If you follow the narrative in Russia since February, the notion of protecting compatriots abroad came up once, but very boldly, in the speech when the President announced the reunification of Crimea. To me it was a very risky thing to do, because his real motivation—we do not know, of course, but I am quite sure—was not about that. His real motivation was national security and the risk that the new rule in Kiev

would very quickly denounce the agreements of 2010 that prolonged Russia's stay in Crimea for 25 years. If they did this, it would mean that the Russian Black Sea Fleet should leave Crimea in two years, because the initial agreement was until 2017. For reasons that we can discuss in other contexts, today that is absolutely unacceptable to Russian public opinion, to the Russian people and to the Russian leadership, so Russia could not afford that. That is why he decided to move to Crimea. He may have thought that to explain it to people he needed a bigger narrative, and then this "Russian world" came in. The consequences were huge. We see that many people in eastern Ukraine interpreted this speech as encouragement for it, so to speak.

Lord Foulkes of Cumnock: We have seen other countries with internal problems use some external perceived threat as an excuse for military action. It happened in Argentina with the invasion of the Falklands, and there have been lots of other examples. One of our witnesses the other week said that Russia was preparing militarily for some kind of international conflict. It sounded a bit far-fetched to some of us, but is it far-fetched?

Fyodor Lukyanov: No, I do not think it was a preparation for a particular conflict. More than that, before 22 February no one could imagine that the Crimean move was possible. The collapse of the regime in Kiev meant almost nearly the collapse of the whole political model in Ukraine, and that suddenly opened up opportunities that never existed before. Was a special file collected by the Russian General Staff? Certainly, yes, because the military guys have to have all this for any situation, but it did not mean that it was a prepared operation. As for using outside operations in order to strengthen the domestic situation, I am assured that none of the neighbouring countries of Russia are at risk, because why would they do it? The Crimean move was a reaction to what happened there. Again, that was a collapse of the status quo that could lead to very profound changes to the Russian security landscape. There are no reasons to expect something like this in Kazakhstan, the Baltic states or anywhere else. For now, the situation in eastern Ukraine is pretty stable. No one is interested in enhancing this war. At the same time, I see no chances of solving this conflict for a very long time, but if you look at and listen to what President Putin is saying, there are no signs of a bigger appetite.

Q178 Lord Jopling: Lord Foulkes just asked you about the future. Let me ask you about the past. We have seen Russian interference, whether it is sponsored interference as in Ukraine, or some time ago in Georgia with South Ossetia and Abkhazia, and we see it in Transnistria, where again in a sovereign state, having given undertakings that Russian troops would be totally withdrawn, they have not been. Looking at Russian foreign policy in the recent past, would you agree with the view of some of us that Russia has been much too ready to go in the direction of violence rather than to try to sort matters out, however difficult that may appear to be?

Fyodor Lukyanov: No, I would not say so. The Russian actions that are identified as violence here used to be a response to something. This response might sometimes be disproportionate, but I do not remember any bigger move without any initial impulse coming from the outside. It is very difficult to compare the situations in the different frozen or unfrozen conflicts you mentioned. In Transnistria, for example, this is a legacy of the initial stage of Moldovan independence. Eleven years ago there was a chance to settle this with the so-called Kozak plan—Kozak was the then Deputy Prime Minister and the guy in the Russian Government who was responsible for this. It was almost signed, but the then

President of Moldova, Mr Voronin, received many phone calls from Europe and from the United States not to do it because this plan accepted a Russian military presence in Transnistria, and this plan was killed. I am not sure that was a wise idea, because now we have a conflict without any prospect of settlement and Russian troops have a presence in place there anyway. It is not a big contingent, but still. The quite popular picture here that Mr Putin has a calculated strategy for how to destabilise the neighbouring territories is a very complimentary picture, because I do not think he has this strategy. It used to be reaction to the ever-changing environment. Any activities by the US or Europe, especially the US, in neighbouring countries are perceived as a threat to the status quo. Russia tries desperately all the time to keep the status quo as it is.

Baroness Billingham: Just to rewind prior to the annexation of Crimea, do you find it surprising that the outcome that Crimea has been annexed was not foreseen clearly by whomever and that it apparently came as an enormous surprise to the EU when many people think that this was on President Putin's agenda for some time and he was merely waiting for the right opportunity?

Fyodor Lukyanov: It is not up to me to judge whether or not the European Union is a functioning organisation in terms of foreign and security policy, but in my humble opinion it is not at all. It was strange; on the day of the Crimean referendum, when everything was clear already—it was clear to me what would happen almost from the beginning but especially when the referendum was called and the questions were announced—I still received phone calls even from European diplomats saying, "It cannot happen. It is just a bluff". With this level of analysis, I am afraid that more surprises are to come, and not only from Russia.

Q179 Baroness Coussins: I want to ask you about the EU's European Neighbourhood Policy, which you touched on in earlier answers to some extent specifically about Ukraine. I want to ask you more broadly whether you think that the EU's current process of reviewing its neighbourhood policy is regarded as a threat or a security concern by Moscow. Does Moscow think that Belarus, Moldova, Georgia and other places have the right to seek integration with the EU and/or NATO? If not, what are Moscow's red lines? Up to what point if those states were to seek integration with the West would Moscow continue to exercise self-restraint?

Fyodor Lukyanov: I do not think that people in the Russian leadership think in terms of whether somebody has a right or does not have a right. It is a more classical approach; everybody has a right, but this right should be seen and considered in the existing geopolitical context: "You have a right to aspire to NATO membership; we have a right to stop you at any moment if we believe that this is of security concern to us". I am not sure that NATO membership is a vital issue for any of the countries you mentioned, but if it is put back on the agenda it will be seen by Moscow as another attempt to cross this red line—and EU membership is not available anyway for now. Without that, the co-operation with the EU of Georgia and Belarus—it is difficult to envisage, but who knows—might be tolerated to the extent that it does not challenge Russian interests there. Russia does not need necessarily to be prevailing there, but Russia will not accept anybody else prevailing. It should be a balance, as it was in Ukraine before this tragedy developed.

Baroness Henig: Can I come back to an issue that we have already touched on this morning: the suggestion that the EU has failed to engage Russia in meaningful co-operation? Some

people have accused EU policy instruments of being “utopian” and full of “wishy-washy good intentions”. There is also the suggestion that earlier grand policies perhaps relied too much on Russian good will and should have been more hard-nosed and aggressive. What I am really trying to get at is your assessment of EU-Russia co-operation in the last few years. Can I throw in a suggestion to you? Has one of the problems been a change in the perception of Russian leaders that Russia should operate as a Eurasian power rather than a European power? You have touched on this a bit in some of your recent answers. I am sure we are well aware that there is long-standing debate in Russian history about the stance that Russia should adopt. Has that been one of the issues in recent years?

Fyodor Lukyanov: The European Union is a very difficult animal to deal with. Whatever you think about his political approach, Mr Putin is a very concrete guy. He is ready to strike deals and he is ready to solve questions, but in the normal way in which, for example, big powers come together and decide something. The European Union is another case, because he comes to negotiations—a summit, for example—with certain proposals. From the head of the European Commission he receives the answer, “Yes, great, but we have no mandate for that. We cannot discuss this, we cannot discuss this, we can discuss only this, because this is the mandate of the Commission. If you want something else, we need another mandate, but we cannot get it because there are 28 countries”, and so on. That is a way that leads nowhere, because the issues between Russia and the European Union from the beginning but especially with the process were so big and so important that they needed political will and very hard work. The European Union, especially since the mid-2000s, was almost fully consumed by internal troubles. If you look at the record between Russia and the European Union, we can blame Russia for many things, and Russia made a lot of mistakes as well, but it was a more or less productive co-operation with certain benchmarks until the mid-2000s. It stopped when the European Union started to deal entirely with internal issues: when the constitution failed; the Lisbon treaty, the euro crisis and so on. It did not make sense to try to achieve something and Putin lost any interest in that. Meanwhile, the European Union adopted the Eastern Partnership programme, which was seen as an attempt institutionally to get those post-Soviet countries. Maybe I am wrong, but to me it was an unfair system—not to Russia but to those countries—because the European Union invented a forum where all the problems were Putin and partners, and instead the European Union did not promise anything: not membership, not anything else. “If you want a label ‘European choice’ then please get it, but do not expect anything else from us”. Some countries accepted, some countries tried and failed. At the same time, it undermined very much the Russian-European relationship. At the end, the internal dysfunctionality of the European Union contributed very much to this failure of the relationship, so now we need a completely different model.

Baroness Henig: Have there been changes on the Russian side in what the Russian leadership is trying to achieve?

Fyodor Lukyanov: The initial idea by Putin promoted in 2002/2003 when he was maybe the most pro-western President in Russian history was this so-called “asset swap”. He wanted a big deal that to a certain extent was similar in principle to the initial stage of European integration: the coal and steel union between Germany and France after the Second World War. His basic idea was that the European Union would get extended access to Russian resources and in return Russia would get extended access to the European market and technologies. That was discussed in different ways, especially with Germany—with Schroeder at that time—but it failed, because again the European Union is not about making

deals; the European Union is about extending its own normative field in all regards, not only the economy but also values and so on, and if a counterpart has no room for compromise, Putin does not know how to deal with this.

Baroness Bonham-Carter of Yarnbury: I was interested in what the way forward is, listening to how badly it has been handled in the past. What are the steps to be taken by the EU to ease tensions?

Fyodor Lukyanov: The short-term goal is to stabilise the situation in the Ukraine—not to settle this conflict, which, we should be realistic, is impossible, but to stabilise the situation and to finalise the line between the two sides. The status issue might be discussed for ever. The key question is how both Ukraine and those self-proclaimed republics will survive this winter. If a more or less stable status quo is achieved, the European Union and Russia need to start to discuss where they can still co-operate, primarily on economic issues; and whether it is possible to gradually remove sanctions, because as long as sanctions are there it is quite difficult to expect Russia to be co-operative. The complicating circumstance is that the Russian shift to China is very rapid, because Russia has no other choice now but to turn to China. The tempo is spectacular; I am surprised.

Q180 The Chairman: Can I ask you this final question? It has been suggested to us by many people—and, indeed, I think it is our experience—that during the Cold War the level of expertise in western capitals about Russia was very high. There was a very sophisticated understanding in London, Paris and Bonn at that time, as well as Washington of course, of what made the Kremlin tick, what the strengths and weaknesses of the Soviet Government were and what their aspirations were. Since the end of the Cold War, the level of expertise in western capitals on Russia has declined considerably; there is very much less. That has certainly, I must say, been our experience. What about the other side? If the level of expertise in London, Paris, Berlin, et cetera has declined, is Moscow's expertise on the situation in western countries and in the European Union and NATO—the organisations that bring them together—as good as it was in the Soviet days, or has that, too, declined?

Fyodor Lukyanov: It is a similar process. It is slightly better with NATO because of inertia. NATO used to be studied very carefully. With the European Union and the new European processes—the internal processes—in general I would say that the situation is very poor. The old generation of experts is gradually retiring. The new generation is not yet there, and that is a big problem. I would say that the roots are different. In Europe the roots are that for a while everybody here lost interest and believed that it was not needed. In Russia the roots are different. The collapse of the 1990s—no money, nothing—almost destroyed the academic capacity. Interest was there but capacity was not. Now they are trying to re-establish that, and there is the reform of the Russian Academy of Sciences, which is quite controversial, but still there is an attempt. I hope that this expertise will improve now, because the emphasis on European studies is growing. We will see whether the quality will be as high as before.

The Chairman: Thank you very much. We have a situation to some extent in which two short-sighted people are trying to reach an understanding with each other but both of them are seeing things through a glass darkly. Thank you very much indeed.

Examination of Witness

His Excellency Dr Revaz Gachechiladze, Georgian Ambassador to the UK

Q181 The Chairman: Ambassador, thank you very much for agreeing to appear before this Committee. You have been present at the last session so you know what we are doing, but for the sake of good order I should repeat that this is a formal meeting of the Committee as part of our inquiry into the relationship between the EU and Russia. Therefore, what you say will be taken down as evidence on which we can draw for our report. We only have about an hour together and we have a number of questions to ask, so I should be grateful if you could be brief where that is possible, but thank you very much first of all for agreeing to appear before us.

If I could start with a general question, how would you characterise the current state of Georgian-Russian relations? What in your view has been driving recent developments? How do you see the present situation?

Ambassador Gachechiladze: Thank you very much, my Lord Chairman. It is very difficult to say in a couple of words what the current state of Georgian-Russian relations is, so let me just elaborate about it for three or four minutes.

First of all, I must say that the situation is improving to some extent. This is due to the initiative of the new Government of Georgia, who have been at the helm since October 2012. Our Government offered Russia a dialogue on some humanitarian, economic and cultural issues, with the tacit consent that we would not touch political issues, because Georgia has its red line and this red line contradicts entirely the Russian red line. We do not recognise the reality that was placed upon Georgia in 2008 when two breakaway provinces of Georgia were declared independent by Russia—a couple of other countries also recognise their independence. We do not recognise this. We consider these territories to be occupied and to be under the military occupation of Russia, and I think that is correct. We insist upon the territorial integrity of Georgia, which is not the case with Russia. Russia wants us to recognise the independence of these territories. That would be impossible, so political issues have not been touched during the dialogue that is going on. There have already been seven rounds of this dialogue and they have been quite fruitful again from the point of view of cultural and economic exchange, and have led to the opening of the Russian market to Georgian agricultural and food products. The Georgian market was always open for Russian businesses, even when we had no diplomatic relations with this country—and we have not had diplomatic relations since 2008—but the Russian market was re-opened as a result of these talks. Just a couple of days ago I heard that during the last two years Georgian exports to Russia have increased by 550%. This growth is because it was very low before 2012, and I do not think it will increase more in the foreseeable future.

When we speak about the current state of these relations, your Lordship also visited Georgia and you know that there is no anti-Russian rhetoric at the moment, but this does not mean that we accept entirely Russian policy towards Georgia and towards other countries as well. From this point of view, normalisation is going on, but it will go on up to a certain point; then we will need some political solution, which, from our point of view, is necessary in order to have full normalisation.

Q182 Lord Foulkes of Cumnock: Your Excellency, do you think the West should have taken a more robust and assertive stance in relation to Russia and its conflict with Georgia in 2008? Do you think that if we had done that the current intervention in Ukraine might have been avoided?

Ambassador Gachechiladze: This is a very difficult question to answer. First of all, we do not call this war a “Georgian-Russian war” but a “Russian-Georgian war”, because it was Russia that invaded Georgian territory.

Lord Foulkes of Cumnock: Yes. I changed the wording in my question.

Ambassador Gachechiladze: Yes. Thank you very much. To some extent, yes, but understand that in 2008 and 2009 Europe and the West were very preoccupied with the economic crisis that was there and is just dissolving. That is why the Georgian problem disappeared from the agenda of the western countries quite soon. In the beginning, for instance, the NATO-Russia Council was closed for a time, but then in a couple of months, as you know, it started again. If the West had been more assertive towards Russia maybe the present conflict over Ukraine might have been avoided. Again, in this case there are a lot of ifs; you cannot give a direct “yes” or “no”.

Lord Foulkes of Cumnock: Can I just elaborate? In Mr Lukyanov’s evidence you heard Lord Jopling and me question him about possible future conflicts. Do you think there are dangers of Russian military intervention elsewhere?

Ambassador Gachechiladze: It is very hard to say as a diplomat that there are. Afterwards, they will always say, “He said there is a conflict possible”. As a scholar maybe I would say yes, but as a diplomat I will say that I do not know.

Lord Foulkes of Cumnock: Well, you are a scholar. You have a doctorate and other degrees, I can see that. As a scholar you say yes.

Ambassador Gachechiladze: But as a diplomat I say that I do not know. The thing is that we are quite scared because of the possibility of this sort of conflict, and we try to avoid it by all means. The new Government of Georgia have given up the futile anti-Russian rhetoric that was quite characteristic of the previous Government and that led to some, let us call it, mild misunderstanding. Now we try to avoid this sort of conflict, but it can occur, because, as the Chairman said, there is not a good understanding of Russia in the West, and the Russian geopolitical code did not change at all. If you permit me to become a scholar again, I must tell you that Russia was always extending. There was a Russian historian who said that when Russia stops expanding territorially the ailment is beginning, and if it decreases in size then it is close to death. It was a Russian historian of the 19th century who said this sort of thing. We have seen throughout history that Russia was always expanding territorially. When 20 years ago it lost its outer empire and then its internal empire, by which I mean the communist bloc in Europe and afterwards the former Soviet republics, there was a Versailles syndrome in Russia. Now they are coming out of this syndrome because of Crimea and there is such happiness among public opinion, but I do not think that Russia is interested in having military incursions in all the countries if it can reach its own results without arms.

Q183 Earl of Sandwich: Ambassador, I had the pleasure of coming to Georgia and discussing all these things with you in July. I should call you Professor, because we were in an academic setting. I was there at a time of euphoria about the Association Agreement. You have already mentioned the paradox. The Foreign Minister, for example, said that

Georgia is a European country—it is a statement of fact—yet there is a paradox that while it is difficult to agree on military or foreign policy, economic policy and culture bind you to Russia over many generations. We have been interested in Ukraine and the effect on Russia of the Ukrainian free trade agreement especially. How do you explain the contrast that Russia seems undisturbed by the free trade agreement in Georgia and has hardly made any comment on the Association Agreement?

Ambassador Gachechiladze: First of all, that is for the time being. Secondly, as Mr Lukyanov also said—and he was quite correct—there is a difference in size. Ukraine means much more for Russia than Georgia or Moldova mean. The Georgian economy is much smaller—something like 100 times smaller—than the Ukrainian economy. From this point of view, Russia is not very afraid of it. Thirdly, I must tell you that when this DCFTA agreement was to be signed by Georgia, a group of Russian experts visited Georgia—and I mean experts, on the expert level—and they saw that this would not cause a lot of problems for Russia. Besides, sometimes even these challenges can be turned into benefits, because there is Russian business represented in Georgia and they thought that these companies might benefit from being allowed to enter the European market. From the economic point of view, Georgia is not a great threat to Russia. Moldova is a quite different case because it is so far away from Russia itself and it borders Romania, which is already a member of the European Union, so I would not speak now about Moldova. Georgia's choice of the West is by necessity and choice. We consider ourselves a European country. There is very strong public opinion in the country that we must be together with Europe. From this point of view I think we have made a good step towards the West, and the West also was quite generous in this case to help us to move towards Europe. Let us see what happens, but in the foreseeable future I do not think that Russia will be very annoyed by our association with the European Union.

Earl of Sandwich: Are you concerned about the conditionality attached to the Association Agreement, remembering what the Orthodox Church and others have been saying?

Ambassador Gachechiladze: No. This is almost always about ethics, et cetera. I do not think there is anything in this association that will violate the human rights of Georgians or the rights of the Orthodox Church and its believers. Nothing is said about gay marriage, et cetera, which various radical groups sometimes like to raise and say that Europe is a promoter of LGBT rights, et cetera. This is not the case: the majority understands. I must also tell you that the highest hierarchs of the Georgian Orthodox Church supported the Georgian move towards the West. The Patriarch himself said, "No, we are not scared at all, we are supportive". This means a lot from this point of view.

With regard to the other things, there are quite harsh provisions in the DCFTA agreement for our economy, but this is not very bad. If we change our working ethics and we move towards a western way of thinking and working, this will be very good. Besides, it will also help the further democratisation of our country. Georgia is quite a democratic country. At least in the post-Soviet world, apart from the Baltic states, I think we can boast that we have the highest level of democracy. It is not at the level of the western countries, but it is still high in comparison with the others—with neighbours, for instance.

Q184 Lord Jopling: Ambassador, as you know, the Russians have expressed concerns about the effect of the Deep and Comprehensive Free Trade Area on their own trade and the terms of trade with regional countries. How straightforward and reasonable do you think their

reservations are? Secondly, to what extent were Russian concerns dealt with and handled during the negotiations that led up to the DCFTA?

Ambassador Gachechiladze: These negotiations lasted for quite a long time. We were in these negotiations together with Armenia. Armenia was compelled on 3 September 2013 to give up this idea, while Georgia did not give it up. I have said already that this agreement would cause no problem for Russia at the moment, and Russia I think accepts our viewpoint at the moment.

Q185 Lord Jopling: Ambassador, as you know, one of the few ways in which the Russians do not control the hydrocarbons pipelines and deliveries coming from the Caspian area and around that region is the pipeline that runs from Baku through Georgia to the Mediterranean. One has always felt that the Russians may feel that this is something they would like to get an influence on. Thinking of the development of the Eurasian Economic Union and the possibility of Armenia joining that, with Georgia rather sandwiched between Armenia and Russia, to what extent do you think that situation could, in the event of Armenia's joining the EEU, provoke Russia to find excuses to be again belligerent towards Georgia?

Ambassador Gachechiladze: Again, this is a matter of speculation. It might be. Sometimes people think about it; I have read in some newspapers that the expert community is rather scared about it. The reality is that Georgia and Armenia have quite good economic and friendly relations. The President of Armenia has visited Georgia several times during these past years, and they came to some sort of terms that Russia and Armenia can have trade via Georgian territory and that there might be some sort of relaxation of taxes, et cetera. Armenia is also very interested in having trade with Georgia, because the Georgian territory is a major outlet to the outer world, because they are using Georgian ports, the Georgian railway and Georgian routes towards Russia. I think that we came to some sort of terms, and it would not hinder Armenia's or Georgia's interests in this case very much.

Q186 Lord Maclellan of Rogart: I would like to ask you about security in the Caucasus and the Balkans, which it appears is giving the Russians considerable concern. The US Deputy Assistant Secretary of State for European Affairs, Ronald Asmus, suggested that if anyone could convince the Russians that there was to be a shared partnership they would deserve the Nobel Peace Prize. Do you think there is any scope for nudging or pushing the Russians in the direction of accepting the possibility of partnership in that sphere, or do you think that the West and Russia have fundamentally different attitudes to the security question?

Ambassador Gachechiladze: Thank you for this question. First of all I must tell you that when we speak about security in the Caucasus and the Balkans, there can be different approaches to what the Caucasus and the Balkans are. In the case of the Caucasus, we have the southern Caucasus and the northern Caucasus, which is within the Russian Federation itself. Security for Russia means securing itself from such Islamists and fanatical groups that were operating in Chechnya and are still there, maybe underground but somewhere. From this point of view, Russian interest in security in the northern Caucasus coincides with our concerns about security in the northern Caucasus, because this is a threat not only to Russia but to Georgia as well. I cannot speak about the Balkans now.

The late Mr Asmus was a good friend of Georgia. He talked about the Nobel Peace Prize. I do not aspire to get this prize, and I must say very bluntly that to nudge or to push the

Russians towards that thinking is next to impossible, because they have their own agenda; they have their own geopolitical code, which does not coincide with the European geopolitical code. That is quite normal, because even in the case of Russia, when they say that they are making friends with China, they have quite different geopolitical codes and this is just such a temporary friendship—this can happen—and there are some coincidences of economic interests, et cetera. If there were a coincidence of more economic interests in the Caucasus and in the Balkans towards the West and Russia, it could be more achievable, but it is impossible to give more details.

You mentioned the pipeline, which is very important for the West. When this deal was being signed in Baku, the then President of Azerbaijan, Heydar Aliyev, was wise enough to invite a Russian company to co-operate within the consortium that was building the pipeline, somehow to lower down the Russia concerns about it. Nowadays this pipeline belongs to BP—it belongs to the western companies—and the Russian army is staying approximately 10 miles from this pipeline within Georgia. When they invaded Georgia and occupied South Ossetia, they came very close to this pipeline, but during the war this pipeline was not bombed. While they could have done it, they did not do it, because they understood that this might spoil relations with the West very much. I do not think that this pipeline will, in the foreseeable future, be the reason for any misunderstanding between the West and Russia. They are even constructing another pipeline in parallel, which will be called the Southern Corridor, and it will deliver Azerbaijani gas to western consumers via Turkey.

Q187 The Chairman: Ambassador, you were listening to the previous evidence, so you will have heard Mr Lukyanov express the view that Russia is primarily interested in maintaining the status quo in the post-Soviet space rather than encroaching on the position of neighbouring countries. How does that statement look from Tbilisi?

Ambassador Gachechiladze: They want to preserve the status quo not antebellum but post-bellum. This is the difference. They prefer the status quo to be preserved as it is now, with the so-called independent Abkhazia and the so-called independent Ossetia, and Nagorno-Karabakh, which is controlled by Armenian forces but which really belongs to another state. They prefer the status quo to be there, because if at any time the status quo deteriorates it will affect Russia's interests in this area. From this point of view, Mr Lukyanov was right, but again I stress that this is not the status quo antebellum—before war—but after war.

Q188 Lord Radice: At the NATO summit in Wales in September, Georgia was offered a defence package. How useful is this defence package to Georgia?

Ambassador Gachechiladze: It is useful for Georgia. We must pursue our NATO membership during the next years. We understand quite clearly that NATO is doing what it can do in the circumstances. In spite of declaring that nobody can interfere in the affairs of NATO and its enlargement, in any case they feel they have to take the interests of the other countries into account—Russia first of all because Russia is very concerned about NATO's presence in the former Soviet space. These concerns are exaggerated. I am sure that NATO causes Russia no problem at all. In Georgia we think it is exactly vice versa: NATO is the agent of peace and security in the region. But the other country—a huge country—thinks differently. NATO has done what it has done. This package is quite good. It is not sufficient, and we would like it to be more. Many people in my country thought that we might have received the membership action plan, and some people even suggested that outright

membership of NATO might be the better solution, but we understand that the realities are quite different, so we accept what we have received and we will use it for our benefit.

Q189 Baroness Henig: Ambassador, you will be aware that the new leadership of the European Committee, which is about to take office in Brussels, has suggested that the era of further EU expansion must be put on hold for the next five years. What is your view of this approach to enlargement? Does Georgia still harbour an ambition of EU membership?

Ambassador Gachechiladze: It would be good if the era of further expansion of the EU was put on hold for just the next five years. We expected that it might be postponed for longer. Georgia will by all means harbour an ambition of EU membership. This is good for the process of democratisation and further liberalisation in my country. Georgia's legislation is being harmonised with that of Europe. People's attitude to working ethics is changing. Georgia will still harbour the ambition of EU membership in the foreseeable future, and if after five years they reconsider this idea—five years is not a long time—that will be good for Georgia.

Baroness Henig: Are you at all concerned that that might make Georgia more vulnerable to Russian pressure?

Ambassador Gachechiladze: I do not think so.

The Chairman: What do you think would be the advantages for Georgia of membership of the EU?

Ambassador Gachechiladze: At least we will not be obliged to pay £1.7 billion to the European budget. I think we will receive something from you, and this will benefit our economy. Take, for instance, Cyprus or the example of Ireland next door, which was a very poor country until, after 25 years of membership in Europe, it became the Celtic tiger. Maybe we will become the Caucasian tiger. Why not?

Q190 The Chairman: If I might ask a different sort of question, what first steps do you think the countries that are geographically close to Russia could perhaps take to bring Russia back into a more constructive relationship with the region? Are there areas for shared co-operation and forums for discussion that you think would help to promote a dialogue? Do you think there is scope for greater co-operation with the present regime in Russia?

Ambassador Gachechiladze: Do you mean for the EU or the neighbours?

The Chairman: No, I was thinking of countries like yours and others.

Ambassador Gachechiladze: There is always a space for negotiations and dialogue, and we are very supportive of these sorts of actions. As I told you, the new Government have started this dialogue with Russia. If this dialogue deepens and extends to the other spheres, that will only be good. Again, I must repeat that there are some red lines, and these red lines are hindering our movement towards the future. If Russia becomes more co-operative from this point of view, then I think negotiations will be beneficial for both sides. I also would like to repeat that Georgia had quite normal relations with Russia for quite a long time, and it was not Georgia that began the deterioration of these relations. By the way, in 2000 the visa regime was introduced within the CIS countries between Russia and Georgia, and this was Russian-initiated. It was quite a long time ago and it was not connected with any sort of war in South Ossetia, et cetera; it began earlier. The then Russian Prime

Minister, Mr Putin, said that he would introduce this visa regime with Azerbaijan and Georgia, but then he introduced it only with Georgia. This is not our fault only. If there are some steps from Moscow, then we will of course make much more steps towards them.

The Chairman: Ambassador, thank you very much. We have concluded perhaps more quickly than I had expected, but thank you for the comprehensive nature of your answers, which have given us a much clearer view of where you come from and the way you see things.

Ambassador Gachechiladze: Thank you.

The Chairman: Thank you.