The End of German Ostpolitik
What a Change in Germany’s Russia Strategy Might Look Like

Relations between the European Union (EU) and Russia have hit a new low after the attempted poisoning of Alexei Navalny and the Kremlin’s continued support for Belarusian president Alexander Lukashenko, despite massive electoral fraud in that country. A new Russia policy in Berlin will require a paradigm shift, using incentives and leverage to improve Germany’s negotiating position with Moscow. The Nord Stream 2 pipeline project should be under intense scrutiny. If Moscow shows itself unwilling to cooperate, construction should be stopped.

- Germany’s modernization partnership with Russia has failed. Where once they were partners, Germany and Russia are now adversaries on key international issues, including European security order and the conflicts in Syria and Libya.

- Selective cooperation with Russia can only work if Germany is a relevant player in areas of common interest.

- For Berlin to improve its negotiating position vis-à-vis Moscow, it must offer incentives but also exert pressure, with both serving to push the Russian government toward compromise.

- Russia’s leadership must understand that destructive activities will come at a cost.
GERMANY’S RUSSIA POLICY DILEMMA

After the attempted poisoning of Russian opposition leader Alexei Navalny and continued Kremlin support for Alexander Lukashenko despite massive fraud in Belarus's presidential election, a change in the EU's approach to Russia is urgently needed. Even before this, German-Russian relations had slumped to a new low, after German security agencies confirmed the Russian secret service was behind the attempted hacking of Germany's parliament in 2015, and a Georgian national was assassinated in Berlin in August 2019, likely on Russian government orders. Another key factor has been Russia's increased repression of opposition activists, journalists, artists and civil society figures, in the framework of an referendum in July 2020 which could enable President Vladimir Putin to serve two further terms after his current presidency ends in 2024.

The latest events coincide with Germany's presidency of the EU Council, as well as one of the most fraught periods for the EU since its foundation. On the horizon are German federal elections in fall of 2021, where Russia and its growing influence are sure to be issues. The German government's preparations for the EU presidency had primarily focused on managing the economic fallout of the covid pandemic, and signing off on a new EU budget. On foreign policy, key themes for the EU are future relations with the UK, the United States, and China. Relations with Russia seemed to have moved to the back burner. But the Russian question remains as urgent as any other for EU member states. This presents Berlin with a dilemma: how to manage future relations with Russia when Moscow shows no interest in cooperating with Germany and the EU, but continues to play a vital role in key international conflicts (Syria, Libya, Iran) and in the Eastern neighborhood of the EU (Ukraine, Belarus)?

To understand its urgency, the Russian question must be seen against the backdrop of shifting US foreign policy objectives. Washington has cast doubt on security guarantees for Europe, it pursues its own, contradictory policy toward Russia without consulting its European partners, and it can no longer guarantee stability in the Middle East. The United States and the EU are at cross purposes with regard to the countries of the EU’s Eastern Partnership and the worsening situation in the Balkans. Russia is involved in all of these questions, but as a destructive force. Globally, US-Chinese conflict is escalating. At the same time, relations between Moscow and Beijing have seen a rapprochement, after the conflict in Ukraine led to a deterioration in Russia's relations with the EU and NATO.

SELECTIVE ENGAGEMENT WITH RUSSIA, BUT WITH NO COMMON BASIS

In November 2018, German foreign minister Heiko Maas announced a New European Ostpolitik. However, the weakness of the “New Eastern Policy” concept left its basic aims unclear to its main addressees, the countries of East-Central Europe. Since then, Berlin has avoided official use of the term. This means selective engagement in areas of common interest – Syria, Libya, Iran, the Nord Stream 2 pipeline – now forms the core of Germany's approach to Russia. As a term, selective engagement first appeared in 2016, announced as part of the EU's five basic principles for relations with Russia after the conflict in Ukraine. Those principles recognized Russia as an important player in the Middle East, with a constructive role in the nuclear agreement with Iran. The

3. As well as speculating that the attack on Navalny was carried out by opponents of Nord Stream 2, Gregor Gysi, spokesperson on foreign affairs for Die Linke [The Left Party], has rejected sanctions on Russia. His argument, in opposition to critics of the Kremlin, unquestionably has one eye on the upcoming 2021 federal elections: MDR.de, “Gysi kritisiert Drohungen mit Sanktionen gegen Russland” [Gysi Criticizes Threats of Sanctions on Russia], https://www.mdr.de/nachrichten/politik/ausland/gysi-vorverurtuung-russland-navalny-100.html (last accessed September 4, 2020).
The most concrete suggestion made by the EU position paper was to invest in civil society organizations and relationships in countries to its east. However, civil society figures have been the main target of the Russian leadership, which has attempted to cut them off from international contacts and money, seeking to stop external influence on domestic Russian affairs.

After worsening of the German-Russian relations in the context of the Ukraine conflict, since autumn 2019 Chancellor Merkel attempted a more pragmatic policy toward Moscow. This approach underlay Berlin’s reaction to Assad’s military victories in Syria, the escalation of the Libyan situation, President Trump’s systematic undermining of the Iran nuclear deal, and Washington’s imposition of incremental sanctions on those involved in the Nord Stream 2 project. This meant difficult themes – disinformation, hacker attacks, and continuing conflict in the Donbass region – attracted comparatively less attention. Talks with the Russian president tended to focus on Nord Stream 2, Iran, Syria, and Libya. At a January 2020 meeting with Putin, Merkel emphasized the two countries’ points in common, rather than their differences.

Even with these themes – supposedly representing common interests – the devil was in the detail. Moscow sees itself as a winner in the Syrian civil war, and expects the EU and Germany to offer financial support to Assad so as to prevent another wave of refugees arriving in Europe. But this flies in the face of Berlin’s refusal to recognize Assad as the legitimate ruler of Syria and its insistence that reconstruction must form part of an overall democratic transition for Syria. In Libya, Moscow continues to send arms and mercenaries to ex-general Khalifa Haftar, a key figure in the fight against the internationally-recognized government. By contrast, Germany has attempted to arrange talks between all warring parties, looking to negotiate a durable ceasefire and end the flow of weapons and foreign fighters into the country. But with Berlin not prepared to impose its demands militarily in the context of NATO or EU – and anyway incapable of doing so – Moscow does not view it as a decisive actor in the conflict. At the same time, both Moscow and Berlin are too weak to stand up to President Trump and save the Iran nuclear deal. This means that in reality, selective cooperation with Russia has been limited to declarations of intent. This tends, in fact, to highlight points of conflict rather than points in common.

Nonetheless, Berlin has continued to support Nord Stream 2, even after Russia’s annexation of the Crimea in 2014. It does so for domestic political considerations, economic factors, and also as a possible area of cooperation with Russia, a field of selective engagement. For a long time, Berlin ignored the Kremlin’s view of the project, which it sees as a way for Russia to intensify its influence within Germany and other EU member states, divide the EU, expand Putin’s self-enrichment operations, all while directly weakening Ukraine in economic terms. The United States has responded to the pipeline project with extraterritorial sanctions. This undermining of Germany’s and EU’s autonomous economic policy is unacceptable to Berlin. However, the damage done by Nord Stream 2 both to internal EU relations and to trans-Atlantic relations was underestimated. It is certainly possible for the selective engagement ap-

proach to simultaneously include sanctions, on the one hand, and fostering economic and energy relations, on the other. However it has become clear that Moscow is unprepared to make compromises on Ukraine and other international issues, despite German support for Nord Stream 2.

MACRON’S “NEW” RUSSIA POLICY

On a European level, a separate initiative has been launched by the French president Emmanuel Macron, looking to make a fresh start in Russian relations, based on common interests and pragmatic politics. Macron’s plan aims to end Russia’s isolation and alienation. The French president believes that Europe can have no security without Russia, which is also a mantra in Germany’s own Russia policy. The French strategy has been prompted by Russian-Chinese rapprochement, the American withdrawal from Europe, and by the need to work out new European security structures more attentive to Russian interests. Establishing better relations with Moscow on the basis of common interests – while disregarding the security concerns of neighboring states – sounds quite like the traditional German approach, up to and including Nord Stream 2. However, Macron’s strategy was not agreed with Germany or with other EU states, to the irritation of many European governments, including Berlin. For Macron, Russia is not only a partner in European security, but also in issues of technological sovereignty, with key areas of cooperation including aerospace and cybersecurity, above all with regard to China and the United States.

An initial meeting between Macron and Putin before the G7 summit in August 2019 has led, one year later, to the establishment of thirteen bilateral working groups, addressing questions including cybersecurity, aerospace, arms control, and international conflicts. This model has already been used in German-Russian relations in the past. However, the policy ultimately leads down a dead end, given France’s weak negotiating position vis-à-vis Russia. For Moscow, the attraction of the Macron initiative is to create divisions within the EU, and above all, in Europe’s trans-Atlantic relations. In his by-now famous 2019 speech to the assembled ambassadors to France, Macron emphasized the Russian argument that European powers are the “West’s Trojan horse,” lacking their own approaches to Russia. This line of argument does more to strengthen Russian propaganda narratives than to develop a new EU Russia policy. As long as Berlin and Paris have no coordinated Russia policy, Moscow will always be able to play off one against the other.

FROM MODERNIZATION PARTNER TO ADVERSARY

After Russia’s annexation of Crimea and the war in parts of the Donbass region, Germany largely went along with the implementation of sanctions, prompting a steady decline in relations between the two states. In fact, relations had begun to worsen after Putin’s re-election as president in 2012, when it became clear that Russia’s leadership was interested in maintaining the power of existing elites, rather than the political, social and economic modernization of the country. Since then, Moscow has seen the EU and Germany more and more as adversaries, rather than partners in, or models for, modernization. Until 2012, partnership for modernization with Russia had constituted Berlin’s main foreign policy approach, continuing the tradition of Germany’s policy shift on Eastern Europe in the 1970s. However, fostering change through rapprochement has failed as a policy.

Putin’s re-election in 2012 marked a paradigm shift in Russian foreign policy, which must be understood in the context of the country’s domestic politics. The
global financial crisis of 2008–2009, and the ensuing fall in commodity prices, created a legitimation crisis for the Putin system, now unable to maintain a social contract based on economic gains for large swathes of the population. In 2011–2012, massive demonstrations in large Russian cities presented demands for political change. Elites’ fears of their own population are confirmed by such demands for political participation, which appeared in Russia then and can now be seen in Belarus. The Russian government reaction was to systematically repress opposition figures and NGOs, further restrict media freedoms and exert increasing control over the internet. In this context, we should not underestimate the unscrupulous cynicism of the regime, which is quite prepared to eliminate critics and opponents, both at home and abroad.

Moscow has used conflicts with the West and its challenge to the post-Cold War European security order to bolster domestic legitimacy. But the resulting tensions have turned Germany and Russia into adversaries. The two countries now stand opposed, both in terms of international order (multilateralism versus multipolarity) and their fundamental political models (rule of law versus law of the strongest). Moscow no longer defines Germany as a partner, but rather as a key state at the heart of the EU, holding the Union together. Thus, goes the thinking, Germany should be weakened by supporting domestic anti-democratic forces in the country. At the same time, unlike the Soviet Union, Russia in 2020 is a revisionist power, not a status quo power. It uses military intervention to project power in post-Soviet countries, while globally exporting its system of informal structures, corruption, and blackmail. In addition, Russia has run disinformation campaigns in Germany, other EU states and the US, and supported disruptive networks and hacker attacks on government agencies. This has led to a fundamental lack of trust.

Moscow appears to take neither the EU nor Germany seriously in foreign and security policy, since neither Berlin nor Brussels plays a decisive role in the conflicts in Syria or Libya. For a state to pursue a policy of selective engagement, it must be key player in the area of proposed cooperation. Even more seriously, it is clear that no one in Moscow expected serious counter-measures from Berlin after the likely Russian leadership-ordered assassination in a central Berlin park or the hacker attack on the German parliament. This expectation minimized pressure on the Kremlin. Moreover, the Russian regime appears to have realistically assessed the situation. Apart from a few critical statements and some diplomatic expulsions, so far the German government has done little. So it is now all the more important that Merkel’s administration responds to the Navalny poisoning with political measures which will genuinely hit home in Moscow. This could entail further economic sanctions, sanctions against individuals within the Russian’s political leadership and security services, or a moratorium on further Nord Stream 2 construction. But it is important, that these sanctions are on the EU level, making clear, that this is not only about Germany but the whole EU.

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to retain power and to enrich individuals at the cost of the Russian state and people.

**BASE ANY NEW RUSSIA POLICY ON INCENTIVES AND LEVERAGE**

Germany and the EU have a weak negotiating position with Moscow, having neglected to put together credible mechanisms of pressure and sanctioning. An EU sanctions package was developed after the outbreak of conflict in Ukraine, and this has been continually extended under German leadership. However, the sanctions are too weak and inflexible to put real pressure on the Russian government. This is particularly the case for the Putin system, which tends to think in terms of cost-benefit calculations and win-lose situations. Weak sanctions have not pressured Moscow to make compromises on implementing the 2014–2015 Minsk Protocols, intended to settle the Donbass conflict. It is a mistake to link overall German policy on Russia, including possible political change in Moscow, to economic cooperation, as some leading German politicians have done with Nord Stream 2. This strategy will not push Moscow to seek compromise.

For this reason, it must be made clear to Russia’s leaders that their destructive, anti-democratic activities at home and abroad – including other countries of the former Soviet Union – will come at a price, and that Germany and the EU are serious about values and principles like good governance, conflict resolution, and the rule of law in states to the east and south. But any improvement of the EU and German negotiating position can only come through a combination of incentives and pressure, which can together push Moscow to make compromises. The Russian government will begin to shift course only if the costs of its actions are greater than the benefits, and if real sanctions are imposed on individual elite figures. As long as this is not done, Russia’s leadership will use offers of cooperation to strengthen its own negotiating position, rather than solve conflicts and problems. Russia is a country with the GDP of Spain – a country with the property market. London is the key nodal point for this process, but large German cities also

Cooperation for its own sake, or to create a better atmosphere with the Kremlin, will ultimately achieve nothing. Agreements with a government which does not heed the rule of law will inevitably have a short half-life, even if contacts and talks with those in power in Moscow remain important and necessary. German policy on Russia and Eastern Europe must be embedded within a broader EU context, without being blocked by diverging interests between member states. This will require close strategic coordination with Paris, and above all with the most closely affected Eastern European states. A new German policy must wager on long-term political and economic change in Russia. Only this can guarantee peace and stability in Europe.

1. Dependence on Russian commodities should be reduced, so as to minimize the country’s influence. At the same time, the Russian desire to export oil and gas to the EU should be used to pressure Moscow on other issues (Ukraine, Syria, Libya, Belarus). Nord Stream 2 could become an instrument in dealing with the Russian regime, creating leverage through sanctions or a moratorium on further construction. This could allow compromises to be reached on other issues. However, Berlin should always bear in mind that the pipeline does increase the Kremlin’s potential influence on Europe. In addition, deals with particular companies strengthen the Putin system, which is stabilized by the commercial involvement of regime-friendly oligarchs.

2. Action against corruption and money laundering must be a central concern: these activities represent the core of Putin’s system of loyalty maintenance. Russia’s elites will support Putin as long as they can enrich themselves corruptly at the expense of the state. Large sections of the Russian elite have successfully exported corrupt money around the world, some of it laundered through European and US banks, then invested in the real economy and the property market. London is the key nodal point for this process, but large German cities also

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17 The Anti-Corruption Foundation, founded by opposition leader Alexei Navalny, has uncovered several high-level cases of corruption and embezzlement in Russia, including worldwide real estate transactions and money laundering. Fond bor’by s korupciей [Anti-Corruption Foundation], “Rassiedovanie” [Investigations], https://fbk.info/investigations (last accessed September 5, 2020).
remain targets for Russian investment. Russia’s state structures, secret services and its oligarchs all interact within this system. To expose and stop these activities will require well-funded public prosecutors, along with cooperation across the EU and globally including the US. Accounts must be frozen, companies and real estate holdings confiscated. Bans on entering the EU must be imposed on relevant figures in the Russian elite. Lists of sanctioned individuals – those confirmed as participants in disinformation, corruption, hacker attacks and human rights abuses – must be coordinated across the EU and, if possible, with other states.

3. Military pressure is essential if Germany and the EU are to have a level playing field to negotiate conflicts where Russia is involved. Russia’s logic of conflict instrumentalization can only be disrupted through an increase in possible military costs. In concrete terms, this means that if Germany wants a ceasefire in Libya, it must be ready to protect a negotiated ceasefire, within the framework of the EU or NATO. The same goes for Syria: only military readiness (in the multilateral framework) to establish safe havens for civilians can make Germany and its EU partners a decisive actor in a post-war Syria. Likewise, an agreement to send a robust EU observer mission to Ukraine, with German participation, could increase the pressure on Moscow to end the war and implement parts of the Minsk Protocols. This would also require Germany to increase investment in the readiness and robustness of its armed forces, within the context of NATO and PESCO. If the United States continues its withdrawal from Europe, Europeans must step up to fill the gap left behind.

4. Engagement with Russian civil society is central for change. Change cannot be imposed on Russia from outside; it can only come from within. For this reason, better-resourced projects must be developed which can support and foster exchange with Russian civil society. These should aim at long-term effects, rather than simply responding to crises in the short term. There are already models for how this support could function, even under conditions of growing repression, and the EU should use these to build structures for long-term change. Making it easier for Russians to obtain visas to travel to Europe could encourage a Europeanization of Russian society and undermine Russian government propaganda. Germany and other EU states have their own institutions and programs for this kind of policy, but they should be better coordinated and strategically aligned with overall policy on Russia and Eastern Europe.

5. We need to cooperate with those Russian journalists, artists, scientists and intellectuals who have been driven into European exile by the current wave of repression and political atmosphere in Russia. These groups, living in Europe but often barely recognized, have enormous potential. They can make a real contribution to a better understanding of how Russian politics actually works and of key social trends. In this way, they can exert influence on domestic Russian debate, for example via social media. These groups should enjoy stronger ties to EU member states think tanks, NGOs, and media organizations, better institutional integration and more flexible financial support.

6. Also important in influencing Russian politics are reform movements in other post-Soviet states, where the Kremlin is set on blocking democratization. This can currently be seen in Belarus, where Russia wants to retain the weakened Lukashenko as president, rather than support change from below. Here Germany and the EU must implement long-term programs which offer the countries of the Eastern Partnership a realistic prospect of integration with the EU. This could be at a level lower than full membership: possible models include integration into the single market or into forms of multi-speed or variable-policentric European integration. Debates on integration which limit options to complete integration or none at all ultimately lead nowhere, and are too inflexible to be a basis for partnership with the EU’s eastern neighbors. At the same time, countries within the EU which contravene the rule of law, good governance, and the separation of powers should face credible sanctions. Sanctions will be needed to exert stronger pressure on Russian politicians and authoritarian leaders in the EU’s eastern neighbors. To implement this, the EU will have to develop a set of effective instruments which can be applied against companies, banks, and individuals.
The Kremlin fears nothing more than successful reforms and democratic transformation in its immediate backyard.

A paradigm shift involving incentives and sanctions will mean abandoning cooperation for the sake of cooperation, as well as any reflex presumption of shared interests. German policy in the context of a common EU approach should be able to take tit-for-tat action based on an analysis of Russia’s real interests, accompanied by cooperation opportunities when genuine concessions are made. The German government should not support a pipeline from Russia simply on the presumption that it will improve relations. Instead, construction should be tied to clear conditions, including in separate spheres of policy. Bringing together different policy areas in this way presents the EU with enormous intellectual and political challenges. However, this is precisely the game that the Russian government plays so successfully. This is what it understands, and this is what can be used to exert influence on it.

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