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Transcript

EU-RUSSIA RELATIONS: NOW IN PERMANENT CRISIS?

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JAN TECHAU: Good evening, everybody. It's great to see all of you. Welcome to all of you, and thanks for joining us tonight for our last open public event of the year, so our season ender, as we call it. We have picked for this topic the one topic that has kept us most busy this year, and that is, of course, Russia.

The Russian topic has even managed to do something that is very rare in this town, and that is it made the Brussels' bubble forget for a very brief period of time that it actually has to occupy itself with itself, actually. We have had, of course, the elections and the leadership change, but I would say that even with that included, Russia was the top topic of the year. That tells you something about what we've gone through over the last 12 months or so and, obviously, of course, is something that hasn't ended yet.

Here we are at a moment in time when not only the year ends, but where we can also perhaps do a little bit of stocktaking, look back at what we've seen over the last 12 months, how things have changed, or how they've not changed, and, of course, also what the future brings. For this purpose, we've brought into town Dmitri Trenin, known to all of you, I'm sure, the head of Carnegie Moscow, and a busy man these days. He just told me that demand increased significantly after the crisis broke, and that doesn't mean that he wasn't already busy before that.

It reminded me a little bit of what happened to our office in Beirut when the Arab Spring broke; they basically stopped sleeping for the next two years or so because they were in such high demand. I'm pretty sure that Dmitri and his forthright gang of analysts in Moscow have gone through a similar experience. Dmitri will talk a little bit about some of the factors that he thought shaped this crisis, and so shape it. Then also perhaps a little bit of an outlook of how we can manage the upcoming months.

The meeting is also designed to introduce to you Gwendolyn Sasse, who's a new scholar, a non-resident scholar, with Carnegie. She's a professor at Oxford Nuffield College, and an expert on Eastern Europe, an historian by training, political scientist by training, has written and researched extensively on Ukraine, has written a book on Crimea, but looks at, also, the overall situation in the region, of course. This is her first event with Carnegie. It's great to have you on board. Thanks for joining us here tonight.

We will have Dmitri first, with his rundown of what he thinks about the situation. We've squeezed him already thoroughly today: this is his sixth meeting or event today on the Carnegie Bill. Like all good performers, he likes to perform once more when everybody else thinks he's tired. I know that Dmitri will not let us down, because he never does. Dmitri, it's yours.

DMITRI TRENIN: Thank you so much. On the home turf, you cannot fail. I feel very much at home here at Carnegie, and it's great to be with you and great to be with all of you.

I think it's not just the end of a year; I think it's the end of an era, an era that started 25 years ago in the early days of the opening of the Berlin Wall, and slightly later in the [unclear] days, equally, of the fall of communism in the Soviet Union, in Moscow, primarily. I'm always surprised at people outside of Russia who talk so much more about the fall of the Soviet Union and so much less about the fall of communism. To me, the order is very much reversed.

It's an end of an era that saw several failed attempts by Russia and its partners to have Russia integrated into the larger West, expanding West, and make it part of Europe. At least there have been three attempts at that, genuine; they all failed. Maybe we have different views of why they failed, but, clearly, this was a colossal failure. As with other things, that after a war – and the Cold War was a war

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– you don't have a post-war settlement. You have to pay a price for that. I think that the price is what we are paying right now and what we are likely to pay in the foreseeable future.

I think that we are at the end of one era, which is already behind us, and at the very start of a new era, which, unlike the previous one, will probably be characterised in the future by intense competition, rivalry and even confrontation rather than competition and attempts at integration that might be the 25 years that just ended.

It follows from this that, in my view, the integration of Russia into the West is not on the agenda any more, on both sides. We have to accept that. That's not happening and that's not going to happen, not in this period that's beginning. We also need to realise that nothing is forever. This new period may last a fairly long time. I'm counting years, maybe decades, a couple of decades, I don't know, but it's a long period that awaits us. At the end of it, there'll be a new world, and we'll talk about other options, other opportunities and possibilities, but for the time being, that's over.

Russia has pivoted away from the West to its own project of Eurasia, the Eurasian Union. I think that they had to reduce the scope and scale of the project, also in view of developments in Ukraine. It's still the only project so far that Russia has come up after the demise of the Soviet Union, and it's very much on the agenda.

Let me also say that Mr Putin clearly sees himself as a war president, as a wartime president, and he sees Russia under attack from the combined forces of the West, led by the United States. The sanctions are an instrument in that war. Information warfare is another sphere. There is a clear conflict between Russia and the United States.

From the Russian perspective, what's happened is the Russian breakout of the system that the United States has installed and has been keeping since the end of the bipolar system. Russia clearly challenges that system. That has serious consequences for Russia and also, to a large extent, to the system itself. I think that the stakes are pretty high for both sides, but for Russia they are immensely higher.

I would also say that for the first time in many, many years, many decades, Europe has ceased to be the model that the Russians aspire to, a social model and a political model. It is unprecedented, really, because since the days of the Enlightenment, Europe was always somewhere above and ahead of a thinking Russian. Today it's seen in a pretty functional way by a lot of people, and in a critical way by the people in power in Russia. I think that this is a major change.

China, of course, cannot replace Europe to Russia, but China is the place you go to if you have everything more or less closed for you. There is some money, hard to get, but in principle there is some money in China. There is some technology of different levels than in the West, but if you have no access anywhere else, that's where you go to. China is also a political partner.

Of course, you realise that as Russia, the relationship, the ratio - and you're always conscious, very conscious of all those balances and ratios - the ratio of power and influence is so much tilted toward China. Now that you do not have a Western option, a European option, you are not on very solid ground when you deal with China. That's the only offer, basically, among the major powers.

I think you need to also realise that despite the rapprochement between Russia and China, despite the aspirations of some of my colleagues in China for a bipolar world organised around China and the United States, Russia is unlikely to be a junior partner to China after having rejected the option of

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being a junior partner to the United States and the West. It will try to find a more honourable position; whether it will be able to is a different story.

There's some talk about the other BRICS countries being Russia's allies. A lot of that is wishful thinking. Everyone is basically following their own agenda, and the very combination of those countries subsumed under this rubric is, to a large extent, random and artificial. There's something happening in that group, but, clearly, it's not something that can be the anchorage for Russia.

I think Russia will, basically, have to accept its de facto loneliness in this world, which has its downside, but it has its upside too. It has to try to find its place as a great power in this new world, which, basically, has little power to impose itself on others, but enough power not to let others impose themselves on itself. That, I think, is the definition of a great power today.

I think you also need to realise that Russia is in the nationalist phase of its development, internally and externally. I find this to be a natural phase for the country that ceased to be an ideological power, ceased to be an historical empire, and which faces the task of building a nation state.

Nationalism has many sides, some of them prettier than others. I think that Russian nationalism is very much in play as we discuss the issue of Ukraine, the... it's deeper than the slogan of a Russian World. It lies much deeper than Putin's pronouncements or official Russian publications. The support that Mr Putin is getting for his Ukraine policy has a lot to do with this popular acceptance and popular thirst for nationalism.

You need, also, to realise that in the wake of the fall of communism and the advent of liberal models in Russia. The word patriarch was seen as a dirty word by many people and by the liberal establishment in Russia. I think we are coming back to a different concept of what constitutes patriotism, what constitutes a nation, and it's something that's very much present in the Ukraine Crisis.

Having said that, I would add that I see no resurgence of imperialism as such in Russia, or new imperialism or anything like that. I think Russia is essentially post-imperial, but having left the empire behind itself, it's becoming more nationalist. That is the reality that I think you need to take into account.

Very lastly, Jan asked me: now that we're deeply involved in this crisis in Ukraine, what's the way forward? We need to look ahead to several years, maybe many years, in an, essentially, conflictual and competitive relationship, how to manage that relationship. I think I just snatched a piece from my Carnegie colleagues, including Jan, on the recommendations for the EU Foreign Policy Chief Eastern Europe and Russia. I think there's a lot that makes a lot of sense in this short paper.

I can only add a few things; one, I believe Europe and Russia need to continue talking and trying to understand each other. Unfortunately, we have to set the bar very low. It's not so much about partnership, but if it's going to be an analogue of the Cold War, we need to try very hard to keep it cold. I'm not sure that we have guarantees against the conflict becoming hot. Russia and Europe do share a continent, and if something happens, we will all be affected.

The United States is very much involved in that, but I don't think it's enough just to rely on the United States and NATO. I think that Europe, European countries individually and the European Union collectively, need to devote far more time and attention to preventing some of the horror

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scenarios from becoming a reality. I think now and in the foreseeable future, we are living through very dangerous times.

My second point would be for the European Union to learn geopolitics or rediscover geopolitics. It's one thing to talk about Vladimir Putin as someone who lives in a different world, and I think he does live in a different world from the world of many Western European leaders, but the problem is that the world in which Europe lives is not shared by many others. Maybe New Zealand lives in this world, but around Europe you have a somewhat different landscape with different rules, different...

I think it's important, if the European Union wants to play a major role, as it should, I think, to learn the art of others. Statesmanship today, I don't know whether this is the correct word or not, statespersonship today requires a degree of the art of geopolitics, mastering it.

My next point, my very penultimate point, will be to learn from the mistakes of the recent past. I think that the Ukraine thing should be an object for very serious study in all the countries involved in the Ukraine Crisis outside of Ukraine, certainly for Russia, certainly for the United States, and certainly for the European Union. I think there's a good reason for very serious and thorough post mortem on the Ukraine Crisis, even though the crisis is not over.

Very lastly, I think peace in Europe and stability in Europe depends, to an enormous degree, on Ukraine avoiding a meltdown. This is, of course, the responsibility of the Ukrainian people and the Ukrainian Government, but of all the outside players, Europe should play the biggest role.

When I hear from my American colleagues and also from some European colleagues that we need to adopt the posture of tough love toward Ukraine: we give them political backing; we give them a little bit of money, not too much; we approve a set of reforms that they have to go through; but we all understand that the responsibility for all that rests with the Ukrainian Government. That all sounds right, at least on the surface, but if the whole thing goes wrong, as it might, Ukraine will not suffer alone; other countries will, including the countries of the European Union.

My final point, and I don't know how much I should underline that, is do your utmost to make Ukraine a success story. That will be the best thing that you can do for yourselves. Thank you.

JAN TECHAU: Thank you very much, Dmitri, for this intro. I have one quick follow-up, because you said something very uncomfortable, I guess, and that is that you think the prospect of a cold confrontation turning hot is something that you wouldn't completely rule out, you don't think that's science-fiction or anything.

If I remember correctly from an earlier conversation today, your scenario is what you've just referred to: a possible meltdown in Ukraine and then the government in Kiev being hard-pressed for answers, being visibly successful, not successful, maybe being tempted to do silly things in the East. That was one of the scenarios that you painted. Then they might go on to some kind of reconquest, and then that would trigger a reaction from Putin that would go beyond Ukraine, possibly.

Can you elaborate a little bit on how the thinking about this is in Moscow, because, of course, you know this, we have Kremlin astrology again, what do the people there really want? How could that kind of scenario trigger a confrontation and a crisis that goes beyond the theatre that it's hot in already?

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DMITRI TRENIN: Jan, I think if you read what people in a position of power, position of influence, say, you would gain the impression that, from the standpoint of the Kremlin – and they are the people who count in these dialogues – the Ukraine Crisis is not about Ukraine. The Ukraine Crisis is about disciplining Russia, robbing it of its independence and performing a regime change.

Mr Lavrov, the Foreign Minister, said exactly this last Saturday. I'm sure that this is very much Mr Putin's concern. In that scheme of things, if the conflict is reopened, from the Moscow standpoint, the Ukraine Government is just a proxy for the United States. Again, I don't want to... it's just one of many scenarios.

The purpose, for me, to even talk about that is to sensitise people enough so that they redouble their effort to bar any chance of that scenario becoming a reality. I think just not thinking about a war in Europe could be one of the tragic mistakes that people can make.

I think that if something like that happens, if there is a major confrontation, if Ukraine in that situation gets lethal weapons from United States and its allies, if Russian soldiers get killed in large numbers by weapons supplied by the United States, it's not inconceivable that the Russian leader may say that he won't accept the situation in which Ukrainians and Russians are killing each other in a war that is initiated elsewhere. To use an American expression, he can take the fighting to the enemy. Again, I would refuse to go further than that.

I think we need to keep that at the back of our minds, to understand that the conflict in Ukraine absolutely has to be stopped. As to the lines that are drawn there, they should be secured and the political process needs to be initiated that would lead to restoration of Ukraine. I'm not talking Crimea, but restoration of Donbas as part of Ukraine, with certain constitutional, legal and other provisions that would satisfy all the parties involved.

That would be my answer to your question.

JAN TECHAU: Thanks, Dmitri. Thanks for making this second answer even more uncomfortable than what you originally said in the first one. That is quite encouraging.

Now it's over to Gwen. Give us your perspective on this, and perhaps also a little bit of a British perspective. You're in Oxford; you're in the middle of that discussion as well, and Britain counts eminently in the EU Foreign Policy context. Maybe you can also give us one or two points on the discussion over there.

GWENDOLYN SASSE: I will try. Thank you for inviting me, and also thanks for providing this affiliation with Carnegie, which I'm really happy about.

Maybe let's start with the title of tonight's discussion. You put permanent crisis in the title, and I think we have to be probably very careful in these discussions that language also shapes reality. I think if I look back the whole year of quite extraordinary events that nobody could have really predicted, then a very quick return to Cold War rhetoric. Perhaps now also, looking forward, talking about it certainly raises the question, and I think it's a question in the title, whether the talk about a permanent crisis in EU-Russia or Western-Russian relations, I think, can also become a self-fulfilling prophecy.

While there is certainly a crisis in Ukraine, in Ukraine and Russian relations, in EU-Russian relations, and Western-Russian relations, I think the focus really should be on doing everything possible to maybe step a bit back from that, and also learn some of the lessons. Also, maybe not speculate too much

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either about how strong or weak Russia really is at this point in time. There's a lot of discussion and I think there's often almost wishful thinking, to say, oh, but ultimately Russia is really too weak to do certain things; or, on the contrary, going quite far in imagining scenarios that could unfold.

If we look at the events of the last year, I think one maybe important starting-point is to accept that none of this was inevitable. I think the more time goes by and the further this escalation has gone, the more we all seem to talk almost in these terms that there was logic. We start arguing that Russia took Crimea back because it had this historic claim on it, and because of a certain makeup of the region, or because of a certain makeup of the southeast of Ukraine.

If we remember where Ukraine was a year ago, arguably, the Ukrainians stayed fixed in a moment in time. This was not a high point in tension between Russia and [sound slip] Ukraine wasn't politically represented at the centre, which is often an important issue in Ukrainian politics. It was not at all a time when ethnic Russians or Russian speakers in the southeast were under pressure – on the contrary.

I think to remind ourselves of that a year on might be important to also learn some of the right lessons. Part of those uncomfortable lessons that maybe have already been hinted at, I think are also on the side of the EU and Western actors' unintended consequences of processes like EU engagement with neighbouring countries, for example, perhaps squeezed too narrowly through a EU enlargement lens or channel.

Perhaps also this chimes with something that Dmitri said: it's the end of an era, but it's also maybe the end of an era how we imagined it. Maybe it says more again about us in the West or Europe, in particular, than about Russia per se.

I also want to pick up on something Dmitri just said: the Ukrainian Crisis – he's put it very strongly – is not about Ukraine. I think I know what you meant, but in some ways obviously it's very much about the Ukraine. As we're talking, as we are moving the discussion on to looking ahead in terms of EU or Western-Russian relations, there's a certain danger, I think, that we forget about Ukraine, but it ultimately is about Ukraine and a lot has to happen also internally, in Ukraine.

In terms of where I think our discussion should be, where also policy-making is really needed in that - I'm saying the obvious here, but sometimes it seems to get lost in these discussions - that there is a massive humanitarian crisis going on in Ukraine. I get the feeling everybody in the West, the EU, in particular, could do a lot more about this and have almost been, I think, too hesitant to accept this. Maybe reactions to humanitarian crises elsewhere, much further afield, seem to be forthcoming maybe more quickly. I think Dmitri was one of the ones pointing very early on too and making this point.

There, clearly, can be a lot more that can be done on restoring the ceasefire, which clearly is no ceasefire any more. It seems, and maybe there is just now in the last few days a certain new momentum to talk again, and you said continue talking, so I think I will talk a little bit about that at different levels.

Continue talking also means making every possible effort that there is a ceasefire again, and this involves usually talking to people one might not want to talk about. Maybe those people are difficult to talk to when you are the president of the country, Poroshenko, but it shouldn't be difficult to talk to the separatist leaders in some format. I think if conflicts elsewhere tell us anything, that in the end that seems to be always what is necessary, Ukraine doesn't really have the time to wait maybe as long as some of other conflicts had or took to get to that point.

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Thirdly, we talked a little bit about it beforehand already, I think there is a certain window for reform in Ukraine. Why one has to be very realistic, a country in the midst of a conflict or war is limited in what you can really implement. The elections, which, clearly, disenfranchised a large proportion of the population, and the reasons for that are obvious, but it means we really haven't heard the voice of all Ukrainians. Nevertheless, the elections give a mandate for reform and have created a space, I think, for reform in the political landscape of Ukraine.

Yatsenyuk today was confirmed as the prime minister, and the rest of the Government, we will, I think, know more about in the coming days. It's taken rather long to get there, so probably a bit too long in an uncomfortable political situation, which immediately gives rise to all kinds of thoughts that there is already some sort of in-fighting going on between perhaps the president and the now-confirmed prime minister.

Whatever the reality of that is, there is a, I think, clearer pro-reform outlook of at least parts of the Government. That could be, I think, used and there could be a window of opportunity within the realistic framework. It is, I think, in the nature of any crisis, as we go back to this word, crisis, that there is polarisation that goes with that, there is extreme rhetoric that goes with that, and there are also entrenched positions that go with that.

That, again, I think probably picks up something that Dmitri said – I'm sorry, we are probably more or less on the same page, so maybe you were hoping for a big discussion, but I think I agree with more than I disagree about what Dmitri said – if we think about the positions becoming too entrenched, then that is, on the one hand, maybe easy to see on the Russian side how as options melt away, there could be almost no other way or perception that there is no other way, to only push in one direction. That can have very dangerous consequences, as you laid out.

I think, to some extent, that also holds on the Western side. I think, in particular, institutional actors, even more so than maybe the member states making up those institutions, think in particular templates. I think the EU's reaction was, okay, there was a problem with the association agreement, but rather than maybe pausing for a bit and thinking again, the instinct is: let's do it now, and nevertheless let's push ahead with it and think of a way how we can tweak it to somehow get it there, anyway, in two stages. Now the outcome is probably the worst of all possible worlds, that there is a moratorium on it through negotiations that involved Russia.

Perhaps something similar can be said about NATO. Personally, I find the talk around NATO and NATO membership for Ukraine unhelpful in the current situation. That doesn't belittle security concerns and, obviously, also security concerns of NATO members. Also, it takes into account that the mood in Ukraine has, to some extent, changed vis-à-vis NATO and NATO membership. Part of what I think is needed is to step back or just maybe just sit up sideways [sic] and perhaps stepping away from some of those discourses, that would be helpful.

Jan pushed us on looking ahead. Looking ahead, I think some things that are really necessary and are on my wish-list - and, of course, it's easy for me to say, but on my wish-list of things that need to get addressed, and internally, starting with Ukraine - first of all, I think it's something to do with the Ukrainian state structure. There will always have to be, and in many other cases we see that too, a certain trade-off between state-building, nation-building, democratisation, economic or other structural reforms. It's never going to be a perfect match of all of these.

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In a country that is regionally as diverse as Ukraine, a more decentralised state structure seems to be a logical thing to do. It's not very easy to get there, and, unfortunately, the term federalism is so tainted in the post-communist space. I think just today Poroshenko, I would say, unfortunately, in his address in parliament, I think he sent warm wishes to those in the East and West who advised us to federalise. Unfortunately, I think that's probably addressed to people like me as well, and I think it misses the opportunity that goes with decentralisation.

It doesn't matter in the end what you call it, and it doesn't have to be maybe a full-blown federal system, but let's take decentralisation seriously, at least. I think there's some discussion, but there could be a lot more inside Ukraine. I think the fear is that it would weaken Ukraine, but I think the irony is that it will actually strengthen the State. Even if Ukraine went as far as really introducing a regional tier of elected politicians, so that is pretty federal, that still doesn't mean that giving foreign policy or security policy to that level would be a confederation or a federation.

Having that regional level could actually do quite a lot in terms of also increasing accountability, not immediately fast reform, but perhaps could pick up something that we clearly saw in the run-up to the EuroMaidan demonstrations, viz. consensus through more or less all of Ukraine, being fed up with a regime that was seen as very corrupt. Some of that could be picked up under different institutional structure. I think that would ultimately strengthen the Ukrainian State.

At the moment, the discussion, unfortunately, inside Ukraine, and perhaps outside as well, is not structured in a very helpful way. There's clearly a lot of, also, European expertise on this, and that would be a useful thing to bring more into the discussion or push ahead with more.

Now, looking ahead in terms of what the EU could do. On the one hand, as I now already alluded to, I think it would be helpful to maybe leave existing templates for the moment and think about some new things, and maybe reshuffling the commission on also having a new EU foreign policy having a wider range of issues that need to be addressed.

Again, going also partly in the same direction as Dmitri went into, it is not in anybody's interest to try and isolate Russia or to not engage any more with Russia. I've heard numerous times at events, yes, but Russia currently doesn't want to talk and doesn't want to... that's just too easy. It wants to talk about other things, and let's move the discussion there.

That doesn't mean that we endorse anything that has happened, that we recognise the annexation of Crimea - obviously, legally and politically we do not - but maybe one way of shifting to a different perhaps in some corners seen as risky new type of interaction could be to take the Eurasian Economic Union more seriously.

In some ways, ironically, it's built on some of the things that the EU does. The EU started as an economic and as a trade union. Yes, maybe further down the line they will also be, and there clearly are already political intentions as well. Why not engagement more with it? Whether it's a success or a failure, we will see later, but it would signal taking a different kind of integration prospect seriously and at the same time shifting away from military options that seem to be too much on the table.

Shift it to what Dmitri said: competition, but not confrontation, not of the military kind or only cast in security terms, but on trade and economic issues, and maybe with different kinds of overlapping interactions which exist with many other parts of the world. Maybe this is one we just add to that. I end here.

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You asked me the UK position. Obviously, a lot depends on how member states shape your EU foreign policy. If we've learnt also something over the year, it's that the EU doesn't function all that well as a foreign policy actor yet, and while sanctions are one thing and they have to stay in place, they will do the next bit that's necessary. If you learn something from sanctions, historically, they work if they have concrete goals, which I'm not entirely sure we're clear about at the moment. It has to also be clear when they end or when they would end, and I'm not sure that's the case either.

Where do member states come in? I think the more interesting one to watch at the moment is Germany. The UK – the rhetoric is strong on sanctions and on not giving way to Russia, but, quite frankly, the UK is busy with itself: is busy with Scotland and is busy with its own relationship with the EU. I don't get the sense that that's where initiatives will be generated. They will come on board and support strong policies, strengthening at that level rhetorically, but I don't see new initiatives coming from the UK at this point.

JAN TECHAU: Gwen, thank you very much. That's very clear. You were talking about domestic reform in Ukraine, about political structure, the structure of society, you even said. Now, the EU strategy is completely reliant on the willingness of elites in Ukraine to actually reform. Our entire system of how we want to actually continue this confrontation relies on them producing results that we can't really force them to do. They need to be intrinsically motivated for change.

You said you see parts of the Government actually really being intrinsically motivated. That doesn't sound awfully convincing in terms of: parts of the Government are set on reform; that means that other parts not. Give us a bit of a map on how you think the willingness to reform has developed in Ukraine, and to what extent the EU can rely on this, or whether it actually must look for Plan B, because not enough reform will be forthcoming.

GWENDOLYN SASSE: I think the honest answer has to be: we don't know at this point, and we don't even know yet who's in Government. What is already obvious is that, I think, Yatsenyuk and Poroshenko are pulling in somewhat different directions; they have to, in terms of their interests and where they come from, what they represent, the interests they represent.

That per se I don't think means that there isn't momentum for reform. To some extent, it could also be, in particular, in the context of an ongoing war, an advantage to have different parts of the political setup speak to different issues or pick up different sensitivities that exist in parts of society and among the elites.

It would be, I think, naïve to think that one could move on and rebuild and restrengthen in the Ukrainian State without, let's put it like that, oligarchic interests. Poroshenko is clearly one of them, and people around him are, but these interests won't go away if they have to, and they have to be part of the new Ukrainian reform agenda.

I think what I was trying to say is, I think there's a window for opportunity for reforms and it could be harnessed. That could be, I think, work from outside. It would be useful, for example, to reduce this really rather crowded reform agenda and think more carefully about which of the many areas in which reforms would be necessary. That could be a push where there wouldn't be too much of a pushback from perhaps parts of the Government in the current situation.

JAN TECHAU: Not do everything, but focus on one, two or three...?

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GWENDOLYN SASSE: Focus on some things, and some things which also have symbolic value in terms of establishing this government as a reform government. There's not much time to do something like this or to send a signal, so I think it has to be something selective and without being able to really say what that is, perhaps it's around corruption, it's perhaps around judicial reform.

In some of those things, I think progress could be made, and the various differences in the Government would not necessarily impede this. I didn't mean to say Poroshenko is against reform; he's not, but I think the agenda that he and Yatsenyuk have and have to have are somewhat different. That will not affect all issues that need to be reformed.

JAN TECHAU: You mentioned a humanitarian crisis, a pretty massive one, playing out in Ukraine as we're speaking. We all know the economic data, which are pretty grim, and the outlook, which is even worse. How much more time before State failure?

GWENDOLYN SASSE: Not much. I don't want to put a schedule to that. It will be a downward spiral; it won't be one big moment. If we turn it around somewhat, there are component parts there that could actually be used, and I don't think inside Ukraine and outside Ukraine they have actually been used.

If it starts to dwindle and if there is no momentum, Ukraine doesn't have the luxury of even the time that it had up to 2004, and reforms didn't really even work then. It has to be pretty fast, but at the same time there's more tension on it. There's also more tension externally that I think was not quite the case in 2004. I think that could be, but it has to be used well, and with commitment from everybody's side.

JAN TECHAU: Thank you very much. Fantastically depressing, from both of you!

GWENDOLYN SASSE: Oh, it's fine!

JAN TECHAU: Dmitri, I have to ask you one more question. You've tried to explain to us tonight how the Kremlin sees this. It's a bit of a cottage industry here in Europe and, I think, in the wider West, to try to explain how Russia sees and what the perspective from Moscow is, and then it must be taken more into consideration here, and that we have to understand it better. To a certain extent, it has become a bit of commonplace.

Two questions: to what extent do you think it is understood here, but perhaps more importantly, to what extent is the European Western perspective understood over there? Of course, there's also an established way of looking at these things here that can't be easily changed. For us, over here in the West, many of these things were unacceptable and they can't be justified within the context of what is being thought of as normal over there.

I think there's a genuine attempt over here, really, to understand what's going on there. To what extent is that reciprocated over there, or is it just being dismissed as, as you said earlier, some kind of American plot to undermine Russia, and therefore all of that is just rhetoric? Is it being taken seriously, the positions that the West has to take almost?

DMITRI TRENIN: I think that there is, clearly, a very facile and very erroneous interpretation of Europe's attitudes toward Russia's actions in Ukraine. Basically, a lot of people will probably say, and this is what the media is saying and I think this is what the Kremlin believes, that Europe, essentially, is falling in the wake of the US policy, that Europe is very reluctant to punish Russia, Europe is

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fighting itself through those sanctions, that Europe, because it's not sovereign – sorry for provoking you – just follows the lead of the United States, which it cannot refuse, cannot reject, cannot oppose.

I think that, in my view, this is a very wrong interpretation. Very serious Russians who've been dealing with Europe and, in particular, Germany, were asking the question: why is it the German position has changed so much towards Russia? This is an area for some debate, and I think there is not enough understanding for Europe, for what lies behind the position of Germany. There's a very simple, simplistic and conspiratorial explanation that people are giving.

I think that there will be a rethink of this attitude, which will mean that Europe, which is more or less let off the hook today as an accomplice to the United States, Europe is being hit by association with the United States. This position may be reviewed. The people in Russia who decide on policy matters may come to the conclusion, their own rivalries with Russia in the past say it would be easy in that frame of reference to discuss the irritation in Berlin with Russian actions in the Balkans and the attitudes of some governments in that region.

You can draw a parallel between this situation today and the situation, let's say, preceding World War One. You can do that. I think that politics of today is often [inaudible] in Russia through the [inaudible] of history. History, of course, is very important [?], but there is not enough appreciation of where Europe is in all this. It's very interesting and very strange. It's also the result of the demise of Europe's expertise in Russia.

There may be a little industry of trying to understand the European Union, but it comes at the time that the expertise and the policies of even some of the leading European countries is declining. A friend has told me that when in 1998 Edward Shevardnadze, who was then, of course, Foreign Minister of Russia, assembled Russia's top experts on Germany to discuss the – and that was a year before the Berlin Wall opening – the potential consequences of the opening of the Wall.

The room was filled with four dozen people. Today, I think you can at most have half a dozen people, maybe even fewer than that, a very, very few people who specialise in current policies of European countries. That does not give you enough of an understanding of where Germany, France, other European countries, and where Europe as a whole is heading in this situation.

JAN TECHAU: Thanks, Dmitri. I have a quick follow-up, but before that, I'd like to ask you to get your questions ready, because after the next one I want to open it up to you. I have a quick one which follows directly from what you've just said, and that is: has Putin and his team underestimated both the Germans and the Europeans as a whole, who are surprisingly united in a pretty robust scenario, which, actually, the Europeans themselves are surprised about? Did he expect this or was it a misreading, or was he saying, okay, this could very well happen, but I'm willing to pay the price?

DMITRI TRENIN: I think that conventional wisdom in Moscow is that Putin's initial calculus was right, up until the moment of the downing of the MH17 flight. Prior to that, Europe was doing more or less the things that Putin thought it would be doing: some terrible condemnation of this and that, Crimea, what have you, but, basically, no serious sanctions, and the willingness to continue with the dialogue. Putin, you would recall, was travelling to some EU countries.

I think it all changed with the downing of the Malaysian plane. I think most Russians believe today that this was a colossal provocation that was engineered by somebody - the most recent culprit is a notorious Ukrainian oligarch - that changed it all. It was a provocation. That's the attitude that I think is most widely-spread today in Russia.

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JAN TECHAU: Very good. Now it's to you. Please remember it can only be one question and not endless presentations, but I know that my audience is very disciplined. I'll take the first three, and then we'll go on to the next round.

SVITLANA KOBZAR: Thank you very much. Svitlana Kobzar, Head of the Department of International Affairs at Vesalius College. My question is to Dmitri. Thank you very much for both of your presentations. You've outlined the dominant view in Russia, but I wonder also how strong is the position of those holding an alternative view, pro-European position, so to speak, creative intelligentsia? We're focusing on stability of Ukraine, rightly so, but how stable is Russia?

JAN TECHAU: Thank you very much. Next question - Paul, please?

PAUL FLAHERTY: Paul Flaherty, retired at Brussels. I'm slightly worried about what tonight's going to do for the suicide statistics for the last Thursday of November. I suppose I'm about to...

JAN TECHAU: We do have drinks afterwards – that should take care of that!

PAUL FLAHERTY: I'm very struck by something that Dmitri wrote earlier this month about Europe's relationship with Russia needing to be built on a new foundation of realism and pragmatism. My question, I think, is: how realistic and how pragmatic? Presumably, we're going to talk about moving from frozen conflicts to permafrost conflicts.

Do we need to get away from the emphasis that we've put on territorial integrity, perhaps more about nationhood, picking up Gwen's point, I think? If we were to do that, what would be the effect in Russia of more talk about democratic evolution/devolution within its regions?

JAN TECHAU: Thank you, Paul. Fraser?

FRASER CAMERON: Dmitri started off saying this was not about Ukraine, but then he ended up saying, what you have to do is support Ukraine, so I'm not quite sure what the logical train is there, Dmitri.

Both of you said we're not talking to Russia. Merkel has talked in 30 separate times to Putin in the last six months; she spent six hours with him in Brisbane last week; so we are talking. The question is, it's related to these other two: we haven't heard much about the collapse of the oil price in terms of how this might affect Russia, Dmitri.

To add onto that last question, you said we must get into geopolitics, the European Union. What does that mean? Does that mean back to the balance of power and disregard of Russia being able to modernise by linking up to Kazakhstan and Belarus is a total illusion?

To Gwen, as a Scot interested in referendums, what would be the impact of a referendum in the Donbas in out [sound slip] back in Ukraine?

JAN TECHAU: Thank you. I think we take these first. Gwen, can I start with you?

GWENDOLYN SASSE: On the last one, right away. To pick up the last point first, with the referendum, it would be an interesting exercise, but it would obviously only be meaningful if

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everybody resident usually in that region actually votes and it happens under democratic conditions. Otherwise we will never know, as in the case of Crimea.

Again, the honest answer is, we do not really know what people think and want on the ground, or those who've been displaced. I think we make a lot of assumptions about people's preferences. At the most, what we really know is that there is a small group of separatists and they're supported by Russia, but we cannot generalise this to the population of Donetsk and Luhansk, or beyond that. This is not the time when there are some opinion polls, but it's difficult to do this well in the current climate, so we don't really know.

I think I take from the election results, something that's not really talked about so much – if you look at the results closely, something has shifted politically, and something has stayed the same, and something has shifted in the southeast of Ukraine. What has stayed, as far as we can see from opinion polls and from the elections, there's a consensus on the Ukrainian state in its current boundaries, whatever form that takes. Crimea might be a somewhat different story, but if you ask people, the majority has still said that it also belongs to Ukraine.

The other interesting result is the parties associated with some pro-Western reform, whatever you want to label them, outlook [?], the parties that will make up the Government, they've done surprisingly well in parts of the southeast, one could say. That means they've done better than ever before.

Now, again, it's not a normal election; it's an election at an extraordinary moment in time, but that parties like Samopomich from Lviv get 5% even in Luhansk is interesting, that the balance of parliamentarians associated somehow with a party of regions or opposition to the incoming government and those who make up the government is fairly evenly balanced, if you add them all up, in regions like Kharkiv and Odessa. I think it's really interesting that we need to take more seriously.

That means, politically, I think something has shifted, which could very well mean that the referendum and the conditions would not generate a Let's Leave boat, but, obviously, we don't quite know this.

In terms of the geopolitics, Dmitri will say what he meant by it, but I partly meant engaging in something that you also pointed out in the memo to Mogherini, that we think more in terms of regional and global alliances of the EU. Maybe what perhaps couldn't be in that short paper, maybe it also means some of the institutions that we might for a number of reasons not agree with, in terms of their values or where they might go, something like this Eurasian Union, maybe are part of this new geopolitics – or not so new geopolitics - with many parts of the world that are not so democratic, and organisations have links. I don't know if that's an entirely new geopolitics, but it might be new in the EU-Russian orbit.

Giving up on territorial integrity – I think that's what you brought up – that's not what I meant by decentralising, not at all. Some issues will remain frozen, and then, hopefully, can be addressed at some point again, but a more meaningful discussion about different levels of autonomy are useful. That doesn't mean giving up on the principle of territorial integrity, either legally or politically.

DMITRI TRENIN: Svitlana, I think a lot of my friends actually have an alternative point of view, and I hear it every day. Of course, you know that the Russian ERANET is mostly populated... the majority of the people who write there are pretty critical of the policies of the Russian Government and Mr Putin personally. On the other hand, we have genuine support for Vladimir Putin, which runs

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over and above 80%. The sanctions have done nothing to weaken it. If anything, they've done something to strengthen it.

There is an alternative; you hear it, you have a couple of radio stations, you have one radio station at least; you have a couple of newspapers; but you have the internet. Most people actually read Facebook more than they read anything else. If you want to express yourself or link with likeminded people, that's fine, but it's not changing policies. I think that the support for Putin's policy in Ukraine is pretty strong. As I said, Russia is in a nationalist mode. This is serious; it's not just Putin; it's not Putin and the Kremlin. It's the sign of the times.

Whether Russia is stable – no country can be stable if it rests on oil and gas alone and it has a population of more than 5 million people. The stakes are exceedingly high for Russia. Sanctions can be medicine for Russia to quit some of the bad ways and adopt some of the good ways, because your back's to the wall and you have very few options left. Maybe now is the time to do something right in economic policy, in governance... You cannot continue to afford kickbacks amounting to 60%, not even 40%, not even 20%, really. You can save a lot of money by leaning a little bit harder on a few people who you know pretty well, more or less.

You can do other things. I do not believe that Russia cannot produce so many things, cannot manufacture so many things that I buy in a Russian supermarket. I do not understand why we need to haul all that stuff from all over the world. A lot of that can be done in Russia. You have to adopt your economic policies. You also realise that in order to keep employment, in order to have any kind of growth any time in the future, you need to unchain your business, so you need to do something about your administrative practices.

The other thing – so I would say that if Russia needed a shake-up, this is the shake-up, but the medicine is very strong. As we say in Russia, if the patient doesn't die he or she will get stronger, but he or she might die, actually, in the process; we don't know, it's wide open. What happens in Russia in the next five, ten years is not able to be known. It's very interesting times, not just on the international front, but also on the domestic front.

Russia has never faced a challenge like this one in the last 25 years. We'll see how resilient people are, how... many things will become clear as a result. I don't know whether Russia is stable or unstable, but it's a more interesting place this year than it was last year. Maybe next year will be even more interesting.

JAN TECHAU: That's in the sense of the Chinese saying: may you live in interesting times.

DMITRI TRENIN: We are living through interesting times, that's for sure. Paul, realism, basically, is very simple; it's something that my colleagues here in Brussels call See Russia For What It Is. Realism, basically, means accepting the realities, rather than engaging in wishful thinking.

I believe that after we had failed the last time to have a link-up between Russia and the West, which was under Medvedev, and we failed, both sides. It was only a matter of time, in my view, before some kind of a rupture. I think I would agree with Putin and Lavrov that we should have seen that crisis coming. We saw bits of it in Syria, we saw bits of it over Snowden, we saw bits of it over Obama's cancellation of a visit to Moscow; we saw things building up, and, of course, Ukraine a year ago. It was not an accident, and it was not a result of a misunderstanding. It was...

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Pragmatism, basically, calls for doing some of the right things, some of the profitable things that both sides can engage in. Despite the sanctions, Russia and Europe are still trading something, and that's important; that's important for Russia, not unimportant for Europe. That should be continued. Again, I'm not pleading for any easing of sanctions, because I think sanctions could be a stimulus for Russia to do things better.

The falling oil price, I think, is an even more powerful stimulus. I cannot accept that the country that was called the Soviet Union, whatever you may think of it, it was a country with a fairly antiquated but powerful economy, manufacture and industry; a fairly good scientific and technological potential at that time; a country that could put things into space; many things Soviet Union... I cannot accept as a Russian that today it's a gas station, as Mr McCain calls it. I don't think it is. It's pretty humiliating. I think Russia should get back on its feet, and the fall in the oil price could be the right medicine for that. A country like Russia cannot live off gas and oil, primarily.

It also supports some of the worst practices in the economic system. When you do nothing, you just pump things from underground, it's corrupting. You need to be in Norway in order to be able to control it. All other countries have failed, more or less. I hope that Russia can use sanctions to its benefit.

Frozen conflict – frozen, again, is the least of my worries. My worry, again, is an open, hot conflict. I don't think that we're doomed today to have the conflict in Donbas frozen. I think there are ways of dealing with that and eventually, as I said, reintegrating Donbas with the rest of Ukraine and having a setup within Ukraine that would resolve the issues that people within Ukraine or outside Ukraine are worried about.

Be very careful – it's up to the Ukrainians to decide what their constitutional setup should be, but I don't think that Europe needs to move away from territorial integrity, but I think we need to realise that we... violence still has a place in this world; there may be a violent coup, there may be a violent revolution, there may be a violent uprising, there may be... As a student of history, when I look at historical atlases, the first thing that jumps to your eyes is that borders are always changing. They're not always changing because everyone agrees with the change.

We are dealing here with the consequences of the miraculously bloodless downfall of the Soviet Union. A lot of people applauded that – fine – but one of the conditions for the continuation of this happy state of disintegrated empire was that everyone's interests were more or less taken care of, including the largest countries' interests.

I would say that one thing that Russia's neighbours with large Russian populations should have realised is that they can keep that territory intact if they do two things; if they treat the local Russians right, and if they have a normal relationship, let's put it that way, with Russia. If you [sound slip] either of those two conditions is [sound slip] effect on Russia, I think Russia, basically, has lived and continues to live with the very serious problem of building a nation out of a multi-ethnic community.

You may say that what happened in Crimea, what happened in Donbas has relevance. Yes, it does, but so many other things do as well. It's a problem that's always very much at the top of people's minds. Russia also has inherited this Leninist, Stalinist concept of national homelands, which is very...

One of the things that the Chinese are very worried about, that in some of their own regions they adopted this soviet model which does not guarantee territorial integrity, because if you have a geographically-defined region for a certain ethnic community, there may be a time when that

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community will develop its own nationalism and then it will claim those internal borders as future state borders, and you will be in trouble. It's so much better to do things differently, like states in the United States, and have everyone more or less...

Fraser, we're dealing with two crises in Ukraine; one is Ukrainian Crisis and the other one is the Ukraine Crisis. The Ukrainian Crisis, that's domestic, internal within Ukraine, and I'm not touching upon that. All of a sudden, there are thousands of experts around the world on Ukraine; I'm not one of them. I know very little about that country. I think that one of the big problems of Russia is that there are very few experts in Russia who are real experts in that very important country.

In terms of the Ukraine Crisis, which is essentially between the US and the Russia about the world order, or about, from the US perspective, Russia's challenge to the order that was installed after the end of the bipolar system. That will not be resolved by what happens in Ukraine. It's much more fundamental, it's much bigger, and it will last longer, as US sanctions, I think, will last decades against Russia.

The Ukrainian Crisis [?] can be dealt with in a different way, and, in principle, it can be solved through reform within Ukraine, through assistance to the Ukraine, but, primarily, it will be solved by the Ukrainian people themselves. I hope that that's how it will be, but Europe cannot walk away from Ukraine.

When I hear the phrase tough love – it's fine if you're dealing with a faraway country for which you don't care that much. It may survive, it may fail. This is not the case with Ukraine and Europe. Europe, I think, has to be very much closely involved in that. The oil price collapse, I believe it's more important than sanctions. It could be bad, exceedingly bad, for Russia, but it could be its salvation.

Geopolitics means that you do not... Europe prides itself on being a normative community that cares about the law, cares about the economy. There is not much history in this thinking; there is not much appreciation of the geopolitical realities of the various countries. This is something that needs to be at the back of people's... maybe not up here, but certainly there.

When you negotiate an agreement with, say, Ukraine, or you've done that, when you proceed to deal with Armenia, of course, you will not allow Russia to veto an agreement between Armenia and the European Union or between any other country in the European Union. It would be foolish to act as if Russia were not there. Geopolitics is part and parcel of the thinking process, and at the back of the mind in the decision-making process.

Very lastly, modernisation cannot be done with Kazakhstan and Belarus. I think modernisation is first and foremost the task of the Russian people themselves. I cannot accept that Russian people do not have enough, by now, having spent so much time in the West, having had so much experience with the West, expertise and all that, that... Of course, it would be so much better to have Lisbon-to-Vladivostok. What we are likely to have is a Shanghai-to-St Petersburg. That's the reality.

This is not your first choice, but this is... If you are a realist and get the best out of it. The relationship with China is exceedingly important to Russia, even without Ukraine, even without the United States. It is so important in and of itself. The two countries will never become allies; that's very good. This is one of the lessons from Sino-Soviet alliance, that alliances should not be attempted. Two great powers do not come to bed for a long time with each other. They need to keep a certain safe distance between the two of them, which I think will happen.

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JAN TECHAU: Thank you, Dmitri. We have about five minutes left. That means that the two questions that I still have on the list I'd like to bring in, and then perhaps a third one here, but then we have to close it down. Then, very brief questions, please, very brief answers, including final words from the two of you. Then we'll move over to that side, as always here at Carnegie, and you'll find drinks and a few nibbles over there.

The first question is the gentleman there in the back row.

ANDREW HIGGINS: Hello. Andrew Higgins from the New York Times. I'd like to ask both of you what you make of the revival of the concept of Novorossiya? Is this just a rhetorical flourish, or is this a serious project? If it is the latter, that would suggest that Dmitri is wrong in suggesting that Russia has no imperial urges.

JAN TECHAU: Thank you very much.

JANIS FOLKMANIS: Janis Folkmanis from the Political Advisor in Latvia to the President. If I can shift the light just for a moment away from Russia and the Ukraine to the European borderlands, Dmitri is recommending softly-softly in the Ukraine. Is that your recommendation for the borderlands as well, or do we need a firmer approach?

Military is one side of it, but economic strength or weakness is perhaps another dimension. If the countries are weak, maybe they're more vulnerable. What's your view on that?

DMITRI TRENIN: Can I ask you to reform your...? I didn't get...

JANIS FOLKMANIS: Finland, the Baltic countries, Slovakia, [sound slip] and Romania are very fearful; they have the fears of cold war [?], which you have at the moment. That's the psychology. If I understood properly, we shouldn't be too militarily, shall we say, active in Ukraine. Does that also apply, in your view, to strengthening the border countries?

The other dimension is economic strength or weakness. After the Second World War Marshall Plan, different scenario: much more chaos, but nevertheless economic strength or weakness can make a big difference to the borderlands. Do you have recommendations on that front?

JAN TECHAU: Thank you for that.

CHRISTIAN FORSTNER: Hello. Christian Forstner, Hanns-Seidel Foundation. Following your conclusion that it's an end of an era, I'm questioning what are the reasons for this era to come to an end. Is it a question of behaviour now, of the shift in Russian foreign policy? Is it the fear of a regime change because of rule of law, democracy and good governance, values being promoted by the EU? Is it export trade relations - Russia's cut off? This is the reasoning of this policy shift.

The second one, what you call the rise of nationalism: will this nationalism now replace the regime legitimacy of welfare production which has been the case before the Putin years, so every year a surplus in welfare for the society? Now, with the economic problems, we shift to nationalism to produce regime legitimacy.

JAN TECHAU: Very good. In light of the advanced timeframe for this event, be as selective as you want to be. Some of these questions require their own seminar, actually, but we can't go there. Please answer as concisely as you can. Dmitri, I would like you to start so that Gwen has the final word.

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DMITRI TRENIN: Excellent. Andrew, Novorossiia is not a serious concept. It would have been a serious concept had the Russians in the wake of the Orange Revolution ten years ago started with a project instead of complaining about US support for NGOs and blah-blah-blah. They could have started a project of their own to build a Russian-speaking elite, Russian-friendly elite in those two regions to oppose and to balance the essentially anti-Russian elite in Western Ukraine and Kiev. That would have been a strategic approach. They never did that. They never even thought about it. Novorossiia is a phrase, not more than that.

On softly-softly, really, I wouldn't characterise my recommendations in these words. I'm just saying that it's more like danger-danger: it's dangerous to provoke things; it's dangerous to leave things unwatched. Now I think in Ukraine there are ways of de-escalating the crisis on the basis of a political process in Donbas, with some military arrangements along the ceasefire lines.

I understand the historical fears in the Baltic States, and also in Poland, and more recently in Finland; that's right. To me, it was always in parallel to Russian fears about the United States. Again, if you excuse me, but I think I will be even-handed, there's a little bit of paranoia on both sides: Russia about the United States; Eastern Europe, Central Europe, or parts of it, to Russia. There's historically condition, what have you, but it's a fact of life; you have to deal with that.

I believe that it is absolutely clear that there can be no Russian aggression, if you call it that, against any member of NATO. I just don't see it; it's unthinkable, and that includes the Baltic States. It may be that Russia will intensify its outreach to this or that party, that or that group of people within your country or Estonia, to support Russian rights, what have you. You may have more of it, but it's very different from aggression or invasion, however you want to characterise that. I don't see any military threat today or in the foreseeable future. I just don't see it. Economic weakness plays a huge role in conflicts, and I hope that the message is clearly understood with regard to Ukraine.

Very lastly, the reasons for the end of an era are many, but I think the lesson that people have learnt from the First World War and implemented after the Second World War, which meant that you need to integrate a former adversary, was ignored after the first Cold War. I think we'll have to go through another bout of rivalry and competition, which may have a huge downside, but some upside as well. It's not the end of history; things will continue [inaudible]. Russia will, hopefully, survive, and, hopefully, we will even be better in the future.

Very lastly, I don't think, and this is where I disagree with some of my colleagues, that for the Kremlin the biggest threat in the post-Soviet space came in the form of democracy and the rule of law. I think that the Kremlin, although they may be very wrong about that, is exceedingly cynical about democracies in the CIS countries and what may happen in Ukraine and what has happened in Georgia.

They are very respectful of democracies in the EU countries, but they do not fear... what they do fear is chaos, sedition, Maidan in Red Square, State Department which is more dangerous today to the stability of countries than the CIA used to be in the Cold War, that very surprising transformation.

Very lastly, nationalism and welfare have to go together. In order to love your nation, you also need to feel good in that nation. For the Russian people, they can withstand a lot of hardship, as we all know, but they need to understand that their Government is doing the right thing, the just thing. The concept of what's just and what's unjust, what's right and what's wrong, is very deeply ingrained.

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So far, like it or not, Mr Putin is considered to be doing on balance the right thing, however you want to address him, on Ukraine, not necessarily on corruption, not necessarily on the economy, not necessarily on thousand and thousand more issues. On Ukraine, he's considered to be doing the right thing.

JAN TECHAU: Dmitri, thank you very much. Gwen, wrap it up for us, please.

GWENDOLYN SASSE: I have two points on the perception and, obviously, reality of security concerns in the borderlands. Probably, once a Ukrainian, I also wouldn't have interpreted we said as going soft on the Ukrainian issue, but going soft means... maybe I said that at some point the talk about NATO membership for Ukraine, I don't find helpful in the current situation, which [?] isn't the same, I think, as going softly on dealing with the Ukrainian Crisis and Ukraine Crisis.

Once that is addressed, I think the perception, again, of threat would look quite different immediately in the borderlands. I also don't think that the security of NATO members is under threat. I think, economically, one thing that is clearly important, and we haven't mentioned at all today, is energy and to think about energy dependence.

Hopefully, the EU can move at least some way towards... energy union is a big word [sic], and that will not happen even in the probably medium- to long-term to the extent that that term suggests, but at least that is, I think, clearly an important area to work towards.

In terms of the shift in what has changed in Russia - and I think maybe it's important to recognise that it's been a gradual process, and I think we might sometimes perceive this now as all of a sudden something switched, and what was that? - what came along was an opportunity for Putin, plus a perception of some more imminent threat to something domestically, but this gradual build-up compared to the 90s, greater economic strength, greater political strength and a build-up of frustration with the West over many issues. I think that's a very gradual process, and that's what we probably need to understand, more than a sudden shift.

I think Jan should have the last word, but going back to what I wanted to say before about negotiations, I didn't mean to say that there are no talks. I didn't pick up Fraser's point before. In particular, Merkel has been talking a lot, and more recently again, but that's clearly not enough.

I think the engagement has to happen and talking at different levels, from local talks inside Ukraine, involving separatist leaders, to engaging as we try to outline perhaps a bit with the new Ukrainian Government and at the UN and beyond as well, at EU level, talking to Russia through different, also, institutional mechanisms that exist to shift issues also on to economic or trade issues where there can be more cooperation agreement.

We also haven't really talked about [inaudible] today. Clearly, we're in an era where at some level the relationship can get totally stuck and needs to be rethought, but on other levels it's continuing and has to continue. We haven't really brought in the Middle East. I think this is the world we live in now, where different kinds of relationships exist on all kinds of different levels.

JAN TECHAU: Thanks a lot to both of you for coming over to Brussels for this; Gwen from Oxford, Dmitri from Moscow. As I said, this is the facility [?] closest to us; that doesn't mean that the issue [inaudible]. I wish that the agenda was, of course, following the Carnegie agenda, but that's not the case.

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We will continue to talk about Russia and Ukraine and the neighbourhood next year, I'm sure. Then we hope that we can get you both back in to that end.

I would like to thank my team for putting together an enormous number of events this year in this building, both big and small, all of them, with lots of work involved. It was all possible because of my great Carnegie team. I would like to thank both the panelists but also my team for a fabulous year. We will put more events together next, and my wish for the next year is to see all of you again here. Thank you very much.