

## Warming to Russia

BY BUNN NAGARA



*Improving ties: Putin bowing in front of an icon of Virgin Mary during his visit to the church of the Protaton in Karyes on Mount Athos, Greece, in May, his first to the EU since December. The EU is hoping to improve relations with Moscow although sanctions are still in force. — AFP*

***Even as Western sanctions are often said to work on Russia, Russian sanctions on Europe are proving to be even more effective.***

AS the US presidential campaign grinds on, Donald Trump continues to be chastised and condemned for allegedly being “unfit to be president.”

Part of his disqualification is said to be a willingness to talk with foreign leaders such as Russian President Vladimir Putin. That at least is the view of the US Establishment including the mainstream media, which Trump has accused of bias against him.

Justified or not, that view of Trump is increasingly narrow and unrealistic given the latest developments around the world. Trump is far from alone in preferring to negotiate with Russia instead of ostracising or ignoring it.

His aides like Carter Page and Paul Manafort are clearly with him on such issues. In a speech in Moscow last month, foreign policy adviser Page criticised US Establishment hypocrisy in alienating Russia.

The sentiment goes beyond Trump’s current campaign. In the same month in 2014, former presidential candidate Ron Paul also highlighted Establishment hypocrisy blaming Russia for the downing of MH17 even before any investigation had begun.

From this ideological starting point, US mainstream commentators and news media expressed shock at Turkish President Recep Tayyip Erdogan’s sudden rapprochement with Russia.

To Washington’s elites, Turkey was not only a Nato partner but also one that was deeply estranged from Russia over Syria and the downing of a Russian fighter jet last November.

Russia has been steadfast in supporting Syrian President Bashar al-Assad, while Turkey was actively supporting armed groups trying to overthrow him.

But now Erdogan was warming to Moscow, meeting Putin in St Petersburg for a complete reset in relations.

Russian media reported him declaring to “friend Vladimir” that he “personally and with all my heart” solemnly pledged to “salute President Putin and all Russians.”

Russian sanctions against Turkey over a range of industries – from food and apparel to travel, construction and energy, estimated at US\$10bil (RM40.2bil) or more – had hit Turkey hard.

It is a predicament that many of the 22 other Nato partners in Europe can understand and sympathise with.

Following Crimea’s decision to return to Russia in 2014, and pro-Russian eastern Ukrainians’ agitation against Kiev, the US and EU applied and then tightened sanctions against Russia.

In turn, Russia slammed sanctions against EU countries, with an emphasis on agricultural produce. The counter-sanctions hit Greece and Italy particularly hard.

With a country the size and economic weight of Russia, it soon became clear that sanctions cut both ways. Soon, it was time for the Europeans to stagger towards resetting relations with Moscow as well.

In April, the Nato-Russia Council met for the first time in almost two years.

The following month, Nato announced in Brussels that it would meet Russia again. Putin’s spokesman reportedly welcomed the statement, on condition that talks respected Russia’s national interests.

That month, the Netherlands held a referendum that led to a snub of Ukraine’s hopes of moving closer to Europe. Just over 61% of Dutch voted against ratifying an EU-Ukraine Association Agreement.

President Jean-Claude Juncker of the European Commission then announced he would visit St Petersburg in June. The focus was to be on trade in what would be the highest-level visit by an EU official since 2014.

But even by then, Juncker had been preceded by other European leaders. Greek and Cypriot officials visited Moscow last year while Austrian and Hungarian leaders did so earlier this year.

In early June, French lawmakers voted 302 to 16 to lift sanctions against Russia. Moscow’s counter-sanctions had also hit a range of French industries and hurt the country’s economy.

German businesses have been at least as concerned about the impact of sanctions against themselves.

No less than the German Vice-Chancellor and Foreign Minister have been floating the prospect of rolling back sanctions against Russia.

By mid-June, Europe’s private sector rallied to the impending reset with Russia alongside Juncker’s visit.

The occasion was Russia’s prestigious St Petersburg International Economic Forum (SPIEF), and the sticking point on sanctions was the Minsk Agreement. Europe wanted Russia to observe it, and Russia wanted Ukraine to do so as well.

For the past two years, Western attendance at the SPIEF was low to nil. As two-way sanctions bit deep, Western businesses could stand it no longer and returned to the forum in hopes of getting back to business as usual.

US officials tried to persuade American business leaders to stay away again but failed. Bosses of US corporations like ExxonMobil joined their European counterparts in Russia again this year.

With oil prices heading towards normalcy, so did inflation in Russia, a major oil and gas exporter.

Western cynicism about sanctions against Russia having any effect is rising, with economic contraction this year expected to be only 0.5%.

At the SPIEF, Italian Prime Minister Matteo Renzi announced Italy's intention to enlarge economic ties with Russia. He also expressed hope that EU-Russia relations would improve.

Renzi actively encouraged joint ventures between Italy and Russia. Italian and Russian companies signed business deals even as he spoke.

In what bordered on a mutual admiration society between him and Putin, Renzi praised Russian history, culture and civilisation in Putin's hometown of St Petersburg.

Calling Russia an indispensable country for Europe, he even commended and thanked Russia for its actions in Syria.

Italy did not want sanctions against Russia to be extended automatically. In implicitly agreeing with Russia, Renzi acknowledged that the Minsk Agreement also had to be honoured by Ukraine.

Former French President Nicolas Sarkozy had suggested that Russia should do its part by lifting sanctions against the EU. Putin said that could be done if the EU would reciprocate.

He declared that Russia did not need a new Cold War, noting that Russia respected the US as the world's sole superpower but could not accept its meddling in Russia's internal affairs.

In addressing European officials and business leaders, he said US-led sanctions neither considered Russia's own interests nor took account of Europe's.

Following Nato military exercises in Poland and Lithuania in June, Germany advised against provoking Russia unnecessarily.

Commenting in Frankfurt, Foreign Minister Frank-Walter Steinmeier said European security would be better served if Russia could relate to Europe as a responsible partner, not as the mere object of Western military preparations.

His position was immediately welcomed by Moscow. Russian officials saw an oblique difference between Steinmeier's views and those of Nato secretary-general Jens Stoltenberg.

Meanwhile, Russian media highlighted the prospect of improving relations with Britain under new Prime Minister Theresa May. Putin and May are tipped to meet at the G20 Summit in Hangzhou next month.

If any Western policymaker still harbours the thought of cornering or containing Russia, it should be obvious that Russia is too big and savvy for that.

Days after the SPIEF, Putin was in New Delhi on the sidelines of this year's Shanghai Cooperation Organisation (SCO) Summit in Tashkent.

The SCO agreed to admit India and Pakistan as members. Indian Prime Minister Narendra Modi thanked Putin for Russia's support and pledged as chair of BRICS (Brazil, Russia, India, China, South Africa) to maintain the momentum that Russia had begun.

Within hours, Putin was in Beijing, observing that Russia and China would continue coordinating their largely common positions on international platforms like the UN, the SCO and BRICS.

This visit, just prior to Hangzhou summit, touched on diplomatic, political and economic interests. It involved 50 documents covering 58 business projects valued at US\$50bil (RM201bil), with Russia's oil and gas sector prominent.

Already, 12 of the projects are said to be underway. Among those still to begin is a joint venture in aviation to produce passenger jets that could rival Boeing and Airbus.

Notably, Russia and China have now agreed to expand mutual payments in their respective national currencies rather than the dollar. That is said to reduce their dependency on "external factors," but the US is still not going to be thrilled.

In apparently taking a cue from this move, Erdogan has suggested to Putin that trade between Turkey and Russia be in their own currencies rather than the dollar.

Late last month, Putin was in Slovenia, an EU and Nato member, calling for closer Russia-EU relations. Western media saw it as a test of EU resolve.

Two days later, Hungary said Russia was no threat to Nato countries. Slovakia added that sanctions against Russia should be removed.

However, Bulgaria differed in accusing Russia of airspace violations. It also voiced criticism of Turkey.

It seemed to be more reason for growing Russia-Turkey ties. However, a debate is simmering in Moscow on how far this rapprochement can be taken as a given.

Evidently, traditional "weapons" like sanctions and military preparedness cannot work fully as intended.

Diplomatic ploys and political gambits can be at least as important.

Just to make that clear, while the EU was preparing to extend sanctions against Russia for another six months, Moscow extended sanctions against the EU for another year.

That would keep Russia ahead of the curve in the sanctions game. Once more, Putin would not be the first to blink.

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