

Putin's visit to Germany and the redefinition of international relations

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Russian President Vladimir Putin visited Berlin June 14 to 16, accompanied by a delegation more than 100-strong, consisting of cabinet members, members of parliament and business leaders. It was the third leg of his tour of Europe, following trips to Rome and Madrid. His next stop after the Berlin meeting was Moldova.

The main objective of Putin's visit to Germany was to revive the political and economic relations between the two countries. German Federal Chancellor Gerhard Schröder stated that Germany wanted to maintain and intensify its "strategic partnership" with Russia. He went on to say that there would be a "comprehensive new beginning based on common interests", adding that Germany hoped to play a leading role in the economic modernisation of Russia. Putin stated, "Germany is, and will remain, our leading partner in Europe and the world."

Political relations between the two countries had cooled substantially after the change in government in Germany in the fall of 1998, and had practically come to a standstill since Germany's participation in the Kosovo War. This prompted various critics in German ruling circles—mainly from the conservative camp—to accuse the government headed by Schröder and Foreign Minister Joschka Fischer of having destroyed the fruits of Germany's "Ostpolitik", the policy of rapprochement with the East which dates as far back as the Adenauer government of the 1950s and which is most closely associated with the government of Willy Brandt and his chief adviser, Egon Bahr.

The immediate cause of this and similar criticisms was the fact that, since having assumed office, Putin has already met twice with British Prime Minister Tony Blair, hosted US President Bill Clinton in Moscow and visited Italy and Spain, but there had been no official "re-launch" of German-Russian relations.

German-Russian economic relations had suffered a severe setback due to the Russian financial crisis that surfaced in August 1998, forcing German corporations and private investors to write off or grant a respite for billions of marks. Russia still owes Germany, its largest creditor, nearly 100 billion marks for loans that partially date back to the time of the Soviet Union, and which mainly flowed from the Kohl administration to the government of Boris Yeltsin. The total

also includes bank and corporate loans.

Although they amounted to little more than declarations of intent, investments totalling four billion marks were envisaged at the Berlin summit. Two billion marks were earmarked for a joint project involving the German Winterhall AG gas company and the Russian Gazprom corporation. The two companies plan to tap natural gas deposits in the northern polar region.

Also, the German government agreed to once again provide its "Hermes" credit guarantees for export deals between German and Russian companies and extend coverage by a further one billion marks. The Hermes guarantees had been withdrawn in the fall of 1998 because of Russian non-payment.

In general, paving the way for renewed economic relations was slow going and heavily influenced by the experience of the past two years. Unlike in the past, when lump-sum credit was extended to the government or to banks, the focus was now on "smaller projects that are easier to handle".

The most important thing for German companies planning to invest in Russia in the future will be "a clear-cut situation in the economy". The demand from German industry is that the influence of the Mafia and "insurmountable bureaucratic obstacles" be eliminated and replaced with a "Western-style market economy".

To achieve this, a working group including representatives of German companies and under-secretaries from the respective ministries of finance is to be established to coordinate economic relations. The intention is to "provide specific consultation to the Russians in implementing tax reform, restructuring the bank system and building up an efficient customs system so that Russia can bring these reform projects to fruition quickly and efficiently," said Klaus Mangold, chairman of the Eastern Regions Committee of Germany Industry.

There is a growing consensus in Germany's ruling circles that the onset of the Putin era and the new Russian president's "strong state" policies will bring about a more favourable situation for German interests, specifically in Russia, but also within Russia's sphere of influence in Central Asia and the Caucasus.

The war in Chechnya has enabled Russia to consolidate its influence in this region. Having built up very close relations

with the US and NATO after the collapse of the Soviet Union, Georgia and Azerbaijan have experienced a cautious withdrawal of the Western superpowers over the past half year, and are increasingly coming under pressure from Russia.

In Central Asia, Putin consolidated Russia's relations to Uzbekistan and Kyrgyzstan during a recent visit to Uzbekistan's capital Tashkent, and signed treaties with the two countries establishing a military-strategic alliance against "the terrorist threat from Afghanistan". In this context Putin stated that Russia would continue the war in Chechnya "until Turkish-American influence has been pushed back".

This statement prompted a reassessment of the Chechnya War in the Russian media. Whereas previously the media had uncritically parroted the Kremlin's rhetoric about a "blow against terrorism", the war is now being discussed as an "important foreign policy instrument" and its termination is being considered in this context.

Last week Putin also held talks with the President of Kazakhstan, Nursultan Nazarbayev, about increasing Kazakh oil deliveries via Russian pipelines. For some time now, there have been indications that Russia is prepared to partially adapt its oil purchasing prices to world market prices. As a result of the very low prices Russia has paid for oil up to now, the Central Asian countries had started turning to the US and its allies in the region. The outcome of Putin's meeting with Nazarbayev was that most of the Kazakh oil deliveries will once again pass through Russian territory.

Putin used his trip to Berlin to sound out and redefine Russia's international relations with Germany and, by extension, Europe. Aside from presenting Russia as a unified state power, which Putin claimed had overcome the power struggles of the past and now had an "economy that is gearing up", the promotion of a uniform international antiballistic missile (ABM) system was the most important "subliminal" item on Putin's agenda.

The reason for this is the US plan to develop the Ballistic Missile Defence (BMD) system. The Russian rulers fear that this system would deprive Russia of its threat potential as a nuclear power, and would have direct consequences for its Great Power policies on its southern borders.

In an interview with the German weekly *Welt am Sonntag*, Putin warned that the implementation of such a missile defence system would inevitably lead to a breakdown of the 1972 ABM treaty and of all other arms control agreements. "During our visit to Berlin I would like to talk about our initiative to create a general system of missile defence" that could guarantee "the safety of all European countries", he said.

Replying to statements by US Secretary of State Madeleine Albright with respect to a potential threat by "rogue states" (which in the latest State Department parlance are referred to as "states of concern") such as Iran, North Korea or Libya, Putin said that according to Russian expert analysis there was no missile threat from these "problem states" at present, nor would

there be in the foreseeable future.

Chancellor Schröder said Putin's proposal—put forward as an alternative to the US missile defence plan—to create an antiballistic missile system including Europe and Russia "deserves thorough consideration" and should be discussed in the joint NATO/Russia Council. A European security policy without Russia is unthinkable, he added.

This statement of Schröder's is an expression of Germany's contradictory situation. On the one hand, Germany wants to orient itself towards Russia on its own, on the other it is committed to the structures of the European Union and NATO. The main fear is a break in relations with the US.

The *New York Times* commented on the new German-Russian rapprochement as follows: "This easy understanding stands in marked contrast to the sometimes awkward relationship between Mr. Schröder and President Clinton." The *Times* fears that the implementation of the new anti-ballistic missile system by the US will inevitably lead to an increase in tensions within NATO, commenting that "such a decision would only put Mr. Putin in a corner and provoke what one [German official] called an 'unnecessary crisis with the alliance partners'."

The German side is keeping a low profile in its approach to Russia for the moment, attempting to keep up the appearance of being open in all directions. The subject of the Chechnya War was not broached during Putin's visit, but on the other hand no concessions were made to Russia on the important issue of debt restructuring. The German Foreign Ministry's laconic remark on this was that "one could hardly treat Russia in the same way as Uganda".

But the current debate on the reorganisation of Germany's military forces is a clear indication that relations within the hitherto relatively stable transatlantic alliance may well take on new forms. The institutions of the European Union are systematically creating the technical and structural preconditions for independent military action to implement "vital interests". This rearmament program is extensive and costly.

Consequently, Germany still needs time to think things over, and is first focusing its economic and foreign policy on stabilising its eastern "hinterland". The ruling elite wants to wait and see whether the new beginning in relations with Russia can be "filled with substance".



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