

# German-Russian summit in St. Petersburg: big expectations, little achieved

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The fourth round of consultations between the German and Russian governments, which took place in St. Petersburg on the April 9 and 10, was announced with a fanfare of pomp and ceremony.

On April 5, German Chancellor Gerhard Schröder published a long article in *Die Zeit* newspaper in which he emphasised the “strategic partnership with Russia” and its outstanding importance for German and European foreign policy. The article continued: “The centre of Eastern politics for Europe and Germany is Russia”, and “because of its situation and history, Germany sees itself as an impulse and motor for the Russia policy of the European Union.” For its part, close collaboration with Europe is indispensable for Russia: “Russia has always been successful when it has opened itself up to Europe, engaged in an lively exchange and linked itself with the economic and intellectual development in the rest of Europe.”

The conservative newspaper *Die Welt* published a contribution by Alexander Rahr, who is the specialist on Russian affairs for the German Society for Foreign Affairs and himself the scion of a prominent white Russian émigré family. In his article he praised President Putin and the prospects for the Russian economy in the highest tones.

According to Rahr, Germany should not make its Russia policy dependent on an immediate political agenda but should dare “to cast a bold glimpse forward”, for example, “to the year 2005 when Putin will probably be re-elected as president and will stand at the pinnacle of his power”. Russia would then “not be a functioning democracy and market economy in the western sense”, but western investment capital would be “probably able to flow unhindered into the Russian market”. At this time “many oligarchs would sell off their companies, reckoning to get a top price”.

Rahr very bluntly defends the standpoint of exploiting for one's own interests the worsening of relations between Moscow and Washington. He begins his contribution with the words: “A conflict threatens to break out between the United States and Russia over the heads of the Europeans. The USA increasingly sees the future of Russia in a negative light and clearly wish to renounce their partnership which began 10 years ago. The Europeans have to decide whether to follow the hard line of Washington or seek their own independent path of friendship with Russia.”

In the event Schröder travelled to St. Petersburg with the most important representatives of his government. Together with

Foreign Minister Joschka Fischer, the delegation also included Defence Minister Rudolf Scharping, Finance Minister Hans Eichel and Interior Minister Otto Schily. Parallel to the government summit a so-called St. Petersburg Dialogue took place with around a hundred prominent personalities from politics, business, science, culture and media taking part. The plan is for such a dialogue to take place on an annual basis along the lines of the traditional Königswinter talks held between Germany and Great Britain and designed to further relations between the two countries in every aspect of society.

Measured in terms of the expectations and the trouble taken to organise the conference, the results were very thin indeed. Apart from an agreement on research and the peaceful exploitation of outer space and the extension of 10 grants for the training of Russian executives in Germany, no other concrete decisions were made. Controversial issues such as the resolution of Russian debts to Germany or demands made by Germany for the restoration of works of art confiscated by the occupying Soviet power at the end of the Second World War were either ignored or passed over with general phrases.

The “lavish meeting dissolved into the atmosphere,” ridiculed the *Neue Züricher Zeitung*, and the *Süddeutsche Zeitung* commented acidly: “The Petersburg visit combined everyday diplomatic business with employment of the publicity wind machine.” The extent to which Putin and Schröder came closer together was shown by the masterly way in which they were able “to make something big out of something very small”.

The meagre results of the German-Russian summit made clear the dilemma of German foreign policy. Since reunification and the end of the Cold War, Germany has attempted to step out of the shadows of the USA and play a more independent role. In doing so it has repeatedly come up against contradictions which it cannot resolve.

Schröder's predecessor Helmut Kohl had already conceded a high status to an alliance with Russia. Such a union was aimed at creating a counterweight to Germany's alliance with the USA as well as increasing Germany's standing inside Europe. This was the aim of the famous sauna friendship between Kohl and Putin's predecessor as president, Boris Yeltsin. In 1966 Kohl authorised large injections of cash, which made Yeltsin's re-election possible. Schröder is now treading in Kohl's footsteps. The style of the meetings has changed—the two men prefer to meet in family circles instead of the sauna—but the content has remained the same.

However neither personal friendship nor financial help has been able to prevent Russia's continuing decline. The hope that an up and coming economy and socially stable capitalist country would emerge from the ruins of the former Soviet Union has proven to be a deceptive illusion.

In terms of world economy, Russia's role has been virtually reduced to that of a supplier of raw materials, in particular oil and gas. Following a massive outflow of capital (according to estimates, \$20 billion a year) and the decline of infrastructure and production facilities, the country has become unattractive as an investment prospect. According to information from the Deutsche Bank, foreign investment in Russia last year amounted to just \$1.5 billion. In comparison Poland, a much smaller country, received \$10 billion.

At the same time it is estimated that Russia requires \$100 billion just to modernise the infrastructure of its oil and gas industry and tap new deposits. A similar sum is necessary to sustain Russia in the field of energy (from the year 2003 major collapses in the energy, heating and water supply systems have been predicted), as well as transport, education and general health care.

The precarious nature of the economic situation is clear from the issue of debts, which were mentioned at the Petersburg summit, but neither dealt with nor resolved. Without resolving this question it is barely possible to organise further investment.

Russia has a total foreign debt of \$170 billion, and is due to repay \$14 billion on an annual basis for the next 10 years. Over a quarter of these debts are owed to Germany, Russia's main creditor. The Russian government is calling for a partial remission of these debts. Otherwise, according to the reasoning of the government, the economy will be strangled. Russia's creditors have refused such relief, pointing to the country's high oil revenues at the current time.

A further highly controversial issue concerns the so-called former debts from the period of existence of the Soviet Union. Berlin is demanding the return of 6.4 billion so-called "transfer roubles" owed by the Soviet government to the former GDR (East Germany). Germany has translated this sum into a total debt of 15 billion German marks based on an exchange rate of 2,34 DM. For its part, Moscow has estimated a exchange course of 65 pfennigs per rouble and is questioning the entire debt.

From the German point of view the social question in Russia is just as worrying as the debt issue. At present Putin's regime is regarded as stable and he himself as popular. However the increasing repression of public opinion, and the narrowing of the government to a circle of close confidantes from the milieu of the secret service, makes clear that appearances are deceptive and under the surface the situation is extremely tense.

Just two weeks before the summit Putin replaced the heads of Russia's two most important security ministries with close confidantes. He named the 40-year-old Sergei Ivanov to the post of defence minister and the former head of the parliamentary fraction Yedinstvo (Unity), Boris Grysllov, to the post of interior minister. Both belong to Putin's "Petersburg Connection", the clique of former KGB agents who have risen to the highest government positions via posts in the municipal authority of St. Petersburg.

While the summit was taking place thousands were

demonstrating in Moscow against the take-over of the television station NTV by the semi-state-owned concern Gasprom. NTV, which belongs to the Media-Most Group owned by the oligarch Vladimir Gusinski, was up until now the only pan-regional station to take a critical position with regard to the president. The confiscation of the station by the Gasprom concern, which immediately replaced the existing general director with a supporter of Putin, amounts to a virtual annexation of the Russian media.

Chancellor Schröder saw himself forced to take up the issue and gave an interview to the radio station Echo Moscow which also belongs to the Media-Most Group. Playing his cards close to the chest he merely made a general appeal for the freedom of public opinion, and that was that. Schröder emphasised that he did "not want to interfere in domestic issues". For his part, Putin expressed his own support for freedom of public opinion and stated that the conflict concerning NTV was a purely commercial one between two companies.

Under such conditions, the Petersburg Dialogue turned into a farce. While Schröder and Putin were singing the praises of "civil society" and describing the meeting as a "populist" forum for abroad exchange of ideas, the masses were kept firmly outside. The only delegates from the Russian side were Kremlin loyalists, handpicked by the new Interior Minister Grysllov. There was not a single representative from a non-governmental organisation in attendance.

The German delegation also consisted overwhelmingly of politicians, representatives of institutions, professors, business chiefs as well as a few parliamentary deputies, including Gernot Erler (SPD—German Social Democratic Party), Karl-Heinz Hornhues (CDU—Christian Democratic Party) and Gregor Gysi (PDS—Party of Democratic Socialism). The Dialogue was chaired by Peter Boenisch, former chief editor of the boulevard *Bild* newspaper and a one-time press secretary for Chancellor Kohl.

One thing was clear in St. Petersburg: the SPD-Green Party coalition government in Berlin has basically nothing against Putin governing Russia with a hard hand. They are afraid, however, that he could lose control of the situation letting loose explosive social tensions should the base of his government become too narrow. That would have the effect of destabilising not just Russia, but all of eastern Europe. This is what lies behind the subdued, general appeals for freedom of public opinion.

In addition, an overly strict state control of public opinion could backfire on business interests, or as the conservative *Frankfurter Allgemeine Zeitung* commented on the eve of the talks: "Schröder will not spell out the basics of democracy to Putin, but would be well advised to remind those who have been raised under authoritarian conditions, that freedom of opinion goes together with economic freedom."



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