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Anchored East, Integrating West: Bulgaria, the European Union, and the Russian Federation

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Abstract

Bilateral relations between the European Union and the Russian Federation are best described as one of asymmetric interdependence. This arises primarily out of the significant dependency of EU member states on Russian energy resources. The accession of the countries of Central and Eastern Europe into the EU has soundly increased these asymmetries. The nature of the existing infrastructure for energy resource transmission in Europe, as well as the prevalence of long-term energy contracts in Eastern Europe has led to the fact that these are states which are largely non-diversified. Consequently, the asymmetric dependence is reflected into the accumulation of significant negative trade balances between these states and the Russian Federation. Against this background, Bulgaria's bilateral approach vis-à-vis Russia as a 'friendly pragmatist' has evolved only in the course of the past decade. The gradual shift away from the path-dependent discourse of the early 1990s has been the result of rational reflection on past events. Bulgaria has over 130 years of diplomatic relations with Russia. These have been invariably analysed through the dichotomy between on the one hand, the theory of Soviet occupation in Eastern Europe and, on the other hand, the International Relations realist theory of small states. Bulgaria's accession into both of the EU and NATO in the new millennium has increasingly cast these aside, allowing for a

measured pragmatist-realist approach in the pursuit of a level-playing field in strategic energy and trade negotiations.

1. International Relations and the Nation State: Bulgaria and the European Union

We inhabit a space governed by over 1700 international organisations, each seeking to stimulate and enhance co-operation and co-ordination amongst nation states to an ever greater extent (Yearbook of International Organizations 2001:2586). Arguably, the role of international organisations has never been more prominent in politics than it is today. Thus, international organizations have come to assume the role of principal over their once traditional embodiment of an agent (Finnemore 1993). Consequently, their impact on domestic policy formation has soundly increased.

International organisations have multiplied several times over since the end of WWII, logically leading to an increase in the establishment of international relations primarily through supranational organisations. This is especially true of the European integration project. The unprecedented role that the Commission played in the integration of states in the European Communities has had an important impact on the development of cognitive structures of domestic agents through the process of socialisation amongst member countries (Finnemore 1993:50-51). This incidence has further increased with the end of the Cold War. The ensuing power vacuum necessitated that the political geography of the European continent be redrawn once again. The collapse of the Soviet Union and the pull of both of the European Union (EU) and NATO through the carrot-and-stick approach (Buller 2000) resulted in profound foreign policy reorientations in the COMECON states of the former Soviet bloc¹.

The volume and intensity of the accession process in Central and Eastern Europe (CEE), coupled with the weakness and vulnerability of those states, as well as the advanced tools of integration that the Commission made recourse to, turned the Eastern enlargement into the

¹ COMECON (CMEA): Encyclopaedia Britannica, Available HTTP <<http://www.britannica.com/EBchecked/topic/399860/Comecon>> (accessed 11 April 2012)

most pervasive instance of export of supranational policy and institutional structures in individual nation states (Cremona 2003:1-7). Observing the dismantling of command economies through aggressive privatization, the scraping of national champions and restitution of once nationalised property, as well as efforts towards decentralisation of government and the institutionalisation of civil society, the currency of scholarship established a clear causal link between supranational co-operation and the change in domestic institutions, public policy preferences and formation, as well as the cognition of domestic actors.

The changes in Bulgaria have been significant, though often manifestly deformed. Freedom House indices often point to the lack of active civil society in the state, while successive Commission reports emphasise the omnipresence of corrupt practice that leads to a lag in development, pronouncing the country the poorest amongst EU member states. De Villepin, chairing the advisory board on Bulgaria, declared before not too long that the pull of EU membership has failed to anchor the drive for reform in the Balkan state². Such observations have raised doubt over the direction and continuity of Bulgarian foreign policy. Drawing once a historical border between NATO allies and the Soviet sphere of influence, Bulgaria has been called upon to balance strategic energy and trade interests in the southern energy ring (the East-West corridor). The rise of Russia since 2000 on account of its abundant natural resources and the price hikes of oil and gas, has once more seen Western and Eastern interests clash on the battleground of the small South-East European state. Through projects such as South Stream and Burgas-Alexandroupolis, Russia is determined to strengthen its grip, on the one hand, on upstream exploration in the Caucuses and the Near East, and on the other hand, on transmission and trade of energy resources on the higher paying markets of Europe. Meanwhile, pan-European projects, such as Nabucco, have stalled for lack of

² Cendrowicz, L. (2009): Could the EU lose Bulgaria to Russia? Time World, Available HTTP: < <http://www.time.com/time/world/article/0,8599,1912192,00.html>> (accessed 11 April 2012)

resource security and cost efficiency. Russia under Putin has seen old superpower ambitions rise by restoring traditional spheres of influence in the Federation's vicinity. This, coupled with the political drift in Bulgaria, is breeding uncertainty as to the future of the EU's Eastern-most boundary:

'...without strategic direction and clear priorities on issues like security and energy, the Bulgarian state could face populist revolts. And that instability "could undo the ties between the EU and Bulgaria, prompting a shift toward Russian political and economic interests." ³

In the bilateral discourse between Bulgaria and Russia, the role of the EU as a supranational organization has come to be questioned. The EU has emerged as an international actor playing upon its strength as an economic giant but acknowledging its weakness as an international political actor (Jones and Verdun 2005: 145). The realists have been revoked for their emphasis on state-centrism where much larger interests are at stake (Ashley 1984:238). Liberal institutionalists, for their part, have come to pass over their dispute that enlargement policies promote co-operation amongst states in international organizations (Baldwin 1993:20-27). Attempting to resolve this epistemological deadlock, constructivism poses a two-fold quandary regarding the policies of the EU. First, it interprets EU enlargement policy functionally, that is as premised on a substantive political consensus rational. Second, the fact that the EU policy transfer requires a strict adherence to supranational norms and rules by acceding states, in most cases without any derogation and transition periods, means that the latter is presupposed per se (Checkel 1998:326-ff). This far-reaching form of inter-state co-operation has likewise extensive effects on the policy formation and structural organisation of EU member states. Europeanization in the instance of an external force where top-down policy transfer occurs from the supranational to the national level in order to integrate new member states, is unparalleled in its scale as compared to the practice of other international

³ Ibid.

organisations (Bozhilova 2008). Then, in the context of Europeanization, Bulgarian foreign policy vis-à-vis Russia has benefited greatly. The impact of the EU integration project has resulted in Bulgarian foreign policy moving away from the fears of Soviet occupation and the helplessness of small states that pervaded the discourse until the turn of the millennium. Instead, the reorientation of Bulgarian foreign policy in the course of the past decade has led to the pursuit of strategic energy and trade cooperation with Russia. Beyond the EU accession stimuli to that end, such a strategy is strongly founded in national interests since Bulgaria is dependent for its oil and gas consumption on imports from the Russian Federation. Bulgaria is further non-diversified as its only power plant at Kozluduy has reactors of Russian design, and renewable energy remains underdeveloped. The threat that so much energy might lead to political pressure raises concern amongst EU member states.

Yet, Bulgaria's self-serving approach is also one that safeguards EU strategic interests to some significant extent. In seeking close co-operation with Russia, that is otherwise not easily achieved in the EU-Russia bilateral forum (Bozhilova and Hashimoto 2011), Bulgaria serves to bridge over vast interests pertaining to energy security and securitization, more generally, as well as conflict mitigation and resolution in Europe's near neighbourhood and economic development on the continent as a whole. However, such substantive goals are often threatened by unsuccessful policy transfers from the EU to Bulgaria in the post-accession period. Once a full member of the EU, conditionality has lost much ground in Bulgaria (Gateva 2010). This impends bilateral EU-Russia macro policy management through micro policy mismanagement in the Balkan state.

2. Anchored East, Integrating West: Bulgaria and the Russian Federation

The Western countries lacked a strategic wider vision for the continent after the end of the Cold War and had no fully fledged policy approach vis-à-vis CEE(Innotai 2003:89). The response of the European Commission to the aftermath of regime change in the Soviet sphere of influence was the Europe Agreements (EA). However, association with the EU did not afford any rights of co-decision. Therefore, the EA were in no way a substitute for EU membership⁴. The EU approach was ‘in the making’ for more than a decade after 1989, meandering amongst three intervening variables: (1) internal developments in the EU, (2) individual developments in the CEE countries, and (3) the wider context of repositioning of global players following the dissolution of the Soviet Union.

The dismantling of the Soviet sphere of influence did not result in a one-size-fit-all model for the CEE accessions (Boerzel, Pamuk and Stahn 2008:11-13). A critical distinction between the transitions in Central Europe and in Eastern Europe must be drawn. The Central European states, such as Poland, Hungary, the Czech Republic and Slovakia (Visegrad Four), had centuries-old experiences of Western acculturation prior to 1945 (Zweynert and Goldschmidt 2005). They had come in close socialisation with the West through extensive institutional, trade and cultural linkages. The Stalinist model of wholesome society that was superimposed upon them did not succeed in suppressing historical memories. More open regimes developed, in some cases rights to private ownership and enterprise, albeit limited, were preserved, such as in Czechoslovakia and Poland (Kornai 1992).

By contrast, in Bulgaria civil society disappeared during the communist era, while all tiers of governance were subordinated to the Politburo on the example of the Soviet model. Bulgaria was known as the most faithful Soviet ally within the COMECON system of states. This legacy has left the state with scarce civic and political opposition (Rupnik 1999:57-62). The weak democratic structures of governance notably led to one of the most severe economic

⁴ *ibid.*

crises in the 1990s. The recovery was difficult as traditional export markets in the Soviet Union were lost while fuel prices could no longer be in effect subsidised through the COMECON system of trade. In the profound economic and political turbulence of the 1990s, much of Bulgaria's natural affinity to Russia was lost. The subsequent impact of Europeanization and parallel economic strengthening of both Russia and Bulgaria since the turn of the millennium has shown that old dependencies are to be addressed through the creation of a level-playing field.

Anchored in an East-West pull of history, Bulgaria is both disadvantaged and privileged by its standing. It is disadvantaged since the geopolitical importance of the region determines its incremental economic development. Yet, it is privileged, as the strategic significance of relations with Russia affords Bulgaria the position of a natural hub for the region.

In the Leonard and Popescu (2007) classification of EU states' relations with Russia, Bulgaria's approach has been described as a 'friendly pragmatist'. It has evolved only in the course of the past decade. Indeed, this is an approach much less associated with the bulk of the history of Bulgaria-Russia and Bulgaria-Soviet relations in 20th century. Russia is credited as the force behind Bulgaria's liberation from the centuries' old rule of the Ottoman Empire and the subsequent choice of governance, namely the monarchy. In 1945, Bulgaria fell prey to the theory of Soviet occupation in Eastern Europe on account of both of the great powers' plan for division of the continent and by virtue of the country having lost the war. The 'swallowing' of the state by the Soviet sphere of influence was little, if at all, opposed by the West. Stalin's ambition was meagrely curbed only with respect to Greece and Northern Turkey, but not much else. The critical ports of the Bosphorus and the Mediterranean were secured, while the rest was left to manage its own way. In this, Bulgaria's opposition was hardly vociferous. The country shares a Slavic heritage with Russia, a linguistic, cultural,

religious and historic affinity with the Federation that all served to encourage its close approximation with the former Soviet Union (Obolensky 1965 and Goldblatt 1986).

Thus, the theory of Soviet occupation in Eastern Europe is much more valid for other countries in the Balkans, such as Romania, Yugoslavia and Albania, than it is for Bulgaria. While communist regimes sprang up in all of these countries, they parted path very early on. By 1948, the regime in Yugoslavia was by and large independent, maintaining friendly relations with both Moscow and the West. By 1961, Albania had broken loose. Romania, which required military presence to stay the regime, had carved its own domestic and foreign policy, often referred to as the 'Third Way'. The enthusiasm and faithfulness to the Soviet Union remained symbolic primarily of Bulgaria (Brown 1984). In many respects, this stance alienated the country from other regimes, writing it off as a Soviet proxy. This was further fuelled by Bulgarian involvement alongside the Soviets in putting down the Hungarian uprising of 1956.

After 1989, Bulgarian foreign policy re-oriented significantly as a result of the pull of the EU and NATO, and Russia's profound weakness under Yeltsin. Bulgaria based its foreign policy on six pillars: (1) multilateralism (avoiding alliances with a regional power); (2) equidistance (no participation in specific regional conflict); (3) the de-ideologization of foreign policy (abandoning the communist understanding of the world and blind pursuit of corporatist interests); (4) European integration (applying Western European approaches and solutions to international problems); (5) the democratization of foreign policy activities (through consensus and transparency); and (6) pragmatism and rationality in the foreign policy decision-making process (Lefebvre 1994). These principles are, with varying degree of success, still being applied to Bulgaria's foreign policy formation today.

Against these attempts at foreign policy re-orientation, Bulgaria's approach to Russia as a 'friendly pragmatist' has been the result of rational reflection on past events that are often permeated by emotion and inconsistency, and that have as a result obscured Bulgaria's overt interest in an economic partnership with the Russian state. Bulgaria has over 130 years of diplomatic relations with Russia. Bulgaria's accession in both of NATO and the EU in the new millennium has increasingly led to calls for a measured pragmatist-realist approach in Bulgaria-Russia bilateral relations and the pursuit of a level-playing field in energy and trade negotiations, especially in light of Bulgaria's dependencies on the Russian Federation.

Bulgaria is totally dependent on Russian energy resource imports, as well as for long-term energy transmission contracts. The resource import mix is non-diversified while energy transmission is permeated by infrastructure of Soviet design. Following the dissolution of the COMECON system of states, Bulgaria has accumulated vast year-on-year negative trade balances with the Russian state. In a liberalised Russian market Bulgarian produce has become non-competitive and its market share has continuously slumped since transitions began. A dramatic market share loss occurred especially during the period of economic crisis, 1996-1998, and it has been only incrementally recovered since. In 2008, only some 3% of total exports were destined for the Russian Federation, while Russian imports reached 14.6% of total imports. Overall, 10.2% of Bulgaria's cumulative trade turnover was with the Russian Federation. Given the potential of the vast Russian markets, the penetration of Bulgarian companies is limited. It is primarily hindered by the instability of the political relationship, especially the conflict over energy projects of Russian design, such as the Belene power plant and the Bourgas-Alexandropoulis oil pipeline. Such difficulties, allowed by Bulgarian political elites to linger for a long time, often offended both Russia and Bulgaria's regional partners participating in the Russian-led projects, such as Greece and Serbia. One result of the tensions in the bilateral discourse has been the lack of easing off of prohibitively high import

tariffs in both Bulgaria and Russia for mutually traded products, thereby hampering the development of bilateral trade.

Bulgaria's trade imports from Russia consist primarily of energy resources and energy by-products. This being a necessity, it is far from utilising the potential of bilateral trade. This finding stands to disappoint proponents of 'accelerated development' theory under the auspice of which the bilateral discourse has been analysed in the new millennium. It was thought that 'accelerated development' would facilitate the creation of a level-playing field in Bulgaria-Russia trade negotiations. Rapid growth in both states in the course of the past decade suggested that talks might increasingly occur on a more equal footing. It has also been thought that in Russia both 'accelerated' and 'breaking' development may be observed since the state preserved a high degree of scientific innovation and technological growth potential in the economy despite the painful dissolution of the Soviet Union. Given Bulgaria's 'friendly pragmatist' approach, it has been anticipated that Bulgaria will stand to benefit from utilising the economic potential of bilateral relations through know-how transfers. This was manifested in a series of proposed projects in energy and infrastructure, such a nuclear power plant at Belene and the South Stream gas pipeline. Yet, the most recent economic crisis has squarely stalled growth in bilateral trade, putting a break on 'accelerated development' theories. It is unlikely that that momentum can be picked up again while political tensions between the two states have continued to rise since the 2009 parliamentary election in Bulgaria, the at times overt channelling of US interest in the state, and the discarding of high-profile projects, such as the power plant project at Belene and the Bourgas-Alexandroupolis pipeline to bring Russian oil from the Black Sea to the Mediterranean.

Therefore, the fifth enlargement of the EU has exposed the bilateral Bulgaria-Russia relationship to a series of strains. Nascent fears connected with the idea of a 're-birth' of the former Soviet Union continue to exist (Kaminska 2009). The promotion of democracy by the

EU is often perceived of as an encroachment on what was once a traditional Soviet (ex post Russian) 'sphere of influence'.

Against a background of conflicting interests and a significant degree of mistrust, the Eastern enlargement of the EU has served to cause an even greater impasse in the EU-Russia relationship. The state of the bilateral discourse has found different expressions, highlighting the many spill-over effects that have ensued often in the form of 'reactions on reactions'. A process of dislocation in the EU-Russia bilateral relationship has become ever more apparent as the Russian Federation has gradually grown aware of the lack of collective action from amongst the EU member states in their commitment to a common foreign and security policy.

The EU-Russia energy forum is composed of a series of interrelated, yet significantly diverse bi-lateral relations. France, a country which extensively relies on nuclear power generation, views Russia as one possible provider for its domestic market energy consumption needs amongst other alternatives, such as Norway and Algeria. By contrast, Germany is considerably dependent on the import of Russian fossil fuels. It, therefore, has few objections, for its part, in supporting strategic pipeline projects that bypass Belarus and Poland, while guaranteeing an uninterrupted flow of natural gas to its trading floor. Thus, both of France and Germany participate in EU-Russia energy negotiations from a rational objective economic stance.

By comparison, many of the CEECs tend to be anti-Soviet, thus also often anti-Russia, as a result of their recent historical memory. Poland and the Czech Republic, for example, find it hard to ignore Russia's rather authoritative approach towards Ukraine and Belarus, since it evokes memories of their forced acculturation to the East after 1945. This being said, the South Stream gas pipeline project, in which Bulgaria participates, provides a collective

bargaining realm with a greater number of actors amongst the CEECs, thus reducing the incidence of any one of those states remaining isolated.

The diverse positions of EU member states vis-à-vis the EU-Russia energy dialogue has led to the fact that EU-Russia bilateral relations are overwhelmingly driven by an engrained economic rational over any other. Their positions are unified in sharing two common risks as EU members engage in policy-making vis-à-vis Russia: (1) projected high future energy consumption in the EU-area, and (2) increasing dependency on imports of Russian fossil fuels. This discourse exposes a significant risk in the EU-Russia energy equation, one that centres round the key question of Russia's reliability as a transmission partner, given the squabbles with Ukraine and Belarus.

Various factors motivated Russia in its 'quest for multipolarity' (Ambrosio 2005). Superpower nostalgia, decline of the US as an opportunity market, rapid national income growth due to growing energy markets in Europe and the emerging markets, rise of the EU and China as new balances of power amongst other, have some degree of explanatory capacity in Russia's cost-benefit analysis. It should be understood as 'utility' maximization in which a state's consideration for its actions reaches beyond materialism to reputation, prestige and satisfaction⁵. In energy talks with the EU, Russia consistently shows preference for bilateral negotiations with individual member states rather than for negotiations with a block of states. Bulgaria is no exception to this and its recent abandoning of high-profile projects in the East-West energy corridor has certainly caused Russia much embarrassment.

Still, antagonising Russia does not serve either Bulgaria, or EU interests. The menu of choices has expanded for the vast Russia state with economic might rising in the East, while waning in the West. Thus, neither Bulgaria, nor the EU has anything to gain from reduced

⁵Many scholars also claim that prestige and rivalry were the source of European imperialism in Africa (see Oliver, R. & Sanderson, G. N., 1985).

trade, economic and security linkages with Russia. The process of Bulgaria-Russia and EU-Russia co-operation can be facilitated only by rational actor-building coalitions. Such an approach is supported by Germany and Italy in the main, the EU's largest importers of natural gas from the Russian Federation. Thus, vis-à-vis Russia, the level of co-operation that the EU is seeking is comparable to the level of co-operation that the six founding members of the European Common Steel Community have sought in the immediate post-war period. In this, Bulgaria will do well to protect both its national interest and the wider interests of the European community given that two exogenous factors are the primary determinants on the EU foreign policy over and above the individual interests of member states, namely: (1) wider geo-politics and (2) state interdependence within a globalised world order.

3. Conclusion

There are five factors relevant for the choice between rational self-interest and collective action for participating actors in the EU-Russia bilateral forum. First, this is the projection of energy consumption needs in Europe. In this, Bulgaria has increased the overall dependency of the EU on Russia. Second, the dialogue is underpinned by price indicators of energy resources. In the small Balkan state, the lack of diversification away from Russia in resource imports and the misguided privatization of state-owned energy companies have led to some of the highest energy prices in Europe. Third, the institutional coherence of the European Union needs to be taken into account as the attitudes of both old and new member states vis-à-vis Russia find common ground. In this, Bulgaria can serve as a bridge between the EU and Russia, drawing on its wealth of knowledge and linkages to the Russia state, as well as its pivotal position as the eastern-most boundary of the EU. Fourth, the political will and domestic stability of successive European Presidencies are critical to maintaining the momentum in EU-Russia negotiations. Moreover, at national level, foreign policy formation needs to be both viable and consistent. Bulgaria has been often accused as lacking much of

the former and none of the latter. Fifth, the degree of Russia's openness within the wider context of a multilateral world order needs to be carefully assessed against the background of the EU-Russia energy dialogue. Therefore, it is unacceptable to forego on commitments undertaken and cause public embarrassment in bilateral negotiations.

In light of these factors, rationalism with an ingrained cost-benefit orientation in the Bulgaria-Russia bilateral relations is critical but can at times appear uncertain. Energy security and price levels will be affected the most. Bulgaria's national preferences must affect the aggregated interests of the European Union constructively, so as to avoid fluctuations in the coherence of the domestic and the European foreign policy. Bilateral diplomacy between Moscow and national capitals has the capacity to (re)act swiftly and flexibly in cases of disputes in the Shared Neighbourhood. Such advantages of national diplomacy, mixed with some degree of agenda setting capacity by the Presidency of the Council of the EU are key parts in the Bulgaria-Russia bilateral discourse.

The important caveat is increased politicisation of bilateral relations both in Moscow and in Sofia. The primacy of economic calculations in energy transmission negotiations has been thus replaced by strategic geopolitical considerations. The EU East-West divide vis-à-vis the role of Russia in the European landscape will continue to be a key impediment in the process of Bulgaria-Russia policy negotiations. Given the obstacles lying in the way of creating a level-playing field in Bulgaria-Russia energy negotiations, as well as the large number of interdependencies, political considerations, for one, would have to play a much lesser role in energy co-operation than they have done hitherto. The overall sense of the international landscape part of which are Bulgaria, the EU and Russia is one of bitterness and blame. In turn, this means that the reality of energy mapping will continue to be a strongly politicized issue for some time to come.