

A Strong Europe and Russia

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October 05, 2010

The  Moscow Times

The relations between Germany, the European Union and Russia can be summed up in five words: We depend on one another. None of the great issues of our time will be resolved without working together. And this is why we should do everything in our power to treat our relationships with care and attention and to nurture and develop them in the best way possible.

The image of Russia in Europe is often not very flattering and not very fair. In Germany, we have an old saying that goes like this: “When Russia seems strong, it is not as strong as it seems. When Russia seems weak, it is not as weak as it seems.” My impression is that at present we should pay attention to the second half of this saying.

It is a very positive sign that the recent top-level meetings between the EU and Russia have been constructive and that these relationships are evidently picking up speed. For the EU, Russia is an outstandingly important partner in all essential areas — economic cooperation, security of energy supply, environmental and climate protection, and protection of law and order.

Therefore, it is a good thing when the two principal partners on our continent — the EU and Russia — team up to collaborate to help modernize and diversify the Russian economy. Such a “partnership for modernization” is an extremely constructive approach, and it is obvious to both sides that the private sector must play a decisive role in Russia’s economic development.

One of the chief roles of government is to ensure public welfare. It needs to protect its citizens and their freedoms, including freedom from hardship. As far as entrepreneurs are concerned, however, the state should not be overbearing. For that reason, we need fair and free trade and competition and should beware of the dangerous ripple effects of protectionism. Open borders are in the global interest and especially in the interest of developing countries.

Nevertheless, open markets require regulations. Therefore, it is both right and important that we have the World Trade Organization as a critical tool of regulating and safeguarding free and fair global trade. It would be a very welcome move indeed if Russia at this point would join the WTO as well.

Mutual dependence is also a critical component in the EU-Russian relationship. The EU needs Russian energy, and Russia needs the EU as a buyer, an investor and a supplier of technology. This mutual dependence should drive the sides to reach an understanding. It should also encourage Russia to finally accept and ratify the international Energy Charter. This would be a major confidence-building step forward.

The topics of increasing energy efficiency and energy savings are of the utmost importance to the Russian government. Therefore, it is good to know that in this area of research, enterprises from the EU member states make excellent cooperation partners for Russian companies in a whole range of manufacturing and service sectors, whether the aim is to increase energy efficiency in industrial production or to achieve energy savings in the private sector.

Today, more than ever, economic development in the wake of the global financial crisis and the recession is accompanied by considerable uncertainties. For this reason, it seems advisable not to do anything that would intensify political and administrative control over economic events, beyond the necessary regulatory framework. The economy must be able to provide economic growth and profit for companies in a competitive environment. Excessive bureaucratic barriers and obstacles that hinder economic growth and innovation and hamper trade, expansion and investments should be abolished where there is no justification for them.

In the interest of both Russia and the EU, we need stronger economic growth and more jobs. The largest obstacles to growth should be removed, and the measures that can help increase growth and jobs should be implemented, including visa-free travel for businesspeople.

I am convinced that increased cooperation and partnership between the EU and Russia will be vitally important to the future of Europe and the entire world. We should draw the necessary conclusions and establish such a partnership.

Wolfgang Clement is a former German minister of economics and labor. This comment is a shortened version of a Sept. 24 speech to the Association of European Businesses at the

European and Russian Business Forum.

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