RUSSIA AND GERMANY, SCHROEDER AND PUTIN –
CABINET DIPLOMACY 21st CENTURY STYLE
By Michael Thumann

In 1994, when the last Soviet troops left Germany after the reunification of the country, columnist William Safire warned against a future German Russian alliance opposed to the West. German and Russian nationalism, he argued, would grow together into a colourful Eurasian blend of two military powers trying to dominate the continent. Even observers who knew just a little about Helmut Kohl’s Germany and Boris Yeltsin’s Russia could not take this article seriously.

Eleven years later, after the 2003 war against Iraq, Safire’s vision still seems to be exaggerated but, in the eyes of politicians in Poland and the Baltic states, there is enough reason to worry. In fact, Berlin and Moscow have been sending out some disconcerting signals about how far their close cooperation will go. On the 3rd of July Vladimir Putin met Gerhard Schroeder in Kaliningrad to celebrate the 750th anniversary of the formerly German city. The presidents of neighbouring Poland and Lithuania were not invited to the venue. Additionally, the German and the Russian governments are planning, in cooperation with energy companies from the two countries, a natural gas pipeline on the bottom of the Baltic Sea. Not accidentally, it will circumvent Poland and Lithuania. During the US-led attack on Iraq, Putin and Schroeder, together with Jacques Chirac of France, have forged an alliance against what they branded military adventurism of the United States.

Since 2000, Putin and Schroeder met many times a year in Russia and Germany and established a personal friendship which Schroeder does not enjoy with any Western leader. Although Schroeder has never questioned Germany’s firm integration into the Western organisations his distinctive brand of Ostpolitik represents a clear break with West Germany’s foreign policy traditions since 1949. However, Putin might lose his good friend soon. Chancellor Schroeder has called for early elections in Germany, and the polls indicate that he will lose against his conservative challenger Angela Merkel.

This analysis describes the three major driving forces of the close relationship between Schroeder and Putin: 1. personal and biographical ties, 2. cooperation in issues of global concern, 3 strategic partnership in the energy business. In the
end, I will illustrate the stance of the German liberal conservative opposition and argue that Angela Merkel will pursue a different kind of Ostpolitik if she is taking over the chancellor’s office this autumn.

**Personal and biographical ties**

Former chancellor Helmut Kohl sometimes chose a tiny Sauna to discuss with Boris Yeltsin issues of financial help to Russia and Moscow’s integration into the European institutions. Gerhard Schroeder and Wladimir Putin preferred to meet in a more sublime setting to promote their friendship. For orthodox Christmas 2001, they attended a service in the colossal Christ-the-Saviour-Cathedral in Moscow, later they convened in the historical college building of St. Petersburg University, in December 2004 they met at Gottorf castle north of Hamburg. For his 60th brithday, Schroeder invited Putin as the only foreign guest to his house in Hanover. A Kosak choir contributed to the success of the event.

In the mid 1990s, Schroeder criticised Kohl for his personal ties with Boris Yeltsin. Why then has he developed such a close relationship with Putin? There are a couple of rather obvious biographical reasons and a more complex explanation. Schroeder’s knowledge of foreign languages is limited. Putin, to the contrary, speaks good German, they get along without an interpreter. As a former intelligence officer of the KGB in Dresden, Putin has a good understanding of German culture and custom. This helped to forge deeper bonds than with leaders of other nations. Putin’s daughters went to the German school in Moscow.

Schroeder has adopted a young Russian girl. Both politicians were not predetermined to become heads of state or government. Putin grew up in a St. Petersburg Kommunalka – an apartment shared by several families – whereas Schroeder lived with his mother, grandmother, his brothers and sisters in a home for poor families in Westfalia. Both, Putin and Schroeder moved up from the very bottom of their societies. One of Schroeder’s close advisors once said in a background interview that they were “brothers in biography”.

As for the more complex explanations, we will have to take a closer look at international relations since September 11, 2001.
**Issues of global concern**

In the international campaign against terrorism, Putin closely cooperated with several Western nations, first of all with the United States, but to no lesser extent with Germany. Russian intelligence services shared information with German intelligence officers. Units of the Bundeswehr were allowed to pass through Russian territory to reach their final destinations in Afghanistan and Uzbekistan. The Russian president supported the West in shaping a united front against the international terrorist groups. In contrast to Russia’s highly critical attitude to the NATO intervention in the former Yugoslavia 1999, Putin did not oppose the war in Afghanistan and other antiterrorist campaigns in Central Asia and Pakistan. For Gerhard Schroeder and his advisors, this did prove his constructive agenda and his pro Western mindset.

From the chancellor’s point of view it was irrelevant what kind of policies Putin pursued at the same time in the Russian federation. While Putin supported the anti-terrorist campaign of the West in the world his administration tightened the screws of authoritarianism in Russia. The battle against the independent media was successfully completed already by 2001, the federal reform towards a more centralized system was in full swing, the military operations in Chechnya continued as intensively as before – but the Kremlin administration portrayed them in a new light as part of the global fight against terrorism. The most striking example for the linkage of anti terror activities and the build-up of an authoritarian state structure was the massacre in Beslan. After the assault in the North Ossetian city, Vladimir Putin told the Russian public that this attack was a sign of “Russian weakness”. He made clear very soon how he thought this weakness needed to be addressed. A few days later his administration introduced a law depriving governors and presidents of the republics of the right to be elected. Instead, they were to be appointed by the federal centre.

Schroeder never criticised Putin in public for his domestic policies. In international relations, the chancellor supports political stability while the spread of individual freedom, human rights and democracy do not rank high on his foreign policy agenda. He commented the elections in Chechnya with the words:
“I could not detect any sensitive disturbances of the democratic process.” And he called Putin a “democrat through and through”.¹ For these remarks, he faced a lot of criticism in Germany, first of all by the media and the conservative opposition in the Bundestag, but also by his coalition partners, the Green party. While Putin was never compelled to explain his policy towards Germany to the state controlled Russian public, Schroeder was always on the defensive for his contentious Ostpolitik. The chancellor declined to discuss his Russia strategy in the media, within his own party, even with his cabinet – he just swallowed the criticism. When one of his advisors recommended him to adopt a slightly more critical stance towards Moscow’s policy in the Caucasus, Schroeder replied: “I am not prepared to let this success story going down the drain.”

What success story was he talking about? As the United States were preparing for the attack on Iraq in 2002, Schroeder and Putin had already established a close personal relationship. A war in the Middle East was sternly rejected by both leaders. Russia had serious oil business interests Iraq and was a major donator of credits to Saddam Hussein (close to 8 bn US dollars). Gerhard Schroeder was not prepared to help the United States in a war which most of the German foreign policy establishment disagreed with. During the German election campaign in 2002, Schroeder discovered the rewards of having an outspoken anti-war stance while openly criticizing the US for their “adventurous policy”. This was one of the main reasons for his ensuing victory in the elections. Putin and Schroeder, together with Jacques Chirac of France, formed an alliance to oppose the US led military campaign in the diplomatic arena. After the war, the three countries agreed that they preferred to minimize their contributions to the stabilization of Iraq (they limited their help to a reduction of the Iraqi debt and training of Iraqi police forces). This triangular relationship surfaced again when the three leaders met in Kaliningrad in early July.

The cooperation of France, Germany and Russia is also an important feature of European policy towards Iran. Gerhard Schroeder has been keen not to exclude Russia from the efforts of France, the UK, and Germany (EU-3) to work with Tehran towards a negotiated settlement on the use of nuclear energy. The subject was crucial in all meetings of Schroeder and Putin in the last two years,
particularly when Jacques Chirac joined them. The three EU-countries offer investment and favourable trade relations in exchange for an end of Iran’s activities to enrich uranium for military purposes. Russia has the most sensitive business relations with Iran as Russian companies are completing the nuclear power plant in Busheer and have agreed in August 2004 to build additional power stations in Iran in the future. Russian technology and enriched uranium of Russian origin is being used by Iranian engineers. Russia has also come to terms with Tehran on the transport of used nuclear fuel rods back to Russia. In February 2005, Putin vowed to continue to support Iran’s civilian nuclear program as he seemed convinced that Tehran “does not have the intention to build a nuclear bomb”. Gerhard Schroeder repeated on numerous occasions that he viewed Russia’s cooperation with Iran as a helpful contribution to the European effort to prevent the country from enriching uranium. Both leaders however, can present only carrots but almost no sticks to forestall Iranian preparations for nuclear military activities. Since the election of the new Iranian new president Mahmud Ahmadinejad who won on a radical Islamic social platform, neither Putin nor Schroeder have indicated a change of their policies.

**Energy business relations**

Energy matters in general lie at the heart of Russian-German relations. Russia has the biggest reserves of natural gas in the world, and Germany is the biggest consumer of natural gas in Europe. The Germany energy company Eon controls between 6 and 7 percent of the shares of the Russian energy giant Gasprom. In 2003, not less than 38 per cent of German natural gas imports were supplied by Russia, and the deliveries are rising. Natural gas reserves in the North Sea will be exhausted in a decade from now. Germany and Europe share the geographically privileged position of having the world’s biggest reserves of natural gas in their reach: the Caspian Sea and Iran, the Gulf area, North Africa, and, the vast resources of Russia.

Gerhard Schroeder has made the choice for his country: In energy affairs, he focuses solely on Russia. This country has a stable political system, Schroeder argues, Russia has the biggest hydro-carbonate reserves at its disposal, and it is
prepared to engage in a serious long term energy partnership with Europe and Germany. While the European Union has agreed on a visionary and rather theoretical Energy Charter with Russia, Schroeder and Putin have come to terms on quite substantial projects. In April, the German energy company Wintershall of the BASF group has signed a memorandum of understanding with Gazprom on a joint exploration of the gas field Yuzhno Russkoye in Northern Siberia. As Wintershall will get 50 per cent of the share of the field, Gazprom will participate in the marketing of the natural gas in Germany. At the Hanover trade fair in April 2005, Putin and Schroeder presented this deal as a prototype agreement serving the interests of both countries. International analysts however, stressed the benefit for Gazprom in the first place because the Russian state company got access to a crucial Western consumer market at a comparably low price.

For Schroeder and Putin, energy business is more than just trade. It is a way of clinging on to power and to influence big business and politics simultaneously. Gerhard Schroeder as a Social democrat has always had a close relationship with big corporations rather than small and medium businesses. The organisational structures of companies like Eon resemble state bureaucracies in which many German Social democrats feel quite at home. Vladimir Putin had no other choice than dealing with Russian business giants like Gazprom in a country with very few small and medium sized companies. The recent takeover of more than 50 per cent of Gazprom’s shares by the state indicates that the Russian economy will continue to depend heavily on the Kremlin’s orders in the future. The closest advisors of Putin and Schroeder are working in energy companies or have been working there. The Kremlin’s chief of staff Dmitri Medvedev is the chairman of the board of directors of Gazprom. A close associate of Putin from St. Petersburg, Alexei Miller, was working with Putin in the Kremlin before the Russian president appointed him CEO of Gazprom. In Berlin, Gerhard Schroeder recruited the energy manager Werner Müller to head the ministry of economy in 1998, later on Müller became the CEO of Ruhrkohle AG, a powerful energy company in West Germany. The chancellor’s closest associate Alfred Tacke, an economist with strong ties to the trade unions, has been with Schroeder already during his political career in Lower Saxony. He then accompanied him to Berlin, and was in 2005 appointed CEO of the energy firm Steag.
For both leaders, energy policy is a matter of personal preference and strategic dimension. This is why no stylish Schroeder-Putin summit on a castle, no relaxed meeting at the two leader’s homes occurs without presenting a new venture to the public. The German-Russian energy project of the 21st century is undoubtedly the underwater pipeline in the Baltic Sea which is a plan comparable in size, boldness and costs to the Baku-Tbilissi-Ceyhan pipeline (BTC) which connects the Caspian Sea with the Mediterranean. The recently completed BTC, sponsored by the US and operated by BP, deliberately circumvents Russian territory and enables Kazakhstan and Azerbaijan to export crude oil without asking Moscow for transport facilities. Likewise, the German-Russian pipeline would tremendously reduce the significance of the Baltic States and Poland for natural gas deliveries to Europe and Germany in particular. These countries are afraid that in a not too distant future Russia could exploit the gas export to Poland and the Baltic states as a tool of political pressure which they feel exposed to all the time. With an underground pipeline in the Baltic Sea, they argue, Russia could close the gas pipeline to Warsaw without jeopardizing the lucrative exports to Germany. Moscow argues that it has never used gas deliveries to blackmail Western countries. Warsaw replies that the Russian government has done so in the case of Georgia.

In establishing a strategic alliance with Russia, Germany finds itself in a tussle between Moscow and former members of the Warsaw pact which are today members of NATO and the European Union. It will not help German interests in the European Union if Berlin alienates a major EU country like Poland to court Russia. Conversely, Russia is too important a country to let relations deteriorate in order to defend the arguable Latvian minority policy. Soon, Berlin will have to reappraise its Ostpolitik and weigh the benefits and the perils of the special relationship with Moscow. It seems however, that Gerhard Schroeder will not be the leader tackle this problem any more.
The Ostpolitik of a future liberal conservative government of Germany

What will be the future Ostpolitik of Angela Merkel like if she is elected chancellor this coming September? In a preemptive strike, the chairman of the German association for trade relations with Eastern Europe has already warned against a “reassessment of priorities” concerning Russia. There is reason for him to be uneasy. Let us look at the policy chapters which have been analysed above.

1. **Personal relationship:** In contrast to the staunchly secular West German Gerhard Schroeder, Angela Merkel grew up in a rather conservative, religiously inspired environment in East Germany. By the standards of the former GDR it was even bourgeois. She speaks fluent Russian which enables her to understand what Putin says at home. This is important given the double speak of the Russian president who prefers a soft tone abroad and is devoted to tough talking in Russia. It is not difficult to predict that the relationship of the two leaders will be cooler than in the Schroeder era.

2. **Issues of global concern:** The foreign policy advisors of Angela Merkel do all agree on one pivotal policy change after the elections – transatlantic relations will have to be restored, and relations with Washington repaired as much as possible in the world order after September 11th. This is why any further attempts to set up firm coalitions of the unwilling with Moscow are not to be expected. However, in the case of a military campaign against another Middle Eastern country like Syria or Iran, a government of Angela Merkel will probably refrain from participating in any military actions. The difference will be noticeable rather in style than in substance. Merkel will presumably avoid any alliance directed against Washington and limit Germany’s role to diplomatic and logistic support in line with other EU countries.

3. **Central eastern Europe:** It is important to remember that also former chancellor Helmut Kohl avoided to visit Baltic countries in the 1990s so as to pacify his friend’s Boris Yeltsin’s wounded soul. In a well calibrated division of labour, the German President and the foreign minister travelled to these new nation states while Kohl focussed on the relationship with Russia. At the same time, the conservative government keenly promoted
Poland’s entry into the European Union. It is likely that a new conservative government will continue this double track tradition.

4. Energy policy: A conservative administration will pay more attention to the concerns of the Central Eastern European countries. As for the Baltic pipeline project, Berlin’s political support for the privately sponsored pipeline will probably be reduced. At a meeting of the Trilateral Commission in October 2004, Angela Merkel chided the Schroeder government for a policy that “increases Germany’s dependence on Russian gas deliveries beyond a prudent limit”. Perhaps, Angela Merkel’s energy policy strategists will also look at other sources of natural gas, supplies from the Caspian Sea and the Middle East via South Eastern Europe or they will try to get access to the hydro-carbonate riches of Northern Africa. But there is no clear indication for a change of policy yet. It is important to note that the major German gas companies are mostly absorbed with their operations in Russia. Some of them are even careful not to explore alternatives in order to keep Gazprom in a benign mood. As a result, a comprehensive reversal of Schroeder’s energy strategy is not to be expected. The new government can however modify the passionate attitude of Gerhard Schroeder towards projects in Russia and put more emphasis on a far-sighted policy of diversification.

In sum, with a new government in Berlin, relations between Russia and Germany will possibly be more level-headed, more open to discussion in Germany and certainly less driven by the friendship of two leaders. As Wolfgang Schäuble, Merkel’s most experienced foreign policy advisor, said at a Russian German conference in the end of June 2005, there will be no special relationship anymore but just good relations – as Germany has with other countries in the region. What the adjective “good” will stand for in an environment of sometimes strained EU-Russia relations remains to be seen.

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1 Die Zeit, 9 September 2004, p. 2
2 William J. Broad: Iran Uranium Tied to Russia, in: International Herald Tribune, 1 March 2004, p. 3
3 Süddeutsche Zeitung, 18 February 2005
4 BP, Statistical Review of World Energy 2004
5 Klaus Mangold of the Ostausschuss der deutschen Wirtschaft, in: Frankfurter Allgemeine Zeitung, 24 June 2005
6 Frankfurter Allgemeine Zeitung, 25 October 2004