

Report From Germany by Rainer Apel

Progress in German-Russian Ties

The Gortorf Summit resulted in several important industrial agreements, and cooperation is growing.

Whereas Russian relations to the European Union as a whole are, 13 years after the end of the Soviet Union, rather nascent, with economic cooperation potential still far from being tapped, bilateral relations to some EU members states, such as France, Germany, and Italy, are developing positively. Russia has established a sound understanding on strategic matters especially with France and Germany, notably on the basis of the three governments' strong opposition to the Anglo-American war on Iraq.

The implications of a second Bush Presidential term were prominent on the agenda of the German-Russian summit meeting in Hamburg and Gortorf, Germany on Dec. 20-21. This was the 28th direct encounter between German Chancellor Gerhard Schröder and Russian President Vladimir Putin since the latter's election in March 1999. Because Putin speaks German, the two leaders hold their talks in an unusual atmosphere of confidentiality, without interpreters.

In addition to the congruence of views on Iraq, the Iranian nuclear issue, the urgency of reform of the United Nations, and the promotion of multipolar structures of world affairs, the two leaders announced a joint effort to reestablish peace in the Caucasus. The "Dialogue Project" on the Caucasus, with a focus on Chechnya, is based on the concept that only in-depth economic reconstruction that helps to considerably reduce poverty and joblessness in the short term—now at rates upwards of 50%, stemming in part from the after-effects of the wars of the early and mid-1990s—will dry out these fertile grounds for

terrorist recruitment. The Caucasus initiative was discussed in Moscow in mid-November by Gernot Erler, Schröder's chief coordinator of German-Russian relations, and President Putin, who approved the proposal.

Significant progress was also made in economic cooperation: Germany's Siemens firm and Russia's state rail company RZD signed an agreement for the joint production of 60 high-speed engines based on the design of the German ICE system, with modifications for the Russian rail grid (which has a broader gauge). The Russian partner for Siemens is NTT, a leading producer of rail technology and rolling stock. The deal is worth 1.5 billion euros, and there is mention of a follow-up agreement for another 90 engines.

The engines will begin operation in 2007 on the new Moscow-St. Petersburg rail line and travel at speeds up to 260 kilometers/hour. This is the first Russian direct cooperation with a non-Russian rail technology firm since the end of cooperation with eastern Germany's Waggonbau complex in 1991.

German-Russian cooperation will concentrate on modernizing three rail corridors: Berlin-Warsaw-Minsk-Moscow-Nizhni Novgorod; Berlin-Kaliningrad-St. Petersburg, via the Baltic republics; and Moscow-St. Petersburg-Helsinki.

Another agreement, on cooperation in establishing computerized modern container transport along the Trans-Siberian Railway, under negotiation since September, will likely be signed in May 2005 by Siemens and RZD. This may be accompanied by an

agreement on similar cooperation along the North-South Transport Corridor.

Other important economic and scientific cooperation agreements were signed at the summit, including:

- Direct investment of 200 million euros by the Franco-German aircraft producer EADS in Russia's Irkut firm, for the joint production and global marketing of the Russian-developed amphibic BE-200 aircraft. Irkut manufacture of components for the new Airbus airliner series is also envisaged.

- Germany's leading power and utility supplier EON and Russia's state-run gas monopoly Gazprom will build the Baltic underwater gas pipeline, which by the end of this decade will link the Russian gas industry to western Europe's gas pipeline grid. There are also plans for a joint venture for European marketing of the gas.

- Joint maritime research, with emphasis on scientific programs including polar zone research; linked to that, is a perspective for joint search for, and exploration of, sea-bed raw materials.

Not directly mentioned in the summit, but developing positively, is military and security cooperation. For example, Germany is the only western country to which Russia has given official permission, at the end of 2004, to use its territory for air and rail transport of equipment for the German peace-keeping troop contingent in Afghanistan. In 2005, the first of five German military surveillance space satellites will be launched into orbit on a Russian Kosmos carrier from the Russian space terminal at Plesetsk. On the ground, Germany's foreign intelligence agency, the BND, is cooperating with Russia's FSB in the surveillance of terrorist activities related to Chechnya and other Caucasus regions.