

Russia as a key actor in the EU foreign policies

Contents

Key issues of the EU external policies implying Russia during the next decades 1

What “carrot and stick” policy to adopt with respect to Russia. Why the EU sanctions against Russia are effective?..... 2

Some new possible “carrot and stick” policies to adopt with respect to Russia in the Ukrainian and Syrian Issues 3

The possible psychological advantage of the EPP in dealing with Russia 4

Key issues of the EU external policies implying Russia during the next decades

- The very first issue is the EU’s or NATO’s enlargement or neighborhood policies. There are few fundamental principles of Russian external policy. First of all, the so called “Near abroad”, which is a vague term generally referring to all ex-soviet countries, is the first and foremost geographical or regional priority in Russian external policy and military strategy. Russia also declares that the protection of compatriots is one of the key priorities of its foreign action. Now, the “compatriots” is another vague term, meaning either ethnical Russians or Russian citizens. Then follows on of the most important contradiction: Russia considers NATO’s enlargement as the first and foremost strategic danger, but in the same time, the EU is Russia’s first trade and economic partner. If we put all this very basic principles on a map, we will have this.



- As you can see the Near abroad is in yellow, the red ellipses designate unresolved conflicts of the FSU and the blue ellipses mark areas with a strong Russian or Russian speaking minorities, that is areas of possible conflicts in future. In terms of ideology, these conflicts will probably be based on what one of the speakers calls Russian historical revisionism.
- Then comes the whole range of energy issues. During our seminar we talked a lot about the dependence of the EU on Russian gaz. Indeed, Russia stands for one third of total energy importation of European Union, and Energy cooperation with Russia is long-term. However, as one of the speakers rightly stated, Turkey imports more than a half of its gas from Russia, so gas imports from Turkey to the EU cannot be seen, at least now, as an ultimate solution for the problem of diversification of energy sources.
- The rivalry in areas of Russian interests and influence other than Russian near abroad such as Middle East is other long-standing issue. For obvious reasons, today the international community cannot resolve the Syrian crisis without Russia.
- Then comes the migratory issue and the fact that the EU has a long and poorly controlled land border with Russian Near abroad. During our seminar, all speakers stated that Turkey is crucial in the management of migratory issues. However, to give you an example, nowadays asylum seekers from Russia and its near abroad count for 1/6th of overall asylum demands in France. In case if the EU continues its sanctions against Russia or in case of radical socio-economic or political changes in Russia, European leaders should be prepared to an even larger migrants flow.
- Next follows the control over the digital or internet area, Media or Soft power rivalry. Russia wants to build national capacity of proceeding the big data, providing internet traffic, pro-regime television channels or web sites.
- The Human Rights or Dissidence issues will be stably poisoning relations between Russia and EU, and between Turkey and EU. The last week this issue became highly topical again because of British investigation of Litvinenko case.
- Finally yet importantly, the climate change will certainly be one of the issues of relations with Russia since it will imply the problem of delimitation of the continental shelf in the Arctic Ocean. By the way, the actual sanctions of the EU against Russia include the ban on transfer of advanced drilling technologies allowing Russia to extract natural gas in the Arctic Ocean.

What “carrot and stick” policy to adopt with respect to Russia. Why the EU sanctions against Russia are effective?

- One of the speakers compared Russia and Turkey within a large historical perspective. We will try to complete this comparison with some precise today’s economic data. To do so, we stress one fundamental fact: the EU often uses the access to its market as a carrot in foreign policies. The problem is that very likely this will not work with Russia, because SME (small and medium enterprises) play a very marginal role in Russian exports, especially when compared to Turkey.

Russia	Turkey
<ul style="list-style-type: none"> ▶ Total number of SME – 1,5 million ▶ The share of SME in exports – 0,4% 	<ul style="list-style-type: none"> ▶ Total number of SME – 3,5 millions ▶ The share of SME in exports – 56%

- The fact is that Russia does not export food, small and medium consumption goods, Russian companies are not known for being able to construct good and cheap roads,

buildings, airports etc. Instead, Russia exports raw materials, energy and heavy infrastructure, for which the European market is already won. In addition to that, Russian gas exports to Europe is a long-term project, creating a strong interdependence between Russia and EU.

- How about the stick? Here is a very fundamental point about Russian economy, revealing its weaknesses: *Russian economy is state dominated*. The establishment of the state control over all the sectors of the economy is a long-standing and ongoing process, traditionally accelerated by economic crises. The crucial stage of this process took place between 2006-2009 when big state corporations controlling all the major sectors of economy were created. Therefore, the current European ban on investments in Russian companies with equities dominated by state affect more than a half of the whole Russian economy. The banking sector is one the most exposed to the European sanctions, since it is largely dependent on European credits. Our chairman, **Mr Brok**, started our seminar by stating that this year the European Union might implode. But 2016 is also the year in which Russian economy may implode.
- The EU has also put in place sanctions against individuals linked to Russian regime, which is a very sensitive issue. In fact, the whole model of Russian regime implies the rewarding of loyal elites. The EU plays the key role in this rewarding process for several reasons. First, European countries are place where these individuals can protect their wealth against economic and political hazards in Russia. Second, the EU gives opportunities to launder and to accumulate this very wealth by the off shore banking and access to tax havens. Let me give you just one example – for several years in row Cyprus has been the First foreign investor in Russia, which is due to the round tripping – the transfer of Russian funds in Cyprus in order to bring them back in Russia as foreign investment and to avoid taxes. It goes without saying that the current visa bans can very likely mean the denial of access to a modern health care and prestigious education for children of these individuals.

Some new possible “carrot and stick” policies to adopt with respect to Russia in the Ukrainian and Syrian Issues

- If we talk about the Ukrainian issue, it is important to understand that right now Russia has problems with separatist warlords of Donbass. These warlords often represent Russian extreme right, which historically is in opposition to the regime. At the outbreak of the Ukrainian conflict, the interests of Russian regime temporarily coincided with the interests and the ideology of these warlords. However, as the conflict developed further, Moscow started losing control over them. Some of them have gained a lot of popularity in Russian public opinion and have become again very critical of Russian regime. In some cases, they even think of creating new opposition political parties in Russia. Therefore, Russia can theoretically accept some kind of international justice to judge the war crimes of these warlords and to eliminate them from political competition. Concerning the stick, that is to say measures which could further harm Russian interests in Ukraine, the EU can help Ukraine to dismantle the remains of the Odessa network. The Odessa network is a network of Russian-speaking Ukrainian tycoons owning large naval shipment companies which participate, legally or illegally in Russian weapon exports worldwide. There is every indication that the majority of these actors have survived the Ukrainian revolution and continue their businesses.
- If we talk about the Syrian issue one of the most fundamental challenges of Russian army in Syria is logistics. Syria is far from Russia and the modern Russia has never

had any military intervention outside its Near abroad. We do not know exactly how the military logistics is organized, but we can argue that that Cyprus is a part of the circuit. So if you want to make Putin happy offer him some kind of logistical aid. On the contrary, if you want to reduce Russian military involvement, then the EU should pressure Cyprus in order to block Russian military cargos. In both cases (Ukraine or Syria) the position of the EU should stem of a well reflected strategy, which is sometimes absent.

The possible psychological advantage of the EPP in dealing with Russia

- There is a very common problem of Russian decision makers, namely understanding of Western foreign policies. This problem gave rise to a very specific debate, which systematically emerges in Russian political environment. The principal point of this debate is to say that the discussion between Moscow and Washington are more successful when the White House is ruled by Republican Party. Why so? Because, according to some Russian policy makers, even if Republicans are more aggressive and intransigent with respect to Russia, they have simple and sound political lines and hence the negotiations with them are more productive that with the Democrats.
- Rather than saying that EPP and American Republican Party are the same thing, our point is that if you play a hard line in relations with Russia, in theory you can be viewed as a conservative pragmatic and therefore a good discussion partner.