PROBLEMS OF RELATIONS BETWEEN RUSSIA AND EUROPEAN UNION UNDER CONDITIONS OF SANCTIONS

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Abstract

The article focuses on the crisis aspects of Russia's relations with the EU, and a number of European states. The cause and effect determinants of climate deterioration of multi- and bilateral cooperation are determined. First of all, this is a destructive line for "restraining" Russia on the part of NATO, events in Ukraine, strict sanction measures. The European policy of Russia isolationism has affected bilateral multinational relations.

The authors reveal contradictory aspects of Russia's interaction with some European countries - France, Great Britain, Poland, and the Baltic Republics - Latvia, Lithuania, and Estonia. Some positive examples of partnership with Austria, Hungary, Greece, and Italy are noted. The specific statistical and factual data are given. The areas for intensifying cooperation are determined.

Many aspects connect Russia with Europe: history, geography, culture, religion, decades of experience in economic cooperation. So, before the crisis of relations, the trade turnover between Russia and the European Union amounted to hundreds of millions of Euros per year. Unfortunately, what was viewed by both sides as an important mutually beneficial project 20 years ago, was destroyed by the military-diplomatic crisis around Ukraine. Europe has taken a course toward isolating Russia.

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1. Introduction

Relations between the EU and Russia deteriorated. Some specific figures and facts serve as evidence of the above. According to the Foreign Ministry, in 2015 the trade turnover between the EU and Russia decreased by 37.6%. Russian exports decreased by 36.1%, imports from the EU to Russia fell by 40.8%. The negative dynamics of the development of Russian exports of goods to the European market in 2016 is mainly due to a significant decrease in average export prices. It is consequence of the cost volumes of oil, gas and petroleum products. At the same time, there has been a sharp decline in the physical volumes of exports of oil products to Italy, the Netherlands, Latvia, crude oil to Italy, and parts of computers to Germany (as a result of the completion of the contract for the supply of parts of supercomputers by the Russian company T-Platform). At the same time, the European Union still remains Russia's largest trading partner, which accounted for 44.8% of Russia's foreign trade turnover in 2015 (48.2% of exports and 38.4% of imports).

It should be pointed out that in a number of areas, including space, science and technology, Russia and the EU have retained expert interaction. To continue joint space launches, the EU withdrew the trade in components of rocket fuel from the sanctions regime. A certain dynamics has been preserved in the interaction of Russia and the EU within the Barents Euro-Arctic Council. Practical cooperation continues within the framework of the Council of the Baltic Sea States on the implementation of updated long-term priorities: "Regional identity", "Sustainable and prosperous region" and "Safe region".

Russia actively promoted the strategic dialogue in the OSCE on ways to overcome the current European security crisis in the framework of the Helsinki Plus 40 process, timed to the 40th anniversary of the Final Act of the OSCE. However, our group could not agree on common approaches, which is a reflection of the desire of a number of Western players to continue the course of confrontation with indiscriminate accusations against Russia.

2. Problem Statement

The problems of cooperation between the European Union and Russia are of particular relevance in connection with anti-Russian sanctions. Unfortunately, the North Atlantic alliance continued the destructive line to "restrain" Russia, adopted at the NATO summit in Wales in 2014 under the pretext of the events in Ukraine. Moreover, a series of measures was gradually implemented to strengthen the military potential of the bloc, build up military presence and develop military infrastructure in Eastern Europe and the Baltic states. The general approach of the EU leadership to Russia has also affected the bilateral relations of the countries. Promotion of interaction was achieved, first of all, with those countries that seek to take more realistic, pragmatic positions as for the cooperation with Russia. Thus, the leadership of the FRG did not abandon the anti-Russian sanctions, linking their cancellation or mitigation with the full implementation of the Minsk agreements. At the same time, the meetings of the top leadership of Russia and Germany in the framework of the "Norman Format" became permanent. Because of France's participation in anti-Russian sanctions initiated by the European Union, mechanisms of interaction were blocked out such as the Russian-French Commission on Bilateral Cooperation, the Security Cooperation Council with the participation of foreign and defense ministers, the Great Russian-
French interparliamentary commission. As a result of the EU sanctions and reciprocal Russian measures, the bilateral trade turnover in January-November 2015 decreased by 38.9% as compared to the same period in 2014 and amounted to 10.4 billion dollars. The leadership of Great Britain also remained in the camp of the most rigid anti-Russian approach followers, supporting the preservation of sanctions. Russian-British trade decreased by 42.7%, Russian exports decreased by 38.3% (to $7 billion), imports - by 52.4% (to $3.4 billion). At the same time, representatives of the British business community have consistently shown an interest in expanding economic ties with Russian partners.

There was an active political dialogue at the highest level with Italy. The working visit of the President of the Russian Federation V.V. Putin in Italy (June 2015) to participate in the program of the National Day of Russia at the World Universal Exhibition "Expo 2015" was paid. During the visit, he met the President of the Italian Republic, S. Mattarelia. The positive dynamics of interregional cooperation between Russia and Italy has remained. Italy was visited by the Minister of the Russian Federation for North Caucasus Affairs L.V. Kuznetsov. Heads of seven constituent entities of the Russian Federation (Republic of Bashkortostan, Republic of Kabardino-Balkaria, Republic of Ingushetia, Khanty-Mansi Autonomous Area, Sverdlovsk Region, Murmansk Region, city of federal significance Moscow) visited Italy. The representative delegations of Italian businessmen visited the Republic of Dagestan, the Republic of Adygea, the Chuvash Republic and the Novosibirsk region. At the same time, the trade turnover between the two countries declined by 37.2% compared to the same period in 2014. Spain continued to take active measures to maintain channels for a regular political dialogue with Russia. A regular meeting of the interdepartmental working group on combating terrorism was held (Madrid, May 2015). [16] A number of bilateral economic projects have continued to be implemented in such areas as infrastructure and transport, energy, PR and communications, and civil construction. The Year of the Spanish Language and Spanish Literature in Russia (Moscow, April) and the Year of Russian Language and Literature in Russian in Spain (Madrid, May) were opened. Greece keeps keenness in a political dialogue with Russia. Prime Minister of this country A. Tsipras visited Russia twice in 2015: with a working visit and to participate in the XIX St. Petersburg International Economic Forum. On the sidelines of the opening ceremony of the modernized channel of the Suez Canal, A. Tsipras met the Chairman of the Government of the Russian Federation, DA. Medvedev (Ogneva, 2015). The similar contacts continued in 2016-2017.

Russia pursues a persistent policy aimed at preserving good-neighborly relations with Finland. Unfortunately, in the trade and economic sphere, the anti-Russian sanctions which Finland has also joined have a negative impact on cooperation. The interest in the sphere of cultural and humanitarian contacts was caused by the Russian-Finnish Cultural Forum (Petrozavodsk). Cooperation with Sweden is being promoted, first of all, in the trade, economic and investment spheres, while Sweden continues to actively support the EU's anti-Russian sanctions. At the initiative of Stockholm, the contacts on the line of leadership of ministries and departments remain frozen. Since 2011, there has been a pause in the political dialogue at the level of the heads of state and government. Norway’s participation in the anti-Russian sanctions of the EU is holding back the development of relations with it. It is not easy to form a dialogue on the problematic issues of the Russian presence in Spitsbergen (Savostyanov, 2017). At the same time, a practical cooperation in important industrial areas – management of joint fish stocks, environmental
protection, nuclear and radiation safety, search and rescue, oil spill prevention in the Arctic, and links between regions – continues to develop. A negative vector dominates Russia's relations with the Baltic countries. Riga actively supports the course towards NATO's military strengthening in the region, the preservation of sanction pressure on Russia. Lithuania remains among the EU’s most active supporters of maintaining strict sanctions against Russia, supports the strengthening of the presence of NATO military contingents on its territory and in the Baltics as a whole and their transfer from a rotational basis on a permanent one. Estonia is one of the initiators of the military strengthening of NATO on Russian borders, and the strengthening of sanctions measures on our country (Cohen, 2017).

Russia keeps a difficult relationship with Poland. The country remains one of the most active supporters of maintaining and tightening sanctions. Some radical forces of Poland politicized the disputed issues of joint history, declared a "war" to Soviet memorial sites in Poland. A relatively constructive political dialogue is observed between Russia and Austria. Interaction is being promoted in various fields of cooperation, including energy, transport, aircraft and machine building, and construction. The possibilities of using the investment potential and know-how of Austrian companies in creating the infrastructure of the 2018 World Cup are being studied. Russian-Hungarian relations are developing on the basis of pragmatism and mutual consideration of interests. A high level of political dialogue remains. Some joint investment projects are being implemented, including the construction of the second stage of Paksh NPP and the modernization of wagons for the third metro line in Budapest by Metrowagonmash. Most of the mechanisms for inter-state cooperation and projects in the investment, trade and economic spheres with Czech Republic have been frozen.

The relations with Bulgaria are being developed with difficulty. This concerns the political and military-technical spheres. At the same time, there was a slight increase in the volume of bilateral trade turnover (by 2%). Russia continues to occupy the third place among Bulgaria's trading partners (conceding to Germany and Italy). The political contacts with Serbia are of an intense nature. Belgrade consistently pursues a policy of non-alignment with the anti-Russian measures of the EU. Serbian agricultural exports to the markets of Russia and the EEMP significantly increased. Russia continues to support Serbia in Kosovo’s problem settlement with reliance on international law and UN Security Council resolution 1244 (Cohen, 2017). There is an intensive political dialogue with the Republic of Slovenia. The cooperation with the Republic of Macedonia is balanced. Macedonian agricultural producers were able to take advantage of favorable circumstances to increase supplies to the markets of Russia and the EEMP. The relations with Bosnia and Herzegovina are developing steadily (Kalinichenko, 2012). The non-joining of Sarajevo to Western anti-Russian restrictions has created prerequisites for the implementation of significant projects through the Zarubezhneft JSC, Gazprom Neft, PJSC Sberbank (Lubinsky, 2015).

Apparently Russia's relations with the European Union, a significant number of European states, are rocky and tense. Under these conditions, it would be possible to take a pause and not to conduct any dialogue with the EU in the next 5-7 years. But interdependence remains great, and this line of behavior seems radical, despite the "New EU Strategy for Russia, which should lead to a new reality." So it is literally called. It sets out 5 principles in relations with Russia. This is the full implementation of the Minsk Agreements (but who is against, we constantly insist on their implementation), this is the
strengthening of relations with Eastern partners outside the EU (this means that Europe is concerned about our integration ties), this is the strengthening of the internal stability of the EU (and what has that to do with Russia, however,) this is the selectivity of interaction with Russia (depending on the benefits), this is the support of civil society in Russia (we note that Russia itself is actively engaged in this matter). Then, why were these principles needed? Apparently, in order to eliminate fragmentation and vacillation in the European ranks and, secondly, these principles make it possible to elevate them to the rank of official policy, shifting them into appropriate concepts and doctrines.

The new outlines of cooperation between Russia and the EU are important not only in the conditions of the bilateral crisis of relations, but also in the period of tightening of anti-Russian sanctions by the US. On August 2, 2017, US President Donald Trump signed a new law on sanctions against the Russian economy and financial system, which was quickly adopted by the Congress and the US House of Representatives. This law, which has received the identifier H.R. 3364, involves the states of the European Union that are strategic allies of the United States in the anti-Russian orbit. It is obvious that the next sanctions initiated by Washington are aimed at weakening the Russian economy, its financial stability and the decline of international authority. The American law on tightening anti-Russian sanctions, first of all, as analysts say, increases uncertainty for European participants in the gas market (Galkina, 2016). They see the desire of the senior partner to squeeze Russian natural gas from Europe and replace it with American liquefied gas. The law allows the US president to impose sanctions related to the exchange of energy between Russia and Europe and financial institutions. The law also may be applied to new pipelines in the construction phase, as well as to maintenance of the existing pipelines (including those passing through the territory of Ukraine). However, if Gazprom does not complete the construction of new pipelines by 2019, gas supplies from Russia to Europe will depend on the results of negotiations with Ukraine on transit. At the same time, there is the possibility of a temporary cessation of gas supplies. The Nord Stream gas pipeline depends on the degree of firmness of the West European partners, and they need it. It should be recalled that both the first oil pipeline and the Druzhba gas pipeline met strong resistance from the United States, it made every effort to prevent them from being built. But Europe insisted, because they needed it. So now, everything depends not on Russia.

3. Research Questions

The main problem of the present study, as noted above, is Russia's relations with the European Union. In the framework of this study, not only the causes of the deterioration of these relations have been analyzed, but an attempt has also been made to outline ways of correcting the situation. It should be recalled that the European Union began imposing sanctions against Russia in connection with the events in Ukraine in March 2014. On March 6, at an emergency summit of the EU, it was decided that "in the absence of detente tension in the Crimea "The European Union will apply" measures of pressure on Russia". At the same time it was announced that three stages of sanctions are planned. The first stage was the decision taken on the same day to cancel the June Russia-EU summit, suspend negotiations on a visa-free regime and a new basic agreement on cooperation. The EU promised that at the second stage "targeted measures would be introduced against those responsible for the escalation of the situation in the Crimea", and at the third stage - sectoral sanctions, that is restrictive measures of trade, financial and
military nature. On March 17, the EU began to apply sanctions related to the second stage. A list of 21 individuals was published, including Sergei Mironov, Head of the State Duma’s “Just Russia” fraction, and Sergei Aksyonov, the Crimean Prime Minister. They were banned for six months from entering the EU countries, and their banking assets in the EU countries (if any) were frozen. On March 21, the European Union expanded the sanction list in connection with the “further escalation of the Ukrainian crisis.” Under the sanctions were, in particular, Deputy Prime Minister Dmitry Rogozin, President’s Adviser Sergei Glazyev, Federation Council speaker Valentina Matviyenko and State Duma speaker Sergei Naryshkin.

In September 2014, the debt financing of three fuel and energy companies Rosneft, Transneft, Gazprom Neft) and the three largest defense concerns (Uralvagonzavod, Oboronprom and United Aircraft Corporation) was banned; the restrictions on trading in their bonds with circulation terms in excess of 30 days, and the participation in the issue of such securities were imposed. Nine Russian defense concerns are banned from supplying European dual-use technologies. The limits on the provision of loans and provision of investment services to five Russian banks - Sberbank, VTB, Gazprombank, VEB and Rosselkhozbank - have been established. He operations with new bonds and other securities having circulation term in excess of 30 days are prohibited. Cooperation with Russia in the field of services for deepwater development of oil fields and oil production is limited.

4. Purpose of the Study

The aim of the study is to analyze the situation and determine further steps on both sides to improve relations between Russia and the EU, despite anti-Russian sanctions. Today, Europe, being convinced of the unprofitable continuation of economic sanctions against Russia, is trying to find its own ways of developing relations, without US dictates. At the EU summit on March 19, 2017, a political statement was adopted that the effect of economic sanctions against the Russian Federation should be tied to the full implementation of the Minsk accords by the end of 2015. However, the decision to extend the sanctions was not taken. Some countries do not support the sanctions policy towards Russia. On May 3, 2017, in an exclusive TASS interview, Czech President Miloš Zeman announced that Western sanctions against Russia should be abolished, as they increased tensions and did not lead to a detente. "Sanctions are not only ineffective, but, on the contrary, counterproductive, they increase tensions rather than promote détente." Austrian Chancellor Werner Faymann says the same, the same opinion is shared by Slovak Prime Minister Robert Fico and Hungarian Prime Minister Viktor Orban,” the President of the Czech Republic underlined. Miloš Zeman supported the early abolition of anti-Russian sanctions. According to him, the pressure on Russia is unsuccessful and leads to increased tensions in relations with the West. On March 31, 2017, the Prime Minister of Greece stated that Athens did not agree with the sanctions of the West against Russia, it was a road to nowhere. The Greek prime minister stressed that "economic war as a continuation of a real war implies a dead-end policy". "I am for diplomacy," said Tsipras, "I consider it very important to achieve the Minsk accords. " I believe that everything possible must be done to end tensions in Ukraine. " Cyprus also spoke out against the sanctions policy, as this could eventually lead to negative consequences for the economies of European countries (Lubinsky, 2015; Romanova, 2017). The anti-sanction policy from words gradually turns to action. Thus, despite the
extremely extreme position of the United States in relation to Iran, France recently signed the largest contract for the construction of an automobile plant “Renault” in Iran. Europe will be less united, each will begin to find its way. The only country which will more or less coordinate its policy with the United States is the United Kingdom. But the anti-Russian orientation of Britain is even more ancient and pathological than the American one. And all other European countries will somehow improve relations with Russia in the economic field. At least the concept of a united Europe against the backdrop of the EU’s relations with the United States is becoming more and more problematic. And when Europe is not united, then there are more options and opportunities for each country to develop its economic, political ties on its own.

The political influence and financial injections gradually decrease, as well as the desire of the states of Europe to participate in the Ukrainian conflict. In the absence of international assistance, the gradual degradation of the Ukrainian economy challenges the existence of the current regime. It is difficult to predict whether it will be as a result of elections, or there may be a riot, seizure of power by various kinds of radicals and Nazis. It is important that any development of events will weaken the current situation. The US law under number H.R. 3364 obliges the Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Internal Security to work to "identify the most significant high-ranking politicians and oligarchs, determined by their proximity to the Russian regime and the size of their fortune" as well as the identification of "the sources of income of these individuals and their families (including marrieds, children, parents, and siblings), their assets, investments and business interests." And another quotation: "The Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Homeland Security is charged with significantly increasing the number of investigations concerning US real estate acquired by Russian citizens or in their interests. Moreover, all these measures, in fact, are considered as extraterritorial, because Art. 252 of the law on sanctions says that the United States will work "with individual countries in Europe and Eurasia" in order to "guarantee the non-use of their financial systems to conceal the illegal financial activities of the members of the government of the Russian Federation that profit from corruption." At the same time, European structures, linked by allied and block obligations, are compelled to help the US in anti-Russian events and campaigns (Romanova, 2017).

5. Research Methods

The following methods are used in this study. Comparative method, which makes it possible to compare the various political, economic socio-historical, national-cultural contexts of Russia’s relations with European states. At the same time, the main emphasis is on generalizing the polishing experience in the past. Comparing the relationship before and after the introduction of sanctions can be traced the dynamics, the main trend of these relations in our days.

Systemic and structural-functional approaches allow to form a holistic view of the mechanisms of relations between the state, civil society and political parties. The institutional approach makes it possible to analyze the influence of various state institutions of the European Union and Russia on the ongoing processes.
6. Findings

It is quite obvious that Russia needs a new concept in the European direction, and, in particular, in relations with the European Union. At the same time, our relations should not be based on ephemeral "common interests and values" or the convergence of development models, but on the clearly stated and presented interests of each side. For Russia, Europe continues to be important from the point of view of ensuring regional security, corruption and combating terrorism (TASS, 2017; Moiseev, Guzairov, Vasneva, 2015).

The Ministry of Foreign Affairs (MFA) of Russia was perplexed about the new US sanctions against Russian defense enterprises. Among the reasons why Russian enterprises could be included in the sanctions list, the experts call Russia's cooperation with Iran and trade with the Persian Gulf countries. The Foreign Ministry declared that these restrictions would not create any problems to Russia, but would negatively affect the cooperation of countries in the fight against terrorism. Unfortunately, the united Europe has largely withdrawn from resolving the most acute issues of international security. This is demonstrated by the process of Syria’s problem settlement, which can not but grieve, given that the European Union has always been a player capable of bringing the spirit of cooperation to international themes. At the same time, the challenges of European security, especially those related to the problems of the "common neighborhood" states, can be resolved by agreement between Russia (EEMP) and European countries (EU).

Russia and the EU recognize the need to unite efforts to resolve the conflict in Ukraine, the stabilization of the situation in Syria, in the Middle East in general, in the fight against terrorism. But at the same time they have different views on the measures to be taken to achieve these goals, different approaches to alignment, and participation of international organizations. Under these conditions, as the researchers note, we can speak about the use of two parallel models of interaction. First, it can be targeted cooperation in order to eliminate the most acute common threats (resolving the situation on the territory of Ukraine and fighting against the Islamic State of Iraq and Greater Syria) or solving urgent economic issues of mutual interest (for example, in the field of space, energy, medicine). Of course, such a model of interaction requires the creation of various international forums and the conclusion of bilateral agreements between Russia and the EU. The stronger the Russian economy and industry will be, the more sanctions will acquire the formal features. When the industry and agriculture of Russia are fully restored, they will be freed from the crisis, Russia will undoubtedly receive greater economic independence from other countries (Galkina, 2016; Moiseev, Nitsevich, Sudorgin, Somina, 2016).

The dialogues on freedom of movement of people and cross-border cooperation also appear to be important. Russia and the EU could more actively focus on such a painful topic for everyone as the management of migrations, their flows are endless. Here, it is necessary to form a general special advisory body capable of monitoring immigration policy decisions, exchange information and coordinate the activities of the relevant migration agencies with the involvement of the EEU states, primarily Belarus. As for cross-border cooperation, it would be advisable to revive the practicies of activities within the Euroregions, where both economic and socio-cultural cooperation took place, especially within the framework of the Bologna Declaration. In the field of cross-border cooperation, a good example is the experience of Russian-Polish cooperation in providing a visa-free regime with the Kaliningrad region. We
need to strive to spread it to the inhabitants of all the border regions of Russia (possibly the EAEU) and the European Union.

For us, it is important now that Brussels recognizes the Eurasian integration, cooperation in the energy sector, facilitating the migration of citizens. In the energy sector, Russia will seek to implement specific infrastructure and investment projects with specific EU member countries. Why? The answer is obvious: the constant change of legislation and the rules of the game in the EU creates risks for the Russian economy (including for the energy sector) and for gas recipients in the European market.

7. Conclusion

It also makes sense to think about holding the annual summits again, which are preceded by serious diplomatic training. They will give a real opportunity to cover the widest possible number of significant events and find effective solutions to the most contentious issues.

The outlines of Russian-European relations are only just emerging. But it is already clear today that these relations should not become a hostage of political rhetoric. It is necessary to carry out a thorough inventory of the existing forms of interaction across all four spaces of the road map and to work purposefully in specific areas: political, including at the highest state level, economic, expanding and deepening the goods turnover between the EU and Russia, as well as in humanitarian and other spheres. The authors are convinced that, in aggregate, this will bring its positive fruits to restore good-neighborly relations.

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