

Rodrigo Gomes Quintas da Silva | The
European Union - Russia Relations:
Understanding the Past to Build the Future



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ABSTRACT

The present study intends to conduct a historical retrospective analysis of the relations between Russia and the EU, all the way since the Cold War until the current era. Recently, the armed conflict in Eastern Ukraine, the Crimean crisis and the Russian interference in some Eastern European countries, have led to rising tensions amongst the relations concerning Russia and the UN. Other than a political crisis, such tumultuous interactions reflect a geopolitical confrontation between the two entities, which is deeply rooted in History itself. Comprehending the political and economic evolution of both parties is nuclear towards understanding the attitudes and motives that drive the behavior of each side and to also demystify common misconceptions related to the public perception of how these relations have been carried out. Overcoming future challenges is entirely dependent, on whether or not ascertaining the intents and capacities of both entities is a feasible reality, especially the perception that each one has of its own position within the international system.

Keywords: Russia, European Union, bilateral relations, political cooperation, economic cooperation, Cold War

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Introduction

The study of EU-Russia relations is very pertinent nowadays, for it allows us to understand the successes and failures that paved the way towards the current tension between both blocs. As this article is being written, a war between Ukraine and pro-Russian militias in Eastern Ukraine is killing thousands of soldiers and civilians, further undermining the political relations between the EU and Russia. By analyzing the political and economic relations between the two entities, we may also predict what kind of security and diplomatic policies might be effective when dealing with the Ukraine crisis.

The goal of this article is to understand how the EU and Russia behave towards each other, and why they project their power so differently. Our argument in this article meets that of other authors, such as Klinke and Gower.

The former argued that “Russia is seen as caught up in a modern spatial framework of fixed territory, national identity and traditional geopolitics, [and] the European Union embodies a postmodern spatial mindset that simultaneously reflects and drives the dissolution of sovereign territory, the formation of multi-layered identities and the disappearance of geopolitics” (Klinke, 2012).

In fact, one can argue that the main reason behind the tensions between Russia and the EU is their different perspective about political dynamics and concepts of power, identity and history. While the EU seeks to promote supranational identity and political freedom across the world, Russia is still facing a world owned by States and great powers, where national interest plays a crucial role. Gower has a similar opinion, arguing that the “EU is frequently characterised as ‘normative’ or ‘civilian’ power’, relying almost exclusively on soft power and defining its own international identity by reference to the norms and values on which it has been founded. Russia, in contrast, is seen as a classic realist power, driven by the pursuit of national interests, balance of power considerations and zero sum assumptions” (Gower, 2008). These diverging world perspectives will be revealed later in this article.



Undoubtedly, different perspectives imply different approaches concerning their foreign policy. What we also argue in this article is that divergences among EU member states are blocking further relations with its eastern neighbour. The EU, as an aggregate of 28 member states, has a double way of conducting its foreign policy with Russia: either Brussels deals directly with Moscow, or each state, individually, has its own bilateral agreements with Russia. But the main problem lies there. In the EU, most countries have a different idea, approach and level of dependence towards Russia. There are a lot of countries with strong and deep economic ties with Russia, such as Germany, Italy or France (regarding the powerful countries) and the Netherlands, Greece or Bulgaria. In the meantime, there are also those countries with few or no ties with Russia, like Ireland, Portugal or Spain. Last, but not the least, we get a third group of countries which may have strong economic ties, but unaligned political or ideological agendas with Russia, like the Baltic States, Poland, UK or Sweden (David, Gower, & Haukkala, 2011). This variety has a huge impact in the EU-Russia relations, as it complicates the way Brussels deals with Moscow. Peter Mandelson, former Trade Commissioner, stated that “No other country reveals our differences as does Russia”. In fact, the existing divergences regarding how to deal with Russia makes it hard for the EU to speak in a single voice (David, Gower, & Haukkala, 2011) (Piccardo, 2010).

Russia has known how to exploit the EU’s divergences. When Russian rhetoric of national interest and balance of powers came into Putin’s and Medvedev’s agendas, Russia understood that, in order to keep its position as the leader of the old Europe, it had to start dealing with each country directly, individually, kicking the dialogue with Brussels to the sidelines (Piccardo, 2010). Russia is a country that prefers to dialogue with classic great powers, rather than dealing with new world realities (David, Gower, & Haukkala, 2011). It means that, as a classic power, Russia puts its national interest before ideology or multilateral dialogs. That’s why bilateralism is much more common when dealing with the EU, because it’s a barrier to a single-voiced EU that could threaten Russia’s new role as great power, and compromise its political and economic interests worldwide – and even internally. As Schmidt-Felzmann said: “Russian diplomats have exploited differences between EU member states and institutions and obtained political leverage by playing them off against each other” (Schmidt-Felzmann,



2008). To this Russian strategy of “divide and conquer”, the EU hasn’t yet found a way to go around and empower itself. It may explain why is so difficult for the EU member states to find a common ground to deal with its eastern neighbour. We shall now analyse the importance of most European countries to Russia interests, and how do they influence the Commission’s stance on that country.

Historical Context

When the Soviet Union collapsed in 1991 the relations between the new Russian Federation and the West, particularly the USA, started to change radically. This decade witnessed the approximation of the two blocs that in the last decades have competed against each other. From the very beginning, when Boris Ieltsin became President of the Russian Federation, the West, including the USA and the European Community, were regarded as friends and political and economic models. Though the feeling wasn’t quite mutual, the European Community, later named European Union (EU), planned to integrate Russia in its project of a more integrated and wider Europe (Piccardo, 2010), in order to promote political and economic freedom, and guarantee the security of the two sides. Both political entities began to draft the Partnership and Cooperation Agreement (PCA), signed in 1994, which came officially into force in 1997.

The PCA reflected the effort from both sides to resolve and to strength their relationship. This document was mainly based on commercial relations and trade, but had also political references, especially the commitment of both sides to promote democracy values, political and economic freedom, and security and peace internationally. The PCA was complemented, during the same decade, by other agreements, which reinforced the relationship between Russia and the EU. In 1996, an “interim agreement on trade and economic relations” came into force, due to the fact that the PCA was being delayed by Russia because of the Chechen War (1994-1996). In 1999, the EU launched the “Common Strategy towards Russia”, drafted to elaborate a long-term strategy for dealing with Russia. Therefore, one can say that the 90’s were a



fine decade for both Russia and European Union to promote common causes, sign agreements and deepen their relationship.

However, this relationship started to cool by the end of the decade. The first reason was NATO's attempt to expand itself to all new democracies, regardless of their geography; and the second was because of the EU's plans to expand its borders to the East. Both these attitudes created a dilemma for Russian foreign policy. Should it support both enlargements, for it would help stabilize Russian borders, generating a fertile ground for business, commercial trade and political cooperation; or keep to old Soviet policy and view these enlargements as a threat (Piccardo, 2010). Russia opted for the latter stance. It showed resentment for its former allies joining the West, and, at the same time, made several demands to Brussels, in order to delay and complicate the enlargement.

With the new millennium underway, the election of Vladimir Putin as President of the Russian Federation was received with “widespread optimism” by the EU, because both political entities could build up what they agreed in the nineties, especially with regards to the PCA, the Energy Dialogue (initiated in 1999), and the EU's European Security and Defence Policy (ESDP), regarding security cooperation (Gower, 2008). Furthermore, Putin justified that optimism, as he told in May of 2001, in the Grand Kremlin Palace: “The institution for the interaction between Russia and the EU has more than once demonstrated its great usefulness. We very much hope that together we will not only preserve but enrich the long-standing tradition of trusting, truly good-neighbourly relations. (...) I am sure that the positive political and economic changes taking place in Russia today open up qualitatively new opportunities for deepening our dialogue.”¹. Later that day, he would say “The European Union is one of the key partners for us. Let me note that the concept of the Russian foreign policy considers links with the EU as a priority”²

¹ Source: <http://en.kermlin.ru/events/president/transcripts/21237>

² Source: <http://en.kermlin.ru/events/president/transcripts/21238>



The first term of Putin's Presidency focused mainly on internal issues, centred on the belief that only political and economic stability could allow Russia to achieve the *status* of great power. He "followed a unified policy with well-defined political, strategic and economic interests, based on system of authoritarian government", in which there is a "hierarchical government based on subordination principles and superiority of the executive branch" (Freire, 2011). After he consolidated his power, Putin hasn't faced any serious challenge to his legitimacy as Russia's President, and he was seen as the only man capable of leading Russian's interests – although the international community has certainly questioned this.

In spite of the optimism described above, few improvements were achieved during Putin's first term. During the EU-Russia Summit in St. Petersburg, in May 2003, political leaders announced the intensification of the relationship by planning to create four "common spaces" referring to economic cooperation; external cooperation; liberty, security and justice; and research, culture and education (EU-Russia Summit, 2003). There were high hopes to achieve that, especially because German and Finland, two countries with good political and economic relations, were to hold the EU Presidency, in 2006 and 2007 respectively (Gower, 2008).

But little was accomplished. Putin considered the intention of NATO to expand to Eastern European countries a provocation, for he thought it interfered with historical Russian zone of influence. The US plans to develop a missile defence system in the region, with the cooperation of Poland and Czech Republic, and the invasion of Georgia by Russian troops in the Summer of 2008, following the conflict in South Ossetia, were the last straw between Russia and its Western counterparts (Piccardo, 2010) (Gower, 2008).

When Dmitri Medvedev took office in 2008, it was a completely different Russia that was facing the EU. Compelled by the strong economic growth, in spite of the global financial crisis, and with political authority consolidated, not only internally, but in Russian's neighbourhood as well, Russia had now a new vision of itself in the international community. Following the war on Georgia (during which Moscow even recognised South Ossetia's independence) the country started negotiations, both with EU and USA, focusing especially on security issues. The NATO Summit in Lisbon, in



2010, reflected these efforts for security convergence, a matter that both Russia and the EU gives great importance to, because political stability is a requirement for solid and safe Russian development, and also for security of oil and gas supply to European countries. In 2012, Putin took office once more as President, and EU-Russia relations cooled again. By the beginning of the decade, Russia saw itself as a great power, and it was confident enough to make choices based on its national interest only: a strong and independent position was the goal Putin pursued during his Presidency. Its foreign policy became more aggressive and confident, its Armed Forces more modern, and it had less economic and political dependence on the EU (Gower, 2008). This aggressive stand, along with bigger influence on Russian's neighbourhood and democratic flaws in the country, especially when it concerned Human Rights, provoked the resentment of the EU.

The recent crisis in Ukraine, after the deposition of President Viktor Yanukovich, was the final straw in the EU-Russia relations. As Ukraine slowly approached the EU to sign an Association Agreement, Putin granted economic and energy benefits to its western neighbour, in order to discourage Kiev from aligning itself with the EU. To accomplish that, in the last months of 2013, Russia offered Ukraine 15\$ billion, a discount on the gas price imports, and a bond-purchase deal. When Yanukovich accepted the Russian deal and backed off from the Association Agreement with the EU, there were several protests in Ukraine, and its President was later overthrown, accused of colluding with Russian authorities. In the eyes of Russia and Yanukovich, economic and political influence in Ukraine was being threatened, and Putin responded. Crimea was occupied by Russian paratroopers, and later annexed by a referendum held by Russia, in March 2014, although with almost no recognition from the international community. Since then, Ukraine, now led by the new-elected President Petro Poroshenko, has been fighting against pro-Russian armed militias for the integrity of its eastern border. The EU made also a move in this war, firstly by condemning the Russian attitude, and then by imposing sanctions to its economy, and freezing foreign assets of Moscow's elite. As this article is being written, these sanctions, along with the fall of oil prices worldwide, are crippling Russian economy and limiting its ability to finance pro-Russian militias in Ukraine – the conflict, though, is still on.



Economic Relations

The PCA of 1997 remains the cornerstone of EU-Russia economic and political relationship. Signed in 1994, it offers a framework for economic, political and cultural cooperation. Regarding the economic collaboration, the PCA had the intention of creating a commercial free zone between Russia and the EU.

EU-Russia

For Russia, the economic pillar was essential for the country's survival. Following the collapse of the Soviet Union, along with the political instability, came an economic crisis. Ieltsin applied a "Shock Therapy" in order to transform Russian state-owned economy to a globally integrated market. The quick privatization of many companies – many of them to the hand of Russian oligarchs – had a tremendous negative impact, as the country faced hyperinflation levels and a deep fall of its GDP. Furthermore, Russia was engaging Chechen rebels in this separatist region, after the secession intent following the collapse of Soviet leadership. All these factors posed a serious threat to Russia's economic and political integrity.

The PCA then came as a breeze of fresh air for Russian political elites, as it could open the country to the growing EU market. However, shortly after the Agreement came into force in 1998, Russia faced a financial crisis, mainly because the government couldn't properly finance itself, and the economy was not growing enough so Russia could cover its deficits. In that year, Russia was obliged to devalue the rouble, and default on its debt. However, the recovery was quite astonishing. The Russian government implemented a series of growth-oriented policies, and the devaluation itself gave the Russian products leverage on the international market. According to the World Bank, this tremendous recovery was illustrated by economic growth levels: in 1999, Russia grew 6.4% and in 2000, it had an astonishing growth of 10%. Later on, this



growth was supported by the energy sector, which became the backbone of Russian's economy.

Trade relations between Russia and the EU member states will be examined afterwards, when we address Russia's relations with them individually. Generally speaking, the great economic concern when dealing with Russia-EU relations is the Energy dossier. It's essential to take a particular approach to the energy dialogue, as it is a great example of the different world perspectives from both powers have, stated above.

The first idea of an Energy Dialogue was presented in 2000, in the EU-Russia Summit in Paris. The Dialogue set out the following goals: “market and security of supplies; transport infrastructure, enhancement of the legal framework, the investment climate and transfer of technologies; energy efficiency and the Kyoto Protocol; the establishment of a pan-European energy market” (Romanova, 2008). These goals were important for the EU, because they could guarantee its energy security, seen as the security of supply (Kaveshnikov, 2010). As stated above, in 2003, the EU-Russia Summit held in St. Petersburg intended to create common spaces between both powers, and the economic pillar was one of them. By the time this dialogue began, Russia didn't oppose to the inclusion the energy dossier in it, for it thought it would assure Russian's position in the European market. (Romanova, 2008). However, shortly after, Russia changed its position, and demanded that the Energy Dialogue be separated from overall economic dialogue; the EU contested the idea, and it insisted that both issues were to be dealt together. Russia's reasons are evident, given that it is the EU's main energy supplier. (Kaveshnikov, 2010). By 2001, Russia represented 18,70% of oil imports to Europe; 22,34% in 2002; 24,75% in 2003; and almost 26% in 2004³

One can find the reasons behind this position, and justify them with those different world perspectives that both powers have. First of all, Russia wants the separation between the Energy Dialogue from overall cooperation because it doesn't want to lose its leverage on the European market by having different rules for energy regulation. It's

³ Source: <https://ec.europa.eu/energy/en/statistics/eu-crude-oil-imports>



important to highlight that energy sector has tremendous influence in the Russian state and in the national economy development perspectives – in the decade of 2000, this sector was the pillar of the great economic growth⁴ (Kaveshnikov, 2010). The main issue between the two great powers have been the inclusion (or not) of energy regulation rules on the overall economic dialogue. For Russia, the control of the energy sector is far more important than that of the EU.

The EU, on the other hand, is trying to include the Russian market in its ideals and projects of liberalization and economic freedom – energy included. As one of the largest consumers of Russian’s oil and gas, the EU seeks not only lower prices, but also the security of its supply. By “integrating all member states sectors into a single European energy market” (Loskot-Strachota & Zachman, 2014), and, above all, by integrating Russia into this single market, the EU is looking for bigger competition between oil companies, particularly in pressuring Gazprom influence in most member states. Furthermore, by having Russia in this single market, the EU is trying to achieve a security in its oil and gas supplies, not just because the gigantic dependence on Russia’s energy, but also because all the countries where the energy transit pass by. In the last years, the EU managed, by negotiating with Moscow, to find several ways of supplying itself, avoiding the main pipelines that pass through Ukraine, for example. The Nord Stream pipeline has been, since 2012, the main gas route connecting directly Russia with Germany through the Baltic Sea; and the South Stream, a project dropped in December of 2014 because of the war in Crimea and European sanctions on Russia was a gas pipeline designed to supply Italy, Greece and Austria, which would pass through the Black Sea. Germany, for example, may be relieved by the Nord Stream gas pipeline inauguration, as Ukrainian territory has been witnessing a terrible war since 2014. In the meantime, another of the Energy Dialogue’s goals was converging legal frameworks of both sides, in order to achieve a common space on energy, and guarantee these EU safety concerns – this legal approximation was, in fact, a “Russia’s approximation to the EU’s standards and norms” (Romanova, 2008). However, as time went by, this legal

⁴ About 43% in 2000; Source: IndexMundi - <http://www.indexmundi.com/facts/russia/natural-resources-contribution-to-gdp>



convergence failed: Russia did not want to lose control of its energy, for it could threaten its economic integrity; and European individual markets ended up less liberalised than expected (Kaveshnikov, 2010).

Recent developments in Ukraine created even a further division. Yanukovich's deposition in February of 2014 and Crimean's annexation in the following month was regarded by the EU as Russian interventionism in the region. As the Commission stated: "in the absence of de-escalatory steps by the Russian Federation, on 17 March 2014 the EU imposed the first travel bans and asset freezes against Russian and Ukrainian officials following Russia's illegal annexation of Crimea" (European Commission, 2015). These sanctions were imposed on the biggest state-owned Russian banks, major defense and energy companies, in which "EU nationals and companies may not provide loans to five major Russian state-owned banks" and it established an "embargo on the import and export of arms and related material from/to Russia". It also seeks to hit Russia's energy sector by stating that "services necessary for deep water oil exploration and production, arctic oil exploration or production and shale oil projects in Russia may not be supplied" (European Commission, 2015). Furthermore, diplomatic pressure was exerted on Russia such as by holding the G8 Summit in Brussels (June 2014) rather than in Sochi. Bilateral relationships between Russia and EU's member states are also suspended until Russia agrees to comply with European demands for the Ukrainian conflict. It has a tremendous influence on Russia's strategy for the EU, because it affects the bilateral choice Russia pursues when dealing with European countries. High-level individuals from Moscow's government and a few oligarchs were also targeted by the sanctions. By now, as this article is being written, European (and USA) sanctions seem to be working: although Russia responded with several import embargoes on food imports, Russia's economy is struggling, and the fall of oil prices was a tough hit on the country's export revenues. In the beginning of 2014, Russia's



GDP was growing by 2%, falling to 0,4% in the third semester of the year. The World Bank even predicts that growth may register a negative rate during the year of 2015⁵.

Bilateral Relationships

When we analyze bilateral relations with Russia and some EU member states, we can conclude that it serves Russian economic and political interests more than those of the EU. When dealing with powerful countries of the EU (regarding this, we will see bilateral economic relations with Germany and the United Kingdom), Russia considers them so influent that it communicates directly with them in order to legitimize itself as a great power (Schimdt-Felzmann, 2008). That is so because, as stated in the introduction, Russia is a “classic realist power, driven by the pursuit of national interests, balance of power considerations and zero sum assumptions” (Gower, 2008). In turn, dealing with Russia through Brussels and the EU framework is only one of the options that the EU’s most powerful member States have. If they can deal with Russia directly, that’s exactly what they choose to do. Their political and economic power gives them leverage, because they choose to follow their national interest bilaterally, or trough the Union’s channels (Schimdt-Felzmann, 2008).

Germany strongly espouses this idea – it has been the strongest promoter of Russia in the EU channels, but also the most influent in undermining EU-Russia relations (Timmins, 2011) (David, Gower, & Haukkala, 2011). During the Cold War, Western Germany leaders made strong efforts to integrate the country in all multilevel institutions, in order to legitimise German power and influence. After the reunification, the country followed the same strategy, but things had changed considerably: as a great European power, politically and economically, Germany felt safe and confident enough to pursue its national interest on its own – since the reunification, there has been a consensus among all parties in government that the ‘Grand Strategy’ on Russia should

⁵ Souce: Investopedia and Trading Economics:
<http://www.investopedia.com/articles/investing/012115/sanctions-oil-prices-bring-russian-economy-near-collapse.asp>; <http://www.tradingeconomics.com/russia/gdp-growth-annual>



be conducted bilaterally, and not through European channels. The reasons are obvious: when it comes to Russia, Germany is one of its biggest strategic partners. The latter is the single largest investor in the former, and imports almost half of its oil and gas from Russia (Timmins, 2011). In order to ensure the safety of its supply, Germany sought to bring the Energy Dialogue into the EU.

The UK, too, has close trade relations with Russia. Although political relations were never good, it was Prime Minister Margaret Thatcher who set the foundations of the UK-Russia relationship, signing in 1992 the first commercial agreement. In the nineties, “economic and trading relations were highest on the bilateral agenda”, and “Russia’s resource-rich territory has proven a consistent lure for Britain’s business” (David, *A Less than Special Relationship: the UK's Russia Experience*, 2011). This high point of the commercial trade between Russia and the UK lasted until 1997 – after the Russian financial crisis, economic instability, too much bureaucracy and the lack of a proper legal framework had a negative impact on the relationship. Furthermore, similarly to Germany, the UK is powerful enough to pursue its interest without the European Commission – and that is more visible in the political relationship, as we’ll see further – for, both of them “historically and currently [...] seek *status* as global powers” (David, *A Less than Special Relationship: the UK's Russia Experience*, 2011). The UK’s Department for Business Innovation & Skills drafted a document, in order to correctly inform Britain’s companies on the sanctions imposed last year to Russia, so that they can approach the Russian market more cautiously and prepared – highlighting the strong economic and trade ties between Russia and the UK (Department for Business Innovation & Skills, 2014).

The Netherlands “favour[s] similar pragmatic policies of constructive engagement with Russia” (Casier, 2011). But the Netherlands are an exceptional case: they are Russia’s second biggest economic partner after Germany – something which tends to be overlooked. Furthermore, it depends strongly on Russia energy. When it concerns Netherlands, close economic ties and little influence in the EU channels led the country to pursue a more pragmatic and bilateral relationship with Russia, contrary to other EU countries (Casier, 2011).



For less powerful member states, however, pursuing their national interests on their own is not a good strategy. Their goal is to join the EU debate on Russian issues, in order to compensate the “imbalance which exists in their relations with [...] Russia” (Schimdt-Felzmann, 2008). Furthermore, because they lack the means to enforce their choices, they can’t pass any resolution on Russia without the approval of countries like Germany, France or the UK; the solution, then, is to lobby in the Commission and “careful positioning of their national in the Commission and the Council Secretariat” (Schimdt-Felzmann, 2008).

Portugal, for example, is a small country, with structural problems and little dynamism in the EU; however, it is generally well pre-disposed towards Russia (Simão, 2011). Political and military cooperation have been strong but bilateral commerce has been marginal. Portugal imports mainly oil derivatives from Russia, and manages to keep its dependence on Russia in check by importing gas from North Africa. In compensation, Russian tourists have been choosing Portugal as their main holidays’ destiny. Russia approached the port of Sines and the Portuguese energy company Galp Energia to invest – two strategic Portuguese assets (Christou, 2011). Greece, on the other hand, has closer commercial ties with Russia, because of their proximity. Nevertheless, their close relationship is mainly based on national interest’s notion (Christou, 2011). Since 1993, both countries have signed 5 treaties and agreements, consolidating their cooperation on energy, economic cooperation and touristic dynamism. The energy pillar is by far the most important, for Greece imports roughly 40% of its oil from its neighbour. The proposed South Stream pipeline was also another area where both countries cooperated – because it kept the energy transit line to Greece away from Turkey. The Baltic States are an evidence of small countries struggle. Although the main subject of their relationship with Russia is the problems with minorities, economic relations have an important impact. There is a great influence of History in Baltic Countries-Russia poor relations and that reflects in the EU level. Their main attitude has been to find allies inside the EU that also resent Russia, which grants them the label of “spoilers” among member states. But, economically speaking, the Baltic States cannot live without Russia, as they have a huge energetic dependence from its neighbour. There has been an effort, especially from Estonia and Latvia (those whose



economic dependence and political resentment is greater) to diversify its relations, justifying why they have been gradually approaching the Nordic countries (Galbreath & Lasas, 2011).

When it comes to the Nordic countries, Finland is by far the one that has a better relationship with Russia. Sharing the common past of resentment with Sweden, the ties between Russia and Finland grew strong, both politically and economically. When we speak about the latter, commercial relations are significantly more important for Finland than Sweden or Denmark. For example, before the financial crisis of 2008, Russia was Finland's largest trade partner, and in spite of falling to third place after that year, Russia will quickly get to the position of top investor; in the meantime, Finland's investment on Russia reaches roughly six billion Euros (Etzold & Haukkala, 2011). Finland too reflects the non-dominant EU countries' struggle to pursue their national interest on their own. It has one of the best relationships with Russia from the entire EU, tends not to criticize Russia, and it has shown support for Russia at EU level. That has, for a few times, raised some disagreements with the Nordic countries, especially Sweden, which fell sometimes like "sidelined" by Finland. Furthermore, Finland's intention to follow a pro-Russian initiative in the EU channels has been regularly frustrated, which led to a "growing disillusionment in Finland with the prospects of a common EU Russia policy" (Etzold & Haukkala, 2011).

Commercial ties have not undergone significant changes over the past two decades. Contrary to the political relations, economic ties have followed a constant and relatively stable line. There is a great energy dependence of some EU countries, especially Germany, France, Netherlands, and those states geographically close to Russia, like Greece, the Baltic States, Poland or Finland. Although there have been some efforts to diversify their sources of energy supply, most of the EU countries rely hugely on Russian energetic exports – the exceptions seems to be mainly Portugal and Spain, whose sources are in Northern Africa. When it comes to investment, the dynamic has also been relatively constant. Germany and the Netherlands have a very intense commercial relationship with Russia, and the security of their investment is considered to be a national concern. The UK too, although with a relationship less intense than that of Germany or the Netherlands, finds in Russia a constant lure for business (David, A



Less than Special Relationship: the UK's Russia Experience, 2011). But as we will see further below, political relations has been more volatile than the economic relations.

Political Relations

As stated above, the PCA of 1997 remains the cornerstone of EU-Russia economic and political relationship. Signed in 1994, it offers a framework for economic, political and cultural cooperation, and it should guide EU-Russia relationship for the next 10 years. In spite of that, its primary goal focused on economic convergence: there were a number of compromises that Russia accepted, only to delay their resolution. As Raquel Freire states, the enlarged EU-Russia agenda allowed both parties to delay some delicate subjects, such as democratization and human rights (Freire, 2011).

UE-Russia

Although it was signed in 1994, the PCA only came into force in 1997 because of Russian's involvement in the Chechen conflict. Nevertheless, political relations were at a good point, and summits between Russia and the EU kept on taking place throughout the decade, under the Presidency of Boris Ieltsin. The EU adopted a Common Strategy towards Russia in mid-1999, and the improving relationship only decreased when, by the end of the decade, NATO announced its intention to expand to Eastern Europe. The EU not only supported this idea, but launched a new project aimed at expanding its borders towards the same geographic region (Piccardo, 2010). By 2000 there was a "widespread optimism" (Gower, 2008) with the election of Vladimir Putin as President of Russia. The first sensitive issue to taken in consideration was EU's expansion plans, which would create new restrictions between Russia and its historical trading partners. The 7th, 8th, 9th and 10th Summits EU-Russia only approached it generically, for Putin had not yet taken office as President. Therefore, the 11th Summit, held in St. Petersburg, signalled the first intention from both parties to settle the issue of expansion. Russia, in order to counterbalance the EU's plans, agreed on the creation of 4 common spaces,



regarding economic cooperation; external cooperation; liberty, security and justice; and research, culture and education (EU-Russia Summit, 2003), whose “Road Maps” were established in May of 2005. Nevertheless, little was achieved in the following years, not even with high hopes on the German and Finnish EU Presidencies, two countries with good political relations with Russia (Gower, 2008).

In the meantime, the PCA was close to expiry (1997-2007). In 2006, a commercial dispute regarding raw meat between Russia and Poland, whose relationship was already strained, prevented the start of negotiations to extend the PCA. Because of Russian’s decision to ban meat imports from Poland, this last country vetoed the dialogue, and in the following year, in the EU-Russia Summit of 2007 held in Samara, the EU and Russia “seemed to have reached the lowest point since the end of the Cold War” (Gower, 2008). The NATO expansion, the EU’s OSCE and the conditions of the Treaty on Conventional Forces in Europe were regarded by Putin as interference in the internal affairs of third countries. Furthermore the “orange revolution” in Ukraine, following the election of Viktor Yanukovich in 2004, was also another cause of Moscow’s bitterness. The EU in general, and Poland and Lithuania in particular, played an important role in supporting Ukrainian citizens who protested against what they called the illegitimacy of Yanukovich’s election. The recognition of Kosovo by Washington and the fierce opposition of Moscow put the EU in a difficult position, trying not only to find a position between the two superpowers, but also dealing with internal divisions, as some member states supported the independence, and others did not (Freire, 2011).

When Dmitri Medvedev took office in 2008, both sides tried to mitigate the tension between them. The first intention to achieve this came from the EU-Russia Summit in June, 2008, held in Siberia. In this summit, the subject of a new agreement to restore the PCA was brought to the table, mainly centred in trade relations (Piccardo, 2010). But 2008 would be, again, a year of political tension between the EU and Russia. Firstly because Czech Republic signed an agreement with the USA to build an anti-ballistic missile system, which made Russia feel threatened by USA-EU military force. Secondly and perhaps most importantly was the South Ossetian Conflict. In 2008, following the invasion of South Ossetia by Georgia, Russia responded in the summer with a military intervention. Their goal, according to Moscow, was to keep peace and



stability in the region, and in a few days, Russia pushed Georgian forces out of South Ossetia. In August, Medvedev recognised the independence of the small region, which led the international community to condemn Russian's attitude. The EU, however, only froze the negotiations for a new partnership with Russia until late September. In the meantime, the EU launched the European Union Monitoring Mission, and provided €6 million of humanitarian aid to support Georgian victims (Piccardo, 2010).

Putin carried on with the same strategy when he got back in office, in 2012. The main focus of EU-Russia relations was the possible approximation of Ukraine to the EU. Michael Rywkin simply stated what the EU wanted: "As a precondition to upping Ukraine's status with the EU from "European Neighborhood Policy" level to "Association" and thus to gain access to financial assistance, the EU demanded that Ukraine put its finances in order and free Timoshenko from jail" (Rywkin, 2014). Russia, on the other hand offered in the autumn of 2013 15\$ billion, a discount on the gas price imports, a bond-purchase deal, and made no demands regarding Timoshenko. President Viktor Yanukovich managed to deal with both: by accepting Russia's help he could fix Ukrainian finances, and then be able to receive the EU aid. But when the Association Agreement was refused by the Ukrainian president in the beginning of 2014, a number of Ukrainian civilians protested against the decision and overthrew its President, accusing him of colluding with Russian authorities. It was not a consensual move, as many other individuals defended Yanukovich and his political choices, which almost led to a confrontation of forces inside the country. In the eyes of Russia, along with Yanukovich, economic and political influence in Ukraine was being threatened, and Putin responded. Crimea was occupied by Russian paratroopers, and later annexed by a referendum held by Russia, in March 2014, although with almost no recognition from the international community.

EU's response was quick. In February 19, EU member states leaders made a statement condemning Russian's actions, and the G7 Summit reunited that year deliberately excluded Russia to reinforce its isolation. The Commission's President Durão Barroso sent a letter to Putin in May, in order to convince the Russian President to remove its presence from Ukraine. Since none of the diplomatic actions achieved results, the EU allied itself with the USA, and imposed a series of sanctions on



Moscow. First, following the Crimean annexation in May, “the EU imposed the first travel bans and asset freezes against Russian and Ukrainian officials” (European Commission, 2015). Furthermore, the EU called for the suspension of negotiations regarding Russia’s joining the OECD and the International Energy Agency. With regards to asset freezes, nearly 151 persons and 37 entities were targeted – which led, contrary to expected, to the strengthening of Putin’s elite and their support to the regime (Morozov, 2015).

We can say that EU-Russia political relations are at its lowest point ever. Nevertheless, Russia maintains, with each member state, a different relationship, and that has a huge impact on how did the EU deals with Russia. As above, we will approach German and the UK’s relationship first, to show the impact of powerful member states in EU-Russia relations; followed by an analysis of how small countries like Portugal, Spain, Greece, the Netherlands, the Baltic and the Nordic States deal with Russia, politically speaking.

Bilateral Relations

As stated above, Germany’s governments since the reunification agreed on the “Grand Strategy” towards Russia – one of its biggest commercial partners. In the first years of dialogue between the Russian Federation and unified Germany, a good relationship existed between them. Helmut Kohl had a close friendship with Boris Ielstin, and he helped Russia financially, being the first EU member, in 1994, willing to establish a dialogue with the new Russian Federation. During the nineties, Russian instability was linked to German and EU political and economic integrity, and that is why Kohl arranged the “first bilateral consultative summit between Germany and Russia” (Timmins, 2011), in June 1998. In that same year, When Gerhard Schröder took office as Chancellor, he quickly pointed out the danger of such a close relationship and support between the two countries, especially in the light of the financial instability after the crisis in Russia. Schröder came with new demands regarding the democratization of Russia, and its inclusion in the European security – something that Putin quickly circled and forgot (Timmins, 2011). Moscow’s growing resentment



towards the EU's demands made Putin offer Germany a chance to deal with their issues bilaterally. To Germany, this came as a dilemma: would it follow bilateralism and compromise its foreign policy position of the last decades of choosing always the multilateral way; or would it keep the failed multilateral way followed until there? Schröder chose the former, and stated that, due to its position as European great power, Germany could be the leading country's dialogue with Russia – not without criticism from inside the EU for marginalize the normative and multilateral face of the EU (Timmins, 2011). This bilateral choice led to a close friendship between Schröder and Putin, similar to the one Kohl had with Ieltsin. Nevertheless, things changed radically when Angela Merkel took office in 2005, opting for a more distanced relationship with Russia. Merkel's first visit to Moscow was held in the following year of her election, and she made sure it started a new relationship, based on transparency and equilibrium (Timmins, 2011). In 2007, when the EU-Russia Summit in Samara failed to deliver a new plan for the PCA extension, Putin accused Merkel of inefficiency and of ceding on eastern countries demands towards Russia. This last allegation was very relevant, as the EU was enlarging to East. When Medvedev took office, there was a widespread optimism that the relations could improve once more, and in fact, they did. After the Georgian conflict, Germany was not as harsh on Russia as other EU countries were. Again, in 2014, Germany, under the leadership of the same Chancellor, did not criticize Russia as expected after the events in Crimea and Ukraine. In fact, it is easy to understand German's cautious position towards Russia, when it has a huge dependence of Russia's energy exports, and close commercial ties with it. It is Germany's intention to avoid another dispute with Russia after the gas dispute between Russia and Ukraine in 2009, which also affected Germany energy supply. As stated above, Germany, contrary to other EU member states, had the chance to pursue its relations with Russia bilaterally.

When it comes to the UK, things proved to be different mainly because of its close relationship with the EUA, sometimes called the “Special Relationship”. But there are other reasons why the UK-Russia relationship is as good as Germany's. First of all, there is the so-called foreign policy priority given to the USA, one of Russia's greatest rivals. Secondly, the UK and Russia have been historical rivals since the XIX century.



And thirdly, although their power projection doesn't equal that of the USA, they both seek worldwide influence. Because of its Special Relationship with the USA, the UK tried in the nineties to “secure democratic and stable society in Russia and [...] to secure a modern reformed market economy in Russia”, and to serve as an interlocutor between Russia and the USA. (David, *A Less than Special Relationship: the UK's Russia Experience*, 2011). It was Margaret Thatcher who started to dialogue with Russian authorities, and 1992, under John Major's leadership, both countries signed their first economic cooperation agreement. Their priorities were economic and trading relations – which were highest on both agendas – and the first political issue came up in 1994, when the UK criticized the way Russia was dealing with the Bosnian War. But it would be in 1997/98 that real political tensions would start to come up, due to two facts: first, the Russian financial crisis, allied with the economic instability and the lack of a legal framework, that destroyed “Major's early hopes for British business opportunities in Russia” (David, *A Less than Special Relationship: the UK's Russia Experience*, 2011); and second, the election of Tony Blair as Prime Minister, operating a new foreign policy based on ethic notions – which didn't meet Russian interests.

When Putin came to office in early 2000, his first visit was to London. The UK intended to be a mediator between Russia and the USA. However Blair's leadership would have a negative impact on UK-Russia relationship. Its commitment to promote democracy and economic in freedom in Russia, with its foreign policy based on ethics; the role as interlocutor between Russia and the USA also failed to improve the relationship, for Putin knew that If the UK was caught between the two of them, it would always prioritize the Special Relationship with the USA. And finally, the UK stood with the USA in all major conflicts, positioning itself against Russia's position: it happened in Bosnia, Kosovo and Iraq, and later on, with Ukraine.

In the following years, new political tensions arose between the two of them. In 2006, Alexander Litvinenko's death, a former KGB/FSB agent, strained the relationship so badly that the British Government tried to make an inquiry on Russia because of Litvinenko's death – the former agent claimed, before his death, that he has been poisoned by the Russian authorities. The relationship between both countries hit a low point in 2008, resulting in extradition problems. Important figures who opposed to



Putin's leadership found a safe harbor in London, and in spite of Moscow's demands for their extradition, London refused most of the times. As a result, the "matter of extradition had been a major factor in the deterioration of bilateral relationships" (David, *A Less than Special Relationship: the UK's Russia Experience*, 2011). The oligarch Boris Berezovsky, and the former Chechen separatist leader Akhmad Zakayev are examples of that. The 2008 Georgian conflict was the last straw: Gordon Brown criticized Russia, stating that Russia was unpredictable and untrustworthy.

In 2010, when David Cameron took office as the UK's Prime Minister, there was a new effort to reconcile both sides. Cameron's solution to rekindle the relationship was to focus on creating a good economic relationship and setting ideological differences apart. The UK's intention was to better understand Russian's actions and ways of thinking, so they could pass a more consistent and constructive message. Nevertheless, all efforts to revive the relationship fell apart with the crisis in Ukraine. Following Crimean's annexation in May 2014, David Cameron stood with a fierce opposition to Russian actions, colluding with the USA and other EU member states to impose sanctions on Russia, and has asked Putin to back off from Ukrainian territory.

Spain has only recently deepened its relationship with Russia. Although different Spanish governments have opted toward the support to the USA policies or multilateral ways of dealing with several issues, Spain has cooperated with Russia much more than other EU member states (Simão, 2011). Prime Minister José Maria Aznar supported the US's policy on the "War on Terror", while José Luis Zapatero promoted multilateral forums. But one remarkable feature is Spain's particular policy towards Russia: the Spanish government manifested itself against the US shield project on Eastern Europe, it did not recognize the independence of Kosovo (contrary to its western neighbor, Portugal), and sometimes protested against sanctions imposed on Russia. The political relationship between Russia and Spain is much stronger than the economic one. Considering the lack of historical and cultural relations, the way these two countries have managed their cooperation has been remarkable. Militarily, both Russia and Spain cooperated in the Middle East, and the post-9/11 context posed a good opportunity for both countries to deal with other security issues, such as Afghanistan (Simão, 2011). In the recent Ukraine crisis, Spanish kept its position of support towards Moscow. After



the introduction of sanctions by some EU member states, the Spanish Foreign Minister, Jose Manuel Garcia-Margallo, stated that those sanctions benefit no countries, and that there were several other ways to deal with the Ukrainian issues. One must not be innocent when approaching this political stand, when the Spanish economy, faced with economic difficulties, finds its meat exports to Russia severely affected. Therefore, Spain stands in the middle of the separation between powerful and weaker EU member states. It has enough power to deal with Russia on political and military issues on its own, but gives a big importance to the EU channels, bringing into question the EU's stance on Russia.

The less powerful states, however, highlight the difficulty of pursuing their national interests bilaterally. Greece clearly exemplifies this: although it does have bilateral agreements with Russia, much of its relationship has been constructed based on the EU's framework. Although historical divergences may sometimes arise between the two of them, Russia and Greece have a close political and cultural relationship. As noted above, the 5 treaties and agreements signed since the end of the Cold War are mainly focused on political, cultural and military cooperation: the Friendship and Cooperation Agreement and the Agreement in Economic, Industrial, Technological and Scientific Cooperation (both from 1993); the Joint Declaration on Further Strengthening Relations of Friendship and Cooperation, and the Joint Declaration on Terrorism (both from 2004); and the Joint Greek-Russian Action Plans for 2005-2006/2007-2009 and 2009-2011. There have also been several meetings and visits from both sides, especially during the leadership of United Russia party and the Greek New Democracy. Nevertheless, Greek Prime Ministers have always been constrained by the EU's opinion on the matter. As George Christou said "for Greece, good bilateral relations with Russia are important, but they are not independent of its commitments to and membership of the multilateral EU arena" (Christou, 2011). More recently, after the imposition of sanctions on the Russian government, the Greek Foreign Minister tried to keep his line of action concerning Russia by delaying Greece's support to them. However, Greece itself is not strong enough to openly object itself against a great EU policy, and had to follow the collective measurements imposed on Russia.



The Baltic States have a weaker relationship with Russia. Galbreath and Lasas accurately describe it: “the Baltic States continued to have a ‘rocky’ relationship with the Russian Federation over the status of Russian speaking minorities and unsolved borders with Estonia and Latvia as well as Lithuania’s relationship with Russia over energy [...] given their limited resources, they often have a difficult time influencing the EU policy agenda during the early stages of the process, but instead step up their public pressure once the agenda comes into open. Because of this strategy, the Baltic States risk being perceived as agenda spoilers rather than settlers” (Galbreath & Lasas, 2011). In fact, Russian minorities in the Baltic countries, and especially in Estonia, which has the largest proportion, have influenced the way these countries deal with Russia. The security and integrity of these minorities would support the argument used by Putin to annex Crimea and send paratroopers to help pro-Russian militias in eastern Ukraine, in 2014. As historical legacy has a huge impact in Baltic Countries-Russia relations, this group of countries has a great concern about its security issues, focusing on NATO expansion towards the East to guarantee its own safety, and those who are under Russia’s “umbrella”. Once more, Galbreath and Lasas note that: “the three Baltic States republics are especially keen to keep NATO involved in Europe as the ultimate guarantor of their long-term security. They do not trust that the EU will or can take up this role” (Galbreath & Lasas, 2011). Proof of that is the cautious position adopted by the EU member states on starting a commercial war with Russia after the imposition of the sanctions in 2014. Relying on the military option was a better choice for the Baltic States, because Russia’s response to the sanctions - banning all fruit, vegetable, meat and dairy product imports from the EU – has hit these countries severely.

Last but not the least, we can say that “the three Nordic EU members have been far from uniform in their relations with Russia” (Etzold & Haukkala, 2011). While Denmark has the worst relationship of them all, Finland has a good relationship, and Sweden stands in the middle. Unlike Finland and Sweden, Denmark chose, since the beginning, a foreign policy orientation towards the West, joining NATO right in 1949 and the European Commission in 1973. Although their initial intention was that of cooperation with Russia on all levels, the end of the Cold War brought a new reality for the relationship – during all the nineties, Denmark stood along with the Baltic States in



several issues concerning Russia. By the beginning of the new millennium, political tensions arose stronger than ever, and the Chechen War the main subject between them. Denmark not only criticized the Russian military operations in the region and denounced several human right issues on the ground, but also it permitted a Chechen Congress to be held in Denmark's capital, in 2002. In that time, the relations deteriorated so much that there were threatens of boycotts and withdraw from all bilateral arrangements. Only with Medvedev's election did the relations started to improve, with several meeting between the two parties. Denmark has no problem in challenging Russia because "there has not been much economic cooperation between the two countries" (Etzold & Haukkala, 2011). The Danish North Sea resources allow Denmark to be energetically independent from Russia, contrary to others in the region. This economic independence has allowed Denmark to demand harsh EU sanctions on Russia. After an interview by the French President François Hollande stating that sanctions should be lifted if Putin reconsidered his attitude towards Ukraine, the Danish Foreign Minister, Martin Lidegaard argued that the EU should keep its course and continue to impose sanctions, even if they start to succeed.

Finland, on the other hand, has strong ties with Russia, sharing with the latter an historical resentment towards Sweden (Etzold & Haukkala, 2011). The political sector is as important as the economic. First of all, Finland and Russia share a huge border, and therefore a mutual interest in cooperating with regards to security and terrorism issues, in addition to facilitating tourism. Secondly, diplomatic visits between the two countries are one of the most dynamic in EU-Russia relations. As Etzold and Haukkala noted: "Finland probably has an unprecedented and unrivalled depth of contacts ranging from ordinary citizens and civil servants to parliamentarians, ministers and heads of state. Meeting, debating, and solving problems with Russians is the bread and butter of Finnish foreign policy – not a rare delicacy or an optional extra" (Etzold & Haukkala, 2011). Therefore, political frictions between Russia and the EU did not manifest themselves in the Finnish-Russia relations. In the Chechen War, the Finnish Prime Minister Esko Aho was the first EU member state leader to visit Russia after the end of the conflict. Later on, when Russia entered in Georgia, in 2008, Finland stepped up as the one who could lead both sides to peace – until it was sidelined by the French



President Nicolas Sarkozy (Etzold & Haukkala, 2011). This close relationship, contrary to what happened with Denmark, justifies Finnish reluctance to impose sanctions on Russia after the annexation of Crimea: as one of the most important commercial partners, Finland was one of the most severely hit by economic measures on Russia.

Future Challenges

As this article is being written, Crimean's annexation has not been resolved, and Ukrainian Armed Forces are trying to regain control over its eastern borders against pro-Russian armed militias. The regions of Donetsk and Luhansk are witnessing battles everyday for its political control, which took the life of almost 5000 people.

In the meantime, the economic sanctions imposed on Russia are severely crippling the country's economy. Our argument in this section is to show that Crimean's annexation and the war in Ukraine was a geopolitical move in order to ensure Russia's role as world power, and ultimately, Putin's power in the Russian government – this will be detailed later. In 2014, a series of events harshly hit the Russian economy, which led Putin to some political investments.

Firstly, both the overproduction of oil worldwide (especially in Iraq and Saudi Arabia) and Saudi Arabia's intention to convince the USA to abandon the fracking projects led to a general fall of oil prices worldwide. After the Russian financial crisis of 1997, the recovery was based on the exports of oil and gas to Europe, and the energetic sector then became the backbone of Russian economy. One can blame Moscow's authorities for not sufficiently investing in Russia's economic diversification, but it was a crucial internal issue, since it benefited many oligarchs close to the Russian leadership – some of them important supporters of Putin. Russia's economic strategy was therefore guided by oil prices and the belief that these would remain as predicted. By the beginning of the new millennium, high oil prices allowed Putin, and then Medveded, to pursue Russian national interest as it pleased.

Furthermore, although the energy sector was the most important, Russia found in some EU member states important commercial partners, to which it exported, not only



oil and gas, but other energy-related products and oil derivatives. In this group we find powerful countries like Germany, the UK or France, along with smaller states like Finland, Latvia, Estonia, Lithuania or Greece. Even if oil prices did not fall as expected, the sanctions imposed by the EU right after Crimea's annexation were a hard hit on the Russian economy.

2014 was a dark year for Putin, perhaps the most difficult since he took office for the first time in 2001. In fact, over recent years, Russia's economy has not been growing like it used to in the beginning of the millennium. In 2011, it grew 4.3%; in 2012, these numbers fell to 3.4%; in 2013, in the year that Putin offered Yanukovich the so desirable financial aid, Russia's economy was growing at 1.3%. Exactly when the economy was almost getting at its lowest, oil prices began to fall rapidly, leaving the Russian economy very crippled. While other oil exporting countries, like Saudi Arabia, could afford to "lose" some money with the prices fall, Russia couldn't handle it: its economy never diversified like it should, and it did not have enough foreign reserves to handle the impact.

Taking into account that Russia is a classic power, viewing the world as guided by national interest, Putin faced a flagging internal economy, a reduction of oil revenues, and finally an EU agreement with Ukraine that would make him lose its biggest commercial partner and ally. He then proceeded to act as a true realist, and annexed Crimea from Ukraine in order to guarantee he would not lose anything that could compromise his internal support and leadership. Crimea is not only a former Russian-controlled region: it was also one of the richest regions in Ukraine, with an economy based on railway industry (mainly in the North), agriculture, a powerful tourism sector, in addition to possessing important energy reserves. Though criticized by the international community, Crimean's annexation boosted the Russian economy, until the EU introduced new economic sanctions which hit the military and security sector in particular. Taking account that the EU views the world as a normative system, it did not understand Russian's intentions in Crimea and Ukraine, and imposed sanctions on its economy. To what Russia considered being an interference of its historical zone of influence with EU's intention to integrate Ukraine in its borders, the EU itself saw only the promotion of democracy, and economic freedom – which would led, consequently,



to growing economic ties between the EU and a country that, historically, has been in Russia's zone of influence. In this case, the promotion of normative values seen as global wide shocked with well-definite political and influential borders represented by Russia.

But this crippling position in which Russia finds itself may not stop Putin's assertive foreign policy. Certainly, it has weakened Russia, but several facts could change Russia's fortunes. First of all, the commercial war is also negatively affecting some EU member states, especially Germany, Finland, France and Greece. Curiously, these four countries proved cautious, and even reluctant to impose harsh sanctions on Russia. The internal divergence among EU member states can also undermine the effectiveness of the sanctions. French President François Hollande called for the end of the economic sanctions if Russia abandoned its presence in Crimea, and was supported by Finland and Greece. However, Denmark, with few economic ties with Russia, in addition to its political resentment towards Putin, has asked for the sanctions to be remained in place, regardless of Putin's withdrawal. This big internal divergence has undermined EU intention of speaking to one voice, by leading some countries to find any kind of bilateral arrangements with Russia.

On the Russian side, things might play in favor of Putin's leadership. Though in a slowly way, oil prices are predicted to rise in the next years⁶, relieving some of the pressure over Russia. Furthermore the increased approximation with China through economic agreements, and the country's support for Russian military intervention granted Putin support, proving he is not completely isolated from the international community. Where domestic politics are concerned, internal dissatisfaction with Putin is not as high as some Western media outlets suggest. Civil society not only supports Putin in its engagement against the West, but political elites rallied themselves around their President. Despite the sanctions, a tough economic situation and increasing isolation from the international community, Putin appears to be handling the situation

⁶ The lowest peak of the oil prices in 2015 was registered in mid-March (45\$ per barrel, reaching almost 55\$ in the beginning of April, and more than 62\$ in May and June). Source: <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=6m>



well. Not even the assassination of Boris Nemtsov, in March of 2015, undermined the political integrity of the President in Russia.

Therefore, on one side, we have a European Union fiercely opposed to Russia's realist agenda, and seeking to promote democracy and liberalization in Ukraine, and later Russia, presenting itself as a true normative world power, with enough influence to operate political changes worldwide through *soft power* actions. On the other side, classic Russia operates through notions of national interest and balance of powers, and its autocratic leader has real intention of clashing against the West, to promote the raise of a new and powerful Russia. In the end, we will see who wins.

Conclusions

Relations between the EU and Russia have been far from stable, both politically and economically. The collapse of the Soviet Union brought new cooperation opportunities for Russia and the European Commission, especially in the economic arena. Both sides realized that, in order to achieve a serious political and security partnership, Russia's integrity and stability should be the top priorities for the two parties. Sensitive political issues, such as democracy or human rights were postponed, as the EU leaders knew it would only delay further achievements in other areas. The first Partnership and Cooperation Agreement was signed in 1994, and came into force only in 1997. However, Ieltsin's good relationship with most of the EU member states did not completely redeem Russia's image. Still in the nineties, the Chechen War was harshly criticized by some EU member states, allied to the financial crisis in 1997, that crippled Russian economy.

The optimism created by Putin's election in the beginning of the millennium was quickly abated, as he was now leading a richer and more powerful Russia. Moreover, the EU's intention of expanding to the East, the US project supported by Poland and Czech Republic of constructing a defense system in Europe, the 'Orange Revolution' in Ukraine, and the Georgian War of 2008 led to resentment from both sides towards each other. However, this strong resentment (which had its peak in 2008) was mainly



political, as economic relations remained a priority. Russia was the EU's main commercial partner, and vice-versa. Russian oil and gas exports to Finland, Germany, the Netherlands, the Baltic States or France led to a great amount of energy dependence on the part of most EU member states, a dependence from which only a few countries in Western Europe can escape – such as the Iberian States. This energy dependence forced the EU, in various occasions, to enter into a dialogue with Russia in order to achieve the stability and security of its supply. By 2004, for example, Ukraine, whose territory comprises the main energy transit routes from Russia to EU member states, entered a scenario of political instability, a situation that was exacerbated in 2008 as the financial world crisis led to serious economic difficulties for the EU member states. Medvedev's presidency, (2008-2012) focused its foreign policy on security and political stability issues. This position could be justified by the fact that by 2007, the EU's enlargement was more or less settled, and Russia's main concern with regards to the EU was now to prevent the consequent expansion of NATO into the region. Finally, Putin's reelection would further contribute to the situation, resulting in EU-Russia relations hitting their lowest point ever. Putin's assertive and confident foreign policy, coupled with decisions taken based on geopolitical and national interests (especially in Ukraine), as well as the EU's actions aimed at the promotion of democracy and economic freedom, led to war in Ukraine between Ukrainian national forces and pro-Russian rebels in Eastern Ukraine, and the annexation, condemned by the international community, of Crimea by the Russian Federation.

The goal of this study was to show to the reader why Russia and the EU act so differently towards each other. Again, we argue that the EU sees itself as a normative power, focusing on promoting democracy and economic freedom worldwide, a strategy put on practice by European *soft power*; Russia, on the other hand, is a classic power, driven by notions of national interest, zero sum assumption, and pillared by a history of nationalism and ideological opposition towards the West. My intention here is not to justify any attitude from neither sides, nor supporting EU or Russian actions towards each other; but to show that the confrontation here is mainly of ideological positions and world perspectives, not between the 'good' EU and the 'bad' Russia, as the media and civil society argue. In order to fully understand EU-Russia relations, and, last case



scenario, resolve the recent crisis between the two of them, one must understand every political and economic interest, history and culture to better handle their foreign objectives. If we keep on assuming that ‘our side’ is right and the ‘other side’ is wrong, forgetting that the way they view themselves and the world is totally different from ours, then we will be just delaying a solution, compromising peace and stability, and mistakenly contributing to drag EU-Russia resentment indefinitely.



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