

The Institute of Europe (Russian Academy of Sciences), a leading Russian academic centre on European studies and international relations. In 2017 the Institute celebrates its 30th anniversary. Several generations of its researches have carried out a comprehensive analysis focused on Europe from the Atlantic to the Pacific. The Institute is well known for its expertise in the field of contemporary history, political science, economics, security and cultural studies. The scope of the Institute's activities has steadily expanded along with the pace of events in the Euro-Atlantic area. The Institute provides expert support to the Russian Ministry of Foreign Affairs, Security Council, Presidential Administration, the Russian Parliament, and other authorities. The Institute conducts extensive cooperation with Russian and foreign universities and think tanks.

EGMONT – The Royal Institute for International Relations is an independent think-tank based in Brussels. Drawing on the expertise of its own research fellows, as well as that of external specialists, both Belgian and foreign, it provides analysis and policy options that are meant to be as operational as possible. Conferences, colloquia and seminars nurture the work of the research fellows. They also give participants the opportunity to exchange views with other specialists and with a well-informed public made up of representatives of the political, economic and academic spheres, the media and civil society. Close cooperation with other research centres, both in Belgium, in Europe and beyond, has resulted in a growing number of joint conferences and in more structured cooperation on research and publications.



**Institute of Europe,
Russian Academy of Sciences**

**Egmont - The Royal Institute for
International Relations**

*The EU
Global Strategy:
Implications for
Russia*



EGMONT
The Royal Institute
for International Relations



INSTITUTE OF EUROPE
Russian Academy of Sciences

THE EU GLOBAL STRATEGY: IMPLICATIONS FOR RUSSIA

MOSCOW 2017

УДК [327.7:[341.217(4/5)+[339.923:061.1[EU:EAEU]]]](082)
ББК 66.4(4),60я43+66.4(4/5),62я43+66.4(2Рос),6я43+65.5(4/5)-65я43
Т44

The EU Global Strategy: Implications for Russia / Institute of Europe, Russian Academy of Sciences; Egmont – The Royal Institute for International Relations. Ed. by Olga Potemkina. – M., 2017. – 90 P. - ISBN 978-5-98163-097-2

The Report “*The EU Global Strategy: Implications for Russia*”, produced by the Institute of Europe of the Russian Academy of Sciences (Moscow) and “Egmont – The Royal Institute for International Relations” (Brussels), is dedicated to the *Global Strategy for the European Union’s Foreign and Security Policy (EUGS)*, published in June 2016. Analyzing the EUGS’s challenges and opportunities for Russia, the authors touch upon key issues in bi-lateral relations – resilience in the shared neighbourhood, EU-EAEU compatibility, energy security. The report questions the possibility of selective engagement between Russia and the EU in the conditions of major crisis and conflict of interests. Still, it states that the general EU’s shift from value based external relations to “principled pragmatism” can create the impetus for relaunching the political dialogue with Russia.

ISBN 978-5-98163-097-2

© Institute of Europe, text, 2017

© Egmont – The Royal Institute for International Relations, text, 2017

THE EU GLOBAL STRATEGY: IMPLICATIONS FOR RUSSIA

Introduction	4
Biscop Sven. The EU Global Strategy and the Great Powers or Realpolitik Revisited	7
Danilov Dmitry. EU-Russia Relations in the Post-Soviet Space	15
Franco Marc. EU-Russia Relations: From Hope to Despair. Can the New EU Global Strategy Make a Difference?	26
Gromyko Alexey. The EU Global Strategy: Is it Global and Strategic?	43
Kaveshnikov Nikolay. Energy Security in Mogherini's Strategy: Conclusions for Russia	52
Van Elsuwege Peter. The European Union and the Eurasian Economic Union: Searching for the Lowest Common Denominator	63
Zhurkin Vitaly. The EU Global Strategy's Security Dimension	82
About the Authors	88

INTRODUCTION

The Report “*The EU Global Strategy: Implications for Russia*”, produced by the Institute of Europe of the Russian Academy of Sciences (Moscow) and “EGMONT – The Royal Institute for International Relations” (Brussels), is dedicated to the *Global Strategy for the European Union’s Foreign and Security Policy (EUGS)*. Published in June 2016, the document, which is unique in its nature, has drawn extensive attention in Europe and beyond and has already led to important and long-term practical decisions.

EUGS eloquently characterizes an extensive modern potential of the European Union and stresses that contemporary security is multidimensional and is based on many factors and elements. At the same time, it recognizes that the EU is not making full use of this potential. EUGS represents a return of the EU to Realpolitik with an important caveat: it is a rejection of liberal utopianism, but not of liberal ideals. Up to its adoption, the EU did not have a comprehensive external relations doctrine. EUGS is a product of an understanding that the world has returned to a modern-day version of balance of power. The EU itself cannot any more rely on its image as an “idealised model” and a safe harbour.

Major changes in the global geopolitical order are taking place. In these circumstances, a desire of the EU to acquire “strategic autonomy” is logical and necessary. The post-Cold War period has not allowed the EU to establish its identity and sovereignty vis-a-vis the United States that continued to be the dominant force in Europe. The strategic autonomy, in case it is put into life, will prevent the EU from switching its subservience from Washington to Beijing or to anybody else and will make it at last the heavyweight of global politics with its own strategic vision and tools for its implementation. The EU is a great power – if only it would muster the will to act like one. Only then will the other great powers treat it seriously.

EUGS may also help the EU to disentangle itself from the geopolitical trap over the fate of *Zwischeneuropa*, the countries in between Brussels and Moscow. On Russia itself the EUGS counsils strategic patience. As with any great power, relations between the EU and Russia can be compartmentalized. At the same time, the

selective engagement between Russia and the EU in the conditions of major crisis and conflict of interests cannot be seen as a proper political method.

The analysis of EUGS and its prospects is not only about the CSDP; it says a lot about the EU itself. It is a unique invention, which is buttressed by two pillars of inter-governance and supranationalism. EUGS reflects dualism of these two pillars and simultaneously an attempt to push CSDP to the communitarian domain. If further federalization of the EU as a result of Brexit and other setbacks of the last years strengthen its supranational pillar, than CSDP will be getting less declaratory and more tangible.

For Russia EUGS represents both a challenge and an opportunity. The Strategy in effect puts soft power on the back burner («soft power is not enough») – the move with uncertain strategic consequences for Moscow. Nowadays Russia is featured across the collective West exclusively in the negative context as a repository of threats to peace and stability. It is no longer considered a strategic partner for the EU, although it is still recognized as a strategic player. The Report states that the restoration of political dialogue with Brussels in the foreseeable future is hardly possible. Moreover, there is a high probability that sharp competition and protectionism will determine economic relations between Russia and the EU in the post-Soviet space.

One of the novelties of the Strategy is resilience. In the practical sense, resilience is the power to resume the original shape or position after compression. This indicates a change from a proactive approach of the EU to a reactive one: when under pressure from external or internal destabilising forces, state and society of partner countries should be able to return to the status quo ante. When discussing resilience of the EU, it should be recognized that the EU has demonstrated a lot of adaptability in the recent years. As to the interpretation of resilience in the Strategy, the EU is expected to promote resilience in its surrounding regions, which overlap with Russia's "near abroad". Against the backdrop of the current political tensions, Moscow is highly suspicious about further intentions of Brussels.

The 2015 revision of the European Neighbourhood Policy (ENP) indicated a significant shift of perspective, with an increased focus on stability and a greater emphasis on shared interests rather than on the EU's own values. EUGS only consolidated this trend at a more general, strategic level. The prospects for a reconciliation between the competing integration strategies in the shared neighbourhood are cloudy. The Reports contains three different scenarios: a continuation of the status quo, full engagement between the EU and the Eurasian Economic Union or a search for 'tentative compatibility'. The last one is considered to be most achievable.

ble. It is stressed that in developing relations between the two competing neighbourhood strategies, the rules of the WTO can be used as a common denominator. The general shift from value based external relations to “principled pragmatism” can create the conditions for a relaunching the political dialogue with Russia. But before tackling the big picture, hardly possible at this moment, small steps could create some degree of confidence. It is important for Moscow not to dismiss EUGS as unacceptable. The document includes a number of assessments, which it can find unpleasant, but it is in its national interests to engage in a dialogue with the EU and its member states. Russia objectively continues to be a natural partner for the European Union. For Moscow it is noteworthy that EUGS gets rid of the idea of the exemplary nature of the EU, stating instead that, in place of exporting its model, it will «seek reciprocal inspiration» from other regional projects.

One of the key aspects of EUGS is energy but it does not include any points on cooperation with Russia in this field. According to the document, the main area of the EU activity is the diversification of supplies, something that is achievable only by means of new infrastructure projects. However, as the Report points out, very few pipelines projects discussed in Europe are economically sound. In Moscow’s eyes, it is obvious that EUGS regards security of supply as a minimum dependence on Russia. There is a paradox: the EU encourages European energy companies to invest in pipelines alternative to the Russian ones, but business is reluctant to invest in economically questionable schemes. At the same time, *Gazprom* is ready to invest its own assets in the new pipelines, moreover to invest without having contracts for gas supply, but Brussels hinders implementation of these projects on the political grounds. The EU acts as a game changer that is trying to extend internal rules of the “consumer market” to the regulatory regime of international deals.

EUGS has been released more than a year ago. Since then it has already become a springboard for bold initiatives in the sphere of CSDP. Some see them as a rallying cry for the EU member states and some as an apple of discord. Many of its ideas still need to acquire a practical dimension. It remains to be seen if Russia’s and the EU’s strategic thinking is long term enough to use their foreign policy and security approaches for discovering common solutions. Dividing lines in Europe are already unacceptably deep.

Sven Biscop
Alexey Gromyko

Sven BISCOP

THE EU GLOBAL STRATEGY AND THE GREAT POWERS OR REALPOLITIK REVISITED

Introduction: A New Strategy

The European Union (EU) has discovered that not all actors in foreign policy behave as nicely as it perceives itself to do. A new strategy should prepare it to face up to this reality. On 28 June 2016 High Representative Federica Mogherini presented the *Global Strategy for the European Union's Foreign and Security Policy* (EUGS) to the European Council. The EUGS introduces a new overall approach to foreign and security policy, which can be read as a correction on the 2003 *European Security Strategy* (ESS) that preceded it. "The best protection for our security is a world of well-governed democratic states", the ESS said in 2003. Unfortunately, spreading good governance and democracy proved more difficult than expected, and when their absence provoked crises, the EU did not always muster the will and the means to respond. Where the ESS proved to be overoptimistic (and optimism is a moral duty, as Karl Popper said), the EUGS is more conscious of the limits imposed by Europe's own capabilities and by others' intractability, and therefore more modest. It charts a course between isolationism and interventionism, between "dreamy idealism and unprincipled pragmatism", as I put in a 2014 policy brief¹, under the new heading of what the EUGS now calls "principled pragmatism".

This represents a return to Realpolitik. Not Realpolitik as it has come to be understood, the end justifying the means, but Realpolitik in the original sense of the term. As John Bew usefully reminds us, Realpolitik as coined by the German liberal Ludwig von Rochau in 1853 meant a rejection of liberal *utopianism*, but not of liberal *ideals* themselves. Rather, "it held out a vision of the future and a guide for how to get there", for how to achieve those ideals in a realistic way². Or, as the

¹ Sven Biscop, *EU Foreign Policy Between the Revolution and the Status Quo*. Policy Brief No. 9. Brussels, Institute for European Studies, 2014, http://www.ies.be/files/2014_9_PB.pdf.

² John Bew, *Realpolitik. A History*. Oxford, Oxford University Press, 2016, p. 28.

EUGS has it, “responsible engagement can bring about positive change”. This, says Bew, is the “real Realpolitik”; given that other actors still pursue the Machiavellian version, let’s call it Realpolitik with European characteristics.

The fact that for the first time ever an EU document lists the collective European vital interests (which is a breakthrough in its own right) is a reflection of this new approach. Policy is about interests; if isn’t, no one will invest in it. That applies to the EU as much as to a state. And: “There is no clash between national and European interests”, the EUGS states explicitly. The vital interests that the EUGS defines are vital to all Member States: the security of EU citizens and territory; prosperity (which, the EUGS states, implies equality); democracy; and a rules-based global order to contain power politics.

Setting these interests off against the analysis of the global environment that Mogherini presented to the European Council in June 2015¹, the EUGS identifies five priorities: (1) the security of the EU itself; (2) the neighbourhood; (3) how to deal with war and crisis; (4) stable regional orders across the globe; and (5) effective global governance. On all these priorities, the EU will have to take into account the strategies of the other great powers. In relations with the great powers in particular, a healthy dose of Realpolitik is necessary.

Unfazed by the US

“We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow”. US President Donald Trump has done his very best to prove Lord Palmerston’s famous dictum right. “America First”: in Trump’s story, allies appear mostly when he exhorts them to pay more. Europeans would be well advised to take Palmerston’s advice to heart themselves. Not only has Trump repeatedly declared NATO to be obsolete, he has also welcomed Brexit and has even expressed the hope that more countries would follow the British example and leave the EU. On his first visit to Brussel, meeting with NATO and the EU, even though it took place on Ascension Day, 25 May 2017, he did not ascend very high in the esteem of Europeans.

Many Europeans still pretend that nothing has fundamentally changed. The system may keep Trump in check. He might even come to see that maintaining a strong and united Europe is actually very much in the American interest. Perhaps – or perhaps not. It’s precisely the unpredictability of Europe’s main ally that is so

¹ Federica Mogherini, *The European Union in a Changing Global Environment. A More Connected, Contested and Complex World*. Brussels, EEAS, 2015.

disconcerting. That Europeans worry to the extent that they do is proof of their utter dependence on the US. This should give them pause to rethink their position, even if in the end Trump will not make a deal with Russia at Europe's expense, does not break the nuclear deal with Iran, and does not launch a trade war against China. The fact is that Europe should prepare a plan B. Not to cut itself loose from the US, but to complement its alliance with more self-reliance. In order to ensure, as Angela Merkel stated after meeting with Trump on three consecutive occasions, that the EU can take its fate into its own hands, regardless of who is in power in the White House.

When the transatlantic alliance works, it benefits Europe's interests enormously. "Interests" is the key word here. It's not just that the occupant of the White House has changed. His brazenness just alerts us to the fact that the world order has changed. The world has returned to a modern-day version of Palmerston's (and Bismarck's) balance of power politics, with its constantly shifting strategic friendships and enmities among the great powers. Now more than ever Palmerston's dictum applies. Europeans should not ask themselves who they like or dislike the most – Donald Trump, Vladimir Putin or Xi Jinping. They should systematically define their collective interests, through the EU, and assess with who of the other three great powers they can partner to further which interests, flexibly and in full autonomy, even when the transatlantic alliance (*pace* Trump) remains a cornerstone of European strategy.

Already today it is clear that on certain issues the EU interests coincide more with Chinese than with American interests. The EU should act on that. In a mature transatlantic alliance that should be possible. This is what "strategic autonomy", which Mogherini called for in her foreword to EUGS, looks like. This is about diplomatic action first and foremost – something which the EU has proved to be good at, and for which the means are readily available. Rather than bemoaning Trump's latest decision, and then passively waiting for his next move (or tweet), it should proactively try and shape its environment. Which action could the EU take?

A Chance with China

Trump's protectionist stance has prompted many to suggest that China is now Europe's main ally when it comes to upholding free trade. Even on climate change the Chinese position might be closer to Europe's than the American one. An export-dependent China is as worried as the EU is, if not more, about the threat of a

trade war. Trump has dealt the EU a trump card therefore: an opportunity to forge a closer but at the same time more balanced relationship with China.

EU Trade Commissioner Cecilia Malmström got it exactly right when she linked the fight against protectionism, on which the EU is ready to stand with China, with the ongoing negotiations on an EU-China investment treaty.¹ For an equitable treaty to be possible, China needs to reform and open up to European investors, as Malmström pointed out.

But should the EU not reform as well? If the Chinese market is too closed, Europe's is too open. By selling critical infrastructure to China and other foreign powers without any limits the EU enables them to subvert its decision-making and undermine its sovereignty. Will a newspaper in Russian hands still publish the news, or will it present "alternative facts"? Can a seaport in Chinese hands still be used to channel military reinforcements to NATO's eastern borders in a crisis situation, or would we have to circumvent it? Member States, notably Germany, have grown more concerned in the last year, but no Member State is going to limit foreign investment on its own, for fear of seeing all investment redirected towards its neighbours.

The EU Hybrid Fusion Cell, which is to collect data and intelligence on "hybrid threats", is of limited value here, for which government is going to report an increased vulnerability if it just invited the Chinese in itself? What is needed is a binding EU framework that sets limits on foreign ownership of critical infrastructure. Once such a regime is in place, a truly reciprocal EU-China investment treaty will be possible.

That the EU and China can act together to maintain free trade does not preclude a frank dialogue about China's more assertive policies. China must be made to understand that its attempt to pressure its neighbours into accepting its sphere of influence in the region of the South China Sea, for example, will always act as a brake on its relations with the EU. Europe's interest lies not so much in the substance of the resolution of the sovereignty claims – who owns which island is of little importance to the EU – as in their peaceful resolution without any impact on the freedom of the global commons.

The alternative, China must also understand, is a military stand-off with the US, which under Trump is set to step up the military side of the pivot to Asia that

¹ Eszter Zalan, "EU Ready to Help China Fight Protectionism". In: *EU Observer*, 7 February 2017.

Obama initiated. In his first phone call with Xi, Trump did confirm the US' continued adherence to the "One-China-Principle", which he initially had seemed to doubt. Only because President Xi requested him to though, according to reports of the conversation – that does not really show a lot of conviction. Furthermore, the US has also stated – presumably not at Xi's request – that the disputed Fish Islands between China and Japan are covered by the US' defensive alliance with Japan. The missile strike on Syria which Trump ordered during Xi's subsequent visit to the US was clearly meant as a message in the context of escalating tension over North Korea: "see what we can do...".

Getting this message across will require more unity and clarity on the EU's part than its measly "acknowledgement" of the outcome of the arbitration procedure between China and the Philippines in July 2016¹. The way to contain such power politics is "a rules-based global order with multilateralism as its key principle", as the EUGS rightly states. The UN Convention on the Law of the Sea (UNCLOS) and the peaceful resolution of disputes are as much part of that order as free trade regimes and an investment treaty.

Until now however, China prefers to address the maritime disputes with its neighbours in a purely bilateral context, where it can exert more power. If however China were to begin to behave as a responsible power, then for the EU it might not matter that in a certain part of the world China assumes responsibility for maintaining the freedom of the global commons instead of the US.

The EU should of course not rush into anything, at the risk of merely switching its subservience from Washington to Beijing. China remains, after all, an authoritarian regime, which for the moment is becoming more repressive again, not less. Challenging though it may be, maintaining a critical stance on human rights is essential for the EU's own legitimacy and soft power. The June 2017 EU-China Summit has demonstrated that while the common position on climate change is clear, for China walking the walk of free trade remains a lot more difficult than talking the talk. Nevertheless, under the heading of "principled pragmatism", as coined by the EUGS, the EU should not hesitate to pursue its interests and step up cooperation with China at the same time.

¹ Declaration by the High Representative on behalf of the EU on the Award rendered in the Arbitration between the Republic of the Philippines and the People's Republic of China, 15 July 2016.

Ambitions for Asia

Free trade, obviously, is not limited to China. The EU should develop an Asian free trade agenda that includes China as well as Japan, India, ASEAN and others, as also announced in the EUGS. Here is another potential trump card. At the same time as envisaging a military build-up, Trump has withdrawn from the Trans-Pacific Partnership (TPP), which would have been the economic foundation of his strategy. As a result, countries that were counting on TPP to allow them to keep a critical distance from China now risk being sucked even closer into China's orbit. China will not hesitate to move into the vacuum that Trump has thus created.

At a stroke, any future free trade agreements with the EU have gained real strategic importance, for there will be very few FTAs with western powers on offer. Because the EU can pursue an inclusive trade agenda, that encompasses rather than seeks to isolate China, and because it is not a military player in Asia, its strategy can be palatable for all parties as a workable alternative to ratcheting up military tensions.

In this context, the EU could deepen its partnership with countries like Canada, which is looking to Asia as its southern neighbour threatens to undo the North American Free Trade Agreement (NAFTA), and Australia. Torn between its defence alliance with the US and its economic dependence on China, Australia has everything to gain from détente in Asia. So has Japan, but as yet Prime Minister Shinzo Abe is pursuing the opposite strategy, moving even closer to the US.

The precondition for an EU strategy along these lines to work is, of course, that it has the ability to conclude FTAs in an effective and efficient manner in the first place. In the wake of the chaotic decision-making on the Comprehensive Economic and Trade Agreement (the real CETA) between the EU and Canada, Europe will have to convince its partners that trade deals can still be made with it, and its own publics that those trade deals are vital to their own continued prosperity. Which is not to say that the substance of those deals is completely beyond criticism.

Resourceful on Russia

Deepening relations with China could also be a way for the EU to increase the pressure on Russia somewhat. Just like ever since the Ukraine crisis Russia itself has been moving closer to China to signal to Europe that it has other options.

China's great foreign policy as well as foreign trade project today is the Belt and Road Initiative, a massive investment in infrastructure, including in a land route that links China to Europe by rail, via both Russia and Central Asia. For now, in spite of all the talk about "connectivity" and linking up the Belt and Road with the Juncker Commission's own investment plan, that rail link mostly benefits China: trains arrive in Europe laden with Chinese goods, and return mostly empty. The Chinese calculus might also be that the more traffic can be shifted to the land route, the less concerned Europeans may feel about the South China Sea.

Seen from the EU side, there is no need of developing this land route further, for there is a perfectly fine maritime route. Making sure that the maritime disputes in Asia do not threaten that is of much more importance to Europe than helping create a land route that could never really aspire to replace it.

Still, the EU could continue to show its goodwill towards the Belt and Road, which may generate some Chinese goodwill in turn. Except that it cannot. Because the rail link is dependent on Russia, with whom the EU has become trapped in a geopolitical dispute over the fate of *Zwischeneuropa*, the countries wedged in between Brussels and Moscow. Why invest in a trade route that increases one's dependence on an already assertive Russia? This, the EU should point out, is China's problem, not just Europe's, for the Belt and Road is a Chinese priority, not a European one.

Many issues objectively would seem to constitute a source of geopolitical tension between China and Russia, such as the fact that Asian Russia is rather empty of Russian but quite full of natural resources, or the increasing presence, because of the Belt and Road, of China in Central Asia, which Russia also considers its *chasse gardée*. However, it is also very much in Beijing's and Moscow's interest to continue working together closely in view of what they perceive as a western-dominated global order.

Europe should not hope to pry China and Russia apart, therefore, as Nixon and Kissinger did in the 1970s. But it can aim to make China realise that its usual stance of complete silence on Russia's "adventurism", which de facto amounts to supporting Russia, is not in its interest either. China has become an important economic partner for Ukraine, for example¹. But the more turmoil there is in Russia's "near abroad", the fewer economic possibilities for the Belt and Road Initiative, which eyes exactly the same region.

¹ Ian Bond, *The EU, the Eurasian Economic Union and One Belt, One Road. Can They Work Together?* London, Centre for European Reform, March 2017.

On Russia itself, meanwhile, the EUGS councils strategic patience. As with any great power, relations between the EU and Russia can be “compartmentalized”: dialogue and even cooperation can proceed on one issue, while there are severe tensions over another. The EU has no interest to undo the sanctions against Russia as long as Russia remains unwilling to make any concessions on Ukraine. The view from Brussels is that the EU has already made a great concession, by tacitly (though not *de jure*) accepting the annexation of the Crimea. Russia cannot hope to obtain more, e.g. an end to the sanctions, without finally offering a concession in return.

Conclusion

There is one major problem with this paper. Whatever happens in the world and whatever the other great powers undertake, one can always imagine a strategy to respond or even to anticipate, and thus safeguard Europe’s vital interests. It requires a rather bigger leap of the imagination to see the EU in its current state swiftly adopt and resolutely implement any such strategy. That said, the looming Brexit and the erratic behaviour of Donald Trump have created a new dynamic in Europe. European leaders, especially in France and Germany, have come to realise that in today’s world, nobody is going to defend European interests if not Europe itself. The means are there. Europe, united in the EU, is a great power – if only it would muster the will to act like one. Only then will the other great powers treat it seriously.

Dmitry DANILOV

EU-RUSSIA RELATIONS IN THE POST-SOVIET SPACE

Significance of the document: a view from Russia

The Global Strategy for the European Union «*Shared Vision, Common Action: a Stronger Europe*» replaced the first 2003 Security Strategy of the EU «*A Secure Europe in a Better World*». Discussions about revising the general foreign policy platform of the Union were continuous, but in December 2008, even in the situation of financial and economic crisis and war in Georgia, the EU Council adopted only few amendments to 2003 Strategy (Report on Implementation of the European Security Strategy «*Providing Security in a Changing World*»). The «Arab Spring» compelled the EU to reconsider approaches to the neighborhood policy both in the South and in the East, while leaving intact the formal framework of the Security Strategy.

This testifies to two important circumstances. Firstly, EUGS came as a response to the particularly significant challenges, which necessitated a truly substantive revision of the foreign policy concept and agenda of the EU. Obviously, the turning point, after which the former EU strategy became meaningless, was the Ukrainian crisis of European security (which the EU assumes to be essentially «Russian»). Secondly, in spite of the fundamental shifts, the new Strategy does not necessarily mean a new policy. Technocratic capacity of the EU to work out general conceptual framework of «political unity» is in contrast with the (in)ability of the EU countries to implement common agreements. The long life of 2003 Strategy despite the cardinal transformations of both international environment and the EU itself, as well as its partners, had inherently devalued the document.

On the one hand, EUGS should be viewed with utmost seriousness as an attempt of the EU to formulate its political-diplomatic response to the changed circumstances and modern challenges to its security and relations with external players and partners. On the other hand, this is a political document, which defines gener-

ic framework of the European unity rather than a future-oriented European policy, including its stance towards Russia and the post-Soviet space.

Therefore, it is important for Moscow not to dissociate itself from the document, which includes a number of evaluations and provisions that it can find unpleasant, but to engage in a dialogue with the EU and its member states. GS underlines: «*A fragile world calls for a more confident and responsible European Union, it calls for an outward- and forward-looking European foreign and security policy*»¹. Russia should accentuate the fact that any global strategy is unviable without global partners. Russia objectively continues to be such a partner for the European Union. The five EU Guiding Principles towards Russia (approved by the EU Council on March 14, 2016)² do not in any way provide clear guidelines for the application of the EU Eastern policy. The focus should be on mutual relations rather than (pre)conditions. Until then, the EU «fundamental package» is hardly acceptable for Moscow.

The inadequate reflection of the «Russian factor» in the EU Global Strategy is quite obvious. Relations with Russia are dealt with only in the paragraph «European Security». Russia is featured exclusively in the negative context as a repository of threats to peace and stability in Europe. Russia is missing in other parts of GS, which is in contrast with its role in the world and understanding of its strategic significance by the EU itself («*Managing the relationship with Russia represents a key strategic challenge*»)³. In the paragraph «Partnership» GS mentions the UN and its specialized agencies, the USA, NATO, «regional organizations and strategic partners in Asia, Africa and both Americas who share our stand», ASEAN, G20, as well as civil society and private sector. Likewise, no place was found for Russia in other sections, unlike, for example, «*a peaceful and prosperous Mediterranean, Middle East and Africa*», «*a solid transatlantic partnership*» or «*a direct connection between European prosperity and Asian security*».

Therefore, EUGS reaffirms that Russia is no longer seen in Brussels as the EU strategic partner and that it is a country, with which it is impossible to build enhanced cooperation on the basis of mutual interest. The «strategic goal» of this sort of relations is geared to maintenance of the status quo in the context of pro-

¹ Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the EU's Foreign and Security Policy. – June 2016. – P.05.

http://eeas.europa.eu/top_stories/pdf/eugs_review_web.pdf

² Foreign Affairs Council, 14/03/2016.

<http://www.consilium.europa.eu/en/meetings/fac/2016/03/14/>

³ Shared Vision, Common Action: A Stronger Europe. – P. 33.

tracted crisis and zero sum game. This is exactly why Brussels cannot answer the question who will set the agenda for selective engagement instead of offering Moscow its minimal list of tentative areas of «cross-interests».

Such an approach a priori puts in conflict any motivation and interests of the EU and Russia in the post-Soviet space. Looking at EUGS, Moscow simply does not see its own place in this space. The second of the five Guiding principles towards Russia (*Strengthened relations with the EU's Eastern partners and other neighbors, including in Central Asia*) can be perceived by Moscow not just as contradicting with its interests, but as being bluntly anti-Russian. Such an approach of the EU in the situation of crisis in its relations with Russia cannot be seen as anything else but a consolidation of the Western course to contain «aggressive and revisionist» Russia and particularly in Russia's priority area of Eurasian integration.

Global Strategy and the EU Eastern Policy

Although EUGS acknowledges the «*existential crisis, within and beyond the European Union*», it does not reflect the fact that the crisis of the European security system and that of Russia-EU relations stems from the exacerbation of fundamental contradictions between the East and the West, which failed to solve the dilemma of harmonization of the «two Europes» under the «united and indivisible common European space».

The Ukrainian crisis of European security is defined by EUGS as a «*violation of international law by Russia*» in connection to the «*annexation of the Crimea*» and «*destabilization of Eastern Ukraine*» but is not considered to be a systemic conflict of interests. The EU proceeds with a faulty position that substantial changes in its relations with Russia are subject to complete fulfillment of Minsk Agreements. Moscow denies its being a party to the conflict and maintains that the conflict is instigated by the Euro-Atlantic expansion to the East disregarding Russia's interests in the post-Soviet space.

EUGS is not aimed at a serious review of EU Eastern policy and at the resolution of the harmful geopolitical conflict, but, instead, at the tactical political and diplomatic adaptation to the changing security environment. There is no «*consensus inside the EU on the type of European order that may gain ground after the crisis*

is undone, and there are obvious and serious differences between member states on this issue»¹.

Given the EU's approach and Russia's attitude to it, and in the situation of systemic crisis in Europe, the conflict of interests in the contested neighborhood is bound to be reproduced. Russia is no longer a strategic partner for the EU, but still is recognized as a strategic player. However, the interests of this strategic player that do not comply with the EU are not recognized. EUGS disregards evident and pragmatic recommendations, for example: *«the EU's Eastern Partnership policy would need to consider the Russian factor more explicitly, and cater for Russia's sensitivities better to make the EaP successful» (Gunnar Wiegand and Evelina Schulz, 2015)².*

The EU undertakes a commitment that *«in a more contested world, the EU will be guided by a strong sense of responsibility»*, while realigning its relations with the partners to the East and to the South from its borders. But it is planning to *«work with core partners, like-minded countries and regional groupings»*. This interpretation of «European responsibility» only increases Russia's concerns about the EU's ambitions and actions in the post-Soviet space, including through targeted EaP.

In fact, Russia is offered once again to agree with the logic that the space of «stability and prosperity» around the EU should be further expanded. However, during six years before the Ukrainian crisis, the EU and Russia proved unable to negotiate a new basic agreement; this explicitly shows that their political and economic interests differed substantially and came into collision in the CIS territory. Moreover, there is a clear understanding in the EU of the reason why Russia could not become part of the Eastern Partnership as one another EU-centric model. In spite of that, the EU does not consider any other options (for example, convergence between «two integrations»).

¹ Leonard M. *A vision for the EU's new foreign policy strategy*. Commentary. – 24th April, 2015.
(http://www.ecfr.eu/article/commentary_a_vision_for_the_eus_new_foreign_policy_strategy3006)

² Wiegand G., Schulz E. *The EU and Its Eastern Partnership: Political Association and Economic Integration in a Rough Neighborhood* // Herrmann/Simma/Steinz (eds.), Special issue: Trade Policy between Law, Diplomacy and Scholarship – *Liber Amicorum* in memoriam horst G. Krenzler. / *European Yearbook of International Economic Law*. – Springer International, 2015 – P. 334.

Neither the Ukrainian crisis, nor the establishment of the EEU on 1 January 2015, have affected the egocentric integration philosophy of the EU: «*To achieve possible economic integration with Russia, a very similar method as the one already pursued with EaP partners should be used, since Russia seems to aim at very similar policy goals as the EU in terms of economic integration*». ¹ The field of interaction even in the selective format relying on «cross-interests» will be quite limited due to the geopolitical competition. It is not surprising that EUGS looks at its Eastern policy through the prism of political containment of Russia: «*We will strengthen the EU, enhance the resilience of our Eastern neighbors, and uphold their right to determine freely their approach towards the EU*». In reality, «*the possibility of selective engagement with Russia on issues of interest to the EU*» will be a predominantly forced engagement in the areas of conflicting interests – not in the space of common neighborhood, but in the disputed space in-between the «two integrations».

At the same time, the text of EUGS also harbors an intrinsic contradiction. Until recently, it had been stated that the essence of the EU strategy lied in the ambition to change others by exporting its model. ² But now the EU seems to revise this formula: «*We will not strive to export our model, but rather seek reciprocal inspiration from different regional experiences*». A question arises: is it a major change of strategy, and what could become the essence of a different political-economic method? Still, it seems that this novelty does not change the fundamentals. It just calibrates «export» ambitions according to the perceived transformation potential of the focus countries.

Already the «Arab Spring» forced the EU to shift the emphasis – from providing stability to the support of democracy in the neighborhood countries (conditioned by the principle «more for more»). In fact, these changes did not affect the EaP. In the context of current European crisis the question is: to what extent this conditionality can be applied to Eastern partners. EUGS maintains that Tunisia and Georgia, «*whose success as prosperous, peaceful and stable democracies*» resulted from their Euro-orientation, «*would reverberate across their respective regions*». Yet, the citizens of these countries can hardly agree with this assessment.

¹ Wiegand G., Schulz E. – P. 349.

² Бископ С. *Основы обновленной Европейской стратегии безопасности*. Вестник Международных Организаций. Biscop S. *Osnovy obnovljenoj strategii besopasnosti*. Vestnik mezhdunarodnyh otnoshenii, 2009 No 2 (24). – С. 109 [The Bases of the Renewed European Security Strategy]
https://iorj.hse.ru/data/2011/01/21/1208902255/European_Security.pdf

Unsuccessful examples of the EU neighborhood policy are not mentioned in EUGS, not even the previous EaP «success story» – Moldova.

Counter to the thesis about the attractiveness of the European Union and the success of its integrational-democratic mission it is becoming more and more apparent that the updated approach to partnerships is not effective neither in the South nor in the East. There is no consolidation of stability (through pro-European reforms), nor success in democratic reforms (in conditions of an increasing instability). Brussels acknowledges the existential crisis, which is unquestionable against the background of Brexit, and yet is making a paradoxical statement: «*Our Union has enabled citizens to enjoy unprecedented security, democracy and prosperity*». What does this «unprecedented level» consist of? Such statements can only increase lack of confidence in Brussels's policy and strengthen skepticism among the EU's Eastern partners.

EUGS gives no answer to the dilemma of «stability – democracy» and proclaims «*state and societal resilience to our East («stretching into Central Asia») and South*», as its external priority. Determination to obtain «sustainability» as a provisional symbiosis between stability and democracy is a technocratic formula but not a practical guideline. The responsibility for potential «instability» is shifted outward – onto the focus countries and external destabilizing factors. Apparently, according to Brussels's logic, the EU Eastern policy a priori offers «stability and prosperity» and cannot, due to its orientation to sustainable development of partners, produce «instability» either outside or inside the EU.

This technocratic design actually testifies to the inability of the European Union to respond to current internal and external crisis by the traditional methods of soft expansion. The EU is losing its attractiveness inside the Union (especially after Brexit) and becoming increasingly unappealing for the neighborhood. Euroskepticism is a reflection of the dangerous processes of internal socio-political erosion of the edifice of European integration.

Eastern partners of the European Union agreed to the rules of the game according to the «more for more» principle but were not prepared for «less». They see the EU political method not as a framework for promoting mutual relations, but as a «not-too-soft» European stick instead of expected carrots given for the «pro-European» reforms. Many of the EaP focus countries are disappointed with its results. They continue to strive for European attention and resources but not for the «European standards».

On the other hand, explicit failures and increasing difficulties of the neighborhood policy, as well as the drastically changed priorities and practical agenda of the CFSDP reduce the desire and ability of the EU to go ahead with spreading the European integration and normative order to the East. Besides, the EU's interests are apparently shifting beyond the EaP – towards Central Asia. The EU policy of a «soft stick» and a «hard carrot» is losing its efficacy in the post-Soviet space and being transformed into a «principled pragmatism».

«Principled Pragmatism»: With Whom Shall Moscow Talk and What About?

The Global Strategy acknowledges the need for going back to the targeted pragmatic policy in the neighborhood space: «*Principled pragmatism will guide our external actions in the years ahead*». With this regard, the EU Neighborhood policy and the EaP seem to lose strategic pivot. This, in turn, deprives the EU Eastern partners of the hope to achieve European integration.

The relocation of Eastern policy into the «pragmatic track» is hindered by the rigid political framework of the EU within its set of five Guiding principles, as well as in EUGS. There is no answer to the question about the way to build relations in a deadlocked situation when they are conditioned by fulfillment of Minsk Agreements. How does the EU expect to «*strengthen relations with the Eastern partners of the EU and other neighbors, in particular in Central Asia*» (the second principle) without cooperation with Russia? It is noteworthy that the fourth principle of «selective engagement» with Russia does not cover cooperation in the post-Soviet space. Moscow will be particularly sensitive to the increased EU's interests toward Central Asia, where Euro-Atlantic activities in the context of progressing confrontation between Russia and the West will be seen by Russia as a threat to its national security.

Russian opposition to the Eastern activity of the EU will increase. Sanctions, as well as the fall in energy prices, are not seen by Moscow as temporary. The content of the formula «business as usual is impossible» has changed: if previously it was the Western political pressure against Russia, now it is taken as a fact, a stimulus for political planning and decision-making. For Moscow, adaptation to the broken relations with the EU/NATO is over; there is a strategic drift towards Eurasian partners and projects, including within EEU, CSTO, SCO, BRICS, etc. In the conditions of confrontation with the West, Moscow as the key transregional player will advance its interests without orientation to the cooperative model of «common spaces».

EUGS clearly pinpoints a number of new goals, which are changing the EU's image and increasing Moscow's sensitivity to its Eastern policy. There is a clear intention of the EU to strengthen its defense dimension: «*the idea that Europe is an exclusively 'civilian power' does not do justice to reality, [...] For Europe, soft and hard power go hand in hand*». For this reason, the new ambitions of «strategic autonomy» are perceived by Moscow in the context of the ongoing conflict of interests, notably in the post-Soviet space, although in the past the EU's S&D dimension was not seen as damaging to Russia.

For instance, there is a new twist in the calls by Kishinev to replace the current peacekeeping mission in Moldova/Transnistria with Russia's participation by an international mission, preferably under the EU mandate. The escalating conflict between Russia and the EU over Syria makes one explore this as a template in the post-Soviet space (Ukraine, Nagorno-Karabakh, Transnistria, Abkhazia, South Ossetia). The ability of Russia and the EU to facilitate the settlement of protracted conflicts within the framework of joint negotiating formats has been declining.

The parameters of strategic autonomy of the EU, which Moscow always supported in the past, have changed now. After the signing of the Joint NATO-EU Declaration at the Warsaw Summit on 8-9 July 2016, the European Union is actually bound by political and operative guidelines of NATO. The Declaration provides for joint response to the «unprecedented challenges» to cyber security and to hybrid threats, operative interaction at sea, consolidation of collective defense and interoperability, coordination of military exercises, including hybrid scenarios. Hence, the new Strategy of the EU, including its relations with its Eastern neighbors and Russia, cannot be viewed beyond the context of NATO policy, which is about deterrence of Russia. This kind of «EU's strategic autonomy» will motivate Moscow's actions in the post-Soviet space.

Pragmatism of the EU provokes a collision of national pragmatisms inside the EU. For some time, it looked as if a responsible leadership, which Germany had been claiming (including in the S&D)¹, could be the European response. But Berlin does not seem to cope with the role of a European leader, and its partners are not prepared to play to the tune of German realpolitik. It is not clear, who will be in charge of the EU Eastern policy. The Brussels traditional answer – «on the basis of a multilateral consensus» – is not a pragmatic one. Estonia that will chair the EU in the second half of 2017 suggests to relocate the Eastern Partnership summit from Tallinn to Brussels in order to reaffirm that EaP is «not only an issue

¹ *White Paper 2016 on German Security Policy and the Future of the Bundeswehr*. – Federal Ministry of Defense, June 2016.

of Eastern Europe but an issue of the whole EU» (J. Ligi, Foreign Minister of Estonia)¹.

EUGS clearly demonstrates that the so-called «common framework», which Brussels suggested, does not give it leverage for developing a proactive Eastern policy. The method of pragmatism is likely to strengthen not the CFSDP in the post-Soviet space but the intra-institutional imbalance within the EU – by means of relative consolidation of positions of the European Commission in its relations with the Eastern capitals. The Weimar Triangle (Germany-France-Poland) no longer allows to grow the crystal of the EU common Eastern approach on its platform. Poland's political evolution (internal and external) does not permit it to claim the role of a representative of the EU in its relations with the Eastern partners and even less so with Russia. Berlin has tied its hands with the EU sanctions against Moscow. Influence of Paris has been weakened by the unpopularity of the former French president and the dwindled role in relations with key partners (Germany, UK, USA). This internal imbalance and deficit of leadership in the EU increases the influence of Washington, whose policy restricts Europe's maneuverability in relations with Russia, in the post-Soviet space and Central Asia.

Moscow cannot expect significant changes in its relations with the EU without progress on Russia-USA track. The restoration of political dialogue with Brussels in the foreseeable future is hardly possible. It is unlikely that in 2017 there will be significant improvements in Russia-EU relations due to the period of adaptation to the changes in the US Administration and elections in France and Germany (which coincide with the beginning of Presidential electoral cycle in Russia).

«The Way Ahead»: Towards Mutual Deterrence

Russia cannot ignore the fact that the EU Council (20 October 2016, Brussels) came to the «obvious» conclusion, as its Chairman Donald Tusk put it: «*it is clear that Russia's strategy is to weaken the EU*»². Moscow does not agree, and declares that it always wanted to see the EU «*strong, consolidated and self-maintained*», but if Tusk's formula keeps, it will have a negative effect «on the

¹ Эстония предлагает перенести саммит "Восточного партнерства" в Брюссель. *Estonija predlagaet perenesti sammit "Vostochnogo partnerstva" v Brjussel'* [Estonia suggests to move the Eastern Partnership summit to Brussels] <https://ria.ru/world/20161026/1480053167.html>

² Remarks by President Donald Tusk following the first day of the EC meeting. 21/06/2016 <http://www.consilium.europa.eu/en/press-releases/2016/10/20-tusk-remarks-press-conference/>

entire complex of Russian-European engagement»»¹. Moscow stresses that the case in question is not to shut the political doors for economic cooperation and is discouraged in this regard by Germany's abandoning its pragmatic approach in favor of a politically motivated one.

In spite of the obvious scope for economic linkage, chances are low to see in the foreseeable future the post-Soviet space as a space of EU-Russia cooperation. «Partnership for Modernization» (2010), which could have become an instrument for «*progressive drawing together of the two interconnected and mutually complementary economies*»², has failed to materialize, while the Eurasian integration project has lost its European vector. In the future, sharp competition and protectionism will determine economic relations between Russia and the EU in the post-Soviet space. Principled pragmatism, declared in EUGS, reflects the understanding of the need to vindicate economic and political interests within the containment paradigm. Mutual containment in the post-Soviet space has now overshadowed the common European perspective. The EU's new «pragmatism» is perceived by Moscow as strengthening of the Western policy of political-economic and military-political expansion to the East.

The German 2016 Presidency in OSCE did not managed to achieve anything that could have allowed to lower the degree of confrontation and outline a rapprochement trajectory (notwithstanding Moscow's active support of the Chairmanship/OSCE). Minsk Agreements have been sabotaged by Kiev. The collision over Syria, in spite of the common challenges of international terrorism and extremism, has aggravated the conflict between Russia and the West.

The settlement of protracted post-Soviet conflicts has almost disappeared from the practical agenda of Russia-EU interaction. In this context the positive shifts in the relations between Russia and the associated partners of the EU – Moldova and Georgia – and the growing Russia's influence in the Armenia-Azerbaijan reconciliation on Nagorno-Karabakh, are seen in Brussels as a challenge rather than an opportunity. The settlement of the post-Soviet conflicts does not fit in the EU agenda. The EU and Russia will have a task to preserve the mutually acceptable status quo and to safeguard the non-escalation.

¹ Лавров: РФ удивлена тем, что Германия следует в фарватере русофобского меньшинства в ЕС. Lavrov: RF udivlena tem, chto Germanija sleduet v farvatere rusofobskogo men'shinstva v ES [Lavrov: Russia is surprised that Germany moves in the fairway of the Russophobe minority in the EU]/ ТАСС, 25 октября 2016 г. <http://tass.ru/politika/3731400>

² Ibid.

Conclusion

Only all-European cooperation, as a philosophy of international relations, could extricate Europe from the deadlock. This guideline must be preserved as an unquestionable political focus both for Russia and the EU. To go back to the Common Europe idea is possible only on the basis of the Ukrainian settlement.

The post-Soviet space is not a sphere of geopolitical rivalry. The course toward harmonization and convergence of the «two integrations» is the only pragmatic platform for overcoming the current dangerous crisis of the European security.

The emergence of new crises or escalation of the existing ones, including those in the post-Soviet space, threaten to grow into regional conflicts with involvement, according to the EU Global Strategy definition, of the superpowers.

The selective engagement between Russia and the EU in the conditions of major crisis and conflict of interests cannot be seen as a proper political method, as it inevitably reproduces and intensifies their differences, including those within the post-Soviet space.

Marc FRANCO

EU-RUSSIA RELATIONS: FROM HOPE TO DESPAIR. CAN THE NEW EU GLOBAL STRATEGY MAKE A DIFFERENCE?

Introduction

Making predictions about the evolution of foreign relations is a risky business at the best of times. At this moment, when major changes in the global geopolitical order are taking place it is next to impossible to give an unambiguous answer to the question how the recently adopted “Global Strategy for the European Union’s Foreign and Security Policy”¹ (EUGS) will affect EU’s relations with Russia.

At the risk of being irrelevant a couple of months down the line when it is published and read, this article will attempt to explore some alternative scenarios. As a starting point, the genesis of EU’s external policy will be described and the evolution of the EU-Russia relations, leading to the present situation will be analysed. Secondly, we will examine whether the EUGS introduces new approaches and different priorities and what the possible impact could be on the relations with Russia, taking into account the possible changes in the regional and the global context.

Previous Developments

Despite the hope for a world of peace, stability and welfare under the aegis of the United Nations, post WWII not one but two international communities emerged with their respective hegemons, their member countries and their institutions.

In Central and Eastern Europe, a grouping of countries emerged dominated by the USSR and supported by institutions such as COMECON and Warsaw pact. The process of integration in Western Europe was part of the western, US dominated,

¹ Shared Vision, Common Action: a stronger Europe – A Global Strategy for the European Union’s Foreign and Security Policy, Brussels, June 2016.
http://europa.eu/globalstrategy/sites/globalstrategy/files/regions/files/eugs_review_web.pdf

international community, supported by institutions such as IMF, World Bank, GATT and NATO.

The Emergence of the EU as a Regional Power

The post-war reconstruction of Western Europe was based on the twin principles of representative democracy and social market economy. Political and economic de-fragmentation was to give this reconstruction additional strength and allow Europe to avoid the re-occurrence of devastating wars.

The failed ratification of the European Defence Community in 1954 led to the focus on economic integration: the realisation of a customs union leading to a common market. The deepening and widening of the internal market was (and to a large extent still is) the driving force of the European integration project. Enlargement of the European Economic Community brought between 1958 and mid-1990 the number of member countries from 8 to 15. As far as deepening is concerned, the early 90's mark an important turning point with the entry into force of the Common Market (1993), of the Schengen Agreement and Convention (1995) and, last but not least, of the Maastricht Treaty (1993) that transformed the Common Market into an Economic and Monetary Union and an aspiring Political Union.

The 1990's also mark the end of the Soviet Union and of COMECON and Warsaw Pact in Central Europe. The Paris Charter of 1990¹ (the founding act of the OSCE) constitutes the invitation to the former COMECON members to join the Western international community, based on the twin principles of elective democracy and market economy. The role of the European Community ("in the political and economic development of Europe") and of the Western international institutions (IMF, World Bank, OECD) is explicitly recognized.

Relations between the EU and Russia developed at a moment when Russia was at its weakest politically and economically and the EU was at strongest and most dynamic. This created the opportunity to extend the EU beyond its Western European core of parliamentary democracies/market economies. This process of enlargement of the EU stimulated the emergence of a geopolitical dimension of the process of extending the internal market. This geopolitical development took place in two movements: first, the enlargement of the EU with ten Central European countries that previously were allied with the Soviet Union. In a second

¹ OSCE, Charter of Paris for a New Europe, November 1990, <http://www.osce.org/mc/39516?download=true>

phase, the formulation of a “Neighbourhood Policy” aimed at the integrating East European Countries in the internal market – and by extension in the EU’s sphere of influence. This process of extending the EU beyond its original west European borders also responds to the ambitions of the countries in Central and Eastern Europe concerned with changing their political and economic regime and basing their societies on the principles of parliamentary democracy and modern market economy. The EU in this respect is considered a (perhaps) idealised model and a new anchor.

Whether on purpose or not, the EU becomes an emerging regional power, not just from an economic point of view, but from a full geopolitical point of view. This evolution has a legal basis in the Treaties. Indeed, the Treaty on the European Union art. 8 stipulates that the EU shall develop a “special relationship” with its neighbours¹. Moreover, the Treaty of the European Union defines the EU’s external action that “shall be guided by the principles which have inspired its own creation development and enlargement and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the UN Charter and international law”². The second section of the same article defines the objectives of the external action, mentioning as first point “safeguard its values, fundamental interests, security, independence and integrity” and spelling out in more details the objectives related to the before-mentioned values.

Formulating EU’s external relations as a projection of itself outside its borders presents a rather idealist picture of EU’s external action. Moreover, the formulation of the aims of the foreign policy is unbalanced: whereas the text is very specific on the “values” underlying the EU’s foreign policy, it remains vague on the “interests” that the policy is supposed to pursue. In practice, EU interests are not so easy to define: they are of a generic rather than of a specific nature because of the different interests of Member States. Extension of the internal market in a general manner is an objective of the Union but when it comes down to specifics, the priorities and interests of member states diverge. As will be argued further in this article, the EUGS marks a change to an approach more inspired by Realpolitik.

¹ “The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation ”(Treaty on the European Union – art 4.1).

² Treaty on the European Union - art. 21.1.

The external relations of the EU, and the relations with its neighbourhood, suffer from several problems that limit its effectiveness and constitute the so-called capability-expectation gap.

In the first place, the EU foreign policy can only be laid down by unanimity; therefore, it is condemned to reflect the lowest common denominator of Member States ambition. Member States still pursue their own foreign policy (in support of their own priorities and interests). The principle laid down in the Treaty that Member States policies should be in line with EU policy and that no initiatives can be taken before consulting with other Member States is nice on paper but does not reflect reality. Moreover, the EU is handicapped by its status as an “international organisation” that must take second place in multilateral fora (UNSC, NATO) where important decisions still are taken¹.

Secondly, the geopolitics of the EU is made mostly unwittingly. Indeed, the full impact of the Neighbourhood Policy, i.e. the implications of the extension of the internal market outside the borders of the Union, has not been sufficiently understood. In particular, the obligations for the partner countries, flowing from the implementation of the new Association Agreements and the Deep and Comprehensive Free Trade Area add up to a “soft power regime change” in the political as well as in the economic sphere. The EU has underestimated the complexity of such an economic and political transformation.

Thirdly, whereas there is nothing wrong with formulating and implementing geopolitical aims, it is necessary to have the capacity to back up the policy by economic, financial, political and security instruments. With limited financial means and influence on FDI flows, a divided political front between Member States pursuing different interests and priorities and no real hard power in the security and defence sphere, it is difficult, if not impossible for the EU to back up effectively a policy by the appropriate means. The EU has overestimated its capacity to accompany and support effectively such an economic and political transformation of partner countries.

Last but not least, the post-Cold War period has not allowed the EU to establish its identity and sovereignty vis a vis the United States that continued to be the overlord of Europe. The hegemony of the US on the global economy, although eroding to the benefit of emerging powers, is still a reality. The fact that since the

¹ Even in domains where the EU has exclusive competence, the EU is not fully represented: example the EU is not adequately represented as such in the IMF although the monetary policy for EURO zone countries is an exclusive competence of the Union.

early 1950's Western Europe refrained from ensuring its own security (cfr. the failed European Defence Community) implied that defence matters were put under the NATO umbrella, dominated by the US.

The EU and Russia Develop Relations Post 1990

On the European continent, trade relations between the EEC and the COMECON were limited in scope and size. Moreover, negotiations of trade agreements that could have stimulated commerce were blocked for political reasons¹ that were only lifted in the 1980's.

The Paris Charter of 1990², founding act of the Organisation for Security and Cooperation in Europe, was also the framework to develop the relations between the USSR, and from end of 1991 onwards Russia, and the European Union. The negotiation of (timid) trade and cooperation agreements at the end of the 1980's was quickly overtaken by the negotiation of more ambitious Partnership and Cooperation Agreements (PCA) after the dissolution of the USSR. The PCA between the EU and Russia was concluded in 1994 and entered into force in 1997³.

Economic relations between EU and Russia quickly developed, making EU by far the first trade partner of Russia and Russia – the third trade partner of the EU. Direct investment from the EU constituted about $\frac{3}{4}$ of the total Foreign Direct Investment in Russia.

The PCA was intended to be the guideline for the reform of Russia from an authoritarian state to a parliamentary democracy and from a planned to a market economy, taking the EU as a point of reference. Whereas initially this approach was (reluctantly) accepted by the Russian side, the obligation to align Russia's legal framework to the EU's became increasingly difficult to accept⁴. The PCA framework was considered by Russia to be lopsided, i.e. not reflecting equality of partners in rights and obligations.

¹ Trade negotiations between the Commission on the one hand and individual countries and COMECON on the other could start after the 1988 "Joint Declaration". See Press Release http://europa.eu/rapid/press-release_MEMO-88-97_en.htm

² Conference on Security and Co-operation in Europe (CSCE): Paris Charter, Paris November 1990. <http://www.osce.org/mc/39516?download=true>

³ EU-Russia Partnership and cooperation agreement, Official Journal of the EU, November 1997 http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc_114138.pdf

⁴ See e.g. PCA art. 55 on Legislative Cooperation that stipulates that "The Parties recognize that an important condition for strengthening the economic links between Russia and the Community is the approximation of legislation. Russia shall endeavour to ensure that its legislation will be gradually made compatible with that of the Community."

The relations did not develop without difficulties. There were a series of trade disputes (Polish meat, Dutch flowers, Trans-Siberian Overflight charges, etc.) that tended to get political overtones. Energy was a particularly sensitive sector. The two gas crises of 2006 and 2009 motivated the EU to decide to reduce its dependence on Russian gas. In general, the EU energy policy, the Third Energy package in particular, was considered by Russia to be anti-GAZPROM and devised to limit that company's development in the EU.

The accession to the EU of the Central European countries, former COMECON Members and even some former republics of the USSR was considered by Russia as an incursion in its legitimate sphere of interest and buffer zone. It was therefore no surprise that Russia did not want to be part of the EU's Neighbourhood Policy (ENP), launched in 2003. The ENP was aimed to avoid the emergence of new dividing lines in the continent by bringing the partner countries closer to the EU, economically and politically. The policy was translated into national Action Plans agreed with partner countries and containing a list of priority actions to be undertaken by the partner country in order to come closer to the EU and participate in the internal market. Russia considered this approach a "diktat" from the EU, instructing partner countries what to do and submitting them to a yearly assessment of the progress made towards fulfilling the obligations of the Action Plan. Later, in 2008 when the Eastern Partnership (EaP) was launched relations further cooled. The Eastern Partnership was a regional grouping of the Eastern Neighbours (Belarus, Moldova, Ukraine, Georgia, Armenia and Azerbaijan) and the EU, considered by Russia to constitute an anti-Russian coalition of the former Soviet republics.

Instead of participating in the Neighbourhood Programme and the Eastern Partnership, Russia preferred to negotiate with the EU Road Maps for the realisation of the Four Common Spaces. These Road Maps were adopted in 2008¹ at a time however when relations were becoming less positive due to persistent "trade irritants", inconclusive discussions on WTO accession, and the first gas conflict (2006). The Road Maps cover by and large the same areas of cooperation as the ENP Action plans, but are the result of negotiation. It is important to mention – as it has a direct relation to the present situation – that in the Road Map on external security, it is stated: "The EU and Russia recognize that processes of regional cooperation and integration in which they participate and which are based on the sovereign decisions of States, play an important role in strengthening security and stability." With this provision, Russia states that it requires the EU to respect the integration initiatives in the Russian Near Abroad, starting with the CIS. The ne-

¹ Council of the European Union: 15th EU-Russia Summit, Moscow 10 May 2005. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/84811.pdf

gotiation of Association Agreements between the EU and EaP countries (Russia's "Near Abroad") is considered to be in breach this commitment.

Against the backdrop of the growing malaise in the relationship it did not come as a surprise that there was little enthusiasm to renegotiate the PCA that came to its 10-years deadline in 2007 and has been extended year by year since. The negotiations on a New Agreement started in 2008 but have been suspended. The Partnership for Modernisation¹, launched in 2010 has not been able to change the course of events that led to a further estrangement between the two parties.

In the course of time and with the economic crisis as complicating factor, economic relations between the EU and Russia started declining in relative but also in absolute terms, reflecting a reorientation of Russia's economic relations towards Asian partners.

Looking back at the past period, it can be argued that Russia had misgivings about the relationship perceived as "asymmetrical" from the beginning, misgivings that became gradually worse. An important breaking point was the Orange revolution in Ukraine. The EU considered it as an aborted attempt by the Kremlin to manipulate the election results; Russia blames the Orange Revolution and its outcome on western interventions in the internal affairs of a country within Russia's sphere of influence. The gas crisis in 2006 and 2009 deepened the conflict as they were considered by EU as the use of energy as an instrument of foreign policy and were blamed by Russia on the non-respect of contractual obligations by Ukraine. The war in Georgia (2008) seen by Russia as caused by a disturbance of the status quo and by the EU as an aggression against a sovereign state can be considered as a prelude of the recent events in Ukraine.

The deterioration of the relations between Russia and the European Union are part of the deterioration of the relations between Russia and the West in general and the US in particular. A major factor in this evolution was the Eastward expansion of NATO.

It became gradually clear that the idea of the 1990 Paris Declaration, the integration of the former Soviet bloc in the Western International Community was not going to happen.

The withdrawal of Russia from the US dominated western international community is clearly stated in the speech of President Putin at the 2007 Munich Security

¹ EU-Russia Partnership for Modernization, June 2010; <http://www.ru-eu.org/en/info/partner.php>

Conference¹. President Putin expresses his irritation with being lectured on democracy and rejects the unipolar model of international relations as “not only unacceptable but also impossible in today’s world.” He mentioned the potential of the new centres of economic growth and stressed the importance of multilateral diplomacy. Outlining the basic principles of a sovereign Russian foreign policy, President Putin concluded that Russia is ready to “work together in constructing fair and democratic world order.” This policy is further spelled out in recent documents: the “Russian National Security Strategy” of December 2015² and the “Foreign Policy Concept of the Russian Federation” of November 2016³. The documents detail Russia’s place and role on the international scene and focus on the relations with neighbouring countries, stressing the importance of CIS relations and of the Eurasian Economic Union. In the context of the present paper, it is useful to mention two principles. Paragraph 54 of the Foreign Policy document states that Russia expects CIS member states to fully implement their obligations within the integration structures that include Russia. The same document (paragraph 63) indicates that “Russia’s strategic priority in its relations with the EU is to establish common economic and humanitarian space from the Atlantic to the Pacific by harmonizing and aligning interests of European and Eurasian integration processes.” The first principle confirms the importance Russia attaches to its “near abroad”; the second principle stresses the fact that Russia wants to be considered a leader of an economic bloc that – at a level of equality – can negotiate with the European Union on the further economic integration of the Eurasian continent.

Present Situation

Even before the Ukraine crisis broke out, relations between Russia and the EU were far from good and deteriorating. Confidence was all but lost between the two parties and the events of 2014 was the straw that broke the camel’s back.

¹ Munich Conference on Security Policy, President Putin’s prepared Remarks at the 43rd Munich Conference on Security Policy, 12 February 2007

<http://www.washingtonpost.com/wp-dyn/content/article/2007/02/12/AR2007021200555.html>

² President of Russia, Russia’s National Security Strategy, Moscow, 31 December 2015
<http://www.ieee.es/Galerias/fichero/OtrasPublicaciones/Internacional/2016/Russian-National-Security-Strategy-31Dec2015.pdf>

³ Ministry of Foreign Affairs of the Russian Federation, Foreign Policy Concept of the Russian Federation, Moscow, 12 November 2016

http://www.mid.ru/en/foreign_policy/official_documents/-/asset_publisher/CptlCk6BZ29/content/id/2542248

Two concepts confront each other: on the one hand, the EU that reaches out – in the spirit of the Paris declaration – to the neighbouring countries ready to adopt the values and legal framework of the EU and to integrate the EU's internal market. On the other hand, Russia that rejects the unipolar world order, refuses to be lectured about democracy, expects CIS members to live up to their commitments, revendicates respect for the existing (Russia inspired) integration initiatives in its near abroad and sees the integration of the Eurasian continent as a harmonization between two integration processes.

With these two opposing approaches, a serious conflict was waiting to happen.

The sequence of events is well known and it is not necessary to go into a detailed analysis. An Association Agreement/Deep and Comprehensive Free Trade Agreement was negotiated, starting under President Yushenko and concluded with the government of President Yanukovich. When signing of the agreement was being prepared, the EU raised additional issues related to the independence of the judiciary. The EU hesitation made Yanukovich accept a Russian offer for compensations in return for not signing the agreement. This led to the Maidan revolt, the departure of Yanukovich and the change of regime in Kiev. In turn, this led to the annexation of Crimea after the referendum and the civil war in Eastern Ukraine, where separatists supported by Russia contest the Western orientation of the new Kiev government.

The EU and the US have strongly condemned the Russian action and defined a common reaction. In particular in the initial period the strong US position, in line with the position of some of the Central European Member States did have an important influence on the common position and action in the European Council¹.

Measures have been imposed by both sides. On the side of the European Union this means:

- Firstly, that the European Union does not recognize Russia's annexation of Crimea. In March 2014, the EU imposed the first travel bans and asset freezes against persons involved in actions against Ukraine's territorial integrity;
- Secondly, at the diplomatic level, Russia's participation of the G8 was suspended and the planned Summit meeting mid 2014 was moved from Sochi to Brussels. Also, the EU cancelled the bi-yearly summit with

¹ For an overview of the measures taken see European Union, Newsroom, Brussel 16/3/2017 http://europa.eu/newsroom/highlights/special-coverage/eu-sanctions-against-russia-over-ukraine-crisis_en

Russia and decided to suspend bilateral talks with Russia on visa matters and on the New Agreement;

- Thirdly, in view of Russia's interference in the situation in eastern Ukraine, the EU imposed economic sanctions in July 2014 and reinforced them in September 2014. In March 2015, the European Council linked the duration of those economic restrictions to the complete implementation of the Minsk II agreements¹;
- Fourthly, in July 2014, the European Council decided to suspend most bilateral and multilateral cooperation including the signature of EIB loans;
- The US sanctions run parallel to the EU sanctions and the EU and the US have up till now coordinated their approaches, making the lifting of the sanctions conditional upon the implementation of the Minsk process.

On the Russian side, Russia retaliated in August 2014 for the Western sanctions against Moscow, announcing that it was banning imports of a wide range of food and agricultural products from Europe and the United States.

The relations with Russia have been discussed several times in the Foreign Affairs Council and in the European Council since. Sanction have now been extended into next year and names have been added to the list of people subject to visa ban and asset freeze. Occasionally some Member States have proposed softening or lifting the sanction regime, but up till now² the EU has consistently confirmed the “five principles”³ of its Russia policy, that can be summarized as follows:

- full implementation of the Minsk agreements;
- closer ties with Russia's former Soviet neighbours;
- strengthening the EU resilience to Russian threats;
- selective engagement with Russia on certain issues such as counter-terrorism;
- and support for people-to-people contacts.

¹ This agreement negotiated by France Germany Russia and Ukraine lays down a way out of the conflict in Eastern Ukraine (armistice, pull out of heavy weapons, amnesty, release of hostages, self-governance, elections, control over borders etc.). For an English translation see <https://www.unian.info/politics/1043394-minsk-agreement-full-text-in-english.html>

² Including at the latest Foreign Affairs Council of June 2017 that extended the sanctions until 31 January 2018.

³ European Council, Foreign Affairs Council 14 March 2016.
<http://www.consilium.europa.eu/en/meetings/fac/2016/03/14/>

Due to a series of events and incidents, perceived as aggressive behaviour on the Russian side, the relations seem to be deteriorating rather than improving. The perception of what goes wrong has been summarized by President Tusk. Speaking at the press conference following the first day of the meeting of the European Council in October 2016, President Donald Tusk, said to this end: *"This evening we had a broad discussion about Russia. Leaders emphasized all sorts of Russian activities, from airspace violations, disinformation campaigns, cyber-attacks, interference into the political processes in the EU and beyond, hybrid tools in the Balkans, to developments in the MH17 investigation. Given these examples, it is clear that Russia's strategy is to weaken the EU. We have a sober assessment of this reality, and no illusions. Increasing tensions with Russia is not our aim. We are simply reacting to steps taken by Russia. Of course, the EU is always ready to engage in dialogue. But we will never compromise our values or principles. That is why leaders agreed to stay the course. And above all to keep the unity of the EU"*¹.

In the same period, High Representative F. Mogherini formulated a more open position on Russia at the end of an informal dinner of the Ministers of Foreign Affairs: *"You know, the European Union has a very principled position on the illegal annexation of Crimea and the situation in Ukraine. This is not going to change, regardless of possible shifts in others' policies. But on the other side, we talk with Russia and we work with Russia on many different things, including for instance the Iran Deal where we worked wonderfully well together, or the Middle East Peace Process or Libya, counter-terrorism, to some extent on Syria where we have worked together in the International Support Group for Syria, even if our positions are very different on some issues but on some other coincide. So, I would invite you to avoid any black and white representations of our relationship with Russia. On one side, there is dialogue and engagement – what we call constructive but also selective engagement on some issues; on the other side, there is a strong principled position especially on Ukraine and on the other conflicts that we have to our East; and our attention to our Eastern partners is going to stay and stay strong"*².

¹ Council of the European Union, Remarks by President Donald Tusk following the first day of the European Council Meeting, Brussels 21/10/2016
<http://www.consilium.europa.eu/en/press/press-releases/2016/10/20-tusk-remarks-press-conference/>

² Press Conference after the informal dinner of Ministers of Foreign Affairs on 13 November 2016 (https://eeas.europa.eu/headquarters/headquarters-homepage/14697/remarks-by-high-representativevice-president-federica-mogherini-at-the-end-of-the-informal-dinner-of-the-eu-foreign-ministers_en)

The Global Strategy for the European Union's Foreign and Security Policy

Up to the adoption of the “Global Strategy” (EUGS) the EU did not have a comprehensive external relations doctrine. External relations were defined vis a vis the strategic partners and the regional groupings with whom a relationship was established. The 2003 European Security Strategy¹ (and its 2008 update²) defined several “threats”, identified the neighbourhood as the priority for EU’s external relations and “effective multilateralism” as the EU’s approach to foreign policy. Despite its rather sketchy nature, the ESS was useful as the basis for EU’s ESDP/CSDP actions.

A revision of the 2003/2008 Security Strategy was long overdue, in particular because of the changing nature and scope of the threats and of the security problems in EU’s neighbourhood.

After extensive consultations, inside and outside the institutions, the document “Shared Vision, Common Action: A stronger Europe – A Global Strategy for the European Union’s Foreign and Security Policy” (EUGS) was published in June 2016³. The orientations of the EUGS confirm the orientations for the Review of the Neighbourhood Policy adopted in November 2015⁴. The main themes of democracy, human rights, good governance and alignment of the regulatory framework in the partner countries with the ‘*acquis communautaire*’ still figure prominently in the Review of the Neighbourhood Policy but greater emphasis is put on EU’s interest as a basis for policy. In general, the overall tone is less self-assured and less lecturing and reflects “Realpolitik” approach.

¹ European Union, A secure Europe in a better World, European Security Strategy, Brussels, 12 December 2003.

<https://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

² European Union, Report on the Implementation of the European Security Strategy – Providing Security in a changing world, Brussels 11 December 2008. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf

³ Shared Vision, Common Action: A stronger Europe – A Global Strategy for the European Union’s Foreign and Security Policy, Brussels, June 2016 http://europa.eu/globalstrategy/sites/globalstrategy/files/regions/files/eugs_review_web.pdf

⁴ European Commission and High Representative of the Union for Foreign Affairs and Security Policy, Joint Communication to the European Parliament, The Council, the European Economic and Social Committee and the Committee of the Regions – Review of the European Neighbourhood Policy, November 2015.

http://eeas.europa.eu/archives/docs/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf

This Realpolitik is further spelled out in the EUGS. In the first place, this concept is introduced in the document as “principled pragmatism” stemming from a realistic assessment of the strategic environment and from an idealistic aspiration to advance in a better world.

Basic values remain important as the guiding principle for external relations but the EUGS aims in the first place to “promote our citizens’ interests”. The first interests mentioned are “peace and security” and “prosperity” backed up by “democracy” and “a rule based global order”.

It is therefore no surprise to read that the first priority of the EUGS is “security of our Union”. A strong emphasis is put on external security and defence, but also aspects of internal security (counter terrorism, cyber security, energy security, strategic communications) are included in the concept.

This first priority is backed up by the second priority of the EUGS: “state and societal resilience of the neighbours”. The repeated use of the word resilience in this context is quite revealing for the change of focus and ambition of the EU foreign policy, to the neighbouring countries in particular. Indeed, in plain language resilience means “the power to resume the original shape or position after compression”. This indicates a change from a proactive approach of the original ENP¹ to a reactive approach: when under pressure from external or internal destabilising forces, state and society of partner countries should be able to return to the status quo ante, preferably, but not necessarily, in line with the EU principles of democracy, respect for human rights and market economy.

The next priorities mentioned in the EUGS are: an integrated approach to conflicts and crisis, cooperative regional orders and global governance for the 21st Century. For the purpose of this analysis, the section on cooperative regional orders is most relevant. The EU being itself the result of a regional cooperation initiative, it cannot but support actively forms of regional cooperation and governance, with the qualification “where possible and in line with our interests”. The issue of a European Security order is high on the agenda and managing the relationship with Russia is considered to be the “key strategic alliance”. A number of areas of cooperation are mentioned (climate, arctic, maritime security, education, research and cross border cooperation) but economic and trade issues are not in the list. Moreover, a number of conditions apply (cfr. *infra*).

¹ Commission of the European Communities, Paving the way for a New Neighbourhood Instrument, Brussels July 2003
http://www.eas.europa.eu/archives/docs/enp/pdf/pdf/com03_104_en.pdf

Both policy documents indicate a re-balancing of the interest and values in the EU's foreign policy: security of the Union and stability in the Neighbourhood. What does this imply for the relations with Russia?

The general shift from value based external relations to *realpolitik* (“principled pragmatism”) could create the conditions for a relaunching of the political dialogue with Russia. Strong communality of interests is a well-recognised fact. As “geography prevails over history”, a return to a situation of cooperation in areas of common interest should occur earlier rather than later when *realpolitik* prevails.

However, for the relations with Russia, the EUGS puts forward a more restricted approach.

In the first place, the interests of the EU citizens are defined in terms of “security” and economic interest are not mentioned in analysis of *realpolitik*. Prosperity and the development of economic relations do not enter the list of priorities. The economic complementarities between the EU and Russia and important synergies that can developed further are left outside the equation.

With its focus on security and stability in the neighbourhood in the section the European Security and Stabilisation, as already mentioned, Russia is singled out as the spoiler of stability. The resilience mentioned earlier is to allow neighbouring countries to resist the “compression” exercised or supported by Russia. As stated in the EUGS: “Substantial changes in relations between the EU and Russia are premised upon full respect for international law. At the same time, we will engage Russia to discuss disagreements and cooperate if and when our interests overlap”¹.

The crucial question hinges around the status of Crimea and the implementation of the Minsk II agreements. Up to this moment, unanimity of member states can be maintained around the “five principles”. Several times the relations of the EU-Russia have been on the agenda of the Foreign Affairs Council and the European Council, but due to the divergence of views between Member States, only a confirmation and reiteration of the agreed position have been possible.

While it is difficult to identify how to overcome the deadlock within the relations between EU and Russia, external factors could have an impact.

In the first place, changes within the EU member States and in particular the rise of Russia-friendly populist movements could influence national policies. The po-

¹ EUGS, p. 33.

sition of the Hungarian government is well known in this respect and recently Bulgaria elected a Russia friendly President, but also the sympathies of populist parties in several other Member States (France, Netherlands, Belgium, UK, etc.) points in the direction of a possible thaw in the relations with Russia.

In the second place, there are our partners whose resilience the EU intends to strengthen. In these countries, the sympathy for the Russia position is strengthening: This is the case for the Balkans where candidate country Serbia (as well as Republika Srpska) is developing its cooperation with Moscow and Moscow allegedly tried to de-stabilise Montenegro last summer. Candidate country Turkey has overcome its recent conflict with Russia and is intensifying its cooperation with Moscow, i.a. in the energy field. The joint Russian-Turkish initiative for establishing a ceasefire in Syria points in the same direction. In the Eastern Partnership, only Ukraine and Georgia fully support the EU line. The outcome of the recent elections in Moldova reinforces the Russia friendly forces in our neighbourhood.

Last but not least, wider geopolitical shifts will influence the evolution of EU's relations with Russia. In the first place, it is not yet clear how the new US Administration will relate to the European Union, to Russia, to its international commitments, etc. The US as a close partner of the EU had a decisive influence in shaping the reaction to the events in Ukraine and was in the lead for stepping up NATO support for its eastern members fearing Russian aggression. Changes in the global balance of economic and political forces and in the EU's relations with other important partners (China, India, etc.) will directly or indirectly have an impact on EU's relations with Russia.

These various external factors will make it necessary for the EU to define its position in the global economic and political context, the role it wants to play and to define how it intends to pursue its interests and its values. The EUGS can provide a general guideline for policymaking, but the concrete policy will be determined step by step, in reaction to upcoming challenges and opportunities.

As far as present EU policy in the neighbourhood since the adoption of the EUGS is concerned, pragmatism seems to have effectively inspired some recent initiatives.

The EU wants to keep the lines of communication open with all the countries in the neighbourhood and to develop relationships even if a country concerned has explicitly opted for a close (and in principle exclusive) relationship with Russia. The EU's position is that the time of exclusive zones of influence is over and that countries that wish so can develop relationship with the EU. Concluding an

agreement with the EU should not limit a country's capacity to conclude agreements with other countries, or vice versa.

With Kazakhstan, a member of the Eurasian Economic Union, the EU has concluded an Enhanced Partnership and Cooperation Agreement. This agreement aims at developing a diversified set of relations between Kazakhstan and the EU, outside the areas that are covered by the membership of the Eurasian Economic Union.

The EU continues to explore possibilities of cooperation with the countries in the eastern neighbourhood even with those that have opted for closer relations with Russia. This is in particular the case for Armenia, which decided to join the Eurasian Economic Union. With Armenia, at this moment an "association agreement light" is being negotiated. Care has been taken to avoid concluding an agreement including tariff preferences. Indeed, Armenia is a member of the Eurasian Economic Union that is a custom union implying that Armenia has no longer sovereignty over its external tariffs. However, other initiatives can be explored to facilitate trade between Armenia and the EU (alignment of customs procedures, approximation of industrial norms, SPS, etc.) The case of Azerbaijan is interesting as pragmatism inspired the EU to start negotiating a new cooperation agreement (possibly also including some trade-related provisions) although Azerbaijan is not yet a member of WTO. In the case of Belarus, member of the Eurasian Economic Union and which PCA ratification by Member States has been suspended in 1999, the EU is intensifying various forms of cooperation and dialogue.

Although the Global Strategy is mainly formulated in terms of security, trade and trade related measures facilitating the access to the internal market remain the most performant external relations instruments, the main vehicle for the EU to extend its influence.

In the Neighbourhood as well as in the world at large, the importance of the values, the ambition of the EU to effectuate a soft power regime change in neighbouring countries are downgraded and replaced by more realistic aims reflecting the EU's interest: security, stability, etc.

Conclusion

The deterioration of relations over the last decade – and the recent events in Ukraine – have led to a deadlock. At this moment, there does not seem to be either inspiration or even willingness to look for constructive solutions.

Whereas, on the one hand, pragmatism (even “principled”) and the promotion of the EU interests could be a positive factor in relaunching relations with Russia, it is not clear at this stage how face saving solutions could be found.

Where, on the one hand, the new approach puts *realpolitik* on the agenda, making it easier to come down from EU’s more value based external policy, opening the door for identifying initiatives of common interest. Still Russia is depicted as a country that threatens the EU and its partner countries and destabilises the world order.

The EU’s neighbourhood and Russia’s “near abroad” overlap and both the EU and Russia deploy initiatives to establish or strengthen their respective zones of influence. Russia refuses to be lectured by the West, expects loyalty from its CIS partners and considers economic cooperation in the Eurasian continent as cooperation between two blocs (the EU and Eurasian Economic Union). The ambitions of the EU’s neighbourhood policy are still on the books but they are applied in a more flexible and less dogmatic manner. The ambition to realise “soft power regime change” through the implementation of the Association Agreement including a Deep and comprehensive Free Trade Area has given way to a country specific and more flexible approach. The economic integration of the continent will be the result of a series of agreements concluded with the countries in the region. Before tackling the big picture, hardly possible at this moment, small steps could create some degree of confidence. This requires that possibilities are identified allowing both sides “to climb down the tree” jointly without loss of face.

Perhaps indirect cooperation in third countries could be such a step including a rapprochement between the European Union and the Eurasian Economic Union, and exploring possibilities of cooperation in the neighbouring countries where we share economic interests. It would certainly qualify as “principled pragmatism”, promote the interest of the EU and reinforce stability of the countries concerned. Such a development would also be in line with the cooperative regional orders mentioned among the priorities. A pragmatic and step by step indirect cooperation in the interest of our common neighbours could be a prelude to a return of a direct cooperation “premised upon the full respect of international law”.

Alexey GROMYKO

THE EU GLOBAL STRATEGY: IS IT GLOBAL AND STRATEGIC?

Strategies are many. Life strategies, business, career, family, educational, military, economic, technological and many other varieties. Strategies differ in their scope and duration. There is a hierarchy of strategies in terms of number of people and organizations they influence. Its upper layer is represented by grand strategies, which reflect aspirations and expectations of nations.

Framework

Since the collapse of European empires, nation states have been key players in generating this highest form of abstraction in long-term planning – strategies. The reason is obvious – since the 19th century, nation states along Empires became the building blocks of international relations. Since then, they have been the most equipped and resourceful entities to develop and realize strategies. In this regard, nation states have been unrivaled, especially after the collapse of Empires.

Hyper globalization, which has engulfed the world since the 1990s, has put the supremacy of nation states into doubt, including their ability to play a leading role in shaping the regional and global political, socio-economic and military landscapes. For some time, the idea that nation states and their borders wither away, disappear, become irrelevant in the face of global megatrends seemed to turn into conventional wisdom. Until recently, it had been taken for granted that new actors in global politics, like TNCs, NGOs and supranational institutions were overshadowing nation states. However, the course of events in the beginning of the 21st century demonstrated that the news about the death of nation states were premature.

Indeed, contemporary history has witnessed some states fail and collapse. Nevertheless, it has not confined to the dustbin of history the very idea of a nation state as a building block of IR. Moreover, in the last decade this concept went through a certain renaissance; many nation states, both old supremos (the US, Russia,

China, Germany, etc.) and young pretenders – some of them in fact ancient civilizations (Brazil, India, Turkey, Iran, South Africa and others) restated their willingness and ability to manage domestic, regional and sometimes global affairs on their own terms (at least, within the boundaries of strategic autonomy of different intensity).

The case of the European Union is a special one. It is not a nation state, but at the same time, it is not a conventional international organization. It is a unique invention, which is buttressed by two pillars of inter-governance and supranationalism. These two counter-forces are so intricately intertwined that a collapse of either will be a collapse of both. Indeed, on the surface the EU is composed of nation states. All of them preserve most attributes of formal sovereignty: monarchs, presidents, prime ministers, parliaments, constitutions, political parties, judiciary, armies, anthems and flags. But since the launch of this integration project in the 1950s their nature has undergone significant transformation, which changed our traditional views and presumptions of how the EU member states function. On the voluntary basis, for better or for worse, they delegated a part of their national sovereignty upwards. But there have been areas ring-fenced from dilution of sovereignty. Security and defense is the domain where an average EU member state still resembles its traditional sample.

From this point of view, the Global Strategy (EUGS) for the EU's foreign and security policy¹ is a remarkable document, keeping in mind that a significant part of it is about security and defense (CFSP overlaps with the EU Commission's European Defence Action Plan and the Warsaw Joint Declaration signed by the President of European Council, President of European Commission and Secretary General of NATO). It should be underlined that the first plan to implement EUGS, presented by F. Mogherini to the Council of EU on 14 November 2016, was on security and defense component of the strategy.

On the one hand, it is a document, which traditionally is a product of a nation state activity. Indeed, an area of national affairs, which is most jealously guarded by the EU member states, is exactly security and defense (for example, 80% of defense investment in Europe is still spent nationally). On the other hand, EUGS reflects dualism of its two pillars, mentioned above, and simultaneously a push to shift CSDP to the communitarian domain.

¹ Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the EU's Foreign and Security Policy. – June 2016
https://europa.eu/globalstrategy/sites/globalstrategy/files/eugs_review_web.pdf

The result can be different, depending on the future of the EU. If in the aftermath of Brexit the interstate pillar of the EU becomes dominant, then any kind of common strategy is bound to be no more than the lowest common denominator, in other words – feeble and ineffective in comparison to national strategies. If further federalization of the EU as a result of Brexit and other setbacks of the last years strengthen its supranational pillar, than CSDP will be getting less declaratory and more tangible. However, even in this case any «global strategy» of the EU will be hamstrung with opt-outs, qualified majority voting and veto rights. The EU even after tentative Brexit is going to stay too diverse and polycentric to generate a strategy, which in its consistency and cohesiveness resembles a strategy of a major nation state.

This is not to say that the EU cannot become a significant global political force without a strong CSDP. But the range of its communitarian approaches to solutions in international relations is bound to be limited in comparison to the world's most influential states. This circumstance would not be so uncomfortable for the EU federalists if the soft power dictum had retained its previous dominance. Because soft power was not so much about CSDP. The latter is mainly a collection of tools, which border or belong to hard power politics. In its turn soft power was designed to involve a different spectrum of means to promote norms and interests of the EU – economic, social, cultural, normative, in other words, the spheres where policy and decision making process in the EU are truly communitarian and boast almost unrivaled gravitas. However, the return of hard power politics to the global and European affairs in the end of the 1990s, partly imposed on the EU from outside and partly the product of a deliberate decision of some European capitals, has given additional impetus to CSDP.

There is a paradox due to a certain internal contradiction of this approach. In designing its global strategy, based more on hard than soft power, the EU is trying to resemble a powerful nation state while lacking its cohesion. Simultaneously, it puts on the back burner its soft power competitive advantages, which are truly in its disposal (single market, single currency, etc.). The EU is not a permanent member of the UN Security Council, nor a nuclear power, it does not have an army, military headquarters, general staff or a chief commander. Theoretically, it could acquire these attributes, but that would demand a genuine revolution in the setup of the European integration. There is no sign that the UK or France have any inclination to cede their seats as permanent members of the UN SC to the European External Action Service. Even more exotic would be to expect Paris and London even in the distant future to delegate their nuclear status to Brussels.

Circumstances

The announcement of EUGS, which had been long time overdue, coincided with one of the worst conjunctures in the EU history. The first attempt to design a global vision for the EU was undertaken in 2003 in the form of the European Security Strategy¹. Was it a successful document? Indeed, it was, as it was an undeniable success to draft and persuade all member-states to pass one. It was a successful document, if to keep in mind the political and economic context of that time. Was it visionary? It was, as it was aligned to the long-held aspirations of the EU – a heavyweight beyond economics. Was it practical and justified by reality? Hardly so, because merely two years later – the year 2005 ushered in the constitutional crisis, which was followed by further troubles of daunting proportions.

The ratification of the European constitution, which collapsed due to objections of the two founding states of the EEC – France and Netherlands, was the necessary condition for the successful implementation of the 2003 Strategy. The Lisbon Treaty in 2009 partly overcame this problem. However, the situation deteriorated further because of the world economic crisis, then destabilization of the South and South-East periphery of the EU, then the migration crisis and the fallout with Russia.

Finally, as if that was not enough, the European integration project per se, not to mention its upgrading to the next level of global competition, has been endangered with two more daunting factors: Brexit and substantial transformation of party-political systems in Europe and the United States. Both factors to a large extent are of the same nature – growing disparities within societies in the post-industrial states, ensuing crumbling fortunes of the Western middle class and re-emergence of the national state identity. The middle class for several decades since World War Two had been the bedrock of the affluent society and welfare state. Due to its ascendancy in the 1960s and 1970s as the dominant socio-economic force, the class politics was replaced by the center Left – center Right mainstream consensus, and the catch-all (universal) parties replaced their class predecessors.

In the 1980s and 1990s the situation for the Western societies improved further. The affluence, acquired during previous decades, received new drive with the collapse of the Soviet Union and with the opening of new huge markets. These favorable circumstances enabled Western societies to enjoy the unprecedented peri-

¹ A Secure Europe in a Better World. European Security Strategy Brussels, 12 December 2003. <https://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

od of growth and wealth creation up to the beginning of the new century. The general framework of that development received a well-known label – the neoliberal phase of globalization (or hyper-globalization). However, this mechanism of market economy harbored not only sophistication but imperfectability. Challenges of the Soviet style socialism were in the past and the dominance of neoliberal market economy seemed to be perpetuum mobile. But this time not socialism but capitalism in its neoliberal embodiment has been exhausting itself. Its main failure has been the slow but steady dilapidation of the middle class for the benefit of the upper strata and as a result – the rise of populism and revival of class party politics. The poor have been becoming poorer and the rich richer. These megatrends closely correlate with the surge of nation state identity. As a result of this set of factors, we have Brexit, the victory of Donald Trump and numerous challenges to traditional mainstream parties, both from the Left and the Right.

Against this backdrop of problems, the announcement of EUGS was a challenge in itself. The High Representative F. Mogherini was under pressure to postpone it, but decided to go forward in the «now or never» move. Obviously, that was the right decision to make, as the momentum for a new EU strategy could have evaporated altogether. At the same time, the text of EUGS was partly outdated the moment it went out of print. It is clear that the issue of Brexit was reflected in the document shortly before its publication (just several days after the British referendum). Beyond the reach of EUGS authors' imagination was also the poor luck of TTIP and TTP, which, after D. Trump's victory, seem to be shelved for a long period of time, if not derailed altogether. Even CETA in October 2016 was signed by a whisker due to opposition from Wallonia regional parliament.

Content

EUGS manages to look both progressive and obsolete. For example, on the surface it is forward looking in its defense of the global free trade with a «true level playing field». However, there is no mentioning of the burning necessity to redistribute votes in IMF and WB according to the lines of G20 discussions, nor any ideas on how to modernize the global trade and financial architecture to adjust it to the global shifts in economic and political power. One might think that EUGS is more a defender of status quo than a harbinger of substantial changes in the world order. There is only one place in the document, where its authors are bold enough to state that the EU commitments to upholding international law should be about transformation rather than simple preservation of the existing system (P. 39).

Perhaps, the same inertia of the conformist thinking along the lines of the «end of history» and Eurosphere did not allow EUGS authors to envisage, besides scenarios, based on continuity, new challenges to the Euro-Atlantic area as a result of the outcome of Presidential elections in the US. In these and some other respects EUGS is behind the curve. Of course, it is not reduced to wishful thinking because of Brexit and Trump, but it will have to adjust to the changing international environment.

The document, produced in June 2016, is a worthwhile reading, which contains a lot of novelty and food for thought (besides repetition of the official narrative, for example, in equalizing such notions as «EU» and «Europe»). In many ways, it is in stark contrast with the 2003 European Security Strategy (ESS). One just needs to compare opening lines of the two papers to feel the difference. The ESS starts with «Europe has never been so prosperous, so secure nor so free». Whereas the opening phrase of GS introduction is: «The purpose, even existence, of our Union is being questioned».

This is a candid reflection of the fact that internal and external circumstances of the European Union development have changed radically. The European security has diminished, the centrifugal forces inside the EU are as strong as never before. Problems of deflation, secular stagnation, public debts, unemployment, democratic deficit, lack of leadership are entrenched. At the same time, it should be recognized that the EU has demonstrated a lot of resilience and adaptability in the recent years. In general, it has weathered the storms of financial and Euro zone crises thanks to the policy of ECB and against the grain of austerity dictum of Berlin. It has launched the European semester procedure, Banking Union, new border agency. It has withstood the first wave of migration tsunami.

F. Mogherini's introduction is a rallying cry for unity and solidarity. On barely two and half pages the overall number of words «our», «together», «we», «common», «unity/united», «collectively» and «shared» is 54. «Strategy/strategically» and «globe/global» is also all over the place. Interests are discussed much more often than values or principles. Soft power is not any more a catch phrase yielding place to deliberations about hard power, strategic autonomy and resilience. EUGS is a robust attempt to promote the EU interests, first of all, in security sphere.

Semantically EUGS is an ambitious document and, indeed, it introduces quite a few strategic elements in the EU thinking. However, unlike ESS, which in the beginning contains the analysis of security environment, in EUGS there is no serious attempt to outline the state of play in international relations, its undercurrents and

the place of the EU in the world, no references to ESS to highlight achievements and failures in the EU policies since 2003. Still, some phrases hint at the significant expert underpinning of EUGS: «Conflicts, such as those in Syria and Libya, often erupt locally, but the national, regional and global overlay they acquire is what makes them so complex» (P. 29).

In spite of alarmism, imbedded in some parts of the document, mostly it is designed to address problems in other regions, notwithstanding the fact that the EU itself is vulnerable to many of them as homegrown not imported risks. For example, in «Conflict Settlement» (P. 30) EUGS states the need and its intention to assist in rebuilding social contract in each conflict country, although, in order to be successful in its external strategy, the EU, first of all, needs to repair its own internal social fabric. There are some places in the text, which betray the half-hidden understanding that main threats to the EU are not only external but also internal. It is said that EUGS «starts at home», and among challenges to the EU security the third place is occupied by economic volatility, which, one may assume, is a reference to major problems in the EU economy (P. 9).

Still, there is a lot what draws attention in the document's assessment of modern trends. It touches upon the increasing importance of «regional dynamics» and its complexity in the «de-centered world» and prospective nature of cooperative regional orders (P. 32).

Moreover, EUGS manages to get rid of the idea of the exemplary nature of the EU, stating instead that, in place of exporting its model, it will «seek reciprocal inspiration» from other regional projects. It is noteworthy that for a long time this approach in its essence has been promoted by Russia, which for many years has been against imposition of a certain model of regional integration on near and far neighborhoods. Moreover, Moscow has put forward the concept of «integration of integrations» and repeatedly offered the EU to start consultations with Eurasian Economic Union. It seems that so far Brussels has been unable to convince itself that different integration processes from Lisbon to Vladivostok provide practical opportunities to apply the ideas of cooperative regional orders and reciprocal inspiration.

In general, EUGS is written in the robust and ambitious language, which in a peculiar way can be accompanied by strategic timidity. Perhaps, this asymmetry can be explained by the contradictory nature of certain topics coupled with the collective and therefore contradictory nature of EUGS. For example, it is obvious that one of the most dangerous challenges to the EU security is the arch of instability,

spanning its South and South East neighborhoods. It could have been expected that EUGS puts forward solid explanation of this phenomenon and a view on how to tackle it within a desirable time frame. Instead, these expectations are dashed with the following single phrase: «The Mediterranean, Middle East and parts of sub-Saharan Africa are in turmoil, the outcome of which will likely only become clear decades from now» (P. 34).

However, judging by some observations, scattered across different sections of the text, it can be concluded that instability, even growing instability, is seen by EUGS authors as a long-term trend, which is difficult to stem: «We increasingly observe fragile states breaking down in violent conflict» (P. 28).

EUGS introduces several conceptual points, which may define for a long time the way the EU approaches international problems. Among them, is the formula of «principled pragmatism», which changes the balance between realism and idealism in CFSP for the sake of the former; thorough integration of internal and external European security; consistent reinstatement of the «strategic autonomy» principle (along repeated pledges of allegiance to NATO); acknowledgment of the highly competitive nature of a «more complex/connected/contested world», within which «the multilateral order» is not any more a goal, but an instrument to gain competitive advantage. All this pragmatism is welcome as a demonstration of the slow process of the EU getting more mature in terms of its political subjectivity and therefore autonomy in pursuing its truly CFSP.

Also welcomed is EUGS emphasis on the central role of the United Nations in global governance. For Russia, which is the permanent member of the UN Security Council, as well as for other countries of the «big five», this is a commitment to be fully supported.

Novelties or Shibboleths?

At the same time, there is a lot that is worrisome from the point of Russia's national interests. Firstly, EUGS in effect puts soft power on the back burner («soft power is not enough») – the move with uncertain strategic consequences for the EU project, which for many years boasted its soft power attractiveness.

Secondly, Russia is treated as a key strategic challenge. This poverty of thinking endangers the very pretension of the EU to sound and look strategic. Quite amusing is also the attempt to redefine the European security order as in fact the EU security order. Page 33 of EUGS can be described, at best, as grand posturing.

Encouraging is the fact that such a style is an exception rather than a rule in EUGS.

Thirdly, according to EUGS, the EU is expected to promote resilience in its surrounding regions, which on the surface is quite a legitimate task, driven by the desire to provide more stability in the neighborhood. For Russia, it is equally desirable to be surrounded by stable and friendly neighbors. The EU aspiration for stable partners would be especially important in light of the fact that so far the ENP has failed to provide stability, both within the Eastern Partnership (EP) and in the Mediterranean. Moreover, in some cases, most vividly in Ukraine, the design of EP contributed to problems instead of solving them. Unfortunately, the idea behind «resilience of the surrounding regions» is in fact a continuation of the same logic, which has set the EU at loggerheads with Russia. If to decipher it, the plan is to work through NGOs in those countries in-between the EU and Russia, which political establishments do not suite some EU member states or non-European countries, to «hold governments accountable». It seems that this might be a creative way to describe a regime change from within with a support of outside well-wishers.

It remains to be seen to what extent EUGS will be able to contribute to major reparation works, which the EU requires. It will fail in its global aspirations, if it is incapable to overhaul itself before trying to better the outside world. In this respect, the last sentence of the document is revealing and honest: «Our citizens deserve a true Union, which promotes our shared interests...».

Nikolay KAVESHNIKOV

ENERGY SECURITY IN MOGHERINI'S STRATEGY: CONCLUSIONS FOR RUSSIA

The Global Strategy on Foreign and Security Policy of the European Union issued in June 2016 (EUGS, Strategy) reflects comprehensive understanding of security that is traditional for the EU. Among other aspects of security the document particularly highlights the issues of energy security¹.

In order to assess the effect of the Strategy on the relations between Russia and the EU in the energy sector we shall first address the situation in Russia and provide a general overview of the contemporary state of its energy sector and the particular features of the energy policy. The second section analyses the basic trends of the EU energy policy. Finally, the closing section of this work reveals how the priorities of the Strategy in the energy policy may influence EU-Russia relations and affect Russia's interests.

Russia

Russian energy sector has found itself in the “perfect storm” in the past two years – it has confronted a number of economic (global, regional and national) and political challenges (external and, to a lesser degree, domestic). The key external challenges have economic character – these are the stagnation of demand in the global market, higher competition on the part of particular traditional and new producers of hydrocarbons and a sharp drop in prices in 2014–2016. The fact that the new state of the market is a long trend was grasped by the Russian government only in the beginning of 2016.

Besides that, the development of the energy sector is still held back by the inefficient regulatory environment: these are the basic “afflictions” of the Russian

¹ Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy. June 2016. P. 22–23.

economy (corruption, monopolization, etc.) and the specificity of the government's policy in the energy sector (the tax treatment, "hands-on management", the combination of the market and non-market elements of regulation). "Low cost" oil and gas fields developed during the Soviet period have been depleting; the maintenance of recovery rates in the foreseeable future will demand the launch of extraction at the deposits which are difficult to access and expensive to exploit.

Sanctions imposed by the West in connection with the Ukrainian crisis have not caused major problems for the functioning of the energy sector in the short- and mid-term perspective. However, the continuous ban on the acquisition of technologies may substantially limit productive capacities (the Arctic Region, deepwater fields, shale oil) in the long-term because Russian companies do not have proper technologies, equipment and specialists.

In spite of these and other adverse factors, the Russian energy sector has retained stability; to a considerable degree this was due to the competent actions taken by the Russian government. Among the most effective measures the ruble devaluation should be mentioned. Since most of the revenues of oil companies are dollar-denominated and most of their expenditures go in rubles, the devaluation made it possible to soften the consequences of the drop in prices of hydrocarbons. Stable performance of oil companies was also maintained by tax benefits.

The reduction of investments and the freezing of several major upstream projects was a response to the crisis at the corporate level. Yet, for the time being, this has not produced any direct negative effect on the development of energy sector because the level of production in the mid-term perspective is restricted by the sinking demand. The size of idle production capacities in the gas sector is particularly big. By tradition the first thing to be reduced is the amount of exploration drilling, but with the prices of nearly \$30 per barrel many oil companies have planned a reduction in the production drilling¹.

The crisis in the past few years has boosted government intervention in the oil and gas business. These are the government-owned companies that become the chief beneficiaries of the support arrangements. Government management of the key energy companies is aimed to control financial flows; besides this, government management in the gas industry is necessary for the supply of gas to the depressed

¹ Analytical Centre under the Government of the Russian Federation. *Neftedobycha: na grani snizheniya?* [Oil production: on the verge of decline?] *Energeticheskii byulleten*, No. 32, January 2016.

regions and, generally, for maintaining low domestic prices on gas¹, as well as for using Gazprom's export earnings to finance demands of the social sphere.

The trend toward corporate partnership with the Western energy companies, that was noticeable before 2014, is now broken². Western companies were compelled to abide by the sanctions regime, while the Russian companies were looking for more reliable partners in the East. However, in spite of the abundance of plans, the "turn to the East" has not yet yielded tangible results in the energy sector.

Actions taken by the Russian government ensured the sector stable functioning during the crisis; for now there is no factors that could endanger this stability in the mid-term. At the same time, the policy of Russian authorities and the actions by the Russian companies were mainly retroactive. It is difficult to forecast the future of the long-term adaptation of Russia's energy sector to the new situation in the global markets or predict whether institutional reforms will be taken in the sphere of energy production.

On the European dimension Russian energy sector companies are facing increasing difficulties of economic, regulatory and political nature: the sinking market of oil and gas, increasing competition with the Middle East and African suppliers, the need to adopt business model and especially the construction and management schemes of gas pipelines in compliance with the Third Energy Package; anti-trust proceedings against Gazprom; the customers' desire to revise the linkage between oil and gas pricing; politicization of energy issues, the related desire to reduce dependence on Russian hydrocarbons and dislike of Russian pipeline projects.

During the past years Gazprom has adapted itself to the new realities of the European market. The granting of discounts, partial revision of long-term contracts, account of spot prices when pricing long-term contracts, retroactive compensation of "extra" payments to consumers, – all this has allowed to preserve its share in the European gas market. But the increase of supply is not on the agenda, although Gazprom has substantial free capacities.

Thanks to the devaluation of the ruble, the breakeven rate in the deliveries of oil and gas to the EU market was substantially reduced. For example, the price of

¹ For these reasons as well as due to devaluation Gazprom is not getting profit in the internal market in 2016, which is the first time ever since 2008.

² A number of major projects has been suspended between ROSNEFT, on the one hand, and EXXON, ENI, STATOIL, BP – on the other, as well as between LUKOIL and TOTAL and between GAZPROMNEFT and Shell.

\$30–50 per barrel is quite acceptable for the Russian oil producers, especially for oil recovered from the old fields. Besides, the availability of infrastructure built in the Soviet time, which was cost recovered a long time ago, also favours Russian companies. Russian hydrocarbons can withstand the price competition. Moreover, in order to keep the share of the market it is possible to copy the practice of aggressive sales employed by Saudi Arabia. Yet there is no significant degree of readiness of the Russian energy companies to initiate a fresh round of a new price war.

In the present-day conditions of economic stagnation and an extremely scarce access to capital markets Russia is more than ever interested in the inflow of foreign currency from the export of hydrocarbons and, respectively, in the stability of transit. This imperative coupled with the available negative experience of dealings with the Ukrainian authorities underlies all attempts to build bypass pipelines. However Moscow, forced to act in complicated political circumstances, to take into account diverging and shifting interest of numerous state and corporate actors, often improvised in promoting bypass pipelines.

Two goals underline Russia's long-term export strategy: the maintenance of the 30% share in the European market and the increase of supply to the East. Supply to Asia will not reach the level comparable to the supply to Europe even in the long-term perspective. That compels Russia to be particularly concerned with the political and regulatory changes in the European market.

The European Union

A totally new feature of the EU energy sector is the fact that technical progress and a consistent energy efficiency policy allows the EU to proceed with the economic growth with virtually stable energy consumption. Coupled with the economic crisis of 2008–2009 and the following stagnation, this has brought about a substantial reduction in energy consumption: gross domestic energy consumption in the EU today is at the 1995 level, gas consumption – at the 2000 level and oil consumption stagnates at the level of late 1990s.

This trend is not a part of the external economic policy, nevertheless, reduced consumption helps to compensate the decline of hydrocarbons production. Due to this, the demand for imported hydrocarbons in the EU either stagnates or grows at by far smaller rates than was expected earlier. Alongside the appearance of new suppliers, this has created a major excess of supply over demand in the EU energy market. It is already clear that the market will be unbalanced until at least the first half of the 2020s. This enable consumers to run the show.

In the light of new opportunity, the European Union is purposefully changing the legislative and regulatory environment both in its domestic market and in its relations with the foreign suppliers (the Third Energy Package, increasing competition in the market, promotion of spot trading in gas, etc.). The results of the EU energy market's liberalization are quite controversial: a lot has been done, but the attainment of the goals is yet a long distance away. The legislative and regulatory environment of the energy market is still extremely heterogeneous and unable to secure the desired level of competition. Significant success in establishing a competitive regime has been scored only in Great Britain, the Nordic countries and, to a lesser extent, in the central part of Western Europe.

The infrastructural unity of the EU energy market is insufficient to provide a merger of the national energy markets into a common EU market. The strategic goal of infrastructure development has changed: previously this was done in order to stimulate competition, while now the aim is to provide the security of energy supply, to enable a manoeuvre of the physical supply of energy and reverse flows. This has accelerated the implementation of a number of projects that deteriorate negotiating positions of Russian energy suppliers (for example, the North-South Gas Corridor in the CEE countries).

Today instead of a single competitive EU energy market there exist a cluster of national/regional oligopoly markets, which are not very strongly linked together, and the competition environment is maintained not only by the market forces, but by an increasing state regulation. Political aspirations for a continuous liberalization of the energy markets is very high. These reforms have not been intentionally spearheaded against Russia, but they objectively run counter to the interests of the Kremlin and Gazprom because the goal of these reforms is to perpetuate the allocation of risks, commitments and pricing methods to the advantage of consumers. In the existent "consumer market" it is extremely difficult for suppliers to oppose these actions taken by the European Union.

In the early 2010s the EU became quite active in the field of external energy policy, i.e. precisely in upholding the interests of European energy consumers in their relations with the supply countries. This dimension of energy policy is most politicized and securitized because Brussels cannot regulate it by means of its own law-making and, in fact, has no authority to negotiate with external actors. For instance, S. Haghighi is compelled to admit that even after the Treaty of Lisbon entered into force the security of energy supply at the external level predominant-

ly remains in the competence of member states¹. Likewise, Russian experts have concluded that the European Union, although in possession of a substantial internal competence in energy matters, is incapable of carrying out external energy relations and conclude international energy treaties with third countries either on its own or jointly with its member states².

Consequently, the European Commission external energy policy was focused on the implementation of three strategies.

1) The export of energy acquis to third countries, for example, in the format of the Energy Community (for Russia, this strategy yielded effect only in the field of energy efficiency and, to a lesser extent, in the renewable energy development and climate).

2) The use of internal laws on the functioning of energy markets in order to influence foreign suppliers. The most known example is the application of the Third Energy Package rules to pipelines projects that are only partially situated on the territory of the EU and the categorical refusal to discuss special status of transcontinental pipelines. European Commission's anti-trust proceedings vs Gazprom launched in September 2012 is a part of this strategy.

Besides, a mechanism for information exchange on bilateral inter-governmental agreements of the EU member states with third countries was introduced in 2012. While relying on information received from the member states, the Commission is taking measures to coordinate the activities of the EU countries; among other things, it identifies best practices and develops model provisions for future agreements. One of the elements of the incipient Energy Union is the currently discussed modification of this mechanism. Yet, the European Commission is unlikely to get the right to veto the signing of new inter-governmental agreements between the EU member states and third countries. Besides, it is doubtful that the mechanism for information exchange would cover commercial contracts³.

¹ Haghghi S.S. Energy security and the division of competences between the European Community and its member states. *European Law Journal*. 2008. Vol. 14. No. 4. P. 478.

² Seliverstov S.S., Gudkov I.V. *Energeticheskoe pravo Evropeiskogo soyuza [Energy law of the European Union]*. Moscow: Aspekt Press. 2014. p. 29.

³ Kaveshnikov N. Proekt energeticheskogo soyuza ES v kontekste otnoshenii mezhdu Rossiei i Evropeiskim soyuzom [The Energy Union project of the European Union in the context of EU-Russia relations]. *Vestnik MGU. Seriya 25: Mezhdunarodnye otnosheniya i mirovaya politika*. no. 2. 2015. S. 73–95.

3) Foreign policy activity proper, which often proceeds from geo-political considerations. First, let us underscore the attempts to set up various energy alliances and the support for politically motivated pipeline projects¹.

The Commission already has experience in rendering support to the EU countries when conducting bilateral negotiations on energy matters. Besides this, the Commission acted as a negotiator on behalf of the European Union on several occasions. In 2014–2015 the Commission successfully acted as a go-between in the energy dispute between Russia and Ukraine and made tangible contribution in supporting Ukrainian transit and safeguarding energy security of the EU.

As far as concern import diversification, EU concentrated main efforts on the access to oil and gas resources in Central Asia and to gas in the Gulf. But, with the exception of the Trans-Anatolian Gas Pipeline (TANAP), most of these projects still remain a dead letter because of poor cost recovery and regional instability.

The European Union has scored more success in promoting the import of liquefied natural gas (LNG). Yet, the LNG is usually more expensive than the pipeline gas, and, therefore, in the past few years the LNG terminals in the EU were used only to one third of their capacity.

Actually having no formal authority in the sphere of external energy policy, Brussels has already repeatedly demonstrated its political significance and its skill in using the available limited range of policy instruments. The policy of supply diversification and the EU approach to various pipeline projects testify its deliberate eagerness to limit the volume of energy resources (primarily of natural gas) supplied from Russia, even sometimes to the detriment of economic logic.

The Global Strategy

EUGS touches upon the issues of energy security in a greater detail than the 2006 European Commission Communication “Europe in the World”² and the 2008 Report on the Implementation of the European Security Strategy³. The general ideol-

¹ Kaveshnikov N. The issue of energy security in relations between Russia and the European Union. *European Security*. 2010. Vol. 19. No. 4. P. 585–605; Buchan D. *Expanding the European dimension in energy policy*. Oxford Institute for Energy Studies, 2011.

² European Commission Communication. *Europe in the World — Some Practical Proposals for Greater Coherence, Effectiveness and Visibility*. COM (2006) 278, 8.6.2006.

³ European Union Report on the Implementation of the European Security Strategy. *Providing Security in a Changing World*. S407/08, 11 December 2008.

ogy behind EUGS is based on the ideas of European Energy Security Strategy¹, but there are a number of new points resulting from the document's foreign policy nature and from the desire to take into account economic and political developments of last years.

The EU concept of energy security is historically based upon the desire to achieve three goals: secure, affordable and sustainable energy. The EU politicians talk about the need to balance these three goals but this balance is practically impossible to achieve². As a result, the EU energy policy is a history of vacillations; Brussels assigns priority either to the first goal of the energy triad or to the second or to the third.

EUGS reaffirms the priorities laid down one year ago within the Energy Union project³: *first and foremost, the security of supply, then cheap energy and after that sustainable energy*. A point of comparison: in 2006 the EU's main objective in the energy policy was formulated as follows: "minimum level of the overall EU energy mix to come from secure and low-carbon energy sources"⁴. The words "climate" and "greenhouse gases" are missing in the energy security section of the Strategy, while all its wordings are focused on ensuring security of energy supply.

It is worth noting that the threat of interruption of energy supply from Russia, which caused a lot of concern in 2014, is not so deeply felt nowadays. Obviously the European Union has understood that today Russia has the interest greater than ever in the currency revenues from the export of hydrocarbons.

The EU no longer regards the policy of "exporting" the energy acquis is a priority and has generally abandoned the bundling between energy issues and the transformation of energy supplying countries. In 2006 there was a goal to spread the rules of the EU internal energy market via the Energy Community⁵. In 2008 "good governance and the rule of law" in the energy supplying countries were listed alongside measures to maintain energy security, like diversification of the

¹ European Commission Communication. *European Energy Security Strategy*. COM (2014) 330, 28.05.2014.

² Kaveshnikov N. «Nevozmozhnaya triada» energobezopasnosti Evropeiskogo soyuza [*The «Impossible Triad» of the EU Energy Security*] *Mezhdunarodnye protsessy*, no. 4, 2015, s. 74–85.

³ European Commission. *European Union Package*. COM (2015) 80, 25.02.2015.

⁴ European Commission Communication. COM (2006) 278, 8.6.2006, p. 5.

⁵ *Ibid.*

energy mix, the sources of supply and transit routes¹. There are no such wording in GS; the national interest and pragmatism have prevailed in the energy issues.

According to EUGS, *the main area of the EU activity is the diversification of supplies*, something that is achievable only by means of new infrastructure projects. Being perfectly aware of the limited nature of available instruments, the Strategy just notes that the EU has to “*support the establishment of an infrastructure*”. Such support may go in a variety of forms but it can be effective only if infrastructure projects are attractive for the investors. However, very few pipelines projects discussed in Europe are economically sound.

Besides, the EU policy for establishing preferences for particular sources and routes of energy supply can be qualified as politically motivated discrimination against other infrastructure projects. “The introduction of regulatory and financial preferences suggested by the Commission for these projects means that other projects, even if attractive for the market, resource-backed and economically efficient, may end up facing the worst position”².

It is obvious that within the framework of political discussion of recent years EUGS regards security of supply as a minimum dependence on Russia. It is typical that the text underlines the need for a diversification of supply in the gas sector. Such an approach taken by EU politicians and by particular member states is extremely disadvantageous for Russia and limits the potential of commercial cooperation.

EUGS underscores the EU’s continuous unfriendly stand on Russian projects of new pipelines: they will get neither a priority status nor exemptions from the regulatory regime envisaged by the Third Energy Package. This obviously ensues from the formulation that “*new infrastructure must be fully compliant with applicable EU law, including the Third Energy Package*”. It is also evident that the European Commission will carry on with its attempts to ensure transparency of agreements concluded by individual member states with third countries and the improvement of the mechanism for the exchange of information about inter-governmental agreements.

¹ European Union Report on the Implementation of the European Security Strategy. Providing Security in a Changing World. S407/08, 11 December 2008, p. 5.

² Gudkov I. Novaya Energeticheskaya strategiya i Infrastrukturnyi paket Evropeiskogo Soyuza. [New Energy strategy and Infrastructure package of the European Union] *Vsya Evropa.ru*, no. 53. 2011.

Opposition to implementation of the South Stream and Nord Stream-2 projects, refusal to grant special treatment to the South Stream within the framework of the Third Energy Package – these are examples of political and geopolitical considerations taking the upper hand over economic interests. There is a paradox: the EU encourages European energy companies to invest in pipelines alternative to the Russian ones, but business is reluctant to invest in economically questionable schemes. At the same time, *Gazprom* is ready to invest its own assets in the new pipelines and moreover to invest without having contracts for gas supply, but Brussels hinders implementation of these projects on the political grounds.

EUGS repeats the traditional dictum on the “diversification of energy sources, routes and suppliers”. This testifies to the permanent resentment regarding *Gazprom*'s export monopoly. For Moscow the monopoly on gas export is the cornerstone of gas strategy; obviously, Brussels is well aware of this. The positions taken by the two parties reflect the fundamental difference in their views regarding market organization.

Still there are some positive sides of EUGS for Russia; for example, *there is no mentioning of a gas consumers cartel*. This idea has been actively supported by politicians from several East European countries. However, the European Commission takes a cautious stand on this matter. In its opinion, the mechanism for demand aggregation is possible only on a voluntary basis and in “compatibility with EU legislation and trade law”¹. It shall not become a regular practice for doing business but, instead, it may be used only “during a crisis and where Member States are dependent on a single supplier”². The idea of a consumer pool proved too extravagant and failed to attract broad support in the European Union.

From the point of view of Russian energy producers, the main idea of the document is that *the Strategy deliberately does not include any points on cooperation with Russia in the energy field*. This runs counter to the previous EU documents. For example, the European Commission Communication on the security of energy supply and international cooperation dedicated a special section to Russia. In particular, the document stated the existence of the common objective: “increased convergence of the two energy markets, recognising that the Russian Federation can optimise socio-economic benefits from its energy exports, and the EU can enhance competitiveness in its energy market”³. EUGS in the “Energy Security”

¹ European Commission Communication. *European Energy Security Strategy*. COM (2014) 330, 28.05.2014. p. 19.

² European Commission. *Energy Union Package*. COM (2015) 80, 25.02.2015, p. 6.

³ European Commission Communication on security of energy supply and international cooperation. COM (2011) 539, 7.9.2011.

section does not mention Russia at all. Moreover, the Strategy does not mention energy in the list of areas, in which the EU is interested in a selective cooperation with Russia¹.

Commercial contacts will continue. But one can draw the conclusion that *Brussels is not interested in a political and regulatory dialog with Moscow*. It is significant that EC Vice-President Maroš Šefčovič during his visit in Moscow in November 2016 discussed only two issues of limited technical importance: opportunities to increase the use of OPAL pipeline and initiation of trilateral consultation (Russia-Ukraine-EU) about the next ‘winter package’ aimed to guaranty stable gas transit via Ukraine during 2016-2017 winter.

It seems that the EU leaders believe that Moscow will be compelled to accept the changes in the rules of commercial interaction, which the EU implements within the framework of energy markets’ liberalization and a more active application of competition rules in the energy area. The developments of recent years have given Brussels some ground for such a conclusion: rejection of South Stream project, forced adaptation of Gazprom to the rules of the Third Energy Package, partial revision of contracts under the pressure of European consumers, Gazprom’s proposal to take voluntary commitments in order to avoid penalty as a possible result of European Commission anti-trust proceedings, difficulties in the implementation of the Nord Stream-2.

Excess of supply over demand in the EU market allows the consumers to impose their rules. The European Union acts as a game changer that is trying to extend internal rules of the “consumer market” to the regulatory regime of international deals. Russia’s attempts to protect the traditional rules of the “seller market”² are not producing visible success.

¹ *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union’s Foreign and Security Policy*. June 2016. P. 33.

² Kaveshnikov N. The issue of energy security in relations between Russia and the European Union. *European Security*. 2010. Vol. 19. No. 4. P. 586.

Peter VAN ELSUWEGE

THE EUROPEAN UNION AND THE EURASIAN ECONOMIC UNION: SEARCHING FOR THE LOWEST COMMON DENOMINATOR

Introduction

Over the past decade, two processes of regional integration have been unfolding in Eastern Europe and the Southern Caucasus. On the one hand, in the context of its European Neighbourhood Policy (ENP), the European Union (EU) has offered the countries in the region an enhanced contractual framework consisting of bilateral Association Agreements (AAs) including provisions on the establishment of Deep and Comprehensive Free Trade Areas (DCFTAs) premised on legal approximation with the EU's trade-related *acquis*¹. On the other hand, in 2010, Russia (together with Belarus and Kazakhstan) established a Eurasian Customs Union (ECU), which was upgraded to a Eurasian Economic Union (EAEU) early 2015 and enlarged to Armenia and Kyrgyzstan². Both processes are based upon deep economic integration and entail legally binding commitments for the participating countries.

The (geo)political significance of both initiatives in the 'shared neighbourhood' between the EU and Russia became obvious in the run-up to the November 2013 Vilnius Eastern Partnership (EaP) summit. On this occasion, the signature of a new AA between the EU and Ukraine was on the agenda whereas largely comparable agreements with Moldova, Georgia and Armenia were to be initialled. However, in September 2013, the President of Armenia declared that his country would join the Customs Union between Russia, Belarus and Kazakhstan – and

¹ See e.g. P. Van Elsuwege and R. Petrov (eds.), *Legislative Approximation and Application of EU Law in the Eastern Neighbourhood of the European Union. Towards a Common Regulatory Space?* London, Routledge, 2014.

² See e.g. R. Dragneva and K. Wolczuk (eds.), *Eurasian Economic Integration. Law, Policy and Politics* Edward Elgar, 2013.

later the EAEU – instead of concluding an AA with the EU¹. The Armenian U-turn was the prelude of a similar scenario in Ukraine. Few days before the EaP Summit in Vilnius, the Ukrainian Government decided to suspend the process of preparation for signature of the AA in order “to ensure the national security of Ukraine and to recover trade and economic relations with the Russian Federation”². Following this news, hundreds of thousands of Ukrainians went to the streets in what became the start of the *Maidan* revolution, followed by the Russian annexation of Crimea and the violent escalation of the conflict in the Eastern part of Ukraine.

Arguably, the tragic events in Ukraine cannot be understood without a proper analysis of the EU’s and Russia’s competing neighbourhood strategies. In particular, the question arises why the countries in between, such as Armenia and Ukraine, were forced to make a choice between one of the two projects of trade integration. After a short clarification of the political background and the legal incompatibilities between the competing neighbourhood strategies, the relevance of the EU’s Global Strategy is addressed. Finally, potential options for overcoming the current deadlock are discussed.

Competing strategies for the ‘shared neighbourhood’ between Russia and the EU

In their August 2002 reflection paper on ‘Wider Europe’, Javier Solana and Chris Patten – at the time respectively High Representative for Common Foreign and Security Policy (CFSP) and Commissioner for external relations – explored the options for the development of close relations with the EU’s new neighbours after the Union’s eastward enlargement. They suggested, amongst others, a reinforced political dialogue, further moves towards full trade liberalisation, integration into sectoral EU policies and the negotiation of new contractual arrangements. Significantly, the document also explicitly addressed the Russian Federation and concluded that “Russia is an indivisible part of the region – it is difficult to envisage

¹ R. Giragosian, ‘Armenia’s Strategic U-Turn’, *European Council on Foreign Relations Policy Memo*, 22 April 2014.

² Decision of the Cabinet of Ministers of Ukraine from 21st November 2013, N 905-p. Arguably, the Ukrainian government’s decision cannot be disconnected from the Russian proposal to establish a Eurasian Union building upon the already existing customs union between Russia, Belarus and Kazakhstan. On the background of this initiative and its implications for EU-Ukraine relations, see: G. Van der Loo and P. Van Elsuwege, ‘Competing Paths of Regional Economic Integration in the Post-Soviet Space: Legal and Political Dilemmas for Ukraine’, 37 *Review of Central and East European Law* (2012), 421–447.

strengthened regional co-operation without Russia”¹. Following the same logic, the first Commission communication on the unfolding European Neighbourhood Policy (ENP) proceeded from an inclusive approach including Russia, the western Newly Independent States (NIS) (Ukraine, Moldova, Belarus) and the countries of the Southern Mediterranean (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia)².

However, it soon became clear that Russia was not interested to take part in the ENP. The asymmetrical nature of ENP Action Plans and the strict conditionality approach explain Russia’s lukewarm response to the Commission’s invitation. Instead, the EU and Russia decided to strengthen their so-called Strategic Partnership through the adoption of road maps for the establishment of four Common Spaces³. Whereas this comprehensive agenda offered new prospects for increased bilateral cooperation, the broader political context and the lack of trust among the partners quickly revealed the limits of this initiative. The coloured revolutions in Georgia (2003) and Ukraine (2004) stimulated the further development of the ENP, including an extension of its geographical scope to the Southern Caucasus countries (Georgia, Armenia and Azerbaijan) and an increased focus on democracy promotion. For Russia, on the other hand, it signalled the start of a more assertive foreign policy *vis-à-vis* its ‘near abroad’. This became very obvious in the summer of 2008, when Russian troops intervened in the Georgian breakaway regions of Abkhazia and South Ossetia.

In the wake of this conflict, the EU launched its ‘Eastern Partnership’ (EaP) initiative⁴. The EaP essentially aims at the political association, economic integration

¹ Joint Letter on Wider Europe by Commissioner Chris Patten and High Representative Javier Solana, 8 August 2002 (on file with the author).

² European Commission Communication to the Council and the European Parliament, ‘Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours’, COM (2003) 104 final, 11 March 2003.

³ The ambition to create four Common Spaces, namely a Common Economic Space; a Common Space of Freedom Security and Justice; a Common Space of External Security and a Common Space of Research and Education, including Cultural aspects, was introduced at the May 2003 Saint-Petersburg EU-Russia Summit. The May 2005 Moscow EU-Russia Summit adopted a single package of road maps with action points for the implementation of the new agenda. For comments, see: P. Van Elsuwege, “The Four Common Spaces: New Impetus to the EU-Russia Strategic Partnership?”, in A. Dashwood and M. Maresceau (eds.), *Law and Practice of EU External Relations. Salient Features of a Changing Landscape* (Cambridge: CUP, 2008) pp. 334–359.

⁴ See: Lannon E. and Van Elsuwege, P. (2012) ‘The Eastern Partnership. Prospects of a New Regional Dimension within the European Neighbourhood Policy’, in Lannon E. (ed.), *The European Neighbourhood Policy’s Challenges*, Brussels: Peter Lang, 285–322.

and legal approximation of the Eastern ENP countries. For this purpose, the EU offered a new generation of Association Agreements including provisions on the establishment of Deep and Comprehensive Free Trade Areas (DCFTAs). The DCFTAs are ‘comprehensive’ as they have a broad range and cover all the relevant trade-related aspects of the EU’s economic relationship with the partner countries. Thus, contrary to traditional FTAs, the DCFTAs do not only foresee the mutual opening of markets for most goods but also cover services, competition, intellectual property rights, energy, public procurement, technical barriers to trade, etc. The ‘deep’ character of the DCFTAs refers to the process of legislative approximation. The DCFTAs include numerous legislative approximation clauses obliging the associated countries to apply a predetermined selection of EU legislation in their domestic legal order. The objective is to tackle non-tariff barriers and to create a common legal space, leading to the gradual and partial integration of the associated countries in the EU Internal Market¹.

Even though the initial proposals concerning the EaP predated the conflict in Georgia, the initiative raised Russian concerns about the EU’s intentions. The official rhetoric that the EaP is a positive project promoting prosperity and stability in Europe - and as such also in the interest of Russia - appeared not very convincing. In Russia’s political mindset, the EaP is rather perceived as a threat for its traditional sphere of influence and, as expressed by the at time Russian President Medvedev, considered to be “a Partnership against Russia”². In this context, Russian foreign policy increasingly focused on the objective of regional (trade) integration in the post-Soviet area. Building upon earlier initiatives, dating back to the Commonwealth of Independent States (CIS) of 1991 and the 1994 proposal of Kazakh President Nursultan Nazarbayev on establishing a Eurasian Union of States, the Russian Federation reinvigorated the process of Eurasian integration. Between 2007 and 2010, Russia, Belarus and Kazakhstan established a customs union within the framework of the Eurasian Economic Community (EurAsEC).

A new agreement on the creation of a CIS Free Trade Area was signed on 18 October 2011 by eight CIS members, including Russia, Ukraine, Belarus, Kazakh-

¹ Van der Loo (2014) ‘The EU-Ukraine Deep and Comprehensive Free Trade Area: A Coherent Mechanism for Legislative Approximation?’ in Van Elsuwege P. and Petrov R. (eds.), *Legislative approximation and application of EU law in the Eastern neighbourhood of the European Union: Towards a common regulatory space?*, Oxon: Routledge, 63–88.

² CEPS European Neighbourhood Watch, 49 (2009), p. 7, at: <http://www.ceps.eu/files/NW/NWatch49.pdf>

stan, Armenia, Kyrgyzstan, Moldova and Tajikistan¹. Moreover, Vladimir Putin launched the idea to develop the Belarusian-Kazakh-Russian customs union into a full-fledged Eurasian Union, including all republics of the former Soviet Union, and leading to a single currency, common institutions and a passport-free zone in the future². Russia, Belarus and Kazakhstan signed the Treaty on the Eurasian Economic Union (EAEU), which entered into force on 1 January 2015. In the meantime, Armenia and Kyrgyzstan also joined this new regional organisation. The objective, according to Putin, is not to revive the Soviet Union but to create “a new powerful supranational association capable of becoming one of the poles in the modern world and serving as an efficient bridge between Europe and the dynamic Asia-Pacific region”³. From the outset, it was clear that the success of this project would depend – to a large degree – on the participation of Ukraine, which is the largest and most important former republic of the Soviet Union. However, this country was already involved in far-reaching negotiations on a new Association Agreement – including provisions on the establishment of a DCFTA – with the EU.

Hence, both the EU and Russia had a fundamentally different vision on the development of their shared neighbourhood. For the Union, the creation of a bilateral DCFTA with Ukraine was considered as a crucial first step towards a Neighbourhood Economic Community (NEC), i.e. a free trade area encompassing the EU Member States and its neighbours based upon a common regulatory framework defined by EU standards and norms⁴. For Russia, the priority was the expansion of the EurAsEC customs union as a building block of a future Eurasian Union. The participation of Ukraine was deemed crucial for the success of this project. Hence, despite the rhetoric of ‘free trade from Lisbon to Vladivostok’ and the ambition to create a ‘common economic space’ between the EU and Russia, the incompatibilities between the ENP inspired process of economic integration and

¹ The remaining three CIS countries – Uzbekistan, Azerbaijan and Turkmenistan – refused to take part in this initiative following a dispute with Russia on the planned Trans-Caspian gas pipeline. See: Aleksey Vlasov, “Russia and the Caspian Region”, in: Karmo Tüür and Viacheslav Morozov, (eds.), *Russian Federation 2012. Short-term Prognosis*, available at <<http://www.ut.ee/ABVKeskus/sisu/prognoosid/2012/en/pdf/RF2012.pdf>>.

² Vladimir Putin, “A new integration project for Eurasia: The future in the making”, *Izvestiia*, 3 October 2011, available at <<http://premier.gov.ru/eng/events/news/16622/>>.

³ *Ibid.*

⁴ Gstöhl, S. (2012) ‘What is at stake in the Internal Market? Towards a Neighbourhood Economic Community’, in Lannon E. (ed.) *Challenges of the European Neighbourhood Policy*, Brussels-Berlin: Peter Lang, 85–108.

Russian initiatives to reintegrate the post-Soviet space formed the background for the crisis in Ukraine.

Legal incompatibilities and political distrust

The characteristics of the EAEU, on the one hand, and the DCFTA, on the other hand, imply that a country cannot be a full member of both instruments of trade integration. Since the EAEU proceeds from a single customs policy, its member states have to respect a common customs tariff and develop a unified trade regime for third states¹. The DCFTA with the EU, on the other hand, implies far-reaching commitments of trade liberalisation and legal approximation. Hence, countries such as Ukraine, Moldova and Georgia cannot liberalize their trade relations with the EU and—at the same time—adapt to the common customs policy of the EAEU.

An evident way out of this legal deadlock would be the conclusion of a free trade arrangement between the EU and the EAEU customs union; but for a number of reasons this is not a very realistic scenario. First, as long as not all EAEU member states are also party to the WTO any discussion about a potential EU-EAEU trade deal is premature. Since the WTO accession of Kazakhstan in November 2015², only Belarus is not a member of the WTO. Second, the EU's external action is to a large extent driven by an aspiration to export its values abroad³. From this perspective, offering a free trade deal to authoritarian regimes is difficult to reconcile with the EU's traditional conditionality approach. Third, and partly as a result of the previous reasons, the EU is very reluctant to formally engage with the EAEU as a regional organisation. From an EU perspective, there is a clear pitfall that a formalization of the EU-EAEU dialogue creates a 'bloc' to 'bloc' dynamic which is potentially detrimental for the EU's bilateral relations with the countries in the region.

From a legal perspective, nothing prevents countries having a DCFTA with the EU from entering into a free trade relationship with the EAEU⁴. In fact, this option was suggested by former Ukrainian President Yanukovich in 2011. Under

¹ Art. 12 of the Agreement on the Customs Union and the Common Economic Space between the Kyrgyz Republic, the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan and the Republic of Tajikistan, 26 February 1999 (to consult at the WTO's Regional Trade Agreement Database, WT/REG71/5 Rev. 1).

² https://www.wto.org/english/news_e/news15_e/acc_kaz_30nov15_e.htm.

³ As can be derived from Art. 21 TEU.

⁴ See e.g. Art. 39 of the EU-Ukraine AA.

what he called a ‘3+1’ formula, Ukraine would closely cooperate with the members of the customs union (at the time only Russia, Belarus and Kazakhstan). This cooperation would be based on a new contractual framework providing for free trade between Ukraine and the customs union in line with WTO rules and the provisions of the EU-Ukraine DCFTA. This solution would enable Ukraine to protect its national interest without jeopardizing its relations with the EU. However, (former) Russian President Medvedev quickly torpedoed this plan and stated that Ukraine could not join the Belarusian-Kazakh-Russian customs union in some special format different from the other members¹. The EAEU Treaty does not allow for any kind of ‘associated membership’². Moreover, in a reaction to the provisional entry into force of the EU-Ukraine DCFTA on 1 January 2016, the Russian Federation decided to unilaterally suspend its free trade agreement with Ukraine and introduced heavy trade restrictions on Ukrainian exports to Russia. Hence, the combination of legal incompatibilities and a climate of political distrust resulted in a deadlock situation in the relationship between the EU and the EAEU. The question arises how to proceed and what options are legally possible to overcome the current situation.

A policy of sanctions: legal and political constraints

The policy of sanctions, introduced in the wake of Russia’s annexation of Crimea and the accident with flight MH17 in the summer of 2014, seriously paralyzed EU-Russia relations and, as a result, also the prospects for the development of relations between the EU and the EAEU. Significantly, a distinction should be made between the various types of sanctions which were gradually introduced in response to the unfolding events³. First, the EU adopted a number of diplomatic measures such as the boycott of a planned G8 summit in Sochi and the suspension of negotiations on visa matters and on a new bilateral framework agreement. Second, targeted restrictive measures such as asset freezes and visa bans were adopt-

¹ “Medvedev: Ukraine Cannot Join Customs Union in Special Format”, *KyivPost*, 18 October 2011, available at <<http://www.kyivpost.com/news/nation/detail/115171/>>.

² Nevertheless, in April 2017, Moldova has been granted an ‘observer status’ in the EAEU based upon the signature of a cooperation agreement. See: <https://www.euractiv.com/section/europe-s-east/news/moldova-granted-observer-status-in-eurasian-union/> (last access 5 June 2017). Hence, it appears that the EAEU adopts a more pragmatic approach regarding the creation of privileged links with non-participating post-Soviet countries in comparison to the pre-Maidan situation.

³ For an overview of the EU sanctions against Russia adopted in the context of the Ukraine crisis, see: https://europa.eu/newsroom/highlights/special-coverage/eu_sanctions_en (last access 31 May 2016).

ed with respect to 149 persons and 37 entities that were held responsible for violations of Ukraine's territorial integrity. Third, specific economic sanctions have been adopted as part of the EU's non-recognition policy of the illegal annexation of Crimea and Sevastopol including, amongst others, a ban on the import of goods originating in Crimea or Sevastopol (unless under Ukrainian certificates), a prohibition to buy real estate or provide tourist services in these areas and a prohibition to support infrastructure developments or technology transfers. Fourth, the most far-reaching type of sanctions are the so-called "measures targeting sectoral cooperation and exchanges with Russia". In comparison to the previous category of economic sanctions, they are not geographically restricted to Crimea and Sevastopol and target specific (state-owned) companies and products in the financial, energy and military sectors of the Russian Federation. This implies, amongst others, a limitation of access to EU capital markets, an arms embargo and the prohibition to export dual-use goods and specific technology and equipment. Fifth, financial support provided by the European Investment Bank, the European Bank for Reconstruction and Development and EU-Russia bilateral cooperation programmes has also been suspended. In a counter-reaction, the Russian Federation adopted retaliatory measures imposing restrictions on imports of agricultural products from the EU (and its allies such as the USA, Norway, Canada and Australia). Moreover, several EU officials and politicians were put on a travel ban list¹.

The EU's restrictive measures are adopted in the framework of its Common Foreign and Security Policy (CFSP). Whereas the diplomatic sanctions are adopted at the political level by the Heads of State or Government within the European Council, the targeted sanctions (both individual and at country level) are subject to a specific procedure foreseen under Art. 215 TFEU. On a proposal of the High Representative of the Union for Foreign Affairs and Security Policy (HR), the Council first adopts a CFSP decision (by unanimity). The implementation of the adopted sanctions reflects the vertical division of competences within the EU. Measures such as arms embargoes and entry bans are implemented by the Member States, which are legally bound by the CFSP Decision. Asset freezes and other economic and financial sanctions are implemented at EU level on the basis of a Council Regulation which is adopted by qualified majority voting on a joint proposal of the HR and the Commission.

¹ The complete list of blacklisted persons can be consulted at: <http://www.euronews.com/2015/06/02/the-complete-blacklist-of-european-officials-barred-from-entering-russia-putin/> (last access 31 May 2016).

The restrictive measures adopted against natural or legal persons are open to judicial review before the Court of Justice of the EU¹. In the recent past, the EU's General Court already annulled asset freezes imposed on persons with close links to former Ukrainian President Yanukovich due to a lack of sufficiently detailed evidence concerning their responsibility for the misinterpretation of Ukrainian State funds and/or for human rights violations in Ukraine². Several other cases are still pending. The Russian Sberbank, for instance, claims that it was unjustifiably put on the sanctions list, that the Council failed to provide sufficient reasons and that the adopted restrictive measures violate its fundamental rights such as the right to protection of its business and reputation³. The Rosneft oil company not only brought a direct action for annulment⁴ but also challenged the legitimacy of the sanctions in the United Kingdom before the High Court of Justice (England and Wales) Queen's Bench Division. The latter decided to ask for a preliminary ruling of the European Court of Justice in order to ensure the uniform interpretation and application of EU law⁵. In its judgment, the Court confirmed the validity of the sanctions against Rosneft. The sanctions' aim "to cut strategic State-owned Russian companies off from EU and international financing sources" is not considered to violate the provisions on 'business and investment' or 'payments and capital' of the EU-Russia Partnership and Cooperation Agreement nor the fundamental rights of Rosneft because the restrictions to those rights are justified on grounds of public policy and public security⁶.

Significantly, the targeted and economic sanctions are adopted for a specific period which can be extended. For instance, "Council Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine", adopted on 31 July 2014 and imposing the targeted sectoral sanctions initially applied until 31 July 2015⁷. It is, therefore, not surprising that the Russian

¹ See Art. 24 TEU and 275 TFEU.

² See the judgment in Case T-290/14, *Andrey Portnov v. Council*, 26 October 2015 and the judgments in cases T-331/14, *Mykola Azarov v. Council*; T-332/14, *Oleksii Azarov v. Council*; T-341/14, *Klyuyev v. Council*; T-434/14, *Arbuzov v. Council*; T-486/14, *Stavytski v. Council* of 28 January 2016. Yet, the Court upheld the validity of the sanctions adopted against Yanukovych himself, see: Case T-346/14, *Yanukovych v. Council*, judgment of 15 September 2016.

³ Case T-732/14, *Sberbank of Russia v. Council*, pending; Case T-734/14, *VTB Bank v. Council*, pending.

⁴ Case T-715/14, *Rosneft v. Council*, pending

⁵ Case C-72/15, *Rosneft v. Her Majesty's Treasury, Secretary of State for Business, Innovation and Skills, The Financial Conduct Authority*, judgment of 28 March 2017.

⁶ Opinion of Advocate General Wathelet in Case C-72/15, delivered on 31 May 2016.

⁷ OJ (2014) L 229/13.

Federation approached potential veto-players before the Council had to decide on the extension of those sanctions. A clear example was the proposal to lift the embargo on the import of agricultural products for around 20 firms Hungary, Cyprus and Greece in May 2015¹. The three countries seemed not randomly chosen since they all have important economic links with Russia and, at the same time, face troubles inside the EU due their contested domestic political elites and the euro crisis. Despite this outside pressure, the EU has been remarkably consistent in the continuation of the sanctions regime. At its meeting of 20 March 2015, the European Council agreed that “the duration of the restrictive measures against the Russian Federation [...] should be clearly linked to the complete implementation of the Minsk Agreements”². This position has been repeated ever since and forms the first of five guiding principles for the EU’s relations with Russia as adopted on the occasion of the 14 March 2016 Foreign Affairs Council meeting³. As High Representative and chair of the Foreign Affairs Council, Federico Mogherini, made clear “the full implementation of the Minsk Agreements is the key condition for any substantial change in the EU’s stance towards Russia”⁴.

The Minsk Agreements refer to a package of 13 measures adopted after negotiations between the leaders of Russia, Ukraine, France and Germany on 11 February 2015. This includes, amongst others an immediate and full ceasefire in particular districts of Donetsk and Luhansk, the withdrawal of (heavy) weapons, the organisation of local elections in the contested areas, the exchange of all hostages and illegally held persons and a constitutional reform in Ukraine to determine the “special status” of the Donetsk and Luhansk regions. More than one year after the deadline for the implementation of this arrangement, which was set on 1 December 2015, several issues remain in place. The OSCE special monitoring mission to Ukraine reports on a daily basis about ceasefire violations⁵ whereas the organisa-

¹ Russia may allow food imports from three EU states after ban lifted – Interfax
<http://uk.reuters.com/article/uk-russia-crisis-imports-sanctions-idUKKBN00428920150519>

² European Council conclusions, Brussels, 20 March 2015, EUCO 11/15.

³ The other guiding principles are the need for strengthened relations with the EU’s eastern partners and other neighbours, in particular in Central Asia; the strengthening of the EU’s internal resilience in terms of energy security, the tackling of hybrid threats, strategic communication, etc.; the need for the “selective engagement with Russia” in areas where there is a clear EU interest and, finally, the support for Russia’s civil society and the promotion of people-to-people contacts. See: http://eeas.europa.eu/statements-eeas/2016/160314_02_en.htm (accessed 30 May 2016).

⁴ Press release following the Foreign Affairs Council of 13 April 2016, available at: <http://www.consilium.europa.eu/en/meetings/fac/2016/03/14/>

⁵ See: Daily and spot reports from the Special Monitoring Mission to Ukraine
<http://www.osce.org/ukraine-smm/reports>

tion of legitimate elections in the contested areas and a reform of the Ukrainian constitution appears to be very difficult if not impossible in the current political climate. Moreover, Russia refuses any responsibility for the lack of progress in the implementation of the Minsk Agreements¹.

The question is, of course, how far the EU's sanctions policy towards Russia can be stretched. Several Member States such as France, Italy, Greece and Hungary already openly criticized the sustainability of the sanctions regime. The media-tised swap of Ukrainian aviation pilot Nadia Savchenko and two Russian intelligence officers, President Putin's statement during his visit to Greece in May 2016 that "there are no irresolvable problems in Russia-EU relations"² as well as Commission President Juncker's visit to Saint Petersburg in June 2016³ were all indications of a changing political climate. The adoption of the EU Global Strategy for Foreign and Security Policy as well as the updated Foreign Policy Concept of the Russian Federation further revealed the emergence of a new pragmatism in EU-Russia relations.

The EU Global Strategy and the Russian Foreign Policy Concept: Towards a more pragmatic relationship?

The EU's Global Strategy, presented by High Representative Federica Mogherini in June 2016, defines the priorities and principles underlying the EU's foreign policy. Significantly, the document explicitly proceeds from the observation that these principles "stem as much from a realistic assessment of the current strategic environment as from an idealistic aspiration to advance to a better world"⁴. This emphasis on a more balanced and 'realistic' approach may be interpreted as a reaction to the frequently expressed criticism that the EU's foreign policy objectives are too idealistic, particularly in relation to its neighbourhood. Steven Blockmans,

¹ See: Remarks by Permanent Representative to the OSCE Alexander Lukashovich at the OSCE Permanent Council meeting on the situation in Ukraine and the need to implement the Minsk Agreements, at: <http://www.mid.ru/>

² Putin: There are no irresolvable problems in Russia-EU relations
<http://tass.ru/en/politics/878208> (26 May 2016)

³ Juncker agrees to visit Russia in June: <https://euobserver.com/foreign/133602> (30 May 2016).

⁴ 'Shared Vision, A Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy', available at: <https://europa.eu/globalstrategy/en/global-strategy-foreign-and-security-policy-european-union> (last access 5 June 2017).

for instance, labelled the ambition to create a ‘ring of friends’ sharing the EU’s values and norms as ‘somewhat utopian’¹.

The 2015 revision of the European Neighbourhood Policy (ENP) indicated a significant shift of perspective, with an increased focus on stability and a greater emphasis on shared interests rather than on the EU’s own values². Arguably, the EU’s Global Strategy only consolidated this trend at a more general, strategic level. Of particular importance is the focus on ‘*principled pragmatism*’ as the main guideline for the EU’s external action. This new concept basically means that the EU will stand firm on key principles such as respect for international law, democracy and human rights while at the same time allowing sufficient leeway for the development of pragmatic cooperation in certain areas. Translated to the specific context of EU-Russia relations this implies that, on the one hand, the EU will not change its position on Crimea or eastern Ukraine but, on the other hand, the door is left open to cooperate with Russia in relation to issues of common interest such as climate change, education and research.

How such a policy of principled pragmatism looks like in practice could be seen during the visit of Federica Mogherini to Russia in April 2017. On this occasion, the High Representative made it very clear that the EU will not change its views on the conflict in eastern Ukraine and the annexation of Crimea while, at the same time, she also stressed that ‘our bilateral cooperation is not frozen’³. The counter-terrorism dialogue, cooperation in the Arctic and within the framework of the Northern Dimension as well as exchanges in the cultural, educational and research fields all proceed despite the sanctions regime⁴. This option of ‘selective engagement’ resonates quite well with the latest version of the Russian Foreign Policy

¹ S. Blockmans, ‘Friend or Foe? Reviewing EU Relations with its Neighbours Post Lisbon’, in: P. Koutrakos (ed.), *The European Union’s External Relations a Year after Lisbon*, CLEER Working Papers 2011/3, p. 116. (available at: <http://www.asser.nl/cleer/publications/cleer-papers/cleer-wp-20113-koutrakos-ed/>).

² S. Blockmans, ‘The 2015 ENP Review. A Policy in Suspended Animation’, *CEPS Commentary*, 1 December 2015 <https://www.ceps.eu/publications/2015-enp-review-policy-suspended-animation>).

³ Remarks by HR/VP Mogherini at the joint press conference with Foreign Minister of the Russian Federation Sergey Lavrov, Moscow, 24 April 2017 https://eeas.europa.eu/headquarters/headquarters-homepage/24982/remarks-hrvp-mogherini-joint-press-conference-foreign-minister-russian-federation-sergey_en

⁴ With respect to the Northern Dimension, see: P. Van Elsuwege, ‘The Northern Dimension: A Format for Pragmatic Cooperation with the EU’s Biggest Neighbour’, in: S. Gstöhl (ed.), *The European Neighbourhood Policy in a Comparative Perspective. Models, Challenges, Lessons*, Routledge, 2016, pp. 92–104.

Concept, adopted in December 2016. This document defines the EU as an important partner for Russia with which increased practical cooperation on issues such as counter-terrorism, illegal migration and organised crime is deemed important.

However, even though this new pragmatism in EU-Russia relations is a significant development, a return to ‘business as usual’ is not in sight for the near future. After all, the sanctions regime remains in place and the evolution on the ground does not seem to allow for a quick implementation of the Minsk agreement¹. Moreover, the foreign policy strategies of the EU and Russia fundamentally differ as far as the long-term developments on the European continent are concerned. For Russia, the establishment of “a common economic humanitarian space from the Atlantic to the Pacific” is expected to be based on the alignment of the European and Eurasian integration processes. In essence, this presupposes a key role for the EU and the EAEU as the emanation of these processes. For the EU, on the other hand, the right of each country to choose its future freely is of paramount importance. This basic principle determines the EU’s position *vis-à-vis* the EAEU and explains its reluctance to engage in a two-union dialogue. Hence, the different paradigms for the shared neighbourhood (cf. *supra*) complicate the development of EU-EAEU relations. In this difficult political context, several options for reconciliation deserve closer inspection.

The way forward: options for reconciliation

In the framework of the trilateral talks between Russia, the EU and Ukraine, which were launched in June 2014 as part of the de-escalation process for the military conflict in the eastern part of Ukraine, Russia voiced its concerns about the impact of the EU-Ukraine DCFTA. Three issues are significant in this respect. First, Russia claims that its domestic market will be flooded by EU products re-exported via Ukraine and thus circumventing the customs tariffs applicable in EU-Russia trade relations. Second, Russia’s exports to the Ukrainian market are expected to suffer from increased competition with EU products. Third, Ukraine’s commitments under the DCFTA to adopt EU technical product standards and sanitary and phytosanitary standards (SPS) may collide with the standards applicable

¹ H. Kostanyan and A. Remizov, ‘The Donbas Blockade: Another Blow to the Minsk Peace Process’, CEPS Working Document No 2017/08, June 2017 (available at: <https://www.ceps.eu/publications/donbas-blockade-another-blow-minsk-peace-process>).

in the Eurasian Economic Union and as such further complicate the export of Russian products to the Ukrainian market¹.

None of the identified economic concerns are inherently problematic in the sense that they can be addressed on the basis of effective customs cooperation, controls on rules of origin and arrangements on regulatory convergence and/or the principle of mutual recognition. This is precisely where the trilateral negotiations aimed to make a difference. Nevertheless, the water between the parties appeared too deep. In particular, Russia's insistence on a legally binding trilateral agreement that would result in substantive changes to the DCFTA contradicted the EU's principled position that none of the DCFTA provisions would be amended or revised².

Without finding a common understanding with Russia, the EU-Ukraine DCFTA provisionally entered into force on 1 January 2016 and, as a retaliation measure, Russia unilaterally suspended its free trade relationship with Ukraine. According to a statement of the European Commission, "this is a breach on the part of Russia of the Ministerial agreement from September 2014 on the implementation of Minsk provisions"³. Taking into account that the full implementation of the Minsk agreements is a prerequisite for lifting the EU's sanctions regime against Russia (cf. *supra*), it is obvious that the prospects for a true reconciliation between the EU and Russia (and by extension the EAEU) are rather gloomy.

In the given context, the only option seems to search for the lowest common denominator. In this case, this is the law of the World Trade Organisation (WTO) taking into account that both the EU and its Member States, Russia, Ukraine and most other post-Soviet countries (with the exception of Belarus) are party to this international organization. Moreover, the Treaty on the Eurasian Economic Union explicitly foresees that the EAEU "shall take into account the regulations, rules and principles of the WTO"⁴. During its WTO accession process, Russia further agreed that Article XXIV GATT would constitute the legal basis for the operation of the Eurasian customs union and that, in case of conflict, the WTO rules prevail. Also in the EU legal order, respect for international (trade) law is of crucial signif-

¹ For a more detailed analysis, see: G. Van der Loo, *The EU-Ukraine Association Agreement and Deep and Comprehensive Free Trade Area. A New Legal Instrument for EU Integration without Membership*, Boston-Leiden: Brill, 2016. 145–153.

² http://europa.eu/rapid/press-release_IP-15-6389_en.htm

³ http://trade.ec.europa.eu/doclib/docs/2015/december/tradoc_154126.pdf

⁴ An English language translation of the EAEU Treaty is available at: <http://www.eaeunion.org>

icance, even though WTO commitments are not directly applicable. Be that as it may, there is a clear mutual commitment to respect the WTO as a common level of engagement.

In this respect, it is noteworthy that the EU systematically supported Russia's integration in the world trade system. This is with so many words included in the bilateral Partnership and Cooperation Agreement (PCA) and also during Russia's WTO accession process the EU played an active role¹. It was expected that Russia's WTO membership, which took place in August 2012 after nineteen years of negotiations, would open the gates to closer economic relations between the EU and Russia. Those high expectations quickly made place for feelings of disappointment and frustration. Illustrative was the statement of Trade Commissioner Karel De Gucht that "since Russia has become a member of the WTO they are doing exactly the opposite of what they are supposed to do or what they have been promising to do"². For instance, the introduction of import bans on Ukrainian chocolate, Moldovan and Georgian wine and Lithuanian dairy products in anticipation of the Vilnius EaP summit apparently violated Russia's obligations under the WTO Agreement on Sanitary and Phytosanitary measures (SPS). According to this agreement, SPS measures to protect human, animal or plant life or health "must be based on scientific evidence, may not arbitrarily or unjustifiably discriminate between members where identical or similar conditions prevail and cannot be applied in a manner which would constitute a disguised restriction in international trade"³. Despite the allegation of Russia's Federal Service for Veterinary and Phytosanitary Surveillance (*Rosselkhoz nadzor*) that the import bans were justified on health risk grounds, they essentially appeared as retaliation measures against those countries involvement in the EaP⁴.

Significantly, the adoption of economic sanctions in the wake of the conflict in Eastern Ukraine largely escapes the realm of WTO law. Pursuant to GATT Article XXI, WTO members can take "any action which it considers necessary for the protection of its essential security interests". The broad formulation of this so-called 'national security exception' implies that there is a wide margin of appreciation for WTO members to invoke this clause in order to escape from basic WTO

¹ G. Van der Loo, 'EU-Russia Trade Relations: It Takes WTO to Tango?', *Legal Issues of Economic Integration* (2013) 7–32.

² Quoted in Van der Loo, *op. cit.*, note 112, p. 156.

³ Art. 2 WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

⁴ G. Van der Loo *o.c.* note 112, pp. 157–158.

provisions such as most favored-nation-treatment (MFN) and non-discrimination¹. It also reduces the possibility for launching a successful WTO dispute settlement procedure based on a violation of those principles. Article XXI can thus best be regarded as a safeguard clause for WTO members implying that in situations considered to be in their vital interest, the normal WTO rules simply do not apply. Hence, a stabilization of the political climate between Russia and the EU seems a first prerequisite to benefit from the WTO as a common platform for mutual engagement.

Be that as it may, it is remarkable that both the EU and Russia increasingly refer to the WTO in their bilateral trade disputes. Since the EU launched its first WTO Dispute Settlement Understanding (DSU) procedure against Russia in July 2013 (concerning the imposition of a ‘recycling fee’ on motor vehicles), several other cases followed. Conversely, also Russia started procedures against the EU under the WTO DSU whereas Russia and Ukraine filed mutual complaints regarding import restrictions. Even though the WTO dispute settlement procedures may be criticized for being long and cumbersome, they are an important instrument to deal with trade disputes in a civilized manner.

Last but not least, it is noteworthy that the WTO dimension also plays a crucial role in the development of bilateral legal relations between the EU and individual EAEU member states². A case in point is the recently signed Enhanced Partnership and Cooperation Agreement (EPCA) between the EU and Kazakhstan³. Of particular significance are the extensive rules on trade and trade-related matters dealing with issues such as customs cooperation, technical barriers to trade, SPS, the protection of intellectual property rights and government procurement. Those areas are also covered within the EAEU. In order to avoid any collision between Kazakhstan’s obligations under the EAEU and its commitments under the EPCA, the standards applicable within the WTO are used as a common denominator. This focus on WTO law is logical taking into account Kazakhstan’s recent WTO

¹ As observed by Maarten Smeets, economic sanctions based on Article XXI “break virtually all fundamental WTO principles: it is a unilateral action, in breach of the WTO’s basic non-discriminatory multilateral trade principles. The sanctions are by definition selective and deny only the target country of any benefit and privilege granted to other members”. See: <http://www.worlddialogue.org/content.php?id=100>

² See also: L. Delcour, H. Kostanyan, B. Vandecasteele and P. Van Elsuwege, ‘The Implications of Eurasian Integration for the EU’s Relations with the Countries in the Post-Soviet Space’, *Studia Diplomatica* (2015) 5–33.

³ http://eeas.europa.eu/statements-eeas/2015/151221_02_en.htm

accession and the EAEU Treaty. The latter explicitly refers to the WTO as the key point of reference for the development of the Eurasian economic integration.

Table 1: Overview of WTO DSU procedures involving the EU, Russia and Ukraine¹

Reference	Complainant	Respondent	Issue
DS462 (9 July 2013)	EU	Russia	Recycling fee on motor vehicles
DS474 (23 Dec. 2013)	Russia	EU	Cost adjustment methodologies and certain anti-dumping measures on imports from Russia
DS475 (8 April 2014)	EU	Russia	Measures on the importation of live pigs, pork and other pig products
DS476 (30 April 2014)	Russia	EU	Measures related to the EU's third energy package
DS479 (21 May 2014)	EU	Russia	Anti-dumping duties on light commercial vehicles from Germany and Italy
DS485 (31 Oct. 2014)	EU	Russia	Tariff treatment of certain agricultural and manufacturing products
DS493 (7 May 2015)	Russia	Ukraine	Anti-dumping measures on ammonium nitrate from Russia
DS494 (7 May 2015)	Russia	EU	Cost adjustment methodologies and certain anti-dumping measures on imports from Russia (2 nd complaint)
DS499 (21 Oct. 2015)	Ukraine	Russia	Measures affecting the importation of railway equipment and parts thereof

In order to further ensure the compatibility between the EPCA and the EAEU, the EPCA clauses on Most Favoured Nation (MFN) treatment include an exception referring to 'economic integration agreements' and free trade agreements. Moreover, there are detailed dispute settlement procedures for the trade related aspects of the Agreement – inspired upon the WTO model of consultations, mediation and arbitration – as well as a more general dispute settlement procedure for the other parts of the agreement². Hence, the EPCA reflects to a certain extent the structure of the AAs, with the crucial difference that it does not lead to the establishment of a DCFTA nor does it involve any legally binding rules on legislative approximation. In this respect, the agreement only generally commits the parties to 'promote

¹ Based upon: WTO list of disputed cases, at: https://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm

² Z. Kembayev, 'Partnership between the European Union and the Republic of Kazakhstan: Problems and Perspectives', *European Foreign Affairs Review* (2016) 185.

mutual understanding and convergence of their legislation and regulatory framework'¹. Obviously, this process of regulatory convergence forms part of a broader discussion about the coordination between EAEU and EU technical standards and SPS regulations. Nevertheless, the importance of the EPCA cannot be underestimated. It reveals that the EU's engagement with the EAEU does not necessarily exclude the parallel development of far-reaching bilateral relations with the EAEU member states. It is noteworthy in this respect that also Kyrgyzstan, the EAEU's latest member, has showed an interest in closer bilateral relations with the EU whereas the EU and Armenia recently launched negotiations for a new agreement replacing the outdated PCA.

Conclusions

The prospects for a reconciliation between the competing integration strategies in the shared neighbourhood between the EU and Russia are rather gloomy. The lack of trust between the major actors as well as the (geo)political stakes which led to an outburst of violence in the region significantly complicate the achievement of a common approach to overcome existing legal incompatibilities. As a result, the countries of the post-Soviet space are *de facto* forced into a difficult choice between the Russian-led EAEU and a partial integration into the EU internal market on the basis of a DCFTA – be it without EU membership. It appears that “for all these countries, a choice for east or west has meant a loss”, both in terms of trade policy sovereignty as with respect to their political relations with either of the two trading blocs².

Overcoming the existing deadlock will not be easy. Broadly speaking, a distinction can be made between three different scenarios: a continuation of the *status quo*; full engagement between the EU and the EAEU or a search for ‘tentative compatibility’³. The first two options are not desirable and/or not very realistic. It has now become very clear that the competition between the EU's and Russia's

¹ Ibid.

² P. De Micco. *When choosing means losing. The Eastern partners, the EU and the Eurasian Economic Union*. European Parliament Study, Directorate General for External Relations, March 2015, 3, http://www.europarl.europa.eu/thinktank/en/document.html?reference=EXPO_STUD%282015%29549026 (last access 31 May 2016).

³ T. Van der Togt, F. Montesano and I. Kozak, ‘From Competition to Compatibility. Striking a Eurasian Balance in EU-Russia Relations’, *Clingendael Report*, October 2015: <http://www.clingendael.nl/publication/competition-compatibility-striking-eurasian-balance>

neighbourhood strategies is detrimental for all parties involved: for the post-Soviet countries in between in the first place but also for Russia, which lost much of its international and regional credibility after the annexation of Crimea, and for the EU, which is confronted with instability on its eastern borders. On the other hand, a full engagement between the EU and the EAEU leading to a ‘grand agreement’ between two trade blocs and opening the gates to ‘free trade from Lisbon to Vladivostok’ is unrealistic in the present circumstances. Hence, a policy of ‘tentative compatibility’ where post-Soviet countries can entertain bilateral trade and political relations with both the EU and the EAEU is the most prosperous option. In developing such a bridge between the two competing neighbourhood strategies, the rules of the WTO can be used as a common denominator. Building upon the WTO *acquis* may help to create a level playing field for trade and business. Moreover, it guarantees an appropriate balance between regional and bilateral approaches towards the post-Soviet space while avoiding a ‘bloc to bloc’ logic. Finally, it is fully compatible with the EU’s Global Strategy and its focus on ‘principled pragmatism’ as the main guideline for the Union’s foreign policy in the years to come.

Vitaly ZHURKIN

THE EU GLOBAL STRATEGY'S SECURITY DIMENSION

The Global Strategy of the European Union, including its Foreign and Security Policy dimension, is by any standard an extremely important international document. Future historians will study it – I believe – very attentively, trying to understand and comprehend political realities of the present day Europe. It should and will be analyzed very carefully by all interested parties.

True, as any overreaching and complicated conceptual statement, it is not without shortcomings (100% ideal international documents do not exist). But most of its important elements deserve thorough examination and analysis.

Strong impression is created in the EU Global Strategy by its thoughtful and realistic appraisal of the European Union's capabilities and problems. In a sense, it summarizes long history of the EU and in particular the last decade or two when security and defense dimensions developed on a large scale.

It quite objectively characterizes an extensive modern potential of the European Union and stresses that contemporary security is multidimensional and is based on many factors and elements. At the same time, it recognizes that the EU is not making full use of this potential.

Ideas and proposals on the application of the EU's potential are of particular interest and deserve a careful study. It is obvious that they will be analyzed (as has already been) by many researchers in Europe and beyond.

A very careful and balanced approach is developed in EUGS to the correlation between military and non-military means in dealing with issues of security (hard and soft power). It is definitely a «new word in the European Union's political thought, which traditionally had been more leaning to the «soft» aspects of this power, though «hard» aspects were not overlooked». It is difficult to predict in

what direction the EU military inclinations will develop and what «strategic autonomy», proclaimed in EUGS, will eventually mean. In any case, it is the problem, which will be solved by the Europeans themselves.

Most Russian analysts cannot agree with a one-sided evaluation of Russia's policy in Europe presented in EUGS. And, naturally, they do and will object against this biased approach. For the sake of objectivity, the position of the other, i.e. Russian side, should have been taken into consideration.

Naturally, most welcome is the proposal in EUGS about possible cooperation with Russia on the issues of common interest like climate change, the Arctic, maritime security, education, research, cross-border cooperation, various exchanges. This list can be continued.

The problems of security are looked upon in EUGS through the prism of EU interests. It is quite natural. On the other hand, it is a pity that collective all-European problems of security are not dealt with on a larger scale. These problems are mentioned in the Global Strategy, it is true. All the necessary words are there. Still, I think that in comparison to other extremely important issues they do not receive proper attention. The European Union is not the whole Europe. Security agenda in Europe is important for all European nations. The system of all-embracing European institutions, which have been developed for many decades, plays indispensable role in creating the climate of security in this part of the world.

Out of many pan-European organizations one should be mentioned in particular Organization for Security and Cooperation in Europe, which is absolutely rightly called in EUGS (mainly in passing) as «a pillar of European security», which «lies at the heart of the European security order». It seems that OSCE deserved much more attention in EUGS. Not only because it has helped for many years to strengthen the state of security. But because it was and is the organization of all European states (plus USA and Canada) and especially because the security role of OSCE has grown so visibly and vividly in the 21st century. In a sense it has obtained in modern times a «second wind» and offers a new hope to all interested in strengthening security in Europe.

One should not forget that the Helsinki European summit of 1975, which the «Time» magazine compared with the Vienna congress of 1814–1815, started the process of developing all kinds of multilateral approaches to collective European security. This process continues in our days.

Moreover, OSCE in Europe plays a new and important role in attempting to solve the difficult Ukrainian crisis. After the conclusion of Minsk agreements, which led to termination of the sharp phase of military conflict in the Eastern part of Ukraine, there appeared a need for an organization which could objectively control the process of fragile armistice. All parties appealed to OSCE. Finally, on March 21, 2014 by consensus of all 57 members of OSCE it created a Special monitoring mission (usually called «observation group»). This mission without any delay started an extremely complicated work on pacifying the conflict, the number of its members quickly grew.

While working objectively, the Special monitoring mission from time to time hits interests of one or the other side, both of which immediately express displeasure. But this does only stress the objectivity of the Mission and the realistic role of OSCE in attempts to solve the Ukrainian crisis.

OSCE is actively participating in the Contact group, created on the basis of Minsk agreements, and all its subgroups: security, political, economic affairs and humanitarian problems. Representatives of OSCE are trying to help achieve compromises.

This is not by accident than I dwell so much on OSCE's role. It is necessary to stress the importance of this organization in the process of developing collective pan-European security.

In political confrontations, like the one which exists nowadays between the European Union and Russia, important role can be played by usually almost invisible sub-regional organizations. Among them are the Arctic Council (mentioned in EUGS), Council of Barents/Euro-Arctic states, Black Sea Economic Cooperation and others. They play a stabilizing role in various aspects of the West-East relationship, including security problems. Their contribution seems sometimes quite modest. But, in reality, they exert a definitely positive influence on the European collective security landscape.

In addition, it is necessary to recall multilateral treaties, signed under the auspice of OSCE, which not only exist but which work effectively in spite of tense disagreements on other problems. To mention only a couple of examples. The Open Skies Treaty of 2002 is effectively implemented by all sides; observation planes fly without opposition from those who are observed. This activity definitely exercises a stabilizing and pacifying effect on the security situation in Europe.

Another positive example – the Vienna Document of 2011 on Confidence and Security Building Measures (CSBMs), which is based on the 1986 Stockholm Document on CSBMs and Disarmament in Europe and a series of previous Vienna Documents on CSBMs, concluded and effectively implemented in the times of the Cold War, even in its most difficult days. Today the Vienna Document of 2011 is very diligently implemented by all the parties; observers visit various military installations. And all this activity, usually ignored by mass media, helps to support all-European security climate. The existence and effective implementation of such and other similar agreements is a definite proof of their necessity irrespective of conflicts and lack of common action on other problems.

Elementary prudence recommends to keep lines of communication between conflicting parties open. International political dialogue is a necessary condition of civilized foreign policy interaction. In the climate conducive for understanding and compromises, agreements on all-European security are bound to emerge in the interests of all sides.

To return to the substance of the security aspects of EUGS and CSDP it is necessary to pay particular attention to the topic of counterterrorism. The Strategy contains important ideas and proposals, which are of substantial interest for the whole international community and should be carefully studied. Several times, although in rather general terms, EUGS points to a desire to cooperate in fight against international terrorism «with the wider world». It is definitely a very attractive and promising approach.

Counterterrorism should be a highest priority in the foreign and security policy of any state on our Planet, any alliance or coalition. There can be disagreements and diverging views on other international problems. But they should not overshadow the necessity of joint approach and joint actions against terrorism. Even serious political conflicts, like the one, which exists between the European Union and Russia, should not prevent cooperation on counterterrorism. Terrorism is the enemy of all civilized states and societies, be they in alliance or in competition with each other. Whatever other dimensions of their relations, in their attitude to terrorism only one trend must dominate – search for the ways of strengthening and widening cooperation in the area of counterterrorism.

The part of the Global Strategy, dedicated to the EU approach to international crises and conflicts, deserves a thorough attention. European Union's attitude and policy towards international conflicts are based on the experience of the Common Security and Defense Policy in various areas and in particular in Africa. The

CSDP operations in Africa (which is mentioned many times in EUGS) constitute the larger part of its overall activities.

It is worth recalling that Russia cooperated with the EU twice in their African endeavors in Chad and maritime areas adjacent to Somali. The CSDP operation in Chad, started in 2008, included for the first time on cooperative basis the Russian aviation group of helicopters with substantial military personnel. The Russian group acted effectively and received high appraisal by the EU. Later the operation was transformed into the peace mission of the United Nations and ended successfully in 2010.

In 2008 another EU-Russia counterterrorist cooperation started in the other corner of Africa – in the Indian Ocean along the shores of Somalia. It was directed against Somalian pirates, who, by that time, almost destroyed international maritime traffic in the area. «Atalanta» was the first EU naval operation in the framework of CSDP with participation of almost all members of the EU. From the very beginning Russia took part in counterterrorist actions, directing a group of naval ships to this North-Western corner of the Indian ocean. Their active cooperation with «Atalanta» developed very effectively, joint actions were successfully coordinated. The cooperation continued for several years. As a result, the Somalian piracy was eventually destroyed.

In the times of tense disagreements, it is worth remembering about this mutual successful cooperation, which took place not so long ago.

What is particularly attractive in the parts of EUGS, dedicated to security, is a comprehensive approach to international conflicts, based on theoretical and practical experience of CSDP. This approach is based on a balanced and careful correlation of three major stages: conflict prevention, conflict resolution and post-conflict stabilization. All stages are accurately described and presented as realistic tools of dealing with conflicts.

One of the most acute problems for the European Union is migration. EUGS deals very attentively with this multidimensional phenomena. CSDP is mentioned as one of «migration-sensitive instruments». It would be interesting to see in the future what other forms of CSDP in the sphere of migration can be developed by the European Union in addition to those, which already exist.

In final part of EUGS the problems of international security and arms control are addressed. It properly expresses strong support for multilateral disarmament, non-

proliferation and arms control treaties and regimes. At the same time, it seems that more consistent and in-depth attention to these problems would only increase the importance of the EU Strategy. While speaking about the proliferation of weapons of mass destruction, it would be worth reminding that in addition to nuclear weapons they include chemical, biological and other means of mass annihilation. More detailed analysis of international security and arms control treaties and agreements would only increase the effectiveness of EUGS underlining its global ambitions. Avoiding and preventing a large military conflict, European or global, should continue to be the highest priority for all nations irrespective of their disagreements or political contradictions.

In conclusion, it is necessary to stress once more that the new Global Strategy of the European Union is an important international document, which demands careful study and requires adequate reaction.

ABOUT THE AUTHORS

Prof. Dr. **Sven Biscop** read political sciences at Ghent University, where he also obtained his PhD, and where today he is a Professor, teaching strategy and the foreign policies of Belgium and the EU. In addition, he is the Director of the Europe in the World Programme at the Egmont – Royal Institute for International Relations in Brussels, the think-tank associated with the Belgian Ministry of Foreign Affairs. In 2015, on the occasion of its tenth anniversary, he was made an Honorary Fellow of the European Security and Defence College (ESDC), an agency of the European Union where he lectures for diplomats, military and officials from all EU Member States. He is also a regular speaker at the Royal Military Academy in Brussels and various staff colleges in Europe and America, as well as at the People’s University of China in Beijing, where he is a Senior Research Associate. He further serves as a Senior Research Fellow of the Austrian Institute for European and Security Policy and of the Baltic Defence College. He chairs the jury of the annual Global Strategy PhD Prize, awarded by Egmont, the ESDC, and the EU Institute for Security Studies. In 2017 he was awarded the order of merit of the Republic of Austria (*Grosses Ehrenzeichen für Verdienste*).

Prof. Dr. **Dmitry Danilov**, graduated from Moscow State University in 1982, PhD (Economics) in 1987. The Head of the Department for European Security Studies at the Institute of Europe, Russian Academy of Sciences (IE RAS). Professor at MGIMO University. Previously (1982–1989) worked as senior researcher in the analytic cell of the MoD General Staff. 1998–2000 – Director of the Analytical Department of the Russian Public Policy Center (RPPC). In 2004 completed the Senior Executive Course in the Asia-Pacific Center for Security Studies, Honolulu (USA). Russian Member of Steering Group of the European Security Forum, jointly directed by CEPS and IISS (2000–2009). Vice-President at the Russian Association of European Studies (AES); Expert at the Russian International Affairs Council (RIAC). Member of the Coordination Committee of the Russian Association for Euro-Atlantic Cooperation. Member of the Editorial Board of the journal “Contemporary Europe” (IE RAS). Regularly provides policy expertise for MFA of Russia, Council of Federation of RF, etc. Specializes in European security studies, transatlantic relations, Russian foreign and security policy, peace-keeping and conflict prevention. Author of about 200 scientific publications.

Hon. Amb. **Marc Franco** at present is a Senior Associate Fellow in the Egmont Institute and Adviser on Cultural Diplomacy for Bozar (Centre of Fine Arts, Brussels). He was Adviser for EBRD in Egypt (2012) and previously Ambassador, Head of the European

Union Delegation to Egypt (2009–2012) and Head of the European Commission’s Delegation to Russia (2004–2009). In his career at the European Commission, he held various positions including Deputy Director-General of the DG EuropeAid (2001–2004) and Director for the Cohesion Fund and Structural Pre-Accession Instrument in the DG for Regional Development (1998–2010). In the period 1990–1998 he was Head of Unit in the Department dealing with Enlargement. Before, he worked as a development economist, mainly concentrating on Africa and rural development. He started his career in the University of Leuven (1969–1971), continued as Associate Expert of the UN in Upper Volta and Senegal (1971–1975), as PhD researcher at the University of Cambridge (1975–1978) and as official of the European Commission (1978–1989).

Prof. Dr. **Alexey Gromyko**, corresponding Member of the Russian Academy of Sciences (RAS). Graduated from the Moscow State University, Faculty of History. Doctor of Political Science. Chairman, the Council of RAS Professors. Expert in British Studies, European Studies and International Relations. Director of the Institute of Europe (IE RAS). Head of Dissertation Council of IE RAS on History and Political Science. European Expert at Russkiy Mir Foundation. President of the Russian Association of European Studies (AES). Member of Academic Council for the Russian Minister of Foreign Affairs. Member of the Research Board of the Russian Security Council. Member of the Russian International Affairs Council (RIAC). Member of Presidium of the Free Economic Society of Russia. Member of Dissertation Council of the Diplomatic Academy of Russian. Award-winner of the Russian Science Support Foundation in 2004 and 2006. Member of Board of the New Economic Association. Editor-in-Chief of the academic journal “Contemporary Europe” (indexed in Scopus). Author of numerous individual and collective works.

Prof. Dr. **Nikolay Kaveshnikov** is Head of Department of Integration Studies at the Moscow State Institute of International Relations (MGIMO-University). He also holds an office of leading research fellow at the Institute of Europe of the Russian Academy of Science. He obtained his Ph.D. in Political Science in 2006 in the Institute of Europe. Since 2012 he holds a Jean Monnet Chair. Member of the Editorial Board of the journal “Contemporary Europe”. His research interests include: EU energy policy, institutional development of the European Union, EU external relations and EU-Russia relations, institutional and political aspects of the development of the Eurasian Economic Union. Author of more than 130 publications. Author of the book Transformation of the Institutional Structure of the European Union (Navona, 2010, in Russian). Co-editor of the second edition of the textbook European Integration (Aspect press, 2016, in Russian) and of the book European Union in XXI Century: Time of Trials (Ves Mir, 2012, in Russian). Author of the textbook European Union: history, institutions, policies (Aspect press, 2017, in

Russian). Regularly provides expertise for the Ministry of Foreign Affairs of the Russian Federation. He participated in research and consulting projects for, inter alia, Eurasian Development Bank, Russian International Affairs Council, Russian Academy of Science, European Commission.

Prof. Dr. **Peter Van Elsuwege** is Professor in EU law and co-director of the Ghent European Law Institute (GELI) at Ghent University. He is also visiting professor at the College of Europe (Natolin Campus). His research activities essentially focus on the law of EU external relations. Specific attention is devoted to the legal framework of the relations between the European Union and its East European neighbours. He is, amongst others, the author of *“From Soviet Republics to EU Member States. A Legal and Political Assessment of the Baltic States’ Accession to the EU”* (Brill, 2008) and the editor (together with R. Petrov) of the book *“Legislative Approximation and Application of EU Law in the Eastern Neighbourhood of the European Union: Towards a Common Regulatory Space?”* (Routledge, 2014). Peter Van Elsuwege is also an affiliated member of the Centre for the Law of EU External Relations (CLEER) at the Asser Institute (The Hague) and the Centre for Russian International, Socio-Political and Economic Studies (CERISE) at Ghent University.

Prof. Dr. **Vitaly Zhurkin**, full Member of the Russian Academy of Sciences (RAS). Doctor of History. Graduated from MGIMO in 1951. Director Emeritus of the Institute of Europe (RAS). Joined the USSR Academy of Sciences in 1968 as Head of Department, later Deputy Director of the Institute of USA and Canada (1968–1987). Academician-secretary of International Relations Department (1988–1998). Director of the Institute of Europe RAS (1987–1999). Laureate of the USSR State Award (1980), the Russian Ministry of Emergency Situations Award (2006). Member of Academic Council for the Russian Foreign Minister of Foreign Affairs. Member of the Russian International Affairs Council (RIAC). Member of the Russian Pugwash Committee. Acting member of European Academy of Sciences, Arts and Literature (since 1990), World Academy of Arts and Sciences (since 1994). Awarded Orders of «Badge of Honor», «Labor Red Banner», «Friendship of Peoples», «For Merits to the Fatherland» IV degree. Expert in international relations, global and European security, military and political strategy.