



REPORT

EU-RUSSIA RELATIONS IN THE NEW PUTIN ERA

NOT MUCH LIGHT AT THE END OF THE TUNNEL

| ANDRÁS RÁCZ | KRISTI RAIK |

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Other photos used in the report:

Page V – Military personnel wrap a spade in a plastic sheet near the area where Russian agent Sergei Skripal and his daughter Yulia were found on a park bench, in Salisbury, England (Ben Birchall/PA via AP)

Page 9 – Armed men in military fatigues block access to a Ukrainian border guards base not far from the village of Perevalne near Simferopol on March 2, 2014 (AFP / Genya Savilov)

Page 18 – Nord Stream Portovaya compressor station (Mihkel Maripuu / Postimees)

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EXECUTIVE SUMMARY

On 7 May 2018, Russia entered the fourth and probably final presidency of Vladimir Putin. This was preceded by a further increase in tension and mistrust between Russia and the West as a result of the Skripal affair and yet another chemical attack in Syria. In this context, the European Union reconfirmed its policy on Russia, centred on five principles: the implementation of the Minsk Agreement, which is a precondition for the lifting of sanctions; strengthening relations with the EU's Eastern Partners; strengthening the EU's resilience; selective engagement with Russia; and fostering people-to-people contacts.

This report analyses the ramifications of and short-to-medium-term prospects for relations between the EU and Russia. It is structured around three main arguments. First, the views of the EU and Russia on the international and European security order are largely incompatible, which constitutes a difficult framework for the relationship. Second, these disagreements are on display in the conflict in and over Ukraine, where both the EU and Russia remain committed to the Minsk Agreement but pursue their own interpretation of it. And third, economic ties between Europe and Russia will remain significant in the foreseeable future, but this is no panacea for improving the relationship.

In recent months, Russia has been sending contradictory messages regarding its future ties with the EU and the West. On the one hand, there is no positive movement in the realm of security, although there are signs that Russia wishes to avoid further escalation of tensions. On the other hand, Putin has expressed a strong wish to prioritise Russia's economic development during his fourth term. Russian experts generally acknowledge that this would require an improvement in relations with the EU. The latter cannot be achieved, however, as long as the problems in the field of security remain unresolved.

Similarly, the EU is also sending contradictory messages. EU policies towards Russia in recent years—especially its prevailing consistency on sanctions—have proved that de-escalation is not a priority at any cost. However, the EU's rhetoric has been unhelpfully confusing and reflects internal disagreements. Both hardliners and Russia-friendly voices in the EU tend to equate dialogue and engagement with compromise and even appeasement. A meaningful dialogue requires firmer unity and clearer communication of red lines on the EU side.

On security issues, Russia seems to be much more important for the EU than vice versa. Russia's vision of global politics stresses the movement towards a polycentric order. The concept of polycentrism foresees a privileged position for major powers, which is an anathema to the EU. Russia's views stand in contrast to the EU's emphasis on a multilateral rules-based order as the basis for the relationship. The violations of international norms by Russia, notably in Ukraine, have turned Russia into a strategic challenge for Europe.

Foreign-policy experts on both sides broadly share the view that a rapid normalisation of relations is unlikely. Ukraine remains a key obstacle where no quick progress is to be expected. Moreover, the Skripal case revived doubts over whether Russia is really interested in normalising relations with the West; most probably it lacks a domestic consensus on the importance and viability of such a goal.

Hence, in the short term, this is not the time for major new initiatives from the EU side. Its priority should be to maintain both its own coherence and pressure on Russia, emphasising that a change of policy is needed on the Russian side as a precondition for improved relations, including the prospects for Russia to benefit from the restoration of full economic ties. Maintaining a consistent approach on security issues, aimed at defending the European security order in the face of Russia's actions against Ukraine as well as against EU member states, should continue to be at the core of EU policy.



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INTRODUCTION

With his re-election on 19 March 2018, Russia entered another, probably final Vladimir Putin presidency. His inauguration on 7 May and the appointment of the first members of his government means it is timely to take a closer look at the short- and medium-term prospects for EU-Russia relations.

The already high level of tension and mistrust present in this relationship was increased both by the Skripal case and by the latest chemical attack in Syria. For example, following Putin's victory, the European Union has swiftly reconfirmed its policy towards Russia by indicating that the general outlines are not changing, i.e. the five principles and the sanctions conditional on various aspects of the resolution of the Ukraine crisis.

The already high level of tension and mistrust present in this relationship was increased both by the Skripal case and by the latest chemical attack in Syria

Meanwhile, Russia's future policy line is as yet somewhat less coherent. On the one hand, President Putin frequently stresses the need to significantly improve the economy, infrastructure and social conditions in Russia, for which Russia's more active and more diversified presence in the world market, including the West, is an absolute precondition. The appointment of Anton Siluanov as first deputy prime minister responsible for economic and financial affairs further strengthens this policy direction. On the other hand, as can be reconstructed from Russian academic and policy literature, the Russian foreign- and security-policy elite is increasingly sceptical about normalising ties with the EU.

Hence, the main question this report intends to answer is whether the dynamics of EU-Russia relations are likely to change in the coming Putin era. Will the new, post-Crimea "normal" prevail, or are there any prospects for change? If so, what could trigger such a change on the EU's side and on Russia's?

To answer these questions, the report compares Russian and EU perspectives on three aspects of their future relationship. The first section places the EU-Russia relationship in the context of their views on the international and European security order. The second focuses exclusively on Ukraine and aspects of a settlement there. The third section deals with economic ties, also touching briefly on the possibilities for cooperation between the EU and the Eurasian Economic Union.

1. INCOMPATIBLE VIEWS ON EUROPEAN SECURITY

There is a broad consensus among Russia's foreign-policy elite that the era of Western global domination is over and that the world is becoming increasingly multipolar, or polycentric. While the superpower status of the United States is not questioned, Russian experts point out that the US is both unable and unwilling to dominate the entire world. Hence, other great powers will emerge as key players, including China, India, Brazil and Japan – and, of course, Russia. As the initial Russian euphoria over the election of Donald Trump is apparently already over,¹ Sergei Karaganov argues that the US could not regain its unilaterally dominant position even if it wanted to, simply because Russia and China have already become too strong, in military terms too.²

1.1. DECREASING IMPORTANCE OF EUROPE FOR RUSSIA

In this changing global context, Russia's relationship with the EU or Europe is not necessarily seen as particularly important by Moscow. The relative weight of Europe will inevitably decrease, and many experts stress that Russia needs to rebalance its foreign policy and become more open towards the new, already emerging players.

¹ Arkady Moshes, "What Will Replace Russia's Dwindling Trump-Euphoria? Russian Foreign Policy Viewpoints Today", Policy Memo, No. 506, PONARS, February 2018, <http://www.ponarseurasia.org/memo/what-will-replace-russias-dwindling-trump-euphoria-russian-foreign-policy-viewpoints-today> (accessed 14 May 2018).

² Sergei Karaganov, "The West's Unilateral Cold War", Russia in Global Affairs, 21 March 2018, <http://eng.globalaffairs.ru/pubcol/The-Wests-Unilateral-Cold-War-19449> (accessed 14 May 2018).

There is no consensus among the Russian foreign-policy community, however, on how the new polycentric world would actually be structured, and what Russia's position in it would be. Some experts, including renowned non-proliferation specialist Alexei Arbatov, question whether Russia is really prepared for the polycentric world order, despite the two-decade-long Russian official discourse about its emergence.³

In this changing global context, Russia's relationship with the EU or Europe is not necessarily seen as particularly important by Moscow

Many Russian experts agree that isolationism is not a viable option for Russia, mostly because it hampers economic development and modernisation. Putin expressed the same view in his speech on 8 May 2018 in the State Duma: he compared isolationism to “cucumbers in a barrel” and said that it would not lead to any good.⁴

How, then, should Russia avoid isolationism? There is one camp that sees an important place for Europe here and argues for the normalisation of relations with the West, and particularly Europe, in order to make Russia more prepared for the emerging new world order.⁵ This would, of course, include the lifting of most Western sanctions. No representative of this pro-Western community believes, though, that normalisation could take place swiftly.

Other, more conservative writers argue that Russia no longer even needs the West in terms of foreign and security policy. For example, Dmitry Trenin notes that the US has lost its moral authority to be a model for Russia, hence Russia needs to shift its geopolitical focus to Eurasia.⁶ The cooler relations between Russia and the West are interpreted by many experts,

including Arbatov and Trenin, as one factor pushing Russia towards closer cooperation with China. According to Ivan Timofeev, a leading expert on the Russian International Affairs Council, closer cooperation between Russia and China may even lead to a new model of bipolarity, i.e. Moscow and Beijing against the United States.⁷ However, as Arbatov points out, Beijing deals with Russia as its “resource rear” but not as an equal partner, which should be taken as a warning sign by the Russian elites.⁸ Timofey Bordachev of the Higher School of Economics also warns against Russia overestimating its own ability to create any new rules, and advocates a careful, realistic approach.⁹

The conservative expert Vyacheslav Nikonov sees the possibility of a revived “Concert of Great Powers” analogous to the 19th century, in which Russia, as a substantial land power with considerable military force, would have an indispensable role. According to Nikonov's logic, the EU's role in the concert depends on whether the Union is able to act jointly, including the development of its own military capabilities. On the possible structures of cooperation, this theory suggests that the G8 (i.e. with Russia's return) could serve as a framework. Another option is NATO, with the NATO-Russia Council reactivated, or even the Organisation for Economic Co-operation and Development (OECD) after Russia's future accession.¹⁰ Meanwhile, former prime minister Yevgeny Primakov has argued that the key role of the United Nations must be preserved and strengthened in this emerging world without superpowers. In other words, the UN should become the most important framework for international and global security.¹¹

³ Alexei Arbatov, “Collapse of the World Order?”, Russia in Global Affairs, 20 March 2018, <http://eng.globalaffairs.ru/number/Collapse-of-the-World-Order-19442> (accessed 14 May 2018).

⁴ “Putin sravnit samoizolatsiyu Rossii s ‘ogurtsami v bochke’”, RBK, 8 May 2018, <https://www.rbc.ru/politics/08/05/2018/5af1b4db9a794789aca81de4?from=main> (accessed 14 May 2018).

⁵ For more details on the reformist forces, see section 3.2.

⁶ Dmitry Trenin, “Vladimir Putin's Fourth Vector”, Russia in Global Affairs, 20 March 2018, <http://eng.globalaffairs.ru/number/Vladimir-Putins-Fourth-Vector-19441> (accessed 14 May 2018).

⁷ Ivan Timofeev, “Russia Vs. The West: A War Scenario And A New Logic Of Confrontation”, Analysis, The CSS Point, 14 April 2018, <https://thecsspoint.com/russia-vs-the-west-a-war-scenario-and-a-new-logic-of-confrontation-analysis-by-ivan-timofeev/> (accessed 14 May 2018).

⁸ Arbatov, op. cit.

⁹ Timofey Bordachev, “The West's Two Wars and Modern International Politics”, Russia in Global Affairs, 9 April 2018, <http://eng.globalaffairs.ru/book/The-Wests-Two-Wars-and-Modern-International-Politics-19479> (accessed 14 May 2018).

¹⁰ Vyacheslav Nikonov, “Back to the Concert”, Russia in Global Affairs, 19 March 2018, <http://eng.globalaffairs.ru/number/Back-to-the-Concert-19429> (accessed 14 May 2018).

¹¹ Yevgeny Primakov, “A World Without Superpowers”, Russia in Global Affairs, 19 March 2018, <http://eng.globalaffairs.ru/number/A-World-Without-Superpowers-19430> (accessed 14 May 2018).

1.2. RUSSIA AS THE EU'S STRATEGIC CHALLENGE

In contrast to the foreign-policy discussion in Russia, which is centred on the idea of an emerging polycentric order, concepts such as multipolarity, polycentrism or, quite simply, poles do not usually feature in the EU's foreign-policy discourse. The EU discussion does highlight that the world order is increasingly contested, but the Union's response is, by and large, to defend the core principles and structures of the multilateral order, notably the central role of the UN and international law.¹² Following the election of Donald Trump as president, new uncertainty about the US commitment to maintaining the liberal global order has been a major concern for Europeans.¹³

The Russian understanding of a 19th-century-style great power concert as a possible and positive model for today's Europe, or even the

The Russian understanding of a 19th-century-style great power concert as a possible and positive model for today's Europe, or even the world, is an anathema to the EU

world, is an anathema to the EU. The model would supposedly imply recognition of a privileged role for the great powers, including acknowledgement of their right to a sphere of influence and to dominate others. European integration has aimed at transcending this kind of realist approach to inter-state relations. It is an oft-repeated principle in European security debates that the fate of smaller states should not be decided over their heads by larger powers.

Since 2014, the Ukraine conflict has forced the EU to start viewing Russia as a "strategic

¹² European Union, "Strategic Review - The European Union in a changing global environment", 25 June 2015, <https://europa.eu/globalstrategy/en/strategic-review-european-union-changing-global-environment> (accessed 11 May 2018).

¹³ See, e.g., Judy Dempsey, "Judy Asks: Is the Crisis of the Liberal Order Exaggerated?", Carnegie Europe, 18 February 2018, <http://carnegieeurope.eu/strategieurope/?fa=68041> (accessed 11 May 2018); Mark Leonard, "Europe, Alone in Trump's World", Commentary, European Council on Foreign Relations, 9 November 2016, www.ecfr.eu/article/commentary_europe_alone_in_trumps_world7075 (accessed 11 May 2018).

challenge" rather than a strategic partner.¹⁴ Russia's actions in Ukraine have been seen in the EU as a serious violation of the European and international security order, including principles such as respect for territorial integrity and the right of countries to choose their security alliances, as inscribed in the documents of the Organization for Security and Co-operation in Europe (OSCE). Back in 2014, the outbreak of EU-Russia tension over Ukraine could still be viewed as a fairly limited clash about the status and future of the countries between them. Since then, the tensions have become visible in a growing number of areas, exposing more fundamental problems in the relationship. Many member states have directly experienced Russia's influence operations and attempts to sow instability and disunity in Europe through support for extremist parties, attempts to influence election campaigns via disinformation, and hacking into the data networks of government offices. The recent incidents of chemical weapons use in the UK and Syria, while two very different cases, have strengthened the view that Russia is an actor that recklessly undermines norms-based security, and that the West should contain it and impose a cost on its actions.

The EU's and Russia's views on the European and international security order appear to be incompatible. Some actors within the EU tend to see here a fundamental disagreement that one should not expect to be resolved any time soon: the EU and the West more broadly

The EU's and Russia's views on the European and international security order appear to be incompatible

should learn to live with it, strengthen defence and deterrence, and stay firm on its values and principles. Others are keener to call for stronger engagement, stressing that Russia is needed as a partner and has to be seen as part of the solution, not just part of the problem.

¹⁴ European Union, "Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy", June 2016, http://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf (accessed 11 May 2018).

Where the two camps agree is the huge importance of Russia for European security. Hence, Russia remains a major item on the EU's foreign-policy agenda, which stands in contrast to the Russian foreign-policy debate where the importance of the EU is questioned.

The EU's post-Cold War attempts to support Russia's domestic reforms, modernisation and engagement in European structures have not produced the desired results

The EU's post-Cold War attempts to support Russia's domestic reforms, modernisation and engagement in European structures have not produced the desired results. The focus of EU policy has shifted from the transformation of Russia to self-defence – in other words, efforts to defend the European order and improve the resilience of the EU and its member states against Russia's hybrid methods. While NATO has rediscovered its primary role of territorial defence and deterrence, relations between the EU and NATO have become closer than ever.¹⁵ The EU has taken steps to strengthen its contribution to European security and defence and has agreed on the need to increase Europe's strategic autonomy.¹⁶ However, the US will continue to play an indispensable role in European security for years to come, especially regarding military defence and deterrence in Eastern and Northern Europe.

1.3. MORE DISAGREEMENTS THAN COOPERATION

At the same time, the idea of positive engagement with Russia remains high on the EU agenda, although areas for such engagement have become harder to find.¹⁷ The fight against terrorism appears to be a natural shared interest, highlighted in the security strategies of both sides. Cooperation in this field was pursued strongly by France in particular following the attacks in Paris of January and November 2015. More specifically, cooperation on Syria was viewed as a possibility for placing EU-Russia relations on a more positive track. According to some observers, progress on Syria could have contributed to conflict resolution efforts in Ukraine. On the other hand, there were concerns, especially in the eastern member states, that the EU would compromise over Ukraine for the sake of smoother cooperation on Syria. However, such hopes and fears were quickly dissipated by Russia's military actions in Syria, which conflicted with the EU and French positions.¹⁸ Terrorism remains, in principle, a common concern, yet it has not become a unifying common enemy against which the EU and Russia can join forces.

The idea of positive engagement with Russia remains high on the EU agenda, although areas for such engagement have become harder to find

In the past couple of years, the EU's approach has been consolidated around the five guiding principles agreed in March 2016: the implementation of the Minsk Agreement, strengthening relations with the EU's Eastern Partners, strengthening the resilience of the EU, selective engagement with Russia, and fostering

¹⁵ Krist Raik and Pauli Järvenpää, A New Era of EU-NATO Cooperation: How to Make the Best of a Marriage of Necessity (Tallinn: International Centre for Defence and Security, 2017), <https://www.icds.ee/publications/article/a-new-era-of-eu-nato-cooperation-how-to-make-the-best-of-a-marriage-of-necessity/> (accessed 14 May 2018).

¹⁶ Council of the European Union (2016), "Council Conclusions on implementing the EU Global Strategy in the area of Security and Defence", 14149/16, Brussels, 14 November; Council of the European Union (2017), "Council Decision establishing Permanent Structured Cooperation (PESCO) and determining the list of Participating Member States", 14866/17, Brussels, 8 December; European Commission (2016), "European Defence Action Plan", COM (2016) 950 final, Brussels, 30 November.

¹⁷ See, e.g., European Leadership Network, "What is the future for EU-Russia relations?", June 2016, <https://www.europeanleadershipnetwork.org/wp-content/uploads/2017/10/ELN-EEAS-Russia-EU-Survey.pdf> (accessed 11 May 2018).

¹⁸ On French views, see David Cadier, "France's Russia Policy from Europeanisation to Macronisation", in EU member states and Russia: National and European debates in an evolving international environment, ed. Marco Siddi, FIIA Report 53 (Helsinki: Finnish Institute of International Affairs, March 2018), pp. 41–55, https://storage.googleapis.com/upi-live/2018/03/fiia_report53_web.pdf (accessed 14 May 2018).

people-to-people contacts.¹⁹ These principles embrace both hard-line and more Russia-friendly views within the Union. The former underline the first points, whereas the latter call for active efforts to increase engagement and dialogue.

Both views are represented at the top of the EU institutions, as indicated, for instance, by the comments of Donald Tusk, President of the European Council, and High Representative for Foreign Affairs and Security Policy Federica Mogherini to the air strikes against the Syrian regime by the US, France and the UK on 13 April. While the former points the finger at the Syrian regime and its supporters Russia and Iran, calls for imposing a cost on their actions and clearly supports the strikes, the latter takes an impartial stance and calls for a political solution:

Tweet by Donald Tusk:

Strikes by US, France and UK make it clear that Syrian regime together with Russia & Iran cannot continue this human tragedy, at least not without cost. The EU will stand with our allies on the side of justice.
11:36 PM - 13 Apr 2018

Tweet by Federica Mogherini:

#EU supports all efforts aimed at prevention of use of chemical weapons. We reiterate there can be no other solution to the Syrian conflict than political. We'll relaunch UN political process at Brussels Conference on #Syria
April 25. 3:26 AM - 14 Apr 2018

Both hardliners and Russia-friendly voices in the EU tend to portray dialogue with Russia as an alternative to sanctions and firmness

As tensions have mounted, maintaining EU-Russia communication has become increasingly difficult. Both hardliners and Russia-friendly voices in the EU tend to portray dialogue with Russia as an alternative to sanctions and firmness.²⁰ Hence, engagement is equated to

¹⁹ Council of the European Union, "Outcome of the Council meeting", 3457th Council meeting, Foreign Affairs, Brussels, 14 March 2016. www.consilium.europa.eu/media/22914/st07042en16.pdf (accessed 14 May 2018).

²⁰ For example, key figures in the German Social Democratic Party, such as Sigmar Gabriel and Frank-Walter Steinmeier, have called for more engagement and the gradual lifting of sanctions.

compromise and even appeasement. Such positioning makes it harder to pursue a dialogue that could actually communicate and reconfirm EU principles and red lines, while exploring the space for cooperation and agreement. Greater unity and clearer positions on the EU side could make dialogue more meaningful and reduce the risk of miscalculations.

1.4 EFFECTS OF THE SKRIPAL CASE

As noted above, the chemical attack conducted on UK soil in early March, in all likelihood by Russia, confirmed the European and Western view of Russia as a danger to international security. Hence, the attack on the lives of Sergey and Yuliya Skripal significantly constrained Russia's freedom of manoeuvre in its foreign policy vis-à-vis the West. As the attack happened two weeks before the Russian presidential election, it reduced the theoretical chances of any kind of normalisation with the EU well before such a policy could have even been announced. Hence, a possible interpretation is that the leitmotif behind the attack was to prevent any "reset", and thus any normalisation of relations between Russia and the West.

Since 4 March 2018, Russia has apparently been conducting a twin-track damage control strategy. First, Moscow consistently tries to undermine Western efforts to prove Russia's involvement by eroding trust in evidence²¹ and by creating serious information noise in order to obscure the contours. Elements of the state

media, as well as officials as senior as foreign minister Sergey Lavrov, all play a role in these efforts.²² A dominant element of the Russian narrative is that, unlike earlier incidents, this time Russia's alleged involvement was not supported by any concrete, publicly presented evidence.²³

The second element of the twin-track damage control strategy is evident self-restraint. While

²¹ "Skripal Case Two Months On: Russian Embassy Taunts UK PM May Over Lack of Proof", Sputnik News, 5 May 2018, <https://sputniknews.com/europe/201805051064171374-skrupal-case-no-proof/> (accessed 14 May 2018).

²² Ryan Henrici, "Syria and Salisbury: The Continuing Battle to Maintain Trust in Evidence of Illegal Use of Chemical Weapons", Royal United Service Institute, 16 April 2018, <https://rusi.org/commentary/syria-and-salisbury-continuing-battle-maintain-trust-evidence-illegal-use-chemical> (accessed 14 May 2018).

²³ Timofeev, op. cit.

officially emphasising the need to give a firm response to Western punitive measures, Moscow in fact apparently does not intend to escalate things. Russian measures do not go beyond strictly interpreted reciprocity, as is well demonstrated by the mutual expulsion of diplomats. Moscow selected the diplomats to be expelled with meticulous care to ensure that its measures would be completely equal to the West's, thus neither showing weakness nor escalating. Actions were also supported by rhetoric: while immediately after the attack many Russia experts and political commentators were outraged,²⁴ two months later many leading Russia experts were expressing their hopes that the situation would not escalate further and that channels of communication would remain open.²⁵

All in all, it seems that, according to Russia's calculus, echoes of the Skripal case will gradually fade away.²⁶ In other words, while tensions related to the affair will not disappear, they will hamper the development of EU-Russia relations a lot less in the future than they do at present.

2. THE UKRAINE CONUNDRUM

Russian writers are fully aware of the crucial importance of the Ukraine crisis to the future security order of Europe. It is important to realise, however, that from Moscow's perspective, the conflict in and around Ukraine has two distinct and different aspects, while the EU deals with the situation more holistically. For the Kremlin the question of the Crimea as a foreign-policy issue does not exist. While the economic development of the peninsula and the social situation there is a source of several problems, the status of the Crimea as part of

Russia is not a subject of discussion. This is so to such an extent that in 2014 Russian lawmakers even criminalised questioning the annexation of the peninsula. The relevant article of the Criminal Code has been used several times,

For the Kremlin the question of the Crimea as a foreign-policy issue does not exist

mostly against Crimean Tatars, as well as against opposition activists.²⁷ Besides, to cement its control, Russia has been actively militarising the peninsula ever since its occupation in 2014.²⁸ These trends are highly unlikely to change in Putin's new term.

2.1. RUSSIA'S OPTIONS REGARDING THE DONBAS

On the Donbas, however, Russian foreign policy demonstrates a lot more flexibility. It has been clear since at least the summer of 2017 that Moscow does not intend to create any kind of a quasi-independent state in eastern Ukraine. The sudden "Malorossiia" proposal of the separatist leader Alexander Zakharchenko was abruptly turned down by Moscow in July 2017.²⁹

Instead, Moscow's preferred solution appears to be to reintegrate the separatist regions into Ukraine, but on its terms, by creating a federal system that would enable Moscow to have substantial leverage over Kyiv via these regions. This policy line is reflected by Russian diplomacy's

While Moscow maintains its official narrative of non-involvement, in fact Russia is able to exercise full control over the separatist regions in terms of escalation dynamics

²⁴ See, for example, "Skripal case has sparked new Cold War: Russian media", France24, 27 March 2018, <http://www.france24.com/en/20180327-skripal-case-has-sparked-new-cold-war-russian-media> (accessed 14 May 2018).

²⁵ Andrey Kortunov, "I always believed that Russia would benefit from a stronger European Union than from a weak one", Commentary, Russian International Affairs Council, 16 April 2018, <http://russiancouncil.ru/en/analytcs-and-comments/comments/i-always-believed-that-russia-would-benefit-from-a-stronger-european-union-more-than-from-a-weak-one/> (accessed 14 May 2018).

²⁶ Based on a series of consultations in which one of the authors (AR) participated in Moscow, St Petersburg and Helsinki in April 2018.

²⁷ "How 'separatists' are prosecuted in Russia. Independent lawyers on one of Russia's most controversial statutes", Meduza.io, 21 September 2016, <https://meduza.io/en/feature/2016/09/21/how-separatists-are-prosecuted-in-russia> (accessed 14 May 2018).

²⁸ "In Crimea, Russia signals military resolve with new and revamped bases", Reuters, 1 November 2016, <http://www.reuters.com/investigates/special-report/russia-crimea/> (accessed 14 May 2018).

²⁹ "Donetsk Republic Leader's 'Malorossiia' Proposal His Own Initiative – Kremlin", Sputnik News, 18 July 2017, <https://sputniknews.com/politics/201707181055660081-dpr-malorossiia-kremlin/> (accessed 14 May 2018).

adamant support for the implementation of the Minsk Agreement, including the requirement to hold elections in the separatist territories. Many officials in Moscow hope that if a settlement can be reached about the Donbas most Western sanctions could be lifted, as the more substantial sanctions are in fact tied to the situation in eastern Ukraine, not to the Crimea.³⁰

In terms of the actual situation on the front line, while Moscow maintains its official narrative of non-involvement, in fact Russia is able to exercise full control over the separatist regions in terms of escalation dynamics. This is particularly so since all hard-to-control separatist warlords either were killed (the last was Mikhail Tolstykh, aka “Givi”, killed in February 2017³¹) or went back to Russia, like Cossack leader Ataman Nikolay Kozitsyn. This full control enables the Kremlin to keep hostilities at a consistent low level, but also makes it possible to escalate things if deemed necessary.

Maintaining the status quo in the Donbas is a serious but not unbearable burden for Russia

The posture of Russia’s ground forces suggests that a large-scale military escalation is not off the table. The recent creation of three new divisions, deployed close to the eastern and northern borders of Ukraine, and the redeployment of the headquarters of the 20th Combined Arms Army from Nizhny Novgorod to Voronezh (i.e. a lot closer to Ukraine)³² suggest that Moscow indeed intends to maintain the possibility of a large-scale conventional attack against Ukraine, and thus coerce Kyiv into a political settlement. Keeping military escalation on the cards is not, of course, the same as an actual intention to attack; however, the possibility is indeed there, though the preferred outcome would still be a peaceful solution, based on the Minsk agreements.

³⁰ Interviews conducted with Russian experts in Moscow and St Petersburg, April 2018.

³¹ “Ukraine conflict: Rebel leader Givi dies in rocket attack”, BBC News, 8 February 2017, <https://www.bbc.co.uk/news/world-europe-38905110> (accessed 14 May 2018).

³² Catherine Harris and Frederick W. Kagan, Russia’s Military Posture. Ground Forces Order of Battle (Washington D.C.: Institute for the Study of War, March 2018), p. 12, http://www.understandingwar.org/sites/default/files/Russian_Ground_Forces_OOB_ISW_CTP_0.pdf (accessed 14 May 2018).

Since September 2017 both Russia’s diplomacy and its expert community has been very active discussing the possibility of deploying a UN-led peacekeeping mission to eastern Ukraine.³³ By *de facto* internationalising the settlement of the conflict, Moscow intends to foster the implementation of the Minsk Agreement, and thus reach a favourable settlement that may also lead to the lifting of Western sanctions.

All in all, Moscow’s preferred scenario would be to find a viable settlement in Ukraine, which would open up the possibility of gradually normalising ties with the West. Some, like Arbatov and Trenin, call this a grand bargain between the West and Russia over the future status of Ukraine, which is in line with the great power concert logic described earlier.³⁴ Others are a lot more sceptical about whether any kind of settlement is even possible, with the West not being ready for compromise. Another point of consensus is that no one is expecting a quick breakthrough, or the rapid normalisation of Russia’s relations with the West. Progress, if any, will take place only in the longer run.

Meanwhile, maintaining the status quo in the Donbas is a serious but not unbearable burden for Russia. The Russian public’s interest in the conflict is clearly decreasing, as is solidarity with the one million or so Ukrainians who arrived in Russia from the Donbas.³⁵ Besides, with the World Cup football championship about to start in Russia in June and Ukraine due to hold presidential and parliamentary elections (in the spring and autumn of 2019, respectively), it is unlikely that any major steps will be taken towards a settlement in the next year to 18 months. Until then, the further development of Ukraine’s new national identity based clearly on an anti-Russia stance will continue. The effect

³³ See, for example, Andrey Kortunov, “Will Donbass Live to See the UN Peacekeepers?”, Analytical Article, Russian International Affairs Council, 11 December 2017, <http://russiancouncil.ru/en/analytcs-and-comments/analytcs/will-donbass-live-to-see-the-un-peacekeepers/> (accessed 14 May 2018); Irvin Studin, “How China and India Can Keep the Peace in Ukraine?”, Column, Russian International Affairs Council, 25 September 2017, http://russiancouncil.ru/en/analytcs-and-comments/columns/digest/how-china-and-india-can-keep-the-peace-in-ukraine/?sphrase_id=3381282 (accessed 14 May 2018).

³⁴ Arbatov, op. cit.

³⁵ Ryhor Nizhnikau and Jussi Lassila, “Donbas is becoming a no-man’s land: Pressures to freeze the status quo are rising”, FIIA Comment, The Finnish Institute of International Affairs, February 2018, <https://www.fii.fi/en/publication/donbas-is-becoming-a-no-mans-land> (accessed 14 May 2018).

is a lasting decoupling of Ukraine from Russia in all senses, a phenomenon that was aptly characterised by Dmitry Trenin as being “from brothers to neighbours”.³⁶

bad as or worse than no implementation at all. The EU could end up rewarding Russia for steps that would *de facto* help to keep the conflict area out of Ukraine’s control.

In the EU, expectations regarding the settlement of the Ukraine crisis are similarly low, especially in the pre-election period in Ukraine

2.2. FRUSTRATION ON THE EU SIDE

In the EU, expectations regarding the settlement of the Ukraine crisis are similarly low, especially in the pre-election period in Ukraine. The main attention in EU discussions is directed at the situation in the Donbas, but even if a settlement of this aspect of the conflict were to be reached, the annexation of the Crimea would continue to be a big thorn in EU-Russia relations.

As more than three years have passed since the second Minsk Agreement, the EU – especially France and Germany – have grown increasingly frustrated over the lack of progress in its implementation. Yet the EU is likely to stick to the agreement, which is the only document in which Russia, as well as Ukraine, makes a commitment to work towards resolution of the conflict. It provides a basis for the EU to insist on fulfilment of the commitments, starting with a ceasefire and the withdrawal of heavy weapons.

Furthermore, the Minsk Agreement has become an anchor of the EU sanctions, since the lifting of sanctions related to eastern Ukraine is conditional on the agreement’s implementation. The idea of sequencing the process – in other words, a gradual lifting of sanctions in response to partial implementation – has not taken off.³⁷ Yet, in the context of Ukraine’s territorial integrity, partial implementation could be as

It is no secret that a number of member states would be quite happy to lift the sanctions even without any notable progress on conflict resolution. The success of populist political forces in the latest elections in Italy, Austria and Hungary may lead to increased pressure within the EU to ease the sanctions, although thus far there is no evidence of this actually happening. The positions of Germany and France will be critical for maintaining the fragile consensus. What is at stake is no less than the EU’s commitment to principles such as territorial integrity and the right of each state to decide its foreign- and security-policy orientation. It is often stressed that sanctions are not a goal of EU policy but an instrument; similarly, the easing or lifting of sanctions would not by itself resolve deeper problems in the relationship. Russia would probably continue to treat the West as a strategic adversary

The success of populist political forces in the latest elections in Italy, Austria and Hungary may lead to increased pressure within the EU to ease the sanctions

and would not even necessarily lift its own countersanctions.

This situation leaves the EU with few good options. France and Germany may try to reactivate the Normandie format, mainly to keep up the pressure on Russia to live up to its commitments. In the meantime, the best chance for the EU to make a long-term contribution to a settlement is through supporting and pressuring Ukraine to proceed with its domestic reforms, and thus improve its ability to withstand Russian pressure.

³⁶ Dmitry Trenin, “Russia and Ukraine: From Brothers to Neighbors”, *Russia in Global Affairs*, 23 March 2018, <http://eng.globalaffairs.ru/book/Russia-and-Ukraine-From-Brothers-to-Neighbors-19452> (accessed 14 May 2018).

³⁷ See, for example, Federal Foreign Office, “Speech by Foreign Minister Sigmar Gabriel at the Munich Security Conference”, 17 February 2018, <https://www.auswaertiges-amt.de/en/Newsroom/rede-muenchner-sicherheitskonferenz/1602662> (accessed 11 May 2018).



3. ECONOMIC RELATIONS

There seems to be an increasingly visible gap between Russian foreign-policy discourse and its economic intentions vis-à-vis the EU. Contrary to the above-described scepticism on future cooperation with Europe in issues of foreign and security policy, Russia would certainly seek to restore its economic ties with the West to the status quo ante, and to strengthen them even further, if possible.

There seems to be an increasingly visible gap between Russian foreign-policy discourse and its economic intentions vis-à-vis the EU

3.1. THE EU IS STILL RUSSIA'S PRIMARY ECONOMIC PARTNER

The EU is by far the largest trading partner of Russia, constituting 38.1% of its imports and 44.1% of exports, while China accounts for 21.2% of Russian exports and 10.5 % of imports.³⁸ As for the dynamics of bilateral trade, following the massive fall from 2014 to 2015, both imports and exports have started to grow again since 2015, despite the mutual sanctions. This trend is unlikely to change in the near future; thus, the EU will remain the most important trading partner for Russia for the foreseeable future. The Russian calculus is that, if sanctions could be lifted at least in part, this would further strengthen trade relations with the EU.³⁹

Gazprom and the Kremlin are eager to complete the Nord Stream 2 pipeline to Germany to further strengthen the position of Russian gas in European markets

Similar dynamics characterise energy exports. The share of Russian natural gas in Europe's supplies has reached a record level, with 193 billion cubic metres of gas exported by Gazprom to the EU – nearly 40% of Europe's entire gas

³⁸ European Commission Directorate-General for Trade, "European Union, Trade in goods with Russia", 16 April 2018, p. 8, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf (accessed 14 May 2018).

³⁹ Author interview with a Russian expert, St Petersburg, April 2018.

imports. The main reason for the growth is decreasing domestic production in the Netherlands, Norway, and other regions within the EU, while Gazprom has been able to fill the gap.⁴⁰ Hence, Gazprom and the Kremlin are eager to complete the Nord Stream 2 pipeline to Germany to further strengthen the position of Russian gas in European markets.

Meanwhile, Rosatom is proceeding with the construction of two new nuclear reactors in Hungary near the city of Paks and is building another at Hanhikivi in Finland.⁴¹ If completed, these new reactors will serve as important reference points for Rosatom to promote its products in the world market; besides, they will create a lasting dependence for the host countries in terms of technology, fuel and maintenance. In the Hungarian case, there will also be financial dependence, as the Paks blocks are being constructed with a ten-billion-euro loan from Russia.

A symbolic but spectacular demonstration of the intention to strengthen the position of the Russian energy industry in European markets was to invite former German chancellor Gerhard Schröder, the current chairman of Rosneft and former chairman of the shareholders committee of Nord Stream AG, to Putin's inauguration ceremony. Schröder was seated demonstratively in the front row of the audience and shook hands with Putin ahead of Dmitry Medvedev.⁴²

Russia would also like to foster the institutionalisation of ties between the Eurasian Economic Union (EAEU) and the EU. However, at present the only dialogue between the two entities is low-level technical talks. Moreover, any substantial development is unlikely, due partly to several technical problems

⁴⁰ "Russia's gas exports to Europe rise to record high", Financial Times, 3 January 2018, <https://www.ft.com/content/7b86f4be-f08e-11e7-b220-857e26d1aca4> (accessed 14 May 2018).

⁴¹ Lefteris Karagiannopoulos, "Finland's Hanhikivi 1 reactor on track, unaffected by sanctions - Rosatom", Reuters, 16 March 2018, <https://www.reuters.com/article/finland-nuclear-russia/finlands-hanhikivi-1-reactor-on-track-unaffected-by-sanctions-rosatom-idUSL8N1QY4B0> (accessed 14 May 2018).

⁴² Rebecca Staudenmaier, "Putin's inauguration: Ex-German chancellor's front row seat sparks criticism", Deutsche Welle, 7 May 2018, <http://www.dw.com/en/putins-inauguration-ex-german-chancellors-front-row-seat-sparks-criticism/a-43690473> (accessed 14 May 2018).

and reservations on the EU side, particularly the fact that Belarus is not a member of the WTO. Another factor hampering ties is that the EU has linked the establishment of trade relations between the two entities to the implementation of the Minsk agreements.⁴³ Hence, the maximum achievable even in the medium term is only cooperation, while integration of the two structures – and thus the creation of a single economic space from Lisbon to Vladivostok, as Putin once called it – is unlikely.⁴⁴

3.2. PUTIN'S NEW EMPHASIS ON ECONOMIC DEVELOPMENT

There are indications that the fourth Putin presidency will indeed put a clear emphasis on economic development. On the very day of his inauguration, Putin signed a presidential decree about the main tasks of the upcoming presidential term. The document, titled “National Goals and Strategic Tasks for the Development of the Russian Federation for the Period Until 2024”,⁴⁵ defined several priorities, centred on demographics, social welfare and public health, the economy, technological development and modernisation, and support for small and medium-sized enterprises. The presidential programme is partly in line with Putin’s speech to the Federal Assembly on 1

presidential decree of 7 May, including the need to reduce poverty and increase life expectancy and for Russia to become one of the world’s five largest economies. These ideas closely resemble the reform plans prepared by the Center for Strategic Development, led by former long-serving finance minister Alexei Kudrin.⁴⁷

Meanwhile, the preliminary presidential programme does not address any questions of security and defence policy. Even foreign-policy issues are discussed only in the context of developing the EAEU and fostering foreign trade, and the need to develop Russia’s transit and trade infrastructure.⁴⁸ Hence, this early indication of Putin’s intentions fails to reflect the second part of the 1 March speech, in which the existence of several new, revolutionary and innovative weapon systems was announced.

The lack of a detailed foreign-policy vision in the 7 May programme and the complete absence of security- and defence-policy issues may, of course, indicate that an imminent separate document will address these topics. Another interpretation is that the new/old Russian leadership is signalling its intention to prioritise domestic affairs, while neither planning nor expecting any significant change in the field of foreign policy.

The new/old Russian leadership is signalling its intention to prioritise domestic affairs, while neither planning nor expecting any significant change in the field of foreign policy

The composition of the new Russian government, also announced on 7 May, might well be interpreted as another sign of an increasingly inward-looking and reform-centred focus. While Dmitry Medvedev retained his post as prime minister, two important representatives of reformist economic

circles progressed in the hierarchy. As already mentioned, former finance minister Anton Siluanov was appointed first deputy prime minister responsible for economic and financial issues, while retaining his position as minister of finance. Tatyana Golikova, another respected reformist financial expert and head of the Accounts Chamber of the Russian Federation, was appointed deputy prime minister

March 2018.⁴⁶ The tasks outlined in the first part of that speech are well reflected in the

⁴³ Andrey Kinyakin, “The Eurasian Economic Union: between co-existence, confrontation and cooperation with the EU”, *Rocznik Integracji Europejskiej*, No. 10, 2016, pp. 475–6, <http://rie.amu.edu.pl/wp-content/uploads/2017/01/rie10-2016-29.pdf> (accessed 14 May 2018).

⁴⁴ Lukasz Kulesza et al, “Russia’s New Foreign Policy Cycle”, Russian International Affairs Council, 7 May 2018, <http://russiancouncil.ru/en/activity/longreads/russia-s-new-foreign-policy-cycle/> (accessed 14 May 2018).

⁴⁵ President of the Russian Federation, “Prezident podpisał Ukaz ‘O natsionalnykh tselakh i strategicheskikh zadachakh razvitiya Rossiyskoy Federatsii na period do 2024 goda’”, 7 May 2018, <http://kremlin.ru/events/president/news/57425> (accessed 14 May 2018)

⁴⁶ “Vladimir Putin - Address to the Federal Assembly - 2018”, YouTube, 1 March 2018, <https://www.youtube.com/watch?v=O40jj129MF4> (accessed 14 May 2018).

⁴⁷ Tsentr Strategicheskikh Razrabotok, “Sem prioritetov razvitiya strani do 2024 goda”, 27 April 2018, <https://www.csr.ru/news/sem-prioritetov-razvitiya-strany-do-2024-goda/> (accessed 14 May 2018).

⁴⁸ President of the Russian Federation, “Prezident podpisał Ukaz ‘O natsionalnykh tselakh i strategicheskikh zadachakh razvitiya Rossiyskoy Federatsii na period do 2024 goda’”, 7 May 2018, point 15a.

responsible for social policies, labour relations, healthcare and pensions.⁴⁹ While the future of Alexei Kudrin, a central figure in reformist circles, remains an intriguing question,⁵⁰ the appointment of two of his trusted sympathisers indicates that Putin is serious about the need to carry out economic, financial and social reform.

However, there are grounds for scepticism about the implementation of the much-needed reforms, regardless of these appointments. First, it is still not clear how Russia will finance all the developments envisioned in the presidential programme. Second, it is still valid to question whether top-down modernisation and economic reform can be successful at all, particularly if reforms are to be conducted by an elite as conservative as the one around Putin. It is unlikely that getting a few reform-minded economists on board will change the general inertia of the system. The third problem is how the intended modernisation will affect, and be shaped by, the existing state of Russia's relations with the West, and particularly the EU.

3.3. SECURITY ISSUES TAKE PRIORITY

The EU side would certainly be ready to re-engage on the issue of economic cooperation, but this can only happen once the security conditions, notably concerning Ukraine, have been met. Furthermore, it should be noted that the EU's vision of economic ties raised resistance from Russia even before the Ukraine crisis, and it is not clear how the differences in this field could be overcome in future.

Fostering economic ties and even integration was a central element of EU policy towards Russia prior to the Ukraine crisis. Based on the idea of liberal interdependence, the EU expected economic ties to contribute to regional security and stability. The likelihood of conflict was supposedly reduced, as mutual economic

dependence made conflict more costly and damaging for both sides.⁵¹

In the EU's vision, negotiations on a new agreement with Russia, launched in 2008, were expected to produce something akin to the association agreements that were subsequently concluded with Ukraine, Moldova and Georgia. These agreements provide the basis for economic integration by extending EU

The EU's views on normalising the relationship have emphasised the old and – as things stand today – failed ideas about economic interdependence as a basis for peaceful cooperation

norms and standards to neighbouring countries. However, the negotiations soon stalled, as it became clear that Russia did not wish to be a 'norm-taker' and become integrated into the EU system. Russia also showed little enthusiasm for the partnership for modernisation, which was initiated bilaterally by Germany in 2008 and was soon broadened to the EU level.⁵² Such initiatives ran counter to Russia's desire to strengthen its status as a great power and its position as a regional power centre of its own.

The EU's views on normalising the relationship have emphasised the old and – as things stand today – failed ideas about economic interdependence as a basis for peaceful cooperation.⁵³ EU-Russia economic ties remain strong and could in theory provide a basis for pragmatic and mutually beneficial interaction. The EU continues to rely on energy imports from Russia, while Russia needs European investment and technology.

⁴⁹ "Medvedev predpolozhil kandidatury vitse-premierov", Interfax, 7 May 2018, <http://www.interfax.ru/russia/611668> (accessed 14 May 2018).

⁵⁰ "Novoe pravitelstvo – Siluanov prevzashol Kudrina. Obobshchenie", Interfax, 7 May 2018, <http://www.interfax.ru/business/611681> (accessed 14 May 2018).

⁵¹ Kristi Raik, "Liberalism and geopolitics in EU-Russia relations: Rereading the 'Baltic factor'", *European Security* 25(2) (2016), pp. 237–55.

⁵² See "Modernisation in EU-Russian Relations: Past, Present, and Future", *European Politics and Society*, Special Issue, 16(1) (2015), <https://www.tandfonline.com/doi/full/10.1080/15705854.2014.965895?src=recsys> (accessed 14 May 2018).

⁵³ For example, economic interests were seen as a major motivator for Russia to improve ties in: European External Action Service, "Issues Paper on relations with Russia: Foreign Affairs Council of 19 January 2015", <http://blogs.ft.com/brusselsblog/files/2015/01/Russia.pdf> (accessed 11 May 2018).

Yet the focus of the relationship has moved from the economic sphere, where the EU has a clear advantage, to that of security, in which the EU is weak and Russia can use its relative strengths. The EU has tried to use economic ties as an instrument to pursue its vision for regional security, in line with the logic of European integration which has ensured peace among the member states. Russia, by contrast, is subordinating economic ties, notably in the energy sphere, to its geopolitical interests and a vision of its status as a major power distinct from the EU.

The Nord Stream pipeline projects illustrate the efforts by Germany in particular to treat trade in energy as a purely commercial and mutually beneficial area of cooperation, with expected positive spillovers to security. At the same time, however, the EU has developed a more strategic energy policy aimed at reducing Europe's vulnerability to the geopolitical interests of external powers.⁵⁴ A rethinking of the ramifications for Germany of energy trade was indicated in a recent statement by Chancellor Angela Merkel on Nord Stream, in which she acknowledged that this was "not just an economic issue but there are also political considerations" and called for "clarity on the future transit role of Ukraine".⁵⁵

The EU's reluctance to acknowledge and counter the geopolitical interests that Russia attaches to its major economic projects has also been reflected in the discussion surrounding the EAEU

The EU's reluctance to acknowledge and counter the geopolitical interests that Russia attaches to its major economic projects has also been reflected in the discussion surrounding the EAEU. The EU has had difficulty in determining its position on the EAEU, which is portrayed by Russia as a regional integration project

⁵⁴ See Agnia Grigas, "Is Russia's Energy Weapon Still Potent in the Era of Integrated Energy Markets?", Strategic Analysis, HybridCoE (The European Centre of Excellence for Countering Hybrid Threats), November 2017, <https://www.hybridcoe.fi/publications/strategic-analysis-november-2017-is-russias-energy-weapon-still-potent-in-the-era-of-integrated-energy-markets/> (accessed 14 May 2018).

⁵⁵ "Merkel says Nord Stream 2 not possible without clarity for Ukraine", Reuters, 10 April 2018, <https://af.reuters.com/article/worldNews/idAFKBN1HH1HP> (accessed 14 May 2018).

modelled on the EU. In principle, the EU is supportive of regional governance efforts elsewhere, provided these are based on the voluntary choice of the countries concerned.⁵⁶ In practice, however, the EAEU has looked more like a tool for securing Russia's dominance in the post-Soviet space than a voluntary norms-based integration project. The EU has thus refrained from the establishment of formal ties with the EAEU and limited contacts to the technical level. In current circumstances, the launch of formal EU-EAEU relations could be interpreted as a *de facto* acknowledgment of Russia's right to a sphere of influence. Yet again, considerations of security and geopolitics take priority over the logic of economic cooperation.

CONCLUSIONS

At the start of Putin's fourth term as president, Russia has been sending contradictory messages about its future ties with the EU and the West more broadly. On the one hand, there is no positive movement in the realm of security, including the settlement of the Ukraine conflict and Russia's malicious actions against Western countries such as the recent Skripal case. Russia maintains its escalation capability in the Donbas and is pursuing the reintegration of separatist territories into Ukraine on Russia's terms. On a somewhat more positive note, there are signs that Russia wishes to avoid a further escalation of tensions.

On the other hand, Putin has expressed a strong wish to prioritise Russia's economic development during his fourth term. Russian experts generally acknowledge that this would require an improvement in relations with the EU. The latter cannot be done, however, as long as the problems in the field of security remain unresolved. In recent years, Russia itself has shifted the focus of its relationship with the EU from the economy to the security field, and it is now not that simple to move it back. This is particularly so because the EU's and Russia's views on the European and international security order appear to be incompatible. Economic ties are still substantial and will remain so for the foreseeable future,

⁵⁶ European Union, "Shared Vision, Common Action".

but this is no panacea to overcome the more fundamental disagreements about European and international security.

Moreover, neither side seems to have a viable idea of what the normalisation of relations based on economic ties could look like. The old concepts developed by the EU and based on EU-centric economic integration were always a disappointment to Russia. Moscow has expressed support for economic integration “from Lisbon to Vladivostok”, but has created the EAEU in a manner which raises doubts both at the technical level and in principle about the complementarity of the EAEU with the EU.

All in all, Russia does not seem yet to have a single, clearly developed vision of how the new global and European security architecture should function. Instead, there are several parallel ideas and discourses, which seem to support the scepticism about whether Russia has been prepared for the emergence of a polycentric world order. However, about one element there is a clear consensus: normalising Russia’s relations with the West will certainly not be quick, even if it is possible at all.

On security issues, Russia seems to be much more important for the EU than vice versa. Russia’s view of global politics stresses the movement towards a polycentric order. The concept of polycentrism seems to envision a privileged position for major powers. Europe does not appear as a major actor in this vision due to its fragmentation and perceived dependence on the US. Russia’s views stand in contrast to the EU’s emphasis on a multilateral rules-based order and international law as the basis for its relationship with external actors, including Russia. The violations of international norms by Russia, notably in Ukraine, have turned Russia into a strategic challenge for Europe.

The EU is similarly sending contradictory messages over its response to the Russian challenge. In principle, the EU is always keen to ease tensions and to look for win-win outcomes. However, its policies towards Russia in recent years, especially its prevailing consistency on sanctions, have proved that de-escalation is not an “any cost” priority. Maintaining a consistent approach to security issues, aimed

at defending the European security order in the face of Russia’s actions against Ukraine and EU member states, should continue to be at the core of EU policy.

The EU’s rhetoric has been unhelpfully confusing and reflects internal disagreements. Both hardliners and Russia-friendly voices in the EU tend to equate dialogue and engagement with compromise and even appeasement. This hampers meaningful dialogue based on clear positions and red lines. Greater unity and clearer communication on the EU side is needed to reduce the risk of miscalculations.

Foreign-policy experts on both sides broadly share the view that a rapid normalisation of relations is unlikely. Ukraine remains a key obstacle where no quick progress is to be expected. Both sides stick to the Minsk Agreement, which continues to provide the basis for discussions over possible new steps, e.g. on peacekeeping operations. However, Russia’s interpretation of Minsk has so far proved unacceptable for Ukraine and the West. Moreover, the Skripal affair cast doubt on whether Russia is really interested in normalising relations with the West – most probably it lacks a domestic consensus on the importance and viability of such a goal.

Hence, this is not the time for major new initiatives from the EU side. Its priority should be to maintain its own coherence and pressure on Russia, stressing that a change of policy is needed on the Russian side as a precondition for improved relations, including the prospect of Russia benefiting from the restoration of full economic ties.

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