

**18 October 2016**

EU-Russia relations have never been easy, but in 2014 they entered a new and particularly difficult phase after a showdown between the two sides over Ukraine's association agreement with the EU, and Russia's aggression in Crimea and Eastern Ukraine. The EU and other Western countries have imposed sanctions against Russia, Russia has retaliated with counter-sanctions. Russia is also waging an aggressive and increasingly effective information war against the EU. With deadlock in Ukraine and international condemnation of Russia's military intervention in Syria, no end to the current tensions is in sight.

Despite political tensions, economic ties between the two sides remain close. The EU is by far Russia's largest trading partner, whereas for the EU Russia comes in fourth place. Russia is also the EU's leading energy supplier.

EU-Russia relations: five guiding principles

Briefing by Martin Russell, October 2016

In March 2016, EU foreign ministers agreed with the EU High Representative for Foreign Affairs and Security Policy, Federica Mogherini, on the five guiding principles of the EU's policy towards Russia. Putting each of these principles into practice involves major difficulties. The EU is unlikely to lift sanctions against Russia while implementation of the Minsk agreements remains stalled; the EU's Eastern Neighbourhood remains a zone of confrontation; EU security is threatened by dependence on Russian energy imports and the destabilising effects of aggressive propaganda; cooperation on international issues such as terrorism has become a victim of tensions between the two sides; repressive legislation obstructs EU support for Russian civil society, and EU-Russian people-to-people contacts are in decline.

Sanctions over Ukraine: Impact on Russia

Briefing by Martin Russell, March 2016

In response to Russian aggression in Ukraine, EU and other Western countries have adopted a series of sanctions — ending bilateral cooperation, freezing EU assets of individuals close to the regime, and targeting the Russian defence, oil and financial sectors. Economic sanctions are particularly painful for Russia, costing it as much as 2% of GDP per year. In particular, restricted access to Western capital markets is making it difficult for Russian businesses to finance investments. However, sanctions are a less significant factor in the current slowdown of the Russian economy than the sharp fall in the price of oil, its main export.

Economic impact on the EU of sanctions over Ukraine conflict

Briefing by Marcin Szczepański, October 2015

As of 2014, Russia was the EU's third largest trading partner, but since then trade has decreased substantially. Most of this decrease is due to the current recession in Russia, but part of it is directly linked to sanctions. A Russian ban on nearly half of its agrifood imports from the EU has hit European farmers hard, and the EU's financial sector faces an increased risk of default on Russian debt. The countries worst affected are those which have close trading links with Russia, such as Finland and the Baltic states. However, overall the EU economy has proved resilient and the impact remains limited.

Russia: Economic indicators and trade with EU

Infographic by Martin Russell, Giulio Sabbati (EPRS), Laura Bartolini, GlobalStat | EUI, November 2015

Which economy grew faster over the past 15 years – the EU's or Russia's? How many Russians are out of work, and how sound are the country's public finances? How much red tape do Russian businesses have to deal with? What kind of products does the EU export to Russia? The infographic, produced in collaboration with the European University Institute's GlobalStat, provides the answer to these and other questions.

Further reading

[Human rights in Russia: no light at the end of the tunnel](#)

Briefing by Martin Russell, September 2016

Human rights abuses are becoming increasingly common in Russia.

[Russia-NATO: A difficult relationship](#)

At-a-glance note by Martin Russell, May 2016

Overview of the main challenges facing Russia-NATO relations

[Ukraine and the Minsk II agreement: On a frozen path to peace?](#)

Briefing by Naja Bentzen, January 2016

The Minsk II agreement and the barriers to peace in Eastern Ukraine

[Russia's disinformation on Ukraine and the EU's response](#)

Briefing by Naja Bentzen, Martin Russell, November 2015

The Ukraine conflict has highlighted the key role of Russia's increasingly sophisticated propaganda machine.

[EU-Russia energy relations – stuck together?](#)

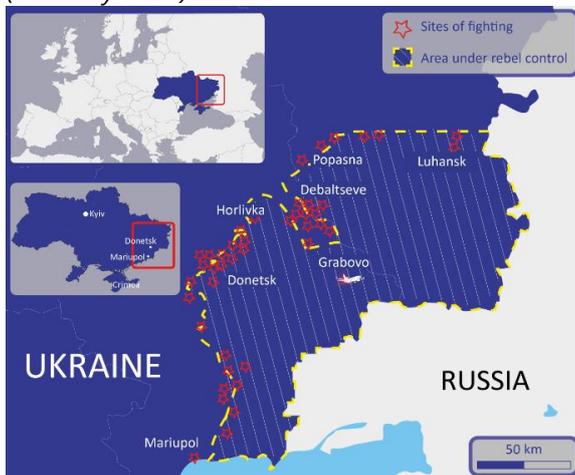
At-a-glance note by Martin Russell, March 2015

The EU is still highly dependent on Russian energy imports, but has acted to improve its energy security.

More in the [Graphics Warehouse](#)

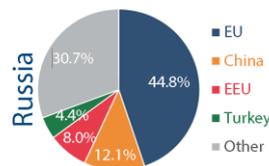
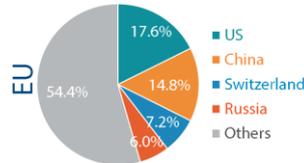
Eastern Ukraine conflict

Areas controlled by pro-Russian separatists (February 2015)

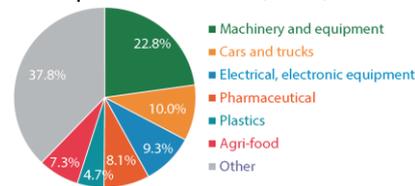


EU-Russia trade

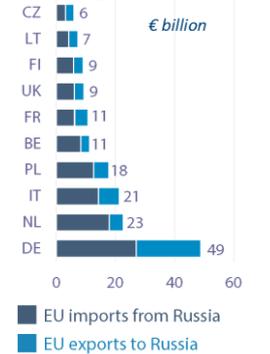
Main trade partners (2015)
Trade in goods, exports plus imports



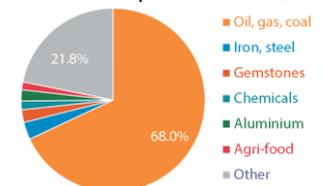
EU exports to Russia (2015)



Top EU partners (2015)
Trade in goods with Russia



Russian exports to EU (2015)



Data: Eurostat, 2015.

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