

The EU's Russia policy

Five guiding principles

SUMMARY

While EU-Russia relations had long been difficult, in 2014 they took an abrupt turn for the worse, after Russia illegally annexed Crimea and fomented separatist insurgencies in eastern Ukraine. To date, little progress has been made towards ending the Ukraine conflict. In addition, new sources of tension have emerged, for example: Russia's military backing for the Assad regime in Syria, and alleged Russian interference in EU politics. In the short term, an easing of tensions seems unlikely.

In March 2016, EU foreign ministers and the EU High Representative for Foreign Affairs and Security Policy, Federica Mogherini, agreed on five guiding principles for EU-Russia relations: full implementation of the Minsk agreements; closer ties with Russia's former Soviet neighbours; strengthening EU resilience to Russian threats; selective engagement with Russia on certain issues such as counter-terrorism; and support for people-to-people contacts.

Implementing each of these principles faces 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; EU-Russia cooperation on international issues has become a victim of tensions between the two sides; repressive Russian legislation obstructs EU support for Russian civil society; diplomatic tensions are mirrored by mutual suspicion between ordinary EU citizens and Russians.

This is an updated edition of a briefing from [October 2016](#).



Queen Louise Bridge, on the Russian-Lithuanian border.

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Background to EU-Russia relations

Signed in 1994, the EU-Russia [Partnership and Cooperation Agreement](#) came into effect in 1997.

In 2008, the EU and Russia began negotiations on a new agreement, with possible objectives including an EU-Russia free trade area and visa-free travel. The 2008 Russo-Georgian war resulted in a [temporary cooling](#) of relations; nevertheless, talks between the two sides progressed, albeit at a very slow pace.

Relations took an abrupt turn for the worse in 2013, over the EU's negotiations with Eastern Partnership countries on their association agreements, to which Russia had not raised any objections until then.

In March 2014, Russia annexed Crimea, in [breach](#) of international law, and fomented separatist uprisings in the eastern Ukrainian regions of Donetsk and Luhansk.

In July 2014, the EU responded by adopting a series of [sanctions](#) on Russia:

- diplomatic sanctions: suspension of EU-Russia summits with indefinite effect;
- individual sanctions: travel bans/asset freezes on 149 persons and 38 organisations;
- sanctions against Crimea: a near-total ban on EU-Crimean trade and investment;
- economic sanctions, targeted at Russia's financial, defence and energy sectors. These are next due for renewal in July 2018.

Russia has responded with counter-sanctions, banning around half of its agri-food imports from the EU, such as fruit, vegetables, meat and dairy.

Today, relations are still difficult, among other things due to: continuing conflict in Ukraine; Russia's [involvement](#) in the bombardment of Aleppo in late 2016; and alleged Russian interference in EU political life (e.g. the 2017 French presidential election).

The five guiding principles of the EU's Russia policy

On 14 March 2016, EU foreign ministers and High Representative Federica Mogherini [agreed](#) on the five guiding principles of the EU's policy towards Russia. These principles are still the foundation of EU-Russia relations:

- insisting on full implementation of the Minsk agreements before economic sanctions against Russia are lifted;
- pursuing closer relations with the former Soviet republics in the EU's Eastern Neighbourhood (including Ukraine) and central Asia;
- becoming more resilient to Russian threats such as energy security, hybrid threats, and disinformation;
- despite tensions, engaging selectively with Russia on a range of foreign-policy issues, among them cooperation on the Middle East, counter-terrorism and climate change;
- increasing support for Russian civil society and promoting people-to-people contacts, given that sanctions target the regime rather than Russian people.

Full implementation of the Minsk agreements

Implementation of the Minsk agreements has stalled

In February 2015, the leaders of France, Germany, Ukraine and Russia signed the [Minsk II agreement](#), the second of two agreements intended to end fighting in eastern Ukraine and enable a political settlement for the region. A month later, EU Heads of State or Government [decided](#) that economic sanctions against Russia could only be lifted once

this agreement had been fully implemented; they also ruled out recognition of Russia's annexation of Crimea (not covered by the Minsk agreements).

Since that time, none of the key points of the [Minsk II agreement](#) have been fully implemented. According to the OSCE's Special Monitoring Mission, 2017 saw continuous ceasefire violations and a loss of [85 lives](#) in the Donbas region. Not all heavy weapons have been withdrawn from the combat zone; and although the two sides [exchanged](#) over 300 prisoners of war in December 2017, many more still remain in captivity. Ukraine still does not control its border in the east of the country. The political future of Donetsk and Luhansk has not been resolved. In October 2017, Ukraine [extended](#) their 'special status' for one year, on condition that separatists disarm. However, the rebels have rejected this solution, which they [claim](#) is incompatible with the Minsk agreements.

Sanctions come at a heavy cost

In 2015, Russia's economy went into recession, with growth only resuming in the final quarter of 2016. Most observers [agree](#) that falling oil prices, which have slashed Russia's export earnings, were the main cause of the Russian recession, but they also see sanctions as a significant exacerbating factor. Although EU exports to Russia started to pick up in 2017, as of June 2017 they were still [28 %](#) down on pre-sanctions levels. The annual cost of sanctions and counter-sanctions has been estimated at [0.25 % of GDP](#) for the EU, and [1-1.5 % of GDP](#) for Russia (according to European Commission and IMF calculations). There is also a high political cost, as sanctions are one of the main obstacles to normalisation of EU-Russia relations.

Some opposition to sanctions – but unity has prevailed so far

Poland and the Baltic States, historically wary of Russian aggression, have consistently supported sanctions. Others, such as Slovakian Prime Minister, [Robert Fico](#), Czech President, [Miloš Zeman](#), and Czech Prime Minister, [Andrej Babiš](#), Greek Prime Minister, [Alexis Tsipras](#), and Cypriot President, [Nicos Anastasiades](#), argue that sanctions are costly and have failed to improve the situation in Ukraine.

In January 2018, German Foreign Minister, Sigmar Gabriel, [suggested](#) that, if fighting stops in Ukraine, some sanctions could be lifted without waiting for full implementation of Minsk; a similar proposal was made by Austrian Chancellor (then foreign minister) [Sebastian Kurz](#) in 2016. Despite all these reservations, periodic Council of the EU votes on extending sanctions have all passed unanimously, most recently in [December 2017](#).

Closer relations between the EU and former Soviet republics

Eastern Europe and the southern Caucasus torn between Russia and the EU

The six eastern neighbours of the EU have struggled to find a balance between Moscow and Brussels, especially since 2013, when the EU signed association agreements (AAs) with Ukraine, Moldova, Georgia and Armenia. Russia saw the aspirations of these four countries to closer ties with the EU as a threat to its own [influence](#) in the region, and argued that the deep and comprehensive free trade areas (DCFTAs) included in the agreements were incompatible with its plans for a [Eurasian Economic Union](#) (EEU).

After **Ukraine** decided to resist Russian pressure and go ahead with its AA, Russia responded by annexing Crimea, fomenting a separatist insurgency in the Donbas, and [ending](#) its free trade agreement with Kyiv. Russia also punished **Moldova** for its AA, by blocking Moldovan agri-food exports, including fruit and wine, over [alleged health concerns](#). Some of those restrictions have been partially [lifted](#) since the election of President Igor Dodon in December 2017. Moldova remains a deeply [divided](#) country, with

half of the country backing its president's pro-Russia stance, while the government and the remaining half favour closer integration with the EU. The third country to sign an AA, **Georgia**, has managed to do so at the cost of only minor damage to its relations with Russia, which, though difficult, have improved since the low point of the 2008 war; in August 2014, Moscow considered [scrapping](#) its 1994 free trade agreement with Tbilisi, but in the end [decided](#) not to do so.

Armenia, which is a military ally of Russia and crucially dependent on it as a trade and investment partner, decided to withdraw from its AA and join Russia's EEU instead. However, in 2015 it re-opened talks with the EU, which in November 2017 led to the [signing](#) of a comprehensive and enhanced partnership agreement (CEPA). Unlike the association agreement, the CEPA does not include a free trade component, and is therefore compatible with Armenia's EEU membership. **Belarus** is even more reliant on Russia as an economic and security partner; nevertheless, after the Ukraine crisis highlighted the danger of over-dependence on Moscow, the country has improved its [relations](#) with the EU. Finally, despite close economic ties with both the EU and Russia, **Azerbaijan** has kept its distance from the two sides.

Country	Agreements with the EU	Agreements with Russia
Armenia	PCA (1999) AA and DCFTA negotiated in 2013 but never signed CEPA (without DCFTA) signed November 2017, awaiting ratification	CIS (1991) CIS FTA (2011) EEU (October 2015)
Azerbaijan	PCA (1999)	CIS (1991) CIS FTA (2011)
Belarus	PCA negotiated in 1995 but never signed	CIS (1991) CIS FTA (2011) EEU (May 2015)
Georgia	PCA (1999) AA and DCFTA (signed 2014, in force since July 2016)	Left CIS after 2008 war with Russia. FTA with Russia (1994)
Moldova	PCA (1998) AA and DCFTA (signed 2014, in force since July 2016)	CIS (1991) CIS FTA (2011)
Ukraine	PCA (1998) AA and DCFTA (signed 2014, in force since September 2017)	CIS (1991) CIS FTA (2011)

(PCA: partnership and cooperation agreement; AA: association agreement; DCFTA: deep and comprehensive free trade area; CEPA: comprehensive and enhanced partnership agreement; CIS: Commonwealth of Independent States; CIS FTA: Commonwealth of Independent States Free Trade Area; EEU: Eurasian Economic Union).

Despite closer EU-central Asia ties, the EU's role in the region is still marginal

Central Asia is another region in which the EU and Russia vie for influence. **Kazakhstan** and **Kyrgyzstan** are members of Russia's Eurasian Economic Union, **Tajikistan** is also economically dependent on Russia; all three countries are military allies of Moscow. The EU's presence is mostly economic; for example, it is by far Kazakhstan's biggest trade and investment partner. Brussels is also seeking to upgrade its political relations with the region: it has signed partnership and cooperation [agreements](#) with all five central Asian countries (the agreement with Turkmenistan has not yet been ratified), and in 2007 it adopted a [Strategy for Central Asia](#), due for [replacement](#) in 2019.

However, concerns about the dire [human rights situation](#) in the region (including in the two countries which are least close to Russia, **Uzbekistan** and **Turkmenistan**) and geographical distance make it unlikely that the EU will become a major player in central Asia. For this reason, closer ties with the EU are less contentious for Russia than in eastern Europe; for example, it raised no objections to the EU's 2015 [enhanced partnership and cooperation agreement](#) with Kazakhstan (currently awaiting ratification); though this does not go as far as the Eastern Partnership association agreements, it still represents a significant upgrade to relations between the two sides.

Improving the EU's resilience to Russian threats

EU dependence on Russian energy imports

EU and US Ukraine-related sanctions limit energy cooperation with Russia. Nevertheless, Russian energy exports to Europe have been unaffected, and were at or close to [record levels](#) in 2017. Around [one third](#) of the EU's gas and oil imports come from Russia; for the most part, this is a mutually beneficial arrangement, providing the EU with relatively cheap and abundant energy, and Russia with 70 % of its export earnings. However, Russian gas supplies transiting Ukraine were cut off for nearly two weeks in 2009 and again in 2014, due to recurrent disputes between the two countries; such interruptions highlight the risks of [over-dependence](#), particularly for countries such as Latvia, Finland, Slovakia and Hungary, which [import all or nearly all](#) of their gas from Russia. Russian gas producer Gazprom argues that its proposed [Nord Stream 2](#) pipeline would reduce the risk of disruptions by bypassing Ukraine. However, the [European Commission](#) and some Member States (including [Poland](#)) see the pipeline as detrimental to energy security because it would concentrate up to [40 %](#) of EU gas imports on a single supply route, besides potentially strengthening Russia's dominance of EU gas markets.

National and EU response

Several countries have made themselves less vulnerable to potential disruption of Russian gas supplies. Lithuania used to be 100 % dependent on Russian pipeline gas, but now around half of its needs are met by [liquefied natural gas](#), delivered by ship from Norway and the US to a terminal built in 2014; Latvia now has the [capacity](#) to store enough gas to supply itself and neighbouring countries for months; Slovakia, Hungary and Poland have built [interconnecting pipelines](#), enabling them to share gas supplies. 'Stress tests', carried out in October 2014, show that, thanks to such measures, EU resilience has improved since the 2009 crisis; however, some vulnerability remains, with Bulgaria and Finland among the countries facing a severe shortfall in the event of a completely unprecedented (and very unlikely) total shutdown of Russian gas supplies over several months.

Given that the EU can often act more effectively than the Member States on their own, the European Commission has taken several measures at EU level. For example, in 2015 the Commission adopted a strategy on an [energy union](#). In line with the strategy, it is developing new [procedures](#) to coordinate the sharing of supplies in the event of a gas crisis. The Commission is also tackling Russian gas giant Gazprom's abuse of its dominant position on EU energy markets, which in the past led to some countries paying up to [40 % more](#) for natural gas than others. Faced with the threat of a heavy fine, Gazprom has already committed to ending such practices; in October 2017, the Commission [said](#) that the company still has to do more in order to end the dispute.

The EU has still not decided how to deal with Gazprom's Nord Stream 2 pipeline. In March 2017, the European Commission's legal service [concluded](#) that as it stands, EU law does not fully apply in this case. A revised [Gas Directive](#) is currently under [discussion](#) in the European Parliament; under this, the pipeline would have to comply with EU energy rules, barring Gazprom from simultaneously owning the pipeline and supplying gas through it.

Russian military and non-military threats to EU stability

Russia is using its newly upgraded [armed forces](#) to carry out threatening manoeuvres: in 2017, one of its largest-ever military [drills](#) close to EU borders involved the [deployment](#) of nuclear-capable Iskander missiles to its Kaliningrad exclave. Furthermore, Russian bombers regularly probe NATO airspace with some [incursions](#) as far south as [Spain](#). [War](#)

[games](#) carried out in early 2015 suggested that Russian forces could overrun the Baltic States in just a few days.

In a wider European conflict, Russia could hardly defeat NATO, given that the [military balance](#) is heavily in favour of the latter. However, Russia also has an arsenal of non-military tools, which in the [words](#) of Armed Forces Chief of General Staff, Valery Gerasimov, have 'exceeded the power of force of weapons in their effectiveness'. These include propaganda, funding for pro-Kremlin political parties and NGOs, as well as cyber-attacks, all of which are increasingly used by Russia in its confrontation with the West.

Russia has invested heavily in international media such as [RT news channel](#) and [Sputnik news agency](#), both of which produce sophisticated content targeted at international audiences. As well as defending Russian foreign policy (for example, in [Ukraine](#)), Kremlin propaganda also seeks to influence political processes in the EU. For example, Sputnik's [coverage](#) of the 2017 French presidential election showed clear bias against Emmanuel Macron, and it also published the results of a dubious poll [claiming](#) that Francois Fillon was on track to win. In Spain, Kremlin media highlighted police violence against Catalanian pro-independence protestors and falsely [claimed](#) that the governing coalition in the Balearic Islands was in favour of an independence referendum. Similar messages are propagated on social media; in 2016, Kremlin trolls [played](#) on British fears of migration and Islamism in an apparent effort to sway public opinion in favour of Brexit.

Russia has [well-documented](#) links to several mostly far-right European parties. Such links include [loans](#) from Russian banks, invitations to meet [Putin](#) and other high officials, [appearances](#) on Kremlin media, and [alliances](#) with Putin's United Russia. In return, those parties typically express pro-Kremlin views, including [calls](#) for an end to sanctions.

National, EU and NATO response

Heightened awareness following revelations of Russian interference in the 2016 US presidential election may have helped to reduce its effectiveness; for example, intense social media activity by Kremlin trolls and leaked e-mails were unable to prevent Emmanuel Macron from becoming French president. Countries are also taking proactive measures, for example: [Latvia](#) and [Lithuania](#) have restricted some Russian media on the grounds of biased coverage; from 2018, Swedish primary school pupils will [learn](#) how to critically evaluate online content; and Hungary has set up a [Cyber Security Centre](#).

Russian cyber-threats to the EU

Described by US intelligence agencies in 2015 as the world's [leading source of cyber-threats](#), Russian hackers are accused of September 2016 [attacks](#) on German political parties and parliamentarians. In May 2017 they also managed to [hack](#) into and leak e-mail accounts linked to Macron's campaign.

At EU level, the European External Action Service has set up the East StratCom Task Force to draw up and implement an EU action plan on strategic communication. One of its most visible results to date is a [weekly disinformation review](#), which compiles and exposes some of the myths propagated by pro-Kremlin media.

In response to the Russian military threat, since 2017 NATO has stationed four multinational [battlegroups](#) in Poland and the Baltic States, comprising 4 500 troops. NATO also has a 40 000-strong [Response Force](#) that can be quickly deployed to the region if needed. In the same year, NATO [established](#) a Centre of Excellence for Countering Hybrid Threats, in cooperation with the EU.

Selective engagement with Russia on foreign-policy issues

Despite the current EU-Russia confrontation in Ukraine, there are still many areas where the two sides have common interests and concerns. As a permanent member of the United Nations Security Council and an increasingly influential player in the Middle East, Russia has a key part to play in helping to tackle global challenges.

For example, Russia played a [constructive](#) role in negotiations with Iran, and like the EU, it continues to [support](#) the resulting nuclear deal, despite the US withdrawal. Both the EU and Russia [advocate](#) a two-state solution to the Israeli-Palestinian conflict, and are signatories of the Paris Agreement on tackling climate change.

Unfortunately, there are many other areas where the two sides are at loggerheads. In Syria, both Russia and the West have a common interest in fighting ISIL/Da'esh, which [downed](#) a Russian passenger plane in Egypt in October 2015, and has claimed responsibility for several [attacks](#) in Russia. An estimated [3 417](#) Russian citizens have joined jihadist groups in Iraq and Syria. However, with most Russian airstrikes in the country [targeting](#) rebel groups other than ISIL/Da'esh, the focus of Moscow's military intervention has been propping up the Syrian regime rather than fighting terrorism. For its part, the EU [claims](#) that there can be no lasting peace with President Assad in power, and it has condemned human rights abuses by his regime and its Russian allies.

The current confrontation in Syria reflects a wider ideological divide between Western support for the spread of democracy and Russian opposition to popular uprisings toppling authoritarian regimes. In September 2015, Vladimir Putin [accused](#) the West of unleashing violence on the Middle East by encouraging the Arab Spring revolutions.

Supporting Russian civil society and promoting people-to-people contacts

Russian civil society cut off from Western support

Russia's [2012 Foreign Agents Law](#) has made it much harder for the country's NGOs to work with foreign donors. Any NGO receiving foreign funding for vaguely defined 'political activity' faces an unpalatable choice: the stigma of being labelled 'foreign agent'; having to rely on scarce domestic sources instead of foreign funding; or closing down altogether. In 2017, there were [89 NGOs](#) on the list of foreign agents. Many Western NGOs have pulled out of Russia [on their own initiative](#); others (such as Mikhail Khodorkovsky's [Open Russia](#)) have been banned by a 2015 law on '[undesirable international organisations](#)'.

In this context, EU support for Russia's increasingly isolated civil society is more important than ever before. However, financial support is difficult, given the above-mentioned Foreign Agents Law; in 2016, Memorial Human Rights Centre was the only Russian NGO to receive an [EU grant](#). The EU also finances an [EU-Russia Civil Society Forum](#), which holds regular meetings between Russian civil-society organisations and their EU counterparts.

Despite EU support for people-to-people contacts, public opinion hostile on both sides

In July 2014, the EU cut off most of its funding for Russia, but decided to continue support for projects facilitating people-to-people contacts – for example, in the fields of [scientific research](#), [higher education](#) and [cross-border cooperation](#). 2016 was a record year for educational cooperation, with nearly 4 000 Erasmus+ exchanges – most of them Russian students and academics coming to study and teach at EU universities.

Obviously, these are very small numbers relative to the total population, and not nearly enough to overcome mutual suspicion. [Surveys](#) by independent pollster Levada Centre show that in 2014 the percentage of Russians who view the EU favourably declined from

51 % in January to just 19 % nine months later. Perhaps reflecting a slight easing in EU-Russia tensions, that share grew to 28 % in December 2017 – still much smaller than the 54 % who have negative feelings about the EU.

Those feelings are mirrored in many EU countries. According to a 2017 Pew Research Center [survey among 37 countries outside Russia](#), a mere 21 % of Poles, 26 % of Britons and 27 % of Germans view Russia favourably – nevertheless, a slight improvement compared to [2014](#), when the figures were 12 %, 25 % and 19 % respectively. Greece is the only EU country where Russia is popular (64 % in 2017).

Position of the European Parliament (EP)

EP resolutions are supportive of all five principles outlined by the High Representative:

Minsk agreements/sanctions. EP resolutions^{1,2} have repeatedly backed EU sanctions against Russia. The EP has also taken punitive action of its own by breaking off contacts with the Russian Parliament through the EU-Russia Parliamentary Cooperation Committee (PCC). For the time being, there are no plans to re-convene the PCC, but informal contacts between MEPs and Russian parliamentarians [continue](#); for example, in November 2017 a group of MEPs [met](#) with Russian counterparts on the sidelines of the Northern Dimension Parliamentary Forum in Brussels.

Relations with Russia's former Soviet neighbours. The EP welcomed the association agreements signed with Ukraine, Moldova and Georgia,² as well as closer ties with central Asia.³

Improving EU resilience to Russian threats. The EP welcomed efforts outlined in the European Commission's 2015 proposals for an energy union to reduce dependence on energy imports from Russia, denounced as 'an unreliable partner ... which uses its energy supplies as a political weapon'.⁴ It also sees Russian anti-EU propaganda as a threat.⁵

Selective engagement with Russia on foreign policy issues: the EP called for cooperation with Russia on issues such as counter-terrorism¹ and the Iranian nuclear deal,⁶ but also criticised Russian support for the Assad regime.⁷

Supporting Russian civil society/people-to-people contacts. The EP condemned the Russian crackdown on independent NGOs and called on the European Commission to provide 'more ambitious financial assistance to Russian civil society'. It also emphasised the need to promote people-to-people contacts between the two sides, despite the difficult situation.¹

(EP resolutions on: (1) [EU-Russia relations](#), June 2015; (2) [AAs with Georgia, Moldova and Ukraine](#), January 2016; (3) [the EU-central Asia strategy](#), April 2016; (4) [the European energy union](#), December 2015; (5) [strategic communication to counteract anti-EU propaganda](#), November 2016; (6) [EU Iran strategy](#), October 2016; (7) [Syria](#), October 2016).

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