



## Russia and the West: can we re-energize our relationship?

“I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery, inside an enigma; but perhaps there is a key. That key is Russian national interest” - said Sir Winston Churchill in 1939.

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Russia is still an enigma for many in the world. After years of a seemingly balanced coexistence, Moscow’s response to Ukraine’s EU Accession bid turned the relationship with the West sour.

In March 2014 both the US and the EU imposed travel bans and asset freezes against Russians involved in actions against Ukraine's territorial integrity. Economic sanctions followed in July 2014 and were reinforced in September. In March 2015, the European Council linked the duration of the economic restrictions to the complete implementation of the Minsk agreements. The Council will debate again in June 2016 about the easing or the prolonging of the sanctions. But there is little indication of a solution or a rapprochement.

On a theoretical level, everybody agrees that Europe would need Russia and Moscow’s vital partner is Europe. As Joseph Dobbs by the European Leadership Network pointed out in his double essays (*Why Russia needs Europe/ Why the West, especially Europe needs Russia*), the two regions need each other mutually. Russia is an important player in international security, as a permanent member in the UN Security Council she could veto any decision, and undermine a unified approach in conflict zones like Syria or the Middle East. Moscow plays the role of a spoiler of stability in its European neighbourhood, as the frozen conflicts in Georgia or Ukraine indicate. On the economic side, Russia still holds 6,8 % of the oil reserves and 17,4 % of the known gas reserves globally. Although the global energy market is in transformation and investment in renewables is growing by double digits, the EU still depends on Russia for 38% in gas and 34% in its oil imports. Hence - according to Dobbs - Europe should be more than interested in a normalisation of relations with Moscow, which could even help reduce refugee inflows into Europe.

But Russia’s dependency on Europe is even more evident: sanctions (and the fall of the oil prices in the world market) led to a severe crisis in the Russian economy, resulting in the ruble falling to all-time lows and to an almost 4% contraction of the GDP. More than 70 % of Russia’s energy exports still go to Europe, and redirecting the flow towards Asia would require not just time, but massive investment. But money and Western know-how are scarce at the moment.

Global terrorism has already hit Russian citizens when the Metrojet Flight 9268 crashed over the Sinai in October 2015, due to a bomb attack by the ISIL. The catastrophe was the deadliest in Russian aviation history. The terror attack shed even more light to fact, that more cooperation between Russia and Europe would be needed for the sake of national security. Many experts believe that in other areas which are vital for Moscow – such as Eastern Europe and the Caucasus - cooperation could actually bring more benefits than confrontation with Europe. Yet it is hard to see rational decisions by the Kremlin.



The future of US-Russian relations seems even less rosy. While the Obama administration represents a consistent foreign and sanction policy following the Russian aggression in Ukraine, it is unclear how the following administration will deal with Moscow. In case of a Hillary Clinton presidency a more hawkish foreign policy could be expected, with the continuation of sanctions. A reset however, could not be ruled out under a President Trump.

In this rather enigmatic situation, CEID has asked its Senior Fellows to evaluate the current situation and elaborate on the future of EU/US-Russia relations.

International energy expert András Deák thinks the focus in foreign energy policy has shifted from dependency issues to social affordability considerations. Thus dependency per se does not frame foreign policy in any major aspects. At the same time this does not mean, that Hungary strives for establishing new dependencies. Except the Paks extension project, energy market trends show a more diversified pattern, where energy becomes less and less a foreign policy instrument.

As for the importance of Central Europe in Russia's foreign policy, András Deák pointed out: the region has its clear relevance in Russian foreign policy and provides a few opportunities to achieve low cost-high impact foreign policy outcomes. Moscow has some „negative” missions, hindering these capitals to form a single bloc in European and Transatlantic issues like Eastern Partnership, US relations, NATO cooperation. Further regional aspirations can weaken the EU cohesion and ease Russia's isolation. But aspirations are strictly limited by the relative lack of instruments and significance, hence Moscow is fishing in troubled waters.

Botond Feledy, foreign policy expert holds on to the economic sanctions introduced by the European Council two years ago. According to Mr. Feledy, not an alternative, rather a complementary approach is needed. He advocates more pressure on the Kremlin, in order to achieve what the international community wants: the respect of territorial sovereignty and democratization of Ukraine. Whether Russia could buy enough representatives among the EU member states to support dropping the sanctions is an open question. However, the recent radical turn in Austrian refugee policy shows how quickly the reinterpretation of national interest might happen.

Concerning the future of the relations, Mr. Feledy acknowledges that Russia and the European Union are part of the same continent, Eurasia. We have common enemies, like ISIS and other terrorist organizations. However, as long as the Kremlin is playing on the destabilization of the European Union member states by sponsoring radical parties and driving propaganda at several levels, he sees no chance for an honest dialogue and cooperation. The Crimea is an open wound in our international order, not to mention its strategic importance. Europe must keep the upper hand and the initiative in this conflict that Russia orchestrated in Ukraine.

In our tenth EA Café, we will try to explore the current and future relations between Russia and the West, with strong emphasis on energy relations. With our experts, we are trying to find answers to controversial questions like: are sanctions effective or should the international community look for an alternative or a complementary approach?



Can we differentiate between a political and an economic relationship toward Russia? Is it possible “just to trade” with Russia, and close our eyes to what happened in Ukraine and in Crimea?

How should Europe and the US react to Russia’s attempts to destabilize the Baltics? What are the weapons used in this soft or hybrid war and how can we defend ourselves? And is Russia still viewed as a threat from the US?

Last, but not least: what does the future hold for our energy cooperation? Is Russia still an essential partner or are transformations in the global energy field leaving Moscow side-lined? What has remained of Nabucco or an alternative energy pipeline, planned in the first decade of 2000?

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