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<http://www.europarl.europa.eu/ep-live/en/committees/video?event=20181122-0900-COMMITTEE-AFET>

“Our colleagues in the West ... have lied to us many times, made decisions behind our backs, placed us before an accomplished fact. This happened with NATO’s expansion to the East, as well as the deployment of military infrastructure at our borders. ... What would this have meant for Crimea and Sevastopol in the future? It would have meant that NATO’s navy would be right there in this city of Russia’s military glory. ... I simply cannot imagine that we would travel to Sevastopol to visit NATO sailors.”  
- *Russian President Vladimir Putin, Moscow, 18 March 2014*

“I hope that this choice will be made in favour of building ... a post-West world order.”  
- *Russian Foreign Minister Sergey Lavrov, Munich, 18 February 2017*

Dear mister chairman, dear madame rapporteur, dear honourable members of the committee,

It is a great privilege and pleasure for me to be here, and I would like to thank you very much indeed for the opportunity.

I am an adviser at the European Political Strategy Centre, the European Commission’s in-house think tank, but the views expressed herein are mine and do not necessarily represent those of the Commission. I would like to focus my remarks on the medium-term challenge posed by Russia to Europe and the wider liberal order, and what strategy the EU and its member states should pursue. But first, let me take a step back and put EU-Russia relations in the wider geopolitical context.

***Return of great power rivalry***

**The paradigmatic feature of today’s world disorder is increased great power competition.** The rivalry between autocracy and democracy—once thought a thing of the past—is back again and reshaping the 21st century’s geostrategic landscape, after roughly a quarter of a century of “great power consensus.”

Indeed, since 1989, relations among Europe, the United States, China, and Russia were not only (mostly) peaceful and cooperative, but also aimed—at least by Western leaders—at a degree of **political and economic convergence over time**. In particular, Russia was viewed as an emerging democracy and even a potential candidate, around the turn of the century, for NATO membership.

Of course, there were **notable exceptions to these halcyon years**, such as divisions over NATO’s intervention in Kosovo in 1999 or Russia’s invasion of Georgia in 2008. But the general sense of convergence enabled significant great power collaboration, with Russia acquiescing to the enlargement of NATO and the EU across Central and Eastern Europe; the NATO-Russia Founding Act; Russia’s accession to the Council of Europe; the expansion of the G7 into the G8; the accession of Russia to the WTO; the US-Russian New Strategic Arms

Reduction Treaty and agreement on supply routes into Afghanistan; and Russia's acquiescence in the UN Security Council's authorisation of NATO's intervention in Libya.

Notwithstanding earlier signs of disagreement, **2014 was a clear turning point**, as the quotes above make clear. The stand-off over Russia's illegal annexation of Crimea and destabilisation of eastern Ukraine marked a severe breach of the international order. This was subsequently continued in Syria, where Russia's significant intervention with troops and military equipment in 2015 in support of the Assad regime was in direct opposition to European and US objectives to restore stability and facilitate a Syrian-led political process in the war-torn country. Russia's interference in US and European elections in 2016 and 2017 further exemplified a scale of tension not seen since the end of the Cold War.

### *Growing threat of stagnating Russia*

**Over the medium-term—the next two to five years—one of Europe's primary challenges will continue to emanate from Russia.** The fallout over Russia's very likely use of a nerve agent in the UK earlier this year to poison its former spy is only the latest instance in a series of conflicts. Although security challenges are historically created by rising powers, it is Russia's stagnation (and the drive to conceal it) that, like a supernova, has destabilised the foundations of European security and the liberal order.

**Russia, notwithstanding its outsized geography and self-image, has been, by and large, at a standstill in terms of material power over the past 25 years, and is likely to continue to remain so.** Its population, uniquely for a developed country, has actually shrunk and its GDP per capita is only marginally higher than at the end of the Cold War. It has few close allies and its key institutional initiative in the form of the Eurasian Economic Union has plateaued at best. By all objective measures of material resources, Russia is arguably no longer a great power, but rather a regional power with localized influence. Nonetheless, it continues to act as a great power and is perceived as such in some quarters. Russia has been investing in its military, with expenditure growing at 10% annually between 2011 and 2016, and accounting for 4.3% of Russian GDP in 2017 – against 3.1% in the US, 1.9% in China, and 1.5% on average in the EU. But this spike in military spending is likely to be unsustainable and Russia may need to revert to its 3-4 percent historical average.



Sources: SIPRI for military spending; World Bank for GDP

Indeed, as shown in the table above, **transatlantic sanctions against Russia—at a cost for Russia of 1-1.5% of its GDP annually, or over €100 billion since 2014—appear to be succeeding in constraining Russia’s military spending.** Economic pressure against Russia had contributed to decreasing its GDP in 2015 and 2016, and forcing it to cut defence spending drastically by 20% in 2017 and stunting its growth outlook. By contrast, between 2000 and 2014, Russia’s military spending nearly tripled, with annualized growth rates of around 8%. Even though the Kremlin has not changed its aggressive stance and the ultimate objective of compelling Russia to end the conflict in Ukraine according to the Minsk agreements has not yet been achieved, its capacity to inflict damage is today more limited. The “python” strategy of squeezing Russia is particularly evident in the increased share of Russia’s budget spent on defence (around 11% in 2000-2014 and 14-15% in 2015-2016).

**Russia’s role in the world is often destabilizing.** In Ukraine, Moscow sought to sow chaos and nip democracy in the bud by seizing Crimea at the barrel of the gun and through involvement in eastern Ukraine at a human cost of over 10,000 casualties. Russian dreams of Novorossiia propagated throughout 2014 and 2015 threatened to further carve up Ukraine. But Russia failed in all of these objectives. Ukraine’s government is still in power and its civil society has shown extraordinary resilience and resolve over the past four years. And the Kremlin’s fundamental concern—its continued viability next to a democratic Ukraine—has been invalidated: democrats in Kyiv are no more a threat to Moscow than those in Vilnius, Tallinn, or Riga. In contrast to setbacks in Ukraine, Russia’s 2015 intervention in Syria was a “success” by its own standards: the tactical demonstrations of force served to bolster Russia’s international image as a great power, stabilised its ally, the Assad regime, and destabilised Europe through mass-scale flows of Syrian refugees fleeing Assad’s brutality.

**For the foreseeable future, Russia is likely to act as a spoiler to Europe’s and the liberal order’s objectives and policies.** First in Georgia in 2008 and then in Ukraine in 2014, Russia sought to forestall EU and NATO engagement in the region through the use of force in both countries and by supporting separatist movements. Its most recent national security strategy, published in December 2015, explicitly blamed NATO’s expansion as “creating a threat to [Russia’s] national security.” It also sought to defend “traditional Russian religious and moral values” against “external expansion of ideologies and values.” **Indeed, Russian decision-makers nowadays view the EU and NATO as two sides of the same Western coin, and over the long term, seek the evisceration and hollowing out of both institutions.**

Yet, Russia’s limited economic base of only 2% of global GDP (less than South Korea and comparable to Australia) and meagre economic performance over the past quarter century (0.5% in GDP per capita annual growth) severely constrains its ability to attract new adherents to its model. Its sizable military instrument still enables Russia to play the role of a spoiler in destabilising the liberal order. But given its small scale of material resources, it cannot purport to overturn the order. Instead, Russia will continue to opportunistically exploit strategic openings, whether in Libya, Yemen, Afghanistan, or elsewhere, to destabilise Europe, the West, and the liberal order.

**President Putin’s continuation in office after the March 2018 elections suggests that the Kremlin’s policies will persist over the medium term and will require commensurate resolve on the part of the EU.**

## *Europe's Strategic Persistence*

The strength of Europe's response has rested on unity internally within the EU and externally with like-minded partners. The EU's Russia strategy is based on **firmness** and **engagement**, as reflected in five principles:

- full implementation of the Minsk agreements as a key element for any substantial change in the EU's relations with Russia;
- strengthening relations with the EU's Eastern Partners and other neighbours;
- strengthening internal resilience of the EU;
- selective engagement with Russia on foreign policy and global issues and other areas where there is a clear EU interest; and
- willingness to support Russian civil society and invest in people-to-people contacts.

The current strategy, which could be summarized as “confront where we must and cooperate when we can,” remains sound.

**As a sixth guiding principle, one should add close policy coordination with G-7 partners, such as the United States, Canada, and Japan.** This norm has operated in the background already, but one should not lose sight of its necessity to the success of any strategy toward Russia. Russia's attempts to divide Europe and the transatlantic community have largely failed—and instead had the opposite effect of closing ranks within the West. But transatlantic and European unity on Russia did not happen automatically and should not be presumed as a given; instead, it needs to be continually maintained and coordinated.

**Over the medium term, Europe's relations with Russia are likely to remain limited to a small set of core common interests, such as counter-terrorism, climate change, and nuclear non-proliferation.** Ultimately, Russia's revealed foreign policy aims to preserve the existence of the Putin regime from internal opposition and to serve the perceived prestige of acting as a would-be great power. Russia's true national interest in reconciling with the West by fundamentally changing its offensive behaviour will continue to be elusive, as long as this goal cuts against the self-perceived concerns of the Kremlin in remaining in power as an authoritarian regime. But this long-term objective needs to be pursued since there is no real European security for future centuries without Russia.

**Overall, the EU needs to maintain its resolve and strategic persistence.** In this endeavour, its decision-making process—slow, deliberate, consensus-driven, and rules-based—is its key competitive advantage. **Like a grand flotilla, the EU and its member states take time to establish a particular course of action, but once on it, they stick to it until they reach their objectives, however long it may take and however arduous the journey.**