



EU SANCTIONS POLICY TOWARDS POST-SOVIET CONFLICTS: CASES OF CRIMEA, EASTERN UKRAINE, SOUTH OSSETIA AND ABKHAZIA

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Abstract:

Going beyond the focus on the sanctions' effectiveness, this article is rather interested in the investigation of EU internal dynamics of decision-making. Looking at post-Soviet frozen conflicts, namely Crimea, Eastern Ukraine, South Ossetia and Abkhazia, the article analyses the internal tensions between Russia-friendly and Russia-hawkish states in the EU process of imposing sanction regimes. Despite potential economic losses and political tensions, in some cases the EU decides and successfully manages to impose sanctions, whereas in other cases no punitive measures are undertaken. Comparing cases with and without sanction regimes, this article aims to uncover the 'black box' behind the EU's decision to impose sanctions. It aims to analyze why and under what conditions the EU is ready to resort to sanctions in post-Soviet conflicts.

Keywords: EU sanctions, Post-Soviet conflicts, Russia, Eastern Europe

Titulo en Castellano: La política de sanciones en los conflictos postsoviéticos: Los casos de Crimea, Ucrania del este, el sur de Osetia y Abjasia

Resumen:

El artículo se centra en la investigación de la dinámica interna del proceso decisorio de la UE, y no tanto en la efectividad de las sanciones. Examinando los conflictos enquistados de Crimea, Ucrania oriental, sur de Osetia, y Abjasia, el artículo analiza las tensiones internas entre los Estados Miembros de la UE, los pro-rusos y los más firmes con respecto a Rusia, en el proceso de imposición de sanciones. A pesar de las pérdidas económicas potenciales y las tensiones políticas, en algunos casos la UE decide y gestiona de forma exitosa la imposición de sanciones, en otros, sin embargo se adoptan medidas no punitivas. Comparando los casos, el artículo trata de descubrir la "caja negra" existente en el proceso decisorio, por qué y en qué condiciones la UE está dispuesta a adoptar sanciones en los conflictos de la zona post-soviética.

Palabras clave: Sanciones de la UE, conflictos post-soviéticos, Rusia, Europa del Este.

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1. Introduction

Since the end of the Cold War, the number of Europe's frozen conflicts is growing, ranging from Cyprus, throughout the Balkans to the former Soviet republics. Interested in conflict resolution and democracy promotion to the troubled regions, the EU is actively involved in crisis management. One of the EU's hard power tools is the implementation of sanction regimes. Although to the untrained eye the EU sanction policy could be seen as a bureaucratic rubber stamp formality, it is in fact a place of contestation of national interests, external pressure and lobbying. Challenged by the Eastern Enlargement, the EU is struggling to be an effective unitary actor in foreign affairs. Going beyond the focus on the sanctions' effectiveness, this article is rather interested in the investigation of EU's capability to impose sanction, in particular, in the cases of post-Soviet conflicts – Crimea, Eastern Ukraine, South Ossetia and Abkhazia.

Instead of looking at the EU as a unitary power, this article disentangles the preferences of EU member states vis-à-vis the imposition of sanctions and examines the EU's internal dissonance. Furthermore, it investigates how the relationships among the EU states and, most importantly, with Russia, shape and affect their behavior in supporting or opposing sanctions. Placed in Russia's 'near abroad', the frozen conflicts in Ukraine and Georgia are often perceived by EU member states through the lens of their relations with Russia. The unwillingness of some EU member states to irritate Moscow and the direct lobbying from Russia frequently weakens the EU's unity and its decision-making power. Looking at the EU states' dependence on Russia, the article addresses the question of how differences in national interests contribute to the formation of alliances and divisions between pushing and reluctant attitudes and poses the dilemma of value- and interest-based behavior.

Therefore, this article aims to examine the internal dynamics within the European Union towards the implementation and prolongation of sanction regimes in post-Soviet conflicts in the EU neighbourhood. Analyzing positive (Crimea and Eastern Ukraine) and negative (Abkhazia and South Ossetia) cases, it investigates the question of why and under what conditions the EU decides to impose the sanctions regime in post-Soviet conflicts. Looking from the perspective of negative cases, the article is interested in why the EU decides not to get involved and not to impose sanctions.

2. Literature Review

Combining the perspectives of International Relations and Comparative Politics, there are three strands of literature which address this research topic. The first covers the nature of EU sanctions and their pressure on a targeted actor to change its behavior. In this respect, the studies vary from analyzing the design of sanctions, the effectiveness of targeted sanctions and its impact on a country's economy. Thus, de Vries and Hazelzet² analyzed the EU as a new sanctioning actor on the international arena, whereas Eriksson³ and Portela⁴ examined the EU practice of imposing targeted sanctions and their effectiveness, respectively. In her

² De Vries, Anthonius W. And Hazelzet, Hadewych: "The EU as a New Actor on the Sanctions Scene", in P. Wallensteen and C. Staibano (eds.) (2005): *International Sanctions. Between Words and Wars in the Global System*, London, Frank Cass, pp. 95-107.

³ Eriksson, Mikael (2005): "EU Sanctions: Three cases of targeted sanctions" in P. Wallensteen and C. Staibano (eds.) *International Sanctions: Between Words and Wars in the Global System*, London, Frank Cass.

⁴ Portela, Clara: "The EU's Use of Targeted Sanctions. Evaluating Effectiveness", Nº. 391 (March 2014), CEPS Working Documents, pp. 1-44.



contribution, Portela⁵ tracked the role of sanctions as a tool of the EU foreign policy and analyses the link between different sanctions and geographical proximity. Another studies concentrated on the evaluation of economic impact of sanctions, e.g. against Russia after the Ukraine crisis⁶.

The second strand of literature touches upon the embeddedness of EU sanctions in the sanction regimes of other international actors. Thus, a nascent series of studies analyses the correlation between EU, UN and US sanctions, establishing close interrelations between EU and UN sanctions⁷, while revealing contestation between the EU and the US in imposing sanctions in the past⁸, but demonstrating joint action currently⁹.

The third strand of literature addresses the EU's involvement in conflict resolution, including the imposition of sanctions. The majority of the studies are empirical in nature and analyses a single case study, such as the EU's role in conflict resolution in Northern Ireland¹⁰, in the Balkans,¹¹ in the Sub-Saharan Africa¹², in Congo¹³ and in Iran¹⁴. A subgroup of this literature is dedicated to post-Soviet countries, again predominantly focused on a single country case, e.g. the EU sanctions policy towards Belarus¹⁵, Uzbekistan¹⁶, Russia¹⁷. Within

⁵ Portela, Clara: "Where and why does the European Union impose sanctions?", *Politique Européenne* Vol. 3, Nº 17 (2005), pp. 83-111.

⁶ Gross, Daniel and Mustilli, Federica: "The Economic Impact of Sanctions against Russia: Much ado about very little", *CEPS Commentary*, 25 October 2015; Connolly, Richard et al.(2015): "Sanctions on Russia: Economic Effects and Political Rationales", *Chatham House*, 30 June 2015, at https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/2015-06-30%20Sanctions%20Event%20Summary%20final.pdf

⁷ Portela, Clara (2010): *European Union Sanctions and Foreign Policy*, London, Routledge; Eriksson, Mikael (2010): *Supporting Democracy in Africa*, Stockholm, FOI; Giumelli, Francesco (2011): *Coercing, Constraining and Signaling: Explaining UN and EU Sanctions after the Cold War*, Colchester, ECPR Press; Bellamy, Alex, Williams, Paul: "The New Politics of Protection", *International Affairs* Vol. 87, Nº 4 (2011), pp. 825-850.

⁸ Falke, Andreas: "The EU-US Conflict over Sanctions Policy: Confronting the Hegemon", *European Foreign Affairs Review*, Vol. 5, Nº 2 (2010), pp. 139-163; Smith, Karen E. (2003), *The European Union Foreign Policy in a Changing World*, Cambridge, Polity Press.

⁹ Borzyskowski, Inken von and Portela, Clara: "Piling on: the rise of sanctions cooperation between regional organizations, the United States, and the EU", KFG Working Paper Series, Vol.70 (2016), Berlin: Freie Universität Berlin.

¹⁰ Tannam, Etain: 'The European Commission and conflict in Northern Ireland', *Cambridge Review of International Affairs*, Vol. 11, Nº 1 (1997), pp. 8–27; Salmon, Trevor: 'The EU's Role in Conflict Resolution. Lessons from Northern Ireland', *European Foreign Affairs Review*, Vol. 7, Nº 3 (2002), pp. 337–358;

¹¹ Piana, Claire: 'The EU's Decision-Making Process in the Common Foreign and Security Policy: The Case of the Former Yugoslav Republic of Macedonia', *European Foreign Affairs Review*, Vol. 7, Nº 2 (2002), pp. 209–226; Emerson, Michael and Gross, Eva: "Evaluating the EU's Crisis Missions in the Balkans", Brussels: Centre for European Policy Studies, 2007.

¹² Faria, Fernanda (2004): *Crisis Management in Sub-Saharan Africa: The Role of the European Union*, Paris, EU Institute for Security Studies.

¹³ Martinelli, Marta: 'Helping Transition: The EU Police Mission in the Democratic Republic of Congo', *European Foreign Affairs Review*, Vol. 11, Nº 3 (2006), pp. 379–399.

¹⁴ Esfandiary, Dina: "Assessing the European Union's Sanctions Policy: Iran as a Case Study", *Non-proliferation Papers*, No. 34, December 2013.

¹⁵ Kreutz, Joakim: "Hard Measures by a Soft Power? Sanctions Policy of the European Union 1981 -2004", Paper 45, 2005, Bonn, Bonn International Center for Conversion; Beichelt, Tim (2007): "Externe Demokratisierungsstrategien der Europäischen Union: Die Fälle Belarus und Moldawien", in: M. Knodt und A. Jünemann (eds.) *Die Externe Demokratieförderung der Europäischen Union*. Baden-Baden, Nomos Verlag; Portela, Clara: "The European Union and Belarus: Sanctions and Partnership?", *Comparative European Politics*, Vol. 9, Nº 4 (2011), pp. 486-505; Gebert, Konstanty: "Shooting in the Dark? EU Sanctions Policies", Policy Brief, European Council on Foreign Relations, December 2012; Hyndle-Hussein, Joana and Klysinsky, Kamil: "Limited EU economic sanctions on Belarus", OSW, Centre for Eastern Studies, March 28, 2012, at <https://www.osw.waw.pl/en/publikacje/analyses/2012-03-28/limited-eu-economic-sanctions-belarus>



this literature, some studies focused on the EU's engagement in conflict resolution in Transnistria¹⁸, South Ossetia and Abkhazia¹⁹. As an exception to a single case study, Popescu²⁰ compared the EU's engagement in post-Soviet conflicts, by analysing the EU's (in)ability to resolve conflicts in Transnistria, Nagorno-Karabakh, South Ossetia and Abkhazia, whereas Sasse²¹ drew a comparison between the EU's potential in conflict management in Moldova and Georgia. Given the variety of single case studies, some scholars started to embark on the theorization of the EU's role in conflict resolution²².

Looking at the previous studies, this article aims to contribute to the academic literature in three ways. First of all, in contrast to the majority of the studies, it shifts the focus from the effectiveness of sanctions towards the EU internal politics and its capability to overcome tensions, interdependences and vested interests in the case of sanctioning. The focus on the EU internal machinery will provide a good understanding of the EU as a credible foreign policy actor in its Eastern Neighbourhood. Moreover, instead of looking at a ready-made sanction policy as the previous studies did, its focus on the EU internal dynamics will provide with a detailed picture of the sanction's design and its potential flaws. Secondly, whereas the majority of the studies concentrate on a single case study, this article aims to increase leverage and compare the Georgian and Ukrainian cases. Furthermore, while the existing studies focus only on positive cases, this article examines both positive and negative cases in order to understand what hinders the imposition of sanctions in certain cases. Finally, this article applies the imposition of sanctions to a specific case of post-Soviet frozen conflicts, which provides a plethora of overlapping relationships – those between Russia and EU member states, Russia and unrecognised entities, and non-EU member states and Russia – and how they affect the EU's decision to sanction.

3. EU Sanctions Policy: Bureaucratic Formality or Endangered Unanimity?

Due to the growing number of member states, the EU often faces a collective action problem, which hampers the EU's ability to act effectively and implement decisions unanimously. Despite the seeming easiness of the implementation or prolongation of the EU sanctions regimes, this unanimous action of the member states is far from a bureaucratic formality. In external relations activities the EU struggles to overcome the diverging national interests of

¹⁶ Portela, Clara (2010): *European Union Sanctions and Foreign Policy*, New York, Routledge.

¹⁷ Christian Odendahl, Ian Bond, Jennifer Rankin: "Frozen: The politics and economics of sanctions against Russia", Policy Brief, 16 March 2015, at <http://www.cer.org.uk/publications/archive/policy-brief/2015/frozen-politics-and-economics-sanctions-against-russia>; Dolidze, Tatia: "EU Sanctions Policy towards Russia: The Sanctioner-Sanctionee's Game of Thrones", Nº 402, CEPS Working Documents, January 2015.

¹⁸ de Waal, Thomas: "Remaking the Nagorno-Karabakh Peace Process", *Survival*, Vol. 52, Nº. 4, 1 August 2010.

¹⁹ Popescu, Nicu: "Europe's Unrecognised Neighbours: the EU in Abkhazia and South Ossetia", *CEPS Working Documents*, No. 260 (March 2007); Whitman, Richard G. and Wolff, Stefan: "The EU as a conflict manager? The case of Georgia and its implications", *International Affairs*, Vol. 86, Nº 1, 2010, pp. 1-21.

²⁰ Popescu, Nicu: "EU and the Eastern Neighbourhood: Reluctant Involvement in Conflict Resolution", *European Foreign Affairs Review*, Vol. 14, Nº 4 (2009), pp. 457-477.

²¹ Sasse, Gwendolyn: "The European Neighbourhood Policy and Conflict Management: A Comparison of Moldova and the Caucasus", *Ethnopolitics*, Vol. 8, Nº 3-4 (2009), pp. 369-386.

²² Hill, Christopher: "The EU's Capacity for Conflict Prevention", *European Foreign Affairs Review*, Vol. 6, No. 3 (2001), pp. 315-333; Tocci, Nathalie: "EU Intervention in Ethno-Political Conflicts: The Cases of Cyprus and Serbia-Montenegro", *European Foreign Affairs Review*, Vol. 9, Nº 4 (2004), pp. 551-573; Tocci, Nathalie: "The European Union as a Normative Foreign Policy Actor", CEPS Working Documents, Nº 281 (January 2008); Barbe, Esther and Kienzle, Benjamin: "Security Provider or Security Consumer? The European Union and Conflict Management", *European Foreign Affairs Review*, Vol. 12, Nº 4 (2007), pp. 517-536; Papadimitriou, Dimitris, Petrov, Petar and Greigevci, Labintot: "To Build a State: Europeanization, EU Actorness and State-Building in Kosovo", *European Foreign Affairs Review*, Vol. 12, Nº. 2 (2007), pp. 219-238.



the member states. In particular, the next cases will illustrate different constellations of member states, of those who pushed for a tougher approach and of those who favored a diplomatic solution.

3.1 EU and South Ossetia and Abkhazia

Started on 7-8 August 2008, a five-day war resulted in the occupation of two secessionist regions of Georgia – South Ossetia and Abkhazia – by Russia. A quick victorious war ended with Russia's control over the Georgian regions. Soon after, orchestrated from Moscow South Ossetia and Abkhazia declared its independence from Georgia, which resulted in Russia's further extension into Georgian territories. A French-brokered five-point peace plan aimed to stop the ceasefire and force the Russian and Georgian troops to return to its pre-war locations. Lobbying its own interpretation of the peace plan, Russia insisted on the exclusion of a sixth point, originally included in the plan – international monitoring under the UN and OSCE auspices. Since the war, both OSCE monitors and EU monitoring mission representatives were denied access to the breakaway regions. Currently, South Ossetia and Abkhazia are frozen conflicts in the Caucasus, independency of which was recognized by Russia, Venezuela, Nicaragua and Nauru only.

In September 2008, the EU officials gathered to discuss the situation in Georgia and how to deal with Russia's aggression. Despite the violation of international law and Georgia's territorial sovereignty, the EU leaders considered sanctions as an option of last resort. Being in the middle of resetting its relationships with Russia, the West was caught off guard and was very wary in acting too harshly. The sanctions were off the table due to the reluctant position of France and Germany. Together with other EU states, France and Germany were cautious to endanger their mutually beneficial relationships with Russia. In particular, the EU's dependence on more than 30% on Russia's energy supply halted France and Germany from any tough reactions. While France and Germany officially supported Georgia's territorial integrity and condemned the violation of the international law, Italy's position was even more blatant. "We cannot create an anti-Russia coalition in Europe, and on this point we are close to Putin's position," openly confessed Franco Frattini, the Italian Foreign Minister.²³

Although there was a lack of consensus for imposing sanctions, the EU leaders agreed on symbolic actions such as the postponing talks on a new Partnership and Cooperation agreement with Russia, including the EU visa liberalization. Moreover, pushed by Poland and supported by Britain and Sweden, other symbolic sanctions were in place – the refusal of a WTO membership for Russia, exclusion from the G8, asset freezes of Russian bank accounts and boycott of the 2014 Winter Olympic Games in Sochi. Moscow reacted by calling the idea of sanctions and the intention to Moldova, Ukraine and Crimea as "sick imagination".²⁴ Being confident of its powerful position on the international arena, Russia considered the EU too weak to impose any sanctions. Summarizing Moscow's sentiments, Mr. Zatulin, a Russian MP, declared that "the West can apply psychological pressure. But Europe cannot afford to turn down our gas and America needs our help with Afghanistan and Iran."²⁵

²³ Bennhold, Katrin: "Differences emerge in Europe of a response to Georgia conflict", *International Herald Tribune*, 12 August 2008, at

<https://web.archive.org/web/20080821011829/http://www.ihf.com/articles/2008/08/12/europe/diplo.php>

²⁴ Tran, Mark, Borger, Julian and Traynor, Ian: "EU threatens sanctions against Russia", *The Guardian*, 28 August 2008, at <https://www.theguardian.com/world/2008/aug/28/eu.russia>

²⁵ "Put out even more flags", *The Economist*, 28 August 2008, at <http://www.economist.com/node/12009856>



Whereas France, Germany and Italy considered any punitive measures against Russia unsubstantiated, the UK pushed for the EU's harder reactions. Together with Sweden, Poland and the Baltic states, Britain took a hardline position, advocating for the imposition of sanctions. The British Foreign Minister David Miliband expressed a tough statement by accusing Russia of violating the territorial integrity of Georgia and of redrawing the spheres of influence in Europe. Russia's recognition of South Ossetia and Abkhazia was met with the deepest concern. "It is not just the end of the post-cold war period of growing geopolitical calm in and around Europe. It is also the moment when countries are required to set out where they stand on the significant issues of nationhood and international law", said Miliband.²⁶

Echoing the British concerns, Sweden harshly criticized Russia's illegal intervention in Georgia's breakaway regions. The Swedish Foreign Minister Carl Bildt expressed his opinion that this type of Russia's behavior "means they have chosen a policy of confrontation, not only with the rest of Europe, but also with the international community in general."²⁷ Sharing common historical memory, Poland, Latvia, Estonia, Lithuania and Ukraine expressed their fears about the spread of Russia's "imperialist and revisionist policy".²⁸ In particular, Lithuania openly criticized the peace agreement brokered by Nikolas Sarkozy, questioning the terms of the agreement and its credibility to guarantee Georgia's territorial integrity.²⁹

The US position supported the stances of the EU hardliners and strongly condemned Russia's activities in Georgia. The US assured that it will use its veto in the UN Security Council to block any Russia's attempt to recognize the breakaway regions as independent. The Bush administration put a civilian nuclear cooperation agreement with Russia on hold, while Russia's military cooperation with NATO were suspended and Moscow's application for a WTO membership was halted. However, in 2010 the Obama administration signed a new arms control treaty with Russia, which de facto suspended the halt on the civilian nuclear cooperation. Moreover, Russia was welcomed to participate in the restructuring of the European missile defense system. In return, the US expected Russia to cooperate on the Iran sanctions.³⁰

The position of Germany is crucial in understanding the EU's final decision not to sanction Russia's aggression in Georgia. Despite the deep concerns about Russia's activities in the region raised by Poland and the Baltic states, repetitive cases of gas cut-offs and import bans as well as worrying democratic developments in Putin's Russia, Germany adamantly remained open for a dialogue. Taking over the lead in the crisis management, Germany tried to moderate the position of the EU hardliners and seek for an arrangement with Russia acceptable for all EU members. However, Germany's 'Russia-first' approach raised harsh critic from other EU member states, accusing Germany of neglecting the interests of EU's foreign policy and propelling its own. Having longstanding cordial relationships with Russia,

²⁶ See Tran, Mark, Borger, Julian and Traynor, Ian, *op. cit.*

²⁷ "West Voices Dismay at Russia's 'Unacceptable' Move", *Der Spiegel Online*, 26 August 2008, at <http://www.spiegel.de/international/world/recognizing-georgia-s-rebel-regions-west-voices-dismay-at-russia-s-unacceptable-move-a-574537.html>

²⁸ See Bennhold, *op. cit.*

²⁹ Bendiek, Annegret and Schwarzer, Daniela (2008): „The EU's Southern Caucasus Policy under the French Council Presidency: Between Consultation, Cooperation and Confrontation”, in Hans-Henning Schröder (ed.) *The Caucasus Crisis. International Perceptions and Policy Implications for Germany and Europe*, SWP Research Paper, November 2008, Berlin, p. 42.

³⁰ Baker, Peter and Sanger, David. E.: "U.S. Makes Concessions to Russia for Iran Sanctions", *The New York Times*, 21 May 2010, at http://www.nytimes.com/2010/05/22/world/22sanctions.html?_r=0



Germany naturally opted for a diplomatic solution, trying to avoid a direct confrontation. Despite the Caucasus crisis, Germany's policy towards Russia barely changed, which indicated the strong influence of Russia-friendly SPD elites in the formation of Germany's Eastern policy. Neglecting the opposition from Eastern European members, in May 2008 Germany signed a "strategic and modernization partnerships" with Russia, expending both countries' economic cooperation and thus interdependence.³¹ The new policy was based on the `change through rapprochement` principle, envisaging interlocking and interweaving between Russian and Western institutions. Only by 2012, the special relationship reached its limits and turned into disappointment and disillusion dominated in Berlin. Russia's failure to modernize and comply with the European values paved the ground for Germany's soberer approach, which will be observed in the next case.³²

3.2 EU and Crimea/Eastern Ukraine

In the Ukrainian case, the EU sanctions followed after a secessionist referendum in Crimea initiated by pro-Russian forces and were significantly expanded after the hybrid war in the eastern part of Ukraine. On 15 March 2014, despite the international protests and boycott by Crimean Tatars, an ethnic minority in Ukraine, the outcome of referendum supported Crimea's unification with Russia. While Moscow emphasized the democratic nature of referendum and reminded about the peninsula's Russian historical roots, Washington and Brussels raised their deep concerns about the legality of the referendum. The US and EU officials refused to acknowledge the outcome and called the referendum as illegal, illegitimate and not credible. Despite the non-recognition by the international community, Crimea was de facto annexed by Russia. Blocked by Moscow, the UN Security Council failed in its attempts to adopt a draft resolution of the non-recognition of the Crimea referendum. The failed diplomatic efforts and stalemate in the UN Security Council resulted in the formation of another frozen conflict on the EU borders.

As a result, the US initiated the introduction of first round of sanctions – travel bans and asset freezes against Russian and Ukrainian politicians and officials responsible for the crisis. The US list banned the entry for seven top Russian government officials, including Dmitry Rogozin, a Russian deputy prime minister, Valentina Matviyenko, the head of the upper house of the Russian parliament, and four pro-Russian separatists. Being under the US duress, the EU sanctions followed somewhat reluctantly. Due to the diverging stances of the EU member states, the decision to impose sanctions became delayed and weakened. The EU agreed on the introduction of incremental sanctions, which would be further strengthened if Russia remains unsusceptible to the EU demands. Acting cautiously, the EU first began with symbolic actions by banning Russia's application for the membership in OECD and the International Energy Agency, excluding from the G8 meeting and suspending visa liberalisation talks with the EU. As the pressure grew, the EU followed the US example and sanctioned 21 individuals "responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine".³³ In contrast to the US list though, the EU targeted only self-proclaimed Crimean authorities – Sergey Aksyonov, the acting prime-minister of Crimea, the speaker of Crimea's parliament, Vladimir Konstantinov, the acting mayor of Sevastopol and others, but excluded high-profile Russian officials.

³¹ Horsley, William: "The failure of Germany's Russia policy", Open Democracy, 14 March 2015, at <https://www.opendemocracy.net/can-europe-make-it/william-horsley/failure-of-germany-s-russia-policy>

³² Adomeit, Hannes: "German-Russian Relations. Balance Sheet since 2000 and Perspectives until 2025", ETUDE Prospective & Startegique, 2012.

³³ Council Decision 2014/145/CFSP



On 16 April 2014, the West tried to find a diplomatic solution by discussing the de-escalation process in Geneva. The negotiations foresaw a ceasefire in Eastern Ukraine, the disarmament of separatist groups, the return of seized buildings and the release of detained protesters and monitors. However, due to the lack of interest from the Russian side, none of the conditions were properly implemented. As a result of the failed Geneva agreement, the EU took a tougher stance and targeted additional thirteen individuals as well as sanctioned two Crimean oil and gas companies “Chernomorneftegas” and “Feodosia” as well as Crimean resort “Nizhnyaya Oreanda” and wine producer “Massandra”.³⁴ Moreover, the individuals close to the Russian president were included for the first time – Vyacheslav Volodin, first deputy chief of staff, and Vladimir Shamanov, the commander of the Russian airborne troops.³⁵

With the crash of the Malaysian MH17, the EU sanctions policy underwent substantial changes. The expansion of restrictive measures was officially linked to “Russia’s actions destabilizing the situation in Ukraine”. While the US targeted Russia’s top energy firms and banks, including Russia’s biggest oil firm Rosneft, the second largest gas company Novatek as well as Gazprombank and VEB, a bank that financed Sochi Olympics, the EU imposed targeted sanctions, in particular on the finance and energy sectors. Following the US example, the EU introduced arms embargo, banned export of technologies for oil exploration and production as well as shale gas projects. In December 2014, the EU ruled out any European investments in Crimea in real estate, oil and gas exploration and outlawed ship cruises calling at Crimean ports.³⁶

Due to the escalation of violence in Eastern Ukraine, in particular the indiscriminate shelling of residential areas in Mariupol, in January 2015 the EU unanimously agreed to extend existing restrictive measures for another year. In this case, the sanctions were linked to the full implementation of the Minsk agreements.³⁷ In addition, in February 2015 the EU Council adopted additional listings of separatists in the East of Ukraine and their pro-Russian supporters. As a result, another nineteen persons and nine entities were put on asset freezes and travel ban lists.³⁸ As the Minsk I Agreement failed to de-escalate the situation, in March 2015, the EU Council extended the validity of sanctions over actions against Ukraine’s territorial integrity for another six months. The asset freezes and travel bans were imposed against 150 persons and 37 entities.³⁹ With the lack of progress regarding the complete implementation of the Minsk agreements, on 1 July 2016 the EU Council has extended the economic sanctions by 31 January 2017, targeting financial, energy and defence sectors as well as dual-use goods.⁴⁰ In addition to these measures, in June 2015, the EU Council prolonged the restrictions in response to illegal annexation of Crimea and Sevastopol which are in place until 23 June 2017. The restrictions included the prohibition on imports of products, investments, tourism services, and exports of certain goods and technologies.⁴¹

³⁴ Council Regulation 2014/265/CFSP; Council Regulation No 811/2014.

³⁵ Council Regulation No 811/2014.

³⁶ Croft, Adrian and Emmott, Robin: “EU bans investment in Crimea, targets oil sector, cruises.” *Reuters*, 18 December 2014, at <http://www.reuters.com/article/us-ukraine-crisis-eu-idUSKBN0JW18020141218>

³⁷ Outcome of the Council Meeting, 3369th Council Meeting, Foreign Affairs, Brussels, 29 January 2015.

³⁸ Council Decision (CFSP) 2015/241, 9 February 2015.

³⁹ Council Decision (CFSP) 2015/432 (OJ L 70, 14 March 2015).

⁴⁰ Council of the European Union: Russia: EU prolongs economic sanctions by six months, Press Release, 1 July 2016.

⁴¹ Council of the European Union: Crimea: EU extends restrictions in response to illegal annexation, Press Release, 19 June 2015.



3.3. Backstage Tensions: The Stances of the EU Member States Towards Sanctions

Although it might seem as a rubber stamp formality, the imposition and prolongation of sanctions in the Ukrainian case struggled over push-and-pull behavior of the EU member states. The EU was divided by the states pushing for a tougher response to Russia's actions in Ukraine, while other states were advocating a Russia-friendly approach. The economic considerations and historical legacy drew a line between the EU hawkish and dovish states. Followed after the annexation of Crimea, the United Kingdom, Poland, Sweden, Denmark, the Czech Republic, Lithuania, Latvia and Estonia strongly supported the introduction of tougher sanctions, including economic and trade restrictions, which were considered as effective measures in preventing a further destabilization in the region. This group of the EU member states is traditionally perceived as 'Russia-aware' states, having different motivations though. Traditionally, the UK, Sweden and Denmark take a tougher stance, when it comes to Moscow's illegal actions. The motivations of the Eastern European members of this group is mainly driven by negative historical legacy with Russia. Having experienced forced incorporation into the Soviet Union after the Second World War, Poland together with the Baltic states alarmed about the Russia's actions in Ukraine and strongly favored tough sanctions. The historical legacy and geographical proximity predetermined hawkish position of the EU new member states. towards the Russian government.

On the other hand, a group comprising Italy, Greece, Cyprus, Bulgaria, Luxembourg, Austria, Spain, Portugal and Malta opposed the introduction of the EU sanctions and favored "business as usual" approach with Russia. Having historically close relationships with Moscow or being heavily dependent on Russia's energy resources, this group of countries questioned the expediency and effectiveness of punitive measures. This coalition of dovish member states traditionally appealed to the EU's potential economic losses in case of the introduction of sanctions. As the Austrian Foreign Minister put it, "we should not yearn for economic sanctions, as they would not only hit Russia but also definitely hit us"⁴². In contrast to Poland and the Baltic states, other EU new members such as Hungary and Bulgaria shared sympathy towards the Russian government. This sympathy was also shared by other EU old member states such as Italy, Spain, Portugal, Cyprus and Greece. In particular, an illiberal democratic path appealed the Orbán-led Hungarian and Tsipras-led Greek governments, who frequently criticized neoliberal democracies. A softer stance of this group was furthermore stipulated by its economic dependency on Russia's energy resources. Being reliant on Russia's supply of gas, Bulgaria and Hungary protected their national interests, which were neglected in the EU sanctions regime.

Interestingly, the position of the EU's two main engines – Germany and France - varied, depending on the time period. At the beginning, both France and Germany showed their reluctance towards the sanctions, which in their views could endanger sound economic relationships between them and Russia. Having strong economic interdependency, both French and German elites preferred a diplomatic solution, thus preserving "business as usual" approach. This unwillingness to react to Moscow's activities in Ukraine even fueled an animosity between France and the UK. The two countries, which in the course of European integration frequently displayed opposing positions in the areas of defense and security policy, had again contrasting positions regarding the arms embargo and financial sanctions. Being a home to the Russian's investments, the UK refused to support financial sanctions,

⁴² "EU punishes Russia, adds more names to the sanctions list", EurActiv, 13 May 2014, at <https://www.euractiv.com/section/global-europe/news/eu-punishes-russia-adds-more-names-to-sanctions-list/>



initiated by France, which would affect the City of London heavily. On the other hand, initiated by the UK, France opposed to the arms embargo, as it would put in jeopardy a € 1.5 billion worth contract for the delivery of two military ships Mistral. Suffering from its diverging interests, the EU's unified position was significantly weakened, which undermined the credibility of the EU sanctions. In response, Russia launched countermeasures and banned a wide range of food products, including meat and dairy, from the US, EU, Canada, Norway and Australia, followed by an embargo on imports of consumer goods and second-hand cars from Western countries.⁴³

The crash of the Malaysian MH17 proved to be a game changer in the EU sanctions policy. The positions of both France and Germany radically changed, taking a tougher stance on Russia. As a result, the French agreed to cancel its contract on the delivery of two warships to Russia and resold them to Lithuania. Similarly, the German position underwent considerable changes, where the group of Russia-friendly *Putin-Versteher* lost its dominance within Germany's political elites. Although the SPD and Left elites, including Helmut Schmidt and Sigmar Gabriel, were among the main advocates of non-sanction policy, the escalation linked with the downing of the Malaysian aircraft pushed the pendulum towards tougher sanctions. Weakened by the internal divisions at the beginning, the German position was significantly solidified. Having a leading role in forging a unified response to the conflict, Germany's new position shaped the attitudes of France, the Netherlands and Austria. Previously dovish and reluctant stances were changed to harsher ones. As a result of consolidated position of the EU core member states, the position of smaller and weaker states, in particular Bulgaria, raised no opposition to the EU sanctions.

4. Conclusions

The cases of South Ossetia/Abkhazia and Crimea/Eastern Ukraine illustrate the EU's ability to respond to emergency crisis on its borders. Despite the fact that Russian aggression took place in both cases, the EU decided to sanction only after the Ukraine crisis. Why the policy of sanctioning prevailed in the last case and what hampered it in the former one?

In both cases, the EU internal politics showed some similarities and differences regarding its reaction to Russia's aggression. Firstly, the EU member states were divided between interest- and value-based approach. Whereas old member states criticized Russia's violations of international law, new Eastern European members were concerned about the immediate security threat. In both cases, the coalition of hawkish states was represented by Britain, Sweden, Poland and the Baltic states, whereas the group of Russian supporters was comprised of France, Italy, Germany, Spain and Portugal. Secondly, the EU reactions to Russia's illegal activities in Georgia and Ukraine followed the same trajectory. Being internally divided between pushing and pulling tensions from within, the EU response to the aggression was somewhat belated and weak. Misunderstanding Russia's intentions in the region, the EU continued to perceive Russia as an equal partner, who will obey to the international rules. Thirdly, trying to avoid open confrontation at any cost, the EU resorted to diplomatic options and symbolic sanctions. Shaped by the 'strategic relationship', the EU policy was biased towards Russia and was driven by pragmatic approach, considering the EU's energy dependency on Russia.

⁴³ "Russia hits West with food import ban sanctions row", *BBC News*, 7 August 2014, at <http://www.bbc.com/news/world-europe-28687172>



Nevertheless, despite the abovementioned similarities, it is the differences within and outside the EU that contributed a different outcome. Firstly, the cordial relationship between Germany and Russia reached its fatigue point and turned from friendship to disappointment. Merkel's distant and sober approach to Russia's policy was limited to economic cooperation, maintaining widely shared disillusionment about any political transformations in Putin's Russia. Moreover, the relationship with France and Italy also became colder and more frigid. Whereas Sarkozy and Berlusconi developed close personal contacts with Putin, the Holland and Renzi governments held safe distance. Secondly, after the sporadic gas cut-offs to Europe in 2009, Russia's reliability as a gas supplier was severely undermined, leading to changes in the EU energy policy. In particular, Poland and the Baltic states invested in their diversification of sources, importing natural gas from Norway and the Netherlands and increasing LNG utilization. Thirdly, a *force majeure* as the shutdown of the Malaysian MH17 irrevocably changed the attitudes within the EU. Foremost, Germany's reluctance to open confrontation altered to a hardline position, overcoming the resistance from Russia-friendly business elites. Only after this tragic event, Germany abandoned its pragmatic approach and embarked on a value-based policy. Showing its readiness to suffer from the sanctions, Germany continuously insisted on the imposition of sanctions and convinced other EU members, e.g. heavily dependent on Russian gas Bulgaria, the Czech Republic and Slovakia, to comply. Fourthly, the position of the US was stronger in the Ukrainian case in comparison with the Georgian one. It is due to the US pressure and lobbying, the EU felt compelled to resort to hard sanctioning tools. In case of South Ossetia and Abkhazia, the US sanctions were not encompassing and were quickly lifted by the Obama administration. Finally, despite the fact that Russian aggression happened on the EU borders, the difference between Ukrainian and Georgian cases was of importance. The geographical distance of South Ossetia and Abkhazia posed no sense of ultimate urgency to the EU foreign policy. Being engaged in other conflict resolutions, the EU did not treat the Georgia crisis as its priority. Questioning Georgia's European affinity, the EU was lacking its clear and effective Caucasus foreign policy. The EU's indecisive and reluctant reactions was aptly captured by the dilemma "too far from the EU to be really important, while it is too close to the EU to be ignored".⁴⁴

The future of sanctions regime is dependent on the EU's unanimous response. Questioning the effectiveness of sanctions and calling for the return to a pragmatic approach undermines the EU's credibility as a strong foreign policy actor. In particular, the diverging opinions from the EU's core members, especially from Germany as a leading country in solving the crises, wavers the Union's credibility. Being perceived by Russia as soft and hesitant, the EU's weak statements based on deep concerns only strengthens Russia's believe in the EU's incapability. Expressing the hesitance about the sanctions' efficacy, the EU politicians thus entirely undermine the leverage stemming from the sanctions, what benefits Russia's play on the EU's diverging interests. Waiting for the right moment, Russia believes that the EU's mixed messages will dismantle the EU's temporarily united position on sanctions. Thus, a unified strong voice from the EU is important to increase the leverage and alter Russia's behavior in the region.

⁴⁴ See Popescu 2009, op. cit., p. 8.



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