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***Politics and Economy during the Crisis in the Relations between the
EU and Russia (Russian Vector)***

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Introduction

- *Today the global trend of destabilisation of the world economy and global politics strengthens.*
- An important aspect, contributing to this trend, *is the loss of priority of the economy over the policy in the dialog between Russian and the European Union.*

The current situation is extremely negative

- tasks for development of both parties now ***can be resolved outside the cooperation paradigm.***
- The European Union's tough but in its own way well grounded position pursued since the beginning of the international diplomatic, military and political crisis around Ukraine has played its role.

alienation from Europe

- This position develops a sense of alienation from Europe,
- and what is even worth in the Russian political and public consciousness, perception that it is a **normal state of affairs.**

independent Eurasian centre of power

- Today, Russia is being less and less the Europe's outskirts and more and more *an independent Eurasian centre of power*. And this factor determines Russian political and economic behaviour. The cooperation paradigm is once again substituted for the mutual deterrence paradigm.
- **The relations between EU and Russia remain securitised.**

A security dilemma

- achieving a goal, taking an adequate niche at the global stage resulted in occurrence of threats to the country's national security
- BUT
- weakening, loss of the achieved position is an even greater threat

The key research question
is

- whether the growth in political and economic stability in the area of international security can optimise relations between the European Union and Russian Federation and strengthen the Russian national economy and politics as well

Area of opportunities for Russia

- Over the recent years Russia has demonstrated the most powerful ***self-development capacity***
- The economic and political isolation means double impact on the economy that Russia has never experienced before. Considerable difficulty here is unpredictable depth and duration of the recessionary processes.

Prospective Russian economic development in the contest of fewer external challenges and threats.

Risk areas :

- 1. *The information confrontation*** means great mismatch between the policy adhered by the state and how it is perceived by other countries and their populations.

the World Bank's Doing Business 2017 index

- For example, in accordance with the World Bank's Doing Business 2017, Russia is the 40th, having lost four positions in 2016 and having fared worse than not only a range of developed countries (Germany - 17th) but also than individual developing countries (Republic of Korea - 5th, etc.) and some of transition economies as well. (Kazakhstan - 35th, plus 16 points).

2

Political commitment in the political/economic evaluation,

- i.e. misinterpretation of actual Russian economic landscape threatens the country's economic security

▪

3

Investment attractiveness is still a critical issue

- In the course of negotiations relating to the Russia's participation in the WTO, the country has undertaken obligations for transforming its national laws to the extent of their compliance with the Organisation's agreements, and has fulfilled them.

4

Russian position at the global stage.

- Considerable risks for national economy are related to the *changing position of our country at the global stage.*

Russia's opportunities

- 1 . In its relations with foreign countries, it is useful to adhere the existing direction towards ***geographic diversification***
- 2 In order to overcome the threats to national economic security, it is useful to keep ***the import substitution trend***, increasing the economy's investment attractiveness through its transparency and improvement of general economic management conditions.

- 3 Optimum use of such resource potential as the ***size of the territory***,
- 4 One more crucial suggestive resource is ***the defence industry complex*** with its advanced high technologies.

Development of human resources is currently the state's
main focus

- For example, the Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation as a political institution faces such a task as strengthening the “global integration” of Russia as a key component behind the country's connectivity with the rest of the world and its subsequent ability to wield influence.

Conclusion

In March 2016, European Commission published its “five principles” of relations with Russia

- , the **first** principle is the full implementation of the Minsk agreements as a key element of any major change in the EU’s relations with Russia.
- The **second** item, she said, is the strengthening of links with common neighbors.
- “**Third**, the increasing stability of the EU, in particular in the field of energy security, cyber threats, and strategic communications, but not only,” said Mogherini. In addition, the foreign Ministers of the EU agreed on the need for

Forth is - “selective cooperation” with Russia on foreign policy – the situation around Iran, North Korea, middle East settlement, the resolution of the conflict in Syria, the migration and counter-terrorism and climate change, as well as in other areas, where there is “a clear European interest”.

- **“Fifth – the desire to support Russian civil society and invest in people to people contacts,”**

The Valdai Club has formulated its own “**six principles**” that should guide Russia’s interactions with the EU.

- openness toward all partners;
- inclusiveness of relations;
- **subsidiarity and necessity to resolve each question at the most appropriate level;**
- proportionality of actions and levels of dialogue;
- diversification of foreign and external economic relations;
- unconditional rescindment by the EU of its visa ban against all Crimean residents

More options

- 1) **upstream engagement**, involving consultations on general management or management;
- 2) **downstream engagement** - the EU and Russia become partners or structures implementing decisions;
- 3) **representation and inclusion**, enabling the EU and Russia to distribute documents or act as observers in the relevant working groups;
- 4) **participation** - the "highest form" of cooperation

Finally

1. If Russia manages to use its economic opportunities,
2. if Russia and the EU are able to overcome its ideological and political gap
3. If they will be able to stop “mirroring each other” and waiting for the opponent’s political fiasco,
 - then over the future 10 to 15 years, Russia will have all conditions for becoming a major industrial country, in which the EU will be interested no less than the USA or China.



**Thank you
for your attention !**