A Powerless Trade Giant?
Why the EU Struggles with Russia Despite Its Superior Position in Trade & Energy Markets

Anke Schmidt-Felzmann, FPRI Baltic Sea Fellow;
General Jonas Žemaitis Military Academy of Lithuania
The EU’s sources of weakness, pre-2014

- EU *energy market opening*, reduction of state control & monopolies vs Russian *re-nationalisation* & market control
- EU market principles vs Russian use of SPS-based restrictions as *political tools*
- Responsiveness to nat. *business lobby* & personal deals with Russian President
The EU’s current struggle with Russia

(in addition to Russian use of military force)

- Trade *disputes at WTO* – (EU victorious)
- Anti-trust investigation against *Gazprom*
- *Russian import substitution* policy
- Russian *import embargo* against EU
- Ineffective *EU sanctions* & Minsk dialogue
Russia’s persistent challenge to EU

- Fundamental structural, political and economic power asymmetries in relations
- Russian protectionism since early 2000s
- Russian “counter-hegemonic” EEU project
- Access for EU companies on individual basis
- Russian exploitation of EU market rules
Future developments with Russia?

- Russian compliance with **WTO** questionable
- WTO verdict on **EU Third Energy Package**?
- Outcome of **anti-trust** and **Gazprom**?
- **Nord Stream 2 legal decisions in 2018**
- Maintenance of Russian **import substitution & import embargo** vs **EU sanctions** effects
- Eurasian Economic Union vs EU’s DCFTAs