



# *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**