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# Relational locomotive or apple of discord? – Bilateral perceptions of the economic cooperation

Andras Deak<sup>a</sup> and Alexey Kuznetsov<sup>b</sup>

<sup>a</sup>Centre for Economic and Regional Studies, Institute of World Economics, Hungarian Academy of Sciences, Budapest, Hungary; <sup>b</sup>Center for European Studies, Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences, Moscow, Russian Federation

## ABSTRACT

The article provides a typology and a comparative analysis of academic studies on EU-Russian economic cooperation since its formal inception in the early 1990s. The authors strive to present a contextual analysis, explaining how the bilateral trends have been perceived in the respective academic environments. On this basis, the paper accentuates problems of academic dialogue between EU and Russian researchers, like constraints of mutual internalization, language-determination, and different research agendas. Four European discourses on the role of economic relations in EU-Russian relations are identified: Normative one (economic and non-economic interlinkages are inseparable and structurally determined), 'Business case' discourse (economic relations constitute an inherent system), 'Neo-Ostpolitik' discourse (establish reliable and trustful relations between the EU and Russia) and 'Economic statecraft' discourse (maximizing EU power and disciplining Russia). Russian publications are usually more policy-oriented compared to Western studies. We trace four periods: Illusions of Euro optimism during Russian market transformation (1992–1999); Adaptation to the EU enlargement and Putin's attempts to establish a partnership with leading EU member states (1999–2008); Crisis in EU-Russian relations (2008–2015) and New Cold War (since 2015).

## KEYWORDS

EU-Russian economic cooperation; EU-Russian energy dialogue; investment climate; foreign direct investment (FDI)

## 1. Introduction

EU-Russian economic relations have been developing in a solid strategic-political context since the end of the Cold War. Economic cooperation was perceived as a major undercurrent of Brussels' overall efforts to pacify and stabilize Russia, increase Trans-European security, raise its status in world politics by Moscow's inclusion. Accordingly, economic relations were partly interpreted in an instrumental way, as a major and to a certain extent automatic lever for reaching non-economic aims. The 1999 EC Common Strategy on Russia set four principal objectives from which only one, the 'integration of Russia into a common European economic and social space' was related to economy (European Council 1999). The 2016 EU Global Strategy characterizes Russia as a 'key strategic challenge' and does not refer to economic relations in any form (European External Action Service 2016).

Nevertheless, Moscow precluded to participate in any institutional process under the Union's aegis, rejected both membership and associated status, preserving its main focus of interests on economic cooperation (Dettke 2011). Russians offered proposals of special institutional forms of

such cooperation [e.g. Mau & Novikov, 2002] which was ignored by the EU. Furthermore, Russia also set a high number of institutional and policy constraints within the bilateral economic relations, effectively limiting the scope of cooperation beyond certain limits. Relations with the EU were of 'key importance' and constituted one of its 'main political and economic partners' according to the Russian Foreign Policy Concept in 2000 (Foreign Policy Concept 2000). This incorporates also economic relations, 'to establish a common economic and humanitarian space from the Atlantic to the Pacific', even if these objectives shall be reached 'by harmonizing and aligning interests of European and Eurasian integration processes... on the principles of equality and respect for each other's interests' (Foreign Policy Concept 2016). This wording, the notion of 'equality' and the conditionality related to 'Eurasian integration processes' gives way for various interpretations from both sides, unfolding potential disagreements regarding the two narratives.

This complexity and the high number of interlinkages between business and non-economic objectives are partly justified keeping in mind that bilateral economic relations have developed steadily in the last three decades. Despite the abrupt drop in 2014–2015, bilateral trade grew almost fourfold between 1995 and 2016, doubling the share of Russia in the EU's foreign trade. EU has become and remained a major source of Russian iFDI, accounting for 80% of total inflow in the high years of the early 2010s. Russian openness toward the world economy had increased significantly, liberalization, highly advocated by the Union had remained on Moscow's policy agenda at least until 2014. Russian GDP/capita, welfare increased considerably, and despite all its deficiencies, the country transformed into a capitalist system, converging in many respects towards the developed Europe. Tensions and conflicts mainly stemmed from other, security, foreign policy, and ideological fields, partly justifying the under-representation of economic issues on the bilateral agenda.

Nonetheless, the EU-Russia crisis since 2014 and the preceding hollowing of negotiations also questions the role of economy, as 'relational catalyzer'. It had been widely believed that given the similar asymmetries and structures, the 'EU economic magnet' would work in the case of Russia, as it did in many other Eastern European countries (Haukkala 2009). In this sense economic benefits will overspill into other areas, creating new opportunities for engagement. Russia also refuted the EU's ability to use its 'economic statecraft', to influence another power by 'offering economic rewards or withholding economic advantages' (Baldwin 1985, 3). The relation's ebbs and flows offered many opportunities to sanction Russia's certain actions or attract its attention, but the EU could not efficiently shape Moscow's behavior (Haukkala 2009; Connolly 2016). It was the EU's external relations towards Russia where the gap between expectations and capabilities has manifested itself the most obvious manner (Forsberg and Seppo 2009).

We argue that this 'lack of overspill' from economic to non-economic fields in the EU-Russian relations is partly the result of diverging visions regarding the way and applicability of economic power. The EU had no clear vision on the finality of its bilateral relations, its objectives and had no consensual agenda how economic asymmetry can and shall be applied. Simultaneously, Russia's EU policy was influenced by debates about economic policy, conflicting diversification and modernization plans and foreign policy consequences.

The paper maps out major policy and academic narratives on EU-Russian economic relations since the early 1990s. As a source, we used papers registered at Science Direct, Researchgate and Russian Science Citation Index when it was applicable. Since the study overviews academic literature since the split up of the Soviet Union, publications from the 1990s and early 2000s are selected from peer-reviewed journals of the time. We also included policy documents in a small number in order to demonstrate and better describe respective schools of thought. This choice is justified, since the academic literature also referred and reflected to policy and non-academic literature in a high number, making this inclusion essential.

Given the diverse nature of the literature, our typology was set along a single variable: the interaction between economic relations and non-economic policy objectives. Given their embedded nature, interlinkages with other, often more accentuated dimensions, the taxonomy

of discourses is set according to the system of expectations from the Russian economic nexus. Understandably other classifications would have been also possible. Our choice was taken on the basis that no preceding study on classifications has been found, and the issue of interlinkages has remained the most current and debated policy issue. On the basis of this typology, we examine whether the parties went through a learning process and could improve their policy efficiency by time.

## 2. Interpreting the mission: the EU's Russia policy

The EU has been looking at the Eastern European countries, including even Russia, as potential partners in its grand integration project. These views were more diverse and more conditional than in the case of new member countries. Nonetheless, Russia's inclusion and influencing its behavior especially within European issues remained a major issue. Thus, the central modality of EU's bilateral approach is the existence of a vision for the finality of EU-Russia relations and the related non-economic objectives in its policy. [Table 1](#) provides a short typology of academic literature according to these visions. In one way or another all these four discourses aimed at optimizing EU policies and except the 'business case' attitude they propagated that economic asymmetry plays a pivotal role in the relations. They were represented in the official EU policies, often in a declarative way, but their respective influences fluctuated with the ebbs and flows of the bilateral ties.

Normative approaches have become popular since the end of the Cold War. Since the mid-1980s the Community started to build an internal consensus on political and human right conditionality in its external policies, putting it on a more normative basis (Smith 1998). By early 1995 the Council agreed that all agreements with third countries shall contain an essential suspension mechanism. While the Eastern European accession process was seen as relatively smooth in this regard, conditionality has been actively used in the EU-Russia relations since the signing of the PCA in 1994. Not surprisingly and unlike Russian discourses on EU-Russian relations, Western literature has a more dichotomous view on bilateral ties (Casier 2013). The nature of the two entities, their incompatible agendas are widely seen as the main explanation for the hollowing and consequently the crisis of the relations. According to these approaches, the EU constitutes a trade power, a normative (Manners 2002), civilian (Smith 2005) and ethical power, a post-modern (Romaniuk 2009), post-sovereign (Haukkala 2010) entity with a society oriented approach. In this comparison, Russia is the classical, realist power with modern and sovereign conceptions about international relations, who pursues 'manifest Realpolitik objectives' (Emerson et al. 2009, 13–15). These concepts originate in the notion of 'clash of values' between the EU and Russia as the main explanatory factor for the relational crisis.

Consequently, normative authors tend to subordinate economic actions to the diktats of power politics, corporate actors to the governmental ones especially on the Russian side (Judge, Maltby, and Sharples 2016). In these views, state ownership is seen as largely incompatible with economic rationality, growing welfare with increasing geopolitical influence. The insular system of norms presupposes different actors and objectives on the two sides, making interactions much more complex and

**Table 1.** Western discourses on EU's Russia policy.

	Non-economic objective	Vision for Russia-policy	Role of conditionality	Influence on the EU's Russia-policy
<i>Normative discourse</i>	Transformation	Russia is democratic, market-economy	Fundamental, legally present	1990s – early 2000s
<i>'Neo-Ostpolitik' discourse</i>	Strategic-civilizational	Reliability and understanding between the EU and Russia	Weak or none, overspill is automatic	Mid- and late 1990s, early 2010s
<i>'Business case' discourse</i>	None	Prosperuous economic relations	None	Second half of the 2000s, until 2014
<i>Economic statecraft discourse</i>	Strategic-coercive	Maximizing EU power, disciplining Russia	Optional and selective	In the 2010s

challenging. The failure of the renewal of PCA in 2007 has been the first and often cited example, how the widening value gap can handicap other, economic activities (Emerson et al. 2006). Still, in normative approaches, economic relations do not play a specific role, but they are dissolved in the general state of relations.

No doubt, the normative argument may give credible explanations why persuasion and arguments do not work in the EU-Russian economic relations (Kratochwil 2008). Nonetheless, these views have been criticized from several standpoints. Authors demonstrate the realist elements in the EU's policies (Averre 2009; Youngs 2004) or the normative nature of the Russian foreign and foreign economic agenda (Makarychev 2008; Casier 2013). Russian and constructivist authors often point to the interest-related origins of norms, as interests are also a matter of social mediation (Wendt 1992). If the value gap remains so onerous and untenable and the EU's ultimate objective is still to create common norms with Russia, the development of bilateral economic relations remains groundless (Kazantsev and Sakwa 2012). In reality, economic fields remained the most prosperous within the relations. Two complementary entities with respective comparative advantages, economic issues are rarely mentioned as the origins of the current conflict.

Broad economic relations are traditionally perceived as win-win situations and thus inherently influencing the general state of relations. Developing trade and investment relations even if without underlying intentions may establish interaction in other fields in the longer run. The 'neo-Ostpolitik' arguments recognize and accept Russia's otherness even in the long-term, do not harbor transformative aspirations and reject the normative discourse's solid conditionality, as the basis of the relations. Their main objective is to consolidate the relations even in the absence of short- or mid-term normative convergence. In this regard the main question, whether the EU economic relations can help in Russian modernization (Timmermann 1996; Popescu 2014; Connolly 2015). In this approach, the modernization is a rather value-neutral phenomenon with predominantly economic constituencies. *Inter alia* economic relations between FRG and the Soviet Union in the times of Ostpolitik were less normative, but highly relevant from the political and security point of view.

'Neo-Ostpolitik' concepts purport the strategic significance of Russia for the EU. As the semi-official paper published in 1994 *Reflections on European Policy* highlighted, the EU has to develop a policy which would 'give Russia the certainty that, alongside the EU, it is acknowledged as the other center of the political order in Europe' (Timmins 2011, 191–192). Authors from these discourses strive for creating imperatives for bilateral relations when cooperative behavior provides higher, even non-economic pay-outs for both partners than non-cooperative attitudes. They mistrust external domestication efforts and take a much more gradualist and optional view on convergence. The contribution of these pragmatist views was essential in the 1990s in understanding the structural differences between CEE and the Post-Soviet region, debating some early and highly optimistic views of transitology (Ericson 1991). As some authors accentuated, trade liberalization is not without alternatives in Russia: without a Central European trajectory, stagnating or even declining competitiveness, market opening and fast-track accession to the WTO do not make much sense. Thus, the EU assumptions on pertinent approximation policies, focusing on integration might fall short of expectations (Timmermann 1996; Sapir 2002). These views and the need for economic pragmatism revisited the literature many times, especially during the ebbs of bilateral relations.

Critics often argue that this attitude is identical with the Russian notion, which perceives Europe as a 'modernization resource' rather than a 'modernization partner' (Barysch 2005). Furthermore, the concept of automatic overspill from economic to non-economic fields has often been questioned. Putin still represents the interests of a peripheral capitalist system and the conflicts arise from their wish to preserve their autonomy in world politics and economy both inside the country and vis-a-vis the West (Sakwa 2011). Interpreting the annexation of the Crimea and the conflict in Ukraine since 2014 constitute major challenges for these authors, questioning the process of educational-civilizational engagement through trade.

Understandably, economic relations do not have to be conflated with other aspects of external relations by any means. Being the core of the EU project, trade and investment policies have their established internal logic and system of interests. Not surprisingly, EU external actions refer much more to economic relations as an asset of the EU policy set, than reversed. Independently from the heady rhetoric's of the Commission, the system of economic policy-making remained closed and non-politicized, relying predominantly on selfish economic interests of relevant internal actors. These 'business-case' arguments came into view in the debates around energy interdependence and security. Authors often demystified and desecuritized EU-Russia energy trade (Goldthau 2008), argued in favor of market solutions and criticized the excessive political or policy involvement in these fields (Götz 2008). Another, critical bifurcation of these views conceived the EU's Eastern policy concessions, the content of Partnership and Cooperation Agreements, signed in the mid-1990s with regional countries, as insufficient to prompt integrationist dynamics (Dabrowski 2008). According to these opinions, the negotiated trade opening is asymmetrical in favor of the EU (Gower 1997), the extensive application of anti-dumping measures amounts to EU protectionism (Jones and Fallon 2003). The Wider Europe initiative reflected the enlargement fatigue, rather than a new beginning in relation to Russia and the region (Dabrowski 2008). The EU shall at least offer asymmetric trade preferences on a permanent basis, show more flexibility in order to support the catching up process (Messerlin et al. 2011). The Union is especially tight-fisted in its visa policies, hindering Russian society from confronting the European reality and inspire a bottom-up transformative process inside the country. In this light, the EU is a more realist or pragmatist economic power, while convergence largely depends on the partners than the center itself.

Nonetheless, the current systematic constraints of the EU-Russia economic relations are taken as self-evident in the academic literature. Russia's 'state-led capitalism', features differently those of the EU's 'coordinated, liberal or dependent market economies' (Nölke et al. 2015). Russia is a hybrid system unlike Europe's capitalist order at Kornai (Kornai 2016), while Russian modernization efforts led by its 'military bureaucrats' are decisively different from Eastern European 'upgrading' concepts (Trimberger 1978). All these works of the Varieties of Capitalism theories, Elite Sociology, and Development Studies point to the fact that the Russian economic regime inherently oriented towards internal sources of growth, ownership and modernization. In these patterns the role of foreign capital and trade cannot become a systematic constituency, it is subordinated to domestic capital and know-how accumulation efforts. Unlike in the CEE countries, excessive dominance of foreign capital is perceived as a threat to sovereignty and source of political vulnerability. These features also set clear limits for EU-Russian economic cooperation. Furthermore, the Western sanction policy since 2014 repeatedly manifested the strategic overspill into economic spheres, demonstrating the difficulties of separation between the two fields.

While it may be questionable, whether a more powerful partner should impose or even set economic objectives on a weaker neighbor (Jones and Fallon 2003), the EU's Russia policy goals appeared to be at least implicitly supported by Russia until the second half of the 2000s. Then, by the gradual vanishing of the 'Four Common Spaces' initiative, growing tensions and conflicts brought the issue of economic conditionality and 'economic statecraft' concepts, as more unilateral policy assets to the foreground (Baldwin 1985; Haukkala 2009; Connolly 2016). Their main proposition is that the EU's vantage point vis-a-vis Russia is economy. Existing asymmetries shall be intensively used to shape Russian behavior in other fields. Nevertheless, the ultimate objective is not normative approximation per se, but vindicating the EU's 'power through trade' capabilities (Meunier and Kalypso Nicolaidis 2006), engage the tug-of-war from the European side in order to balance the relationship in other, security, political or human rights dimensions. These considerations were highly represented in times of contentious politics and sanctions, particularly during Russia's Chechen wars in the 1990s and after the 2014 Ukraine-crisis.

The central modality of economic statecraft notions is asymmetry in the relations. Asymmetry is present in many other fields of the relations: the EU countries' combined military expenditure is

five times more than that of Russia, its representation in international organizations, global and regional governance exceeds the one of Moscow. At the same time, disparities in the economic field are bigger and the supranational nature of common policies provide sufficient authority to pursue more complex policies (Forsberg and Seppo 2009). The good combination of market power and authority can provide opportunities to be applied both for rewarding and punitive purposes. *Inter alia* the mix of preferential trade agreements and hard-standard conditionality are often seen as the key to successful influence (Hafner-Burton 2005).

According to mainstream academic literature, the overall record of the EU's economic statecraft in Russia is rather poor. The explanations are manifold: the dominance of energy in the EU's imports and their strategic significance, the regained Russian financial self-rule after 2000 (Haukkala 2009) limits the scope and instruments to be utilized in an asymmetric way. The relative nature of asymmetries and the problems of their validation in interdependent situations (Dabrowski 2008; Jones, 1984) is a structural impediment in these efforts. The low level of Russian legal integration into world economy substantially complicates to use statecraft in a legal, normative manner (Dreyer and Hindley 2008). At the same time, problems with realizing economic power are much more deep-rooted and stem from the EU's own actorness in most of the literature.

Forsberg and Seppo provided three explanations, why the EU could not validate its economic supremacy vis-a-vis Russia (Forsberg and Seppo 2009). These are the lack of unity between the member states (Leonard and Popescu 2007), bad strategy and the wrong assessment of the relevance of the given power instrument in the given situation. While the first argument is the most referred and salient, the weak strategy played important role in some cases (like in the Siberian overflight debate) the authors argue in favor of the third case as the most typical in the bilateral relations. The EU was often detrimentally offensive because of too high initial expectations, while its inclusion in economic debates was not always advantageous in solving them. Russia could easily misuse the gaps between the EU's expectations and capabilities.

These four schools of thoughts dominated the academic literature in the last 30 years. Their relative influence of actual policy has been changing due to a number of different factors. Internal debates around Russia policy, especially at the level of the nation states shows a relatively static picture. Pragmatism on the foreign policy and economic level, especially in 'friendly pragmatist' countries often referred to neo-Ostpolitik arguments, while 'new cold warriors' and even some 'strategic partners' predominantly used the normative arguments (Leonard and Popescu 2007). In this regard, the attitudes towards Russia seem to be socially and ideologically fixed at the level in many of the nation states. European policy evolution had a more formidable role in the changing contexts of the EU-Russia economic relations. Normative conditionality for economic interactions became a general EU norm since the years of the early transition, even if its enforcement remains obviously difficult. The benchmark for economic cooperation has become more complex and diverse due to the EU's deepening and enlargement process, providing new arguments for 'neo-Ostpolitik', 'Business case' and even 'economic statecraft' discourses. The EU-Russia economic discourses developed simultaneously with the EU capabilities. Nonetheless, the biggest input into the debates between these schools was delivered by the volatile perception and development of Russia itself.

### **3. The history of disappointment in friendship with the West: the Russia's EU policy**

In comparison with the Western publication, the Russian ones are usually more policy-oriented. Typical studies of experienced Russian experts have a solid empirical base but often lack their own theoretical constructions. The majority of academic contributions remains in the 'Business case' discourse. Nevertheless, Russian disappointment in the EU policy in CEE and CIS as a part of total disappointment in friendship with the West after the end of Cold War, as well as some significant political events influenced even Russian research narratives. As a result, we can make a politically based periodization of Russian studies on EU-Russian relations (see Table 2).

**Table 2.** Periodization of Russian studies on EU-Russian economic relations.

Years	Main features of period	Typical research agenda	Political events which showed the end of period
1992–1999	Illusions of Eurooptimism during Russian market transformation	History of European economic integration; specifics of the EU policies (as lessons for Russia and CIS); bilateral economic relations with EU member states	The EU's misunderstanding of the Russian struggle against terrorists in Chechnya and the NATO's military aggression in Yugoslavia
1999–2008	Adaptation to the EU enlargement and Putin's attempts to build partnership with leading EU member states	Choice of main geographical vectors of Russian economic ties and format of EU-Russian relations; further development of the EU; barriers for economic cooperation between Russia and EU member states	The absence of reaction on Putin's speech in Munich in 2007, the lack of new EU-Russian agreement and the 2008 war in South Ossetia
2008–2015	Crisis in EU-Russian relations	Reasons of the crisis in EU-Russian relations; prospects of EU-Russian economic relations; formats of cooperation between the EU, Russia and other post-Soviet states	The political crisis in Ukraine, failure of the Partnership for Modernization and EU-Russian visa dialogue, tensions between Russia and NATO member states in Syria
Since 2015	New Cold War	Consequences of the 'sanctions war'; prospects of Russian shift into East	– (current situation)

In the 1990s Russian experts on European countries investigated mainly the positive and translatable experiences of the EU and their applicability during the Russian political and economic transformation into the market economy and real democracy (Baranovsky et al. 1992; Kudrov, Shenayev, and Volodin 1996). At the turn of the century leading Russian specialists began to discuss future outlines of EU-Russian economic relations. There were slightly optimistic views regarding EU assistance in Russian domestic reforms or WTO accession. However, these studies emphasized the large number of difficulties during a potential Russian integration into Western European institutions. They also explained that Russia' Europeanness does not contradict to its leadership in post-Soviet integrations as alternatives to EU-centric ones. For instance, the Russian way into 'Common European House' was determined not only by global geopolitical shifts at the end of Cold War but also by long and difficult transformation of inner Russian social, economic and political processes (Borko 1993). At the same time, the analysis of Russian bilateral economic relations with member states remained the dominant topic (e.g. [Yevropa 1995]). Germany and France were traditionally the main countries for analysis.

On the eve of centuries, Russian experts began to stress asymmetry in the EU's and Russian economic weight and characterize it as a serious problem for the economic relations. Political tensions (including the Western policy of 'double standards' when EU member states did not support Russia in its struggle against terrorists) were also named as a barrier for serene economic dialogue (Shenaev and Shmelev 2000).

Unfortunately, the majority of Russian articles and books on EU-Russian economic cooperation are published in Russian. This can be explained by the specificities of local requirements for a successful academic carrier and the dominance of Russian-language audience of think tanks. Indeed, you can easily receive Ph.D. and even Professorship in Russia without English-language articles. Moreover, many Russian scholars want to influence Russian officials and public opinion while Russian people almost never read texts of Russian citizens about Russia in English. It also requires considerable additional efforts from Russian experts to write English-language publications. As a result, we can see a language-based asymmetry: the majority of Russian researchers could easily read the articles of their colleagues in the EU and try to explain misunderstandings for Russians but their signals of disappointment almost never influenced the EU's discourse. It was only in 2014, when the RSF (Russian Science Foundation) established barriers for participation in grant competition, incentivizing Russian scholars to cooperate with English-language journals (usually



team-leaders in social sciences should publish at least 3–4 articles in Scopus or WoS Core Collection databases in every five years).

The growing interest in the topic of economic cooperation in Russia was explained by institutional progress in EU-Russian relations, introduction of euro and the inevitability of the EU largest ever enlargement. Chapters on EU-Russian relations appeared in many Russian books presenting various aspects of the EU's history and its current situation. Several collective monographs from leading centers of the Russian Academy of Sciences (Institute of World Economy and International Relations and Institute of Europe) and universities were published (e.g. Arbatova et al. 2003; Butorina and Borko 2006; Gutnik and Klemeshev 2006; Butorina 2011; Potemkina 2012). These studies were based on deep analysis of statistics and empirical facts. Detailed discussions on possible ways of further development of Russian economic ties were also presented. These publications raised the major questions of that period: the possibility of multi-vector orientation of Russia vs. the deepening economic contacts with the EU, reality vs. formality in EU-Russian official documents (e.g. in roadmaps of four common EU-Russian spaces), and real barriers for further EU-Russian economic cooperation vs. fictitious problems of Russian investment climate announced by EU businessmen or politicians for the sake of preservation Russian dependency from Western policy-makers (which was typical in the 1990s).

The incongruent research traditions and informational asymmetries explain the different positions that Russian and Western scholars take regarding the initial point of the EU-Russian crisis. The majority of Western experts traces it back to political actions ('Yukos case', war in South Ossetia in 2008 or even re-unification of Crimea with Russia in 2014) while typical Russian experts demonstrate the long history of mistrust and unfair competition between the EU and Russia (in which the NATO intervention in Yugoslavia or the EU's support of a coup d'état in Ukraine were only episodes). These trends had been interrupted by short periods of improvement due to illusions of Russian Europe-oriented experts hoping for Russia becoming a peer partner of Western European states.

A good demonstration is the article about the consequences of the EU enlargement of a famous Russian specialist (Ivanov 2003). He wrote about possible, but ambiguous positive consequences for Russia. At the same time he stressed the negative implications in foreign trade (due to new custom and non-tariff barriers as well as unfair competitive practice of the EU in agriculture and some other sectors), transit issues (including the case of Kaliningrad), border cooperation and the likely decrease in the EU's willingness to improve relations with Russia because of the growing bureaucracy and contradictions in positions of member states. In 2008 it was typical to read in Russian-language articles that many factors may contribute to the further growth of bilateral exchange of goods, services, and capital. On the other hand, problems in the energy sector, ineffective talks about the new base agreement and difficult search for the methods of EU-Russian integration development could lead to reduction of the Euro-centric character of foreign economic relations of Russia (Obolenskiy 2008).

The emerging crisis in EU-Russian relations stimulated the Russian research on EU. Sometimes economic cooperation between the EU and Russia was only a part of broader research agendas on Russian economic image abroad, structure and dynamics of foreign trade, special features of inward and outward foreign direct investment (FDI) or participation in projects of regional economic integration. For example, a slightly transformed research team from the Institute of World Economy and International Relations (IMEMO) continued its studies on FDI. This team broadened its analysis of the main features of the economy of various EU member states and their influence on European outward FDI in different regions of the world, including specifics of FDI in Russia (Kuznetsov 2008). It was shown that research of Russian outward FDI in Western countries was one-sided. These imbalances are often misperceived in Europe due to Western stereotypes on Russian business culture and outward FDI realities like the lack of competitive private companies (especially in non-resource sectors). As a result, Russian investors met significant barriers for their expansion in the EU (Kuznetsov 2010). This tradition continues although Russian scholars try to elaborate some

concepts in addition to empirical analysis. Nord Stream 2 pipeline becomes one of the best examples (Zagashvili 2017).

At the same time, Russian scholars almost ignore economic statecraft discourse which becomes more popular in the EU 2010s. Russian scholars do not pretend to elaborate their own special theoretical concepts, but they use means of their traditional empirical analysis and show that EU ignores Russian interests, for example, in energy issues. Russians admit that the EU tries to reach its own aims (like geographical diversification of oil and gas imports and decrease Gazprom's investment dominance in pipeline sector of the Baltic region and Eastern Europe) and to dictate its policy (Obolenskiy 2015). But almost all explanations are rooted in old-style political concepts including neo-colonialism. However, there are some other approaches. Indeed, we can find among Russian articles the conceptualization and setting an appropriate research framework for previous stages and the current state of EU-Russia energy dialogue (Romanova 2013).

As a result, several well-known Russian specialists presented results of their long-term studies just at the beginning of a new phase of the crisis in EU-Russian economic relations in 2014. For example, the situation in Ukraine was considered as a negative result of competition between two economic integrations (the EU and Russian-led post-Soviet integration). Nevertheless, Russian experts have lost their illusion that the EU could recognize economic cooperation in the framework of triangle 'EU-Ukraine-EAEU' (Vinokurov et al. 2014) only with difficulty. It took some time for Russian experts to become more realistic and analyze the 'sanctions war' and its consequences (e.g. Klinova and Sidorova 2014; Shirov et al. 2015; Kuznetsov 2016).

#### 4. Conclusion

Given these parallel typologies, it is important to ask a basic question: whether the Western and EU discourses gravitated, resulted in a mutual learning process leading to interaction and some sort of common understanding. As it has been described above, the two sets of discourses showed only modest interaction with each other: for Russian authors, the European Union remained predominantly an economic entity which shall be approached on an utilitarian way, based on self-interests. For Western authors, the strategic component has been salient since the very beginning of the relationship. These views remained rather isolated and correlated only periodically.

The period after the financial crisis was one of the few examples of mutual understanding. It brought a good deal of 'realism' in this regard: both Western and EU authors described the relationship as 'stagnating' (Popescu 2014), as one of 'mutual non-understanding' (Bordachev 2016), 'crisis of trust' (Van Elsuwege 2012), as 'Russia-fatigue' on the European and 'EU-fatigue' on the Russian side (Meister 2013) or as a situation created by the 'Kremlin's isolationist trends' (Trenin 2013). These authors saw the way-out through establishing a more pragmatist agenda for the relationship: separation of political and strategic considerations on both sides and looking at the relations primarily through their own respective interests. This presupposed a less visionary attitude from the EU's side, while bigger trust and less strategic thinking from the Russian one. Understandably, economic cooperation was seen as a solid fundament which shall deliver mutual benefits, compensating conflicts in the common neighborhood and from other strategic fields.

At the same time, some dissatisfaction with the state of economic relations has also been present in the literature. According to these views, the spectacular growth in mutual trade and investments was only the result of comparative advantages, namely the result of a center-periphery division of labor. Russia remained predominantly and increasingly an energy supplier to the West, while the EU remained a provider of manufactured goods to the Russian market, without real inclusion of Russia into its industrial value chains. This created one-sided patterns both in investments and trade, according to economic integration theories (Balassa 1961) the relations remained constrained. In these approaches, the ultimate validation of interests in the EU-Russian relations and the accompanying social transformations are taken as normal phenomena (Anderson 2007). The conflict is also a result of economic tendencies: Putin's Russia represents the interests of

a peripheral capitalist system and the conflicts arise from its wish to preserve their autonomy in world politics and economy both inside the country and vis-a-vis the West (Sakwa 2011).

The 2014 crisis, the sanctions and the following economic downturn in the relations hampered the positive expectations and gave way to some kind of perplexity. While it redesigned the political and economic discourses both in Russia and the EU, the overall effect was a disillusionment in the economic determination of the relations. Until the crisis, for most of the academic thinkers, the basic assumption was that economic cooperation may consolidate the relations or at least can be developed independently of it. The 2014 crisis was a major demonstration, that economy is not an independent variable in the ties, it can be substantially affected by non-economic influences. This is a major critical observation and academics on both sides have to assimilate these experiences.

## Disclosure statement

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