

# The Sanctions against Russia and EU Decision-Making

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**Abstract:** The scientific relevance of the study lies in the fact that Liberal Inter-governmentalism has been used to explain policy outcomes in the 1980s and 1990s. It is possible that the dynamics of EU decision-making have changed due to the shifting power relations or treaty revisions. This case can serve as a test to see whether the theory still holds its relevance in the 2010s. It has to be noted that this case can be considered a difficult one for the theory of Liberal Inter-governmentalism. The reason for this is to provide a greater scope of explanation if it indeed becomes clear that the dynamics as presented by Liberal Inter-governmentalism are still relevant nowadays. Furthermore, as a result of this study we will be able to predict more accurately what the dynamics of future negotiations will be. We will have an improved understanding of the power dynamics inside the European Union and can therefore be more precise when it comes to anticipating EU policy-making.

## Introduction

The European Union is an example of extensive regional cooperation. The main motivation for starting the EU was to prevent future bloodshed and focus on cooperation after the Second World War. Starting with economic cooperation, the European Union has expanded towards many other policy areas. One of them is foreign policy. Foreign policy is a traditionally sensitive issue. Since all states have a big stake in their security and foreign relations, it has proven to be complicated to take decisive action in this area. From an intergovernmentalist point of view there is a generally high level of distrust between nation states when it comes to this issue, and coming to an agreement is not something intergovernmentalists would predict to happen. But since the European Union is becoming more integrated and issues that arise are becoming more global, it seems there is a need for coordination of foreign policy of the EU member states. Examples of this include the inaction of the European Union regarding the Bosnian war in the 90s or more recently the refugee crisis that followed the Syrian civil war. The question is of course in which format this is done. While some argue for a more centralized decision-making process, others feel that the mandate should stay at the member states and the European institutions should merely play a facilitating role. This could be placed in a bigger context: how much decision-making power are the member states willing to concede to the supranational level of the EU.

One of the most prominent theories regarding the process of EU-level decision making is Liberal Intergovernmentalism. Developed in the 1990s by Moravcsik, it provides a model in which decision-making procedures can be analyzed. The theory puts a lot of emphasis on state interests and interstate bargaining. The dynamics of EU cooperation have been shifting over time, and therefore it can be worthwhile to see if Liberal Intergovernmentalism is still able to explain certain policy outcomes. In this case I am going to assess the applicability of Liberal Intergovernmentalism to the case of the EU sanctions against Russia in 2014.

Russia and the rest of Europe have always had a complicated relationship. Situated partly inside of the European continent, there have been several periods of cooperation, but also conflict. Examples of these are the alliance during the Second World War, but also the animosity that was present in the Cold War period. During and after the fall of the Iron Curtain, Europe needed to redefine its relationship with its eastern neighbor. For almost twenty years the power that was once Russia was less visible on the world stage. However, this changed in the late 2000s with Russia's invasion of Georgia. This was one of the first times since the end of the Cold War that Russia employed such an overt offensive foreign policy. This behavior continued in the aftermath of the 2013 protests in Ukraine and the subsequent ousting of former President Yanukovich. Russia quickly acted upon the instability that was present in Crimea and east Ukraine region. Russia supported the Russian minorities that were present in the regions and furthermore allegedly supplied its own soldiers and weapons.<sup>1</sup> This was done in order to further the cause of the pro-Russian rebels who wanted to secede from Ukraine, because they felt that the current government did not represent them. This marked a sharply deteriorating relationship between Russia and Ukraine.

This behavior posed a challenge for the EU. The EU was about to forge closer ties with Ukraine via an Association Agreement. This deal was rejected by the Ukrainian President and sparked massive protests in the country, since many Ukrainians felt that their future was taken away from them by not signing the

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<sup>1</sup> Wood. L.T. "Putin admits Russian troops were in East Ukraine" *The Washington Times.*, 17 December 2015. Web. 5 July 2016

agreement. The EU was suddenly confronted with violence at their eastern external border, and it was not clear how the EU would react to this. There were several countries in the European Union that were dependent on Russian gas or had close business ties with the country. The decision to impose economic sanctions was therefore not something one could expect naturally. The European Union was tested for its ability to act under external pressure. What made it extra contentious was the fact that it was in the area of foreign policy, a classical high politics issue.

So the research question is: Can Liberal Intergovernmentalism explain the decision of EU Member States to impose sanctions on Russia?

On the basis of the theory of Liberal Intergovernmentalism, the hypothesis is stated as: The economic sanctions against Russia came in place due to a series of rational choices made by EU member states stemming from aggregate national interests, pursued via international bargaining in the setting of the European decision-making bodies.

How was the European Union involved in tackling this issue? Did the member states merely further their own domestic and political interests or did the European Union in fact add an extra layer to the dynamics of the negotiations between the member states. This event can provide as a test case of the validity of Liberal Intergovernmentalism.

The scientific relevance of the study lies in the fact that Liberal Intergovernmentalism has been used to explain policy outcomes in the 1980s and 1990s. It is possible that the dynamics of EU decision-making have changed due to the shifting power relations or treaty revisions. This case can serve as a test to see whether the theory still holds its relevance in the 2010s. It has to be noted that this case can be considered a difficult one for the theory of Liberal Intergovernmentalism. The reason for this is to provide a greater scope of explanation if it indeed becomes clear that the dynamics as presented by Liberal Intergovernmentalism are still relevant nowadays. Furthermore, as a result of this study we will be able to predict more accurately what the dynamics of future negotiations will be. We will have an improved understanding of the power dynamics inside the European Union and can therefore be more precise when it comes to anticipating EU policy-making.

To substantiate my claims I will apply the framework of Liberal Intergovernmentalism. I will start with a theoretical overview of the framework and from there I will describe the method used and the hypothesis I am going to test. After that I will assess the positions of the countries that play a significant role in the decision-making process. I will continue with the analysis and describe the nature of the bargaining process, and finally the influence of the European institutions on the bargaining process. I expect to find that European institutions indeed played a significant part in the decision-making process. The extent to which national governments are still able to further their interests in interstate bargaining processes could be visibly augmented by the behavior of European institutions.

The method I am going to use is the case study model. Due to the nature of Liberal Intergovernmentalism it is important to have a detailed look into the dynamics of the decision-making process, and a quantitative study would therefore not be appropriate. The case selection is done on the basis of relevance and scope. Since it is a very recent event, it is possible to accurately assess the validity of the theory in the 21<sup>st</sup> century. Furthermore, the choice for a more difficult case will help to create expectation for the future usefulness of the theory.

Before any assessment is made, it is important to first create the framework in which the analysis is going to take place: Liberal Intergovernmentalism.

### **A framework for European Cooperation**

In the theory of Liberal Intergovernmentalism it is assumed that international policy outcomes can be explained by a set of rational choices made by states in order to most effectively further their own interests. From here we are going to assess whether this prediction holds up in a case where on first glance the policy outcome (sanctions) does not directly result from an aggregate of interests at the national level.

The theory of Liberal Intergovernmentalism has been developed to create a framework in which processes of regional integration can be explained. The main focus of the theory back then was the explanation of the success (or failure) of major European treaties. A prominent example of this is his article about negotiating the Single European Act.<sup>2</sup> From there it was used as a general theory of explaining the dynamics of integration.

According to Moravcsik the decision-making process could be defined as: "A series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the *relative power* of states stemming from asymmetrical interdependence, and the role of institutions in bolstering the *credibility of interstate commitments*."<sup>3</sup>

Firstly, states are the primary actors. This means that the processes in the EU are an interplay between several autonomous actors (in this case states) in a context of anarchy. This means there is no central authority who determines the nature and pace of integration. By means of interstate bargaining, states are trying to pursue their interests in an international institution like the EU. Other actors might influence the process on an earlier stage in the national preference forming stage, but in the end states make the final decision. Moravcsik called The European Community (EC) "an international regime for policy coordination."<sup>4</sup>

Secondly, states are rational. Issue-specific interests drive the behavior of states and as a result will be aimed at maximizing gains in a certain area. Actors will calculate the utility of different courses of action and pick the one that maximizes their utility under the circumstances. Moravcsik states that "State preferences are neither fixed nor uniform: they vary among states and within the same state across time and issues according to issue-specific societal interdependence and domestic institutions".<sup>5</sup> This clarifies the fact that there is no fixed set of interests that prevail in foreign policy. In the case of the European Union, the issue of sanctions that we are discussing in this research is economic and geopolitical in nature. Therefore the behavior of states in that case will, according to theory, be based upon general economic and geopolitical interests. Nevertheless, it is completely possible that other values and interests can play a major role in guiding the behavior of states, depending on time and issue-specific circumstances.

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<sup>2</sup> Moravcsik, Andrew. "Negotiating the Single European Act: national interests and conventional statecraft in the European Community." *International organization* 45.01 (1991): 19-56.

<sup>3</sup> Moravcsik, Andrew, and Peter J. Katzenstein. *The choice for Europe: social purpose and state power from Messina to Maastricht*. Vol. 1. Ithaca, NY: Cornell University Press, 1998.

<sup>4</sup> Moravcsik, Andrew. "Preferences and power in the European Community: a liberal intergovernmentalist approach." *JCMS: Journal of Common Market Studies* 31.4 (1993): 473-524.

<sup>5</sup> Reus-Smit, Christian, and Duncan Snidal. *The Oxford handbook of international relations*. Oxford University Press, 2010.

## Liberal Intergovernmentalism and the Decision-making process

The framework of Moravcsik identifies a three step process of decision-making in the European Union

The national preference forming stage is the first stage in the model. In this stage a range of domestic actors can be involved in the preference formation of states. In Moravcsik's words "the foreign policy goals of national governments vary in response to shifting pressure from domestic social groups, whose preferences are aggregated through political institutions".<sup>6</sup> Pressure groups or political parties can try to set the agenda or influence the position of the government. These pressures are then accommodated and incorporated in the decision-making of the states. This creates the so called 'aggregate interest' of a state.

The aggregate interest is then employed in the second step of the model.

After defining the aggregate interests of all the states, it can be expected that not all interests align. In order to still form an agreement, Liberal Intergovernmentalism uses an approach that is called bargaining theory. When using this theory it is important to determine whether the cooperation between states is voluntary and not subject to coercion or threat of economic sanctions. The risk-averse nature of states and the possible avoidance of conflict will most likely result in an incentive to search for a solution on the European level. States must achieve cooperation and coordination to overcome suboptimal outcomes that are a result of the lack of cooperation in any policy area. During this process of cooperation states also decide how possible gains of an agreement will be distributed among the member states. This means that the outcomes of negotiations will be influenced by the bargaining power of states. The bargaining power of a state is determined by its size, population, economy, and several other variables that either increase or decrease their relative power towards other states. Two other sources from which states derive their bargaining power is knowledge about other states' preferences and, possible uneven distribution of gains. States that gain the least from a given agreement have the most leverage to impose conditions or possible side-payments. Those who gained the least tend to enjoy more clout to impose favorable conditions.<sup>7</sup> Furthermore, having knowledge about other states' preferences allows states to recognize and to capitalize on the possible terms that other states will or will not agree to when negotiating an agreement. So the outcome of negotiations is subject to a number of factors, ranging from state-specific factors to issue-specific factors. It is important to realize that not all actors will be able to fully materialize their interests. Therefore it is likely that actors will have to compromise with making package deals, and practices like 'log rolling' (sacrificing in one area in order to gain later in another area). Liberal Intergovernmentalism acknowledges this is central to the process of decision-making.

The concept of 'Two-level games' also plays a role in the decision-making process of Liberal Intergovernmentalism. It is implicitly mentioned in the stages of the integration process, but for clarity's sake I will elaborate. The pressures that result from this 'game' can be substantial. Political decisions are made on two levels: the domestic level and the international level. Both areas of policy-making influence each other. Decisions made in the domestic political arena influence international politics and the other way around. In short, this means that domestic political actors can constrain the possibilities of governments to bargain in the context of international negotiations. Their decisions will be scrutinized at home, and representatives will keep this in the back of their mind when deciding their position and

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<sup>6</sup> Moravcsik, Andrew. "Preferences and power in the European Community: a liberal intergovernmentalist approach." *JCMS: Journal of Common Market Studies* 31.4 (1993): 473-524.

<sup>7</sup> Moravcsik, Andrew, and Peter J. Katzenstein. *The choice for Europe: social purpose and state power from Messina to Maastricht*. Vol. 1. Ithaca, NY: Cornell University Press, 1998.

strategy in the European Council. After assessing the bargaining theory, there is one more element in the model, and this is called institutional choice.

Liberal Intergovernmentalism draws its inspiration from Liberal Institutionalism by Robert Keohane and Joseph Nye, which claims that international organizations help to increase and to foster cooperation between states. Furthermore, it is argued that international organizations are necessary for durable international cooperation.<sup>8</sup> International organizations are created by states to eliminate future uncertainty by stabilizing policy outcomes. Next to the stabilizing effect of international institutions, they also serve to lower the transaction costs of international cooperation. This happens by providing the necessary information to reduce the states' uncertainty about each other's future preferences. In the case of the European Union, this means that from the point of view of Liberal Intergovernmentalism only the European Council and the Council of Ministers have significant influence over the regional integration process. When looking at the definition of a 'policy coordination platform', the European Council and the

Council of Ministers are the institutions that come closest to this definition. The other institutions are not directly represented by countries and are therefore less involved in the integration process. The reason for this is that they may possibly provide expertise and therefore have agenda-setting power, but ultimately do not have the capability to make decision in the European Council or in the Council of Ministers. This is true for the Commission, COREPER and the European Parliament. Undoubtedly they play a large role in the agenda setting and the preparation of discussions, but they are not the actors who ultimately decide which policy is pursued, at least when it comes to foreign policy decisions like sanctions.

## **Methodology**

### **Research Question**

Can Liberal Intergovernmentalism explain the decision of EU Member States to impose sanctions on Russia?

### **Hypothesis**

H1: The economic sanctions against Russia came in place due to a series of rational choices made by EU member states stemming from aggregate national interests, pursued via international bargaining in the setting of the European decision-making bodies.

### **Case study**

The type of research I'm going to employ is the case study. A case study focuses on one or a small number of cases that are expected to provide an insight into a causal relationship across a bigger population of cases. The reason why a case study is effective here is because we are talking about a complex decision-making procedure which will be hard to grasp in a quantitative approach. Additionally, the  $n = 1$  so it does make sense to have a research design that provides the opportunity to go more in-depth on the case at hand. Case study research usually relies on contextual evidence and deductive logic to reconstruct causality within a single case<sup>16</sup>. It happens often that single case studies emerge out of an empirical puzzle.

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<sup>8</sup> Keohane, Robert Owen, and Joseph S. Nye. *Power and interdependence: World politics in transition*. 2nd ed. Boston: Little, Brown, 1977.

<sup>16</sup> Gerring, John. *Case study research: principles and practices*. Cambridge University Press, 2006.

We see some phenomenon that does not fit our expectations as provided Liberal Intergovernmentalism and therefore we would like to delve deeper into the case, in order to understand better what is exactly happening.

In each theory testing format, the same three steps should be followed:<sup>17</sup>

1. State the theory
2. State expectations of the theory regarding the case
3. Explore the case looking for congruence

### **Selection of case**

Proper case selection takes into account the universe of possible cases.<sup>18</sup> In other words, why is this case suited to reach the proposed goal? The case I have chosen to test the validity of Liberal Intergovernmentalism is the so-called Crucial-case method. The aim of this method is to either corroborate or disprove a theory, thus adding or subtracting validity to the theory. The two most prevalent manifestations of the crucial case or the 'most likely' and 'least likely' case. The first one is mainly used to disprove a theory. The reasoning behind this is that if even the most likely case to fulfill the premises of the theory proves to be incorrect, it is reasonable to assume that the theory in itself does not have much explanatory power. The least likely case can be employed to strengthen the explaining power of a theory. When even a case that is unlikely to fulfill the expectations of the theory proves to be correct, this vastly enhances the explaining power of the theory that is being assessed. In this regard, the Ukraine crisis is a least likely case, since the outcome of the negotiations differed vastly from the interests of a significant amount of member states.

### **Data collection**

Process tracing researches the chain of events that lead to the decision at hand. The link is made between cause and effect, which will connect the independent variables with the dependent variable. The independent variables are the positions of the member states. The dependent variable will be the outcome in terms of sanctions. You could say that this research is a peek in the 'black box' of events, and therefore can create more insight into the dynamics between x and y. Evidence that a given outcome is caused by a certain stimulus (as will be stated in the theory) can offer a convincing case for the explanatory power of a theory.<sup>19</sup> Therefore, process tracing can be a highly effective means of either proving or disproving a theory. In this case, the combination of the 'least-likely' case and the method of process tracing leads to a theoretical test that is referred to as a 'smoking-gun' test. Due to the case seemingly exhibiting an outcome contrary to the theory, proving it actually does confirm the theory will strongly corroborate a theory.

Process tracing is a good method to come to a better understanding because:

1. It can clarify the argument you can make, with all its twists, turns and nuances

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<sup>17</sup> Van Evera, Stephen. *Guide to methods for students of political science*. Cornell University Press, 1997.

<sup>18</sup> Klotz, Audie. "Case selection." *Qualitative Methods in International Relations*. Palgrave Macmillan UK, 2008. 43-58.

<sup>19</sup> Van Evera, Stephen. *Guide to methods for students of political science*. Cornell University Press, 1997.



2. Verify each stage of the model you are using. Therefore the dynamic can be studied more closely instead of a single snapshot of a situation<sup>20</sup>

If Liberal Intergovernmentalism indeed holds up in the case of the sanctions against Russia, this means that the theory can explain the process leading to the outcome more convincingly than previously assumed. Generating a positive outcome will strongly enhance the explanation power of the theory.

The case I have chosen had a high profile and was a contentious issue, touching upon security policy and economic measures. The case study model I have adopted is a crucial case model. This means that the case at hand is a least likely case and therefore the findings can not necessarily be generalized to a greater population of cases. The analysis method can be considered an outsider's perspective, since the real ins and outs of the decisions and positions are not known. We have to work with what the politicians and representatives say in public. We analyze the so called 'stage politics', and not the back-door negotiations. This is a choice, and the latter method is not feasible in the context of my study.

## Method

So the method I am going to employ is the case study design, and the case I have chosen is the imposition of sanctions on Russia by the European Union. The reason why I chose this case is that it is an important foreign policy decision that can provide insight in the workings of the CFSP in times of high saliency. I am going to look into the positions of five Member States of the European Union. Due to lack of space and time, I will assess the countries that are seen as relevant enough and together will create a fairly balanced picture of the positions within the European Union. I will first outline the relevant aspects of each country in a model based on the theoretical approach of Liberal Intergovernmentalism. After that I will start the analysis in which I will strive to uncover the dynamics of the bargaining process between the Member States in the framework of the CFSP. I will do this by creating a timeline in which the most important events surrounding the matter serve as reference point to create a comprehensive image of the developments surrounding the imposition of sanctions. This will constitute a mixture of the second and third step in LI, namely interstate bargaining and international regimes. With the chronological approach I will try to establish a narrative of the context and bargaining that took place in the time between and after significant events. After this I will look into the role of the European institutions. Since in this theory international institutions play the role of policy coordination regimes, I will mainly look at the facilitating role they have played e.g. providing a platform for dialogue, ensuring low barriers to information exchange and the expertise that the European institutions might possess.

Finally this will mean that I have constructed a three step process that conforms to the theoretical approach of Liberal Intergovernmentalism, and from there we can draw the conclusion whether the theory indeed provides a convincing explanation for the inception of the sanctions against Russia.

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<sup>20</sup> Gerring, John, and Jason Seawright. "Techniques for choosing cases." *Case study research: Principles and practices* (2007): 86-150.

## Analysis

The first step of Liberal Intergovernmentalism is to identify the aggregate demand of the powerful member states. These are the resources of the bargaining process. I will start with a systematic approach of all the countries that are major players in this decision-making process. I will assess the influence a country has pertaining a certain issue in the decision-making process, the context in which the bargaining takes place, the geopolitical and economic interests and the domestic attitude towards the issue. The actors I'm talking about are mainly domestic political actors and the business lobby.

It is important to note that there are other actors that are influential to the process, and after the assessment of the five main players (Germany, France, UK, Italy and Poland) I will shortly discuss the impact of other member states at the end. These positions can then be incorporated into the analysis, while at the same time keeping the framework of Liberal Intergovernmentalism.

## Germany

Germany is the biggest country in the EU both in population and in economy. Despite this, it has not always played a big role in EU foreign policy. The country is a founding member of the European Community for Coal and Steel and it joined NATO in 1955. The country has played a vital role in the development of the European Union to its current state. Right now the country is viewed as the preponderant influence in European, but considering military policy, most heads historically turned to Paris and London to look for a solution. The country has been called a 'reluctant hegemon'<sup>21</sup> with regard to its moderate attitude towards wielding power and its focus on multilateralism. In order to understand the decisions made in Europe, it is therefore important to look at the position of Germany.

Germany has a long history of both conflict and cooperation with the Russian Federation. It has seen periods of military alliances as well as total war between the two powers. Since the fall of the Iron Curtain, Germany has traditionally sought good relations with the Russian Federation. An example of this are the good ties between former Chancellor Gerhard Schroder and Vladimir Putin. However, the relation between Germany and Russia remains ambivalent. An example of this is the comment supporting the actions of Putin made by the former Chancellor, and the current Chancellor Angela Merkel disagreeing with him about it.<sup>22</sup> However, in the economic sphere there is considerable trade between the two countries. Germany is both the second biggest import and export partner of the Russian Federation. The total trade volume between the two countries was 76.5 billion euros in 2013.<sup>23</sup> Furthermore, Germany and the Russian Federation cooperate on the Nord Stream pipeline, a huge project that is important for the energy needs of Germany. Furthermore there is a strong business lobby that strives to maintain strong ties with Russia.

When looking at the domestic situation in Germany, we see that the attitudes towards Russian are one of the most accommodating in Europe. In a NATO public opinion survey of June 2015, only 38% of German

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<sup>21</sup>Bulmer, Simon, and William E. Paterson. "Germany as the EU's reluctant hegemon? Of economic strength and political constraints." *Journal of European Public Policy* 20.10 (2013): 1387-1405.

<sup>22</sup>Paterson, T. "Merkel fury after Gerhard Schroeder backs Putin on Ukraine" *The Telegraph*. 14 March 2014. Web. 7 June 2016.

<sup>23</sup>N.A. "Trade between Russia and Germany declined in 2013" *russia-media.RU*. N.D. Web. 07 June 2016.

respondents viewed Putin as a major military threat, the lowest in all of Europe.<sup>24</sup> Furthermore, only 29% of respondents think that Russia bears the largest share of blame for the violence in Ukraine, and a comparably high 12% believes that the West bears the largest share of blame for the violence that erupted in Ukraine.<sup>25</sup> German respondents are also among the lowest when it comes to supporting NATO, with only 55% supporting the organization.<sup>26</sup> Along with the German government, we see that the public opinion towards Russia and its actions are mixed. Furthermore the German people are one of the most wary of NATO as an organization. It is therefore expected that there will be no unconditional support for European sanctions towards Russia from the public.

## France

France is one of the founding members of the European Union. Historically it has been a major power on the European continent, with periods where they could be regarded as the dominant power. Within the European Union, it plays a major role in the decision-making process. Just like Germany, Italy and the UK it has the highest number of votes in the Council of Ministers, something which reflects the influence it wields in the European institutions. It has the third biggest economy in the European Union. It has been recently surpassed by the United Kingdom in terms of GDP, which shows that the economic situation of France has been declining relative to the other major powers in the European Union. In recent years we have indeed seen that the leadership of France in the EU has diminished. Where formerly the 'Merkozy' cooperation moved jointly on many issues,<sup>27</sup> the focus has shifted towards Germany as the preponderant power.<sup>28</sup>

Following the approach of Germany and Italy, France tried to establish strong bilateral ties with Russia. An example of this was the Franco-Russian Intergovernmental seminar that was held for 18 consecutive years. The last one was held in November 2013,<sup>29</sup> with uncertainty for the future direction of the partnership. However, it was never that strongly invested in the relationship compared to countries like Italy or Germany. The economic stake that France has in Russia is also smaller than countries like Germany or Italy, something which might explain why France is not stressing the bilateral relationship that strongly. The total trade volume between the two countries in 2013 was approximately 18 billion euros, significantly less than for example Germany, which had a total trade volume of 76.5 billion euros.

The geopolitics of the relationship between France and Russia are a bit more complicated than first meets the eye. Geographically, they are situated quite far from each other, so there is no direct military threat. However, in 2010, France and Russia signed a deal which stated that France would sell four warships of

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<sup>24</sup>Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>25</sup>Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>26</sup>Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>27</sup>Spiegel Online. *Germany and France Agree: Merkozy to Seek New EU Treaty to Tackle Crisis.*" Spiegel Online International. 5 December 2011. Web. 07 June 2016. Retrieved from:

<sup>28</sup>Paterson, William E. "The Reluctant Hegemon? Germany Moves Centre Stage in the European Union\*." *JCMS: Journal of Common Market Studies* 49.s1 (2011): 57-75.

<sup>29</sup>France Diplomatie. "France and Russia." *France Diplomatie*. 11 February 2015. Web. 07 June 2016.

the 'Mistral' type to Russia.<sup>30</sup> This was the biggest military deal of a NATO country with Russia since the end of the Cold War, and likewise this resulted in critique from other European countries as they saw it as unwise to conclude such agreements with a country like Russia.<sup>31</sup> With the renewed aggression of Russia in recent years, this military agreement has come under continued pressure by other NATO allies. As a result of this agreement, the stake of France in good relations with Russia is somewhat higher, because the sale of military equipment was vital for the recovering economy of France.

When it comes to domestic public opinion, France represents the middle ground when it comes to the perception of Russia and the attitude the West should take towards it. Of the respondents, 51% sees Russia as a major military threat.<sup>32</sup> This is higher than Germany or Italy, but lower than the UK or Poland. Furthermore, 44% of respondents believes that Russia bears the largest share of blame for the violence in Ukraine, considerably higher than Germany and Italy.<sup>33</sup> Another area where France diverges from the opinion of the earlier mentioned countries is the domestic support for Ukraine joining NATO: 55% is in favor, compared to 36% in Germany and 35% in Italy.<sup>34</sup> It seems that French public support leans towards a strong response from the European side, although there is certainly ambivalence to be found in the domestic opinion. It is important to note that this survey was conducted in 2015, so after the Crimean referendum and the start of the conflict in Eastern-Ukraine. The reason for using this survey is that the public opinion regarding Russia was not a highly politicized topic and therefore not the subject of public scrutiny. The figures in this survey still give us a sense of domestic public opinion.

### **United Kingdom**

The United Kingdom is one of the major powers inside the European Union. Although it joined later than France, Germany and Italy, it has managed to influence the decision-making process in the EU to a considerable degree. It holds the maximum number of votes in the Council of Ministers, just like Germany, France and Italy. It has the second biggest economy in the European Union. The total trade volume between the United Kingdom and Russia constituted 23.3 billion dollar in 2012.<sup>35</sup> During its membership the United Kingdom has exerted a significant influence on the speed and direction of EU decision-making, and has mostly opposed further European integration when it comes to transferring competences to Brussels. The exception to this is foreign policy, where Britain has shown willingness to cooperate with other European countries on a closer level, for example the St. Malo agreement between Britain and France in 1998.<sup>36</sup>

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<sup>30</sup> Davies, L. "Nicolas Sarkozy angers allies with proposed warship sales to Russia" *The Guardian*. 2 March 2010. Web. 06 June 2016.

<sup>31</sup> Agence France-Press. "Baltic states fault France's warship deal with Russia" *Defence Talk*. 28 December 2010. Web. 06 June 2016.

<sup>32</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>33</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>34</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>35</sup> Kent County Council. "Overview of the UK-Russia Trade Relations in January-March 2013." *Kent County Council*. Web. 07 June 2016.

<sup>36</sup> CVCE.eu. "Franco-British St. Malo Declaration" *CVCE.eu*. 4 December 1998. Web. 07 June 2016.

The United Kingdom has had a mixed relationship with Russia. They were allies in the Second World War, but after that they were ideologically split during the Cold War period. The United Kingdom has always considered itself different from the continental European states. Traditionally conservative when it comes to European integration, the UK has been more proactive on issues like European enlargement and a more 'hawkish' EU foreign policy. The country does not have a very profound relationship with Russia, such as Germany or Italy, and hinges closer to the foreign policy line of the USA, which is a bit more distant towards Russia. Likewise the United Kingdom has a smaller stake in the Russian economy.

The United Kingdom has also strongly condemned the annexation of Crimea by Russia, and was one of the first and most vocal critics of the actions of Putin. David Cameron warned that there would be 'further consequences' if Putin would recognize the Crimea referendum.<sup>37</sup> Another event that shaped the relations between the United Kingdom and Russia was the 2006 poisoning of naturalized British citizen Alexander Litvinenko. This happened on British soil and as a result, Russian diplomats were expelled.<sup>38</sup>

In a poll conducted in spring 2015, 53% of respondents viewed the Russia of Putin as a major military threat.<sup>39</sup> This is the highest percentage among the traditional European powers. 40% of respondents believes that Russia bears the largest share of blame of violence in Ukraine. There is however also a relatively high percentage (24%) that simply does not know who is to blame.<sup>40</sup> So we could argue there is a permissive positive attitude for a hard line towards Russia. Additionally, a majority (68%) supports economic aid for Ukraine and also supports Ukraine joining NATO (57%).<sup>41</sup> This is much higher than countries like Germany or Italy. In comparison to the other countries, it could be argued that the United Kingdom takes the hard line position.

## Italy

Italy play a significant role in the European Union. It is one of the six founding countries that established European cooperation in the early 50s of the last century. Additionally, it has the fourth biggest economy in Europe, surpassing that of the Russian Federation. Additionally, it has 29 votes in the Council of Ministers, ranking at the same level as Germany and France when it comes to the weight of their voice. Historically it has had a major impact on the development of the European continent and therefore also boasts some soft power when it comes to politics. Poland reflects the opinion of most Central and Northeastern European countries and therefore could be considered a representative of this group of countries.

Historically, Italy had strong ties with the Russian Federation and before that even with the Soviet Union. During the Cold War, the Italian government was always pro-American. But the Communist Party, which was quite significant in Italy, actually had closer ties with the Soviet Union. Italy, for example, built Fiat

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<sup>37</sup> Holehouse, M. "Ukraine crisis: David Cameron warns Russia not to tighten grip on Crimea" *The Telegraph*. 10 March 2014. Web. 07 June 2016.

<sup>38</sup> Sculthorpe, T. "Orders to assassinate Alexander Litvinenko on the streets of London came directly from Putin's Kremlin, claims Gordon Brown." *Mail online*. 2 June 2016. Web. 03 July 2016.

<sup>39</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>40</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>41</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

factories in the Soviet Union.<sup>42</sup> Italy is the Russian Federation biggest trading partner and seventh supplier. Trade between the countries exceeded 40 billion dollars in 2013.<sup>43</sup> On top of that, Italy has strong energy links with Russia too. It is partly dependent on Russian supplies and with the recent failure of the Nabucco pipeline, which would transport gas from Azerbaijan, Iraq and Iran, the gas supply has become dependent on the goodwill of Russia. Italy traditionally has stronger bonds with Russia than many other European countries. Both parties frequently talk about a “privileged partnership” between the two, which include several state visits and options for dialogue.<sup>44</sup>

Clearly, Italy has much more at stake in the cooperation with Russia than most other European countries. The considerable trade between the countries also amounts to the bigger reluctance of Italy to support sanctions. On top of that, many former Italian leaders, such as Prodi and Berlusconi had good ties with Putin and the heads of state of the two countries visited each other regularly. From a geopolitical perspective Italy, has little to gain from the sanctions and much to lose in terms of trade opportunities and the damaging of the historically privileged partnership between themselves and Russia.

Public opinion in Italy reflects the national position in the sense that they are one of the most skeptical people towards sanctions and jeopardizing the relationship with Russia. A NATO public opinion survey held in spring 2015 showed that only 44% of Italians perceive Putin as a major threat, which is the lowest figure in the Western world only after Germany (35%).<sup>45</sup> Furthermore, the survey shows that together with the Germans, only 29% of the Italians felt that Russia bears the largest share of blame for violence in Ukraine.<sup>46</sup> On top of that Italy is most reluctant to provide financial assistance to Ukraine, with only 44% supporting it and 41% being opposed.<sup>47</sup> A reason for this is that Italy is more concerned with the threat from the south. Mounting instability resulting from the political crises in North Africa and the Middle-East pose a much bigger and more direct threat for Italy than an aggressive Russia.<sup>48</sup>

Another example is a resolution by a regional council in the northeast Veneto region of Italy that claimed the annexation of Crimea should be accepted and legalized. As stated by Stefano Valdegamberi, leader of the nationalist Lega Nord party: "It is time to say enough to the sanctions - absurd, unjust and ineffective".<sup>49</sup> Although this of course does not reflect the whole of Italy, the fact that something like this can happen in a regional county comes to show that Italy is at least ambiguous about the sanctions, which they feel are hurting their economy.

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<sup>42</sup> GM-AVTOVAZ.ru. Web. 06 June 2016

<sup>43</sup> OEC. "Where does Italy import from? (2011)" *OECD*. Web. 08 June 2016.

<sup>44</sup> Valentino, P. "Gentiloni – Dialogue with Russia Continues" *Corriere.it*. 8 June 2015. Web. 07 June 2016.

<sup>45</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>46</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>47</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>48</sup> VOA News. "Thousands of Refugees coming of Boats from Libya, Italian Navy says" *VOA News*. 17 July 2014. Web. 06 July 2016.

<sup>49</sup> Unian. "Resolution of regional council in Veneto says Crimea Russian territory" *Unian*. 18 May 2016. Web. 09 June 2016.

## Poland

Poland has been a member of the EU since 2004. It is the biggest of the ten new member states that joined in 2004, both in terms of economy and population. It has the 8<sup>th</sup> biggest economy in the European Union. In the Council of Ministers it has 27 votes, only two less than the traditional major powers in the European Union. In terms of size and economy it is significantly smaller than the other states I have chosen as major actors. So why is it still an important player? Poland is viewed as the country representing a bigger group of countries, some of which have also joined in 2004. Examples are the Czech Republic, Slovakia, Estonia and Lithuania. Therefore the attitude of Poland is more influential than may seem at first glance. Poland has taken on a role as leading country in the east, and its positions reflect the dominant attitude of the Central- and Eastern European countries towards Russia (with some notable exceptions).

Traditionally, Poland and Russia have been adversaries. They have been at war several times, and Russia has annexed parts of Poland and even managed to wipe the country off the map for over a century. These events, as well as the recent historical dominance of the Soviet Union over Poland left its mark in Poland. In general, the people are wary of Russia and do not trust the intentions of this power to their east. Polish citizens tend to be highly nationalistic,<sup>50</sup> and find it hard to reject the historical view that Russia represents an existential threat to their country. In 2013, the total trade volume between Poland and Russia was 36 billion euros,<sup>51</sup> which consisted of 25 billion in imports from Russia and 11 billion in exports to Russia. So it could be argued that Poland has a reasonable stake in the Russian economy, more than some other major powers in the EU.

The interests of Poland are mainly located in the area of national security. They have had a history of domination and annexation by Russia, and because of that they feel the threat of Russian aggression on a more profound level than the other European powers. From this perspective, it is no surprise that Poland is most adamant when it comes to imposing sanctions on Russia for their acts of aggression in Crimea and Eastern Ukraine. These security issues are seen as more important than the trade relations the country has with Russia, and shows that economic interests can be trumped by geopolitical interests such as national safety.

When it comes to public opinion regarding the actions of Russia, Poland clearly stands out. In a survey conducted in spring 2015, 70% of the respondents from Poland believed that Russia was a major military threat.<sup>52</sup> This is a huge deviation from the other European countries and even trumps the domestic opinion of the USA. 57% of the respondents also believe that Russia bears the largest share of blame for the violence in Ukraine, and only 3% thinks the West is to blame for the violence.<sup>53</sup> Yet again, Poland is an outlier when it comes to measuring the opinion towards Russia. Furthermore, 77% of respondents back economic aid to Ukraine and 59% are in favor of Ukraine joining NATO.<sup>54</sup> All in all, Polish citizens are the biggest proponents of helping Ukraine and acting strongly against Russia in the form of sanctions.

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<sup>50</sup> Davies, Norman. *God's Playground A History of Poland: Volume II: 1795 to the Present*. Vol. 2. Oxford University Press, 2005.

<sup>51</sup> Russian Exports. "Polish-Russian Bilateral Trade in 2015." *Russian Exports*. 25 March 2016. Web. 08 June 2016.

<sup>52</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>53</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

<sup>54</sup> Simmons, K., Stokes, B. & Poushter, J. "1. NATO Public Opinion: Wary of Russia, Leery of Action on Ukraine" *Pew Research Center*. 10 June 2015. Web. 10 June 2016.

## Other significant players

Apart from the five major players, there are also a few other countries that influence decision-making, either by the special position or their strong insistence on good relations with Russia. The country that stands out in this regard is Greece. Greece has strongly spoken out against the sanctions, and at many times urged to find a diplomatic solution to the Crimea crisis.<sup>55</sup> Greece and Russia traditionally enjoy excellent diplomatic relations. They see each other as brother nations, sharing a common religion and political vision regarding the Balkans. The total trade volume between the two countries was 9.3 billion dollar in 2013<sup>56</sup>. Russia was the biggest import partner of Greece at that time.<sup>57</sup>

There are two other countries that have voiced strong opposition to the imposition of sanctions. The Bulgarian parliament has repeatedly voiced its concerns regarding the sanctions. The incumbent government warned in April 2014 that they were not in favor of extending sanctions.<sup>58</sup> It came as far as the nationalist party Ataka in Bulgaria wanting to topple the government if they would deepen the sanctions.<sup>59</sup> The party supported the current coalition, and its support was therefore vital. This is a strong sign of domestic opposition in Bulgaria against the sanctions. Bulgaria is not the only country in Central-and Eastern Europe which does not unequivocally support the sanctions. Hungary is also a vocal critic of the sanctions. There are several reasons for this. First of all, the country relies on Russia for 80% of its gas supplies. Additionally, the government signed a 10 billion euro deal with Russia to expand a nuclear power plant in Hungary. Furthermore, Russia is also Hungary's largest trading partner outside of the European Union.<sup>60</sup> Finally, the current Hungarian president Viktor Orban has a similar style of leadership as Putin. He has stated that he wants to build an 'illiberal state', based on national foundations, such as Russia and China.<sup>61</sup> Several European leaders have expressed their concern regarding the behavior of the President and President of the European Commission Jean-Claude Juncker has called him a dictator.<sup>62</sup> So far Hungary has stated that it will not break solidarity on the sanctions.

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<sup>55</sup> Ekathimerini. "Venizelos urges political solution with Russia as EU foreign ministers meet in Athens." *Ekathimerini.com*. 04 April 2014. Web. 12 June 2016.

<sup>56</sup> Russian Exports. "Greek-Russian Bilateral Trade in 2015." *Russian Exports*. 04 May 2016. Web. 12 June 2016.

<sup>57</sup> ITC. "ITC Trade map". *ITC*. Web. 12 June 2016.

<sup>58</sup> The Sofia Globe. "Bulgaria hopes no new round of sanctions against Russia – Oresharski." *The Sofia Globe*. Web. 12 June 2016.

<sup>59</sup> Williams, M. & Tsoleva, T. "Exclusive: Bulgarian nationalists may topple governments over Russia sanctions." *Reuters*. 1 April 2014. Web. 10 June 2016.

<sup>60</sup> Szakacs, G. "Hungary opposed to economic sanctions against Russia: PM" *Reuters*. 28 March 2014. Web. 10 June 2016.

<sup>61</sup> Mahony, H. "Orban wants to build 'illiberal state'" *EU Observer*. 28 July 2014. Web. 10 June 2016.

<sup>62</sup> Reuters. "'Hello, dictator': European commission president jokes with Hungarian PM – video." *The Guardian*. 22 May 2015. Web. 10 June 2016.



If we visualize the outcome of the assessment, it looks roughly like this:

Country	In favor	No clear position	Against
Germany		X	
France		X	
United Kingdom	X		
Italy			X
Poland	X		
Bulgaria			X
Hungary			X
Greece			x

After taking stock, it is clear that the issue is highly controversial. There are many opponents towards instituting additional sanctions and coming to this agreement was therefore likely to be subject to a complicated bargaining process. That is, if indeed Liberal Intergovernmentalism is able to explain this decision in the first place. The starting position has now been established. The next step is to go into the second phase of the LI theory: the bargaining process.

In this analysis I will discuss the events between the 20<sup>th</sup> of February and the 31<sup>st</sup> of July.



The arrow represents the timeline of events that occurred in between. I will go into detail to create a narrative that explains the behavior of the EU towards Russia. The start will be noted by the appearance of “little green men” in Crimea. This was seen in the EU as a breach of Ukrainian sovereign integrity. This created a diplomatic row between the EU and Russia.

There are three time periods, and I will apply bargaining theory and institutional choice separately to the three stages, so we can see whether the EU has gotten more or less involved over time. On top of that we might see a shift in the dynamics of the bargaining theory. The reason for this chronological approach is the fact that it is useful to view the negotiation rounds as separate. There has been several key events as well as several rounds of negotiations, which all have their own dynamic.

### **20 February – 17 March: The road to sanctions**

In order to answer the research question, it is important to see how the international bargaining influenced the final outcome. Germany was a major player in the negotiations. Before the diplomatic row started, it is important to note that German Foreign Minister Frank-Walter Steinmeier stated in the beginning of 2014 that Germany wanted to become more active in its foreign policy, and this seems in line with the actions taken vis-à-vis Russia during the seizure of Crimea.<sup>63</sup> Little over a month later this

<sup>63</sup> Spiegel Staff. “Economic War with Russia: A High Price for German Business.” *Spiegel Online International.*, 17 March 2014. Web. 02 June 2016.

statement was put to the test. The diplomatic standoff started with the appearance of the “little green men” in Crimea,<sup>64</sup> somewhere in between 22 and 23 February. These self-styled ‘Pro-Russian self-defense forces’ were commonly understood to actually be Russian soldiers, something even Putin acknowledged afterwards.<sup>65</sup> These forces occupied the peninsula and called for independence from Ukraine. A referendum was set to be held on the 16<sup>th</sup> of March. The topic of this referendum was the question whether Crimea wanted to be independent or become a part of Russia. The announcement of this referendum caused turmoil on the international markets. Oil and gas prices also rose markedly on the 2<sup>nd</sup> of March amid worries over escalation of the Ukraine conflict, and it was stated that this could have

“severe consequences” for gas prices around Europe,<sup>66</sup> as well as bread prices due to the important role Crimea has in supplying grain.<sup>67</sup> Likewise the political leaders in the West were worried about the escalation of the conflict, but did not yet agree on which action to take. So why is this all important to the outcome of the negotiations? We see here that there is significant impact on several economies in Europe, and that coming to a common position could become very complicated.

### **Bargaining Theory**

Theory subscribes that the first assumption is the willingness of states to cooperate to overcome suboptimal outcomes. This situation seems to be present, since we see later on that all member states meet several times to forge a common response. The powerful member states have the biggest say in determining policy outcomes and create the dynamic of the bargaining process. We can see that from the onset of the crisis, the big member states play a pivotal role in dealing with the crisis. On the 2<sup>nd</sup> of March Putin had separate telephone calls with Obama, Merkel and Hollande.<sup>68 69 70</sup> What exactly was said between the parties is not clear, but it signifies that France and Germany are main players in the decision-making process regarding this event. On the 3<sup>rd</sup> of March, Germany announced that Merkel had a conversation with Putin and agreed to set up a contact group concerning the Ukrainian crisis.<sup>71</sup> Germany also pledged to do all it can to resolve the crisis through political dialogue.<sup>72</sup> British Secretary of State

William Hague also remarked that Russia could face ‘significant costs’ for taking control of the Ukraine region<sup>73</sup>. Furthermore, German Foreign Minister Frank-Walter Steinmeier also had a dinner with Russian

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<sup>64</sup>Shevchenko, Vitaly. ““Litte green men” or “Russian invaders”?” *BBC News*. 11 March 2014. Web. 02 June 2016.

<sup>65</sup> RT. “Putin acknowledges Russian military servicemen were in Crimea” *RT*. 17 April 2014. Web. 02 June 2016.

<sup>66</sup> Gosden, Emily. “Ukraine: gas and oil prices rise amid fears of supply disruption.” *The Telegraph*. 3 March 2014. 7 June 2016.

<sup>67</sup> Critchlow, Andrew. “Commodities: Russia’s stand-off with breadbasket Ukraine threatens UK food prices.” *The Telegraph*. 02 March 2014. 07 June 2016.

<sup>68</sup>Kremlin. “Telephone conversation with Federal Chancellor of Germany Angela Merkel”. *President of Russia*. 02 March 2014. 10 June 2016.

<sup>69</sup>Kremlin. “Telephone conversation with US President Barack Obama”. *President of Russia*. 02 March 2014. 10 June 2016.

<sup>70</sup>Kremlin. “Telephone conversation with French President Francois Hollande”. *President of Russia*. 02 March 2014. 10 June 2016.

<sup>71</sup>Reuters and AFP. “Russia slams West’s threats of ‘sanctions and boycotts’ over Crimea incursion” *South China Morning Post*. 03 March 2016. 11 June 2016.

<sup>72</sup>Paterson, Tony. “Ukraine crisis: Angry Angela Merkel questions whether Putin is ‘in touch with reality’.” *The Telegraph*. 03 March 2014. 11 June 2016.

<sup>73</sup>Kinder, Lucy. “Ukraine Crisis: Hague warns of ‘significant costs’ for Russia over intervention”. *The Telegraph*. 03 March 2014. 10 June 2016.

Foreign Minister Sergei Lavrov that night in Geneva,<sup>74</sup> likely to discuss the events surrounding the Ukraine crisis. Initially, David Cameron was reluctant to impose sanctions if this would prevent the flow of Russian money to his country,<sup>75</sup> but this attitude would change later on. It is clear here that from the bargaining theory perspective there was no clear consensus on the preferred mode of action. So far there has been one clear shift in position from a big country and this is Britain. At first glance they seemed reluctant to impose sanctions but the remark of William Hague shows that they are indeed willing to act if they feel Russia steps out of line. In general, at this stage in the bargaining process the member states are still forming their positions. On the 5<sup>th</sup> of March the Greek Foreign Minister Evangelos Venizelos already warned about the negative consequences of imposing sanctions. He stated that sanctions hurt both the country who suffers them and the country who imposes them, and “We don’t want sanctions.”<sup>76</sup> We see that along with Italy, Greece is the most adamant opponent of sanctions. Despite this opposition, there is a steady movement from the EU towards further sanctions.

There are also more accommodating sounds coming from France. French bank Societe Generale confirmed on 13 March its commitment to the Russian market and said it was convinced the impact of the sanctions would be minimal on the business between the bank and its Russian daughter enterprise Rosbank.<sup>77</sup> So far Poland had not taken the front stage when it came to voicing their opinion. Polish Prime Minister Donald Tusk was quite adamant. On the 11<sup>th</sup> of March he stated that in fact a decision had already been made to introduce sanctions on the 17<sup>th</sup> of March. If this is completely true, we do not know. It is known that Poland has taken a hard line towards Russia and was one of the strongest supporters of the sanctions.<sup>78</sup>

Something that is not taken in the research model, but did influence the outcome was the involvement of the USA. President Obama was in contact with both Putin and his German and French counterparts. Later on we will also see that during the EU-US Summit a common position is taken by the USA and the EU leaders. It is important to take note of the involvement of the USA, because they are not an EU country. However, they are a great power and I will incorporate this phenomenon in my findings.

### **Institutional choice**

The third step of Liberal Intergovernmentalism describes the choice and use of an institution to overcome suboptimal outcomes that can result from individual action. In this case the member states have chosen to convene and forge a solution together. There are two types of meetings that are important in this regard. The first one is the Foreign Affairs Council. This body consists of all the Foreign Ministers of the member states along with the High Representative of the Union for Foreign Affairs and Security Policy Catherine Ashton. In this meeting the members discuss the new foreign policy priorities along with concrete steps that have to be taken. This process is coordinated by the High Representative.

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<sup>74</sup> Wittrock, P & Schmitz, GP. “Crimean Crisis: All Eyes on Merkel. *Spiegel Online International*. 04 March 2014. 11 June 2016.

<sup>76</sup> Ekathimerini, “Foreign Minister Evangelos Venizelos warns against EU sanctions on Russia.” *Ekathimerini*. 05 March 2014. 11 June 2016.

<sup>77</sup> AFP/The Local. “French bank confirms commitment to Russia.” *The Local*. 14 March 2014. 12 June 2016.

<sup>78</sup> Black, J. & Wall, K. “EU Gives Russia a Deadline to Yield on Crimea or Face Sanctions” *NBC News*. 11 March 2014. Web. 14 June 2016.

On the 3<sup>rd</sup> of March the EU foreign ministers gathered in Brussels to prepare a common position. This meeting was chaired and convened by High Representative Catherine Ashton. Italian diplomatic sources stated that Italy was initially reluctant to halt preparation for the G-8 Summit in Russia, stating that it should be a “last resort move”, dependent on the actions of Russia.<sup>79</sup> Later Italian Foreign Minister Federica Mogherini reassured the other EU member states that Italy was not breaking ranks and Italian Prime Minister Renzi noted that Italy is: “totally in line with other Western countries on the situation in Ukraine.”<sup>80</sup> Foreign policy experts in Italy added that the position of the country regarding Russia was so awkward that the best thing it could do was to keep a low profile and let others take the lead. It is clear here that Italy is not so fond of imposing sanctions but feels compelled to ‘not break ranks’. Furthermore, a former US top diplomat called Merkel a “hesitant leader”.<sup>81</sup> It was clear that US did not have much confidence in the problem-solving capacities of the EU, witnessing Victoria Nuland’s infamous “F\*ck the EU”, when discussing future prospects of leadership in Ukraine.<sup>82</sup>

The 6<sup>th</sup> of March 2014 all EU Foreign Ministers along with Catherine Ashton met in Brussels for an ‘Extraordinary meeting of EU Heads of State or Government on Ukraine’. Here they discussed the current situation along with possible ways to tackle the crisis. The goal of this meeting was to create a common position among the EU Member States. After the European Council, Council President Herman van Rompuy outlined the three step (also called ‘tiers’) approach to tackling the Ukrainian crisis. The first step envisages the suspension of visa talks as well as the suspension of the participation of the member states in the G8 Summit. In absence of any results, the second step consists of additional measures, such as asset freezes, travel bans and the cancellation of the EU-Russia summit. The final step would result in the third step, consisting of sanctions in a broad range of economic areas<sup>83</sup>.

The first step regarding the crisis was suspending the future G8 Summit in Sochi. This was a sign of disapproval towards the policy of Putin. But apart from that it shows that there was not yet enough consensus on the further steps to take. Furthermore the EU pressed for negotiations in the next few days. If these would not take place the next step would be travel bans and asset freezes.<sup>84</sup> The final step outlined in the plan is not specified, but is referred to as “far reaching consequences” in a “broad range of economic areas”.<sup>85</sup>

After the meeting on the 6<sup>th</sup> of March we see that the US still has a major influence on EU policy regarding the sanctions against Russia. The USA was from the outset more in favor of sanctions, witnessing the more

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<sup>79</sup>Conti, D. “In Ukraine Crisis, Italy’s Hunger For Russian Gas Weakens Western Coalition” *International Business Times*. 6 March 2014. Web. 09 June 2016.

<sup>80</sup>Conti, D. “In Ukraine Crisis, Italy’s Hunger For Russian Gas Weakens Western Coalition” *International Business Times*. 6 March 2014. Web. 09 June 2016.

<sup>81</sup>Wittrock, P. & Schmitz, G.P. “Crimean Crisis: All Eyes on Merkel.” *Spiegel Online International*. 04 March 2014. Web. 09 June 2016.

<sup>82</sup>BBC News. “Ukraine crisis: Transcript of leaked Nuland-Pyatt call” *BCC News*. 07 February 2014. Web. 08 June 2016.

<sup>83</sup>Van Rompuy, Herman. "Remarks by president of the European Council Herman Van Rompuy following the extraordinary meeting of EU heads of state or government on Ukraine. EUCO. 55/14." (2014).

<sup>84</sup>Consilium. Extraordinary meeting of EU Heads of State or Government on Ukraine, 06/03/2014. *Consilium*. 6 March 2014. Web. 14 June 2016.

<sup>85</sup>Consilium. Extraordinary meeting of EU Heads of State or Government on Ukraine, 06/03/2014. *Consilium*. 6 March 2014. Web. 14 June 2016.

extensive list of banned companies and its clear message to move towards the third tier of sanctions<sup>86</sup>. On the 8<sup>th</sup> of March, Hollande and Obama acted jointly and warned Russia for “new measures” if it would not defuse the situation in Crimea.<sup>87</sup> It also became clear that Germany managed to state its position more clearly than it did in previous situations. On 11 March, during a visit to Tallinn a deadline was issued by the German Foreign Minister Frank-Walter Steinmeier, saying that if the conduct of Russia would not change over the weekend it would have to discuss a new stage of measures in the European Council.<sup>88</sup>

On the Foreign Affairs Council meeting on the 17<sup>th</sup> of March a decision over Ukraine is made. The EU stressed that it encouraged a diplomatic solution during its last meeting on the 6<sup>th</sup> of March. In the “absence of any results” the Council decided to impose its first round of sanctions, which constituted travel restrictions and asset freezes “against persons responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.”<sup>89</sup>

The primary actors behind this move can be assessed by looking at the lines of communication between the start of the crisis and the actual imposition of sanctions. In the call log of Vladimir Putin, we find that Putin had telephone conversations with Angela Merkel a total of 4 times between 28 February and 17 March. In the same time period, there were 2 with David Cameron, 1 with Francois Hollande, 1 with Barack Obama and 1 with Herman van Rompuy. So it is clear that Germany is the main negotiation partner of Putin in that period. Important to note is also the telephone call with Herman van Rompuy.<sup>90</sup> The President of the European Council is in close contact with the world leaders, and we have seen before that in his statement following the Heads of State meeting the EU is thoroughly involved in the lines of communication regarding the possible steps to take, as well as the implementation of possible policy.

### **18 March – 28 Donetsk, Luhansk and new sanctions**

After the first round of sanctions Russia stated it was not harmed by the sanctions.<sup>91</sup> They were generally received as an “anticlimax” and were seen as not sufficient to deter Russian aggression.<sup>92</sup> After the Crimea referendum, the unrest in Eastern Ukraine started to escalate. Pro-Russian rallies in the regions of Donetsk and Luhansk began to turn violent and groups of Eastern Ukrainian citizens felt that the overthrow of Yanukovich was not justified, and they were afraid their region would suffer as a result. Furthermore a lot of ethnic Russian lived in the region, and they were not keen on seeing Ukraine cozying up to the EU. Putin capitalized on this sentiment by sending Russian servicemen and the protests evolved into full-scale military occupation by Pro-Russian separatists.<sup>93</sup> It was widely believed (and proven) that Russia was supporting these insurgencies in the easternmost provinces of Ukraine. This opened a new chapter in the Ukraine crisis, and subsequently led to talks about new sanctions towards Russia.

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<sup>86</sup>Runnigen, R., Neuger, J.G. & Viscusi, G. “Russia Pressed on Ukraine as EU Joins U.S. on Sanctions.” *Bloomberg*. 21 March 2014. Web. 10 June 2016.

<sup>87</sup>Agence France Presse. “Hollande warns of ‘new measures’ against Russia.” *The Local*. 9 March 2014. Web. 11 June 2016.

<sup>88</sup>Black, J. & Wall, K. “EU Gives Russia a Deadline to Yield on Crimea or Face Sanctions” *NBC News*. 11 March 2014. Web. 14 June 2016.

<sup>89</sup>Council of the European Union. Council conclusions on Ukraine. 17 March 2014. Web. 11 June 2016.

<sup>90</sup>President of Russia. Agenda. Web. 15 June 2016.

<sup>91</sup>Nekrassov, A. “West’s sanctions on Russia: Are they just for show?” *CNN*. 18 March 2014. Web. 12 June 2016.

<sup>92</sup>Nekrassov, A. “West’s sanctions on Russia: Are they just for show?” *CNN*. 18 March 2014. Web. 12 June 2016.

<sup>93</sup>BBC News. “Ukraine: Pro-Russian storm offices in Donetsk, Luhansk, Kharkiv.” *BBC News*. 7 April 2014. Web. 12 June 2016.

## International bargaining

A day after the imposition of the sanctions, British Foreign Minister William Hague stated that the British government would argue for the strongest position and range of measures on “which agreement can be obtained in the EU.”<sup>94</sup> However, Britain’s call for tougher actions was not in line with the range of measurements taken against Russia. Especially in comparison to the US, which targeted members of Putin’s inner circle and imposed trade sanctions.<sup>95</sup> It becomes clear that EU struggles to unite on ways to punish Russia as a result of the Crimea crisis. Several countries had close economic ties with Russia and countries like Greece and Cyprus seemed reluctant to impose sanctions. A sentiment that was put into words by Czech Foreign Minister Bohuslav Sobotka after the first round of sanctions on the 17<sup>th</sup> of March by saying that an agreement on economic sanctions “can’t realistically be expected.”<sup>96</sup>

Sweden, Britain and the Eastern European countries were calling for a halt of all arms sales to Russia.<sup>97</sup> This is clearly referring to the pending sale of Mistral warships from France to Russia. Francois Hollande stated that the ‘third tier’ of sanctions could entail the cancellation of the sale of the Mistral warships to Russia, but that this point was not yet reached at the present moment. He also stressed that the UK should impose strict sanctions regarding the assets or Russian oligarchs in London, since the cancellation of the warships deal would be hurtful for the French economy.<sup>98</sup> “We are not yet at that stage and we hope to avoid getting there,”<sup>99</sup> he stated. The decision was postponed until the actual selling in October of that year.<sup>100</sup> On the 20<sup>th</sup> of March Merkel and Cameron did not seem to agree on the extent of the sanctions. Where Cameron pushed for an extension of sanctions on the basis of the annexation of Crimea, Merkel stressed that this would only come under consideration if there would be invasion of Ukraine beyond Crimea.<sup>101</sup> Renzi once again stressed that there was a need to “keep a line of dialogue open” with Russia, also referring to a threat of returning to an “Iron Curtain situation”<sup>102</sup> On the 21<sup>st</sup> of March, word got out that the Italian fashion industry was not happy with the sanctions and was worried about losing millions of euros as a result.<sup>103</sup>

The domestic political situation in Germany was divided. The decision of Merkel has shown to be controversial, even within her own party. On the 24<sup>th</sup> of March Deputy head of the CDU Armin Laschet noted that if the European countries who levy sanctions are most affected in the end, the sanction would

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<sup>94</sup>Watt, N. “Ukraine: UK to push for tougher sanctions against Russia over Crimea.” *The Guardian*. 18 March 2014. Web. 14 June 2016.

<sup>95</sup>Martin, D. “‘A sham and illegal referendum has taken place at the barrel of a Kalashnikov’: Cameron talks tough on Crimea annexation as Ukraine border troops prepare for more Russian land grabs.” *Mail Online*. 21 March 2014. Web. 14 June 2016.

<sup>96</sup>Ekathimerini. “EU struggles to unite on ways to punish Russia beyond blacklist” *Ekathimerini*. 19 March 2014. Web. 17 June 2016.

<sup>97</sup>Waterfield, B. & Freeman, C. “EU leaders divided over new sanctions to punish Russia for annexing Crimea.” *The Telegraph*. 20 March 2014. Web. 14 June 2016.

<sup>98</sup>The Local/AFP. “Crimea: Hollande wants firm EU retort to Russia” *The Local*. 18 March 2014. Web. 14 June 2016.

<sup>99</sup>The Local/AFP. “Crimea: Hollande wants firm EU retort to Russia” *The Local*. 18 March 2014. Web. 14 June 2016.

<sup>100</sup>AFP/The Local. “France delays decision on Russia warship deal” *The Local*. 20 March 2014. Web. 14 June 2016.

<sup>101</sup>Waterfield, B. & Freeman, C. “EU leaders divided over new sanctions to punish Russia for annexing Crimea.” *The Telegraph*. 20 March 2014. Web. 14 June 2016.

<sup>102</sup>Waterfield, B. & Freeman, C. “EU leaders divided over new sanctions to punish Russia for annexing Crimea.” *The Telegraph*. 20 March 2014. Web. 14 June 2016.

<sup>103</sup>Binnie, I. “Possible export ban on Russian hid leather industry.” *Reuters*. 21 March 2014. Web. 10 June 2016.

“serve nobody”<sup>104</sup>. Furthermore, the German business community believes that sanctions are the wrong approach.<sup>105</sup> Giacomo Stucchi, President of the Italian intelligence agency COPASIR suggested on 26<sup>th</sup> of March that the delay of further sanctions until another source of gas was found was an option. But he mostly stressed that even in the event of a long-term halt of supplies, Italy is willing to consider other sources.<sup>106</sup> Even after the imposition of the first round of sanction, several multinational companies keep on dealing with Putin, witnessing the visit of Shell CEO Ben van Beurden to Putin in April 2014.<sup>107</sup> Additionally, British oil company BP and French oil company BASF voiced their concerns over the imposition of sanctions.<sup>108</sup>

During a survey conducted in several European countries, it also became clear that the population was divided over the question whether to impose sanctions on Russia for its behavior in Ukraine. Descending from Poland, Britain, Germany, France and Italy, the percentages were respectively, 53%, 47%, 46%, 39% and 32% support their government imposing economic sanctions against Russia.<sup>109</sup> So here it is clear the the two-level game played an important role. Heads of Government were not keen on imposing sanctions since it might compromise their domestic political position. So the behavior of the member states seems to reflect the prevailing attitudes in the country.

### **Institutional choice**

During Obama’s visit to Europe, he attended an EU-US Summit on the 26<sup>th</sup> of March. During the press conference Obama stood alongside Herman van Rompuy and Jose Manuel Barroso whilst addressing the situation in Ukraine. Obama pointed out that the EU and US should not be divided by the actions of Putin. Van Rompuy and Barroso stressed that the EU indeed was committed in cooperating with the US and urged European Member States to act in unity.<sup>111</sup> Before and after the summit Obama also visited several EU countries, among them Italy. The US wanted Italy to be ready to support tougher sanctions if necessary. Italy was in a tough situation, since it had strong business ties with Russia.<sup>112</sup> Additionally the Italian company ENI played a huge part in developing the ‘South Stream’ pipeline project. This project was now under fire since the long term goal of the EU was to become less dependent on Russian gas and the US therefore pressured Italy to abandon the project.<sup>113</sup>

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<sup>104</sup> Spiegel Staff. “Dancing with the Bear: Merkel Seeks a Hardline on Putin.” *Spiegel Online International*. 24 March 2014. Web. 10 June 2016.

<sup>105</sup> Spiegel Staff. “Dancing with the Bear: Merkel Seeks a Hardline on Putin.” *Spiegel Online International*. 24 March 2014. Web. 10 June 2016.

<sup>106</sup> Bedeschi, B. “FEATURE: Italy looks to alternative gas sources as Russia faces further sanctions.” *S&P Global*. 26 March 2014. Web. 14 June 2016.

<sup>107</sup> Anishchuk, A. “Shell committed to Russia expansion despite sanctions” *Reuters*. 18 April 2014. Web. 14 June 2016.

<sup>108</sup> Rudarakanchana, N. “European Companies Strike Out Against Tougher Russian Sanctions.” *International Business Times*. 17 April 2014. Web. 18 June 2016.

<sup>109</sup> Ipsos. “Majority (55%) Of Citizens Surveyed In 11 EU Countries Believe Their Nations Should Do Everything Possible To Support Stability in the Remaining Country of Ukraine.” *Ipsos*. 29 April 2014. Web. 18 June 2016.

<sup>111</sup> European Union External Action. Joint Statement EU-US Summit. *European External Action Service*. 26 March 2014. Web. 12 June 2016.

<sup>112</sup> Alcaro, R. “Obama’s Visit to Italy Quiet but Crucial.” *Brookings*. 27 March 2014. Web. 14 June 2016.

<sup>113</sup> Emmott, R. & Strupczewski, J. “Obama tells EU to do more to cut reliance on Russian gas.” *Reuters*. 26 March 2014. Web. 12 June 2016.

In the beginning of April, during a visit to Athens, Catherine Ashton stressed that the EU was willing to work with Russia to defuse the tension, but that sanctions must be kept open as an option. Greek Foreign Minister Evangelos Venizelos added that sanctions are not an end in themselves. They should be aimed at de-escalation.<sup>114</sup> On the 11<sup>th</sup> of April Merkel visited Greece to support its development in austerity policy and also to reassure Greek support for a new round of sanctions. So within and between certain countries there was considerable opposition towards extending the sanctions against Russia. Added to that, the earlier sanction did not seem to have the desired effect. Russia kept escalating the violence in Eastern Ukraine and felt that the prospect of real economic sanctions were mere empty threats.<sup>115</sup> Despite the opposition of many European businesses and the lack of agreement between the member states, consensus on a new round of sanctions was found in the end of April. On the 28<sup>th</sup> of April, the US and EU imposed a new round of sanctions. The updated list included 7 new individuals and 17 new companies. It was noted at that time that the West would keep its toughest sanctions “in reserve” if the situation would escalate further.<sup>116</sup>

### 30 April – 31 July On the brakes before accelerating

#### International Bargaining

On the 2<sup>nd</sup> of May Obama and Merkel stressed that it could be possible to have a new round of sanctions if Russia would undermine the Ukrainian Presidential election on the 25<sup>th</sup> of May.<sup>117</sup> Somewhat unexpectedly, France said on the 12<sup>th</sup> of May that they would still deliver the Mistral warships to Russia as promised.<sup>118</sup> The US and its European allies had tried to dissuade France from concluding this controversial deal, but so far it seemed that France was not willing to face economic costs for the implementation of new sanctions. The 15<sup>th</sup> of March Greek Prime Minister Alexis Tsipras visited Moscow to talk about trade and politics. Tsipras voiced his regrets over the sanctions and said that he preferred a diplomatic solution.<sup>119</sup>

Putin actively tried to break up the bloc of European countries. On the 24<sup>th</sup> of June he met with Austrian business leaders and made a deal to extend the controversial ‘South Stream’ pipeline to Austria.<sup>120</sup> This action drew heavy criticism from the European Commission. Italian President Matteo Renzi also was the main initiator of writing a letter to the European Commission in favor of the pipeline in question.<sup>121</sup> This would cater to the needs of Russia, since it would make Europe even more dependent on Russian gas. The main geopolitical strategy of Europe was to diversify its energy supplies and this is clearly something that

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<sup>114</sup>Nellas, D. “EU to continue working with Russia to defuse Ukraine crisis, Ashton says in Athens” *Ekathimerini*. 05 April 2014. Web. 12 June 2016.

<sup>115</sup>Traynor, I. “Division in Europe on sanctions mean Russia need not change Ukraine aims.” *The Guardian*. 24 April 2014. Web. 17 June 2016.

<sup>116</sup>Russia Today. “Obama rolls out new sanctions on Russia, Moscow says it won’t hurt.” *Russia Today*. 28 April 2014. Web. 12 June 2016.

<sup>117</sup>Holland, S. & Mason, J. “Obama, Merkel set May 25 deadline for new Russian sanctions.” *Reuters*. 2 May 2014. Web. 17 June 2016.

<sup>118</sup>Viscusi, G. & Fouquet, H. “Despite entreaties, France refuses to cancel sale to Russia of \$1.6-billion warship that carries 700 troops.” *National Post*. 12 May 2014. Web. 17 June 2016.

<sup>119</sup>Tovima. “Tsipras visit to Russia affected by European sanctions.” *Tovima*. 13 May 2014. Web. 10 June 2016.

<sup>120</sup>EurActiv/Reuters. “Austria seals South Stream deal with Gazprom.” *EurActiv*. 25 June 2014. Web. 17 June 2016.

<sup>121</sup>EurActiv. “Renzi leads belated effort in support of South Stream.” *EurActiv*. 10 June 2014. Web. 17 June 2016.



goes against that. A leaked EU Commission report also outlined the potential cost of imposing far-reaching economic sanctions and the conclusion was that it could do significant harm to the German economy,<sup>122</sup> along with other countries in Europe that would be targeted as a result. A new round of sanctions was therefore harder to achieve. German businesses were aggressively lobbying to prevent further sanctions towards Russia. On top of that, several politicians spoke more mildly about Putin's Russia and said they could understand their behavior to a certain extent.<sup>123</sup> Not to mention the far-right parties in Europe, who at times actively encourage the leadership style of Russia and of whom some are believed to be partly funded by the Kremlin itself.<sup>124</sup>

When word got out that a passenger airplane was shot down above rebel-occupied area, this warranted a strong response from the Western countries. Cameron stated that this event had brought into "sharp focus the consequences" of the behavior of Russia in Ukraine.<sup>125</sup> He also criticized some European countries for not taking a strong stance against Putin. The downing of the MH17 passenger airplane put the Netherlands in a difficult position. Initially the Netherlands was reluctant to impose economic sanctions on Russia, since it had significant business interests to maintain.<sup>126</sup> During the plane crash, 192 Dutch citizens died and therefore a strong response was expected from Dutch Prime Minister Mark Rutte. On the 20<sup>th</sup> of July Germany, Britain and France also said that EU foreign ministers should be ready to step up sanctions.<sup>127</sup> They agreed they must reconsider their position towards Russia and this entails a strong response towards actions of this caliber.

Many countries were hesitant to go to third-tier sanctions. Italy's Economy Minister Pier Carlo Padoan stated remarked that the economic growth in the EU was lower than expected and that a new round of sanctions would hurt all sides. France and Britain were accusing each other of hypocrisy when it comes to imposing a new round of sanctions, were Britain pointed at the reluctance of France to halt its military warship deal with Russia and France highlighted the unwillingness of Britain to impose economic sanctions that might harm their financial sector.<sup>128</sup>

After the downing of the MH17 airplane it was not yet clear that there would be stricter sanctions. There was still a lot of hesitancy, even on the part of the Netherlands itself. Between the downing of the airplane and the 31<sup>st</sup> of July Putin had 3 telephone conversations with Dutch Prime Minister Mark Rutte,<sup>129</sup> which gives the impression there were some de-escalation efforts of the part of Russia and some doubts on the course of action the Netherlands should take. The response of the Netherlands would be critical to the next steps taken by the EU as a whole. But an event like this put enormous pressure on the EU to impose sanctions. So here it becomes clear that values, norms and subsequently events that violate these norms can spur Member States into making decisions that are against their direct interest. EU diplomats made

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<sup>122</sup>Huggler, J. & Waterfield, B. "Ukraine crisis: Russia sanctions would hurt Germany's growth." *The Telegraph*. 09 May 2014. Web. 12 June 2016.

<sup>123</sup>Gotev, G. "Russia counts on EU 'friends' to avert further sanctions." *EurActiv*. 26 June 2014. Web. 12 June 2016.

<sup>124</sup>Kanevskaya, N. "How The Kremlin Wields Its Soft Power In France." *Radio Liberty*. 24 June 2014. Web. 17 June 2016.

<sup>125</sup>Sky News. "Russia Faces Sanctions Over MH17 Crash." *Sky News*. 25 July 2014. Web. 17 June 2016.

<sup>126</sup>Schiavenza, M. "After MH17 Holland's Cozy Relationship With Russia Under Fresh Scrutiny." *International Business Times*. 18 July 2014. Web. 20 June 2016.

<sup>127</sup>BBC News. "MH17 crash: UK pushing for more sanctions on Russia." *BBC News*. 20 July 2014. Web. 20 June 2016.

<sup>128</sup>BBC News. "Europe's troubles exposed by MH17 crash." *BBC News*. 23 July 2014. Web. 20 June 2016. Retrieved

<sup>129</sup>President of Russia. Agenda. Web. 20 June 2016.

clear that imposing sanctions would be very difficult for some poorer nations that are more dependent of Russia.<sup>130</sup> So right here we still see a great deal of ambivalence surrounding the possible decision to impose further sanctions. Nevertheless the pressure was mounting on the EU member states to make a decision. Not doing anything would show disunity and weakness, and the severity of the incident was so big that it was almost impossible not to act. This event shifted the public opinion in many states towards harder actions vis-à-vis Russia. On the 25<sup>th</sup> of July it became clear that the so far reluctant Dutch and German firms were “ready to take a hit” for the greater good of deterring Russia. Dutch oil giant Shell, which previously was on good terms with Russia said it now supported the sanctions, having lost four of its employees in the airplane crash.<sup>131</sup>

On the 30<sup>th</sup> of July it became clear that the third round of sanctions would be put into place and on the 31<sup>st</sup> of July the EU imposed the first economic sanctions on Russia, as opposed to visa bans and asset freezes. The sanctions included a ban on Russian state-owned banks’ access to Western capital markets, an arms embargo and restrictions on the export of hi-tech oil-production machinery.<sup>132</sup>

### **Institutional choice**

In May the issue of sanctions was more low-key than the preceding months. During the informal dinner of Heads of State on 27 May 2014 , there was no explicitly mentioned talk on further sanctions against Russia. The main topic of the conversation regarding Ukraine were the presidential elections.<sup>133</sup>

Because of the exclusion of Russia, the G8 changed into the G7. The planned Summit in Sochi was relocated to Brussels and held on 4 and 5 June. During this summit the leaders of the European Union institutions were involved, thus including Barroso and van Rompuy. During the summit Barroso noted that

“this democratic club does not accept the Russia of Vladimir Putin.”<sup>134</sup> At the end of the Summit Obama and Cameron laid down a new deadline for sanctions. If Russia would not implement the Minsk II agreement within a month, a new round of sanctions would be imposed<sup>135</sup>. This was reiterated on the European Council meeting on 26-27 June, when the member states stated that they wanted to see concrete steps taken by Russia regarding the de-escalation of the situation.<sup>136</sup> When no real progress was seen, on the special meeting in the European Council on the 16<sup>th</sup> of July the sanctions list was expanded with 6 more names.<sup>137</sup> One day after that the downing of the airplane MH17 caused a tectonic shift in relations. On the subsequent Foreign Affairs Council of the 22<sup>nd</sup> of July it was agreed that a new set of sanctions had to be put in place. More important, the Council gave the mandate to the Commission and

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<sup>130</sup> Lewis, B. “New European Sanctions On Russia Over MH17 Seem Unlikely For Now.” *The World Post*. 21 July 2014. Web. 20 June 2016.

<sup>131</sup> Pop, V. “German, Dutch firms ready to take hit from Russia sanctions.” *EU Observer*. 19 July 2014. Web. 20 June 2016.

<sup>132</sup> Monaghan, A. & Rankin, J. “EU and US sanctions against Russia: which will they hurt more?” *The Guardian*. 30 July 2014. Web. 20 June 2016.

<sup>133</sup> European Council of the European Union. Informal dinner of Heads of State or Government, 27/05/2014. *European Council of the European Union*. 27 May 2014. Web. 20 June 2016.

<sup>134</sup> BBC News. “G7 leaders warn Russia of fresh sanctions over Ukraine.” *BBC News*. 5 June 2014. Web. 20 June 2016.

<sup>135</sup> The Blade. “Obama, Cameron set new Russia sanctions deadline.” *The Blade*. 5 June 2014. Web. 20 June 2016.

<sup>136</sup> European Council. European Council, 26-27/06/2014. *Consilium*. 27 June 2014. Web. 20 June 2016.

<sup>137</sup> European Council. Special meeting of the European Council, 16/07/2014. *Consilium*. 16 June 2014. Web. 20 June 2016.

the EEAS to prepare the new range of measures.<sup>138</sup> This comes to show that in fact the member states are giving considerable power to the EU institutions in handling this crisis. Another factor that strengthened the decision-making power was the role of the COREPER. This organ, the 'Comité des représentants permanents', was created to increase the consistency of a common foreign policy. In order for member states to adhere to their joint commitments, a permanent representative is useful to monitor the implementation and provide expertise. Attached to the permanent representatives of the member states, the so-called 'CFSP counselors' were instrumental in creating more policy consistency in the area of foreign affairs<sup>139</sup>. The meetings of the COREPER are mostly held behind closed doors, but we can see that they play a role in the preparation of the sanctions as well as having a mandate in extending the sanctions that were imposed at the 31<sup>st</sup> of July 2014<sup>140</sup>.

Several EU Commissioners were closely involved in the negotiations and decision-making procedures regarding the imposition of possible economic sanctions against Russia. A Trilateral meeting between DG Energy Commissioner Karel de Gucht, Russia's minister of Economic development and Ukraine's foreign minister was held on the 11<sup>th</sup> of July, where the three parties agreed to launch a consultation mechanism to monitor the effect of the EU-Ukraine Association Agreement<sup>141</sup>. De Gucht also stated in March 2014, in the context of an economic aid package, that the EU was aware of the "economic plight" Ukraine was facing, and that the package was "more than a gesture, it's an economic lifeline."<sup>142</sup>

EU Commission Gunther Oettinger stated that the EU was willing to help Ukraine repay its debt for Russian gas supply and noted that payment of outstanding bills is "high up in the European's Commission aid package."<sup>143</sup> Additionally, he demanded a fair price regime from Russia and opposed the 'divide and rule' policy of differentiating gas prices among different EU countries<sup>144</sup>. The escalation of the crisis in Ukraine also triggered the Commission to harden its stance on the South Stream pipeline. EU competition rules prevented Russia from establishing a monopoly over the energy supply and the Commission was now even less inclined to waive the rules for the sake of commercial gain<sup>145</sup>. Oettinger stated that the objections over the South Stream pipeline were both legal and political. The Commission cannot force member states to halt the project, but it can start legal procedures against the contracts that underlie the building of the pipeline<sup>146</sup>.

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<sup>138</sup>Foreign Affairs Council. Foreign Affairs Council, 22/07/2014. *Consilium*. 22 July 2014. Web. 20 June 2016.

<sup>139</sup>Smith, Michael E. "Conforming to Europe: the domestic impact of EU foreign policy co-operation." *Journal of European Public Policy* 7.4 (2000): 613-631.

<sup>140</sup>Interfax Ukraine. "COREPER agrees 6-month extension of sanctions against Russia, EU Council has to confirm decision." *Interfax Ukraine*. 21 June 2016. Web. 15 July 2016.

<sup>141</sup>European Commission. Joint conclusions of the EU-Russian Federation-Ukraine ministerial meeting on the effects of implementation of the EU-Ukraine AA/DCFTA. *European Commission*. 11 July 2014. Web. 15 July 2016.

<sup>142</sup>Rettman, A. "First part of EU-Ukraine treaty to enter into life in June." *EU Observer*. 11 March 2014. Web. 15 July 2016.

<sup>143</sup>KyivPost. "Gunther Oettinger: EU ready to help Ukraine repay its debt for Russian gas." *KyivPost*. 5 March 2014. Web. 15 July 2016.

<sup>144</sup>Wilson, N. "EU Commissioner Slams Russia's 'Divide and Rule' Gas Pricing." *International Business Times*. 2 May 2014. Web. 15 July 2016.

<sup>145</sup>Oliver, C. "Ukraine crisis hardens Brussels stance on Gazprom pipeline". *Financial Times*. 5 May 2014. Web. 15 July 2016.

<sup>146</sup>Rettman, A. "EU commission scales up rhetoric against Russian gas pipeline." *EU Observer*. 3 June 2014. Web. 15 July 2016.

Now that the three steps of Liberal Intergovernmentalism have been applied to the decision-making process surrounding the Ukraine crisis, it is possible to draw conclusions. First of all, the interests of member states were very divergent, and it could even be argued that there was more opposition to sanctions than support in the beginning period of February and March. The aggregate interest of countries was influenced by business interests and in certain countries also by the public opinion, who were not eager to jeopardize the relations with Russia over Ukraine. So far this is all in line with the assumptions of Liberal Intergovernmentalism. The next step was to research the international bargaining process. The research conforms to the theory in the sense that the bigger states indeed have major influence in the decision-making process. Especially Germany plays a huge part, acting as the main communication channel with Russia via direct contact with Vladimir Putin. Something which was not accounted for in the model but did play a significant role was the involvement of the US. Even though they are not part of the European Union, they did play an important role by collaborating with the EU in imposing sanctions. Furthermore there were many meetings and events in which the US actively participated in deciding the fate of the upcoming sanctions. This is not included in the original model but could be seen as an extension of the interstate bargaining model. There is still a focus on states as actors but also states that are not part of the international regime can play a role. The final step of Liberal Intergovernmentalism describes the choice on international regimes. In the words of Moravcsik these are policy coordination platforms. According to this definition there is a limited role for possible influence by the institution, and does not attribute much significance to any autonomous behavior that an institution might exhibit. On this part the analysis shows that the European institutions did play a significant role in the decision-making process. Bodies like the Commission and COREPER play a big role in the preparation, agenda setting, lobbying and implementation of the sanctions. Furthermore, the Commission has legal powers such as the blocking a pipeline between Russia and Central Europe. It is fair to say that the importance of the EU is bigger than Liberal Intergovernmentalism would predict. Instead of being a mere policy coordination platform, the EU actively pushed the agenda and was even in direct contact with major players such as Russia and the US.

When looking at the third round of sanctions that was imposed on the 31<sup>st</sup> of July, it becomes clear there are more factors at play than economic and geopolitical interests. The economic effects of imposing sanctions did not suddenly change. Something else did. It is safe to say that morals also played a role here. The downing of MH17 created a situation in which not imposing sanctions would seem like immoral and heartless. The fact that so many people lost their lives made it hard for Heads of Government to ignore or postpone the situation. That is not to say that all of a sudden all politics became moral, but more that it became progressively harder to deny the magnitude of the crisis in Ukraine. In Liberal Intergovernmentalism this is not explicitly mentioned. They do refer to a certain credibility of interstate commitments, but the importance of events like the downing of MH17 these should not be underestimated.

## Conclusion

The intention of the research was to provide insight into the relevance of Liberal Intergovernmentalism in the current political situation of the EU. Since the theory was developed in the early 90s, a new assessment is necessary in order to see whether it still can be employed for current political situations. From this starting point the crisis in Ukraine was taken as a case study for the theory. First off, the assumptions and the model of Liberal Intergovernmentalism had to be outlined and specified. The three stages that are the core of this theory provided a framework in which the case of the Ukrainian crisis could be assessed. A case study was the most appropriate model to test the assumptions of Liberal Intergovernmentalism. The theory stresses the process and the dynamics of international cooperation, so a quantitative approach would not be sufficient to have a closer look at the decision-making process. The Ukraine crisis was chosen because it was a case which on the first look did not seem in line with the predictions of Liberal Intergovernmentalism. The choice of a difficult case could grant us a stronger confirmation of the theory if proven that the Liberal Intergovernmentalism approach still holds up nowadays.

To accurately assess the dynamics of the decision-making process, I analyzed official statements, press conferences and conclusions of important meetings between Heads of State, Foreign Ministers and other potentially influential actors. Furthermore I looked into the public opinion, as well as the historic relations between the countries and the possible influences that these had on present-day decisions. The sources I used were all open to public. What exactly went on during talks of negotiations is undisclosed so in order to build my argument I had to use the statements before and after the talks and other circumstantial evidence such as speeches and meetings.

The starting point of the analysis was to establish the positions of the important member states of the EU. Variables that were included were historical relations, economic interests, geopolitical interests and the influence of public opinion. After assessing the most significant countries for this case, the profiles were put next to each other to create an overall view of the positions of the EU member states, as visualized in the table. It became clear that the member states' interests were not aligned at all. From there a timeline was established and split up into three periods. These were the periods that preceded each decision to impose new sanctions. In this context it became possible to analyze the international bargaining that took place in each time period. The main takeaway here was that the interests of member states alone could not account for the actions taken by the EU. One factor was the involvement of the US, which was a frontrunner in imposing sanctions and was keen on moving together with the EU towards tougher measures against Russia. The other factor was the involvement of the EU institutions, something which will be touched upon in the last stage of the model of Liberal Intergovernmentalism: institutional choice. In the framework of Liberal Intergovernmentalism institutions act as policy coordination platforms. In this case it is clear that the EU has a prominent role in the decision-making process. Institutions like the Commission and COREPER play a big role in the preparation, agenda setting, lobbying and implementation of the sanctions. So in this respect the theory falls short of ascribing influence to the right actors. European institutions do matter, even in cases of foreign/military policy. This can be seen as a sign that the European Union is slowly taking center stage when it comes to influencing and even determining foreign policy of the EU member states. What it means for Liberal Intergovernmentalism is that it should either limit the scope of explanation or try to augment the theory by adding an element of morality into its theory. Furthermore it should try to incorporate the reality of the influence that the EU institutions exert on the foreign policy of Member States. This research tested the validity of Liberal Intergovernmentalism in the

context of 21<sup>st</sup> century foreign policy of EU member states. With this research in mind, new paths can be explored when trying to grasp the reality of decision-making processes in the European Union. There are two main takeaways of this research which can lead to further research. The first one is the role of moral in politics. When do morals trump pure economic and geopolitical interests, and do they play a role in every area of decision-making. The other road would be to go deeper into the influence of either the COREPER or the Commission when it comes to influencing the decision-making process of EU member states.



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