

Global Strategy Forum

*Russia: How Have Things Got So Bad
and What Should We Do About It?*

The National Liberal Club

27 June 2018

Six Factors Influencing Russia-West
Relations During 2000-2018
and Future UK Policies

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GSF PP Presentation: <http://www.rees.ox.ac.uk/professor-christopher-davis>

Organisation of Presentation

- Factors Contributing to Strained Relations
 1. Ideological: Liberal Institutionalism versus Realism
 2. Political: Liberal versus Authoritarian Democracies
 3. Information Competition: Active Measures, Fake News
 4. Economic: Economic Power Balances, Global Financial Crisis
 5. Military/Intelligence: Military Power Balances, Conflicts in Syria and Ukraine, Covert Actions
 6. Economic Sanctions
- Post-Brexit UK Policies Concerning Russia
 - Foreign Policy
 - Military: UK Capabilities and NATO
 - Economic Sanctions and Economic Relations

Publications of Relevance

- Christopher Davis (1990) Economic influences on the decline of the Soviet Union as a Great Power: Continuity despite change, *Diplomacy & Statecraft*, 1(3), 83-109
- Christopher Davis C. (1996) War and peace in a multipolar world: A critique of Quincy Wright's institutionalist analysis of the interwar international system, *The Journal of Strategic Studies*, 19:1, 31-73
- Christopher Davis (2002) The defence sector in the economy of a declining superpower: Soviet Union and Russia, 1965-2000, *Defence and Peace Economics*, 13 (3), 145-177
- Christopher Davis (2016) The Ukraine conflict, economic-military power balances and economic sanctions, *Post-Communist Economies*, Vol. 28, No. 2 (Open Access):
<http://www.tandfonline.com/doi/full/10.1080/14631377.2016.1139301>
- Christopher Davis (2017) Russia's changing economic and military relations with Europe and Asia from Cold War to the Ukraine conflict: The impacts of power balances, partnerships, and economic warfare, *Korea Institute of International Economic Policy*, Seoul (Open Access):
<http://www.rees.ox.ac.uk/sites/sias/files/documents/KIEP%20Davis%20Russia%20Europe%20Asia%20170418.pdf>

Factor 1: Ideology

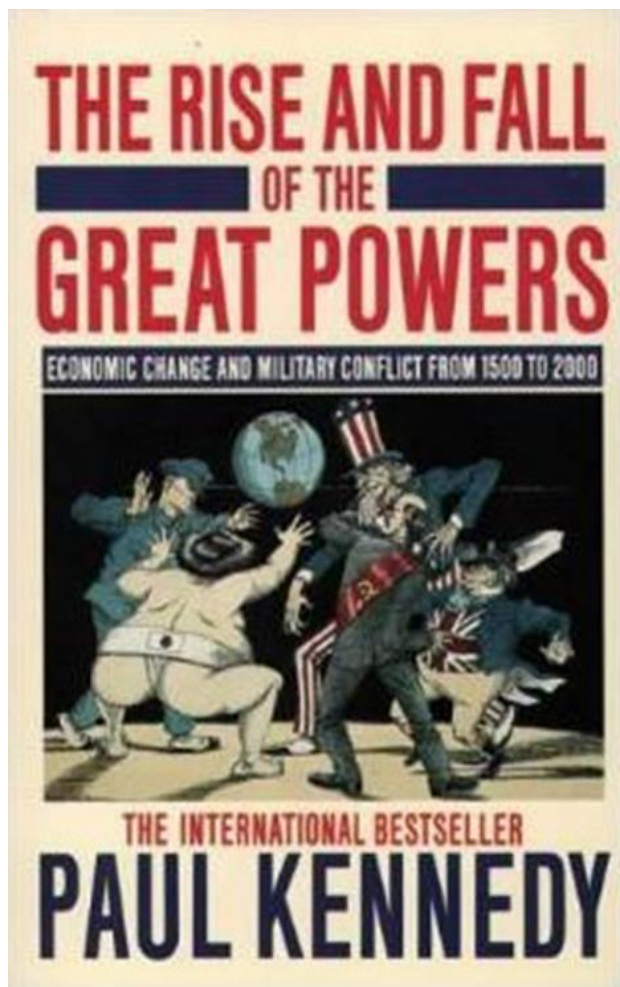
Ideology of International Relations I: Liberal Institutionalism and Neoliberal Economics

- Liberal Institutionalism (Rules-Based International Order) Dominant in West 1980-2016
 - Belief in Universal Rights and Rules
 - Promotion of democracy, civil society
 - Multilateralism: UN, EU
 - Sanctity of Independence and Borders
- Neo-liberal Economics (Washington Consensus) Influential in 1990s During Early Transition
 - Minimum state, de-regulation, markets, flexible prices
 - Free flows of labour and capital
 - Free trade positive, trickle down so all benefit
 - Multilateralism, WTO

Ideology of International Relations II: Realism and Mercantilism

- Realism (Popular in National Security Circles)
 - Importance of Nation State
 - Economic-Military Power and Power Balances
 - Bilateralism instead of Multilateralism
 - Spheres of Influence of Big Powers
- Mercantilism (Marginal influence 1980-2016)
 - State intervention in foreign trade to promote national interests
 - Tariffs
 - Economic Sanctions/Warfare

Dynamics of Russia as a Great Power: Economic, Military, Technology Balances



Kennedy 1988

Economic Influences on the Decline of the Soviet Union as a Great Power: Continuity Despite Change

CHRISTOPHER MARK DAVIS

And on the pedestal these words appear:
'My name is Ozymandias, king of kings:
Look on my works, ye Mighty, and despair!
Nothing beside remains. Round the decay
Of that colossal wreck, boundless and bare
The lone and level sands stretch far away.

'Ozymandias' by P.B. Shelley (1792–1822)

1. Introduction

Nations usually achieve the status of great power through the inter-related development of both economic strength and military capabilities. A strong economy is needed to sustain the political legitimacy of governing groups through improvement of citizens' living standards, to exert influence during peace time in the international arena, to generate modern weapons technologies, and to provide support of military efforts in periods of protracted warfare. Military power traditionally has been used to expand and defend nations and empires, to obtain wealth, and to promote a country's interests in the world political system. Excessively ambitious military build-ups by a nation over an extended period, however, can weaken its economy and result in a decline in its power relative to competitors. In his book on *The Rise and Fall of the Great Powers* Paul Kennedy shows that in the course of history there are many examples of major nations that have

Davis 1990

Movement from Liberal Institutionalism to Realism

- Unexpected negative developments in transition in Russia and other countries
 - Weak states unhelpful
 - Rapid privatization results in corruption and inequality
- Unregulated financial markets, incompetence and corruption cause GFC, which discredits Western elites and their ideology
- Rise of Nationalism, Strong States
 - Many losers from liberal capitalism and free trade
 - Job insecurity, uncontrolled immigration
 - Emergence of strong states with national agendas: China (Xi), Russia (Putin), Turkey (Erdogan), USA (Trump)

Shift from Liberalism to Realism and Mercantilism: Case of USA

- USA architect of Liberal Institutionalism and Neoliberal Economics. But problems 1991-2016.
- 2016 Election
 - Clinton (Liberal Institutionalism and Anti-Russia)
 - Trump (Realism, Mercantilism, Russia Neutral)
- Trump Policies
 - USA and Multilateralism
 - Paris Ecology Accords
 - Asia Trade and NAFTA
 - Iran Nuclear Agreement
 - UN Human Rights Commission
 - G7: Make it G8 and Dispose of Liberal Institutionalism
 - Tariffs: China, EU, Canada
 - Economic Sanctions: Primary and Secondary

Factor 2: Politics and Foreign Policy

Political/International Relations Factors

- Russia Situation and Perspectives
 - Weak state in 1990s
 - Russia grievances concerning early transition
 - Consolidation of power by Putin from 2000
 - Perception that West lacks respect and promotes regime change
 - Russia claims spheres of influence in Near Abroad and takes military action in them (2008 Georgia, 2014 Ukraine)
- West Perspectives and Behaviour
 - Perception that Russia is a weak and declining regional power
Criticism of Russian political system, support of democracy movements and Colour Revolutions
 - Denial that Russia could have zones of strategic interest (all nations totally free to make choices)
 - UK outrage over covert incidents (Litvinenko, Skrypal)

Factor 3: Information Competition

Information Competition Between the USSR and the West: 1917-1991

– Common Structures and Missions of KGB and CIA/MI6

- Propaganda about the superiority of own system
- Propaganda about the weaknesses of adversary's system
- Interference in political processes
- Information Espionage (Sigint, theft of documents (Khrushchev's Secret Speech))
- Disinformation (forgeries, Fake News)

KGB

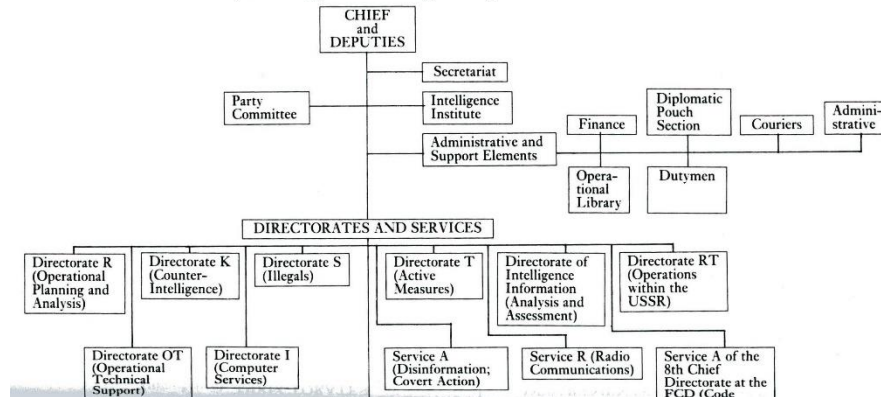
The Inside Story of its Foreign Operations
from Lenin to Gorbachev

CHRISTOPHER ANDREW
and
OLEG GORDIEVSKY

Hodder & Stoughton

LONDON SYDNEY AUCKLAND TORONTO

*The Organisation of the KGB First Chief Directorate
(Foreign Intelligence)*

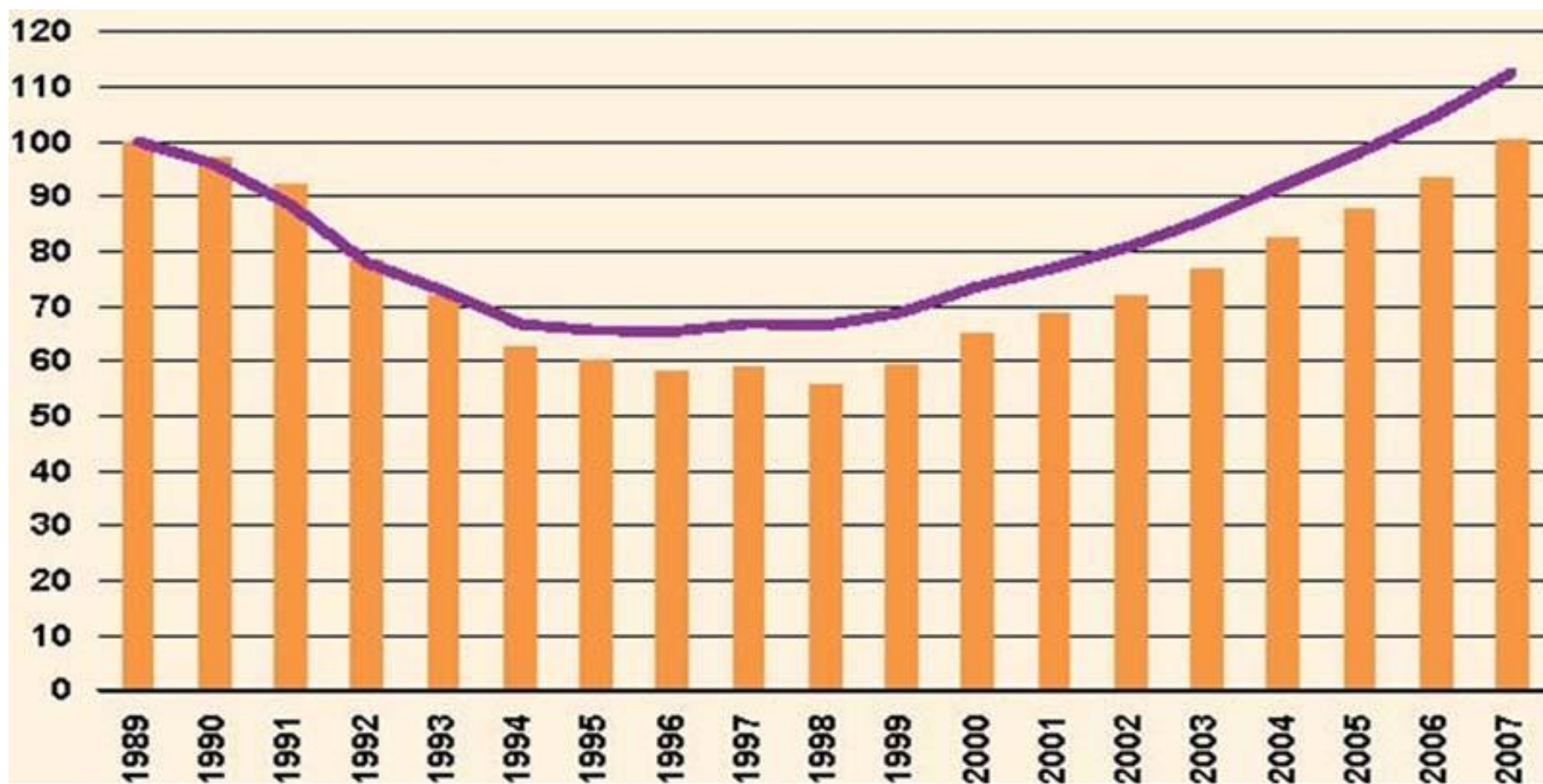


Information Competition Between Russia and the West: 1992-2018

- Standard Actions by Russia and West Continue
 - Propaganda about the superiority of own system
 - Propaganda about adversary's weaknesses
 - Interference in political processes (promotion of democracy, Colour Revolutions, interference with elections, agents of influence)
 - Information Espionage (Cyberwarfare, theft of electronic documents (e.g. Democratic Party emails), defections)
 - Disinformation (forgeries, Fake News on YouTube, Twitter, FaceBook)
- Responsibility of Russian and UK/USA Counter-Intelligence to offset completely predictable foreign efforts

Factor 4: Economic Power

Decline and Recovery of Russia Economy (Real GDP), 1989-2007 (1989=100)



■ Russia ■ Average, transition countries

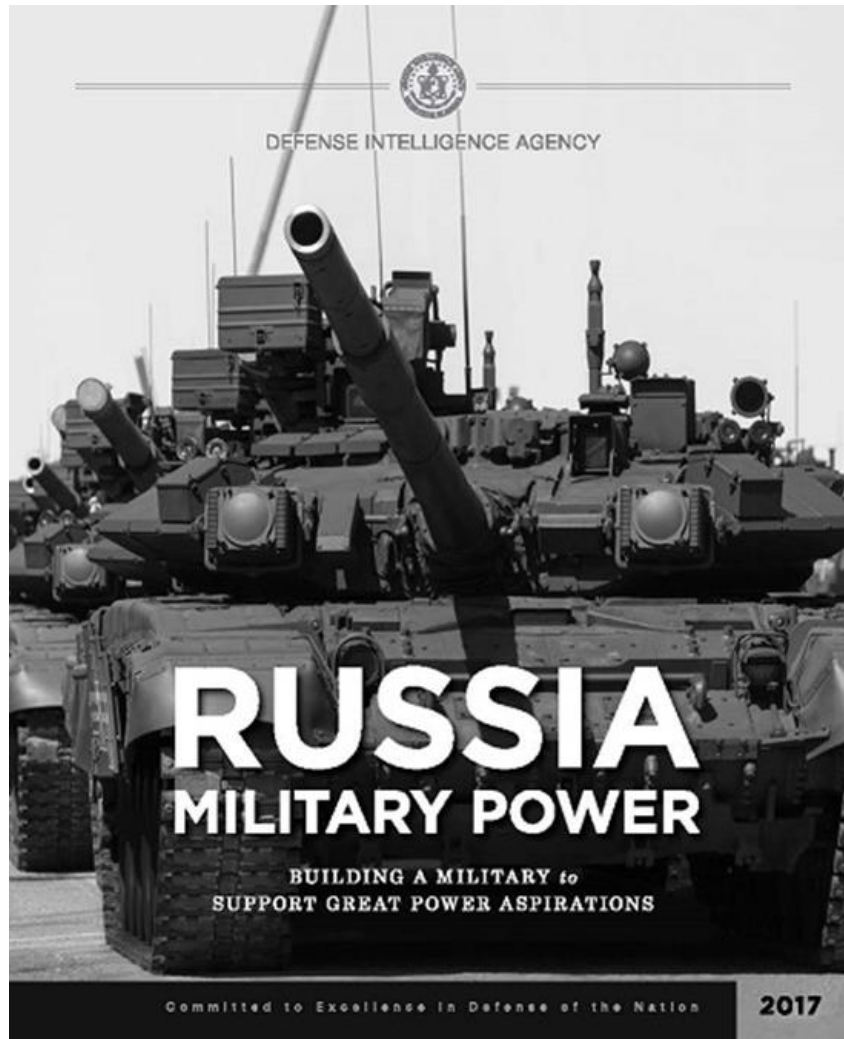
Russia's Current Economic System and Capabilities

- Large state capitalist economy with balance across sectors relevant to national security that enables self-sufficiency in critical areas
- Substantial extraction of value by the state from natural resource sectors and re-distribution
- Firmly established priority protection system that ensures the most important branches receive necessary resources irrespective of general circumstances
- Highly capable human capital: mathematicians, scientists, computer specialists, and engineers

Russia, EU, USA, Asia Economic Balances in 2000, 2005, 2010 and 2016

(Gross domestic product in Constant Prices and PPP, US \$ Billions 2010)								
Country	2000		2005		2010		2016	
	GDP Value	Index Russia	GDP Value	Index Russia	GDP Value	Index Russia	GDP Value	Index Russia
Russia	1,968	100.0	2,650	100.0	3,154	100.0	3,389	100.0
United Kingdom	1,934	98.3	2,216	83.6	2,254	71.5	2,543	75.0
Germany	2,935	149.1	3,020	114.0	3,211	101.8	3,553	104.8
France	2,077	105.5	2,255	85.1	2,343	74.3	2,488	73.4
European Union	14,648	744.3	16,088	607.1	16,800	532.7	18,102	534.1
United States	12,713	646.0	14,408	543.7	14,964	474.4	16,920	499.3
China	4,578	232.6	7,305	275.7	12,483	395.8	19,289	569.2
Japan	4,206	213.7	4,460	168.3	4,482	142.1	4,755	140.3
India	2,465	125.3	3,543	133.7	5,093	161.5	7,953	234.7
South Korea	977	49.6	1,231	46.5	1,505	47.7	1,794	52.9

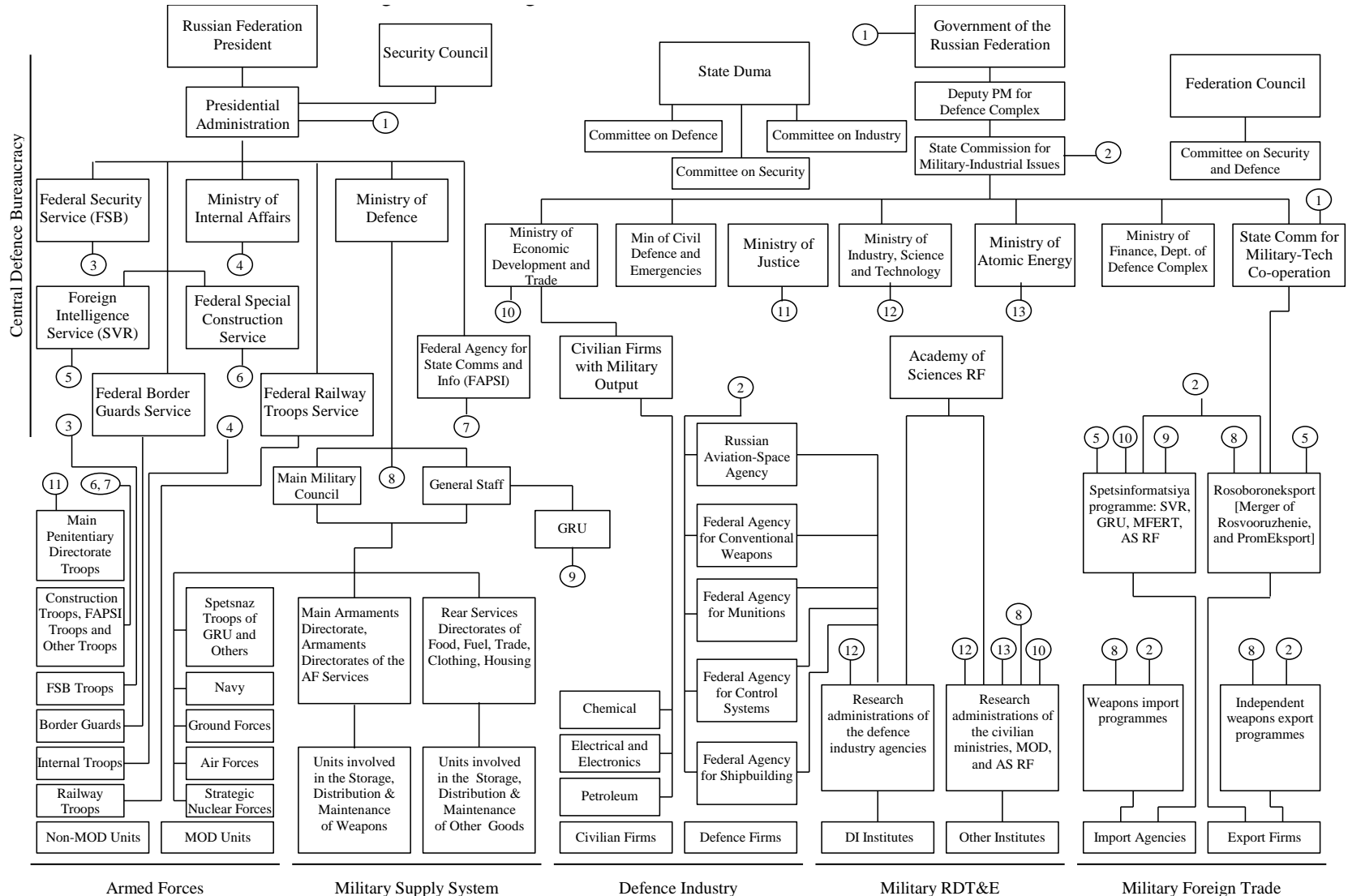
Factor 5: Military Power



Russia's Strategic Objectives

- Military
 - Strategic deterrence, conventional force deterrence, maintenance of security within the country, disruption of activities of threatening countries and NATO, power projection to assist allies
- Political
 - Alliances to offset a USA-dominated world order, stability within Russia
- Economic
 - State control of “commanding heights”, reforms to improve productivity and competitiveness, protection of national economy from foreign interventions

Russian Defence Organisation



Sources: Russian reference books (e.g. Ofitsial'naya 2001), articles in Russian newspapers (e.g. Sokut 1999, Korotchenko 2001), and interviews by author.

Russian Priority Protection System and Defence

Priority Indicator	Soviet Command Economy	Russian Transition Economy
During Plan/Budget Formulation		
Defence in Leadership's Objective Function	High Weight/Lexicographic Ordering	Low Weight/ Trade-Offs between Defence and other Objectives
Resource Allocation Responsiveness	Highly Responsive	Unresponsive
Wage Rates	Relatively High	Relatively Low
Adequacy of Financial Norms in Budgets	Generous	Stingy
During Plan/Budget Implementation		
Outputs	Commitment to Fulfilment of Plans	No State Plans, Minimal Help in Maintaining Output
Budget Constraints	Soft	Relatively Soft
Supply Plans	Commitment to Fulfilment of Plans	Tolerance of Disruptions
Investment Plans	Ambitious and Commitment to Fulfilment of Plans	Little Investment and Indifference to Fulfilment
Inventories of Inputs	Large Input Inventories	Depleting Input Inventories
Reserve Production Capacity	Large Mobilization Capacity	Diminishing Mobilization Capacity
Shortage Intensity	Low	High

President Putin Becomes Head of the Military-Industrial Commission in September 2014

мировая политика | НАТО обещало Украине «еще более тесное» партнерство — 5

навстречу выборам | В Красноярском крае губернатора могут не прийти до 90%

Коммерсантъ

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Пятница 5 сентября 2014 №159 (5432 с момента возобновления издания)

культура Умер Донатас Банионис — 10

От Российского фонда помощи — 6

kommer.ru | Коммерсантъ FM 93,6

Голова издательского дома «Коммерсантъ» Издается с 1909 года. С 1917 по 1990 год по инициативе от редакции «Коммерсантъ». С 1990 года выходит в виде отдельного издания. С 1992 года — в электронном.

БУДУРА! Новый гипер

Верховный главнорешающий

Владимир Путин возглавит и ВПК тоже

Как стало известно, «Ъ», в ближайшее время военно-промышленная комиссия (ВПК) утратит свою привычную приставку при правительстве РФ, и будет заменена непосредственно на президента. Ее возглавит лично Владимир Путин, а нынешний руководитель вице-премьер Дмитрий Рогозин станет его заместителем. В правительстве считают, что с президентским статусом ВПК получит наконец полномочия, которых ей не хватало для разрешения вечных споров на миллиарды рублей между промышленностью и военными.

О предстоящей реформе ВПК «Ъ» рассказал высокопоставленный источник в администрации президента. По его словам, проект соответствующего указа Владимира Путина, разработанный в аппарате правительства, поступил в Кремль еще в августе и в ближайшие дни будет направлен на подпись президенту. Официально о реформе комиссии может быть объявлено уже на следующей неделе во время одного из совещаний у Владимира Путина.

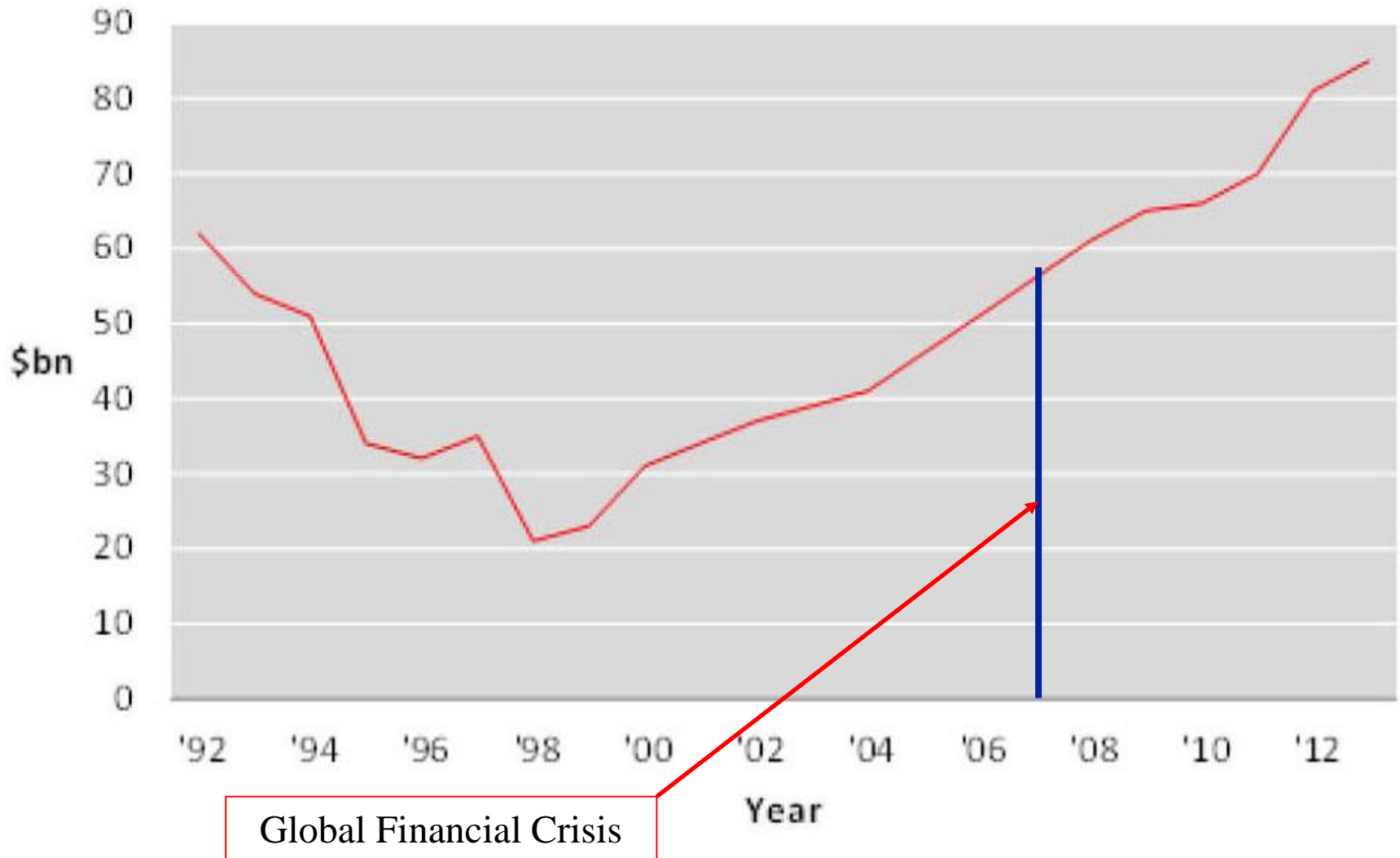
Три дня назад на заседании ВПК Юрий Борисов и члены, в частности первый вице-президент ВПК Сергей Иванов, занимавшего тогда посты вице-преьера и министра обороны РФ (именно тогда она и была переименована в ВПК при правительстве). После назначения Дмитрия Рогозина вице-премьером, курирующим оборонный комплекс, структуры ВПК приросли: были созданы специальные советы по созданию технических основ видов и родов вооруженных сил. На сегодняшний день комиссия является главным государственным органом, когда из-за несогласования цен и отсутствия своевременного авансирования со стороны Минобороны был сорван заказ на межконтинентальные баллистические ракеты «Тополь-М» и «Буревестник» (с июля 2011 года). А в 2012 году из-за противостояния Минобороны и Объединенной судостроительной корпорации вокруг цен серийных контрактов на строительство новых атомных субмарин («Ъ» подробно отслеживал этот конфликт в своих публикациях) под угрозой оказалась своевременная реализация программы вооружений, касавшейся поставок флоту серии стратегических подводных ракетосовещательных классов.

какую заметную роль. Пока в марте 2006 года Владимир Путин своим указом не наделял ее правом формирования государственного оборонного заказа и не утвердил ее председателем Сергеем Ивановым, занимавшего тогда посты вице-преьера и министра обороны РФ (именно тогда она и была переименована в ВПК при правительстве). После назначения Дмитрия Рогозина вице-премьером, курирующим оборонный комплекс, структуры ВПК приросли: были созданы специальные советы по созданию технических основ видов и родов вооруженных сил. На сегодняшний день комиссия является главным государственным органом, когда из-за несогласования цен и отсутствия своевременного авансирования со стороны Минобороны был сорван заказ на межконтинентальные баллистические ракеты «Тополь-М» и «Буревестник» (с июля 2011 года). А в 2012 году из-за противостояния Минобороны и Объединенной судостроительной корпорации вокруг цен серийных контрактов на строительство новых атомных субмарин («Ъ» подробно отслеживал этот конфликт в своих публикациях) под угрозой оказалась своевременная реализация программы вооружений, касавшейся поставок флоту серии стратегических подводных ракетосовещательных классов.

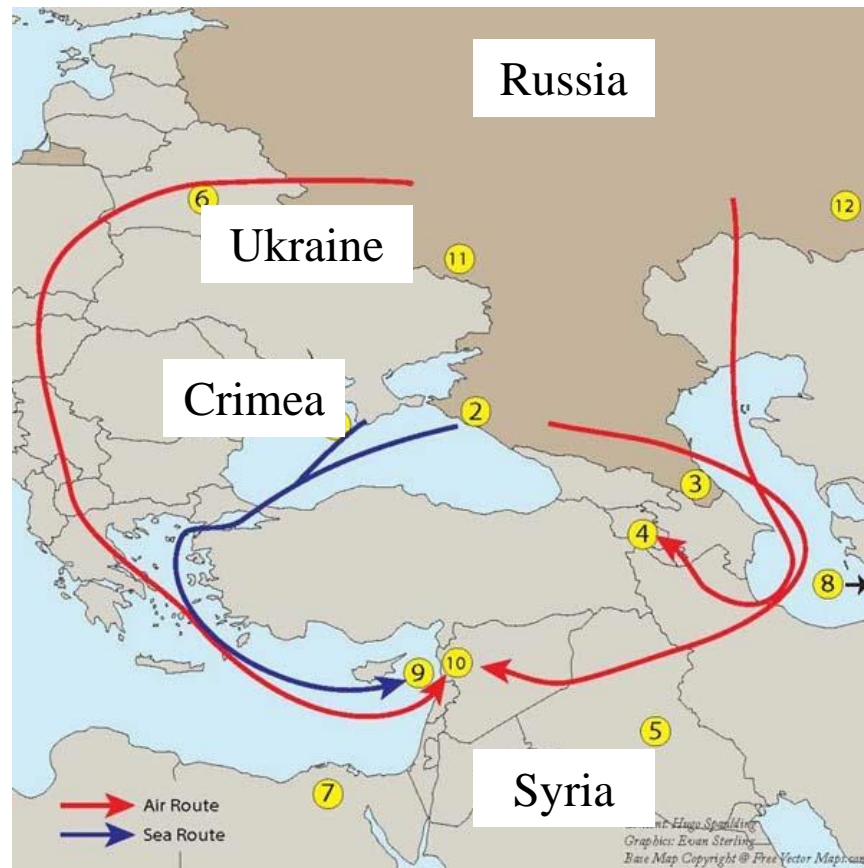


Supreme Decisionmaker Vladimir Putin Also Heads the VPK

Rising Russia Defence Expenditure: 2000-2013



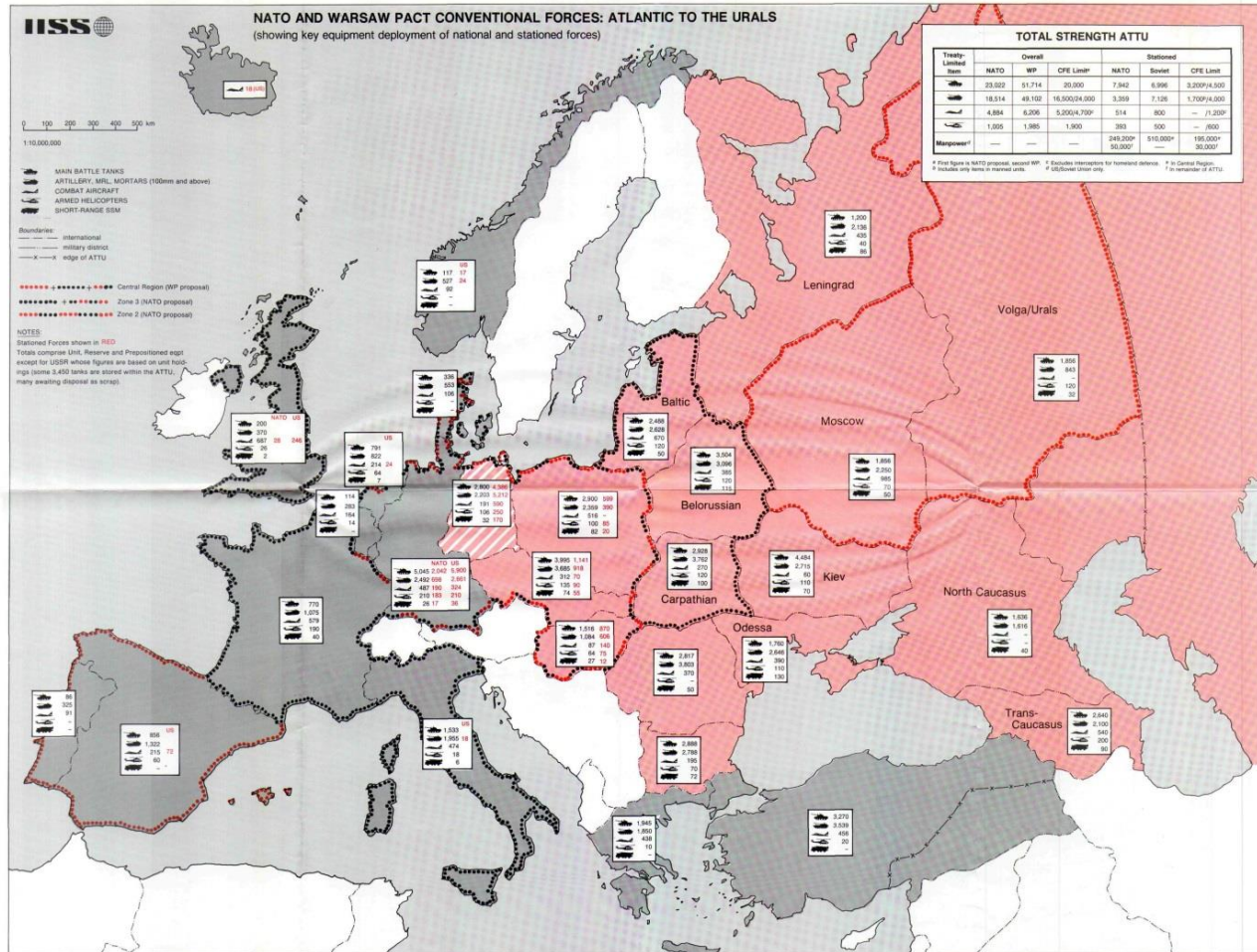
Russia Military Sea Supply Route from Crimea to Syria: 2011-2017



Expansion of NATO Membership 1949-2009



Conventional Deterrence in Europe in 1990: NATO-Warsaw Pact Military Balance



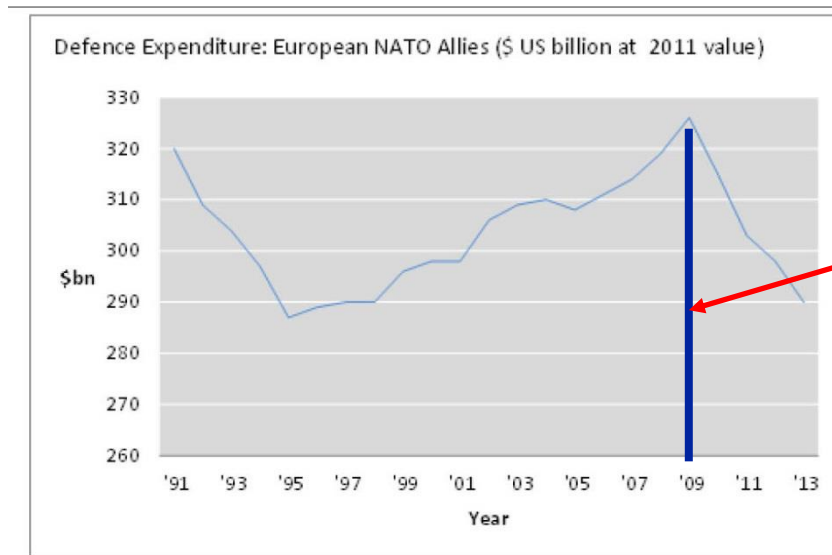
Arms Reductions in NATO and Re-Orientation Away from Europe: 1999-2013

- Withdrawals of military forces in Europe
- Cuts in Europe defense expenditures
- Reductions in national Armed Forces
- 9/11 2001 results in higher spending on War on Terror, deployments to Iraq and Afghanistan
- Reductions in intelligence assets devoted to Russia, reorientation to counter-terror
- USA shifts strategic focus from Europe to Asia to deal with growing power of China

Reductions in Military Forces of Russia, UK, USA (Europe) and Germany: 1990- 2013

Country	Indicator	Years		
		1990	1998	2013
USSR/Russia	Military Personnel	3,988,000	1,159,000	845,000
	Tanks	61,500	15,500	2,550
	Artillery	66,880	15,700	5,436
	Combat Aircraft	4,335	1,525	1,389
	Helicopters	4,500	1,000	392
	Defense % GDP	15.0	5.8	3.1
UK	Military Personnel	306,000	210,940	169,150
	Tanks	1,330	545	227
	Artillery	705	459	610
	Combat Aircraft	823	550	283
	Helicopters	107	269	176
	Defense % GDP	5.2	2.8	2.3
USA in Europe	Military Personnel	299,200	102,670	
	Tanks	5,917	927	
	Artillery	2,685	497	
	Combat Aircraft	660	218	
	Helicopters	210	138	
	Defense % GDP	6.5	3.4	3.7
Germany	Military Personnel	469,000	333,500	186,450
	Tanks	5,045	3,135	322
	Artillery	2,492	2,059	272
	Combat Aircraft	697	532	205
	Helicopters	210	204	22
	Defense % GDP	3.2	1.6	1.2

NATO Europe Defense Expenditures 1990-2013



Note: From 2001 much of the increment in NATO Europe spending devoted to War of Terror outside of Europe.

Global Financial Crisis

Diagram OneEurope 2014

Data source: Stockholm International Peace Research Institute (SIPRI)

Total Defense Expenditures	\$ 2005 Million	1990	2000	2013
		274,923	247,363	225,767
Defense Expenditures as Share of GDP	%	1990-94	2000	2013
		2.7	2.0	1.6
Defense Expenditures per Capita	\$ 2005	1990	2000	2013
		715	515	401

Russia-Ukraine Economic and Military Balance in 2013

Indicator	Units	Russia	Ukraine	Ratio Russia to Ukraine
Population	Thousands	143.7	45.2	3.2
GDP (PPP)	Billion 2013 US \$	3,556	399	8.9
GDP (PPP) Per Capita	US \$	24,746	8,830	2.8
Armed Forces Personnel	Number	845,000	129,950	6.5
Tanks	Number	2,550	1,110	2.3
Defence Expenditure (Exchange Rate)	Billion 2011 US \$	84.8	4.4	19.3
Defence Burden	DE % GDP	4.2	2.4	1.8

International Comparison of Military Power of Russia in 2016

International Comparison of Military Power of Russia in 2016				
Country	Defence Expenditure (\$ Millions)	Armed Forces (1000)	Tanks (Number)	Nuclear Warheads (Number)
Russia	46,626	831	2,950	7,000
Ukraine	2,165	204	802	0
United Kingdom	52,498	152	227	215
Germany	38,281	177	306	0
France	47,201	203	200	300
United States	604,452	1,347	2,831	6,800
China	145,039	2,183	6,740	270
Japan	47,342	247	690	0
India	51,052	1,395	3,024	130
South Korea	33,778	630	2,534	0
North Korea	NA	1,190	3,500	10
Vietnam	4,010	482	1,270	0
Source: IISS Military Balance 2017				

Policy Question: Do Economic and Military Balances Suggest that Russia Will Attack European NATO Countries?



Answer to Policy Question:

Economic and Military Balances Do Not Suggest that Russia Will Attack European NATO Countries

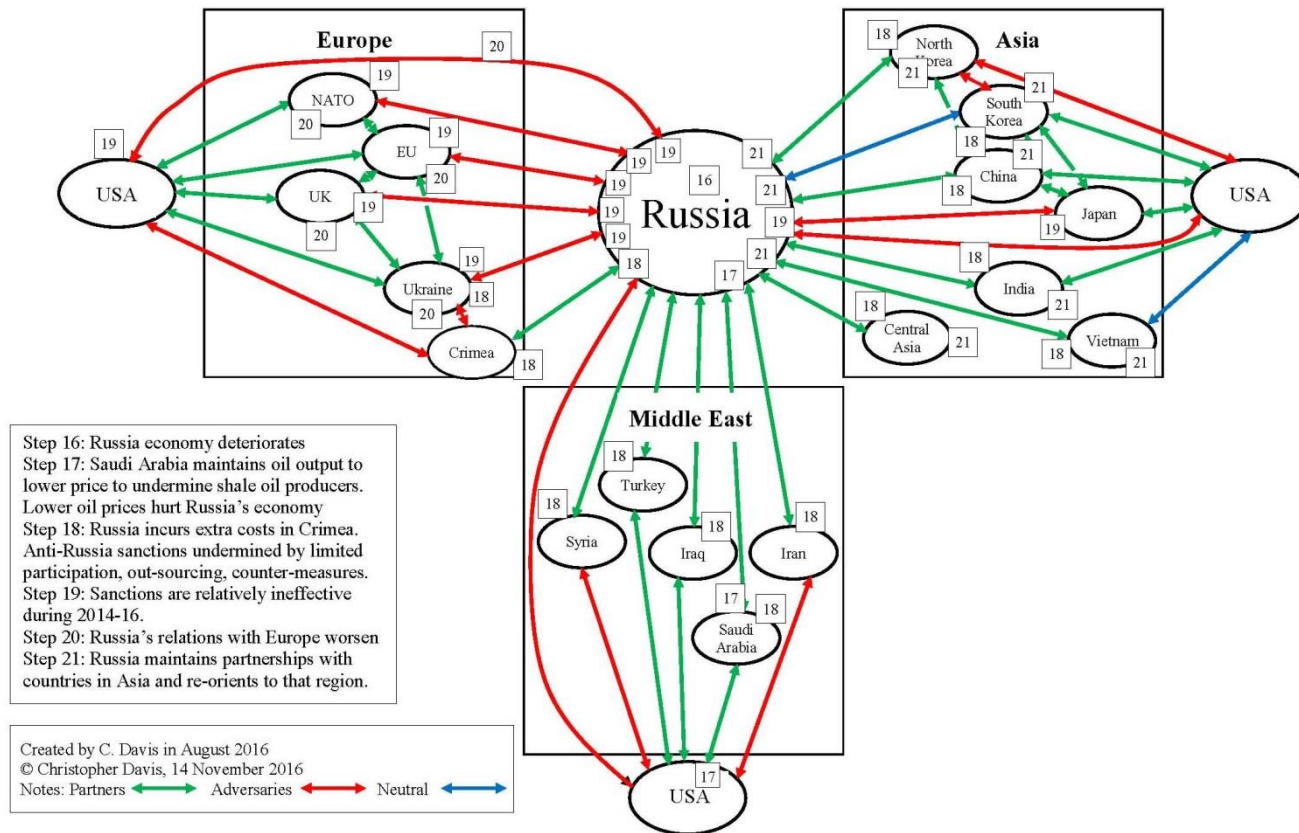
- Russia has unfavourable economic and military balances in Asia
- Russia has counter-insurgency commitments in Central Asia and the Caucasus (e.g. Dagestan)
- Russia is managing 5 ‘frozen conflicts’ (South Ossetia, Abkhazia, Nagorno-Karabakh, Trans-Dniestria, East Ukraine)
- Russia is involved militarily in Syria
- Russia has unfavourable economic and military technology balances with NATO countries. Better in ready conventional forces.
- Conclusion: Probability of a conventional Russian attack against a European member of NATO is close to 0

Factor 6: Economic Sanctions

Economic Sanctions as Economic Process

- Initiation (Trigger)
- Objectives: Economic, Military, Political
- Features: Restrictions on Trade and Credit
- Comprehensiveness of Participation
- Commitment to Implementation
- Effectiveness of Counter-Measures
- Economic, Political and Military Impacts of Sanctions (Direct and Indirect)
- Conditions for Removal of Sanctions

Russia's Changing Relations with Europe and Asia: Russia's Economy, Sanction, Future (Steps 16, 17, 18, 19, 20, 21)



Deterioration of the Economy of Russia: 2012-2016

Table 6: Performances of Economy of the Russian Federation, 2009-2016

	2009	2010	2011	2012	2013	2014	2015	2016	Average 2009-2016
GDP growth (%)	-7.8	4.3	4.3	3.4	1.3	0.6	-3.8	-0.6	0.2
Inflation (average annual %)	8.8	8.8	6.1	5.1	6.8	7.8	15.5	7.5	8.3
Government balance/GDP (%)	-5.9	-4	0.8	0.4	-1.3	-1.2	-4.3	-2.1	-2.2
Current account balance/GDP (%)	4.0	4.7	5.3	3.6	1.6	3.2	8.1	6.9	4.7
External debt/GDP (%)	38.2	32.9	27.6	32.0	34.8	33.0	29.2	27.0	31.8

Prepared by C. Davis 28 Sept 2016. Sources: EBRD Transition Report 2013...2016

GDP of Participants in Anti-Russia Economic Sanctions Not Much Greater Than That of Non-Participants: 2014-2016

Country	GDP PPP US \$ Billions, Current 2013
Participants in Sanctions	
EU Countries	17,578
USA	16,768
Japan	4,668
Canada	1,518
Australia	1,053
Switzerland	432
Norway	328
New Zealand	151
Total	42,496
Non-Participants in Sanctions	
China	16,149
India	6,776
Brazil	3,013
Indonesia	2,389
South Korea	1,697
Turkey	1,444
Iran	1,244
Total	31,467

Russia Countermeasures to Ukraine-Related Sanctions I

- Restrictions on exports by Ukraine to Russia, cuts of energy subsidies, refusal to sell gas without payment
- Gas pipeline with China to diversify from Europe
- Bans of food imports from sanctions countries
- Import-substitution to replace West suppliers

Russia Countermeasures to Ukraine-Related Sanctions II

- Decision to move back to self-sufficiency in defense
- Re-assert Priority Protection System in economy
- Military exercises with India, Shanghai Cooperation Council, China; APEC, nuclear program with Iran
- Trade Diversion through countries not participating in Economic Sanctions
- Covert Acquisition of Technology and Finance

Impacts of Ukraine-Related Foreign Sanctions on Russia During 2014-16: I

Table 18a. Impacts of Ukraine-Related Foreign Sanctions on Russia During 2014-16

Type of Sanction	Goal	Economic Impacts	Military Impacts	Political Impacts
Actions against Individuals				
Bans on travel (no visas)	Punish participants in Ukraine conflict and put pressure on Russian government to change policies.	Negligible from travel ban. But asset freezes and bans on business have micro impacts.	Negligible. Russia bans officials from foreign travel and accounts.	Negligible. Russians would boast not complain about sanctions.
Freezing of assets				
Bans on business dealings				
Restrictions on Trade				
Bans on exports to or imports from Crimea	Disrupt economy of Crimea and force Russia to increase subsidies to it.	Sanctions disruptive and Russia forced to increase support.	Negligible.	Popular support for annexation, but complaints about subsidies could grow.
Bans on transactions by foreign businesses in Crimea				
Embargoes on exports to Russia of weapons and military equipment	Constrain Russian military power, discomfort national security elite	Cuts in spending on foreign arms/equipment, funding of import substitution	Disruption of defense supply and industry	Pushes Russia back to self-sufficiency in defense
Embargoes on exports to Russia of dual-use technologies	Constrain Russian economic and military power	Limited due to trade diversion and espionage	Limited due to trade diversion and espionage	Russia tries for self-sufficiency and searches for new partners
Embargoes on exports to Russia of energy exploration technologies (deep-sea drilling, shale)	Constrain development of new oil fields to limit export earnings	Limited in medium-term due to stock-piling, trade diversion and espionage	Negligible.	Russia tries for self-sufficiency and searches for new partners

Impacts of Ukraine-Related Foreign Sanctions on Russia During 2014-16: II

Table 18b: Impacts of Ukraine-Related Foreign Sanctions on Russia: 2014-2016

Type of Sanction	Goal	Economic Impacts	Military Impacts	Political Impacts
Restrictions on Finance				
Bans on loans to and transactions in Crimea	Disrupt economy of Crimea and force Russia to increase investment there.	Sanctions disruptive and Russia forced to increase financial support.	Negligible.	Leaders committed to covering costs of annexation, but public support could waver.
Restricted access by Russian state-owned/influenced banks and enterprises to West capital markets	Limit new credit and complicate re-financing to increase vulnerability and limit investment in Russia	Sanctions have adverse direct effects on targets and indirect impacts on other Russian companies	Some defense-related firms cannot pursue foreign projects	Sanctions make banks and firms more vulnerable and therefore dependent on state. Helps consolidate regime.
Reduction in the period of loans in capital markets to 30 days	Increase vulnerability of specified banks/companies		Foreign operations of some firms impeded	
Freezing of the assets of specified Russian firms of individuals	Complicate international transactions of target firms/banks (individuals)	Some impacts until counter-measures in place	Negligible	Firms use sanctions as a plus to obtain state support
Actions Against Russia as a Country				
Expulsion of Russia from G8	Undermine status of leaders, exclude for important discussions	Negligible	Negligible	Viewed as insulting by Russian elite, but minor impacts
Prepared by C. Davis in 2015 and published in Davis (2016), which provides information about sources.				

What Do We Do?:
Possible Russia Policies
for Post-Brexit UK

Policy Environment of Post-Brexit UK

- UK will operate in a new international era in which Liberal Institutionalism will be displaced by Realism in many important countries
- Risk of isolation of UK with hard-line anti-Russia policies as fragmented EU and USA under Trump seek accommodation with Russia
- Major international conflicts will continue and UK will need new political and economic partners

UK-Russia: Foreign Policy

- Re-orient basis of FP from liberal institutionalism (discard slogan: rules-based international order) to realism
- But maintain greater involvement in multilateralism than USA
- Reach pragmatic agreements with Russia concerning international crises
 - Middle East: Disengage because UK cannot handle future conflicts involving Turkey, Iran, USA, Saudi Arabia and Israel
 - Ukraine/Crimea: Support Minsk II, put Crimea on back-burner like USA did with Baltic states in USSR
- Reach bilateral agreements with Russia concerning domestic security issues (e.g. assassinations, threats to airspace, serious cyberwarfare)

UK-Russia: UK Armed Forces and NATO



House of Commons
Defence Committee

Indispensable allies: US, NATO and UK Defence relations

Eighth Report of Session 2017–19

*Report, together with formal minutes
relating to the report*

*Ordered by the House of Commons
to be printed 19 June 2018*

HC 387
Published on 26 June 2018
by authority of the House of Commons

UK-Russia: Military Relations

- UK will face serious potential geopolitical-based military threats in Eurasia, Pacific and Middle East
- UK should maintain its 1st Tier Military Status: Full-spectrum capabilities of standards compatible with those of the USA
 - Defence Expenditure of 2.0% of GDP inadequate
 - Increase DE to at least 2.5% GDP to raise capabilities to meet new challenges
- Although Russia poses no actual military threat to NATO member countries, NATO should continue to compensate for its past neglect by improving conventional deterrence in Europe. The UK should remain a key member of NATO and support efforts by the USA to reform the alliance. Perhaps re-focus NATO on original mission in Europe, while preparing for out-of-area contingencies in the long-term
- UK-Russia should reach military and intelligence agreements

UK-Russia: Will the EU decouple economic sanctions from the USA?

- Economic sanctions need terminal conditions
- EU has substantial economic links with Russia
- Majority of EU states satisfied with Minsk II: no war, devolution of powers, but Crimea unresolved
- Growing minority of EU countries want to improve relations with Russia
- USA non-negotiable condition: return of Crimea
- USA in economic warfare of indefinite duration (US Congress has taken control from President)
- EU likely to decide on decoupling

UK-Russia: Economic Links and Economic Sanctions

- Improvements in political and military spheres will make possible advances in economic sphere
- Coordinate with EU in scaling back economic sanctions related to conflict in East Ukraine, while keeping on Crimea sanctions
- Maintain controls over military-related technologies, but allow energy investment
- Promote general UK-Russia trade and investment