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„Bilateral economic relations put to the test:
A process- and outcome-driven performance evaluation
of the EU sanctions against Russia “

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Abstract English

This thesis provides an interdisciplinary approach to evaluating the EU performance of the sanctions imposed by the EU against Russia from 2014 onwards. The theoretical framework draws on the work on assessing the performance of the EU from Felbermayr et al. (2021). The analysis aims to assess the process-driven (EU internal processes) and outcome-driven (external impact and perception of the EU) performance of the EU. Key findings are that internal EU processes work well; decision-making processes however are slow due to the unanimity voting procedure. The EU is strengthening its role as a foreign policy actor. EU sanctions result in a trade loss in the Russian economy, come with a cost for the sanctioning country and tie into the discussion of the efficiency of sanctions.

Abstract German

Diese Arbeit bietet einen interdisziplinären Ansatz zur Bewertung der Performance der EU bei den von der EU gegen Russland verhängten Sanktionen seit 2014. Der theoretische Rahmen stützt sich auf die Arbeiten zur Bewertung der Performance der EU von Felbermayr et al. (2021). Die Analyse zielt darauf ab, die prozessgesteuerte (EU-interne Prozesse) und ergebnisgesteuerte (externe Wirkung und Wahrnehmung der EU) Leistung der EU zu bewerten. Die wichtigsten Ergebnisse sind, dass die internen EU-Prozesse gut funktionieren; die Entscheidungsprozesse sind jedoch aufgrund des Einstimmigkeitsverfahrens langwierig. Die EU stärkt ihre Rolle als außenpolitischer Akteur. EU-Sanktionen führen zu Handelsverlusten in der russischen Wirtschaft, sind aber mit Kosten für das sanktionierende Land verbunden und stehen im Zusammenhang mit der Diskussion über die Effizienz von Sanktionen.

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List of Abbreviations

CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defense Policy
EEAS	European External Action Service
EU	European Union
FDI	Foreign Direct Investment
HR	High Representative
HSE	Hufbauer, Schott, and Elliot (Dataset)
JHA	Cooperation on justice and home affairs
NATO	North Atlantic Treaty Organization

PCA	Partnership and Cooperation Agreement
TEU	Treaty of the European Union
TFEU	Treaty on the Functioning of the EU
TIES	Threat and Imposition of Sanctions (Dataset)
U.K.	United Kingdom
U.S.	United States of America
UN	United Nations

1. Introduction

Since 2014, the European Union (EU) has actively taken restrictive measures¹ against Russia in response to the “illegal annexation of Crimea and the deliberate destabilization of Ukraine” (Council of the EU, 2021). Former Ukrainian President Yanukovich refused to sign an Association Agreement with the EU in 2013. This Association Agreement would have been the stepping stone for intensifying the political and economic relationship between Ukraine and the European Union (European Commission, 2013). Resulting in the continuation of relations with Russia in areas of trade and economy. This sparked resistance among the Ukrainian population and consequently led to an anti-Russian and pro-European movement. The Ukrainian government condemned these protests and demonstrations, which led to deadly riots, and both the EU and the U.S. imposed sanctions on Ukrainian and Russian politicians and former President Yanukovich fled abroad (Aussenwirtschaft Austria der WKÖ, 2022).

Shortly after that, also in 2014, Russia occupied the Crimean Peninsula and held a referendum to decide to whom the territory should belong - which resulted in its favor. The referendum’s result was not recognized internationally, as it was illegal under international law, and sanctions against Russian politicians as well as economic sanctions followed (Aussenwirtschaft Austria der WKÖ, 2022).

These measures include incremental sanctions that began with diplomatic measures such as the expulsion of diplomats, and the suspension of bilateral or multilateral cooperation with the EU and ranged to economic and financial sanctions such as arms embargo and import and export restrictions (EUR-Lex, 2020). However, they also include restrictive measures such as travel and visa restrictions, asset freezes, and sectoral measures such as bans on the import or export of certain goods and services (Council of the EU, 2021; EUR-Lex 2020). The EU imposed sanctions on certain sectors of the economy in Russia - in particular, certain Russian banks and companies, the arms industry (import and export bans), the ban on exports of military-grade goods to Russia, and technology and services related to oil production and exploration (Council of the EU, 2021).

¹ The terms “restrictive measures” and “sanctions” will be used interchangeably.

The thesis aims to systematically analyze the EU's process- and outcome-driven performance regarding sanctions policies against Russia regarding its sanctions policies. Process-driven performance focuses on internal processes of the EU – how well are institutions working together and how efficient are decision-making processes? The outcome-driven performance is concerned with the consistency of the EU sanctions and the EU's actorness when it comes to foreign policy, its impact on Russian politics and decision-making, as well as its impact on the economy.

The introduction will give a broad overview of the current situation including EU and Russia perspectives. Introducing the two actors, the EU, and the Russian Federation. Russia's foreign policy, institutions, attitudes, and motives are discussed. Subsequently, their common relationship and cooperation are analyzed.

The next section of the thesis builds the theoretical and methodological framework. Here, relevant research approaches to sanctions theory will be elaborated on and compared. The methodological framework defines how this research will be structured and designed. For this purpose, the state-of-the-art approach is combined with qualitative expert interviews. Interviews were conducted based on a semi-structured interview guide that is attached in the appendix.

This is followed by the analysis that helps answer the research questions on the process-driven performance of the EU, i.e., the decision-making processes at the EU level with a focus on the European Council and the Council of the EU, as well as the role of the main member states (Germany, France, and the United Kingdom). The outcome-driven performance of the EU is then analyzed. Issues related to the EU's ability to act on sanctions, the impact on Russia, and the impact of Russian countersanctions are discussed.

In the final section of the paper, the conclusion and suggestions for future research are provided. The relevance of this research descends from two main areas. First, the current situation urges scholars and society to rethink, challenge, and to internal processes in-depth. Second, this analysis connects internal processes with actual outcomes, an interdisciplinary approach, combining political sciences, international relations, and economics.

1.1. Current situation

On 21 February 2022, Russia recognized the non-government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine as independent entities and decided to send troops to the respective areas. On 24 February Russia started invading Ukraine (Council of the EU, 2022a). Ever since then, the situation has been rapidly evolving. Following the position of the EU and the measures taken by the EU will be summarized. Russia's point of view will also be presented.

The EU strongly condemns Russia's "unprovoked and unjustified military aggression" (Council of the EU, 2022a) against Ukraine and Belarus' involvement in it. The EU demanded the withdrawal of all Russian forces from Ukraine and recognition of its territorial sovereignty. As a response to the continuous attack on Ukraine, the EU expanded and introduced new sanctions. Additionally, the EU coordinated humanitarian support as well as financial and material support for Ukraine. The European Council and the Council of the EU meet regularly to evaluate and discuss the current situation (Council of the EU, 2022a).

President of the European Commission, von der Leyen, said that "the future of the European Union is also written in Ukraine" and that "Europe has a very special responsibility towards Ukraine" (European Commission, 2022b). She presented the sixth package of sanctions at the European Parliament Plenary on the social and economic consequences for the EU of the Russian war in Ukraine (European Commission, 2022b).

The following timeline is simplified and lists all imposed sanctions from February to April 2022., by the European Commission.

Adoption of first package of sanctions

Reason: response to Russia recognizing non-government-controlled areas (the Donetsk and Luhansk) and sending Russian troops.

These sanctions target:

- Entities and individuals threatening the territorial integrity and independence of Ukraine
- Restrictions on economic relations with the two non-government-controlled regions
- Limit financing of aggressive policies and limit Russian State and government to access EU capital and financial market
- Targeted sanctions against members of the Russian State Duma

An extraordinary meeting of the European Council and EU leaders resulted in further restrictive measures:

- Financial sector sanctions (restricting Russia from capital markets)
- Energy sector sanctions
- Transport sector sanctions (bans sales of aircraft and equipment to Russian airlines)
- Technology sector sanctions (restrictions on exports)
- Visa policy sanctions (targeting diplomats and related groups)

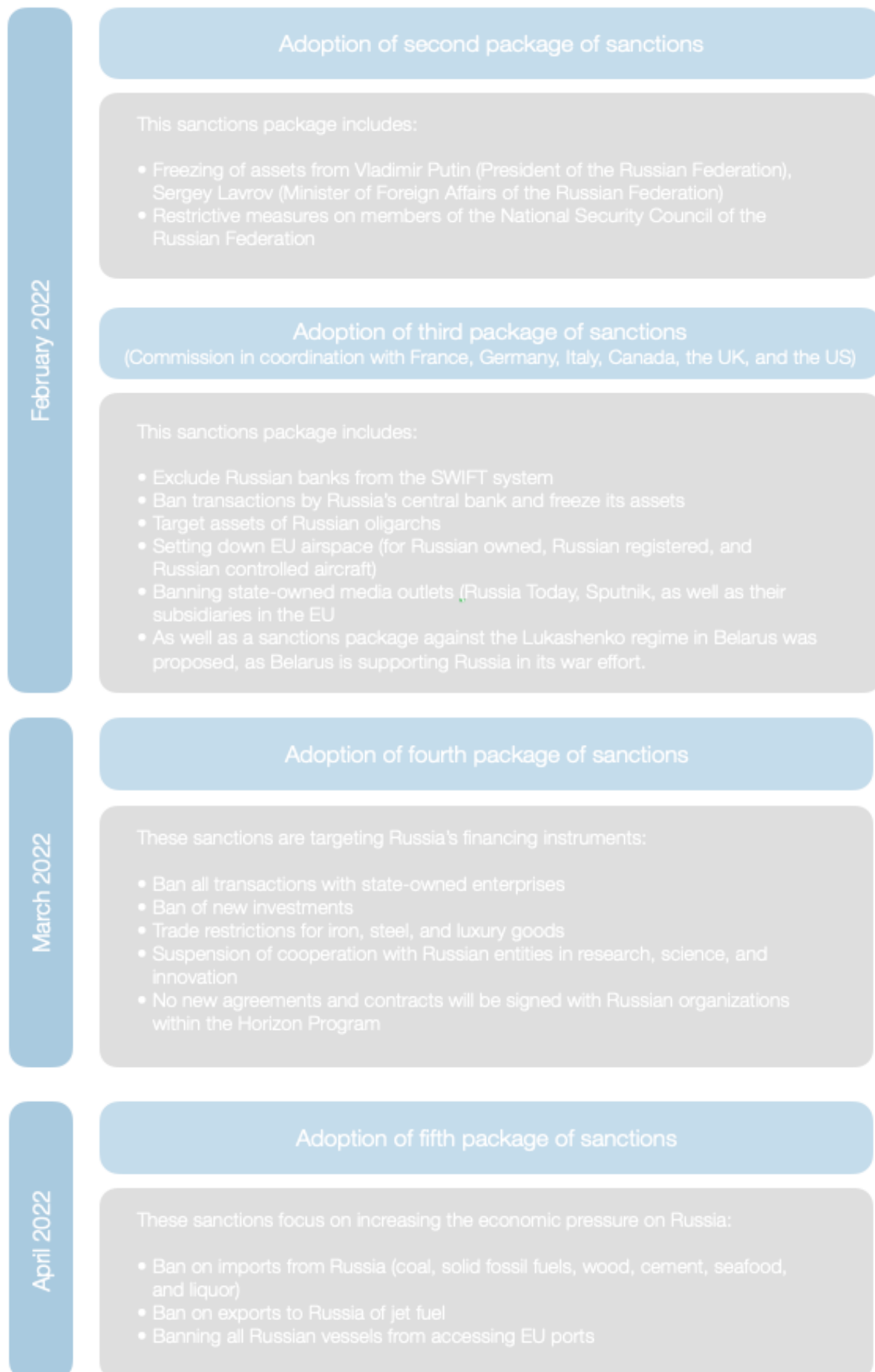


Figure 1: Timeline of sanctions against Russia, Sources: European Commission, 2022; Council of the EU, 2022

These activities were accompanied by humanitarian funding as well as the EU Cohesion's Action for Refugees in Europe, facilitating effective assistance for refugees from Ukraine to the respective Member States. The EU also founded the Joint Investigation Team with Ukraine to investigate war crimes (European Commission, 2022a).

In an interview with *Pùblico* (published on the Permanent Mission of the Russian Federation to the European Union's website) the Permanent Representative of Russia to the EU, Vladimir Chizhov, shed some light on the Russian perspective. He claims that the Russian aggression is "not of choice as portrayed by [...] Western media. It is a war out of necessity" and started after the war in Donbas in 2014 and the following events in Donbas (Permanent Mission of the Russian Federation to the European Union, 2022). According to the Permanent Mission, Ukrainian forces have been "preparing a military onslaught" and Russia wanted to liberate the people in Donbas and end suffering. The main goal is to demilitarize Ukraine to prohibit any attacks on Russia and Russian civilians as well as the "denazification" of Ukraine as civilians of Russia "cannot leave Ukraine as a hotspot of Nazi ideology". Russia denies any claims made by other countries accusing them of committing war crimes, massacres, and raping civilians (Permanent Mission of the Russian Federation to the European Union, 2022).

1.2. The European Union

1.2.1. The EU's foreign policy

One of the three pillars of the EU is the Common Foreign and Security Policy (CFSP). Besides this pillar, there is also the European Community and the Cooperation in the fields of justice and home affairs. The CFSP pillar also includes the CSDP (Federal Ministry Republic of Austria, n.d.; European Parliament, 2022). Since the EU does not have a standing army, it relies on ad hoc forces provided by EU countries (European Union, n.d.). The EU relies on cooperation, which leads to coordination - and coordination is used to develop a common foreign policy.

The common foreign policy has undergone tremendous innovations (although the Member States control their national foreign policies and are reluctant to engage in intergovernmental decision-making processes). The establishment of the High Representative (HR) for CFSP is

one of these innovations (Tonra & Christiansen, 2004, p. 1). To achieve its political objectives, the EU uses restrictive measures (sanctions) imposed by the Council on representatives, entities, or individuals of the country concerned. These measures may be adopted by the EU independently or based on a UN Security Council resolution. Decision-making in the CFSP is based on the principle of unanimity (Federal Ministry Republic of Austria, n.d.).

The Sanctions Guidance (Council of the European Union, 2018) indicates that restrictive measures are imposed to bring about a change in the policies of the target country, government, institutions, or individuals. This is consistent with the objectives of the CFSP Council Decision. When changes and developments in the target region are identified, the EU adjusts restrictive measures accordingly. Sanctions are a key instrument of the EU's CFSP. Although these restrictive measures are called "sanctions", it is important to note that they are not punitive measures at all, but rather a means of preventing conflict or current crises. The purpose of sanctions is to achieve a change in the policy of non-EU countries as well as companies, organizations, or individuals.

There are different types of restrictive measures that the EU uses (European Commission, n.d.). Arms embargoes, for example, stop the import and export of military equipment to conflict areas or regimes. Another effective EU measure is economic and financial sanctions, which can be very diverse and include trade sanctions, bans on certain services, flight bans, or investment bans. Financial sanctions can also be designed to only target specific groups or organizations. Finally, Member States may also impose visa or travel bans to prevent listed organizations or individuals from entering their territory (European Commission, 2008, pp. 4-5).

1.2.2. Position of EU member states concerning sanctions against Russia

How the EU Member States decide on whether to vote for or against sanctions against Russia depends on their leadership and political relations with the Russian Federation. This means that the EU's Russia policy still leaves room for individual bilateral agreements between the Member States and Russia, which can potentially undermine the EU coherence (Gens, 2019, p. 329). However, three Member States played a significant role in the formation of EU foreign policy: Germany, France, and the United Kingdom.

Germany sees sanctions as an effective tool to undermine Russian aggression and resolve conflicts and takes a leading role on this issue. However, this was not always the case. Germany only began to support sanctions after the Malaysian airline crash in 2014 (Shagina, 2017; Gens, 2019, p. 315). This was a drastic change in German Foreign Policy as “Wandel durch Annäherung” was no longer active. The United Kingdom, while still a member of the EU, was a driving force in advocating sanctions on this issue as well. The Baltics and Poland also pushed hard for sanctions (Portela, et al., 2021, p. 686; Shagina, 2017). Interestingly, after an initial reluctance, France also adopted a moderate position to support strong measures.

Countries like Austria, Italy, Hungary, Cyprus, Greece, Slovenia, Portugal, and Spain have been reluctant to advocate sanctions against Russia, either because of their existing economic ties with Russia or because of similarities in cultural or religious beliefs (Portela, et al., 2021, p. 683). Italy is a very interesting case, as the country has always been a strong advocate of cooperation with Russia and a supporter of Russia's integration into Western structures. However, with the Ukraine crisis and the Malaysian airline crash, this stance became harder to justify, and Italy condemned Russia's actions. Nevertheless, Italian officials repeatedly stressed that this problem could only be solved through dialogue (Siddi, 2019, pp. 123, 130). Austria has a similar approach as the relationship with Russia is characterized by strong economic interests, especially in the energy sector (Shagina, 2017).

1.2.3. Key objectives

With the measures mentioned above, the main objectives of the EU are:

- preserving international peace and strengthening security,
- preventing conflicts,
- safeguarding the EU's values, fundamental interests,
- supporting democracy, the rule of law and human rights, and the principles of international law

(Council of the European Union, 2020; European Commission, n.d.)

1.2.4. Motives, Actors, and Targets

The rationales for the introduction of sanctions can be divided into seven categories, which are listed in the following table from Giumelli et al. (2021).

Triggering cause	Frequency	Share
Democracy promotion	37	44 %
Crisis management	28	33 %
Post-crisis management	23	27 %
Non-proliferation	8	9 %
Terrorism	6	7 %
EU Interests	11	13 %
International norms	13	15 %

Figure 2 Why sanctions are imposed, Source: Giumelli et al., 2021, p.13

The EU has an institutional framework that, among other things, helps to ensure the coherence, effectiveness, and continuity of EU policies and actions. When implementing restrictive measures, the Council of the European Union, the European External Action Service (EEAS), the European Commission, and the Member States work closely together. The restrictive measures are laid down in decisions of the Council for the CFSP. A proposal is submitted by the HR of the Union for Foreign Affairs and Security Policy. The proposal is then reviewed and discussed by the relevant Council preparatory bodies, and the Council unanimously adopts a decision.

The preparatory bodies of the Council include:

- i. the Council working party (responsible for the geographic region to which the target country belongs)
- ii. the Working Party of Foreign Relations Counsellors (RELEX)
- iii. if necessary, the Political and Security Committee (PSC)
- iv. the Committee of Permanent Representatives (COREPER II)

(Council of the European Union, 2019)

However, if the Council decides to freeze assets or impose other types of economic sanctions, this must be implemented in a Council regulation. Therefore, the HR and the Commission submit a proposal for a Council regulation. RELEX reviews the proposal and forwards it to COREPER and the Council for adoption. Once the regulation is published in the Official Journal of the EU, it enters into force (Council of the European Union, 2019). In its role as guardian of the treaties, the Commission also plays an important role in monitoring the

implementation of sanctions by member states (European Commission, n.d.; (Giumelli, 2020, pp. 122-125).

The European External Action Service (EEAS) is the diplomatic service of the EU. It assists the EU foreign policy chief - the HR for Foreign Affairs and Security Policy - in implementing the Union's CFSP (EEAS, 2019).

The European Commission also plays an important role by providing expertise that neither the Council nor the EEAS has on the impact of sanctions on the affected economy and the EU. The Commission has the competence of the internal market and the economic impact of the imposition of sanctions (Giumelli, 2020, p. 124). The Member States are responsible for imposing sanctions in the European Council and the Council of Ministers, where they must vote unanimously to adopt Council decisions and Council regulations establishing sanctions regimes. Member States are also the ones collecting evidence to support requests for the listing of individuals and entities. However, Member States are also crucial for the implementation of travel bans as the Schengen Treaty Member States have the final say in who can access their territory (Council of the European Union, 2019). In the implementation of arms embargoes, the most important area in which state sovereignty, is exercised is the control of arms trafficking, which was explicitly delegated to member states by Article 223 of the Treaty of Rome (later Article 296 and currently Article 346 of the Treaty on the Functioning of the European Union).

Lastly, the enforcement of economic sanctions also falls under the Member State's authority, as they must monitor the behavior of companies established in their country, conduct investigations, and determine the type of sanctions to be applied in the event of sanction violations (Giumelli, 2020, pp. 124-125).

Giumelli et al. (2021) highlight that EU sanctions are truly an international issue. According to their study, 33% of the sanctions were imposed on targets in Asia, 29% in Europe, and 26% in Africa. Only six percent of cases are reported to have targeted the Americas.

Continent	Europe	Asia	Africa	Americas	Horizontal
Cases	25	28 %	22	5	5
Share of total	29 %	33 %	26 %	6 %	6 %
Consolidated areas	EU's vicinity		Outer circle		Rest of the world
Cases	38		6		36
Share of total	45 %		7 %		42 %

Figure 3 Geographical classification of cases, Source: Giumelli et al., 2021, p. 12.

The table above also illustrates that the EU is almost as likely to impose sanctions in its perimeter as against the rest of the world. The "horizontal" column includes issues such as terrorism, chemical weapons, and cybercrime. It illustrates how many cases related to these topics cannot be assigned to a specific country. Further, the geographic location of certain targets does not mean that the country in which these individuals and companies operate is directly responsible. Therefore, horizontal regimes, meaning when sanctions have been applied globally (not just by the EU) minimize the risk of attribution, i.e., the political and legal responsibility of the state that issued passports to the individuals questioned (Giumelli, et al., 2021, p. 13).

1.3. Russia

1.3.1. Russia's Foreign Policy

Russia is the EU's largest neighbor - but this is not only due to its size but also to its geopolitical and economic position. According to the European Commission, relations between Russia and the EU have been deteriorating since 2014, and Russian policy often seeks to influence and destabilize the EU and its Member States. Russian domestic politics are characterized by increasing political repression by the government, changes to the constitution, and a deterioration of the independent media. Another reason for poor relations with the EU is the Russian authorities' disinformation campaigns aimed at painting a picture of foreign interference in Russia's internal affairs (European Commission, 2021, pp. 1-2).

According to the Permanent Mission of the Russian Federation to the European Union, Russia relies on the Foreign Policy Concept that has been adopted in 2016 by Vladimir Putin. The concept is built on the geopolitical situation of the whole world and Russia and seeks to

strengthen security, stability, and economic growth within the country. The goal is to enhance cooperation with other countries and the recognition of organizations (Permanent Mission of the Russian Federation to the European Union, 2016). Generally, the decision-making processes are not transparent and are not assigned to a designated institution or organization. Rather, decision-making is up to individuals and this system strongly relies on personal networks (Marten, 2015, p. 193).

As communicated by Russian officials through the media, Russia sees the Ukrainian crisis as a “consequence of a policy of strengthening one’s own security at the expense of others, which has been pursued by Western states for over a quarter of a century aiming to expand areas under their geopolitical control. This was manifested by successive waves of North Atlantic Trade Organization (NATO) expansion despite assurances to the contrary at the highest level and in violation of solemn declarations on the establishment of a system of equal and indivisible security in the Euro-Atlantic space“ but Russia is “still open for dialog” (Permanent Mission of the Russian Federation to the European Union, 2016). In concrete terms, this means that Russia recognizes and appreciates the intensive cooperation with the EU and aspires to compromises based on equal consideration of the interests of all parties (Permanent Mission of the Russian Federation to the European Union, 2016).

1.3.2. Reaction to the EU sanctions

Russia countered the imposed sanctions in a variety of ways. It tried to reduce the cost of sanctions by weakening the implementation, through evasion, and by getting partners to violate sanctions. Another way of avoiding or compensating for the economic costs of the imposed sanctions, Russia tried to replace Western partners with partners in the Middle East and China (Gould-Davies, 2020, p. 15). As the EU is heavily investing in Russia through Foreign Direct Investment (FDI) (Council of the European Union, 2020), this has been hard to compensate. Furthermore, Russia resists sanctions through countersanctions (Gould-Davies, 2020, pp. 15-16).

In August 2014, Russia reacted to the imposed sanctions from the EU with countersanctions on the EU. An import ban on certain agricultural products, raw materials, and EU products to ensure the security of the Russian Federation (President of the Russian Federation, 2014). More

specifically, this trade embargo includes vegetables, fruits, meat, and animal products, dairy and dairy products, and fish (Smutka, et al., 2019, p. 82). The trade ban was extended until 2020 and extended the scope of the import ban to live pigs and fat and offal of certain animals (European Commission, n.d.). When this measure was introduced, Russia sought to protect its domestic food market and ensure national food security.

This resulted in the disappearance of European competitors in the food market and, consequently, an increase in local food prices. Russia experienced the highest income loss, the EU, however, was able to recover from the embargo by finding new trade partners (Smutka, et al., 2019). While the previous strategies of Russia have been externally focused, Russia is also addressing the sanctions in a domestically focused way through adaption. It increases the state's role in the banking sector and takes over companies. Therefore, it also strengthens its economic independence and limits its vulnerability to the sanctions (Gould-Davies, 2020, pp. 17-18).

Russia's Government is constantly drafting and adopting new decisions to mitigate sanctions of "unfriendly countries" to protect Russian citizens and enterprises (Mishustin, 2022). Russian Government also announced measures to protect financial markets and Russian companies from sanctions (Mishustin, 2022).

Another aspect of the reaction to sanctions can be seen in media discourse. Guter-Sandu and Kuznetsova (2020) point out that media discourse, in this case, state television channels, must also be closely monitored. In this way, one can examine how the Kremlin presents its relations with the West and the economic issues at hand to the Russian population. The weekly news analysis program *Vesti Nedeli* (which translates as News of the Week) is hosted by Dmitry Kiselyov, who is an integral part of the Presidents media operation and is famous for demonizing the West (Ennis, 2014). Sanctions are simply presented as an unfriendly move of the West, reasons as to why sanctions have been imposed are not provided and therefore appear to be unsubstantiated. The economic effects of the sanctions are downplayed, and a picture of a powerful global actor is safeguarded. Kiselyov instead focuses on the positive impact the sanctions have on the domestic production sector, promoting national pride. However, Kiselyov's rhetoric is not to be overlooked as he uses the "us" vs. "them" dichotomy and constantly refers to the West as "aggressive and hostile" (Guter-Sandu & Kuznetsova, 2020, p. 612).

1.3.3. EU-Russia Cooperation

Cooperation between the EU and Russia has always coexisted with conflict on multiple issues as well as policy areas (Nitoiu, 2014, p. 235). The official goal of the Russian Federation is, however, to establish a close partnership with the EU. Core principles for this partnership are equality, respect, and mutual benefit in the other parties' interests (Permanent Mission of the Russian Federation to the European Union, 2016). This partnership is fueled by strong economic cooperation and trade relations. The EU is Russia's first trading partner with over 37% of the total trade share and Russia is the EU's fifth trading partner with approximately 5% of total trade. In 2020, trade exchange made €174.3 billion. Furthermore, the EU invested 75% in FDIs in Russia, and Russia invested close to 2%, which represents €135.9 billion in 2019 (Council of the European Union, 2020).

Besides trade relations, the EU and the Russian Federation share membership of the United Nations the Organization for Security and Cooperation in Europe, and the Council of Europe. The legal basis for Russia-EU relations lies in the Partnership and Cooperation Agreement (PCA) entered into force in 1997 (Permanent Mission of the Russian Federation to the European Union, 2016). The PCA regulates the political, economic, and cultural relations between Russia and the EU and aims to enhance trade, political dialog, and cooperation, support Russia in its efforts to consolidate its democracy, and establish a free trade area between the parties. There have also been negotiations for a new EU-Russia Agreement, however, they were halted in 2012 (EUR-Lex, 2016).

Besides the PCA, cooperation can be seen in the Russia-EU summits, Russian Government and EU Commission meetings, the Permanent Partnership Council, and the meetings between Permanent Representatives and the EU Political Security Committee (Permanent Mission of the Russian Federation to the European Union, 2016). However, since the illegal annexation of Crimea and the Ukraine conflict the cooperation between the two countries has been temporarily stopped and sanctions have been imposed (European Union External Action Service, 2021).

The EU's policy follows five principles for Russia to improve and reactivate cooperation. The figure below illustrates the principles.

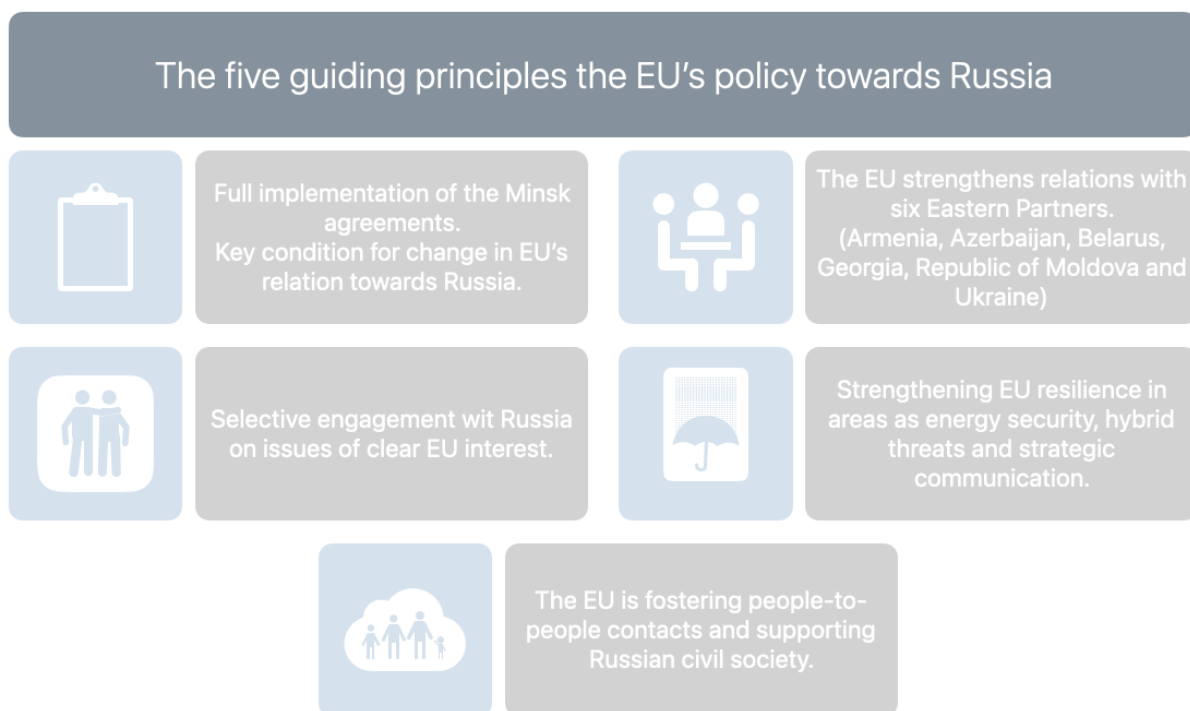


Figure 4 The five principles guiding the EU's policy towards Russia, Source: EEAS 2021, Facts and figures about EU-Russia relations

These principles are core elements of the EU's approach to a strategic partnership with Russia. The EU has always been a voice of support regarding Russia's membership in the WTO, which Russia joined in 2012 (Nitoiu, 2014, pp. 236-239). Reasons for conflict have been two irreconcilable world views that are characterized by a different understanding of international law, democracy, and sovereignty. Bilateral agreements between the Member States and Russia have also an influence on the EU-Russia relationship as it weakens EU unity. Germany, France, and Italy profit from these bilateral agreements on energy, trade, and tourism (Nitoiu, 2014, p. 249).

2. Methodology

2.1. Theoretical and Methodological Framework

Sanctions theory and the effectiveness of sanctions are frequently discussed and researched among scholars. Current events make this topic even more relevant. Additionally, the significant interdependence of economics and political sciences is discovered. Felbermayr et al. (2021) provide a theoretical framework for understanding economic sanctions but emphasize the need for more interdisciplinary work between economics and political science. This will allow future research to examine links between economic effects and political outcomes, political goals, and economic policies, as well as economic policy and economic effects. (Felbermayr, et al., 2021, p. 13).

When looking at previous research, economists argue that sanctions ‘work’ and can achieve a change in foreign policy. Scholars have studied the economic impact of sanctions on various dimensions of economic activity (Felbermayr, et al., 2021, p. 13). Two significant datasets have been developed that try to show empirical evidence of the success of economic sanctions. The first dataset is from the Hufbauer et al. (1985) study. The large N-study provides a comprehensive dataset, the Hufbauer, Schott, and Elliot Dataset (HSE Dataset). The authors reviewed their original study in 1990 and found a (partial) success rate of sanctions in 34 percent of sanctions imposed (Hufbauer, et al., 2007, p. 158).

A success rate of approximately 30 percent is however seen critically and this result has been a contributor to the observation that sanctions do not really work. This HSE Dataset has been critiqued by Pape (1997). According to the author, the study contains serious errors that result in an incorrect success rate of 34%, rather than five percent (Pape, 1997, p. 106). In addition, the HSE dataset “does not consider the characteristics of modern nation-states that weaken the effectiveness of economic sanctions“ (Pape, 1997, p. 109). Therefore, the effectiveness of economic sanctions is questionable, and this claim is supported by the limited empirical evidence that economic sanctions can bring about the desired change in policy in the target country (Pape, 1998, p. 66).

The second dataset is the “Threat and Imposition of Sanctions (TIES)” dataset by Morgan, Bapat, and Kobayashi, 2006. This study tracks the threat of sanctions and the sanctions imposed

from 1945 to 2005. This dataset shows that multilateral sanctions are more effective than unilateral ones. This can be explained by the fact that multilateral sanctions are more costly (Morgan, et al., 2014, pp. 549-550). Cebotari (2021) also argues that multilateral sanctions show to be more successful in achieving changes in the sanctioned country (Cebotari, 2021, p. 353).

If sanctions are rarely effective, why would political institutions still use them as a foreign policy instrument? Scholars in the economic field argue that sanctions can also be seen as an alternative or even a substitute to war. Economic sanctions have been used since ancient Greece. However, sanctions were always associated with warfare or predicted it. After World War I, more attention was given to the possibility that economic sanctions could be a suitable alternative to war (Hufbauer, et al., 2007, pp. 9-10).

During World War II, sanctions still had an aggressive connotation, as they were mainly imposed to disrupt military actions or encourage war efforts. Later, sanctions were imposed to create economic pressure to affect the target country and limit its foreign policy options and the ability to wage war. This was also the beginning of multilateral deals on strategic trade. Today, sanctions are also used to limit the target country's efforts to develop and build weapons, especially nuclear weapons (Hufbauer, et al., 2007, pp. 10-12). Quite a lot of research has drawn upon theories of militarized conflict. This is visible as research applied bargaining theory (Fearon, 1995; Morgan, 1984) as sanctions are seen as a bargaining instrument and the assumption that bargaining games occur between state actors. An alternative approach is "smart sanctions" or targeted sanctions, putting pressure on actors (e.g., companies or organizations) who can influence the government (Felbermayr, et al., 2021, pp. 3-4).

Political science, however, often focuses its research on the success of sanctions in achieving their stated political goals. In its opinion, sanctions do not work (Felbermayr, et al., 2021, p. 10). Hufbauer et al. explain that sanctions often do not work because they are inadequate for the task (Hufbauer, et al., 2007, p. 7). Another reason why sanctions often seem to be ineffective is that they can strengthen the foreign government in their domestic economy and encourage the search for novel partnerships with different and new allies and countries. A well-known example of why sanctions do not work is the sanctions imposed by the United States on Cuba. Because of the duration of these sanctions, it has become widely believed that sanctions do not

“work”. This is because sanctions only last if the target country does not comply with the initiator’s demands (Felbermayr, et al., 2021, p. 3).

In general, interdisciplinary research is still at an early stage. For example, the question of how the economic effects of sanctions connect to political outcomes remains largely unanswered (Felbermayr, et al., 2021). The EU's performance has been called into question by recent events such as the Ukraine crisis. Therefore, a way to obtain a holistic view of monitoring EU performance plays an important role as it can improve it based on factual evidence (Institute for Security Studies, n.d.). The EU values performance as the main driver of its policies. According to Papadimitriou et al. (2017) performance is not determined by a single variable, but by numerous variables. They argue that performance can be measured based on the EU's own stated policy objectives as well as the expectations of others.

Therefore, they distinguish between process-driven performance and outcome-driven performance. First, process-driven performance refers to the EU's own internal decision-making processes and policies and assesses the nature of the procedures and mechanisms used by the EU. Performance can be measured in terms of policies and procedures and their successful implementation. It can also be defined as the EU’s ability to implement policy objectives set by the EU itself (Papadimitriou, et al., 2017, p. 5)

The outcome-driven performance focuses on the impact of EU actions and policies on its environment (its member states and the third country). Papadimitriou et al. examined whether the set objectives were achieved. That is, outcome-driven performance refers to the EU’s ability to link policies with resources to achieve goals. Important factors to consider include local and international factors in the environment that influence the engagement with EU partners (Papadimitriou, et al., 2017). This thesis will provide a holistic understanding of EU sanctions against Russia from two analytically distinct angles namely the EU’s actions and the concrete impact on the ground. It draws upon the conceptual and methodological approach of Papadimitriou et al. (2017) to measure the EU’s performance in its neighborhood (CEE countries). The target of this analysis is not CEE countries, but Russia as it is the largest neighbor of the EU, and due to the current events, the relations are rapidly deteriorating between the two (European Commission, 2021, p. 1). To operationalize according to Papadimitriou et al. (2017) empirical methodology two main issues need to be considered.

First, is the correlation between the EU's outcome-driven performance and its process-driven performance. The analysis will focus on decision-making processes in the EU with a focus on the European Council and the Council of the European Union. Then, the interplay of Germany, France, and the United Kingdom (while it was still a member of the EU) and their motivation for sanctions will be discussed and possible explanations as to why countries with a rather pro-Russian attitude voted for sanctions against Russia is given.

This leads to the following research questions focusing on process-driven performance analysis:

RQ1a) How well do the decision-making processes work at the EU level?

RQ1b) What role do Germany, France, and the United Kingdom play for the EU when discussing restrictive measures?

RQ1c) How to explain the votes of countries e.g., Austria and Italy that have been reluctant to impose sanctions against Russia?

Second, the relationship between the outcome-driven performance, the relationship with its partners, and actions on the ground. Therefore, the analysis will include the EU as a foreign policy actor and study the actorness of the EU when it comes to sanctions. Russia's response to the imposed sanctions and the impact of the imposed sanctions economically and politically will be discussed. Lastly, Russia's response to the imposed EU sanctions and how they impacted the EU, its policymaking, and decision-making will be examined. This leads to the following research questions focusing on the outcome-driven performance analysis:

RQ2a) How consistent is the EU's actorness when it comes to sanctions?

RQ2b) What has been the political and economic impact on Russia?

RQ2c) How have the Russian countersanctions impacted the EU and its decision-making processes?

2.2. Research Method

The analysis will be based on state-of-the-art information and arguments from peer-reviewed journal articles and books. Additionally, expert interviews were conducted as they are a respectable way to complement the existing literature with information, evaluations, and

prognoses which are not included in the literature. Interviews were held with different target groups: EU Officials, Russian Officials, and university professors with a research focus on political science, international relations, and foreign policy. Although peer-reviewed articles and books are the main source for analyzing EU performance in this thesis, involving expert interviews has helped the research to strengthen the arguments made by the literature.

Due to the current COVID-19 pandemic, the interviews were conducted online, i.e., via the Zoom/MS Teams/Webex platforms and WhatsApp via video conference. To be able to process the collected data material, the interview partners were informed that it was necessary to record the conversation using a smartphone and the recording function of the online platform. Only after their agreement, the interviews were recorded. Three interview partners refused audio recording; these interviews were not recorded, consequently, there is no official transcript; only co-written in terms of content. The relevant passages of the audio recording were then transcribed. To protect the anonymity of the interviewees and the institutions in which they work, their names as well as and possible mentions in the transcripts were anonymized.

For the empirical analysis of the research questions, qualitative content analysis according to Philipp Mayring was used. To be able to examine the different opinions and expertise of the interviewees and peer-reviewed articles, content-based structuring seemed to be the most suitable method. This makes it possible to filter out certain aspects of the conversation, assign them to predetermined categories, and then extract and summarize data material on specific content (Mayring, 2010, pp. 65-66).

A relevant step in the qualitative research process is to proceed with a rule-based approach and document the process. With the help of the process model (Mayring, 2010, pp. 60-62), the content analysis can be described systematically to make each step comprehensible to others. In a general process model, the above-mentioned steps must be processed first. The next essential step of the general flow model includes the *determination of the analysis material*. In this thesis, the analysis material is made of seven personally conducted semi-structured interviews, which were carried out by the researcher based on a guideline and a peer-reviewed pre-selected article corpus.

During the empirical part of this work, the most relevant aspects of the interviews were analyzed. The corpus of the analysis, therefore, does not include all the material collected but

is limited to those passages and statements that serve to answer the research questions. Those significant passages were then transcribed and categorized. The expert group for these interviews consisted of one EU expert, one Russian Diplomat, and five International Relations and Political Sciences Professors. All participants participated on a voluntary basis and were informed about the aims and objectives of the thesis (*analysis of formation*). The *formal characteristics* namely audio recordings of virtual interviews (Zoom, Webex, WhatsApp Call) and in-person interviews have been discussed above. The *direction of the analysis* is based on the evaluation of the EU's Performance (internally and externally).

The next step was to determine an analysis technique. To extract essential aspects from the material, structuring is the most suitable analysis technique. This allows assessing the interview based on deductive categories and criteria, meaning the categories must be established in advance (Mayring, 2010, p. 98). The next step in the process model was to determine the *units of analysis* (Mayring, 2010, p. 59). In the case of the interviews conducted, a word is defined as the coding unit, and the statements of the respondents, i.e., the entire content of the individual interviews, as the context unit. The selected transcripts form an evaluation unit and the expert's answers are given a code, which is intended to provide a better overview of the individual statements. This is also done to identify messages that are repeated by multiple participants or when opinions differ. Six main categories are formed: decision-making process; the role of Member States; reluctance to impose sanctions; EU actorness; impact on Russia and countersanctions on the EU.

The state-of-the-art articles were also filed in the previously defined categories. To further examine the main categories, subcategories were formed from those. The evaluation of the categories and subcategories can be found in the following chapter, as well as the exact list of the category system.

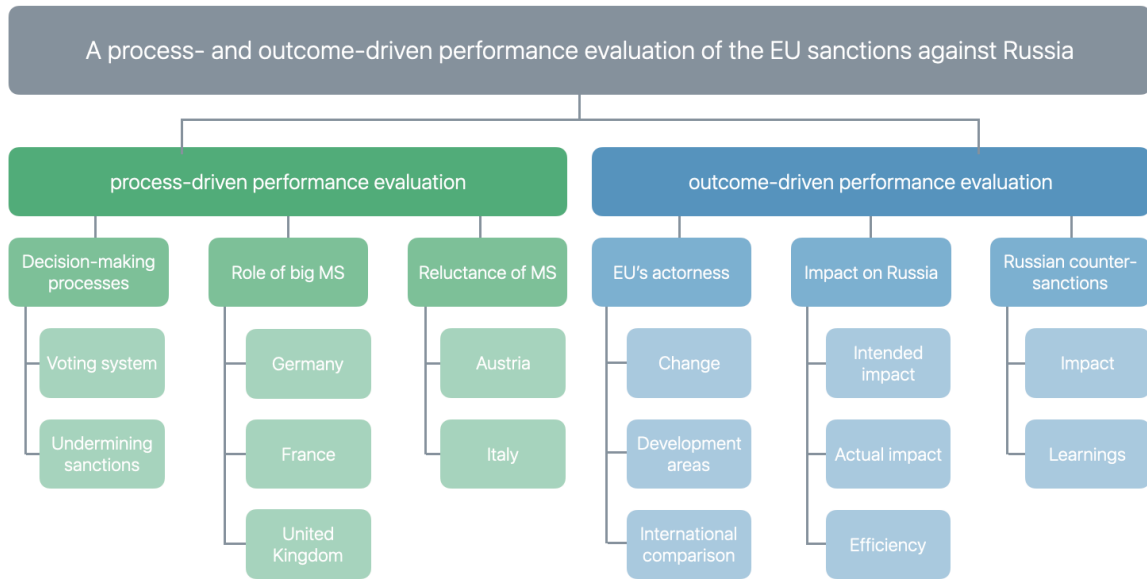


Figure 5: Coding tree

Code	Subcode	Description
Decision-making process		
	Voting systems	Exploring the decision-making models at the EU level concerning sanctions against Russia;
	Undermining sanctions	Including what activities may undermine EU decision-making
Member states influence		
	Germany	Evaluating the relationship of Germany, France and the United Kingdom (when it was still part of the EU) with Russia
	France	-historically, politically and economically
	United Kingdom	
Reluctance of member states		
	Austria	Explaining why some member states are more reluctant in voting for sanctions against Russia
	Italy	-historically, politically and economically
EU actorness		
	Change	Evaluating the positioning of the EU in the international foreign policy area
	Development areas	-changes in its development
	International comparison	-room for improvement
		-international comparison to other institutions and/or countries
Impact on Russia		
	Intended impact	Reflecting on the impact the sanctions regime achieved
	Actual impact	-looking at the EU's intended impact, the actual impact and consequently at the sanctions efficiency
	Efficiency	
Counter-sanctions on the EU		
	impact	Reflecting on the Russian counter-sanctions and its impact on the EU
	Learning	Including potential learnings in coping with counter sanctions and/or potential measures that were taking to better deal with Russian sanctions against the EU

Figure 6: detailed Code System and explanation of codes

A methodological standardization and intersubjective comprehensibility of data collection and analysis are ensured by transparently documenting the research process, confronting the

interviewees with the same guideline questions, and analyzing/coding the data material according to predefined mechanisms.

3. Analysis

3.1. Process-driven performance analysis

As stated above, the performance of the EU will be analyzed at two different levels: process-driven performance and outcome-driven performance. Leaning on the theoretical framework of Papadimitriou et al. (2017), the first part of this chapter will focus on process-driven performance. This will cover all internal processes, mechanisms, and procedures used at the EU level that speak to its capacity to coordinate internal opinions and preferences by the institutions and Member states. The influence and power of the big member states will be looked at closely, trying to understand national policy approaches. Consequently, this chapter will also cover reasons and explanations for why some of the Member States changed their opinions on sanctions when previously reluctant to impose them.

3.1.1. Decision-making process at the EU level

Since the entry into force of the Lisbon Treaty in 2009, the European Council has become one of the most important decision-makers in sanctions policy. This was not always the case, as the European Council used to have the task of providing political guidance for the future of the EU and building consensus on the EU's objectives. (Szép, 2020, p. 855). The European Union is characterized by decentralized policy-making processes where multiple actors are involved (Giumelli & Lavallée, 2013). Over the last decades, sanctions have evolved from simple foreign policy tools to 'targeted sanctions'. Targeted sanctions are means to target non-state actors (such as individuals or companies) and concrete economic sectors or industries while preventing unintentional damage to blameless civilians (Giumelli & Lavallée, 2013, p. 395). The impulse for introducing sanctions originated from the Council of the Working Party of the geographical location. For Russia, this is the Working Party on Eastern Europe and Central Asia (COEST). The next step is with the Council of the Working Party on External Relations (RELEX) and as the last instance, the Council of Ministers is approached for the implementation of the sanctions (Portela, et al., 2021, p. 689).

When it comes to sanctions against Russia a significant change in the decision-making process can be observed. Now, the European Council is directly involved in economic policy and foreign and security policy (Szép, 2020, p. 857) and mandates sanctions against Russia. However, the Council of the EU is still responsible for renewing sanctions and the European Commission and the European External Action Service (EEAS) as well as the RELEX group manage the legal acts needed for the prolongation of sanctions (Portela, et al., 2021, p. 689; Giumelli, et al., 2021, p. 6).

The EEAS is in a unique position as it has access to the institutional knowledge of the EU's sanctions policy. And since EEAS members also participate in Council meetings, members can share their expertise and knowledge with the Council. It is also the EEAS that provides institutional know-how and legal expertise on sanctions to the member states. This together with the European Commission's expertise on trade and financial matters allows for influencing and shaping states' opinions (Giumelli & Lavallée, 2013, p. 397). However, the Commission together with the EEAS is keen on good relationships and continued trust-building with the member states. This is achieved by considering member states' potential fears, uncertainties, and economic vulnerabilities when preparing policies (Natorski & Pomorska, 2017, p. 65). This demonstrates unity-oriented thinking and underlines how well EU institutions and member states can work together.

The legal basis for EU Sanctions was first anchored in the Maastricht Treaty (1993), also known as the Treaty of the European Union (TEU). It established a three-pillar structure for the EU: 1) European Communities 2) Common foreign and security policy (CFSP), and 3) Cooperation on justice and home affairs (JHA). The CFSP also includes the Common Security and Defense Policy (CSDP), which deals with the defense and military aspects of EU policy (EUR-Lex, 2015). The TEU contains specific provisions on CFSP, and it is therefore the first Treaty to impose political sanctions on governments of non-EU countries (third countries), non-state entities, and individuals. Article 29 of the TEU is the legal basis for the Council to institute sanctions (EUR-Lex, 2020; Giumelli, 2020, p. 120). Specifically, it states that “[...] the Treaty on European Union [...] allows the Council of the European Union to adopt sanctions against governments of third countries (non-EU countries), non-state entities and individuals (such as terrorists) to bring about a change in their policy or activity.” (EUR-Lex, 2020).

The Lisbon Treaty has reorganized the legal basis for sanctions: it streamlines decision-making processes and the procedures for implementing new policies, thus increasing transparency and efficiency (Pavy, 2021, p. 2). In addition, the pillar system of the EU has been abolished, which means that the CFSP is no longer a pillar in its own right (Friis & Juncos, 2019, pp. 283-284). However, the Treaty also identifies the policy areas in which the EU and the Member States have exclusive competence and the policy areas in which the EU and the Member States have shared competence (Articles 4, 5, and 6 TFEU) (Giumelli, 2020, p. 120).

A core element of the CFSP is the possibility of imposing restrictive measures on third parties, either to achieve the set goals of the EU or to comply with demands of the Security Council of the United Nations (Giumelli, 2013, p. 9). According to the TEU, the CFSP is supposed to cover all areas of foreign and security policy. Together with the Treaty of Maastricht, the Treaty on the Functioning of the EU (TFEU) builds the constitutional basis of the EU. “Under Article 215 of the Treaty on the Functioning of the EU [...], the Council may adopt the necessary measures to implement decisions adopted under Article 29 TEU to ensure they are applied uniformly in all Member States” (EUR-Lex, 2020).

As stated above, the Maastricht Treaty builds the foundation for the implementation of sanctions. Since then, the Council published three other documents that define a framework for sanctions to define its design, implementation, and effectiveness (Giumelli & Lavallée, 2013, p. 395):

- i. Basic Principles on the Use of Restrictive Measures (Sanctions), 2004
- ii. Guidelines on Implementation and Evaluation of Restrictive Measures (Sanctions) in the framework of the EU CFSP, 2018
- iii. The EU Best Practices for the Effective Implementation of Restrictive Measures, 2018

In 2004, the ‘Basic Principles on the Use of Restrictive Measures (Sanctions)’ document was approved by the Political and Security Committee. The aim was to install a policy framework for the effective use of sanctions. It states that the EU, in cooperation with and independent of the United Nations (UN), should impose sanctions when it deems restrictive measures necessary to achieve EU objectives (Giumelli, 2013, p. 10).

Following this ‘Basic Principles’ document, the ‘Guidelines on Implementation and Evaluation of Restrictive Measures (Sanctions) in the framework of the EU Common Foreign and Security

Policy’ were adopted in 2003 and updated in the year 2005, 2009, 2012, and May 2018. This document provides new policies and definitions for implementation and the various types of restrictive measures.

Finally, the ‘EU Best Practices for the Effective Implementation of Restrictive Measures’, signed in 2008, complements the existing information with a detailed policy on how to “identify the correct designated persons or entities, as well as on the administrative modalities for asset freezing and product prohibition, including the procedure for Granting exemptions and waivers from the measures” and was last updated in June 2022 (Council of the European Union, 2022; Giumelli, 2013, p. 10; Giumelli, 2020, p. 121).

Compared to other policy areas where decision-making processes are institutionalized, decision-making on sanctions is based on unanimity. Decision-making concerning sanctions is far less institutionalized in the sense that a negotiation process with member states is necessary. The unanimity principle poses a potential challenge, as some member states tend to support a vote because they do not want to prolong the negotiations and facilitate decision-making (Interview 6). Because the EU introduced the sanctions packages gradually, starting with diplomatic negotiations and putting bilateral talks on a halt to more radical ones such as asset freezes and targeted economic sanctions, member states were able to engage with the process and the EU was able to balance different opinions and positions (Natorski & Pomorska, 2017, pp. 61-62).

There is a risk that these member states that support the sanctions package on paper, may not be able to support it politically or domestically (Interview 6). A way to speed up the decision-making process would be to introduce a qualified majority principle (within the CFSP). This would allow the Council to decide even faster and more efficiently (Interview 4). A hypothetical option is to explore this under the Passerelle clauses, ensuring that European Integration is continuously driven forward (Interview 4). The Passerelle clauses (set in Article 48(7) TEU) give more opportunities for flexible decision-making, meaning that they allow changing the decision-making process from unanimity to a qualified majority voting (European Parliament, 2020). This possibility must be investigated by EU law experts (Interview 4).

As for the member state voting system, qualified majority voting is viewed critically because it would give a few large Member states the power to oppose any vote (Interview 7). In the case

of the latest sanctions against Russia, decisions were made rather quickly, and the EU showed efficiency in terms of its policymaking and commitment to the EU objectives (Interview 4).

While some political scientists (expert opinion) are under the impression that due to the high complexity of the sanctions and sanctions policies, only a few people in these committees have done substantial work on this and are experts in this field. Others were impressed by the EU, in the case of Russian sanctions, and the quick reactions and adoption of the sanction packages (Interview 3). The European Council brings together heads of the national governments of the respective member states, and the Council of the EU is composed of presidents and prime ministers of member states. According to a European Union expert, this means that they share the same governmental logic. It follows that there should be no tensions between them. As for economic sanctions, the European Council makes and renews political decisions, which are then technically and legally adopted by the Council of the EU. There are no tensions observed, this decision-making process works and there does not seem to be any internal friction. As far as the process is concerned, the cooperation between the two institutions has worked. (Interview 2). There is speculation to what extent that was due to the adapted decision-making protocol, as sanctions policy is a core element of the member states' responsibilities and objectives. The bigger Member States (for instance Germany) could have been the driving forces (Interview 3).

A way to make decision-making even more effective could be to introduce a pre-assessment phase in the Council. This phase evaluates the intended effects of the sanctions. This strategic assessment would align the objectives of the Council and the sanctions. Giumelli proposes that Member States analyze the effects of sanctions in RELEX meetings, and the EEAS oversees it. This could also lead to institutionalized memory, creating strong knowledge within the Council (Giumelli, 2013, p. 40).

Decision-making processes should strengthen EU institutions. To push European Integration even further, EU institutions should also have the power to implement and monitor sanctions (Interview 4). The power of EU institutions has been moved to the Member States when the Council took over the implementation of sanctions from the Commission (Giumelli, 2013, p. 40). The Council provides a political roadmap (Interview 6). Introducing expert panels that evaluate how states operate and how states react to sanctions (honor the sanctions, undermine sanctions). This could provide valuable input and indicate what incentives are necessary to push

cooperation among the Member states for more effective sanctions. This knowledge, over time, could be institutionalized and form concrete strategies (Giumelli, 2013, p. 40).

The quality and compliance of sanctions are also critical when evaluating the decision-making processes. Are the sanctions being implemented? Can they even be implemented? (Interview 6). The EEAS as well as the European Commission are monitoring the effectiveness of the imposed sanctions. Member states, on the COREPER level, assess the progress of implementation. These assessments are used as input when it comes to renewing sanctions, adapting, or adjourning them (Natorski & Pomorska, 2017, p. 66). Additionally, the EU established a task force in Germany and Austria to ensure the smooth implication of the sanctions (Interview 6).

3.1.2. Role of the main EU Member States

It can be assumed that EU member states which are economically more interdependent with Russia are more reluctant to impose sanctions on Russia, as imposing sanctions on a country goes hand in hand with some costs for the states that impose them. However, quite the opposite is true. While the level of interdependence of a member state with Russia is greater with geographic proximity (Silva II & Selden, 2020, p. 237), this does not automatically mean that they are less likely to impose sanctions on Russia. The graphic below visualizes the findings: the higher the geographical distance is to Russia, the lower the economic interdependence.

According to the study by Silva and Selden, economic self-interest does not seem to be the key reason why member states vote in favor or against sanctions. As shown in the graphic below, self-interest would be an indicator for imposing sanctions, and countries with strong interdependencies would oppose sanctions. (Silva II & Selden, 2020, pp. 246-247). Member states like Germany, the United Kingdom, Poland but also Sweden, Denmark, and Finland have been actively advocating EU sanctions against Russia. Not all member states share the opinion of the mentioned countries. Austria, Italy, Hungary, Greece, and Cyprus have been hesitant to impose sanctions and are trying to maintain their good relationship with Russia, fostering their political and business relationships (Interview 1; Interview 2).

Due to the change in the decision-making processes, more coordination processes were created. Now with the empowered Council, the local Chancellors' offices are more involved and coordinate with the Ministries of foreign affairs. Germany's former Chancellor, Angela Merkel, actively took the topic of sanctions against Russia into her political portfolio (Interview 6).

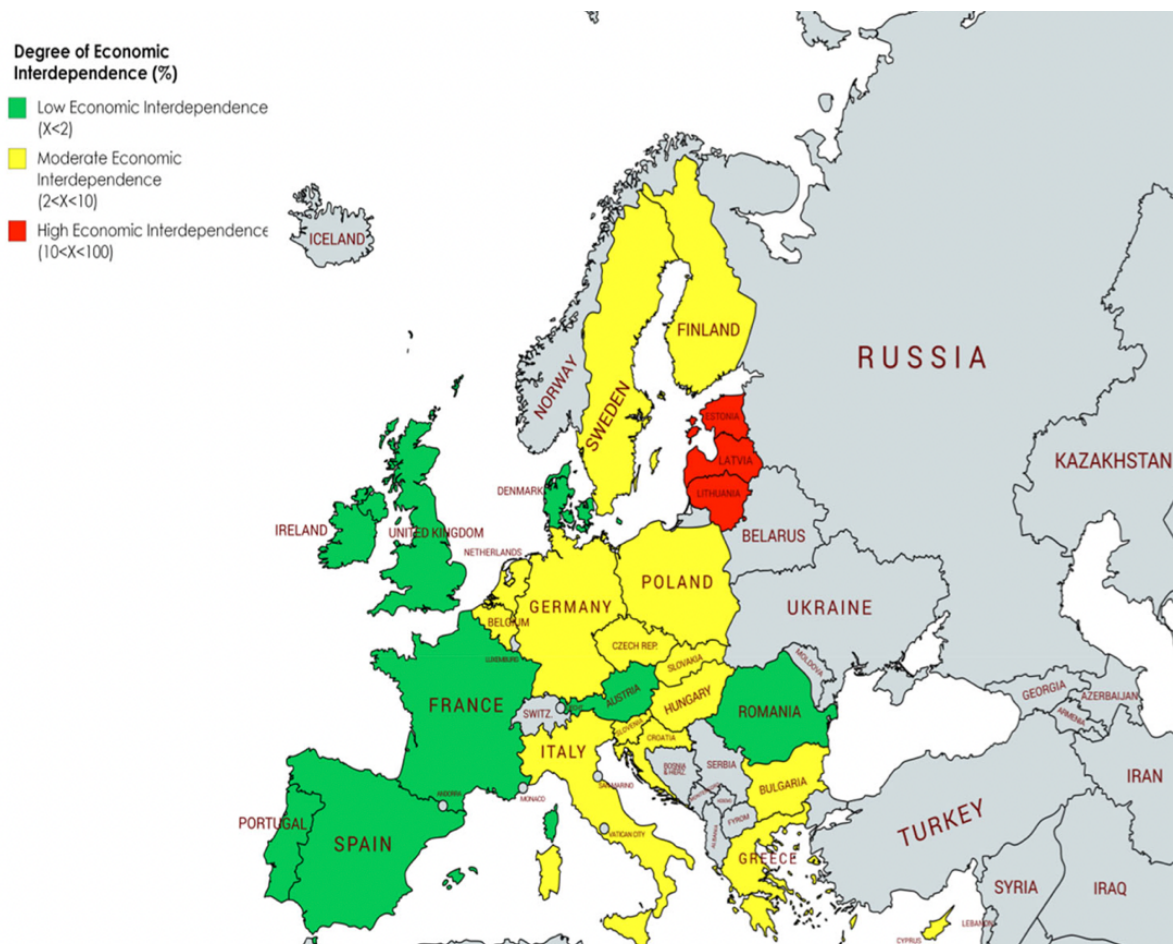


Figure 7: EU member states economic interdependence with Russia, Source: Silva II & Selden, 2020, p. 244

The “big three” Member States, Germany, France, and the United Kingdom, are of particular interest as they have been the most influential in the EU-Russian relationship (Schmidt-Felzmann, 2014, pp. 41-42; Interview 4). They have always taken a very balanced position on sanctions and other political aspects of foreign policy. According to a European Union expert Germany and France do not pressure other member states when it comes to decisions on sanctions (Interview 2). Diplomats from Germany, France, Ukraine, and Russia are participating in the Normandy format, a diplomatic grouping established in 2014 to stimulate “progress toward resolving the conflict in eastern Ukraine” (Lohsen & Morcos, 2022).

The participation in the Normandy format additionally to these particular Member States' size and power (economically and politically) puts them into a clear power position. Germany and France's influence on decision-making and consequently influencing the other Member States cannot be ignored (Interview 6). Germany is the key actor in Europe's policy approach to Russia. It follows an export-driven foreign policy which leads to tensions between politics and business. Tensions increased when the Minsk peace agreements were not met, consequently leading to a prolongation of the EU sanctions against Russia (Gens, 2019, p. 319). A trigger for change in thinking for the business community was the downing of the MH17 plane (Interview 6). In 2014, a Malaysian Air flight from Amsterdam to Kuala Lumpur was shot down when flying over Ukraine. According to various media reports, the airplane was purposely hit by Russian separatists using a Buk missile (AP, 2022; der Standard, 2022). Sanctions were acknowledged as the only way to stop Russian aggression and the economic sector aligned with German politics (Gens, 2019, p. 315).

Germany has a strong economic interdependence with Russia, represented by business projects like the gas pipeline Nord Stream 2. Russia wants to use bilateral agreements to achieve friction within the EU and its member states. These agreements do not violate EU law or the obligations that member states have as EU members (Interview 2). Germany classified the Nord Stream 2 project as apolitical and for commercial purposes. Nord Stream 2 has been viewed critically, as it is further weakening Ukraine's standing. Russia's goal is to continually weaken Ukraine; this strategy is evident, among other things, in the construction of gas pipelines outside Ukraine, bypassing the transit country (Gens, 2019, p. 325).

Legally, Nord Stream 2 is consistent with EU and international laws, but politically it does not support the values and objectives of the EU concerning sanctions against Russia, is undermining the EU's actorness, and weakening the EU's Russian policy (Interview 2; Interview 6; Gens, 2019, p.325). Bilateral agreements and contracts between the EU Member States and Russia have always existed and it cannot be generalized that they try to undermine EU sanctions. These contracts are all in line with the law (Interview 3). Now, Germany has been very proactive in pushing for sanctions. This could be a strategic way to avoid other (harsher) sanctions. This could also explain the initial hesitation to impose sanctions besides the economic reasons (Interview 3). Angela Merkel pressed for a change in German foreign policy as she was committed to putting together an effective sanctions package against Russia (Interview 6).

Member states' hesitation when discussing the implementation of sanctions is often linked to fear of negative trade impact. France, but for example also Italy or Finland, has significant exports to Russia, with the Russian economy being challenged by EU sanctions, export business is at risk (Kaca & Galewicz, 2015).

France had been hesitant to vote in favor of sanctions (Härtel, 2019, p. 96), as it has a historically strong relationship with Russia (Schmidt-Felzmann, 2021, p. 212; Giumelli, 2017, p. 1063). Therefore, the goal was to harvest stable relations with Russia. France initially wanted to conduct business as usual, with only some restraints to it (Khudoley & Raś, 2021, p. 21). This is understandable to some extent when knowing that French businesses started directly investing in the country in the 1990s, and continued to conduct business in 2014 with new projects and foreign direct investments as France has been an important investor in Russia (Chetverikova, 2017, pp. 225-226).

However, Diplomatic meetings with Russia were suspended shortly after the illegal annexation of Crimea in 2014 (Cadier, 2018, p. 1349). France took a clear position and condemned the violation of Russian political and military maneuvers (Schmidt-Felzmann, 2021, p. 212). France became a vigorous representative of the EU's stance on sanctions against Russia and actively, together with Germany, helped the conflict resolution process, known as Minsk Process (Cadier, 2018, p. 1349).

Another turning point in France's stance on how to handle relations with Russia was the alleged interference with the presidential elections in 2017. Internal, confidential emails of candidate Emmanuel Macron were hacked and released. Macron was known for his pro-European and pro-NATO beliefs. The Russian government denies any involvement in this case (Chernenko, 2021, p. 188). And with Marie Le Pen, France had an outspoken presidential candidate and leader of the far-right national party, who is supporting Putin's regime. A Russian bank with ties to the Kremlin also became a sponsor for her campaign, underlining the strong relationship between Marie Le Pen and the Russian government (Orenstein & Kelemen, 2017, p. 93). France and the United Kingdom were important strategic partners for energy and technology (Schmidt-Felzmann, 2014, p. 42).

Back in the 1990s the United Kingdom (with Germany and France) actively created and shaped the Partnership and Cooperation Agreement (PCA) of the EU and Russia (Schmidt-Felzmann,

2021, p. 209). The United Kingdom was a financial and trading power, a significant energy producer (including nuclear power), and a permanent member of the UN Security Council. These factors provided the country with a significant amount of power and influence regarding EU policies toward Russia (Schmidt-Felzmann, 2021, p. 213). Economic relations between Russia and the U.K. have been promising, however, due to the tense political situation, joint economic projects like the UK-Russia joint steering committee on trade and Investment were put to a halt and trade was deteriorating (German, 2016, p. 507). Later, the United Kingdom was privy to a special relationship with Russia as it was mentioned in the Russian foreign policy as a country of importance to them. This status however changed in the mid-2000s when the political relationship started to deteriorate (Schmidt-Felzmann, 2014, p. 43).

The United Kingdom (while still being a member of the EU) has been an influential supporter of sanctions against Russia and pushed for sanctions beyond what the European Union and the U.S. had been planning (Interview 3; German, 2016, p. 507). The UK was clear on its position on how to handle relations with Russia – reduce relations to a minimum (Khudoley & Raś, 2021, p. 21). Within the EU-Russia audit of the ECFR 2007, the UK was among Russia’s “frosty pragmatists”; meaning the country conducts business with Russia but is not shying away from openly expressing its opinions on Russian issues (Leonard & Popescu, 2007, p. 2). Additional to the implemented international sanctions in 2014, the United Kingdom complimented them by stopping all high-level visits to Russia and suspending all military cooperation, and bilateral cooperation dialogs (House of Commons Foreign Affairs Committee, 2017, p. 44).

The United Kingdom also took a clear stance on how to react to the alleged Russian involvement in elections and presidential campaigns. It encouraged (together with the Baltics, Poland, and Denmark) the establishment of an EU-wide task force to handle disinformation campaigns (Schmidt-Felzmann, 2021, p. 210).

The attempted murder of Sergey Skripal in Salisbury, UK, also put a dent in UK-Russian relations (Schmidt-Felzmann, 2021, p. 213). Similarly, as in France, Russia supposedly interfered with the EU referendum by manipulating social media canals (David, 2021, pp. 327-328). Two additional deaths of critics of the Russian government in the United Kingdom in 2006 and 2013 strained the relationship between the two actors (Schmidt-Felzmann, 2014, p. 43).

3.1.3. Reluctancy of some Member States

There are some member states that have been traditionally hesitant to impose sanctions against Russia. This positive attitude towards Russia can be dependent on various factors from economic projects to political friendliness. These interests can be categorized into material interests (contracts, dependencies, supplies of raw materials) and idealistic factors. These categories are not necessarily exclusive, they may well be interrelated (Interview 4). The imposition of sanctions can therefore lead to a significant loss of trade, economic relations, and networks, as well as cause political upheaval in terms of existing relationships and connections. Prominent examples of these member states are Austria and Italy, which are analyzed in more detail.

Austria has been reluctant in voting for sanctions against Russia and is classified as a “friendly pragmatist” (Leonard & Popescu, 2007, p. 2; Malek & Luif, 2013, p.212). This is attributable to its deep and significant involvement in Russian and Ukrainian energy, agriculture, banking, and machine-building sectors (Härtel, 2019, p. 97). Russia plays an important factor in the Austrian economy, being a reliant trading partner and gas supplier. Besides the strong economic ties, Austria and Russia maintained good civil society relations in the form of the Sochi Dialogue, a steering committee to foster bilateral relations focusing on culture, education, science, and research (Federal Ministry Republic of Austria, European and International Affairs, n.d.).

Economic projects tying Austria to Russia might have enabled pro-Russian sentiments within political parties. The gas industry is of particular interest – the village of Baumgarten is one of the most important gas hubs in Europe. OMV, the Austrian oil, and gas company established an international trade platform, the Central European Gas Hub (CEGH). Energy projects like South Stream were planned to run through Baumgarten. Gazprom and OMV cooperation agreements were signed and announced a joint venture for this project (Malek & Luif, 2013, p. 218). Energy projects have been a main reason as to why Austria was reluctant on imposing sanctions against Russia (Interview 3). These strong economic relationships in the Austrian and Russian energy sectors have significantly influenced Austria’s general approach toward Russia (Schmidt-Felzmann, 2021, p. 211).

Austria’s political landscape, the conservative party “ÖVP” with Chancellor Sebastian Kurz as well as the right-wing populist party “FPÖ”, is fostering its ties with Russia and openly stating

its will to oppose sanctions and/or reduce sanctions against Russia. Changes in national politics are influential on the evolution of foreign affairs development between two countries. Former Chancellor and foreign minister Sebastian Kurz, ÖVP, was seen as a potential challenge to the EU's consensus on sanctions as he was outspokenly against the implantation of more sanctions against Russia (Härtel, 2019, p. 91). The way Austrian politicians framed the Ukrainian crisis was also a statement to blame the EU's 'failed' neighborhood policy as well as the weak state and institutional structures in Ukraine rather than Russian aggression. Austria tried to salvage Austro-Russian relations and kept up appearances on state-level (Härtel, 2019, p. 97).

Even though the ÖVP is still in power, the Chancellor's change from Sebastian Kurz to Karl Nehammer brought a change in the political landscape. Sebastian Kurz was not restraining himself from criticizing EU decisions. Contrary, Karl Nehammer strongly believes in unity within the EU and is aiming for consensus. This is due to several reasons for instance different domestic political objectives, personal motives, and international pressure from other member states (Interview 4). As Austria is one of the smaller member states of the EU it holds a relatively small influence on EU decision-making (Malek & Luif, 2013, p. 218).

Another aspect as to why Austria has been reluctant in voting for the implementation of sanctions against Russia has been the neutrality of the country that is enshrined in the Austrian constitution. Today what remains of Austria's neutrality is military impartiality. The Austrian government also acknowledges that Austria's future is dependent on European peace and unity among member states. That is because Austria is a small country and relies on a functional international legal order (Härtel, 2019, pp. 98-99; Malek & Luif, 2013, p. 218)

Italy has always had a special bond with Russia and is considered a "strategic partner" (Leonard & Popescu, 2007, p. 2) and a "middle power" to Russia (Siddi, 2019). Middle power is defined by limited resources and the need to align its foreign policy with international organizations and actors. Italy does this through bilateral agreements with more influential countries, such as Russia (Siddi, 2019, p. 124; Schmidt-Felzmann, 2014, p.42). Italy played a significant role in Russia's economy and has always pursued a rather Russian-friendly approach (Makarychev & Terry, 2020, p. 27). This has been the case ever since Putin decided in the Russian foreign policy doctrines (years 2000,2008 and 2013) that Italy is part of a small, selected group of countries that can contribute to Russia's economic growth and modernization process (Schmidt-Felzmann, 2014, p. 42). The strategic partnership is reflected in significant trade flows, foreign

investment, and energy partnerships (Härtel, 2019, p. 96). This has led to criticism and increased discussion on whether these strong relationships are undermining the EU's approach to the sanction regime toward Russia (Schmidt-Felzmann, 2021, p. 208).

Even back in the Cold War, Italy's music and films were welcomed in the Soviet Union and played an important part in their culture. Later, the collaboration between the Kremlin and the Democratic Party (led by Matteo Renzi) and the Forza Italia (led by Silvio Berlusconi) strengthened the Italian-Russian relationship and the cooperative foreign policy approach toward Russia (Siddi, 2019, p. 123). Latter enjoyed a publicly well-known friendship with Vladimir Putin (Makarychev & Terry, 2020, p. 27).

Another political figure who defined Italian-Russian relations was Matteo Salvini, former deputy Prime Minister and Minister of Interior as well as Federal Secretary of the Italian party Lega. Salvini appealed to Russia with his 'populist' language and the idealization of Putin's leadership. He tied together Italy's foreign policy toward Russia with the growing EU skepticism within Italy. The Lega party is known for being a harsh critic of the EU as the institution supposedly takes away from national sovereignty (Makarychev & Terry, 2020, pp. 27-29).

Economic partnership between the two countries has developed beyond the EU framework, illustrated by the close collaboration between ENI (Italian multinational oil and gas company) and Gazprom (Russian multinational energy corporation) in the South Stream Energy project (Härtel, 2019, p. 96). The South Stream project was eventually canceled but ENI and Gazprom were still doing business together (Siddi, 2019, p. 126).

Italy initially did not want to risk the economic partnerships in place but agreed to get along with the other member states while still expressing their concerns (Orenstein & Kelemen, 2017, p. 97). Even during the Annexation of Crimea, Italy's political representatives held meetings with Russian politicians proving that Italy was trying to salvage their Russian relationship (and economic ties) while simultaneously imposing EU sanctions on Russia (Härtel, 2019, p. 97).

Up to February 2022, Austria, and Italy for that matter, never considered a change in their Russian policy. A reason why they did not veto the decision to impose sanctions is certainly peer pressure and prioritizing the European interest over domestic interests. Even reluctant member states accommodate EU interests because it signals the unity of the EU. This

phenomenon is called “critical consent”. Two trends can be observed: Austria is a beneficiary of Europe’s post-cold war international order and the growing anti-EU sentiment at the elite level and the aim to regain autonomy (Härtel, 2019, p. 97).

With the latest developments in Ukraine, both countries swiftly supported Ukraine and EU efforts in sanctioning Russia to stop aggression (Interview 2; Interview 6). Now, there are new challenges like the severity of sanctions. The question from “Do we impose sanctions?” changed to “To what extent do we sanction Russia?” (Interview 6).

This can be observed in the discussion and implementation of excluding Russian banks from the SWIFT payment system. Skepticism towards this sanction was rather strong as this represents a tough and harsh sanction to adopt. However, there has been a compromise in excluding Russian banks where energy transactions are processed. This compromise suggests that member states’ concerns and reluctant opinions on certain sanctions are considered when exploring the extent of sanctions (Interview 6).

Oil and gas embargoes remained a sensitive issue, as Austria has a significant dependency on Russian gas, purchasing 80% of its gas from Russia (Murphy & Schwarz-Goerlich, 2022; Interview 3). With the involvement of OMV (the Austrian Mineral Oil Administration Stock Company) in the Nord Stream 2 project, Austria was clearly reluctant to impose oil and/or gas embargoes (Interview 3). Considering that some member states are heavily dependent on the Russian oil and gas supplies, compromises need to be made within the EU, and energy distribution has to be adjusted and optimized, as member states fear a lack of energy supply if the EU imposes an oil and gas embargo on Russia. However, given the current situation and this clear violation of international law, the strongest sanction regime possible must be presented to Russia and reluctance of member states seems to be declining (Interview 6).

Conclusion process-driven performance

In summary, the decision-making processes at the EU level work well. The Council of the EU and the European Council seem to collaborate as planned without tension or rivalry. The voting system in place (unanimity) is slowing down decision-making processes, as negotiations take longer to find consensus among all 28 member states. The EU's image is to some part benefiting from unanimity voting as it showcases a united front across all member states and signals strength to other international players. Slow decision-making, long negotiation periods, and protracted processes could be reasons to rethink internal coordination processes. A qualitative majority decision (as already used in other EU voting processes) could help improve these aspects.

Big member states such as Germany, France, and the United Kingdom play an important role in these decision-making processes. Even though Germany has high-value economic projects in cooperation with Russia, it still changed its course in politics and is now a strong supporter of EU sanctions against Russia. Germany has been setting the tone for other member states for example France and smaller member states. Bigger member states supporting EU measures naturally increase pressure on others to get in line. It also signals that those economic losses can be compensated, and new strategic partners can be found.

Some member states have a different approach and are more pro-Russia in their actions. In this thesis, a focus was put on Austria and Italy, but it is worth mentioning that those are not the only member states critical of the EU's restrictive measures toward Russia. Cyprus, Greece, Hungary, and Poland also share the pro-Russian sentiment. How can their supporting votes for sanctions against Russia be explained? Member states acknowledge the importance of EU goals and can prioritize them over national goals and pressure from international players (other member states, U.S., NATO) and public opinion. This is especially true since February 2022 when Russian aggression reached an unprecedented level.

3.2. Outcome-driven performance analysis

The second part of this chapter is the outcome-driven performance analysis. Taking the approach of Papadimitriou et al. (2017) this analysis focuses on whether the self-set objectives of the EU have been met and if there is a causal link between the EU's actions and its surroundings. This means the focus lies on external factors and perceptions of the EU. This analysis reflects on the EU's ability to achieve its objectives on the ground in the member states but also, in this case, Russia. Concretely, the EU's actorness will be evaluated, the impact of the sanctions on Russian politics and its economy, and the impact of Russian countersanctions on the EU (internally and possible economic consequences).

3.2.1. The EU's actorness

First, actorness is defined as the influence the EU exerts on its external environment and its respective competencies. This includes strategic quality, unity of member states' positions, the autonomy and coordination between certain institutions and actors, and investment of resources and capabilities (Härtel, 2022, pp. 3-4). The EU pursues a foreign policy in many policy areas. It is not only the common foreign and security policy but also trade policy, foreign policy development, and cooperation (Interview 6). This section limits itself to only the foreign and security policy of the EU, the least integrated policy area (Härtel, 2022).

The sanctions policy is a policy area where there has been less progress recorded than expected (Interview 3). The EU is taking on a rather indirect position as a conflict manager in the Ukraine crisis (Härtel, 2022). However, this does not mean that the EU failed to demonstrate power in the crisis. The EU reacted in a timely manner from the very start of the crisis and showed strong agility in adapting foreign policy. The crisis did not paralyze the EU in its actorness (Karolewski & Cross, 2017, pp. 137-138).

Processes have been slower due to the unanimity principle in the Common Foreign and Security Policy. As discussed in the process-driven performance analysis this is an issue that has an impact on outcome-driven performance as well. There is a need for reform in the Common Foreign and Security Policy, for example, one perspective of some German EU politicians is to step away from the unanimity principle and rather move towards qualified majority decisions as this change speeds up decision-making processes and strengthens the power and force of the

EU (Interview 4). Another factor as to why less than expected progress was that there are EU institutions with the desire for more integration but at the same time, the individual member states can also act unilaterally (Interview 6).

Since the Lisbon Treaty, there has been more political will to integrate more and to shift more towards the EU level, partly due to important member states such as Germany and France pushing for more integration at the EU level. Some critics do not consider the European Union to be a great foreign policy player (Interview 6). There seems to be a lack of a comprehensive strategy that positions the EU as an international strategic actor (Sus, 2017). A vivid example of this is exceptional emergency situations for example the still ongoing Covid-pandemic. Member States closed borders without even consulting with the European Union. This is an indication that there is no unified protocol and emphasizes the autonomy of the Member States.

This also means that national interests or power groups will triumph over common decision-making. Most importantly, however, it also weakens the EU as a foreign policy player and its decision-making processes (Interview 3). It leads to a fragmented perception of the EU in foreign policy, and the member states are perceived as actors rather than the EU (Interview 6). This is underlined by the fact that the EU is not yet able to fully control member states' contradictory behavior towards EU regulations and policies (Karolewski & Cross, 2017, p. 148).

Others feel as if the EU's actorness, concretely looking at the sanctions against Russia, is strong, even though the unanimity principle is in place. The EU and its efficiency in terms of policymaking may have been underestimated however, there is a need for reform to push European integration further (Interview 4). A way to achieve that could be a qualified majority voting decision in the Council. This would increase cooperation in the defense area (Interview 4). Other areas that speak for the EU as a conflict manager are the EU's pragmatism and investment of resources (weapons and materials supporting Ukraine) are some examples of positive changes (Härtel, 2022). Despite the various levels of decision-making in the EU and the complex international political environment, the EU developed and implemented various policies and adopted sanctions against Russia as well as implemented financial and humanitarian help to Ukraine (Karolewski & Cross, 2017, p. 138).

It is not likely that the EU will be fundamentally rethinking its way and that there will be an implementation of a common European army and develop a similar defense policy approach to the United States (Interview 4). However, changing the decision-making procedure would be the first step in leading the EU to further integration in this policy area in the sense of the instrumental change of the European Union. The impact and outcome would be that the EU is perceived and appears more clearly as a unified actor internationally (Interview 4). In the case of the Common Foreign and Security Policy, the problem is probably that other countries do not yet recognize that the EU is one actor. Due to the rather complex structure, it is often unclear as to who is the 'contact person' for specific topics – the more actors are involved, the more complicated it gets (Interview 6).

This crisis is helping the EU regarding its further positioning, helping it to integrate more strongly as an international foreign policy player. The consideration of buying gas together, as a union, strengthens the process of positioning as a foreign powerful policy actor. The beginnings of such positioning could also be observed before the Ukraine conflict escalated in 2022, for instance with the Covid-19 pandemic when the EU fought for a Corona vaccine or regarding European sovereignty in the digital area like in the field of cybersecurity (Interview 4). The EU still has a long way to go but shows great potential to develop itself into a comprehensive and integrated actor. The amount of material investment in Ukraine and the coordination measures the EU has taken upon itself strengthen its actorness (Härtel, 2019).

The discrepancy among EU member states complicates fast decision-making (Freire, 2021, p. 422). However, full coherence within the EU appears to be unrealistic. The EU has resisted international and national pressure from interest groups, member states such as Austria or Italy, or Russia itself to change its course on its sanctions policy (Karolewski & Cross, 2017, p. 138). As explained in previous chapters of this thesis, Russia was allegedly involved in multiple misinformation campaigns during elections or political campaigns in Europe. This resulted in a significant increase in cooperation among member states and strengthened collective thinking despite the different individual relations with Russia and different economic interests within the Union (Karolewski & Cross, 2017, p. 140).

The main difference in dealing with foreign policy is the structure of the EU versus the U.S. or Russia. The EU is an organization with 28 Members; therefore, it must deal with different foreign policy approaches from each member state. Contrary, the U.S. and Russia are federal

states, which greatly differ in how they develop and adopt their foreign policy. This fundamental difference is further hindering the development of strategic partnerships between the three actors (Freire, 2021, p. 417). Another factor that fundamentally differentiates the EU from the U.S. is the lack of common military capabilities on the EU side, which some scholars see as an indispensable security resource. Member States are responsible for their own military and defense strategy – this enforces close collaboration regarding international security with NATO or the UN. Despite not having common military resources, the EU still presents as a strong international actor. This is also due to control over government resources and knowledge that can influence other actors. These resources also enable the EU to implement political strategies and other objectives (Gehring, et al., 2017, pp. 727-739).

Scholars have also pointed out that multilateral sanctions seem to be more efficient because they are more expensive for the sanctioned countries but also spread the costs of the sanctioning countries (Morgen et al. 2014). Russia is also sanctioned by several other countries such as the United States, the United Kingdom, Canada, and Norway, as well as many other countries. Because of the actuality of the issue, the impact and effectiveness of multilateral sanctions (e.g., those imposed by the EU and the U.S. and U.K.) are important for further evaluation and research. Cebotari (2021) also supports the argument that multilateral sanctions increase the probability that the sanctioned country adheres to the demands of the sanctioning countries. When multiple countries align in sanctioning a country, there are fewer potential trading partners for the sanctioned country, leaving it with restricted access to the global economy (Cebotari, 2021, p. 354).

Other scholars argue that international cooperation does not result in sanctions success (without the additional support of international organizations for example by the United Nations), criticizing waste of economic resources. With the support of international organizations, they prove to be more efficient than unilateral and bilateral sanctions (Drezner, 2000). This can be explained by the fact that the power of an organization is greater than the power of a single country or multiple countries combined and forces the sanctioned country to comply with the demands (Cebotari, 2021, p. 354).

When applying an international view, the U.S. and NATO (with the U.S. as a core member of NATO) are actors that cannot be neglected when evaluating EU sanctions against Russia as they had a very strong appearance and buy-in (Interview 3; Interview 6). The EU's power in

this crisis is connected with the close collaboration with the U.S. and NATO, this collective power was used to influence other NATO states such as Norway or Iceland to follow suit with their sanctions policy towards Russia (Karolewski & Cross, 2017, p. 147).

When looking back on Russia-U.S. relations, they share international interests such as combatting terrorism and organized crime. Despite the cooperation in certain areas, Russia has always been critical of U.S. interference in Russian legal and human rights affairs (Freire, 2021, p. 419).

The annexation of the Crimean Peninsula has substantially changed the relations between the U.S., the EU, and Russia, and the crisis exemplifies the extent to which security relations depend on regional and global impulses. Security policies and the U.S.: policies/actions have clearly influenced some EU Member States in their national approach to Russia (Freire, 2021, pp. 420-421). Scholars have also pointed out that multilateral sanctions seem to be more efficient (Morgen et al. 2014) because they are more expensive for the sanctioned countries but also spread the costs of the sanctioning countries. Russia is also sanctioned by several other countries such as the United States, the United Kingdom, Canada, and Norway, as well as many other countries. Because of the actuality of the issue, the impact and effectiveness of multilateral sanctions (e.g., those imposed by the EU and the U.S. and U.K.) are important for further evaluation and research.

The U.S. has been a trusted ally of the EU (Freire, 2021, p. 417). Consequently, whenever the U.S. exert strong pressure, the EU decides to pull along in a certain way. Proving that the EU does not want to make strong decisions without the backing of the U.S. (Interview 6). A reason for this behavior is neighborhood enlargement, with EU and NATO borders changing and moving closer to Russia geographically. This neighborhood enlargement is a breeding ground for conflict, the best example being Ukraine (Freire, 2021, p. 419). Here it is advantageous for the EU to pull together with the U.S. and NATO and coordinate their strategic resources (Interview 6). The U.S. imposed sanctions simultaneously with the EU, in close cooperation and coordination with EU and NATO partners (Orenstein & Kelemen, 2017, p. 97). Cooperation did not completely stop, as Russia is the most important energy supplier to the EU, and efforts are made to maintain a functioning relationship in energy-related matters. This relationship has been referred to as a “marriage of convenience” by Freire (Freire, 2021, p. 421).

3.2.2. Reciprocal impact of EU sanctions on Russia and EU member states

When discussing the impact of the EU sanctions on Russia, it is important to remember the intended outcome the EU wanted to achieve. Before the aggression started in February 2022, its intended goal was that the Russian Federation adheres to all the Minsk peace agreements. Since February 2022, EU objectives have not only been limited to the complete implementation of all Minsk agreements but have expanded to include calling on Russia to immediately cease the aggression against Ukraine. As outlined in the introduction of this thesis, a key objective of sanctions is to achieve a change of policy in the targeted country.

Change in international and domestic policies in Russia is undoubtedly not visible at this moment in time. With sanctions the time horizon is important – when does the EU want to achieve the change in policy? Certainly, sanctions have proven to be in place for a longer period. (Interview 6). As discussed in the theoretical framework of this thesis, there is quite a lot of research concerned with the effectiveness of sanctions and the lack thereof. In this chapter, the impact of the EU sanctions against Russia will be evaluated and, if possible, proven.

Foreign policy sanctions are the strongest instruments the EU possesses. Other measures could be diplomacy and strategic partnerships. However, strategic partnerships pose the risk of undermining EU sanctions and the power and unity the EU wants to broadcast internationally, and therefore, are not an option as of right now (Interview 6). A different approach could be to try to achieve change in foreign policy through the foreign and security policy route via the member states. This must be viewed critically as it bears uncontrollable consequences when military actions are involved. It can be argued that even now, providing weapons and war equipment to Ukraine qualifies as military action. Vladimir Putin has already said that he sees the sanctions and the material aid provided to Ukraine as a declaration of war and that this may have consequences (Interview 6).

The EU has been split into two camps since 2014 when it comes to public opinion of imposing sanctions against Russia. Sanctions are never costless for either the sanctioning country or the recipient (Crozet & Hinz, 2021, p. 100). The EU has been criticized for accepting the potential cost the sanctions will have on its member states and the yet unclear implications this might have on member states' economies (Giumelli, 2017, p. 1062). As a result, it was felt that the EU

must take compensatory measures to limit the economic losses caused by sanctions to the affected member states, as not all countries are affected to the same extent. However, all EU member states have experienced a trade loss in exports (Giumelli, 2017, p. 1076).

EU sanctions mainly targeted (and still target) access to financial markets and financial institutions as well as energy companies (Crozet & Hinz, 2021, pp. 103-104). A High Representative of the European Union for Foreign Affairs and Security Policy states clearly that sanctions against Russia are efficient and show the intended results. Stating that “Sanctions require strategic patience because it may take a long time for them to have the desired effect” (Borrell, 2022). The actual impact of EU sanctions (as well as U.S. sanctions) against Russia is particularly difficult to measure as the Russian economy is volatile to the fluctuations in oil and gas prices. Additionally, it is hard to measure how many potential business ventures and projects did not happen because of the imposed sanctions on Russia (Cebotari, 2021, p. 60).

However, certain trends in the Russian economy can be observed, For example. the imposed sanctions by the EU, along with U.S. sanctions, (ever since 2014) have negatively impacted the Russian economy regarding FDI, trade developments, and general economic development. Political upheaval is a factor as to why sanctioning countries were hesitant to conduct business in Russia or with Russian entities (Crozet & Hinz, 2021, p. 113). The figure below showcases that the bilateral trade between the EU and Russia decreased significantly when comparing two time periods 2010-2014 (pre-sanctions) and 2014-2018 (when sanctions were implemented) (Cebotari, 2021, p. 61).

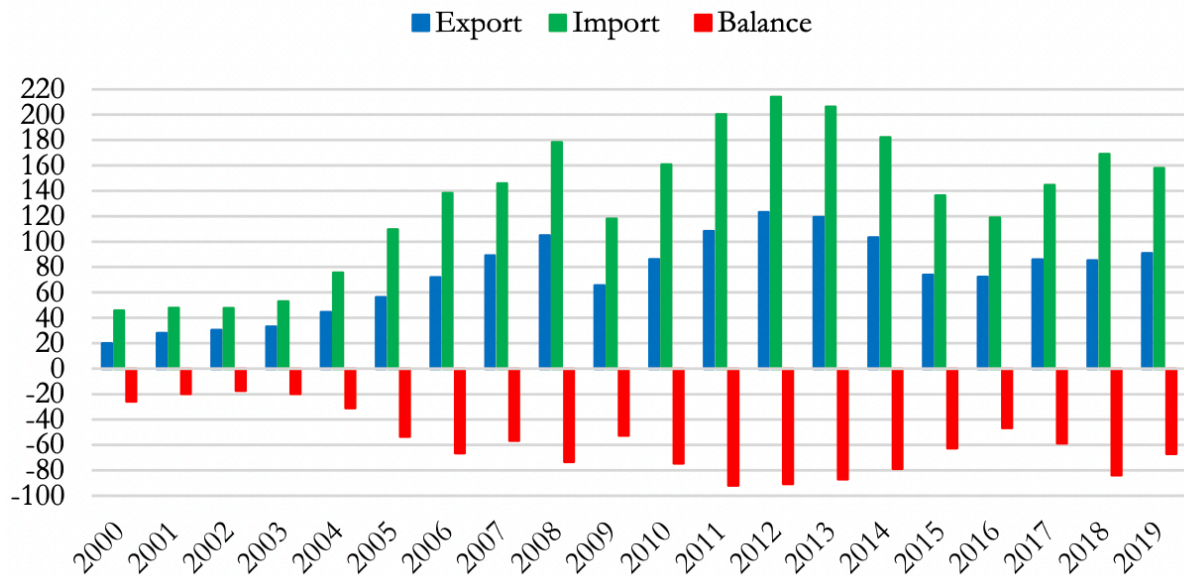
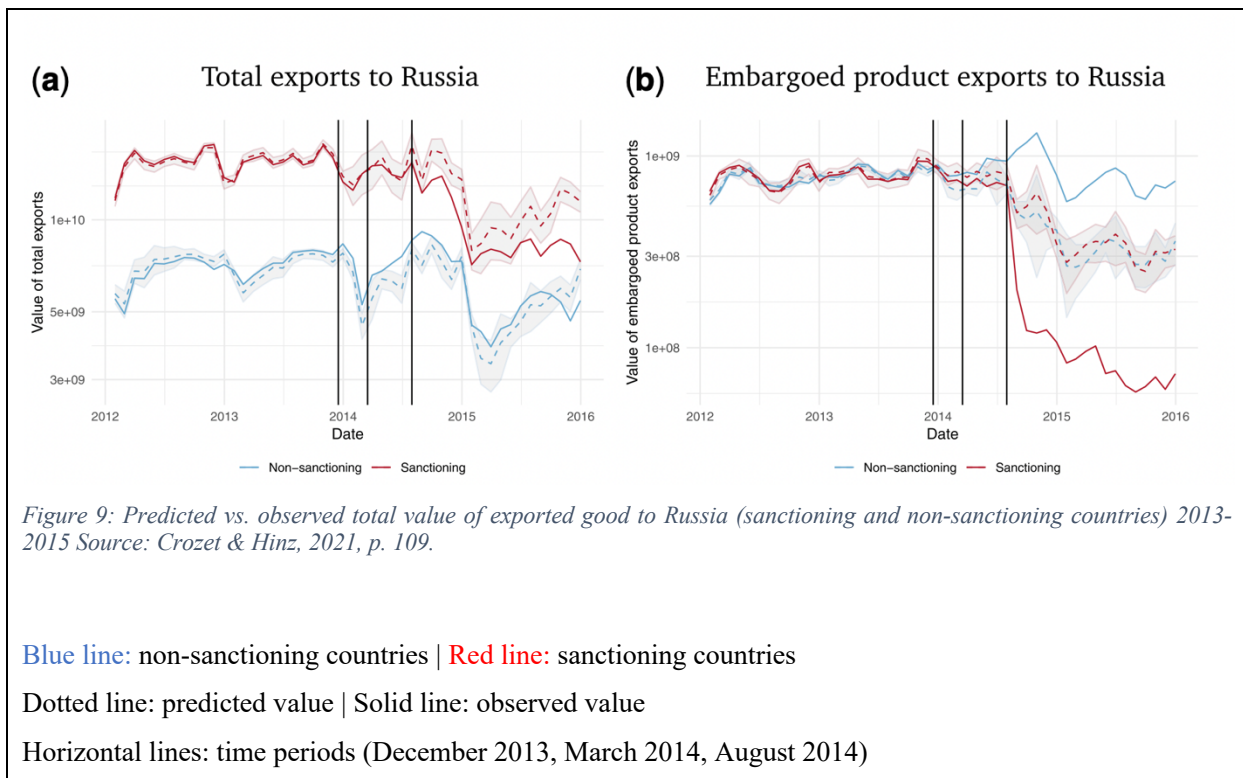


Figure 8: EU-Russia trade in goods in € billion, Source: Cebotari, 2021, p. 62

To evaluate the impact on exports of the Russian Federation Crozet and Hinz used monthly trade data (time frame 2012-2015; from the United Nations Comtrade data bank) to identify trade losses between Russia and sanctioning countries (Crozet & Hinz, 2021, p. 106).



Looking at the non-sanctioning countries, blue line, (e.g., Switzerland) it can be observed that exports to Russia do not fall below the expected value. When looking at sanctioning countries,

red line, (e.g., Germany) the observed value drops significantly below the predicted value. The first period, December 2013, shows exports to Russia before the start of political tensions. The observed and predicted values are on par and do not vary. In March 2014, the first deviations are observed in countries not imposing sanctions, during this time travel bans and asset freezes were in effect. In August these deviations become more pronounced as economic sanctions are in place and strong deviations between observed and predicted trade are visible (Crozet & Hinz, 2021, pp. 109-110).

When looking at the overall picture, the difference between predicted and observed trade becomes clear. This is referred to by Crozet & Hinz as “lost trade” by (Crozet & Hinz, 2021, p. 110). The table below shows that total global lost trade amounts to nearly \$96 billion. Broken down, this means that Russia experienced a \$53 billion trade loss and the EU (and other sanctioning countries) a \$42 billion trade loss. Strikingly, only about 13% of lost trade is actually accounted for by embargoed products, which translates into a trade loss of \$5,4 billion (Crozet & Hinz, 2021, pp. 110-114). This statement ties into the discussion that sanctions are not effective in achieving their objectives (30% effectiveness rate) (Hufbauer, et al., 2007; Felbermayr, et al., 2021; Morgan, et al., 2014).

Countries	Total		Embargoed		Non-embargoed	
	Loss		Loss		Loss	
	in billion \$	In %	in billion \$	in %	in billion \$	in %
Russian Federation	-53,47	-10,10	0,01	1,02	-53,48	-10,13
Total sanctioning countries	-42,37	-14,19	-5,41	-44,85	-36,96	-12,90
EU	-38,79	-14,96	-3,74	-42,6	-35,05	-14,00

Figure 10: Export losses by type of goods and country region, Source: Crozet & Hinz, 2021, p. 114.

The EU’s strongest export groups to Russia included machinery and transport equipment (44% of exports), chemicals (23%), other manufactured products (13%), manufactured goods (11%), and food (4%). EU imports from Russia are mineral fuels (72% of imports), manufactured goods (12%), commodities and transactions (4%), chemicals (4%), and crude materials (3%). This translates to an asymmetric exchange of goods between the two actors as imports are mainly from one concentrated group (mineral fuels) and exports are diversified (Cebotari, 2021, p. 63). Consequently, there is a high interdependence between the EU and Russia which has the power to result in significant economic consequences (Giumelli, 2017, p. 1062).

When breaking it down to impact on a member state level, looking at Russia's major trading partners within the EU, a strong decline in trade can be observed in 2015 (Doornich & Raspotnik, 2020, p. 352).

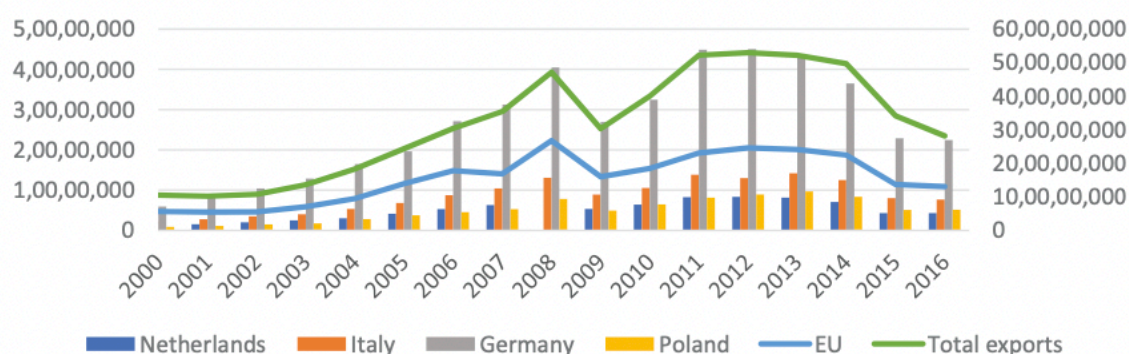


Figure 11: Russia's largest trading partners (thousand \$), Source: Doornich & Rapotnik, 2020, p. 353.

In 2015, Russia's strongest import partners (such as the Netherlands and Germany) each recorded a drop in the value of imported goods of almost 40% and 36%, respectively. Italy suffered the largest trade deficit as a result of the sanctions. As already mentioned, Russian exports to the EU also declined. The largest losses were recorded by Germany, with a decrease of almost 38% in 2015, and the Netherlands, with a decrease of almost 40%. The Russian exports were able to stabilize again in 2016 but have not yet fully returned to the level of trade before the sanctions were imposed (Doornich & Raspotnik, 2020, p. 353).

Another noticeable effect was freezing the foreign exchange reserves (Interview 3). To balance this trade deficit, Russia slowly turned away from Western partners and started looking for new alliances in the East. This plan has been slower to implement than expected (Belozyorov & Sokolovska, 2020, p. 1129). The implementation of sanctions together with the drastic fall in global oil and gas prices in 2016 resulted in a depreciation of the Russian ruble, a decline in the Russian economy (Cebotari, 2021, p. 65).

Political scientists (expert opinion) argue that sanctions against Russian oligarchs and the wealthy elite of Russian society, won't have any tangible effect. With its country size and strong arms, gas, and oil industry, Russia is hard to embargo (Interview 3). This is underlined by the fact that the EU does not purchase oil and gas jointly, but each member state is responsible for its own purchase. Consequently, pressure from individual member states on Russia is lower than if it would be asserted from the union, representing all 28 countries. The collective oil and

gas embargo that is now being discussed, could send strong signals to Russia (Interview 3; Interview 7).

3.2.3. Impact of Russian countersanctions on the EU

Even though the Russian Federation does not recognize Western sanctions as legitimate, Russia had to consider their impact and existence when formulating and adapting its foreign economic policy and its national development plan (Likhacheva, 2021, p. 480). In 2014 Russia decided to impose countersanctions with government resolution Nr. 778 and Nr. 830 as a measure to combat the Western sanctions regime (Pospieszna, et al., 2020, p. 244).

These countersanctions were a direct response to the Western sanctions in 2014 and were first introduced for one year and these special economic measures have been annually renewed (Likhacheva, 2021, p. 488). The targeted countries were the EU as well as Norway, the United States, and Canada. The countersanctions are an import ban of agricultural goods and food products from the countries of origin above. More concretely imports of meat, dairy, fruits, and vegetables were banned, with a detailed table of banned goods below (Hedberg, 2018, pp. 35-39).

Contrary to Western sanctions, whose main goal was to harm Russia's economy, Russian countersanctions aimed to reduce economic dependence on the sanctioning countries (Likhacheva, 2021, p. 481). Approximately 40% of Russia's consumption of these agricultural goods originates from imports (Klomp, 2020, p. 2). These sanctions are of a selective nature meaning that not all, for example, dairy products have been banned. This is due to multiple factors such as controlling the economic damage this may cause. As mentioned, the Russian government is eager to reduce dependency on other economies while simultaneously promoting domestic market production, national food security, and self-sufficiency and protection of local food producers (Hedberg, 2018, p. 36; Pospieszna, et al., 2020, p. 244, Smutka & Abrham, 2022, p. 46).

Banned	Not banned
Description of import	Description of import
Poultry	Chocolate & other food preparations containing cocoa
Fish	Pasta & couscous
Buttermilk, curdled milk & cream, yogurt, kefir	Bread, biscuits, wavers, cakes & pastries
Cheese & curd	Cucumbers, onions preserved by vinegar
Tomatoes	Jams, fruit jellies & marmalades
Carrots, turnips, salad beets, radishes	Sauces, mixed condiments & mixed seasonings
Leguminous vegetables	Ice cream
Citrus fruit	Mineral & aerated waters
Grapes	Beer made from malt
Apples, pears & quinces	Vinegar and substitutes for vinegar
Sausage & similar products	

Figure 12: simplified table of agricultural and food products, Source: Hedberg, 2018, p.39.

It is important to understand that the countersanctions were not designed to harm all targeted countries equally. In fact, the Russian government has designed the economic sanctions to harm countries that have been critical of its policies in the past. Countries strategically important to Russia would not be as affected by the embargo (Hedberg, 2018, p. 36). Big economies and countries of strategic significance to Russia, like Germany, France, or the U.K. were not likely to be significantly affected by the embargoes. This illustrates the careful adjustment of countersanctions to geopolitical circumstances (Hedberg, 2018, pp. 41-45). The European Commission reacted with emergency measures to prevent major economic damage across all EU member states. According to Klomp (2020) IMF data shows that because of the embargo, Russian food prices have risen (Klomp, 2020, p. 2). It also implies that Russian consumers suffered because of the significant increase in food prices (Smutka & Abrham, 2022, p. 44).

According to Smutka and Abrham (2022), Member states can be clustered into four categories: not-affected, marginally affected, significantly affected, and heavily affected. Countries that fall in the not-affected group are Romania, Slovenia, and Bulgaria. Countries that were marginally affected by Russian countersanctions trade are Malta, Croatia, Portugal, Sweden, Luxemburg, Slovakia, and the United Kingdom as well as Austria. Hungary, Latvia, Greece, Italy, Ireland, Estonia, Belgium, and Spain were significantly affected by the countersanctions, and Poland, Germany, the Netherlands, Denmark, France, and Finland were heavily affected and recorded the strongest export value reduction (Smutka & Abrham, 2022, p. 43). Hedberg

(2018) pointed out that the powerful member states (such as Germany) were not hit by the trade loss in embargoed products but rather as an unforeseen consequence of non-embargoed products (Hedberg, 2018, p. 47). The agricultural organizations in the Netherlands and Belgium tried to start a dialogue with the EU to find ways to stop the embargo as an attempt to limit trade losses (Onderco & Van der Veer, 2021, p. 1347).

The Russian Federation seems to acknowledge the economic importance of these partners and tries to limit the damage through this agricultural embargo as well as possible. Smaller countries get swept under the rug, suffering more severe damages. The impact is therefore not evenly distributed among sanctioned countries (Crozet & Hinz, 2021, p. 111). This can be seen as a calculated collateral damage Russia was willing to take (Hedberg, 2018, p. 47).

In the EU, Malta and Spain have experienced the hardest relative trade losses. The agricultural embargo is in alignment with the Russian strategy to shift from the West to the East when selecting new trading partners and strategic alliances (Pospieszna, et al., 2020, p. 246). The graph below illustrates which countries have been affected the most by the Russian embargo on a monthly basis and shows the difference between predicted and observed exports by country. The red bar symbolizes embargoed products and the blue bar non-embargoed products (Crozet & Hinz, 2021, p. 111).

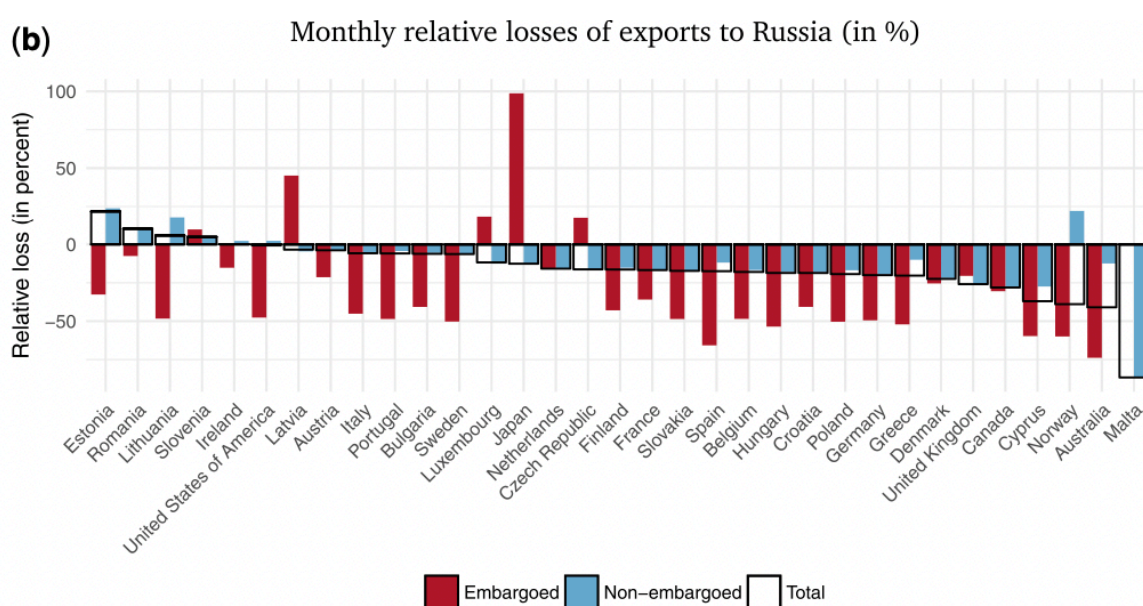


Figure 13 Composition lost exports to Russia of embargoed and non-embargoed products, by country. Source: Crozet & Hinz, 2020, page 112

Crozet and Hinz also discuss the impact of Russian countersanctions on EU countries and conclude that western countries experienced a trade loss of only 13% attributed to the embargo. The biggest effect is due to indirect and probably due to unintentional results of own (EU) policies (Crozet & Hinz, 2021, p. 100).

Countries	Total		Embargoed		Non-embargoed	
	Loss		Loss		Loss	
	in billion \$	In %	in billion \$	in %	in billion \$	in %
Russian Federation	-53,47	-10,10	0,01	1,02	-53,48	-10,13
Total sanctioning countries	-42,37	-14,19	-5,41	-44,85	-36,96	-12,90
EU	-38,79	-14,96	-3,74	-42,6	-35,05	-14,00

Figure 14: Export losses by type of goods and country region, Source: Crozet & Hinz, 2021, p. 114.

Looking again at the bigger picture, this implies that the EU carries 92% of the total lost trade of sanctioning countries, almost 95% of lost trade in non-embargoed products, and nearly 70% in embargoed products (Crozet & Hinz, 2021, p. 111).

When looking at a country that has been classified the significantly affected by the embargo group, Onderco and Van der Veer's research (2021) relativizes the statement as they examined export data from Dutch companies. The study concluded that the impact of these retaliatory measures on Dutch agricultural companies is limited and has no negative long-term effects as businesses are able to compensate the Russian trading partner with new business partners in the world, diversifying their exports. Overall, this implies that the Russian countersanctions did have limited damage to the European economy, and no longer significantly influence European businesses (Onderco & Van der Veer, 2021, p. 1359).

The Russian Federation is no longer a key pillar of the EU'S agricultural sector (Smutka & Abrham, 2022, p. 47). Because the Russian countersanctions did not exclusively target European countries, the EU is remaining an important trade partner to Russia. It is important to understand that the countersanctions are not merely a reaction to the Western sanctions regime but are part of a long-term Russian strategy to develop the Russian foodstuff policy with the goal to gain full food security and achieve self-sufficiency within Russia (Smutka & Abrham, 2022, p. 46).

Conclusion outcome-driven performance

The EU's actorness refers to the EU's external perception and public image, the focus here was put on the common foreign and security policy. This is an area where progress has been slower than anticipated. This can be attributed to slow decision-making due to the unanimity principle and member states' self-interest put above the EU's need for more integration. In general, the will for European integration has been increasing since the entry of force of the Lisbon Treaty, however, the EU is still not seen as one united foreign policy actor. This ongoing Ukraine crisis enabled the EU to further strengthen its international position as it poses new challenges and encourages fast decision-making and the need to be perceived as an integrated international foreign policy player.

The EU sanctions have had and continue to have a reciprocal impact on Russia and on EU member states. The intended goal of the adherence to the Minsk peace agreement shifted and extended to the immediate stop of aggression towards Ukraine. To answer how effective sanctions against Russia are, the research of Crozet and Hinz (2021) showed that Russia experienced a \$96 billion trade loss from December 2013 (pre-sanctions) to August 2014 (when economic sanctions are in place). This study also shows that sanctions do not come costless for sanctioning countries as well and illustrates the trade loss of the EU and other sanctioning countries. It raises the question if sanctions are effective enough to agree to this cost.

In 2014, Russia imposed countersanctions in the form of resolution nr. 778 and 830 (amendment of resolution 778). These sanctions are an export embargo of agricultural goods and food products, targeting countries that are sanctioning Russia. Russia imports 40% of its consumption of these products, resulting in a significant trade loss for sanctioned countries. Interestingly, the sanctions were designed in a way that would not affect all countries to the same extent. Hypothesizing that Russia intentionally tried to exclude countries of economic and strategic importance as much as possible while sanctioning smaller, less important countries harder

4. Limitations and Future Research

There are three major limitations to this research project. The most prominent one is the active ongoing Russian aggression in Ukraine. This conflict is ever-evolving and intensifying on a daily basis. This makes it difficult to limit the time horizon and have a focused approach. Another aspect is that potential experts for interviews at the EU and Russian Officials level are reluctant to accept invites for interviews, as they are busy, and they invest their resources in policy decision-making and handling the situation to their best capabilities. Lastly, the ongoing Covid-19 pandemic makes access to suiting interview partners even more difficult. Experts often prefer in-person interviews as the conditions of the interview are better controllable. Face-to-face meetings allow the interview partner to control if the meeting is being recorded or filmed and if their anonymity is secured.

I recommend that this study is repeated when part of the current limitations is no longer or not to that extent present. This would allow a larger base of interview partners with more resources for discussions. The economic but also social consequences of a potential oil and gas embargo on Russia are relevant to this research as well due to the actuality of the topic.

5. Conclusion

This thesis aims at evaluating the performance of the EU regarding its sanctions against Russia. To do this, performance was categorized into process- and outcome-driven performance. The process-driven performance focuses on EU internal procedures and processes. Outcome-driven performance on its actual impact on its environment, its actorness, and on the countersanctions that followed by the Russian government. This provides the first attempt at an interdisciplinary approach to evaluate EU performance, one that is not well researched yet as research often focuses either on EU internal process analysis or impact on and consequences to its environment.

In order to conduct this research, qualitative expert interviews were carried out and together with state-of-the-art literature analyzed using Mayring qualitative content analysis. The best method to analyze the gathered information was to use a content-based structure, determining categories and classifying relevant content accordingly.

Research shows that decision-making processes within the EU work well despite the slow decision-making procedures in place. The unanimity voting system is responsible for slower decision-making, however, also ensures a united front, strengthening European integration and the EU as an international foreign policy actor.

The influence of Germany, France, and the United Kingdom (while still a member of the EU) was analyzed, concluding that big member states are opinion leaders and are able to influence smaller member states. Despite having strong economic relationships with Russia, these countries all pushed for sanctions. This signals that new economic partners can be found and trade loss can be compensated.

The initial reluctance to vote in favor of sanctions against Russia of some member states such as Austria or Italy can be explained by strong economic and political ties with Russia. However, since February 2022 the latest, Russian-friendly member states (including Hungary, Cyprus, and Poland) have realized that EU goals in foreign and security policy must be prioritized over national interests. This ensures a unified strong front in the international arena.

The analysis of the international appearance and image of the EU regarding the common foreign and security policy (here referred to as the EU's actorness) shows that progress has been rather

slow. However, due to the dynamic nature of the current crisis, the EU managed to move rather quickly and mobilized aid packages and passed sanction packages fast. This results in high anticipation of further integration efforts.

The cost of the sanction packages introduced by the EU shows a significant trade loss in Russia, however, it also shows that sanctions are not costless to the initiator as the EU bears a trade loss as well. The sanctions against Russia aggravated retaliation measures in the form of a ban on agricultural and food products in 2014. This was aimed at the EU but also at every other country that was sanctioning the Russian Federation. This move can be seen as a strategic way to shift their dependency on western countries to the east, finding new trading partners and alliances. The EU was quick to react with emergency measures to prevent strong economic damage. Otherwise, as the situation evolved, the EU managed to react in a timely manner and present a united front, despite initial headwinds within the union.

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7. Appendix

Semi-Structured Interview Guide

- How well is the EU addressing the Ukraine crisis and the occupation of the Crimean Peninsula with its foreign policy approach with restrictive measures?
- How well is the decision-making process at the EU level working?
- How well are the European Council and the Council of the EU collaborating? Have there been any tensions?
- How would you explain the votes for sanctions from the Member States that have been reluctant to impose sanctions against Russia?
- How strong is the influence of Germany, France, and the United Kingdom on such Member States?
- To what extent are bilateral agreements between the Member States and the Russian Federation undermining the EU decision-making?
- How are the EU's international political goals linked to its economic goals?
- To what extent do the restrictive measures affect trade and investment behavior within the EU?
- What is the impact of sanctions on the political landscape in Russia towards the EU?
- Is this political outcome resulting from the restrictive measures in Russia beneficial from a European perspective?
- How well do the measures taken to address the problem of deteriorating independent media and disruptive actions against member states (e.g., Expulsion of diplomats, travel bans)? Are there more appropriate measures to successfully address these problems and find a solution for lasting improvement?
- What behavior regarding restrictive measures can we expect from the EU and Russia in the future?
- Are sanctions the most effective tool the EU can use to achieve a change in Russian policy? Please explain your answer and provide alternative solutions.
- What other measures could lead to different policy outcomes to strengthen the image of EU performance?

- How well does the EU handle and process Russian countersanctions (demands e.g., NATO to stop accepting new post-soviet members, as most NATO members are also MS)?
How are they affecting the EU's internal policymaking and decision-making processes?
 - How would you describe the actorness of the EU when it comes to economic sanctions?
 - What behavior regarding restrictive measures can we expect from the EU and Russia in the future?
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- What has been the impact of the EU sanctions on Russia?
 - How significant was the economic impact on the country?
 - To what extent do the restrictive measures affect trade and investment behavior within the Russian Federation?
 - To what extent have the imposed sanctions from the EU influenced the political landscape?
 - How are they affecting Russia's internal policymaking and decision-making process?
 - What is the impact of sanctions on the political landscape in Russia towards the EU?
 - What behavior regarding restrictive measures can we expect from the EU and Russia in the future?