

NORMATIVE STATECRAFT: THE EU SANCTIONS POLICY ON RUSSIA'S ANNEXATION OF CRIMEA

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Abstract The instruments of economic statecraft have been utilized increasingly in the face of geopolitical challenges. The EU's response to the Russian annexation of Crimea in 2014 was to impose sanctions. This paper analyses the EU as a normative sanctioning power in the context of the Russian annexation of Crimea in 2014 until the start of the Russia-Ukraine War on February 24, 2022. In its Global Strategy, the EU mentioned sanctions as a credible tool in the Union's foreign policy mix. Following David A. Baldwin's economic statecraft conceptualization, this article argues that, in various contingencies, economic statecraft might constitute a credible option, especially if the potential perils of military statecraft in a nuclear world are considered. The EU sanctions after the annexation of Crimea functioned at least for two purposes: first, the EU successfully conveyed its messages to Russia and the wider international community that what Russia committed was not approved. Although this message could be conveyed verbally diplomatically, as done by many international actors, the EU's message was supported with relatively credible instruments compared to ineffective verbal declarations. Secondly, the EU committed itself through the sanctions on the Ukrainian cause. Thus, this paper argues that although economic statecraft cannot be considered a cure for all the vagaries of geopolitical challenges, it has proved to be an essential part of the policy mix of a containment strategy upon the annexation of Crimea.

Keywords: Economic statecraft, EU sanctions, EU Global Strategy, great power rivalry, Crimea

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Introduction

THE USE OF SANCTIONS IN FOREIGN AFFAIRS DATES BACK TO ANTIQUITY. As Thucydides said, Athenian sanctions on Megaria -a small Spartan ally-were one of the events leading up to the Peloponnesian War. In this sense, imposing sanctions is a historically well-founded tool to exert negative pressure short of war. To what extent sanctions could be a symptom of a pending war, a cause of a war or an action alternative to war is not the subject of this paper, but all depend on context. The effectiveness and efficiency of sanctions constitute a vast debate in the economic statecraft literature. The European Union, an international organization with supranational, intergovernmental and transnational characteristics, has a still evolving sanctions policy. This paper attempts to capture the function of the EU sanctions imposed on Russia upon the annexation of Crimea in 2014 by focusing on whether the EU acts with normative or realistic concerns. The later sanctions packages upon Russian actions unfolding from February 2022 onwards are outside the scope of this paper.

Normative responsibility is expected from the authorities, who have enough power to affect the political conditions to correct a perceived error through hard or soft power. An important aspect of normative behaviour is sending messages to international actors. Although this aspect of normative power might be interpreted as insufficient to rectify a violation of international law, David Allen Baldwin argued that sending messages is an important function in the context of great power rivalry (Baldwin 2020: xix). This study combines arguments regarding the EU as a normative power with the statecraft analysis, largely relying on Baldwin's *Economic Statecraft*.

Methodologically, the paper focuses on the EU's legal and political instruments and decision-making framework in making economic statecraft. The EU sanctions on Russia upon the Russian annexation of Crimea are analysed to comment on the effectiveness and efficiency of sanctions. The remaining article proceeds as follows. The second section refers to the literature on economic statecraft and the EU as a normative power. The third section summarizes the EU sanctions procedure. The fourth section visits arguments on the EU's Common Foreign and Security Policy (CFSP), with a sub-section devoted to discussing the main tenets of the EU's 2016 Global Strategy. The fifth section analyses the EU sanctions on Russia in the context of its annexation of Crimea, and the sixth section concludes.

Literature Review

Drawing on the liberal theory, Moravcsik (2009) contends that realists' expectations after 1989 of a 'European demise' and that the 'global influence of Europe is in decline' proved wrong. Supporting this view, the EU continues to be strong with its institutions regarding the quality of state and democracy, hence, stable and able to act against economic and political crises within its borders. Its 'union' model for a common freedom area and its policies, standards and institutions are emulated by other regions and polities. Pollack (2016), however, states that '[t]he image of the EU as a purely normative actor...is an ideal type.' He refers to the EU response to the Ukrainian issue and states that member states declined harsher measures due to the dependence on Russian energy. Complementing these arguments, an intergovernmentalist, Milward (2000, 2), contends that the European Community was an empowering force and a resource pool to 'rescue the nation state'. Positioning the EU as a 'supranational buttress' (*Ibid.* 297) implies the limits of the EU as a normative power. Milward's more realist argument is useful in explaining the EU states' actions regarding the new vagaries of geopolitics, such as the 2014 Crimea case.

In his recently re-published *Economic Statecraft* (1985 and 2020), Baldwin A. Baldwin argued that, according to the contingency framework, instruments of economic statecraft might have advantages compared to other forms of statecraft, i.e., military statecraft, diplomacy, and informational statecraft or propaganda. For example, economic statecraft instruments can add credibility to the messages. So, in various circumstances, economic instruments of statecraft promise better results than others, either too costly military conflict, especially against nuclear power, or ineffectual measures, such as propaganda and diplomacy. Economic statecraft stands out as a credible alternative in various contingencies, especially regarding the constraints of military destruction in the nuclear age. Furthermore, although some commentators find economic statecraft 'merely symbolic' (Baldwin 2020: xix), Baldwin argues that symbolic behaviour is important in international politics indeed. Conveying messages, signalling, and asserting image are crucial elements of statecraft. However, to what extent they function efficiently needs to be investigated according to the specific context.

Union Method and the EU Sanctions Procedure

Contrary to the UNSC sanctions, the EU sanctions method is still evolving apace with the evolution of the EU itself. The EU as a union was established in 1992 with the Treaty of Amsterdam, which institutionalized the supranational structures of the Union. At least so far, the EU has evolved from purely economic to an economic and political union. Before and after the Amsterdam Treaty depict two different sanctions characteristics within the borders of the EU. In the pre-1993 period, although the Treaty of Rome (1957) provided a basis to 'coordinate their trade policies to produce the effects of economic sanctions', the member states did not transfer their powers in political matters, including economic sanctions (Giumelli 2013). Therefore, the member states were interlocutors in implementing the UNSC sanctions resolutions in a coordinated way. In this period, member states transposed the UNSC resolutions into domestic law through national acts and administrative measures. As a result, the pre-1993 era is characterized by a sporadic implementation of the UNSC sanctions resolutions among member states.

After the institutionalization of supranational bodies of the Union, the member states chose to transfer some political authorities to the Union, and therefore the implementation of the sanctions changed. More to this, the EU sometimes began to sanction autonomously from the UNSC. The EU has become an important sanctioning power. Between 1980 and 2014, the EU imposed 36 % of the world's non-UN sanctions, after the US, which accounts for 36.9 % (EUP 2018).

The sanctions procedure in the EU machinery deserves summarizing as it demonstrates the high-political characteristics of sanctioning. Sanctions are imposed through CFSC Council decisions and Council Regulations; both adopted simultaneously. Preparation steps can be summarized as follows: Firstly, High Representative proposes. Secondly, it is examined by the bureaucratic bodies of the CFSP Council. First, these bodies include the Working Party related to the target country's region.

Regarding sanctions on Russia, the working party is the Working Party on Eastern Europe and Central Asia (COEST) which has two wings: Eastern Europe and Central Asia. The second body is the Working Party of Foreign Relations Counsellors Working Party (RELEX), which works on legal, financial, and institutional issues (CEU 2019a). The RELEX began to include 'sanctions formation' and focuses on developing best implementation practices, preparation of guidelines, etc. The need for such a

formation was expressed by the Council's *Sanctions Guidelines* (2003), and for this formation, RELEX was authorized by the Committee of the Permanent Representatives of the Governments of the Member States to the European Union (also called COREPER II) in January 2004. RELEX in sanctions formation meets periodically, and when necessary, additional experts from the MSs attend. Its mandate includes information collection and exchange 'on alleged circumvention of EU restrictive measures', effective sanctions management, and their 'humanitarian provisions' (CEU 2019b). Thirdly, when necessary, the Political and Security Committee (PSC), composed of MSs' ambassadors and chaired by a European External Action Service (CEU 2019c) representative, also examines the measures. Fourthly, the Committee of the Permanent Representatives of the Governments of the Member States to the European Union (also called COREPER II) studies the measure. COREPER II 'is the Council's main preparatory body. All items to be included in the Council's agenda (except for some agricultural matters) must first be examined by COREPER unless the Council decides otherwise.' This Committee comprises the 'permanent representatives', i.e., ambassadors of all MSs, and thus, '(t)hey express the position of their government' (CEU 2019d). Finally, the sanction measure is adopted by the Council of the EU by unanimity, and the Council informs the European Parliament of the Council regulation.

Thus, especially the lack of the EU Parliament in the decision-making as an exception to the ordinary legislative procedure clearly demonstrates the intergovernmental characteristics of the sanctions procedure. During the draft flow inside the bureaucratic device, the configuration of the effective committees, particularly COREPER II, composed of the permanent representatives of each MS, implies intergovernmentalism. Finally, unanimity implies that, with the agreement of all MSs, a decision may be taken, a feature characterizing intergovernmentalism. In other words, the EU values are reflected in the sanctions decisions to the extent that either the Member States regard them as part of their high politics or agree to so after a compromise among the Member States.

Still, EU sanctions procedures differ in their more 'principled' aspects than UNSC and US sanctions. One such feature is that natural or legal persons are notified by letter or a notice in *the Official Journal* about a measure, such as an asset freezes and travel restrictions against them. Secondly, a 'constant review' differs from US and UNSC sanctions; neither contains a sunset clause nor an ending date. Contrary to them, EU autonomous sanctions are subject to a review, the latest

every 12 months, and the sanctions on Russia every six months. A third feature is that persons can submit a request to the Council for consideration of their de-listing from the blacklist. A fourth feature is the judicial review procedure, which again needs to improve in the US and UNSC sanctions regimes. Although the review process is confined to the measure's legality, it is a crucial opportunity to bring the decisions in line with the Union values and refrain from arbitrary sanctions. Persons can apply to the General Court of the European Union under Article 275 (2) and Article 263 (2 and 6) of the TFEU (CEU 2019e). Fifth, the EU sanctions apply only within the territoriality principle regarding jurisdiction, contrary to the extraterritoriality of the US sanctions. The territorial implementation is the rule and, therefore, not limited to the EU. However, the EU example is more consistent in this. Related to this feature, the EU also opposes extraterritorial sanctions of other parties, mainly the US, by legislating blocking statutes.

The EU Common Foreign and Security Policy

The EU'S 'common' foreign policy, a field of 'high politics', has been one of the least integrated policy fields. Maastricht Treaty (1992) defined CFSP as one of the three pillars of the Union. The title of 'High Representative for the CFSP' was created to be used by the Secretary General of the Council of the EU. However, CFSP was '(built) upon a tradition of loose, informal cooperation in foreign policy' (Uoregon 2018).

The EU Treaties, namely the Treaty on European Union (TEU) and the Treaty on the Functioning of the EU (TFEU) define a 'Common Foreign and Security Policy' and 'Common Security and Security and Defense Policy' area. Regarding the degree of the Union mandate or supranationalism vis-à-vis the Member States (MSs) or intergovernmentalism, Article 2 of the TEU states that '(t)he Union shall have competence... to define and implement a common foreign and security policy, including the *progressive* framing of a common defence policy' (emphasis added).

However, supranational institutions of the Parliament and the ECJ are exempt from the decision-making process, and the External Action Service, led by the High Representative, enjoys limited policy space. In voting, decisions are unanimously taken by the European Council and the Foreign Relations Council, saving intergovernmentalism (Gehring et al. 2017). In other words, member states continue pursuing individual foreign policies, potentially creating inconsistencies and ineffectiveness

in the decision-making and implementation processes (Orenstein and Kelemen 2017). The authors contend that while the EU imposed a strong sanctions regime over Ukraine, the EU 'could not prevent Member States from pursuing divergent pro-Russia policies' in the form of new energy deals and port access to the Russian navy. They explain this dilemma with the argument that foreign competitors 'cultivate Trojan horses among the EU Member States', which is discussed further in the next sections.

Gehring et al. (2017) articulate that the EU is 'institutionally ill-equipped' to deal with high-politics issues 'targeting other great powers'. Nevertheless, Gehring et al. regard EU sanctions on Russia as a non-military great power political actions. They claim that the EU's institutional setup enables it to perform as an 'inadvertent' great power because its low-power politics has 'side-effects' or 'cross policy effects' on the high politics areas of third countries. In the 2014 Crimea crisis, the EU is positioned as the primary superpower against Russia, along with the US.

The Global Strategy for the EU's CFSP

The Global Strategy for the European Union's Foreign and Security Policy (hereafter, the Strategy) was launched on June 30, 2016. The timing coincides with a disappointing erosion of confidence, not least due to the result of the Brexit referendum on June 23, 2016. The Strategy is regarded as the successor of the outmoded European Security Strategy 2003 (Winn 2017). The Strategy admits that for 'external credibility and influence,' consistency in upholding values is key. The Strategy offsets EU values and its interests: 'We have an interest in promoting our values... [O]ur fundamental values are embedded in our interests.' The Strategy refers to a broad framework of 'a rules-based global order with multilateralism as its key principle and the United Nations at its core.' The Strategy suggests 'a realistic assessment of the current strategic environment' with an 'idealistic aspiration to advance a better world.' Hence, it frames a concept of 'principled pragmatism' to guide the Union. Despite contestations, the Strategy affirms the EU's 'responsibility...across Europe and the surrounding regions to the east and south.' The Strategy does not offer supranational recipes except for articulating the need for more coordination in its intergovernmental configuration. It admits that 'Member States remain sovereign in their defence decisions' but suggests 'defence cooperation must become the norm' to deal with challenges successfully. It suggests 'a more structured form of

cooperation' among MSs. It sees the UN platform 'as the bedrock of the multilateral rules-based order' and emphasizes the need to 'develop globally coordinated responses.' The imbalances of the UN setup are recognized, especially in the UNSC and the International Financial Institutions (IFIs) and the need for reformation is voiced (EUHR 2016).

Regarding the 2014 Crimea crisis, the document reiterates that 'the Russia's violation of international law and the destabilization of Ukraine...[has] challenged the European security order at its core.' It commits that the EU, in this matter, will be guided by the values of 'international law, democracy, human rights, cooperation and each country's right to choose its future freely.' It confirms that the EU denies the Russian annexation of Crimea and the destabilization of eastern Ukraine. On the other hand, in pursuing 'a global order based on international law', the Strategy stresses the importance of 'credibility', and it admits that 'soft power is not enough,' thus, it recommends the reinforcement of 'credibility in security and defence'. For this purpose, defence expenditure should be adequate and 'meet the collective commitment of 20 % of defence budget spending devoted to procuring equipment and Research & Technology'. The strategy mentions sanctions as a credible instrument in the foreign policy mix (EUHR 2016).

Winn (2018) believes the Strategy signals a 'cooperative realism' and represents 'a degree moving away from the EU as purely a normative ideational power.' Winn (2018) considers the EU 'a mixture of Westphalian sovereignty, transnational cooperation and ideational preferences.' He concedes that 'EU has a comparative advantage as an honest broker in international politics based on the projection of its values into the wider world.' With the Strategy, the EU sets a course 'moving beyond normative power towards pragmatic strategies in its external policies.' The Crimea case sheds light on this discussion in the next section.

The EU Sanctions on Russia

This section elaborates on EU sanctions on the Russian annexation of Crimea in 2014. The EU, concurrently with the US (Guardian 2014), imposed sanctions on Russia upon the latter's annexation of Crimea in March 2014 and since then over its destabilizing acts in Eastern Ukraine. The EU sanctions on Russia were assessed every six-month and renewed throughout these years (see CEU 2022g).

Upon the Russian annexation of Crimea, the EU imposed different types of sanctions, namely 'diplomatic measures, individual restrictive

measures (asset freeze and travel restrictions), restrictions on economic relations with Crimea and Sevastopol, economic sanctions, restrictions on economic cooperation' (CEU 2019f). Diplomatic sanctions included soft decisions such as cancelling the EU-Russia summit of June 2014, suspending bilateral meetings and new agreements, and negotiations on Russia's joining the Organisation for Economic Cooperation and Development (OECD) and the International Energy Agency (IEA). Similarly, the G8 summit in Sochi on 4-5 June 2014 was cancelled, and a G7 meeting was held in Brussels. Asset freeze, travel restrictions and ban on access to funds or other economic resources included 862 individuals and 53 entities by March 10, 2022. The sanctioned Russian figures in 2014 included a deputy prime minister, state Duma deputies, an advisor to the president, and an aide to the president (Guardian 2014). Upon the annexation of Crimea, the EU economic sanctions targeting exchanges with Russia in specific economic sectors aimed to 'limit access to EU primary and secondary capital markets for certain Russian banks and companies', 'impose an export and import ban on trade in arms', 'establish an export ban for dual-use goods for military use or military end users in Russia', 'curtail Russian access to certain sensitive technologies and services that can be used for oil production and exploration' (CEU 2019f). Finally, measures have been adopted concerning economic cooperation aimed at suspending new investments to be financed through the European Investment Bank, the European Bank for Reconstruction and Development (EBRD), and some EU bilateral and regional cooperation programs with Russia (CEU 2019f).

The EU sanctions on Russia became more serious when the Malaysian Airlines MH17 passenger jet from Amsterdam to Kuala Lumpur was shot down (Giumelli 2017) in July 2014, killing all the 298 people on board; among them were 44 Malaysian and 28 Australians, while more than half Dutch (Guardian 2018). Upon this case, the Council decision 2014/512/CFSP was adopted, and MSs were encouraged to take necessary steps accordingly. The Council's decision included financial, military and energy sector sanctions. Financially, the purchase and trade of financial instruments such as bonds and equity with a maturity exceeding 90 days and issued by 'major financial institutions' such as Sberbank, Gazprombank, VTB Bank, Rosselkhozbank, Vnesheconombank were banned. Militarily, it mainly included arms and dual-use goods and technology trade. Finally, regarding the energy sector, the decision banned goods and technology in the exploration and production of oil related to 'deep water, Arctic and shale oil-related projects' (Giumelli 2017).

Orenstein and Kelemen (2017) contend that the European leaders were unaware of Russia's authoritarian drift until 2012 when Putin was re-elected for the third term of the presidency. Until then, they regarded Medvedev as supportive of liberalization and modernization. So, with the liberal dimension existing, the EU's liberal expansion towards the former Soviet Republic would not be seen as a threat by another liberal. At the same time, an ideological rival would interpret things differently (also see [Giulan 2016: 44-49](#)). Orenstein and Kelemen argue that two factors fed into Russia's threat perception: First, the normative agenda of the EU in the form of democracy and liberal market promotion.

Contrary to the EU, Russia preferred regimes like 'Alexander Lukashenko's Belarus or Viktor Yanukovich's Ukraine – that embrace its model of authoritarian politics and state capitalism.' Authoritarians, however, could be subject to 'colour revolutions' supported by the EU. Thus, ideological rivalry paves the way for threat perceptions and carries geopolitical implications. The second factor is the conflicting material interests. The EU's 'collective negotiating position' on energy issues harms Russia's position as its economy depends largely on natural resource extraction. Therefore, Russia perceived the EU's preferential trade agreements with the Central and Eastern European countries (CEEs) as an economic threat. In addition to this framework, Orenstein and Kelemen (2017) articulate that the EU decided to take advantage of the 'disaggregated' feature of the CFSP, which allowed member states to follow their national foreign policies despite the availability of more unified action.

The authors argue that Russia took various steps to undermine the EU: It bypassed the EU on important issues and chose to negotiate bilaterally with the nation-states. For example, on the Nord Stream, with Germany, and on Iraq, with the UK, France, and Germany. In the meantime, Russia also increased its presence in Brussels. An EU parliamentarian from Hungary's far-right Jobbik party, the EU Parliament lifted Béla Kovacs's parliamentary immunity for treason in 2015. Orenstein and Kelemen (2017) also claim that Russia employed 'Trojan horses' within the EU, mostly through economic instruments. The authors argue that certain EU members were eager to continue their mutually beneficial partnerships with Russia without paying too much attention to the Ukrainian crisis. They remind that '[t]hese countries' leaders (had) all spoken out against EU sanctions against Russia.' Orenstein and Kelemen (2017) state that the EU's concerted stance against Russian annexation was not due to the EU as a supranational institution but rather because Germany took the lead and used the EU to form a common action and

bring the 'Trojan horses' within the EU in line through 'logrolling and side payments', e.g., Greece through bailout for recovery after the economic crisis in the country. In a nutshell, the Union lacked internal cohesion, which damaged its consistent and credible resolve on the Crimea case unfolding in 2014.

Hierarchy of Concerns

Brummer (2009) approaches from the neo-realist perspective and distinguishes sanctions of the EU, which, he claims, prioritizes first-order, i.e., security and economy, compared to second-order, i.e., normative concerns. The EU's stated sanctions aims are exhibited in *the Basic Principles on the Use of Restrictive Measures* adopted by the Council of the European Union in 2004. *The Basic Principles* declare the EU's commitment concerning 'the effective use of sanctions as an important way to maintain and restore international peace and security following the principles of the UN Charter.' Thus, the EU highlights the UN principles and values in its sanctioning practice. As an EU Parliament paper (EU 2018) states, EU sanctions on Russia are based on the principle of territorial integrity, while Russian position as a veto player from within prevents UNSC sanctions from upholding this principle in the Ukraine case. The TEU Article 21 states two sources of principles for the EU's international actions:

the principles which have inspired its own creation, development and enlargement... (And, those pursued) in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

Regarding external borders, the TEU refers to the United Nations Charter, Helsinki Final Act and Charter of Paris (Article 21 of TEU). Concerning human rights, while Russia and China's negative vetoes prevent effective UN action in this normative field, the EU Parliament (EUP 2018) states that human rights and democracy are the 'dominant theme of most autonomous EU sanctions, for example, against Belarus, Burundi, China, Guinea and Venezuela'.

Edward Hunter Christie, a defence economist at NATO, evaluated the aggregate effects of the Western sanctions on Russia after a year after their imposition. He referred to economic data that Russia's economy slumped 2.2 % in the first quarter of 2015 compared to 2014. The inflationary effect on food prices and the devaluatory effect on the Russian currency

was also mentioned. Furthermore, Mr Christie mentioned the signalling effect of sanctions. What signals the West liked to convey to Russia through sanctions? He argued that sanctions conveyed several messages: First, they signalled that the democratic world was able to take coordinated action; second, the West registered disapproval and held actors responsible; third, it credibly gave its messages by causing economic pain and at the same time incurring costs itself (Christie 2015). On these points, two issues can be underlined. First, although sanctions convey disapproval of the target's actions, they may cause a rally-around-the-flag effect in a highly political issue and discourage the target's compliance (Baldwin 1985: 106-110). So, this unintended provoking effect must be considered in the sanctions decisions. Secondly, although the costliness of sanctions for the sending powers is often mentioned as an indicator of the failure of sanctions, Baldwin argues that costliness is 'often a blessing in disguise' (Baldwin 1985: 108). He argues that incurring reasonable cost increases the credibility of political commitment.

Giumelli (2017) contends that the EU sanctions on Russia have not only an 'aggregate effect but also a redistributive one' in the EU. Although the EU, as a whole, is affected as Russia is the third trading partner after US and China, Giumelli attracts attention to their unequal effects of them. For example, Malta, Cyprus, and Denmark were the most affected by the 40 % drop in EU exports to Russia from 2013 to 2014. Malta saw a drop of 91 %, while Greek Cyprus was 63, and Denmark was 52%. However, by size, 27 billion EUR of the total 46 billion EUR export fall was shared by: Germany with EUR 14 billion, Italy with 4 billion, France, Netherlands, and Poland with 3 billion each, while Malta experienced a mere EUR 3 million.

Interestingly, Germany was affected most and Greece the least, but Germany supported and indeed coordinated the sanctions, while Greece was among the most critical of EU sanctions on Russia (Giumelli 2017). Mitchell et al. (2017) find the EU position over Ukraine 'paradoxical' in that the EU imposed a strong sanction regime on Russia, while some EU countries pursued pro-Russian policies inconsistent with the EU position. For example, contrary to the EU's policy of decreasing energy dependence on Russia, Athens signed a gas pipeline deal, while Nicosia provided access to its ports to the Russian navy.

Thus, Orenstein and Kelemen's (2017) 's contention that the EU continued to deepen its institutional cohesion during the Crimea crisis was not a seamless argument. However, their diagnosis that the EU was 'constrained' due to the 'contradictory' policies of some member states and by the EU's competitors' that can mobilize Trojan horses to undermine EU unity' seem plausible. On the other hand, the mentioned deviation widened to

the areas of strategic interests. On Nord Stream 2, US President Trump warned Germany that the latter was becoming a 'captive' of Russia and signalled sanctions against the involved companies (CNBC 2019). However, the EU opposed new US sanctions on the Russian gas sector as five EU companies were cooperating with the Russian Gazprom on the \$11.1 billion Nord Stream 2 pipeline project to carry Russian gas across the Baltic. Business Europe, the main lobbying entity in the EU, demanded that the US should 'avoid unilateral actions that would mainly hit the EU, its citizens and its companies' (Reuters 2018a). On the other hand, critics contended that the project was to 'punish Kiev' because it was providing Russia with an alternative to change the gas routes from Ukraine to the Baltics *en route* to mainland Europe (Fortune 2018).

Conclusions

This paper analysed the EU's economic statecraft-making in response to Russia's annexation of Crimea in 2014. As a normative power, the EU was forced to change its foreign strategy, especially after being exposed to geopolitical risks, as articulated in the concept of 'principled pragmatism' in its 2016 Grand Strategy. By this, the EU tries to adopt a credible stance against re-emerging geopolitical powers like Russia while maintaining its normative characteristics. Sanctions are mentioned as a credible tool in the foreign policy mix. The EU sanctions policies present distinct features in the increased use of economic statecraft. In the case of the Crimea crisis, the EU finds itself constrained between, on the one hand, its comparably dwarfed hard power and, on the other, its expansion in Eastern Europe through normative and economic ideals, namely democracy, liberalization, and partnerships. The EU's symbolic response through visa bans and asset freezes until a Malaysian Airlines jet was shot down in Eastern Ukraine in July 2015 demonstrates that the EU found itself unprepared against a hard power strategy regarding geopolitical issues outside the EU's normative realm.

Baldwin's economic statecraft framework is relevant, especially since economic instruments of statecraft, e.g., sanctions, are utilized to convey messages to the target and employed as a commitment mechanism. Regarding the EU sanctions, it can be argued that the Union successfully conveyed to Russia and the wider international community that what Russia committed was not approved. Although this message was also constantly conveyed through diplomacy or with verbal messages by various international actors, verbal and diplomatic messages complemented by economic instruments bear more credibility. Secondly, and more importantly,

the EU committed itself to the cause of Ukraine and Crimea through sanctions. Thinking retrospectively, the EU sanctions fulfilled to message not only towards Russia but also towards the international community.

Regarding the latter, the EU signalled its stance on the Crimea issue and prepared the ground for further collective action in the later stages of the crisis. In this sense, the EU sanctions should be moderately successful. On the other hand, it is questionable to what extent the EU sanctions affected the calculations of the target state. Indeed, as Baldwin stated, in certain situations, sanctions might even provoke the target. However, Baldwin argues that considering that a war with a target is already in the making, in such a framework, reducing the enemy's warring capabilities by denying critical sources can be considered a strategic goal (Baldwin 1985: 171). History proved that economic instruments were essential to a long-term containment strategy. US President Woodrow Wilson (1913-1921) stated that sanctions are a 'peaceful, silent, deadly remedy' (Kern 2009: 30). This dictum was plausible during the Cold War in nuclear parity between the two superpowers, i.e., the US and the USSR. However, as the EU sanctions between 2014 and 2021 show, although they caused substantial pain in the target economy in the form of, e.g., inflation and devaluation, it is hard to argue that they deterred it, as confirmed with Russian actions in Ukraine in 2022. So, this case adds to the argument that although economic statecraft cannot be considered a remedy for all types of vagaries of geopolitics, it has been an essential component of a long-term containment strategy.

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