

# Energy Needs Curb Eastern EU Hunger for Russian Sanctions

By John Fraher - Apr 18, 2014

The European Union's eastern members, once united in their opposition to Soviet rule, are now split over how to respond to [Vladimir Putin](#)'s Ukrainian incursion.

In one camp, Polish Prime Minister Donald Tusk and his Baltic allies argue that the EU and NATO need to face up to their historic responsibility and respond to Russian aggression with tougher sanctions. Others argue that such a stance is unrealistic given Europe's dependence on Russian energy.

At a recent EU summit, conversation turned to energy sanctions, according to a person at the talks. At that point, Hungarian Prime Minister [Viktor Orbán](#) intervened to say he can't support a clampdown on Russia when [Hungary](#) relies on it for 80 percent of his energy, according to the person, who spoke on condition of anonymity because the debate was private.

The split highlights how Europe's dependence on Russian energy is hobbling its ability to craft a [united response](#) that will deter Putin as he extends Russia's reach into Ukraine. While the EU targeted individuals in initial rounds of sanctions and is threatening Russia with economic measures, it's not clear how punitive they will be and will require unanimity to pass.

"The EU sanctions threat isn't credible -- and worse, it could backfire," Andreas Goldthau, a visiting scholar at Harvard University's Belfer Center for Science and International Affairs, said by phone. "There's no way that the EU can put in place sanctions without hurting the West and hurting the West hard."

Russian Reliance

The EU relies on Russia for about 35 percent of its crude oil needs and 30 percent for gas, according to European Commission data. One bloc, which runs in an arc from [Estonia](#) in the northeast through Austria and down to [Greece](#) in the southeast, gets more than 75 percent of its gas imports from Russia.

[Germany](#) belongs to a second group, with Russian gas accounting for about 38 percent of its imports, according to AG Energiebilanzen e.V., which compiles energy statistics.

The debate in eastern [Europe](#) is complicated by history. Russia's annexation of Crimea from Ukraine and Putin's drive to destabilize Ukraine's interim government in the run-up to presidential elections on May 25 has stirred memories of the Soviet annexations of eastern [Poland](#) in 1939, Estonia, [Latvia](#) and [Lithuania](#) in 1940 and the invasions of Budapest in 1956 and [Prague](#) in 1968.

### 'Nuclear' Sanctions

For Poland, the political need trumps the economic imperative.

"Sanctions are like nuclear weapons -- it's better to threaten than to use them," Polish Foreign Minister Radoslaw Sikorski said in a March 22 interview with the Bild am Sonntag newspaper. "While we have to weigh the cost of sanctions, passivity in the long term may end up costing more."

For others, there is no room for emotion.

Bulgarian Prime Minister Plamen Oresharski said last month he won't support "large scale" economic sanctions.

Stronger measures against [Russia](#) are "not in Europe's interest and especially not in Hungary's," Orban said in an interview with the Budapest-based newspaper Vilaggazdasag, published March 28.

The Hungarian and Polish foreign ministries declined to comment on the debates over sanctions, as did Orbán's press office. Tusk's spokeswoman, Malgorzata Kidawa-Blonska, didn't respond to three phone calls seeking comment.

### 'Completely Split'

"Putin's big advantage is that he is facing an opponent that has completely split views," Michael Romancov, a political scientist at Charles University in Prague, said by phone. "The hard-line attitude from a few countries like Poland won't achieve anything, unless there's a [united front](#)."

These divisions emerge at EU summits, said the person familiar with the deliberations. Tusk's rhetoric calling for "the West" to remember Russia's history of aggression in the region dating back centuries, often contrasts with the practical considerations of Orbán, whose response will be "I need my gas," the person said.

The opposition to wider sanctions spreads beyond the old Soviet bloc. Cypriot Foreign Minister Ioannis Kasoulides, whose financial system is a haven for Russian cash, says measures against Russia would "destroy" Cyprus's economy, according to an interview with Die Welt newspaper published April 16.

### 'Huge Division'

"We have a huge division in threat perception, not only in gas dependency," [Jan Techau](#), head of the Brussels office of the Carnegie Endowment, said by phone. "A third kind of division is countries that are concerned about the post-Cold War order of Europe. There are countries who don't feel as invested in this post-Cold War order."

German Chancellor [Angela Merkel](#), Europe's most powerful leader, is nevertheless now trying to embrace tougher sanctions on Russia despite the interests of some of her biggest companies.

In mid-April, Germany stopped granting licenses for arms exports to Russia and put on hold a 700 million-euro (\$970 million) satellite-technology sale by [Airbus Group NV \(AIR\)](#), according to two people familiar with the negotiations.

Addressing a convention of her Christian Democratic Union party on April 5, Merkel evoked growing up in Soviet-dominated former East Germany and said Europe shouldn't be "filled with fear" that "a certain measure may cause problems for us."

### Parliament Vote

In Strasbourg, [France](#), the European Parliament yesterday voted 437 to 49 in favor of tougher sanctions, including restrictions on Russian energy companies and a ban on the sale of "dual use" technologies that could have military purposes.

While the resolution wasn't binding on EU governments, the parliament often captures the European public mood. It was at the forefront in heading off moves to loosen the EU's arms embargo on [China](#) in 2005, for example.

There is also the chance that further sanctions won't be needed. Top diplomats from the EU, Russia, the U.S. and Ukraine, meeting in Geneva yesterday, agreed on an accord that aims to ease tensions in eastern Ukraine.

Should that deal fail and the crisis worsen again, a key factor for eastern EU leaders will be the speed at which Putin tries to reassert his hegemony over Ukraine and other Russian-speaking regions such as the Moldovan breakaway territory of Transnistria, the person said. If he invades Ukraine, the EU and the U.S. will be forced into a tough response, said the person familiar with the talks.

### 'Clear Vision'

Putin may chose to play a longer game. International Monetary

Fund demands on Ukraine as part of a rescue deal may end up with ordinary Ukrainians facing budget cuts and higher gas costs. At the same time, Putin has already pledged 130 billion rubles (\$3.6 billion) to raise pensions and salaries in Crimea. That may prompt some people to think they are economically better off allied to Putin rather than the IMF, said the person.

“Russia has a very clear assessment on how it can divide the EU and how the EU in the end isn’t really willing to go to real sanctions,” Stefan Meister, an analyst at the European Council for Foreign Relations, said by phone from Berlin. “This makes it much easier for Russia, which has a clear vision of how to shape post-Soviet countries.”