

# **What is behind the lack of unity on the EU sanctions towards Russia?**

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**2015**

# Abstract

The research investigate the Visegrad countries (Poland, the Czech Republic, Slovakia and Hungary) cohesion problem finding a joint position on the EU sanctions against Russia by answering the question: *What is behind the Visegrad Groups different positions and lack of unity on the EU sanctions towards Russia?*.

To identify what is behind the Visegrad Groups different positions the theory spring from Putnam's two-level game theory and will focus on Tsebelis Nested game theory. The two theory's together enable to map out the Visegrad countries different games nested in an arena dynamics consisting of the three different arenas: the domestic arena, the supranational arena and the international arena. To be able to explain the V4 countries' divided positions, this research will use five different hypotheses, which will function as explanatory factors trying to describe what is behind each of the V4 countries taken position on the EU sanctions against Russia. The result of the research show that the countries positions and decisions on the three arenas, from their point of view, can be explained as rational choices and strategically decisions taken in the nested game surrounding the sanction war against Russia. Due to the fact that each of the V4 countries act rational to maximize their goal achievement, a coherence problem occur, which makes it hard for the V4 countries to reach an agreement on the "level 3" sanctions.

*Key words:* Ukraine crises, Visegrad countries, Sanctions policy, European Union cooperation

Words: 19 976

## Abbreviations

EU	European Union
V4	Visegrad Group
NATO	North Atlantic Treaty Organization

## Definitions

**EU sanctions** – “also referred to as restrictive measures – against third countries, individuals or entities, are an essential EU foreign policy tool that it uses to pursue objectives in accordance with the principles of common Foreign and Security Policy”.<sup>1</sup>

**Economic sanctions** - can be divided into trade sanctions and financial penalties. Trade sanctions meaning blocking the import and export of goods to and from a state and financial sanctions related to the freezing of financial assets and banning money transfers, gifts and credit.<sup>2</sup>

**”Level 1” sanctions** - consist of diplomatic sanctions. “The diplomatic sanctions adopted by the EU included the unilateral suspension of visa facilitation talks, negotiations on the New Agreement, and the upcoming EU-Russia summit”.<sup>3</sup>

**”Level 2” sanctions** - consist of restrictive measures: “visa bans, asset freezes and political wrist-slapping. The latter includes suspending G8 meetings, halting formal bilateral summits and stopping negotiations on Russia’s membership of the OECD, a rich-world think-tank, and the International Energy Agency.”<sup>4</sup>

**”Level 3” sanctions** - consist of economic sanctions that target entire economic sectors such as defence or energy, and which could do more damage to Russia’s economy but could potentially also damage Western Europe’s industries<sup>5</sup> and furthermore comprising unspecified ‘far-reaching consequences for relations on a broad range of economic areas’.<sup>6</sup>

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<sup>1</sup> European Union External Action, 2015

<sup>2</sup> Statens offentliga utredningar, 2006: 38

<sup>3</sup> Blockmans, Steven, 2014

<sup>4</sup> Charlemagne, 2014

<sup>5</sup> Dalton, Meichtry, Thomas, 2014

<sup>6</sup> Charlemagne, 2014

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# 1 The EU faced with a severe threat to European security in the 21<sup>st</sup> century

The European Union (EU) is witnessing a military intervention of Russia in Ukraine in the 21<sup>st</sup> century. The Ukraine conflict outbreak (namely Russia's illegal annexation of Crimea) in March 2014 is having serious consequences not only for Russia and Ukraine, but potentially threatens to damage the still fragile economic recovery in Europe.<sup>7</sup> The EU is hit by a complex crisis where its security interests, economic interests and normative goals are intertwined and are not easily reconciled.<sup>8</sup> The EU which represents a unique economic and political partnership between 28 European countries, a peace and a cooperation project that has provided the member countries with fifty years of peace, stability and prosperity, has now imposed sanctions on the major power Russia.<sup>9</sup> The situation calls for a strategic vision and a thoughtful combination of a variety of policy tools, with sanctions being just one of them.<sup>10</sup> The Ukraine crisis has brought sanctions to the fore of EU foreign policy. Faced with a severe threat to European security, the EU member states have responded to the crisis with a double-track approach combining diplomacy and sanctions with the primary goal of bringing about a change in Russia's action in Ukraine.<sup>11</sup> The EU has officially responded to the Ukraine conflict by imposing "level 1" and "level 2" sanctions against Russia, and so far managed to remain united over the Ukraine crisis. However, behind the scenes, there are now big divisions among EU member states on whether to introduce further targeted sanctions in response to Russia's annexation of Crimea.<sup>12</sup> The member states have very clearly showed that they have different positions and interests on the issue and cannot find a joint stand on "level 3" sanctions (wide ranging economic sanctions).<sup>13</sup> What is at stake is much more than Ukraine; the crisis undermines the post-Cold War security order in Europe and is testing the EU's readiness to stand up in defence of key international norms such as territorial integrity and the sovereignty of states, which Russia gravely is violating.<sup>14</sup> The EU's gradual move towards 'tougher' sanction against Russia together with Russia's countermeasures, hit back on the EU itself and has a significant negative impact on

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<sup>7</sup> Havlik, Peter, 2014: 5

<sup>8</sup> Raik, Helwig, Jokela, 2014: 9

<sup>9</sup> Europeiska Unionen

<sup>10</sup> Raik, Helwig, Jokela, 2014: 9

<sup>11</sup> Raik, Helwig, Jokela, 2014: 3

<sup>12</sup> Dempsey, 2014: 2

<sup>13</sup> Haglund, Fredrik, 2015

<sup>14</sup> Raik, Niklas, Jokela, 2014: 4

EU's economy and especially on certain member states and business sectors.<sup>15</sup> While the option of using military force was excluded, the use of economic sanctions was the hardest form of power that the EU could apply against Russia, alongside with diplomatic measure.<sup>16</sup> The Ukraine crisis have furthermore also presented a direct security risk and exposed insecurities in the Visegrad countries – Poland, the Czech Republic, Slovakia and Hungary. The Visegrad countries at first managed to stand united in addressing the crisis, however later the individual policies of the Visegrad countries towards Russia became visible and left the four country's hopelessly divided.<sup>17</sup>

## 1.1 Research question and aim

This research aims to investigate the Visegrad countries (Poland, the Czech Republic, Slovakia and Hungary) cohesion problem finding a joint position on the EU's implementation of "level 3" sanctions against Russia. The study furthermore aims to single out the underlying factors to the Visegrad Groups<sup>18</sup> (so-called "V4")<sup>19</sup> divided positions explaining the different countries rational strategies and interests. The research problem consist of the fact that the V4 countries, who usually stand united and cooperate on many different issues and furthermore have shown an exceptional level of activity in addressing the Ukraine crisis and managing to achieve a united position on "level 1" and "level 2" sanctions,<sup>20</sup> now stand divided on Russia and the implementation of tougher sanctions. The V4 countries division is visible both when it comes to Russia's role in Ukraine, Russia's potential imperialistic plans<sup>21</sup> and the stand towards the implementation of "level 3" sanctions against Russia<sup>22</sup> (economic sanctions target entire economic sectors).<sup>23</sup>

With the objective to create a greater understanding of why the EU member states had difficulties finding a unified position in times when Europe faces an unusually complex and fragile situation, rising a severe threat to European security, this research aim to investigate the following question:

*What is behind the Visegrad Groups different positions and lack of unity on the EU sanctions towards Russia?*

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<sup>15</sup>Raik, Helwig, Jokela, 2014: 5

<sup>16</sup>Raik, Helwig, Jokela, 2014: 5

<sup>17</sup>Rácz, 2014: 2

<sup>18</sup>Rácz, 2014: 1-3

<sup>19</sup>Jarábik, 2014

<sup>20</sup>Rácz, 2014: 1-3

<sup>21</sup>Jarábik, 2014

<sup>22</sup>Rácz, 2014: 3

<sup>23</sup>Dalton, Meichtry, Thomas, 2014

## 1.2 Delimitations

### 1.2.1 Choice of case

The choice of case for this study namely the on-going sanction war between the EU and Russia, has been made because of the case ability to test the V4 Groups cohesion in an interesting way. The case is incredibly complex due to the fact that there is many different countries involved in the conflict and because of the countries many different interests and relation to the EU, Russia and Ukraine. The case furthermore has major consequences for the European security and puts the V4 countries' ability to cooperate to a head. The case-study has furthermore been chosen due to the Ukraine crisis' exceptionality and strategic significance due to a combination of big power rivalry, the context of a major European crisis with global ramifications and the costs of the sanctions for the EU itself.<sup>24</sup> The fact that the EU is witnessing a military intervention of Russia in Ukraine in the 21<sup>st</sup> century is a remarkable situation having severe consequences for Europe at large and has sent shockwaves throughout the EU's Eastern neighbourhood.<sup>25</sup> With rare exceptions, the EU has not imposed sanctions on major powers in the past. In those rare cases the scope of sanctions have been very limited.<sup>26</sup> "Few examples are the arms embargo on China since 1989; limited and vague trade sanctions on the Soviet Union in 1982, and a mild and practically insignificant set of sanctions adopted against Russia in 2000 due to the conflict in Chechnya"<sup>27</sup> . The EU have implemented harsh EU sanctions before but then on relatively weaker subjects and have caused no harm to the economies of the EU itself and its member states.<sup>28</sup> With Russia being the EU's largest neighbour and an important trading partner, the Ukraine crisis is the most challenging test of the EU's sanction policy to date, as well as its foreign policy at large.<sup>29</sup> In contrast to EU's earlier implementation of sanctions, the sanctions against Russia due to the Ukraine crisis were introduced in the context of geopolitical as well as ideological rivalry between major regional actors, even if the EU never wished to see the crisis in such terms.<sup>30</sup>

### 1.2.2 Selection of countries

The choice to analyse the V4 Group out of the 28 EU member states has been made because of the fact that the Visegrad states usually cooperate in many different

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<sup>24</sup>Raik, Helwig, Jokela, 2014: 4

<sup>25</sup>Forbrig 2015:1

<sup>26</sup>Raik, Helwig, Jokela, 2014: 4

<sup>27</sup>Raik, Helwig, Jokela, 2014: 4-5

<sup>28</sup>Raik, Helwig, Jokela, 2014: 5

<sup>29</sup>Raik, Helwig, Jokela, 2014: 3

<sup>30</sup>Raik, Helwig, Jokela, 2014: 5



fields but have taken different stands on the Ukraine conflict.<sup>31</sup> The fact that the chosen case for this study is highly interesting in itself and not only in the light of the V4 countries, a research focus on all the EU's 28 member states also would have been very interesting to carry through. However, the four Visegrad countries share geographical proximity to Russia, have a long-standing historical relationship and have experienced the Soviet invasion and domination during the Communist era.<sup>32</sup> The countries common factors and broad field of cooperation makes it especially interesting to shed light on the V4 countries when analysing the Ukraine conflict, a crisis in which the V4 country's cohesion problem have become visible. The choice to analyse four different countries however implies certain limitations such as the fact that the study not will be able to go as deep into the analysis of each country as if the research had focused on only one country.

### 1.2.3 The Visegrad Group

The V4 Group is an informal, regional form of cooperation comprising four Central-European countries - Poland, Czech Republic, Slovakia and Hungary<sup>33</sup> and is an intergovernmental setting based on consensual decision-making.<sup>34</sup> The V4 cooperation reflects the efforts of the four countries belonging to the Central European region to work together in a number of fields of common interest within the all-European integration. The V4 countries have always been part of a single civilization sharing cultural and intellectual values and common roots in diverse religious traditions, which the countries through the V4 cooperation wanted to strengthen further.<sup>35</sup> The aim of the V4 cooperation is, among other things, to intensify cooperation in the field of building democratic state structures, strengthen the stability of Central Europe, to work as a platform for exchanging experiences and working out common positions on issues, which are essential to the future of the region and the EU.<sup>36</sup> In 2004 joined the V4 countries the EU<sup>37</sup> and in 1999 Poland, the Czech Republic and Hungary also joined the NATO, meanwhile Slovakia joined NATO in 2004.<sup>38</sup>

### 1.2.4 The Visegrad countries position towards "level 3" sanctions

The V4 countries have been united towards the Ukraine crisis and have been able to keep a joint position on "level 1" and "level 2" sanctions but have remained divided

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<sup>31</sup>Visegradgroup.eu – Aims and Structure, 2000-2015

<sup>32</sup>Belkin, E. Mix, Woehrel, 2014:6

<sup>33</sup>Ministry of foreign affairs Republic of Poland, 2012

<sup>34</sup>Rącz, 2014: 3

<sup>35</sup>Visegradgroup.eu – About Visegrad, 2000-2015

<sup>36</sup>Ministry of foreign affairs Republic of Poland, 2012

<sup>37</sup>Mykulanyets, Lyubov, 2014

<sup>38</sup>Belkin, E. Mix, Woehrel, 2014: 7

regarding “level 3” sanctions against Russia.<sup>39</sup> On the 20<sup>th</sup> of March 2014 was an article by *Judy Dempsey* posted at the Carnegie Europe website article mapping out the V4 countries positions on ‘tougher’ sanctions towards Russia. The article presented the following result: Poland (supportive), Czech Republic (reluctant but will support), Slovakia (reluctant but will support) and Hungary (very reluctant).<sup>40</sup> The article presents two different deviant positions, the position of Poland (taking a clear stand for an implementation of ‘tougher’ sanctions) and the position of Hungary (demonstrating a clear stand against an implementation of ‘tougher’ sanctions).

### 1.2.5 Time delimitation

The chosen time delimitation of this research is March 2014 - March 2015, analysing the V4 Groups divided position on the EU sanctions against Russia. The time period is chosen due to the month in which the Ukraine Crisis escalated until on year after the crisis erupted.

## 1.3 Outline of the study

After this first chapter containing both of the introduction, purpose and problem definition and a delimitation of the study, follows next in Chapter 2, a background to the Ukraine conflict and thereafter a presentation of the research method and material, in Chapter 3. In chapter 4 the theories of *Putnam*’s two-level game theory as well as *Tsebelis* nested game theory is described followed by the research analysis and a table overview of the hypothesis in chapter 5. Finally, chapter 6 presents a discussion followed by concluding remarks in chapter 7.

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<sup>39</sup>Rącz, 2014: 6

<sup>40</sup>Dempsey, Judy, 2014

## 2 Background

*The following section provides a brief summary of the Ukraine crisis and highlights the EU's implementation of sanctions towards Russia as well as Russia's retaliatory measures and a brief overview of the EU member states attitudes on 'tougher' sanctions against Russia.*

### 2.1 The Ukraine conflict

The political crisis and social upheaval in Ukraine that led to several weeks of protest on the Independence Square in central Kyiv, or so-called *Euromaidan*, started as a gathering of a few thousand students. The protesters demanded that Ukraine should sign the Association Agreement with the EU, after that *Yanukovych* sudden did an unexpected U-turn deciding not to sign the Association Agreement just before the Vilnius summit of November 28-29, 2013. A signing of the Association agreement for Ukraine would have marked a decisive step away from the centuries-long orientation toward Russia and the east.<sup>41</sup> *Yanukovych* choice to not sign the association agreement gave rise to anti-government protesters peacefully occupied the Independence Square in central Kiev.<sup>42</sup> What at first appeared as an assembly of students protesting on the *Euromaidan*, however, suddenly bloomed into a full-fledged movement (not only of protest but opposition) and resulted in months of protests.<sup>43</sup> On the 18 February 2014 the Maidan decided to block the parliament building<sup>44</sup> which, resulted in an escalation of the violence with a policemen being shot and riot police moving in to a clearly peaceful protest camp. Approximately 77 people were killed and around 600 people were injured.<sup>45</sup> On 22 February 2014 *Yanukovych* was forced out and fled the country<sup>46</sup> and an interim government was installed under acting president *Oleksandr Turchynov*.<sup>47</sup> A few days later, on 28 of February, the Russian President *Vladimir Putin* took control of the Ukrainian Crimea with the help of a special forces.<sup>48</sup> Since March 2014 has the EU decided on the adoption and gradual extension of sanctions

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<sup>41</sup>Diuk, Nadia, 2014

<sup>42</sup>Fishwick, Carmen 2014

<sup>43</sup>Diuk, Nadia, 2014

<sup>44</sup>Olszanski, Tadeusz A., 2014

<sup>45</sup>Fishwick, Carmen 2014

<sup>46</sup>Olszanski, Tadeusz A., 2014

<sup>47</sup>Fishwick, Carmen 2014

<sup>48</sup>Kragh, Martin, 2014: 51

towards Russia. The EU's response towards Russia is a reaction to the violation of Ukraine's sovereignty and territorial integrity as well as Russia's continuing of a destabilisation of the country.<sup>49</sup> Russian separatists have however continued their attacks in eastern Ukraine even after the EU's implementation of sanctions against Russia and the EU accuses Moscow of supporting the Russian separatist attacks. Furthermore, after the Malaysian Airlines flight MH17 crashed in Eastern Ukraine in July 2014 the relations between EU and Russia got even more intense. According to *Susanne Kraatz* (Policy Department A: Economy and Scientific Policy, European Parliament), the airplane presumed to have been shot down and the Russian government showed on a distinct lack of willingness to cooperate with any investigations. The summer 2014 was marked by an increasing escalation of violence and according to the UN approximately 3,000 people lost their lives between April and October 2014.<sup>50</sup>

Russia's plans to form the Eurasian Customs Union (ECU)<sup>51</sup> are furthermore important to mention when explaining the Ukraine conflict. These plans became officially known in 2011 and featured in *Putin's* program article "The new integration project for Eurasia". According to *Putin's* article 2011 the Union aims to financially link Europe with Asia and the Pacific region in a future Free Trade Area.<sup>52</sup> The emergence of the ECU could be interpreted as a signalling from Russia, stating that the EU is not the 'only game in town'. This is particularly visible in Ukraine, where Russia has been actively promoting the ECU as an alternative to the EU integration mechanism, such as the Association Agreement. Russia clearly sees ECU as a vehicle for reintegrating the post-Soviet space, including the countries that fall within the sphere of the EU's eastern neighbourhood.<sup>53</sup>

## 2.2 EU sanctions against Russia

The Ukraine crisis faced the EU with a severe threat to European security and resulted in a approach combining diplomacy and sanctions<sup>54</sup> The EU's goal with the sanctions was, according to the European Council, to bring about a change in Russia's action in Ukraine, namely the illegal annexation of territory and the deliberate destabilization of a neighbouring sovereign state.<sup>55</sup>

In light of Russia's actions, the EU imposed targeted sanctions measures with a clear rationale: "political and economic measures were to escalate unless Russia reserved its policy towards Ukraine". The EU imposed three different sanction rounds. The first round of EU restrictive measures came into place on 17 March

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<sup>49</sup>Kraatz, Susanne, 2014: 1-2

<sup>50</sup>Kraatz, Susanne, 2014: 1-2

<sup>51</sup>Dragneva, Rilka, Wolczuk, Kataryna, 2012: 2

<sup>52</sup>Johannsson, Johnson, Arumäe, Gasputis, Tauraite, 2014-10: 20

<sup>53</sup>Dragneva, Rilka, Wolczuk, Kataryna, 2012: 2

<sup>54</sup>Raik, Helwig, Jokela, 2014: 3

<sup>55</sup>Raik, Helwig, Jokela, 2014: 3

2014 and placed 21 government and private individuals on the sanction list (targeted with an assets freeze and a travel ban). On March 21<sup>st</sup>, another 12 individuals were added to the sanction list (individuals whom were already in the list of subjects for US sanctions). The March 29<sup>th</sup> the EU added another 15 individuals to the list, this time 13 Russian politicians and two Ukrainian separatists. The second sanction round took place a month later on April 29<sup>th</sup> adding another 15 individuals to the travel ban and assets freeze sanctions lists, bringing the total number of targets to 48. On repeated occasions due to the rising tensions between Russia and Ukraine the EU decided to expand the sanctions further (April 28<sup>th</sup>, May 12<sup>th</sup>, June 23<sup>rd</sup>, July 11<sup>th</sup>, 18<sup>th</sup>, 25<sup>th</sup>). The third round of EU sanctions against Russia was imposed on July 29<sup>th</sup> and significantly accelerated its financial warfare. The EU decided to target a variety of sectorial cooperation and exchanges with the Russian Federation. The sanctions in round three included limited access to EU capital markets for Russian State-owned financial institutions; a partial arms embargo on trade in arms; the establishment of an export ban for dual use goods meaning goods, software, and technology normally used for civilian purpose but which have military functions as well for military end users. The export ban for dual goods is restricting Russian access to sensitive technologies particularly in the field of the oil sector. The sanctions in round three furthermore expanded the list of persons entities undermining Ukrainian territorial integrity and sovereignty, including so-called 'cronies'; suspension of European Investment Bank and European Bank for Reconstruction and Development financing. The sanctions also put a restriction of investment and trade with Crimea and Sevastopol and imply a reassessment of Russia-EU bilateral cooperation with a view of reducing the level of the cooperation.<sup>56</sup>

## 2.3 Russian retaliatory measures

In response to Western economic sanctions Russia decreed a ban on agricultural products and foodstuffs from the EU, US, Norway, Canada and Australia on 7 August 2014, applicable from August 8,<sup>57</sup> valid for one year.<sup>58</sup> The list of products issued by the Russian government covers the following products:

- **Vegetables and fruits:** except prepared vegetables and fruits.
- **Dairy products:** milk, dairy products (notable cheese, skimmed-milk powder, butter, whey powder, fresh products, whole-milk powder, condensed milk) and some food preparations containing milk components.

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<sup>56</sup>Eriksson, Mikael 2014: 120-121

<sup>57</sup>European Commission MEMO/14/517, 2014:1

<sup>58</sup>Kraatz, Susanne, 2014: 3

“**Meat:** meat of bovine animals, swine and poultry (weather fresh, chilled or frozen), as well as meat salted, in brine, dried or smoked, sausages and similar products”.<sup>59</sup>

In 2014 was over 41 percent of Russia`s consumption of agricultural products produced by imports, with average EU and USA levels at around 20 percent. Russia received up to 55 percent of its agricultural imports from the countries it has so far sanctioned, including the EU. Approximately 50 percent of Russia`s meat imports as well as about 95 percent of Russia`s dairy imports in 2013 came from countries it has now banned.<sup>60</sup>

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<sup>59</sup>Kraatz, Susanne, 2014: 3

<sup>60</sup>Erokhin, Heijman, Ivolga, 2014: 57

# 3 Method and Material

*Below follows a presentation of the research design, the choice of material as well as a contribution to existing literature.*

## 3.1.1 Research Design

The thesis consists of a qualitative case study in which one particular case is at the centre of the research. By using existing theories and explanatory factors the research will try to explain this particular case<sup>61</sup>.

To be able to single out and discuss which explanatory factors that can explain the V4 countries divided position on the EU sanctions towards Russia this research will use *Putnam's* two-level game theory and *Tsebelis* nested game theory. The analysis aims to single out which of five different hypotheses that is of most strategic importance to the V4 countries, explaining why the countries cannot find a common position on the EU sanctions against Russia. The thesis is not aiming to test the theories but instead aims to use *Putnam's* two-level game theory and *Tsebelis* theory of nested games as a analytical tool to be able to map out and discuss the V4 countries different strategic choices and explain how those are intertwined within a nested game connected to the three different arenas: the domestic arena, the supranational arena and the international arena. The hypothesis will be analysed one by one for each one of the countries which enables the study to single out which one of the hypothesis that might be of most strategic importance explaining the country's position.

## 3.1.2 Material

The material in this research mainly consists of research reports, academic articles, briefing papers, press releases and newspapers. The materials from electronic resources have been selected from well-known and established websites. Due to the fact that the chosen case of this research persists of an on-going conflict the research material mainly consist of media sources, which have sometimes made it difficult to find more detailed information and furthermore made the material difficult to construe.

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<sup>61</sup> Esaiasson, 2007: 42

### 3.1.3 Existing literature

The increased use of sanctions has given rise to an intense scholarly and policy debate on whether sanctions work. The scholarly literature delivers a predominately negative result of the effectiveness of sanctions in bringing about a desired effect or behavioural impact.<sup>62</sup> To mention some of the important books on sanctions: *Baldwin* (1985: 3) who tries to answer the puzzle, "Why do statesmen continue to practice economic statecraft when 'everybody knows' that it does not work?". Furthermore, the research of *Hufbauer* and *Schott* (1985) indicated that in 83 incidents involving economic sanctions after 1914, the success rate was a poor 40 percent.<sup>63</sup> However more recent studies on the EU's sanctions policy have stressed the importance of sanctions as a part of the broader foreign policy toolbox and the need for a more nuanced understanding of the purpose and contexts of different sanctions regimes.<sup>64</sup> In *Leander Leenders* research "EU Sanctions: A Relevant Foreign Policy Tool?" he examines an instrument, which establishes an explicit link between economic power and foreign policy of the EU, investigating to what extent sanctions is a relevant tool for EU external action. The research acknowledges the many internal and external difficulties the EU faces when using the sanctions tool.<sup>65</sup>

### 3.1.4 Contribution to existing literature

The results of this research aim to contribute to the understanding of how complex the EU is and which factors that come into play in a member country's decision to implement sanctions against another countries. The research also intends to point to a very unusual and complex crisis situation in Europe in which cooperation between the EU member states should perhaps be stronger than it has proven to be. However, with the understanding of states rational behaviour in which many different factors is taken to account within a states decision a wider understanding of the member states decisions can be reached. The research thus contributes to a greater understanding for cooperation between the various arenas on a domestic-, supranational- and international level and highlights the considerations and factors that different states are taking into account in their decision-making. The thesis furthermore draws attention to how the Member States' self-interest and rational behaviour is an important factor in the explaining and understanding of what could be perceived as a states irrational behaviour. The thesis also aims to shed more light to the characteristics of the EU-Russia relationship as well as the EU-Ukraine relationship with a focus on the V4 countries.

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<sup>62</sup>Raik, Helwig, Jokela, 2014: 6

<sup>63</sup>Tsebelis, 2010

<sup>64</sup>Raik, Helwig, Jokela, 2014: 6

<sup>65</sup>Leander, Leenders, 2014



# 4 The two-level game and the three-level game

*To identify what is behind the Visegrad Groups different positions and lack of unity on the EU sanctions this study will construct a game theory perspective. The theory spring from Putnam's two-level game theory and will focus on Tsebelis Nested game theory. The two theory's will together enable to map out the Visegrad countries different games nested in an arena dynamics consisting of the three different arenas: the domestic arena, the supranational arena and the international arena. Below follows a more detailed description of the two theories as well as my interpretation of the theories.*

## 4.1 Putnam's theory of two-level games

*In 1988 adopted Putnam the two-level games theory,<sup>66</sup> which later in 1990 was developed to a similar approach adopted by Tsebelis Nested Game theory. In Putnam's two-level game theory he argues that the domestic politics and the international relations often are entangled highlighting the players challenging task of balancing the on going games on two different arenas. The thesis stems from Putnam's famous essay *Diplomacy and domestic politics: the logic of the two-level game*.*

*Putnam* means that many international negotiations can be perceived as a two-level game, one domestic arena game and one foreign policy arena game. At the national level the domestic groups try to pursue their interests by pressuring the government to adopt favourable policies and at the same time the politicians seek power to maximize their own ability to satisfy the domestic interests. What makes the two-level game rather complex is the fact that the players on both arenas are faced with the difficulty of balancing the two on-going games; a "move" which could be rational for a player at one particular arena could be irrational or unsuitable for that same player on another arena. Central decision-makers can ignore neither of the two games as long as their countries remain interdependent, yet sovereign.<sup>67</sup>

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<sup>66</sup>Tsebelis, 1990: 243

<sup>67</sup>Putnam, 1988: 434

The theory of two-level games has been selected in this research in order to explain to which degree the V4 countries' domestic policy or foreign policy has the most influence on the country's decisions. Putnam's theory will furthermore be used to bring forward a discussion on the interlinked game between the domestic arena and the supranational arena to single out how well the V4 countries is managing the difficulty in balancing those two on going games.

## 4.2 Tsebelis Nested Games theory

*George Tsebelis (1990), professor of political science at the University of California, Los Angeles, uses game theory to create a link between domestic and foreign policy to explain why political actors choose to act in a certain way, arguing that games are nested in multiple arenas. The thesis is based on Tsebelis book, Nested Games- rational choice in comparative politics.*

The Nested Games Theory assumes that people are rational and maximize their goal achievement.<sup>68</sup> The core of the theory is built on the idea that seemingly suboptimal choices indicate the presence of nested games in multiple arenas. Games in multiple arenas refer to that events and strategies in one arena can influence the way the game is played in another arena.<sup>69</sup> Suboptimal choices appear where an actor is confronted with a series of choices and does not pick the alternative that appear to be the best or the most rational. Such behaviour could be seen to speak against the assumption that actors are rational and seek to make choices that will maximize their benefits. However, *Tsebelis* argues that cases of apparently sub-optimal choice<sup>70</sup> "are in fact cases of disagreement between the perspectives of the actor and the observer."<sup>71</sup> This means that the observer has not taken all factors into account or has not realized that the game is nested into a network of other games.<sup>72</sup> "What appears sub-optimal from the perspective of only one game is in fact optimal when the whole network of games is considered."<sup>73</sup> If an actor's choices appear to be suboptimal, it is because the observer's perspective is incomplete and because of the fact that the observer only focus attention on one game while the actor is involved in a whole network of games - by *Tsebelis* called nested games: games in multiple arenas.<sup>74</sup> Within this rational-choice approach, and assuming adequate information, the concept of nested games is the only explanation for the choice of apparently suboptimal strategies<sup>75</sup>.

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<sup>68</sup>Tsebelis, 1990: 235

<sup>69</sup>Ibid, 1990: 248

<sup>70</sup>Ibid, 1990: 7

<sup>71</sup>Ibid, 1990: 7

<sup>72</sup>Ibid, 1990: 7

<sup>73</sup>Ibid, 1990: 7

<sup>74</sup>Ibid, 1990: 7

<sup>75</sup>Tsebelis, 1990: 11

In game theory, a game is defined by three factors composed of 1) a set of players 2) a set of strategies for each player and 3) a set of payoffs for each player. Each player's payoff is a function of the strategies each player selects. Furthermore, the strategies available to each player depend on the moves available to each player, on the sequence of these moves (the order in which the players move), and the information available before each move.<sup>76</sup> The most common game theoretic way to deal with problems of games in multiple arenas is to consider all the actors involved in all existing arenas, write down all their available strategies, add all the possible innovating strategies, and solve this giant game.<sup>77</sup> In the case of games in multiple arenas, any of the actor's moves has consequences in all arenas; an optimal alternative in one arena (or game) will not necessarily be optimal with respect to the entire network of arenas in which the actor is involved. This means that although the observer of only one game considers some behaviour irrational or mistaken, the behaviour is in fact optimizing inside a more complicated situation, the actors maximize by taking into account all variable payoffs from the entire network of variable arenas. The actor might choose a suboptimal strategy in one game if this strategy happens to maximize his payoff when all arenas are taken to account. The situation in other arenas influence the payoffs of the actors in one arena, leading to the choice of different strategies; therefore, the outcomes of the game are different when the situation in other areas are taken into account.<sup>78</sup>

The use of the theory of games in multiple arenas enables the study of situations in which political context is important and the situation is so complicated that reference to exogenous factors is required.<sup>79</sup> Game theory furthermore makes it possible to model the interaction between different political actors.<sup>80</sup>

The choice to bringing the theory of nested games into the research is in order to integrate interactions between a variety of arenas and games, it is not enough to only analysing the on going game on two different arenas. This forces the two-level game framework to be expanded, which therefore has been made by embedding it into the broader conception of nested names. The both theories however aim to complement each other in order to provide a deeper understanding of the case. The theory of nested games will be used in this study adding a third game arena, namely the international arena enabling to analyse the V4 countries external relation and cooperation with countries outside the EU focusing on Russia and Ukraine.

### 4.3 Interpretation of the theories

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<sup>76</sup>Ibid, 1990: 93

<sup>77</sup>Ibid, 1990: 9

<sup>78</sup>Ibid, 1990: 9

<sup>79</sup>Ibid, 1990: 60

<sup>80</sup>Ibid, 1990: 239

In the light of *Putnam's* two level game theory highlighting the players challenging task of balancing two on going games on different arenas, and the *Tsebelis* theory of nested games arguing that games are nested in multiple arenas, this research will focus on three different arenas when analysing the V4 countries divided position. The research will focus on the following three arenas: the domestic arena, the supranational arena and the international arena.

*Arena 1 (the domestic level)* will explain each one of the V4 countries government formations, the government's political goals and interests, the influence from its political leader and the public opinion's stand on an implementation of sanctions towards Russia.

*Arena 2 (the supranational level/the EU level)* will explain the V4 countries cooperation and actions on the EU level describing how the countries position on the sanctions have impacted the V4 countries relationship with the EU.

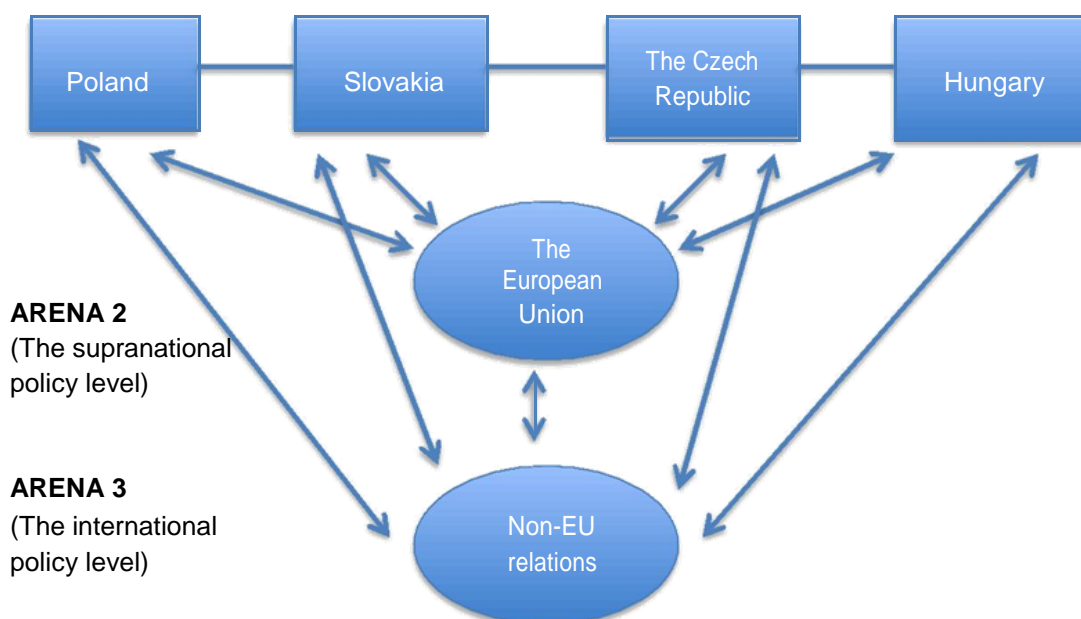
*Arena 3 (the international level)* represents the V4 countries cooperation with countries outside the EU with a focus on the V4 countries cooperation with Russia and Ukraine. The aim is to investigate if the V4 countries relationship and cooperation's with Russia and Ukraine has affected the country's position on the sanctions.

The use of both *Putnam's* and *Tsebelis* theory enables the study to map out the V4 countries different games nested in an arena dynamics consisting of the three different arenas. An analysis of three different arenas also enables to map out an even more complex game field since a deal which is considered to be rational in one arena not have to be considered rational on another arena.

### 4.3.1 Model of the three-level game

#### ARENA 1

(The domestic policy level)



### 4.3.2 Explanation of the Hypothesis

*Below follows an explanation to the choices of the hypothesis as well a detailed description of each one of the hypothesis content.*

The choices of the hypothesis steams from the Finnish institute of international affairs (FIIA) Briefing Paper 158 (June 2014) in which *András Rácz* highlights the V4 countries individual policies towards Russia as defined by a constellation of geopolitical concerns, normative motivations, business interests, and domestic political ambitions. *Rácz* mean that in order to get the full picture of the V4 countries different reaction to the Ukraine crisis, it is necessary to also explore and compare the V4 countries relation to both Ukraine and Russia. Factors as the energy dependence and intensity of business contacts are commonly coted to explain the different attitudes adopted by EU member states towards Russia. However, *Rácz* argue that these factors do not wholly explain why a unified Visegrad position is not emerging and why an individual V4 country chooses this or that political position, particularly when it comes to economic sanctions. In the Briefing Paper 158 *Rácz* state an example on why it is not enough to only look at explanatory factors such as energy dependence and the intensity of business contacts. *Rácz* argue that e.g. Poland has more intensive business contacts with Russia than Slovakia has, and therefore has much more to lose in the event that extensive sanctions are introduced. However, it is Slovakia that is strongly opposed to the sanctions, particularly economic ones, while Poland supports them.<sup>81</sup>

This research has chosen to explain the V4 countries divided position by looking into five different hypotheses, each of which will be presented below explaining the hypothesis content and motivate the reason for the choice of hypothesis. The five hypotheses are seen as interlinked but have been divided into five separate hypotheses to enable an analysis of each one of the hypotheses.

Hypothesis 1 consist of *Domestic political ambitions (domestic politics)*, which aim to explain to what extent the V4 countries government formation, political leadership and public opinion have influenced the countries position on tougher sanctions against Russia. The hypothesis has been chosen in the light of *Rácz* statement above and aim to enable the research to investigate the V4 countries domestic politics as a possible explanation to the V4´s position.

Hypothesis 2 consists of *Business interest (trade interests & energy security)* and will explain to what extent each one of the V4 countries trade with Russia, focusing on the country´s export and import with Russia as well as which percent of the country´s trade that include band products. The hypothesis will furthermore explain the V4 countries degree of energy dependence and energy cooperation with Russia and to what extent the V4 countries receive gas from other countries than Russia. The hypothesis have been chosen due to the fact that this research investigate economic sanctions which makes the country´s trade interests and

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<sup>81</sup> Rácz, 2014: 3

energy security particular interesting to investigate due to the sanctions effects on the V4 countries economies.

Hypothesis 3 consists of *Geopolitical concerns (military security)* and aims to explain the country's security concern and threat perception explaining to what degree the V4 countries perceive Russia's actions in Ukraine as a threat to the country's security. The hypothesis will furthermore explain to extent the countries contribute to NATO regarding the Ukraine conflict. The choice of this hypothesis has been made due to the fact that the V4 countries are members of NATO and therefore presumably would stand united towards threats and contribute to NATO when requested from the other NATO members.

Hypothesis 4 consists of *European Union cooperation* explaining to what extent the V4 countries can be seen to be EU-friendly, living up to the EU's model of democracy. The hypothesis will also explain how and if the V4 countries cooperation and relation with the EU have changed due to the Ukraine crisis and/or due to the countries taken stand on the implementation of tougher sanctions against Russia.

Hypothesis 5 consists of *External cooperation with non-EU countries* and aims to explain the V4 countries cooperation and relation with Russia and Ukraine. The hypothesis will map out to what extent the V4 countries relationship with Russia and Ukraine has influenced the V4 countries position on the sanctions against Russia. The hypothesis have been chosen due to the fact that the V4 countries are members of the EU and chosen themselves to be a part of the Union, which speaks against a divided stand on the implementation of EU sanctions.

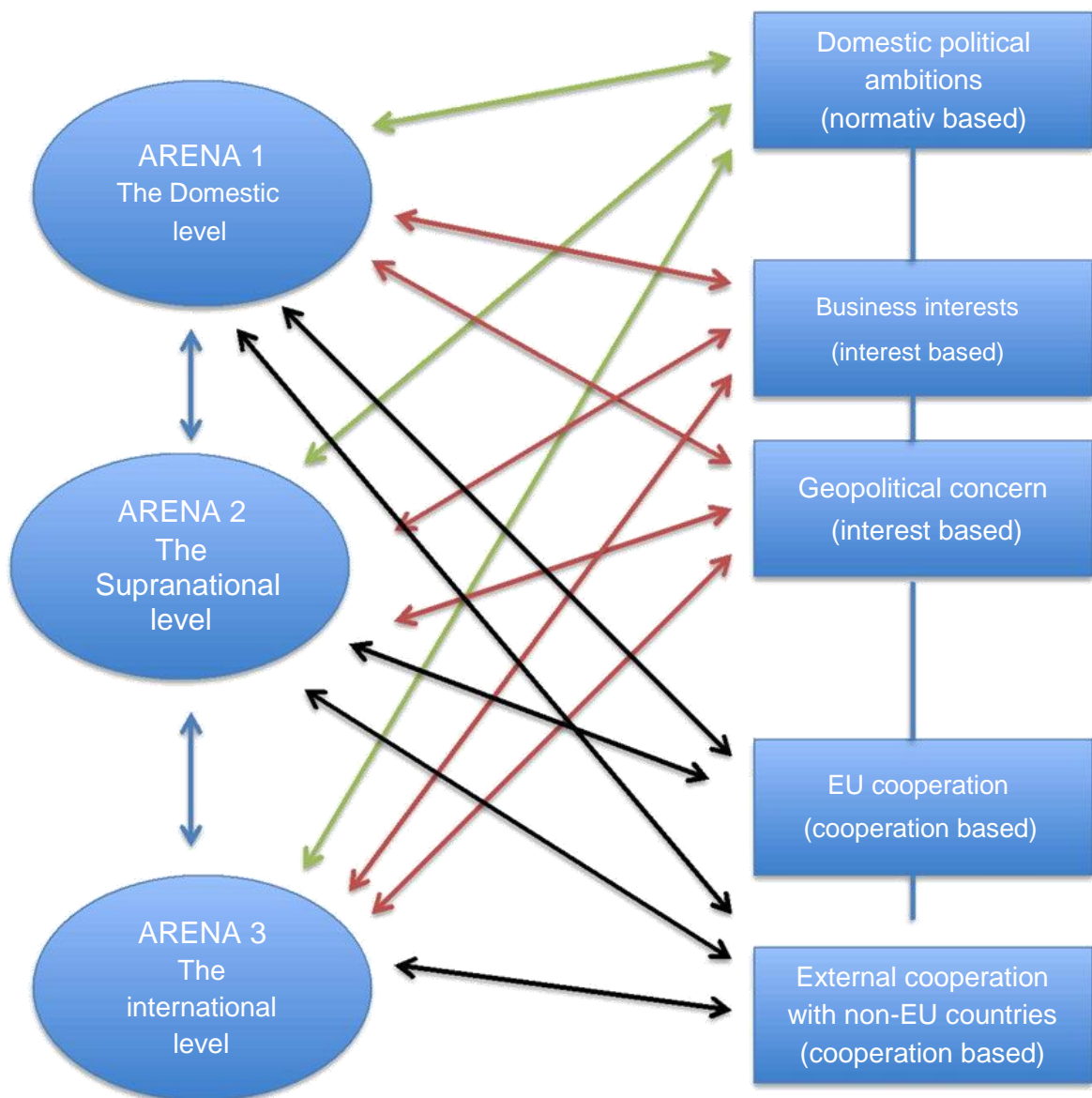
The hypothesis presented above can be divided into three different groups. The first hypothesis, *domestic political ambitions*, is connected to the first arena (the domestic level) and can be seen to be normative based consisting of normative issues highlighting the V4 countries differences in their normative stands. The second hypothesis, *Business interest*, as well as the third hypothesis, *Geopolitical concerns*, are both connected to the second arena (the supranational level) and can be seen to be interest based, explaining the V4 countries trade interest, energy interest and geopolitical concerns. Hypothesis four, *European Union cooperation*, as well as hypothesis five *External cooperation with non-EU countries* is connected to arena three (the international level) and can be seen as more cooperation based explaining the V4 countries cooperation with other EU member states and the V4 countries cooperation with other countries outside the EU. This means that the five hypotheses together provide us with normative based-, interest based-, and cooperation based explanations to the V4 countries divided positions on the EU sanctions against Russia.

### 4.3.3 Operationalization

To be able to explain the V4 countries' divided positions, this research will use five different hypotheses, consisting of: (1) *Domestic political ambitions*, (2) *Business*

interests, (3) Geopolitical concerns, (4) EU cooperation, and (5) The external cooperation with non-EU countries. The five hypotheses will function as explanatory factors trying to describe what is behind each of the V4 countries taken position on the EU sanctions against Russia. What the hypothesis has in common is the feature that each hypothesis exists on at least two of the three arenas (the domestic arena, the supranational arena and the international arena) and is thereby creating an arena dynamics in which the V4 countries nested games becomes visible.

#### 4.3.4 The model of the linkage between arena dynamics and the six different hypothesis



#### 4.3.5 Theoretical assumptions

To be able to single out the actor's rational behaviour I find it important to draw certain assumptions. As earlier mentioned the research stems from the rational-choice approach, which assumes that individual's behaviour is an optimal response to the conditions of her environment and to the behaviour of other actors.<sup>82</sup> Furthermore, the rational-choice approach assumes that people are rational, meaning that they are goal oriented and choose the optimal means to achieve their goals.<sup>83</sup> Below I present the assumptions of rationality important for this particular research.

Assumption 1 - Assume that the actors do not have contradictory approaches and preferences. A player with contradictory strategies and thereby preferences would not be able to choose between two different alternatives<sup>84</sup>

Assumption 2 – Assume transitivity between preferences prevail. Meaning that if an actor prefers alternative a over alternative b, and alternative b over c, she necessarily prefers a over c<sup>85</sup>. These two assumptions assure us that the actor's have the capacity to maximize their outcomes.

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<sup>82</sup>Tsebelis 1990: 46

<sup>83</sup>Ibid 1990: 235

<sup>84</sup>Ibid 1990: 25

<sup>85</sup>Ibid 1990: 25



# 5 The explanation to the Visegrad countries positions

## 5.1 *Domestic political ambitions*

*Hypothesis 1 consist of Domestic political ambitions (domestic politics), which aim to explain to what extent the V4 countries government formation, political leadership and public opinion have influenced the countries position on tougher sanctions against Russia.*

### 5.1.1 Poland

According to the Finnish institute of international affairs briefing paper published in June 2014, is Poland ready to support an implementation of “level 3” sanctions, if necessary, despite the considerable economic losses at stake meanwhile the other three V4 countries are against “level 3” sanctions, arguing that the sanctions would cut of the countries economic ties with Russia and furthermore have a significant impact on the countries own economies.<sup>86</sup>

Poland has condemned Russia`s invasion and annexation of Crimea but has tried to avoid turning the issue into a “bilateral spat” with Russia.<sup>87</sup> Poland has navigated a position towards a fine line between active support for Ukraine and supporting Western unity. The position Poland has taken also stems from the assessment of the country`s economic, social and military potential which has been estimated as inadequate for standing up to the deteriorating security environment.<sup>88</sup> The Polish analysis of the Ukraine crisis is not that this is a passing crisis, but instead a permanent change in Russia`s foreign policy aiming to rebuilding Russia`s sphere of influence in Eastern Europe, causing implications for the whole continent. Poland is an outspoken supporter of Ukraine`s integration with the EU and therefore felt a responsibility to take a stance in the Ukraine crisis.<sup>89</sup> Poland called for a tough EU stance in terms of Russian sanctions and for a common energy policy reducing energy dependence on Russia.<sup>90</sup> Poland is clearly the country

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<sup>86</sup>Rácz, 2014: 6

<sup>87</sup>Forbrig, 2015: 34

<sup>88</sup>Ibid, 2015: 36

<sup>89</sup>Ibid, 2015: 34

<sup>90</sup>Dijkhuizen, van Arjen, 2014

adopting the toughest position on Russia out of the V4 Group and actively supports the sanctions, including economic ones, participating in the NATO mission to strengthen the air defence of the Baltic States, and demanding the deployment of US troops.<sup>91</sup> *András Rácz* (Senior Research Fellow at the Finnish institute of international affairs - The EU's Eastern Neighbourhood and Russia Research Programme) state that even though its important to not forget that Poland have essential and intensive trade relations with Russia, the geo(political) ambitions of Poland seemingly override the economic considerations, including energy and security ones.<sup>92</sup> Regarding Poland's normative stand, Poland traditionally demonstrates a very strong trans-Atlantic commitment.<sup>93</sup>

Poland is since 2007 ruled by a reform-minded coalition consisting of *Donald Tusks*<sup>94</sup> centralist/liberal Civic Platform (PO) and the rural Polish People's Party (PSL). Main opposition parties are the conservative Law and Justice Party (PiS), the Democratic Left Alliance (SLD) and the left-liberal Palikot's Movement.<sup>95</sup> The Polish government has taken an active diplomatic role in the crisis over neighbouring Ukraine, calling for a united response from the European Union to Russia's actions in Crimea.<sup>96</sup> Under the current Polish government, the centralist/liberal Civic Platform (PO), Poland's complex ties with Russia improved and Russia's annexation of Crimea has revived ancient fears in Poland.<sup>97</sup> Poland's efforts to find a resolution to the Ukraine crisis have been a key issue for the public opinion in the country. According to a survey made by the German Marshall Fund's *Transatlantic Trends*, 78 percent of Poles supported economic aid to Ukraine, 77 percent supported sanctions against Russia, and 67 percent supported helping Ukraine even if it could include the risk of conflict with Russia.<sup>98</sup>

Poland's outspoken support for Ukraine's integration in the EU as well as the Polish public's opinion demonstrating a strong EU line and willingness to help Ukraine (even if it could include risking a conflict with Russia), which indicate that the polish domestic ambitions are willing to pay a high price to make Russia pay for their actions. The strong Polish public support for the EU sanctions against Russia as well as the fact that Poland managed to take an active diplomatic role in the EU indicated that Poland has been able to keep a balance between the domestic and supranational game-arena. Furthermore, Poland also has managed to keep a fine line between active support for Ukraine and supporting Western unity, which indicates that Poland at the same time also have managed to keep balance between its support to Ukraine and a support of the Western unity. The findings above clearly state that Poland's energetic political domestic ambitions to take an active diplomatic role and its outspoken strong support for the EU can explain Poland's

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<sup>91</sup>Rácz, 2014: 3

<sup>92</sup>Ibid, 2014

<sup>93</sup>Ibid, 2014:5

<sup>94</sup>Dempsey Judy, 2015

<sup>95</sup>Lenoir, Francois, 2014

<sup>96</sup>Ibid, 2014

<sup>97</sup>Ibid, 2014

<sup>98</sup>Forbrig, 2015: 35

taken position in the sanction war. The hypothesis *domestic political ambitions* can therefore be adopted as one possible explanation.

### 5.1.2 The Czech Republic

The public opinion in the Czech Republic and foreign policy elite is deeply cleaved regarding the Ukraine conflict and the political mainstream has been divided into two camps with different positions on the crisis. One camp consists of the multilateralists, stressing the need for a unified EU approach and the other camp consist of the pragmatists, who are stressing economic interests. The Czech government is very cautious in it's positioning on Russia and the Ukraine crisis, and a trend towards more unity on the issue is highly unlikely.<sup>99</sup> However, the Czech Republic is in favour of and contribution to a strengthening NATO in the Baltic region and has cancelled the Rosatom-led Temelín nuclear power project<sup>100</sup> (a project adding two reactors to the existing two at Temelín). The explanation for cancelling the project may have been the fact that the Ukraine crisis triggered many Czech politicians speaking out in opposition to allowing any Russian firm access to such an important project and in the end however, it was domestic subterfuge that may have been the project's eventual undoing.<sup>101</sup> The cancelling of the nuclear project seems also to have been made because of the low wholesale power prices and Russia's refusal to provide price guarantees.<sup>102</sup> The Czech Republic's choice to contribute to a strengthening NATO and to cancel the Temelín project is actions that points towards an altogether higher level of commitment to a stronger Western reaction to Russian policies unlike either Slovakia or Hungary.<sup>103</sup> The Czech public opinion is divided on the sanctions, although 41 percent agree with the country's imposition, 39 percent are against. The supportive group of the public is more pronounced on the right, while the public on the left side of the political scale dominates a negative view towards the sanctions.<sup>104</sup>

The Czech Republic's foreign policy very much depends on which parties are currently in power. Generally, however, one could conclude that the Communists are more PRO-Russian, the Socialists more ambivalent and the centre-right rather more pro-NATO.<sup>105</sup> Since 2014 the government coalition in the Czech Republic is headed by the Social Democrat leader *Bohuslav Sobotka*<sup>106</sup> and consist of three different parties: the Social Democrats (CSSD), the billionaire *Andrej Babis*' party "Action for Dissatisfied Citizens" (ANO), and the right-wing conservative

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<sup>99</sup>Forbrig, 2015: 15

<sup>100</sup>Rácz, 2014: 3

<sup>101</sup>The Economist, 2014

<sup>102</sup>Lopatka, Jan, Muller, Robert, 2014

<sup>103</sup>Rácz, 2014: 7

<sup>104</sup>Forbrig, 2015: 14-15

<sup>105</sup>Markovic, 2014: 2-3

<sup>106</sup>BBC NEWS - Europe, 2014

Christian Democrats (KDU-CSL).<sup>107</sup> The coalition government in the Czech Republic is split over the issue regarding the EU sanctions against Russia and the Socialists have reserved the right to oppose any new forthcoming sanctions due to economic costs. The more center-right coalition partner, the party “Action for Dissatisfied Citizens” (ANO), agrees with the Social Democrats position, while the other coalition partner, the right-wing conservative Christian Democrats (KDU-CSL), is in favour of stronger and more effective sanctions against Russia.<sup>108</sup>

The Czech Republic had traditionally a robust approach to defending human rights, however this approach is not widely shared by the Czech population. The disparity among the public explains the results of the country’s first direct presidential election in January 2013. The former minister *Karel Schwarzenberg* who was the living symbol of the Czech human rights policy, was defeated by the populist *Miloš Zeman*, who instead is very sympathetic towards the Russian and Chinese regimes.<sup>109</sup> The Czech Republic’s foreign policy has during a long time of period been characterized by a lasting focus on human rights, which often have put the Czech Republic in a very Russia-critical position.<sup>110</sup> The current cabinet of *Bohuslav Sobotka* in Czech Republic has however modified the traditional Czech policy established a new doctrine of supporting rights based on the promotion of all three generations of human rights. However, the promotion of “three generation” of human rights, meaning primarily social and economic rights, promoting an acceptance of policies of non-democratic states, such as Russia and China. During the Ukraine crisis this modification became visible when both *Sobotka* and the left-wing president *Milos Zeman* avoided a clear support of Ukraine. The Czech Republic did however not recognize the annexation of Crimea but *Zeman* and *Sobotka* have strongly criticised the EU sanctions against Russia.<sup>111</sup>

The Czech Republic’s domestic political ambitions are contradictory. On the one hand, the Czech republic demonstrates deeply cleavages on the issue both within the public and the elite and has taken a rather cautious position. On the other hand, have the Czech Republic shown on small steps towards a higher level of commitment to a stronger Western reaction. *The hypothesis, domestic political ambition*, cannot be seen to be crucial for the explanation of the Czech position on the sanction war.

### 5.1.3 Slovakia

Both Slovakia and Hungary are clearly against the EU’s implementation of “level 3” sanctions and furthermore generally cautious about taking a too tough stance on

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<sup>107</sup> Salzmann, Marcus, 2013

<sup>108</sup> Markovic, 2014: 2-3

<sup>109</sup> Ehl, Martin, 2015

<sup>110</sup> Rácz, 2014: 5

<sup>111</sup> Koltuniak, Lukasz, 2014

Russia.<sup>112</sup> Slovakia's and Hungary's stance in the conflict can be described as a clear and safe choice with the aim to score point with Russia in exchange for not supporting the sanctions and at the same time safeguarding their political and economic relations with Russia.<sup>113</sup> Slovakia has questioned the rationale of the sanctions that the EU imposed on Russia<sup>114</sup> and is furthermore, regarding normative issues, much more pragmatic about Russia and pay less attention to normative issues than Poland and the Czech Republic do, also when it comes to the democracy and human rights situation in Russia.<sup>115</sup>

The Slovak ruling party Smer-SD ('Direction - Social Democracy') is a relatively new Slovak<sup>116</sup> center-left party<sup>117</sup> who won the parliamentary election in 2006. The party leader, *Robert Fico*, is the current prime minister of Slovakia.<sup>118</sup> The ruling Smer-SD party tries to combine two contradictory policy lines towards the Ukraine crisis. On the one hand, it supports Ukraine's European integration process; but at the same time the Smer-SD party opposes EU sanctions against Russia. The Smer-SD party's unclear position on the Ukraine crisis as well as its diffuse position on Russia's annexation of Crimea and the support it provides to separatists in *Donbass*, have been criticized from leaders of the parliamentary opposition.<sup>119</sup> *Fico* have been criticised for having an unusual spot for non-democratic regimes<sup>120</sup> and *Fico* continues to be one of the most outspoken European leaders pushing for peace talks between the Ukraine government and pro-Russia separatist in the east.<sup>121</sup> On the EU summit in May 2014 that acknowledged preparatory work on targeted measures against Russia, *Fico* stated that tougher sanctions would be 'suicidal' and 'nonsensical'. *Fico* has furthermore rejected an increase of Slovakia's defence spending and to meet the country's commitments under NATO membership, especially due to Russia's military aggression against Ukraine.<sup>122</sup>

NGOs and think-tanks have contributed to the public debate on the Ukraine crisis by calling on the government to meet NATO and EU membership commitments, to support the European integration of Ukraine, and to assist Ukraine facing Russia's aggression and implementing reforms.<sup>123</sup> *Fico* have favoured pragmatic zero-conflict relations with Russia over closer ties with the EU of Eastern Partnership countries".<sup>124</sup> Prime Minister *Fico*'s anti-sanctions rhetoric is however not the only official view of the Ukraine crisis. *Ivan Šparovič*, the

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<sup>112</sup> Rácz, 2014: 3

<sup>113</sup> Ibid, 2014: 7

<sup>114</sup> Forbrig, 2015: 22

<sup>115</sup> Rácz, 2014: 5

<sup>116</sup> EurActiv, 2009

<sup>117</sup> Forbrig, 2015: 43

<sup>118</sup> EurActiv, 2009

<sup>119</sup> Forbrig, 2015: 43

<sup>120</sup> Koltuniak, Lukasz, 2014

<sup>121</sup> Emerging Europe Monitor Central Europe & Baltics, 2015:8

<sup>122</sup> Forbrig, 2015: 43

<sup>123</sup> Forbrig, 2015: 45

<sup>124</sup> Ibid, 2015:44

Slovak Prime Minister until June 2014, elected with support of *Fico*'s Smer-SD party, was the first to publicly declare that the EU should respond towards Russia's action in Ukraine by offering Ukraine a clear EU membership.<sup>125</sup> In Slovakia there is a division among the public on how to react on the Ukraine crisis.<sup>126</sup> "According one poll, 45 percent of the citizens agree that Slovakia should support the European Integration of Ukraine, while 49 percent say the EU should not punish Russia."<sup>127</sup>

According to the Polish institute of international affairs, the belief of Slovakia in the primacy on not distancing Russia is built not only on Slovakia's energy dependence on Russia, or on *Fico*'s personal beliefs, but also on domestic calculations. In the Slovak presidential election in 2014 the intensity of *Fico*'s criticism rise in which he lost the election to the independent candidate *Andrej Kiska*. Taking the approaching of the parliamentary election into account, which takes place in spring 2016, and *Kiska*'s pro-Ukrainian stance, a more diversified position would be of benefit for *Fico* if he is to distinguish himself from the popular president and mobilise his own electorate. According to 2014 research, the majority of Slovaks, 84 % think that the future of Ukraine should be decided without Russian influence, meanwhile more than half judge that the implementation of sanctions are a mistake. The research furthermore presents that there is a division on the role of Slovakia: 55 % see Slovakia as an active supporter of reforms in its eastern neighbourhood, while around 30 % are unequivocally against.<sup>128</sup>

The hypothesis, *domestic political ambitions*, can explain Slovakia's stand against an implementation of EU sanctions due to Prime Minister *Fico*'s anti-sanctions rhetoric, rejecting of an increase of Slovakia's defence spending as well as to live up to the country's commitments under the NATO membership. *Fico* seems to have a great influence on the domestic level and his political leadership seems to have played a crucial role in the position taken on the sanction war. As stated above *Fico*'s close ties to Russia can be explained by Slovakia's energy dependence, *Fico*'s personal beliefs as well as domestic calculations regarding the upcoming election – this indicate that a country have many underlying factors to its chosen political position. *Fico*'s political leadership keeping a pro-Russian rhetoric can from a nested game theory perspective be seen as rational move from *Fico*, both in mobilising his own electorate in the parliamentary election 2016 and at the same time safeguarding Slovakia's energy source by keep up a good Slovak-Russian relationship.

#### 5.1.4 Hungary

Hungary has since *Victor Orbán*'s national conservative Fidesz party came to power in 2010 become increasingly tilted towards Russia. The government led by the Fidesz party enjoys strong popular support domestically and has due to it's

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<sup>125</sup> Ibid, 2015:44

<sup>126</sup> Ibid, 2015:44

<sup>127</sup> Ibid, 2015:43

<sup>128</sup> Kalan, Dariusz, Vass, Agnes, 2015: 1-2

domination of the political agenda since the party's election victory in 2010 managed to shift the direction of public political discourse in Hungary. The main opposition, the centre-left Hungarian Socialist Party (MSZP), who ruled the country during the communist era perceived mismanagement of the economy, enabled the extreme-right *Jobbik* party to make significant inroads in Hungarian politics. *Jobbik* gained 23 seats out of 199 in the National Assembly in the April 2014 general election and have used the influence to shift the dynamic of Hungarian politics from a struggle between left and right to one between the right and the extreme right.<sup>129</sup> *Orbán* has criticized the sanctions himself stating that the Europe has 'shot itself in foot' and stated that the sanctions should be reconsidered.<sup>130</sup> The Hungarian government has at each step challenged the EU sanctions effectiveness and rationale of the EU sanctions against Russia and is trying to weaken the importance of the embargo on Russian goods. For the Hungarian government it is of highest importance to avoid sanctions that prohibit EU companies from taking out loans in Russian banks, which could mean that Hungary's project of the extension of the *Paks* nuclear power plant (the largest investment in Hungary made after 1989) would be frozen.<sup>131</sup>

One reason to why *Orbán* has taken a more pro-Russian stand is related to ideology. *Orbán* recently stated that the model of "Western" democracy is not any longer efficient and has instead pointed out Russia, Turkey and China as economic and political success.<sup>132</sup> The Hungarian government is being increasingly ostracized at the international level as a result of *Orbán* and his populist Fidesz Party's alleged undermining of civil liberties, increasingly discriminatory policies towards Roma and immigrants as well as statements that appear to signal a shift in government policy away from liberal democratic values.<sup>133</sup> The Hungarian public has unlike *Orbán* been quite divided over the crisis in Ukraine. The public has generally showed a very little interest in foreign policy and the debate has been limited to a small group of intellectuals and media. There was no major public debate on the Ukraine crisis and the debate held had little or no impact on the government. After the crisis eruption however a strong part of the Hungarian political elite came out directly or indirectly in support of Russia, justifying Russia's annexation of Crimea on the grounds of history and defending the Russian "minority".<sup>134</sup>

The hypothesis, *domestic political ambitions*, can explain the Hungarian stand against the sanctions. *Orbán*'s leadership has shown to be a crucial factor in the explanation of Hungary's position against tougher sanctions and the importance of avoiding sanctions seems to be connected to energy security and the Russian investment in Hungary's nuclear power plants. This indicate that energy security have a top priority in Hungary. *Orbán* uses a very outspoken strategy taking a clearly pro-Russian stand, however as mentioned above the Hungarian policy is not

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<sup>129</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 5

<sup>130</sup> Markovic, 2014

<sup>131</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>132</sup> Koltuniak, Lukasz, 2014

<sup>133</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 1

<sup>134</sup> Forbrig, 2015: 23

received with open arms in the EU which indicate that *Orbán*'s strong domestic policy makes it very difficult to keep a balance between its different on-going games. *Orbán* seems to manage a popular stance on the domestic level and have managed to keep its close ties to Russia, however Hungary is also a member of the EU and its influence on this level seems to decrease by its shift in government policy away from liberal democratic values, undermining of civil liberties and discriminatory policies towards Roma, which on the one hand makes it more difficult for Hungary to keep a balance between its domestic-, supranational- and international game arena.

## 5.2 Business interests

*Hypothesis 2 consists of Business interest (trade interests & energy security) and will explain the Visegrad countries degree of energy dependence and energy cooperation with Russia and to what extent the Visegrad countries receive gas from other countries than Russia. The hypothesis will also explain to what extent each one of the Visegrad countries trade with Russia, focusing on the country's export and import with Russia as well as which percent of the country's trade that include band products.*

Concerning Visegrad energy security, it is important to be aware of the fundamentally different situations of the four countries. All four Visegrad countries have different energy mixes, however all of them are highly dependent on Russian natural gas supplies, and are slightly less dependent on Russian oil.<sup>135</sup> The issue Europe stands in front of regarding energy security is the minimizing of individual European nations' vulnerability to energy cut-offs by multiplying grids and pipelines within the EU and thereby diversifying its energy sources outside the Union.<sup>136</sup> Of the Visegrad countries is the Czech Republic the country least dependent on Russian gas while Slovakia is the most dependent. It is however important to highlight some differences in the Visegrad country's degree of dependence on Russian gas supplies.<sup>137</sup> Besides the Visegrad countries dependence on Russia as a source country is the Visegrad region also dependent on two countries of Russian gas, namely Ukraine and Belarus.<sup>138</sup> Poland and Slovakia are key transit countries for Russian gas flowing westwards, and the Czech Republic also plays a transit role. Poland, Slovakia and the Czech Republic are consequently protected by their transit positions, meaning that Russia cannot turn off the gas supplies of these country's without endangering its other Western clients.<sup>139</sup> It

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<sup>135</sup> Rácz, 2012: 41

<sup>136</sup> Buchan, 2014

<sup>137</sup> Rácz, 2014: 5

<sup>138</sup> Rácz, 2012: 41-42

<sup>139</sup> Rácz, 2014: 5



should furthermore be added that Poland, Slovakia and the Czech Republic also already have renewed their long-term gas delivery contracts with Gazprom.<sup>140</sup>

### 5.2.1 Poland

Poland is highly dependent on Russian gas (accounting for 70 percent of domestic consumption) and oil (almost 100 percent), according to Europe Policy Paper 1/2015 "A region disunited".<sup>141</sup> However, even if Poland is starting to become much better at looking after its energy needs. Poland's state-controlled natural gas company, called PGNiG, has a long-term supply contract with Russia's gas monopoly, Gazprom. Poland have been able to import significantly more gas from Germany (thanks to the expansion of a pump station at Mallnow on the border), which for the first time means that gas in the Yamal pipeline can be pumped from west to east. This does however not mean that Poland can simply stop importing gas from Russia but having alternative gas sources means that PGNiG now is in a better negotiate position with Gazprom when the next negotiation round of the price for gas imports starts in November 2014.<sup>142</sup> Poland is also keen on using coal as one way to improve its security energy, however this goes against Germany's green ideals. Poland has the Europe's largest coal reserves and produces 90 percent of its electricity from hard coal and lignite. Lignite or brown coal still today remains as the cheapest way to produce power in Europe but as well known is it also the most polluting energy source.<sup>143</sup> Poland is today also already paying a high price to achieve some energy independence from Russia through the buying of liquefied natural gas from Qatar, which is way more expensive than Russian pipeline gas.<sup>144</sup>

The hypothesis *business interests* showed that Poland is willing to pay a high price to implement economic sanctions towards Russia, even if Poland received a great trade loss in its agricultural sector and is highly dependent on Russian gas and oil.

Regarding the trade sector is Poland the country worst hit of the sanctions among the Visegrad countries, over 73 percent of Poland's agricultural exports to Russia (approximately over 803 mln Euro), are turned out to be banned.<sup>145</sup> The Czech Republic and Slovakia's damages are expected to be much lower, about one third of the total agricultural exports to Russia, are predicted to be banned.<sup>146</sup> Hungary's losses are also expected to be far lower than Poland's, 111 mln Euro, or 50 percent of the total agricultural exports to Russia. Poland is therefore the country, which have the most to lose in the event that responds to EU sanctions

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<sup>140</sup> Ibid, 2014: 5

<sup>141</sup> Forbrig, 2015: 36

<sup>142</sup> The Economist, Eastern approaches - Poland and Russia., 2014

<sup>143</sup> The Economist, Eastern approaches - Poland and Russia., 2014

<sup>144</sup> Buchan, 2014

<sup>145</sup> Erokhin, Heijman, Ivolga, 2014: 55

<sup>146</sup> Ibid, 2014: 55-56

with economic counter-measures.<sup>147</sup> The share of agricultural exports, banned by Russia, in overall agricultural exports from the Visegrad countries to the world are very small. Of the four Visegrad countries Poland seems to be the only country that experienced a sensible cutback of its agricultural exports in 2014 due to Russia's trade sanctions.<sup>148</sup> Poland's political stances against Russia, however, come at a price. Closed borders have left Poland with around 677,000 tonnes of apples with no obvious alternative market for Poland to sell the fruit to. The problem is that while some EU countries do not trade with Russia in great quantities, Poland's apple producers export 56 per cent of their production, looking at a loss of EUR 500 million (of which only a small share will be reimbursed by the EU).<sup>149</sup> In 2013 the Polish food exports to Russia amounted to 3,000 tonnes. Polish companies who are responsible for 20 percent of EU deliveries to Russia are estimated to suffer million-dollar losses approximately per month.<sup>150</sup>

Even if Poland is the country having essential and intensive trade relations with Russia and is hardest hit by the EU sanction out of the Visegrad countries, Poland have chosen to take the toughest stance against Russia out of the four countries. Again, Poland demonstrates its willingness to pay a high price (risking economical damage) in exchange for putting pressure on Russia, which means that the hypothesis *Trade interest* therefore not can explain the position taken by Poland.

## 5.2.2 The Czech Republic

Due to the European Policy Paper 1/2015 "A Region disunited", Russia constitutes the Czech Republic's most important partner among the post-Soviet countries (however Russia's overall share of foreign trade is relatively small), accounting for only 4.5 percent of the Czech Republic's foreign trade, with Ukraine being substantially less relevant (0.9 percent). The EU member states account for 73.6 percent of the Czech Republic's foreign trade and out of the EU countries is Germany the most important trading partner with 28.6 percent, followed by Slovakia (7.3 percent) and Poland (6.7 percent). This means that the Czech economic dependence on trade with Russia is relatively small, the major share of imports from Russia consist instead of energy resources. The Russian counter sanctions can therefore not have a strong effect on the Czech national economy.<sup>151</sup> The only major Russian bank, Russia's Sberbank, holds only a 1.9 percent market share in the Czech Republic, indicating that Russia is not a top country to have foreign direct investment in the Czech Republic.<sup>152</sup>

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<sup>147</sup> Rácz, 2014: 6

<sup>148</sup> Erokhin, Heijman, Ivolga, 2014: 55-56

<sup>149</sup> Markovic, 2014

<sup>150</sup> Forbrig, 2015: 37

<sup>151</sup> Forbrig 2015: 13

<sup>152</sup> Stratfor Global intelligence, 2015

The Czech Republic is the country least dependent on Russian gas, account for 66 percent of the country's gas import.<sup>153</sup> The sanction war between EU and Russia do not have as strong effect on the national economy, on the other hand the Czech Republics energy dependence on Russia increase public concerns, even if the Czech Republic not is fully dependent on Russian energy resources, unlike some of its neighbours.<sup>154</sup> Because of the IKL pipeline (Ingolstadt-Kralupy-Litvínov pipeline) implemented 1990-1995 mainly for political and economic reasons,<sup>155</sup> carrying oil imports via Germany, the Czech Republic is neither dependent on Russia in terms of oil and nor is the country fully dependent on Russian gas because of the long-term contract on delivery of gas from Norway.<sup>156</sup> *Vaclav Klaus* (former Czech President) and *Milos Zeman* (current President) have built strong ties to Russian energy giant LUKoil. The head of the Czech division of LUKoil played a key role in organizing and financing *Zeman*'s campaign for the Presidency in 2013. Even if the LUKoil sold its network of natural gas stations in the Czech Republic to Hungary's MOLGroup in August 2014, the ties between segments of the Czech leadership and Russia still withstand.<sup>157</sup>

Because of the IKL pipeline and the Czech long-term contract on delivery of gas from Norway is the Czech Republic not fully dependent on Russian energy. The Czech Republic have taken a stand against an implementation of tough sanctions against Russia and due to the fact that the country not is fully dependent on Russian gas but however have strong ties to the Russian energy giant LUKoil, can the hypothesis *energy security* to some extent explain the Czech position. Regarding the Czech trade interests can neither this hypothesis explain the Czech position because the fact that the Czech Republic no trade with Russia to a large extend.

### 5.2.3 Slovakia

Russia is a key player in energy in Central Europe, but Slovakia is nearly fully dependent on Russian gas, oil and nuclear fuel, which is unique and distinguish Slovakia from the other V4 countries.<sup>158</sup> Slovakia (together with the Czech Republic, Hungary, Ukraine and Bulgaria) relies nearly entirely on Russian state-owned companies to fuel their nuclear power plants. For 80 million Europeans, the Russian state provides services essential to approximately 42 percent of electricity production. Slovakia is the country with the greatest Russian cooperation and highest dependence on Russian nuclear power, receiving approximately 50 percent of its electricity from nuclear generation. In comparison, Ukraine also receives a high percent, around 50 percent, Hungary generates 46 percent of its electricity

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<sup>153</sup> Rácz, 2014: 5

<sup>154</sup> Ibid, 2014: 6

<sup>155</sup> Mero CR, 2008

<sup>156</sup> Forbrig, 2015: 13

<sup>157</sup> Stratfor Global intelligence, 2015

<sup>158</sup> Kalan, Dariusz, Vass, Agnes, 2015

through nuclear, the Czech Republic one-third and Bulgaria 35 percent.<sup>159</sup> Slovakia also relies on Russia for other nuclear services, such as designing or building new power plant and have committed to a budget increase to complete the Mochovce nuclear plant, with two Russian reactors. Slovakia's investments in new Russian reactors, is likely to increase its future dependence on Russia.<sup>160</sup> As mentioned earlier Slovakia also is highly dependent on Russian gas imports, accounting for 93 percent.<sup>161</sup> Slovakia has furthermore also been involved in the South Stream project<sup>162</sup> (project aiming to strengthening the European energy security).<sup>163</sup>

The Europe Policy Paper 1/2015 - *A region Disunited? Central European Responses to the Russia-Ukraine crisis* state that it is very unlikely that Fico's government will spoil the common EU policy. "...As a left-of-centre pragmatist, Fico will never favour trade with Russia (4 percent of Slovak foreign trade in 2013) at the expense of trade with EU member state, which accounts for 85 percent of the country's foreign trade. In other words, whatever he says about the crisis, it is very unlikely that under his government Slovakia will spoil the common EU policy".<sup>164</sup> Slovakia's main trading partner in the region is Russia (bilateral trade reached billion in 2013), €11 billion followed in 2013 by Ukraine and Belarus (reaching (reaching €100 million in 2013), meanwhile other Eastern neighbours hardly figure.<sup>165</sup>

The hypothesis *energy security* plays a crucial role in explaining the Slovak position. The fact that Slovakia is nearly fully dependent on Russian gas, oil and nuclear fuel can explain why Russia find it rational for Slovakia to maintain its close ties to Russia. Due to Slovakia's dependence on EU trade one could however argue that Slovakia's choice to take a position against the EU sanctions is rather suboptimal according to that Slovakia dependence on EU trade. However, the nested game theory state that choices that appear to be suboptimal is only percept suboptimal because the observer not have taken the other on-going games into consideration. Meaning that by looking into the other hypothesis in the research our understanding for Slovakia's rational strategies will appear clearer.

## 5.2.4 Hungary

Export-driven Hungary is heavily reliant on energy imports from Russia. Russia is Hungary's most important trading partner outside the EU and is also the country's main supplier of gas and oil. Hungary's dependence on Russia has placed Hungary in a vulnerable position in times of a strained political relation between Russia and Europe. According to *Horváth Balázs* and *Adrienn Nyircsák* at the Hungarian

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<sup>159</sup> Sparks, Kathryn, 2014

<sup>160</sup> Ibid

<sup>161</sup> Rác, 2014: 5

<sup>162</sup> Ibid, 2014: 6

<sup>163</sup> EurActiv – Gazprom, 2015

<sup>164</sup> Forbrig, 2015: 46

<sup>165</sup> Ibid, 2015: 45

Academy of Sciences (MTA) is the Hungarian government however determined to protect its economic interests even if this means overriding broader political goals of punitive diplomacy.<sup>166</sup>

Hungary is heavily dependent on Russia for its natural gas supplies and Russian financial support.<sup>167</sup> Hungary has a third level of gas dependency meaning the country lacks any significant transit position. Regarding the natural gas sector, the situation could well be described as a “triple dependency”: Hungary has only one import source (Russia), one transit line (Ukraine) and owns no transit position.<sup>168</sup> Critics is often raised to *Orbán* concerning that Russia’s investment in Hungarian energy (nuclear, in particular) could create a Hungarian dependence on Russia, and to tell from Hungary’s newly received Russian support, this dependency may already be a reality. One explanation to Hungary’s stand against an implementation of tougher EU sanctions against Russia is due to Russia’s deep investment in Hungary.<sup>169</sup> In early 2015 Hungary agreed on a deal with Russia’s state nuclear company for the upgrade of a Hungarian nuclear power plant in *Paks*, financed by a 10€billion loan from Russia.<sup>170</sup> Hungary is planning on reducing it’s gas dependence in general by modernizing its existing nuclear power.<sup>171</sup> Due to an agreement made between Russia and Hungary on January 2014 will Russia both build two additional power-generating units and supply higher-enriched fuel. However, none of these deals will reduce the Hungarian energy dependence on Russia.<sup>172</sup>

*Orbán*’s government is trying to find the best possibly way to overcome a serious economic crisis, which have undermined Hungary economy over the last ten years. Hungary, therefore seeks to broaden its economic cooperation and develop good relations with e.g. China and other non-European states. However, Russia is the country, which seems to have a very special place in Hungary’s economical recovery process.<sup>173</sup> In the re-election of Prime Minister *Orbán* in April 2014 the government-managed cut in household costs and especially in gas and heating costs, which attracted many voters and played a crucial role in the re-election of *Orbán*. This means that *Orbán* now cannot afford any increase in gas prices, as the political cost would be far to high.<sup>174</sup>

The hypothesis *energy security* can explain Hungary’s taken position against tougher sanctions against Russia, due to Hungary’s dependence on Russian gas import€billionandHungary’sloanfrom10Russia modernizing it’s nuclear power plant in *Paks*. Furthermore, Hungary’s involvements in the South Stream project indicate Hungary’s willingness to continue to broaden its economic cooperation and

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<sup>166</sup> Horváthy, Balázs, Nyircsák, Adrienn, 2015

<sup>167</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 5

<sup>168</sup> Rác, András, 2012: 42

<sup>169</sup> Koltuniak, Lukasz, 2014

<sup>170</sup> Belkin, E. Mix, Woehrel, 2014: 8

<sup>171</sup> Forbrig, 2015: 22

<sup>172</sup> Forbrig, 2015: 22

<sup>173</sup> Koltuniak, Lukasz, 2014

<sup>174</sup> Rác, 2014: 5

dependency on Russia. A crucial explanation seems furthermore to be that Orbán due to otherwise to high political costs not can afford any increase in gas prices.

### 5.3 Geopolitical concerns

*Hypothesis 3 consists of Geopolitical concerns (military security) and aims to explain the country's security concern and threat perception explaining to what degree the Visegrad countries perceive Russia's actions in Ukraine as a threat to the country's security. The hypothesis will furthermore explain to extent the countries contribute to NATO regarding the Ukraine conflict.*

Looking into the NATO's reaction to the Ukraine Crisis three main issues the Visegrad countries (and Germany) revolved around can be singled out. "1) Permanent NATO bases request (threat perception), 2) strengthening of NATO's eastern flank (rhetoric discourse reassurance vs. deterrence), and 3) arms deliveries to Ukraine (conflict escalation vs. Raising costs for Russian aggression)".<sup>175</sup> Considering the request for new NATO bases the Visegrad countries have different national positions. Poland and other Eastern NATO member states raised their voice quite early after the conflict outbreak stating that the annexation of Crimea means a direct threat to their national security and requested permanent NATO bases to enhance their security. The Czech and Slovak government instead expressed the view that the recent Russian aggression did not constitute a direct threat to their countries meaning that no bases are necessary. Meanwhile the Hungarian government maintained, "radio silence" on the issue, however *Orbán* later made a statement demanding autonomy for Hungarians living in Ukrainian Zakarpattya. The NATO summit in September 2014 produced a workable compromise that accommodated the interests of both sides resulting in the factual strengthening of the NATO's eastern flank.<sup>176</sup>

The second issue consist of the fact that the rhetoric of the government officials hinted that the V4 countries different threat perception did not subside. The Czech Republic, Slovakia and Hungary followed the old German foreign policy principle of 'non-provocation' towards Russia on NATO's eastern flank, moving closer towards the Germany's position. In terms of security policy have these three V4 country's clearly moved away from Poland and other eastern countries.<sup>177</sup>

The third issue is the V4 countries divergence in security policies of Central European countries, which became more visible because of the Ukraine crisis and consisted of the possible delivery of arms to Ukraine.<sup>178</sup> Whereas Poland find arms

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<sup>175</sup> Kotyzová,ýKučák,Bahensk2015: 5

<sup>176</sup> Ibid 2015: 6

<sup>177</sup> Ibid, 2015: 6-7

<sup>178</sup> Ibid, 2015: 7

deliveries as a possible tool, Germany plus the other V4 countries (the Czech Republic, Slovakia and Hungary) opposes the arms deliveries as such and argue that this step would only lead to the escalation of the conflict in the eastern Ukraine.<sup>179</sup>

### 5.3.1 Poland

Poland stresses the importance of the EU maintaining a common line on the Ukraine crisis focusing on raising the costs of Russia's aggression through economic means, not through military means.<sup>180</sup> As mentioned above, Poland is however ready to contribute military to strengthening NATO's Eastern European defence capabilities and is demanding the deployment of US troops to the country; as of 1 May Poland is leading the NATO mission aimed at enhancing the air defence of the Baltic States. Poland is also contributing with four MiG-29 fighters and is hosting other NATO air force units. Either Slovakia or Hungary has made such commitments.<sup>181</sup> Poland's NATO and EU membership as well as Poland's bilateral alliance with the United States are the country's primary security guarantees. Poland has launched a major program of military modernization in parallel to acting through NATO and the EU, with a budget of \$40 billion over the coming decade, and furthermore increased its annual spending for defence to 2 percent of GDP.<sup>182</sup> Poland has furthermore also offered (along with the United Kingdom) military training for Ukrainian armed forces, however this training will take place in Poland and not in Ukraine.<sup>183</sup> Regarding the Polish public view on the Ukraine crisis, 78 percent of the Poles believe that Ukraine crisis poses a threat to their country security, and 69 per cent of the Poles think that imposing 'tougher' economy sanctions on Russia is the right way to act. While Poland sees the Russian threat behind the Ukraine crisis the Czech Republic, Slovakia and Hungary do not share the Polish public's worry that Russia poses a threat behind the crisis.<sup>184</sup>

The hypothesis, *geopolitical concern*, can explain Poland's taken stand for tougher sanctions against Russia because of the fact that Poland perceives the Ukraine crisis as a threat to their country security. Poland furthermore prefers to form military alliances and is ready to contribute military to strengthening NATO's Eastern European defence capabilities. The Polish threat perception can explain also the two earlier hypothesis, why Poland have taken an active diplomatic role in the conflict and why Poland is promoting the implementation of the EU sanctions even if this would mean a great economic trade loss in its agricultural sector.

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<sup>179</sup> Kotyzová,ýKufcák,Bahensk 2015: 7

<sup>180</sup> Buras, 2015

<sup>181</sup> Rácz, 2014: 5

<sup>182</sup> Forbrig, 2015: 36

<sup>183</sup> Buras, 2015

<sup>184</sup> Jarábik, 2014

### 5.3.2 The Czech Republic

The Czech geographical position is not near Russia (unlike countries such as Poland) or any areas deemed important by Russia such as Kaliningrad and Black Sea. This geographical placement of the Czech Republic provides the country with a more flexible position in formulating its geographical strategy.<sup>185</sup>

The Czech Republic is ready to contribute military to strengthening NATO's Eastern European defence capabilities and has offered Gripen fighters, 300 Czech soldiers<sup>186</sup>, a unit of special forces (150 soldiers) and transport helicopters to strengthen the Alliance. The Czech president has furthermore declared his support for NATO deterrence operations.<sup>187</sup> There is however a disagreement among the Czech representatives regarding their assessment of the situation in Ukraine. On the one hand, President *Zeman* believe that there is a civil war in Ukraine meanwhile the Czech foreign minister *Lubomir Zaoralek*, on the other hand, is more critical of Russia's operation and does not challenge Russia's engagement in Ukraine.<sup>188</sup> Furthermore, the Polish Prime Minister *Bohuslav Sobotka* and the Finance Minister *Andrej Babi* find the relations with Russia mainly as an issue of economic ties and would like to see a lifting of the sanctions as soon as possible. For both *Sobotka* and *andš Babi* is the main concern the future of European security order, since they do not find the Ukraine conflict as a potentially threat to the Czech security, but instead worries about economic damage done to Czech business interests.<sup>189</sup> The division of the political elite in the Czech Republic is furthermore reflected in the public opinion in which more than 60 percent of the Czechs perceive the conflict in Ukraine as a security threat to their country. Only 11 percent supported any kind of diplomatic action regarding the Ukraine crisis and the intensification of the conflict have made the Czechs increasingly critical of Russia. In October 2014, two-thirds of the population said that Russia posed a security threat to the country, twice as many as a year earlier.<sup>190</sup>

The Czech Republic's divided stand regarding the threat perception can furthermore explain the country's divided stand on the Ukraine crisis, however more than 60 percent of the public perceive Russia's actions as a threat. Because of the fact that most of the Czech political leaders not perceive Russia's annexation of Crimea as a threat and the fact that the Czech Republic choose to take a position against EU sanctions indicates the influence of the political leadership and is explained by the leaderships worries about the sanctions economic damage. The hypotheses, geopolitical concern, can therefore despite a divided threat perceptions not explain the countries stand against the EU sanctions.

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<sup>185</sup> Stratfor Global intelligence, 2015

<sup>186</sup> Rácz, 2014: 5

<sup>187</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>188</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>189</sup> Forbrig 2015: 14

<sup>190</sup> Markovic, 2014



### 5.3.3 Slovakia

*Fico*’s interpreting the on going crisis as a geopolitical conflict between the US and Russia and find the EU’s involvement in the conflict as causing many small EU countries to suffer.<sup>191</sup> Furthermore, the Slovak government expressed the view that the Russian aggression does not constitute a direct threat to their countries meaning that a contribution to new NATO bases not is necessary.<sup>192</sup>

Slovakia does not perceive the Russian annexation of Crimea as a threat to Slovakia and will not contribute to new NATO bases. The hypothesis *geopolitical concern* therefore does not explain Slovakia’s position against tougher sanctions against Russia.

### 5.3.4 Hungary

Hungary strongly supported the decisions of the NATO Summit in Wales in September 2014, saying that ‘significantly improve the military security of Hungary and Central Europe’ and stating that ‘we can guarantee the security of Hungary only and exclusively within the framework of NATO’. However, in parallel to these announcements, *Orbán* has tried to reconcile his strong insistence on national interests and loyalty to principles and allies, by stating: ‘we have a geopolitical situation that is factual. These are facts. We have more powerful and bigger neighbours to the East and to the West. Ideals and principles are important but national interests are more important. Consequently, we will be loyal to our NATO allies even if we do not share even 50 percent of what they say and think’.<sup>193</sup>

*Orbán*’s statement clearly state that Hungarian government prioritize Hungary’s national interests and that the support to NATO only is a way trying to maintain some sort of “good” relationship with its NATO allies. Hungary is demonstrating a more withdraw role regarding military security and does not seem to perceive Russia’s action in Ukraine as a threat. The hypothesis *geopolitical concern* can therefore not explain Hungary’s taken position against tougher sanctions on Russia.

## 5.4 The Visegrad countries EU cooperation

*Hypothesis 4 consists of European Union cooperation explaining to what extent the V4 countries can be seen to be EU-friendly, living up to the EU's model of democracy. The hypothesis will also explain how and if the V4 countries cooperation and relation with the EU have changed due to the Ukraine crisis*

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<sup>191</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>192</sup> Kotyzová,ýKufcák,Bahensk 2015: 6

<sup>193</sup> Forbrig 2015: 24

*and/or due to the countries taken stand on the implementation of tougher sanctions against Russia.*

### 5.4.1 Poland

As the Ukraine crisis escalated, the major European powers, in particular Germany, decided that it was too serious an issue to be left to 'hawkish' Poland and therefore gradually marginalized it by extension to the whole V4 group. This resulted in a further undermined solidarity among the V4 countries that saw their first attempt to be a serious player in EU foreign affairs as very frustrating. The V4 Group however managed to respond to the crisis with a large degree of unity, as Visegrad foreign ministers were among the first to visit Ukraine and express solidarity with and support for the new Ukrainian leadership in 2014. As some EU heavyweights, and especially Germany moved into a role of handling the negotiations surrounding the Ukraine crisis, Poland and the other V4 countries however were marginalized, and differences among them resurfaced.<sup>194</sup> Instead was the so-called Normandy quartet initiated consisting of negotiations between the German Chancellor *Angela Merkel* and French President *Francois Hollande*, Russia's President *Putin* and Ukraine's President *Petro Poroshenko*. This grouping of Germany, France, Russia and Ukraine became the main format for political negotiations on the Ukraine crisis, leaving Poland outside the negotiations. Even if Poland's political leaders might be frustrated about being side lined in the EU-Russia-Ukraine negotiations, Poland do not see (at least not in the short run) much room for a defining of a substantially different policy. However was the marginalisation of Poland in the diplomatic process a painful setback for Warsaw's diplomacy.<sup>195</sup>

Poland's current government position has positioned Poland as a promoter of deeper European integration, supporting Germany's conservative and fiscal stance. From being the largest beneficiary of EU funds in 2014 (receiving EUR 106 bn or 4 percent GDP per annum in terms of estimated 2014 GDP), Poland has much to gain from the EU membership.<sup>196</sup> The European Foreign Policy Scorecard 2015 shows that Poland played an eminent role in forging the EU response to Russia's actions against Ukraine, especially in the initial phase of the conflict. Prime Minister *Donald Tusk*'s tour through European capitals in February 2014 raised an awareness of the Ukraine crisis in the east and its far-reaching implications. However, even if the Poland certainly belonged to the hawks in the EU, it always prioritised a common EU stance over any unilateral action.<sup>197</sup>

Poland is a promoter of deeper European integration and has much to gain from Europe, being the largest beneficiary of EU funds and have prioritised a common EU stance over any unilateral action. However, even if Poland has not pushed for

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<sup>194</sup> Forbrig, 2015:22

<sup>195</sup> Buras – view from Warsaw, 2015

<sup>196</sup> Dijkhuizen, van Arjen, 2014

<sup>197</sup> Buras – view from Warsaw, 2015

military support on Kyiv it seems like Poland wanted the EU to send stronger political signals to Russia than many of the other EU member states, this could be the reason resulting in that Poland was left outside the negotiations on the issue. Due to the strong Polish EU support the fact that Poland stood in the first rank of countries demanding a bolder EU response towards Russia and the fact that Poland has much to gain from the EU cooperation, the hypothesis *EU cooperation* can explain Poland's taken stand for tougher sanctions against Russia.

#### 5.4.2 The Czech Republic

The official line on the Czech Foreign Ministry regarding the Ukraine crisis is that "the sanctions were unfortunately but necessary answer to the Russian aggression and that the EU should ultimately strive for their removal and restoration of normal relations with Russia, with necessary prerequisite being the compliance by Russia with international law and the removal of Russian soldiers and weapons."<sup>198</sup> The Czech foreign policy has however a long tendency of being the black sheep in the European family because of the fact that the country's EU debate was dominated by *Klaus*, a Eurosceptic former Prime Minister and later president. *Klaus*'s prominent political line in the EU debate could easily get the impression that all Czechs were Eurosceptic. The real problem was however that there was no pro-European counterbalance to *Klaus* on the Czech domestic arena.<sup>199</sup> Both President *Zeman* and his predecessor *Klaus* has committed to the Russian cause. President *Zeman* has repeatedly denied any evidence of Russian military presence in Eastern Ukraine and *Klaus* has made similar statements, adding the accusation that the West provoked the conflict in Ukraine.<sup>200</sup>

A study by the Association of International Affairs, a think tank, has portrayed the results of the Czech approach to European issues in the 2013. The 2013 edition of its 'Trend of Czech European Policy' report, based on research conducted among elites, has presented the result that 'the Czech Republic is not capable of either formulating or asserting its interests in the EU. However, [the elites] expect an improvement in this situation over the next ten years'.<sup>201</sup> According to European Carnegie "the Czech Eurosceptic elites feel they have a lot in common on European issues with the Brits – such as a sense of splendid isolation. But for the Czech Republic, that isolation is self-proclaimed, the result of weak leadership and a decades-long lack of political vision. It will take a significant effort for Prague to raise its foreign policy game."<sup>202</sup>

The hypothesis *EU cooperation* cannot explain the Czech Republic stand against an implementation of tougher EU sanctions against Russia because of the fact that a pro-European counterbalance is missing on the domestic arena

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<sup>198</sup> Forbrig, 2015: 21

<sup>199</sup> Ehl, Martin, 2015

<sup>200</sup> Forbrig, 2015: 14

<sup>201</sup> Ehl, Martin, 2015

<sup>202</sup> Ehl, Martin, 2015

presumably especially because of *Zeman's* current (and earlier *Klaus*) strong political leadership promoting the pro-Russian line. The Czech Republic difficulties to formulate or asserting its interests in the EU can however to some extent be seen as an explanation to its weak influence in the EU.

### 5.4.3 Slovakia

The Prime Minister *Fico* have stated that Slovakia reserved the right to object to further EU sanctions against Russia, if the EU decides to press ahead even thou Slovakia have agreed to the "level-one" and "level-two" sanctions. Slovakia has however never been entirely supportive of the EU's take on Russia. *Fico* has earlier criticised the Western member states for searching for unnecessary enemies (such as Russia) which have both lead two measures that are meaningless and harmful to Slovakia's interests.<sup>203</sup> *Fico* find the EU sanctions against Russia as counterproductive meaning that the EU sanctions have led to escalated tensions, which maybe will make it more difficult finding a diplomatic solution.<sup>204</sup> *Fico* believes that the EU instead should, abandon the sanctions expressing support for a ceasefire solution in Ukraine, put focus on backing efforts to forge a political solution to the crisis and keeping an open and intensive dialogue with Russia.<sup>205</sup> *Fico* and the Foreign and European Affairs Minister *Miroslav Lajcak* have stated that Slovakia conduct in the Ukraine crisis is to be a responsible EU member, including when it comes to the policy towards Russia.<sup>206</sup> The type of gesture shown by Slovakia when *Fico* confirmed that he will visit Moscow to celebrate the 70<sup>th</sup> anniversary of the end of the Second World War, was however a risky move in the light of European policy and due to the fact that the event was boycotted by Western leaders. Yet it is not only an existing awareness of Russia's influence that drives governments, but also general popular sympathy, proved by Transatlantic Trends in which Slovaks are among the nations with the most positive view of Russia. In this sense Russia have become the EU's complement equivalent, someone who Slovakia can share a similar position with. Slovakia's taken position demonstrating a close relationship with Russia raised during the left-wing, pro-European *Robert Fico's* governments (2006-2010 and since 2012).<sup>207</sup>

The contradiction between *Fico's* public statements at home and his endorsement of EU decisions in Brussels, including when it comes to the question of reverse the gas flow for Ukraine, can mainly be explained by domestic political factors.<sup>208</sup> *Fico's* government will continue to keep its double-track Eastern policy

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<sup>203</sup> Markovic, 2014

<sup>204</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>205</sup> Gniazdowski, Groszkowski, Sadecki, 2014

<sup>206</sup> Forbrig, 2015: 43

<sup>207</sup> Kalan, Dariusz, Vass, Agnes, 2015

<sup>208</sup> Forbrig 2015: 46

even if a keeping of both lines might seem incompatible.<sup>209</sup> Over the last years have Slovakia's Eastern policy strived to maintain a support both for democratic change in the Eastern Partnership countries, including their European integration, and at the same time a pragmatic cooperation with Russia. The Ukraine crisis has shown that this policy mix hardly is manageable.<sup>210</sup> Slovakia's line aim to minimize the conflict between the West and Russia by supporting any step towards a diplomatic solution on the crisis, cancellation of sanctions and reopening prospects for trade liberalization between EU and Russia. Furthermore, it will provide support to Ukraine in implementing its agreements with the EU.<sup>211</sup> If the situation appears that EU and NATO are drawn into further confrontation with Russia as a result of a further escalation of the Ukraine crisis, and if a clear majority of member states decides to toughen policy towards Russia, the government of *Fico* will accommodate. Slovakia will in this sense neither be a key driver in the conflict and nor a spoiler of EU and NATO policy in the Ukraine crisis.

The hypothesis *EU cooperation* cannot be singled out as a crucial explanation to Slovakia's stand against tougher sanctions because of the fact that *Fico*'s statements can be seen to have weakened the ties between Slovakia and the EU. Slovakia's double-track Eastern policy striving to maintain a support both for democratic change in the Eastern Partnership countries and at the same time keeping a pragmatic cooperation with Russia is demonstrating a very contradictory Slovak position. This ambivalent position might reduce the EU countries credibility of Slovakia as a EU member state.

#### 5.4.4 Hungary

Out of the Visegrad countries Hungary is certainly the odd one out facing increasingly isolation within the EU due to Hungary's continuous setbacks of their democratic standards, with *Orbán* openly questioning the value of democracy and praising alternative models of governance, such as the current one in place in Russia.<sup>212</sup> The situation could lead to that Hungary becoming increasingly isolated from decision making at a EU level also regarding to Europe's response to Russian interference in Eastern Ukraine. The most significant indicators of the shift in the government's political mind set was a statement made by *Orbán* in Romania in July 2014, when he said <sup>213</sup> 'I don't think that our (Hungary's) European Union membership precludes us from building an illiberal new state based on national foundations'.<sup>214</sup> *Orbán*'s praise of Russia in particular has risen heckles in capitals across Europe and in Brussels. While European governments strive for a tougher

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<sup>209</sup> Ibid 2015: 48

<sup>210</sup> Ibid, 2015: 44

<sup>211</sup> Ibid 2015: 48

<sup>212</sup> Visegrad Group – more than just partners, 2015

<sup>213</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 5

<sup>214</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 5

line towards Russia, the Hungarian government often called for restraint.<sup>215</sup> The Hungarian government have kept its more Russian-friendly policy questioned the rationale of the EU's sanctions against Russia and has insisted on maintaining its economic relations with Russia, especially through South Stream project and the Paks nuclear power station.<sup>216</sup> The complicated factor relating to the existence of a sizeable Hungarian minority in Ukraine, stated Prime Minister *Orbán* in May 2014, was also a statement from *Orbán* that received attention. *Orbán* stated that 'Ukraine can be neither stable, nor democratic if it does not give its minorities, including Hungarians, their due. That is, dual citizenship, collective rights, and autonomy'.<sup>217</sup> Many in the EU, the United States, and in Ukraine, interpreted the statement as tacit support for Russian demands of 'autonomy' for Eastern parts of the country that would lead to secession.<sup>218</sup>

Hungary has clearly showed that its rational path is to follow a more Russian-friendly policy and Hungary has questioned the rationale of the EU sanctions. *Orbán's* very critical statement that Hungary's EU membership not precludes Hungary from building an illiberal new state was especially staggering in the EU and indicated a shift in the government's political mind set away from democratic standards. Hungary's very explicit way of distance itself from the EU have resulted in an increasingly isolation of Hungary in the EU, which indicates that Hungary have been forced to sacrifice its EU relation to some extent in exchange for a clear Russian stand. This "move" could be seen as to safeguarding Hungary's economic development and its Russian energy cooperation.

## 5.5 *External cooperation with non-EU countries*

*Hypothesis 5 consists of External cooperation with non-EU countries and aims to explain the V4 countries cooperation and relation with Ukraine and Russia. The hypothesis will map out to what extent the V4 countries relationship with Ukraine and Russia has influenced the V4 countries position on the sanctions against Russia.*

### 5.5.1 Poland

"Poland finds itself between the devil and the deep blue sea"<sup>219</sup> and is the only EU and NATO member that borders both Ukraine and Russia and Poland is furthermore highly dependent on Russian gas and oil. Poland and Russia

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<sup>215</sup> Emerging Europe Monitor Central Europe & Baltics, 2015: 5

<sup>216</sup> Forbrig, 2015: 22

<sup>217</sup> Ibid

<sup>218</sup> Ibid

<sup>219</sup> Forbrig 2015: 36

demonstrates contradicting security identities: Poland with a transatlantic identity relying on cooperation, and Russia with post-imperial with an aim of self-reliance. The sustainability of Poland's and Russia's identities relies to a great extent on Ukraine's strategic choice between so called transatlanticism and Eurasianism.<sup>220</sup>

Out of the V4 Group, only Poland is a direct neighbour of Russia via the Kaliningrad enclave. However, minority related connections are non-existent. The V4 countries have no sizeable minorities in Russia, and there is furthermore no Russian minority in the region.<sup>221</sup> Poland is one of the countries most affected by changes in the global and regional security environment resulting from the Ukrainian crisis due to growing instability in Ukraine, increasingly negative dynamics of bi-lateral relations with Russia and ambiguous international reactions to the annexation of Crimea. The Ukraine crisis has led to further weakening of already strained Polish-Russian relations.<sup>222</sup> First of all, have the sanctions disrupted the economic exchange between the countries, second of all, is the Polish-Russian political dialogue antagonistic on both bilateral and multilateral forums, third of all does the military relations remain confronted with both sides seeing each other as enemies and forth political high-level cultural initiatives are being cancelled.<sup>223</sup>

Regarding Ukraine is Poland by far the country out of the Visegrad four who demonstrates the most consistent support of Ukraine. Poland played a key role in introducing restrictive economic measures against Russia. Furthermore, the Polish Foreign Minister, *Radoslaw Sikorski* together with German and French counterparts, played a crucial role in brokering a deal between Ukraine's President *Yanukovych* and the opposition, which led to a stop of the violence against *Euromaidan* protestors.<sup>224</sup> The Polish gas import do not however mainly pass through Ukraine but rather through Belarus, and Poland is therefore not dependent on Ukraine in terms of energy transit meanwhile the other three V4 countries are almost wholly reliant.<sup>225</sup>

The Ukraine crisis has weakened an already strained relation between Poland and Russia and resulted in negative dynamics of bi-lateral relations, which could be explained by the fact that Poland played a key role in introducing restrictive economic measures against Russia. Poland has instead chosen to show its strong support to Ukraine, in which Poland have kept its good relation with Ukraine. The Hypothesis *external cooperation with non-EU countries* can therefore explain Poland's position on the issue due to the fact that Poland have played a crucial role in the negotiations to stop the violence in Ukraine and furthermore showed on a consistent support of Ukraine.

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<sup>220</sup> Ibid, 2015: 36

<sup>221</sup> Rácz, 2014: 4

<sup>222</sup> Klus, 2014

<sup>223</sup> Ibid

<sup>224</sup> Visegrad Group – More than just partners, 2015

<sup>225</sup> Rácz, 2014: 4

## 5.5.2 The Czech Republic

Russia and the Czech Republic demonstrate a friendly relationship and cooperation on issues such as nuclear energy.<sup>226</sup> The Czech Republic has traditionally been balanced between Russia and the West and still does, however the Ukraine crisis has showed indications on a shift in the country's foreign policy to strengthen relations with the Western allies. In November *Sobotka* travelled to the United States for a four-day visit, which included a meeting with Vice president *Joe Biden*, and two weeks later, *Sobotka* met his Polish counterpart in Prague, where the leaders discussed the Ukraine crisis. What has appeared after these meetings is that the West's attempt to influence the Czech position seems to have been successful, increasingly leading the Czech government to evolve its public position on an implementation of European sanctions towards Russia. Earlier has *Sobotka* raised concerns regarding European sanctions during the late summer and early fall in 2014, and stated in November 2014 that the EU sanctions are hurting Russia's economy and is not likely to change Russia's behaviour. However in December, a subtle shift took place in Prague. The State Secretary for EU Affairs *Tomas Prouza* issued a statement from the Czech government's perspective acknowledging that the EU should not consider softening the sanctions unless the Kremlin clearly changes its course of action in Ukraine.<sup>227</sup> The Czech Republic still balance itself between the West and Russia, but *Prouza*'s statement indicate that Russia may no longer be able to count on the Czech Republic as an ally in neutralizing sanctions like it earlier used to.<sup>228</sup>

Regarding the Czech Republic's relation with Ukraine, have the Czech President *Zeman*, earned himself a poor reputation in Ukraine. *Zeman* have in several public statements criticized the *Euromaidan* political protest, arguing that Ukraine should be a non-aligned country, furthermore suggesting that Ukraine should not have illusions about Crimea's return to Ukraine. In a ruthless manner in November 2014 *Zeman* called Europe's economic support of Ukraine nonsense, however according himself his statement did not take the country's on-going civil war into account. The Czech Prime Minister *Sobotka*, publicly distanced himself from *Zeman*'s statements and stance on Ukraine and Ukrainian diplomats repeated that it is the position of the Czech government that is taken as a reference point in the relations with the Czech Republic. *Zaoralek* (the Czech minister of foreign affairs) seems to have managed to counterbalance *Zeman*'s team well in pledging support to Ukraine and not opposing sanctions against Russia, however neither actively promoting the implementation of sanctions.<sup>229</sup>

Even if the Czech Republic continuously is demonstrating a traditionally balanced position between Russia and the West, have the Ukraine crisis showed indications on a shift in the country's foreign policy to strengthen relations with the

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<sup>226</sup> Stratfor Global intelligence, 2015

<sup>227</sup> Ibid

<sup>228</sup> Ibid

<sup>229</sup> Visegrad Group – More than just partners, 2015



Western allies, which in turn could weaken the Czech Republic's relationship and cooperation with Russia. The Czech Republic's bilateral meeting with the US seems to have affected the Czech Republic towards a foreign policy shift. The hypothesis of external cooperation with non-EU countries, regarding the Czech Republic's talks with the US therefore speaks against the Czech Republic's taken position against tougher sanctions on Russia. Regarding the Czech Republic's relation with Ukraine, *Zeman's* statement seems to have weakened the relationship between the countries, however, *Zeman's* statement can not be seen as a crucial explanation for the Czech Republic's stand against an implementation of tougher sanctions.

### 5.5.3 Slovakia

Slovakia's eastern policy has for a long time been the most Russia-oriented and Slovakia remains one of the most pro-Russian countries in the EU. The Ukraine crisis has however brought new challenges, developments in the energy sector open a new door for Slovakia to become more independent from Moscow and, ultimately, also to change its foreign policy model.<sup>230</sup> At the same time strong convictions of the need to maintain good relations with Russia remain in government circles.<sup>231</sup> The relationship between Russia and Slovakia however got strained during the autumn 2014 when Slovakia in September 2014 launched a reverse flow on the reconstructed Voyany-Uzhgorod pipeline to Ukraine, under pressure from the EU and the United States. This "move" was however strongly criticised by Gazprom, however *Sergey Lavro* (the Russian Foreign Minister) eventually confirmed that the reverse flow does not break the long-term contract with Slovakia.<sup>232</sup>

Regarding Slovakia's relation to Ukraine, the Slovak government stated its support for Ukraine's Association Agreement, including a Deep and Comprehensive Free Trade Agreement (DCFTA) with Ukraine, Moldova, and Georgia, meanwhile trying to maintain good relations with Russia.<sup>233</sup> The Slovak government has shown its support for Ukraine by two initiated meetings in 2013 created by foreign ministers of some EU countries, in order to promote the signature of an association agreement with Ukraine at the Vilnius summit in November of that year. Slovakia has furthermore expressed its support for a new government in Ukraine that was the outcome of the EuroMaidan,<sup>234</sup> as well as its support for the territorial integrity of Ukraine and its European integration course towards the EU.<sup>235</sup> Furthermore, *Fico's* presidential loss last year to pro-Ukrainian

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<sup>230</sup> Kalan, Dariusz, Vass, Agnes, 2015: 1

<sup>231</sup> Ibid

<sup>232</sup> Ibid, 2015: 2

<sup>233</sup> Forbrig 2015: 45

<sup>234</sup> Ibid

<sup>235</sup> Ibid

*Andrej Kiska*, indicate a wider public disagreement with the Slovak government's position on the Russian-Ukraine confrontation.<sup>236</sup>

The hypothesis *external cooperation with non-EU countries* can on the one hand explain the Slovak position against an implementation of sanctions due to its cooperation with Russia in the energy sector and its pro-Russian stand. However Slovakia's reverse flow on a pipeline to Ukraine and Slovakia's general support for the Ukraine's integration in the EU send signals of a movement towards a more EU-friendly stand on the issue. All together Slovakia demonstrates a rather ambivalent position.

#### 5.5.4 Hungary

When *Orbán* met *Putin* in Moscow in beginning of 2013 a strategic partnership was established called "the strategy of opening towards the East",<sup>237</sup> to strengthen the cooperation with Russia (as well as China) to be able to reap from the economic benefits offered by Eastern partners. This kind of policy points at the dependence on Russian oil and especially gas supplies.<sup>238</sup> What could be seen as a problem with Hungary's "opening towards the East" is the fact that what the "opening" consists of Russia's construction of two nuclear reactors in Hungary, promotion of the South Stream Pipeline and agricultural trade. Russia was in 2013 the guest of honour at Hungary's agricultural fair in Budapest, where a renewal of commercial treaties between the two states was announced. Russia could be pointed out as Hungary's preferred non-EU economic partner, and furthermore also due to the Russia and Hungary's announced opening of Russian-Hungarian chambers of commerce from Moscow to Rostov, Krasnoyarsk, Irkutsk or Novorosisk – all of them, strategic points. Taken all those different cooperation's into consideration an extremely consistent diplomatic game as well as a strategic partnership is starting to operate at all levels. It is the Hungary's official and legitimate representatives who promote strategic agreements with Moscow and who signs contracts allowing Russia to build two nuclear reactors in Hungary, who furthermore avoid condemning any Russian actions in Crimea and who promote the South Stream oil-pipeline, blocking Ukraine.<sup>239</sup> In November 2014, *Orbán* however took a stronger stance than before in support of Ukraine, stating that Hungary's interest is for Ukraine to retain its sovereignty and to be strong, stating that Hungary we're going to give all the help it could to Ukraine.<sup>240</sup>

Hungary's dependence on Russian energy as well as the established of the so-called "strategy of opening towards the East" indicates a strong relationship and cooperation between Hungary and Russia. The hypothesis *external cooperation*

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<sup>236</sup> Visegrad Group – More than just partners, 2015

<sup>237</sup> Dungaciu, 2014

<sup>238</sup> Forbrig, 2015: 21

<sup>239</sup> Dungaciu, 2014

<sup>240</sup> Forbrig 2015: 24

with non-EU countries can therefore be seen to explain Hungary's position against tougher sanctions on Russia. However Hungary's surprisingly turn suddenly stating its support for Ukraine speaks against Hungary's strong relationship with Russia and could rather be considered as a strategy trying to maintain "a good tone" with the EU.

## 5.6 Overview Table hypotheses

### Overview of the explanatory factors "for" or "against" an implementation of EU sanctions against Russia

**Hypothesis 1** (domestic political ambitions)

**Hypothesis 2** (Business interests)

**Hypothesis 3** (geopolitical concern)

**Hypothesis 4** (EU cooperation)

**Hypothesis 5** (external cooperation with non-EU countries)

<u>Poland</u>	<b>PRO-Sanctions</b>	<b>Against sanctions</b>
<b>Hypothesis 1</b>	An active diplomatic role + Strongly PRO EU	
<b>Hypothesis 2</b>	Willing to pay a high price for the sanctions+ Coal holder & alternative gas sources + Pushing for a reducing of energy dependence on Russia	Dependent on Russian gas
<b>Hypothesis 3</b>	Threat perception + Wants to raise the costs for Russia's behaviour	
<b>Hypothesis 4</b>	Promoter of EU integration + Obtains EU funding	
<b>Hypothesis 5</b>	Increasingly antagonistic Polish-Russian relation	

<u>Czech Republic</u>	<b>PRO-Sanctions</b>	<b>Against sanctions</b>
<b>Hypothesis 1</b>	Ambivalent position between EU and Russia	Ambivalent role between EU and Russia
<b>Hypothesis 2</b>	Low trade with Russia + Gas from Norway + cancelled the Rosatom-led Temelin nuclear power project + Carrying oil imports from Germany	Strong ties with <i>LUK-oil</i> +Receives gas & nuclear power from Russia
<b>Hypothesis 3</b>	Czech public's threat perception + Contributing to a strengthening of NATO	Ambivalent role between EU and Russia



<b>Hypothesis 4</b>		No pro-EU line on the domestic arena
<b>Hypothesis 5</b>	Czech foreign policy shift + <i>Sobotka</i> 's expressed support for Ukraine	Traditionally balanced between Russia & the West + <i>Zeman</i> 's pro-Russian statements

<b>Slovakia</b>	<b>PRO-Sanctions</b>	<b>Against sanctions</b>
<b>Hypothesis 1</b>	Ambivalent position between EU & Russia + Domestic calculations (Parliament election in 2016)	Political leadership
<b>Hypothesis 2</b>	Dependent on EU trade	Low trade with Russia + Dependent on Russian gas, oil & nuclear fuel
<b>Hypothesis 3</b>		No threat perception
<b>Hypothesis 4</b>	Double-track Eastern policy + Support democratic change & EU integration in the Eastern Partnership	Pragmatic cooperation with Russia + Criticising the EU
<b>Hypothesis 5</b>	Shown its support for Ukraine	Strong pro-Russian + Russian-oriented policy

<b>Hungary</b>	<b>PRO-Sanctions</b>	<b>Against sanctions</b>
<b>Hypothesis 1</b>	Public divided on the issue + Low public interest	Political leadership
<b>Hypothesis 2</b>		Economic cooperation with Russia + Deep Russian investment in Hungary + Dependent on Russian gas & nuclear fuel
<b>Hypothesis 3</b>		No threat perception
<b>Hypothesis 4</b>		Russian-friendly policy + Condemned liberal democracy
<b>Hypothesis 5</b>		Good relation with Russia

## 6 Discussion

*The discussion aims to answer the research question; what is behind the V4 countries different positions and lack of unity on the EU sanctions towards Russia? Below is the result of each one of the countries hypotheses presented highlighting the most strategically important hypothesis as well as reflections on the country's choices.*

The V4 countries' different actions, priorities and perceptions have shown a complex playfield, which involves many different actors and their relations in different arenas creating a widespread network and has made a nested game visible in the sanction war between EU and Russia.

Poland's position in this nested game, responding in a consistent and forceful manner to Russian's actions, could at first sight be seen as a suboptimal choice, due to the fact that Poland has intensive business contacts with Russia, and might not appear as the most rational "move" of Poland. Despite Poland's major trade loss caused by the Russian retaliatory measures, Poland keeps its position promoting an implementation of even tougher sanctions towards Russia. However, by the creation of an arena dynamics looking into the five hypothesis and connect these to the three different arenas many new aspects become visible. Poland's chosen position taking a clear stand for an implementation of the EU sanctions towards Russia can be seen as a rational "move" in protecting the country's security against the threat that Poland considers Russia to give the appearance of. In this specific situation, in a sanction war between EU and Russia, Poland prioritizes its security environment before any other interest and thereby risks its energy security and its relation to Russia. By doing so Poland however kept a fine balance between its international arena supporting Ukraine and at the same time the supranational arena supporting the Western Unity. Furthermore, Poland has succeeded in getting its public on board, showing a majority support for an implementation of sanctions, which indicates that Poland has managed to influence the domestic policy also in the supranational arena. Because the political games are nested into a web of different countries goal achievement and difficulty to keep a balance between all the different games, the countries choices come at a price. In Poland's case this "price" consists of a weakening of the Russian relationship and a great trade loss for the maintenance of the country's security.

The Czech Republic's strategy in this nested game has shown to be an ambivalent position sending signals of its support to both Russia and the EU trying to keep a balance between Russia and the West. The Czech ambivalent position can be perceived as rational due to the fact that the Czech Republic did not shut the door to any of its on-going games, neither on the supranational arenas nor on the

international arena. At the same time an ambivalent position can appear to be suboptimal due the fact that it may be perceived as unclear even if the country itself might have carefully reflected upon its multipath position and taken all on-going games into consideration. However, the Czech strategy appear to be a bit vague because of the fact that both President *Zeman* and the Prime Minister *Sobotka* have chosen a more clear position on the issue, criticising the EU sanctions, addressing their non threat perception, and instead highlighting their worry for the country's economic damage. From *Zeman* and *Sobotka*'s acting to judge, promoting a pro-Russian line, the country's priority is to protect its business interest in fear of economic damage. What furthermore could explain the Czech position is the fact that there is no counterbalance to *Zeman*'s strong political leadership promoting a pro-Russian line. The fact that a counterbalance is missing makes it difficult for the Czech republic to maintain its game on the supranational arena (its political EU cooperation) and might make it more difficult for the Czech Republic to get its voice heard in the EU negotiations. The Czech Republic can be perceived as torn between two different rational strategies. The one game strategy can be considered to take a more EU-friendly position (a position pro-sanctions). The Czech Republic will not be much affected from an implementation of further sanctions due to its relatively low trade with Russia and its willing to contribute to a strengthening of NATO. At the same time the Czech Republic seems to have taken small steps away from Russia by *Sobotka*'s outspoken support for Ukraine and the governments cancelling of the *Temelin* nuclear power plant. However, this could mean that the Czech Republic is risking its relation with Russia. The other game can be considered to take a more rational Russian-friendly position, in which the Czech Republic have a lot to gain from keeping a strong relationship with Russia especially due to its gas, and nuclear cooperation even if the country is not fully dependent on Russian energy. Within this position the Czech Republic is acting "the safe way" by securing its trade and energy cooperation with Russia and there through avoiding economic damages or a weakening with its Russian relationship.

Slovakia's strategy on the nested game arena has shown to be an ambivalent one but has at the same time strongly been influenced from the country's strong pro-Russian leader (*Fico*). *Fico*'s political leadership keeping a pro-Russian rhetoric can from a nested game theory perspective be seen as a rational "move", both in mobilising his own electorate in the parliamentary election 2016 and at the same time safeguarding Slovakia's energy source by keeping up a good Slovak-Russian relationship on the international arena. In this way *Fico* manages to keep a balance between both the domestic- and the international game arena, and at the same time safeguarding the country's energy source. The fact that Slovakia is nearly fully dependent on Russian gas, oil and nuclear fuel, explains why it is rational for Slovakia to maintain its close ties to Russia. However, *Fico*'s strategy, which appears to be a balanced game between the domestic and international arena, can also be perceived as suboptimal. Slovakia's pro-Russian line makes it difficult for Slovakia to maintain its EU cooperation also due to *Fico*'s outspoken critics against the Western member states. Slovakia seems to have entangled itself into this nested game by holding on to a policy mix hardly manageable. Slovakia wants to

minimize the conflict between the West and Russia by supporting any steps towards a diplomatic solution and wants at the same time to see a cancellation of the sanctions and a reopening prospect for trade liberalization between EU and Russia. Considering Slovakia's policy mix with the aim to solve the conflict without really taken a clear stand can be seen as difficult to achieve because of the fact that a rational "move" have consequences in all arenas. *Tsebelis* argue that an optimal alternative in one arena (or game) will not necessarily be optimal with respect to the entire network of arenas. This means that Slovakia's rational "move" (its position against sanctions) can lead to a suboptimal situation on another arena (a wakening of its the EU cooperation) however, the chosen "move" is still the most optimal choice for Slovakia (but a weakening of the EU is cooperation necessary to achieve that goal).

Hungary's rational strategy in this nested game is to respond with a clear repudiation against an implementation of tougher sanctions and against the EU's actions regarding the conflict, and is furthermore demonstrating a shift away from liberal democratic values. The Hungarian strategy can be considered rational when taking all arenas into account. First of all, the Hungarian government is determined to protect its economic interests (both because of its economic cooperation and energy dependence on Russia) but also because *Orbán* cannot afford any increase in gas prices. This means that *Orbán* is nested in a game in which he has to satisfy the public opinion in keeping the gas prices low which means that he must keep his close relationship to Russia to secure the country's energy source. At the same time is Hungary a member of the EU and NATO, which on the other hand speaks against Hungary's pro-Russian stand. However, with the understanding for Hungary's economic prioritize Hungary presumably find itself to gain more from a pro-Russian stand than from cooperation with the EU and NATO. Taking the supranational arena into account one can distinguish that Hungary's distancing from EU come at a price and have resulted in an increasingly isolation of Hungary in the EU. This indicate that Hungary's rational game on the domestic and international arena is changing the game for Hungary at the supranational arena, in which Hungary seems to have weakened its EU relation and from now on might have a difficult time to take part in the EU negotiations.



# 7 Conclusion

The results of the research show that the countries positions and decisions within the three arenas, from their point of view, can be explained as rational choices and strategically decisions taken in the nested game surrounding the sanction war against Russia. Due to the fact that each of the V4 countries act rational to maximize their goal achievement, a coherence problem occur, which causes a lack of unity on the EU sanctions towards Russia.

The research reveals that to be able to understand the V4 countries' rational strategies (or suboptimal choices), it is important to include all explanatory factors to be able to single out which of the explanatory factors that have played the decisive role for the country's position. A country's position can be perceived as suboptimal but the nested game theory helps us to see that countries always make rational decisions based on what can be considered as most rational for the country itself. However, if we would not include all the explanatory factors it would be difficult to single out which explanatory factor that the country's rational choice is based on. Analysing the sanction war in the light of nested games provides us with an indication of how incredibly complex the collaboration among the V4 countries is and helps us to understand why a seemingly irrational decision can prove to be rational. By trying to solve this giant nested game, namely the V4 countries positions in the sanction war between the EU and Russia it has appeared that the countries positions are far more complex than we ever could have imagined and if we would have been apart of the "real" game maybe even more complex aspects could have been included in the game.

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