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The Working Paper is prepared in the framework of the RIAC research project “A New Agenda for Russia–United Kingdom Relations”. The Working Paper analyzes the main trends in British domestic and foreign policy, current Russia–UK relations. Russian–British relations have always shown great potential. The areas of common interest pointed out in this paper allow for the practical implementation of tracks working systematically at the same time – the Track One-and-a-Half and the Track II.

The views and opinions of authors expressed herein do not necessarily state or reflect those of RIAC.

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Introduction

*Russian–British relations, with their ups and downs,
are like a pendulum, defined by oscillations between
a healthy pragmatism and noticeably divergent
conceptions about their place in the world.
... If we can establish good relations with the United Kingdom,
then we can establish good relations with any country.*

A.L. Adamishin¹

Russian–British relations are characterized by their instability and in many ways depend on the political state of affairs both in the United Kingdom itself and in the West in general. In terms of foreign policy, the countries see each other as nothing more than supporting actors. In order to determine priority areas for cooperation and effective mechanisms for resolving issues that may arise, it is important to take the historical background of bilateral relations into consideration and have a clear idea about how British politicians see the national interests of their country.

The United Kingdom's place in the global system has changed over the course of the transformation of the Euro–Atlantic region's role against the background of the financial crisis and the displacement of the centre of global political and economic power from the West to the East, to the Asia–Pacific Region. When he took office as Secretary of State for Foreign and Commonwealth Affairs, William Hague noted with concern that “achieving [the country's] foreign policy objectives [had] become harder.” He explained that by 2050 the GDP of emerging economies would be 50 per cent larger than those of the G7 countries. And the views of new and potential centres of power on the issues of the non–proliferation of weapons of mass destruction, climate change and energy security do not always meet the national interests of the United Kingdom.²

¹ Anatoly Adamishin, Deputy Minister of Foreign Affairs of the USSR (1986–1990), First Deputy Minister of Foreign Affairs of the Russian Federation (1992–1994), Ambassador Extraordinary and Plenipotentiary of the Russian Federation to the UK (1994–1997), RIAC member // The Price of the Issue // Kommersant, 04.10.2011. URL: <http://www.kommersant.ru/doc/1781509> (in Russian).

² Hague W. Britain's Foreign Policy in a Networked World // GOV.UK, 01.07.2010. URL: <http://www.fco.gov.uk/en/news/latest-news/?view=Speech&id=22462590>

1. The Economic Situation in the United Kingdom

The United Kingdom, which is home to just 1 per cent of the global population, is the sixth largest economy in the world in terms of GDP (2.4 trillion USD)³ and trade turnover.⁴ At the same time, the share of various sections of the economy is unequal: agriculture accounts for 0.7 per cent of the GDP, while industry accounts for 21.1 per cent and the service sector accounts for 77.7 per cent.⁵ It should be noted that, according to United Nations Conference on Trade and Development (UNCTAD) data, the European Union, which traditionally is the largest recipient of foreign direct investment (FDI), has still to reach its pre-crisis levels: FDI flows are less than one third of their 2007 values; and investment abroad is even lower, at one quarter of its previous level. Moreover, the share of FDI in the United States and the European Union fell from 50 per cent pre-crisis to 30 per cent in 2013.

Against this background, the United Kingdom comfortably retains its position as one of the largest recipients of FDI in the world, first among European countries, while also being a leading investor. Investment in the United Kingdom fell 19 per cent from 46 billion USD in 2012 to 37 billion USD in 2013, while the volume of foreign investments dropped by 44 per cent from 35 billion USD in 2012 to 19 billion USD in 2013.⁶ According to the World Bank, the United Kingdom ranks fifth among countries with a favourable investment climate. To be sure, the country is second only to the United States in terms of accumulated foreign direct investment (1.6 trillion USD, a growth of 8.3 per cent for 2013). Over the past year, the country has increased its share of FDI in the European Union (by 17 billion USD to 19 per cent by year end 2013). For comparison, France accounts for 13 per cent of EU FDI, and Germany for 10 per cent.⁷ The expected rate of growth for the UK economy for 2014 is 3 per cent, which is slightly lower than in 2013, but significantly higher than for other European countries.⁸ According to the Organisation for Economic Co-operation and Development (OECD), economic growth in the United Kingdom will outstrip that of both Germany and France in 2015 and 2016 (2.7 and 2.5 per cent, respectively, for the United Kingdom, against 1.1 and 1.8 per cent for Germany, and 0.9 and 1.5 per cent for France).⁹

The United Kingdom ranks sixth in the world in terms of industrial output, half of which is exported. It is also one of the leading exporters of hi-tech products.

³ World Economic Outlook database April 2014 // International Monetary Fund, April 2014.
URL: <http://www.imf.org/external/pubs/ft/weo/2014/01>; United Kingdom GDP // IEconomics.
URL: <http://ieconomics.com/united-kingdom-gdp>

⁴ Hague W. Britain's Foreign Policy in a Networked World // GOV.UK, 01.07.2010.
URL: <https://www.gov.uk/government/speeches/britain-s-foreign-policy-in-a-networked-world-2>

⁵ UK Economic Structure // Economy Watch, 11.06.2013.
URL: http://www.economywatch.com/world_economy/united-kingdom/structure-of-economy.html

⁶ UNCTAD World Investment Report 2014 // UNCTAD, 2014.
URL: http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

⁷ UKTI Inward Investment Report 2013-2014 // UK Trade & Investment, 18.07.2014. URL: <https://www.gov.uk/government/publications/ukti-inward-investment-report-2013-2014/ukti-inward-investment-report-2013-2014-2>

⁸ Trading Economics. United Kingdom GDP Growth Rate.
URL: <http://www.tradingeconomics.com/united-kingdom/gdp-growth>

⁹ Advance G-20 Release. OECD World Economic Outlook. 6 November 2014.
URL: <http://www.oecd.org/eco/outlook/G20-economic-projections-handout.pdf>

Industrial production accounts for 85 per cent of the country's exports.¹⁰ Many British companies are part of integrated international chains that produce and supply semi-finished products. Others combine the creation of the end product with maintenance service, for example, in the aerospace, automotive, defence, telecommunications, pharmaceutical, and food and beverage industries.

Business in the United Kingdom proceeds from the premise that demographic changes lead to major adjustments in supply and demand on various markets. The ready availability of cheap labour makes it worthwhile from a cost-efficient point of view to move assembly plants to developing countries. However, the competitive advantage enjoyed by leading economies such as the United Kingdom with regard to highly qualified professionals is unlikely to change in the near future.

The aging population in developed countries gives rise to a growth in health spending. The United Kingdom ranks second behind the United States in exporting services.¹¹ Developing countries with an increasing proportion of young people have a growing demand for education; more than 400,000 foreign students come to study in the United Kingdom every year.¹²

The increasing revenues of emerging economies and the growing purchasing power of the global middle class opens up great opportunities for the British economy. To that end, London intends to direct its foreign policy towards defending free trade and removing trade barriers, thus helping to strengthen the position of its companies on the global markets. The emphasis will be placed on goods and services with a high added value.

¹⁰ Trading Economics. United Kingdom Exports. URL: <http://www.tradingeconomics.com/united-kingdom/exports>

¹¹ Trade in services // OECD International Trade Data.
URL: <http://data.oecd.org/trade/trade-in-services.htm#indicator-chart>

¹² Hague W. Britain's Prosperity in a Networked World. // GOV.UK, 01.07.2010.
URL: <https://www.gov.uk/government/speeches/britain-s-foreign-policy-in-a-networked-world-2>

2. The Priorities of the United Kingdom's Foreign Policy

Politics in the United Kingdom is based on the assumption that no major state or group of states threatens to attack the country with conventional weapons. There is no existential threat to the United Kingdom's security. However, in view of the openness of British society, the country is vulnerable to other threats – terrorism, cyber-attacks, and chemical and biological attacks from both state and non-state actors, as well as natural disasters.

People in the United Kingdom fear global conflicts as a result of the growing demand for natural resources, including drinking water, amidst export restrictions imposed by producing countries and stockpiling by consuming countries. Thus, in the event of a shortage of rare metals, the United Kingdom will have problems manufacturing low-carbon, military goods and dual-purpose products. The country's energy security is increasingly dependent on the supply of minerals from other regions, including conflict areas.

National interests require the active involvement of London in world affairs. The role of individual states in solving regional and global problems is no less meaningful than their representation in international institutions. This is why the United Kingdom is stepping up its bilateral relations with new partners, as well as with its traditional allies. Fearful of losing its influence in world politics and economics, London has turned to the tried-and-tested method of "punching above its weight". That is, it tries to utilize all the formal and informal levers of influence at its disposal in the international arena to advance its political and economic interests.

The United Kingdom's ability to respond to domestic and external threats to a large degree depends on how it goes about solving the problems of development within the country, including the budget deficit. Trade has an equally significant role in dictating the interests of the country. In one of his speeches the Secretary of State for Foreign and Commonwealth Affairs recalled his predecessor as Foreign Secretary, Lord Palmerston, who had said "it is the business of government to open and secure the road for the merchant."¹³ This has resulted in the new course taken by London with regard to strengthening ties with the BRICS countries.

The United Kingdom's GDP for the second quarter of 2014 was 0.2 per cent higher than its pre-crisis peak in 2008. British GDP expanded 3 per cent year-on-year in the third quarter of 2014 compared with a 3.2 per cent increase in the previous three months. Yet, preliminary estimates showed the GDP to have been 3.4 per cent higher than the pre-downturn peak of the first quarter of 2008.¹⁴ The change of track in government policy on industrial production is aimed at ensuring growth. And the purpose of the GREAT Britain Campaign launched in

¹³ Hague W. "The Business of Diplomacy" Speech.
URL: <https://www.gov.uk/government/speeches/the-business-of-diplomacy>

¹⁴ Trading Economics. United Kingdom GDP Growth Rate.
URL: <http://www.tradingeconomics.com/united-kingdom/gdp-growth>

September 2011 is to promote tourism, investment, education and business in the United Kingdom.

The foreign policy priorities of David Cameron's coalition government have taken a back seat to the task of overcoming the economic crisis, reducing the budget deficit and bringing national debt to a manageable level. Every governmental department, with the exception of the Department of Health, is facing significant budgetary cuts before the general election in 2015, with the Foreign and Commonwealth Office and the Ministry of Defence set to take hit of 24 and 8 per cent, respectively.¹⁵

The United States continues to be London's main strategic ally and trade partner. For its part, Washington has entered into negotiations with the European Union on the creation of a free-trade zone that would account for 54 per cent of gross world product.¹⁶ It has also expressed its concerns about the possibility of the United Kingdom leaving the European Union, believing that it would be in the country's best interests to remain part of the community.

Russia is keeping a keen eye on developments in the European Union, which accounts for more than half of its foreign trade. A slowdown in the economic growth of the European Union and its GDP would have negative consequences for Russia. That is why the position of the United Kingdom, as the third largest economy in the European Union, is extremely important for our country.¹⁷

UK–EU relations have deteriorated in recent years. And it is against this background that the Eurozone is moving towards closer integration in the banking and public sectors; the planned “multi-speed” Europe threatens to leave the United Kingdom on the periphery of the decision-making process. At the same time, the European Union accounts for half of the United Kingdom's trade turnover – 52 per cent for goods and services,¹⁸ which provides employment for approximately three million Brits.¹⁹

Germany is likely to seek compromises with the United Kingdom to ensure it remains part of the European Union. Germany needs a partner that will support austerity measures and a flexible labour market.

France is also bent on close cooperation. Despite their traditional differences, including the disagreement on the European Union's Common Agricultural Policy (CAP), financial problems and geopolitical considerations compel London and Paris to invest political capital in projects that are vital not only for their bilateral relations, but also for the European region as a whole – such projects as the Saint Malo Declaration in 1998 and the UK–France Summit 2010 Declaration on Defence and Security Cooperation.²⁰

¹⁵ HM Treasury, Budget 2011. URL: http://webarchive.nationalarchives.gov.uk/20130129110402/http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf

¹⁶ Fischer–Zernin M. U.S.–EU Free Trade Zone: It's Necessary to Compete in a Global Economy // News.Mic, 03.03.2013.
URL: <http://mic.com/articles/39405/u-s--eu-free-trade-zone-it-s-necessary-to-compete-in-a-global-economy>

¹⁷ Gross Domestic Product 2013 // World Bank. URL: <http://databank.worldbank.org/data/download/GDP.pdf>

¹⁸ Ed Miliband: Britain 'sleepwalking' into EU exit // BBC News, 19.11.2012.
URL: <http://www.bbc.co.uk/news/uk-politics-20385905>

¹⁹ PM urged to think again over EU referendum plan // BBC News, 18.01.2013.
URL: <http://www.bbc.co.uk/news/uk-politics-21085415>

²⁰ Anglo–French defense Treaty: At a Glance // The Telegraph, 02.11.2010.
URL: <http://www.telegraph.co.uk/news/uknews/defence/8105134/Anglo-French-defence-treaty-at-a-glance.html>

It appears that, in light of the worsening dialogue on European Union membership (a referendum is likely to take place in 2017 should the Conservatives emerge victorious in the 2015 general election), the UK government will seek to diversify its foreign policy and foreign economic relations, strengthening ties with countries outside the European Union, including Russia.

3. The Domestic Political Situation of the United Kingdom

3.1. The Search for a Development Model

In the run-up to the 2010 UK general election, in which the Conservatives were unable to command an overall majority, the Tories came up with the idea of “progressive conservatism”. The “Red Toryism” movement was developing at the depths of the Conservative Party, while the Liberals had adopted “Orange Liberalism” and Labour “Blue Labourism”. This veritable palette of party colours that the political powers borrowed from each other was a clear sign that there was a vacuum of ideas in the country at the time.

Recently, Labour’s new leader Ed Miliband spoke about the concepts of “responsible capitalism” and “One Nation Labour” (“One Nation” is a reference to the One Nation Conservatism idea developed by 19th-century British Prime Minister Benjamin Disraeli, who was concerned about the issue of social equality in the country at the time), demonstrating a lack of an original ideological system.

The central idea of Progressive Conservatism is to cut public spending by shifting part of the social functions to the people themselves (thus limiting the influence of the “Big Government” and moving towards “Big Society”) and the private sector, although the Tories seem to have all but abandoned the idea as of late.

The coalition government was unable to offer a new path of development, one that was different from that of previous governments. Nor was it able to come up with an ideologically sound project to preserve the country’s identity or guarantee sustainable economic growth amid fierce competition on the global labour market without turning to austerity measures.

Government measures to reduce the budget deficit and national debt against the background of the general economic situation have led to real household incomes dwindling at a faster rate than they did in the 1970s. A study conducted by the independent Institute for Fiscal Studies predicts that hundreds of thousands of families are at risk of falling into poverty within the next five years.²¹

Opinion polls show that Labour has held a 3–4 per cent lead over the Conservatives for some time now, with the UK Independence Party (UKIP) overtaking the Liberal Democrats to become the country’s third party.²²

The 2014 local elections – the last reshuffle before the general elections in 2015 – did not yield any surprises for any of the three leading parties. Labour’s presence in local government rose by 338 members, while the Conservatives and Liberal Democrats lost 231 and 307 places, respectively. At the same time, UKIP enjoyed a resounding success, adding 161 members to the two it had before the elections.²³

²¹ Brewer M., Browne J., Joyce R. Child and Working-Age Poverty from 2010 to 2020 // Institute for Fiscal Studies, 2011. P. 25. URL: <http://www.ifs.org.uk/comms/comm121.pdf>

²² Political Opinion Polls since May 2012 // BBC News. URL: <http://www.bbc.com/news/uk-politics-27330849>

²³ Bennett O. Local Election Results 2014 Labour Win, UKIP on the Up, Lib Dems and Tories Lose Support // Express, 23.05.2014. URL: <http://www.express.co.uk/news/uk/477668/Local-Election-Results-2014-LIVE>

Economic problems aside, the United Kingdom's membership of the European Union has become the most important factor in the country's domestic politics. Conservative Prime Minister David Cameron has to gauge the mood of his own party members, who are predominantly Eurosceptics, especially in light of the UKIP's growing popularity²⁴ and its success at the elections to the European Parliament in May 2014. UKIP finished ahead of both Labour and the Conservatives, becoming the first party in over a century to achieve this feat.

The Scottish independence referendum, which took place in September 2014, is another important political issue for the United Kingdom. Initially, when preparations for the referendum had only just began, less than a third of Scottish people were in favour of independence. In the event of a "Yes" vote, the Scottish National Party (SNP) intended to set about securing EU membership for the country and entry into the Eurozone. It also had a clear defence policy, promising to withdraw nuclear weapons from Scottish territory, while at the same time becoming a member of NATO. In the months and weeks leading up to the referendum, however, the number of people in support of Scottish independence started to grow as those who had previously been undecided now had a preference.²⁵ And shortly before the vote, opinion polls showed that the "Yes" campaign even held a slight lead.²⁶

Faced with the real threat of the collapse of the United Kingdom, the three leading parties came together as part of the "Better Together" movement. The leaders of the Tory, Labour and Liberal Democrat parties conducted an aggressive campaign for the unity of the country by offering their own versions for increasing the Scottish Parliament's powers with regard to taxation and social expenditure. In the end, 55 per cent of Scottish residents voted to remain part of the union,²⁷ with SNP leader Alex Salmond announcing his resignation in the aftermath.

Giving Scotland more powers (a bill on the matter is planned for January 2015) will affect the balance between the centre (London) and the regions (Scotland, England, Northern Ireland and Wales). These transformations will primarily affect England, which does not have a national assembly of its own (England is divided into nine constituencies). The asymmetry of rights of MPs in the national parliament was once again in the spotlight: representatives of the House of Commons in Westminster can address issues directly related to England, but they have no say on issues that have been transferred through the devolution process to the jurisdiction of the Parliament in Edinburgh. Given the weakness of the Conservatives in Scotland compared to Labour, the Tories are seizing the opportunity to put forward the idea of limiting the powers of the Scottish Parliament (which will hit Labour) when voting on bills that affect England (i.e. in constituencies where they have strong support). The United Kingdom is thus faced with the need to restructure the state system. And this adds further uncertainty to the choice of a development model for the future.

²⁴ Latest opinion polls // BBC News, 7.05.2014. URL: <http://www.bbc.co.uk/news/uk-politics-18264385>

²⁵ Curtice J. Not the Best of Mornings for Yes?: New ICM and Panelbase Polls. // Whatscotlandthinks.org, 18.05.2014. URL: <http://blog.whatscotlandthinks.org/2014/05/not-the-best-of-mornings-for-yes-new-icm-and-panelbase-polls>

²⁶ 'Yes' Campaign Lead at 2 in Scottish Referendum // YouGov, 06.09.2014. URL: <http://yougov.co.uk/news/2014/09/06/latest-scottish-referendum-poll-yes-lead/>; Poll on Scottish Independence // TNS BMRB, 09.09.2014. URL: http://tns-bmrb.co.uk/uploads/files/TNSUK_SOM2014Sep9_DataTables.pdf

²⁷ Scotland Votes No // BBC News. URL: <http://www.bbc.com/news/events/scotland-decides/results>

3.2. Prospects for the 2015 General Election

Despite its differences, the ruling coalition will continue to work up until the general elections in 2015.

The infighting inside the Conservative Party with regard to the country's membership in the European Union could lead to a serious split. David Cameron has to manoeuvre carefully to avoid further weakening of discipline within his party. Even during the landmark vote on the use of military force in Syria (August 29, 2013), 30 Tory MPs voted against their leader.

The opposition Labour Party has still to formulate a plan for the country's development, including a foreign policy strategy. Victory in the 2015 elections is not guaranteed, but its chances are fairly good.

UKIP has replaced the Liberal Democrats (Lib Dems) as the United Kingdom's third party. Due to the proportional representation voting system, UKIP is consistently increasing its presence in the European Parliament (occupying 23 of the 73 seats apportioned to the United Kingdom); however, it does not have a single representative in the House of Commons.

The Lib Dems' rating hovers around 10 per cent.²⁸ The general election is likely to result in a sharp reduction in the number of seats the party has in the House of Commons. The only way to avoid a serious crisis is to once again enter into a coalition with either the Tories or Labour.

In the absence among the three leading parties of a fresh vision of the future of the country, it will likely be current events, rather than social development trends, that sway voters' opinions in the run-up to the 2015 general elections. Opinion polls will give a true picture of the balance of political forces only a few months before the vote.

²⁸ Latest Opinion Polls // BBC News, 7.05.2014. URL: <http://www.bbc.co.uk/news/uk-politics-18264385>

4. The State of Russia–UK Relations

4.1. The Main Features of Trade and Economic Relations

Relations between Russia and the United Kingdom are inherently unstable and thus markedly different from the relations that Russia enjoys with Germany, France and Italy. But to attribute the ups and downs in Russian–British affairs to the “special relationship” that the latter has with the United States, as observers often do, is not always accurate, since, as a rule, they are governed by their own dynamics.

The thawing of relations between Russia and the United Kingdom that began in 1997 when Labour came to power was brought to an abrupt halt in 2002 with the preparations for the invasion of Iraq (at the time Moscow was strengthening ties with Paris and Berlin as part of the “Big Three” format) and the growing problem of Russian “political refugees”. The Litvinenko case had a particularly damaging effect.

However, bilateral relations received a boost as a result of the financial crisis that broke out in Europe in 2008. With the United Kingdom’s domestic economic and social stability under threat against the background of a multitude of international problems, London, guided primarily by pragmatic considerations, looked to gradually normalize relations with Moscow. Secretary of State for Business, Innovation and Skills Peter Mandelson visited Moscow in October 2008, during which the Russian and British sides reaffirmed their interest in stepping up trade in various fields, from food to auto parts. A contract was signed for the supply of British construction equipment for the Sochi Olympics, and cooperation in nanotechnology began.

David Miliband’s November 2009 visit was the first by a Secretary of State for Foreign and Commonwealth Affairs for five years. Talks resulted in the signing of three statements on international issues – Iran, Afghanistan and the Middle East. But the sides remained deadlocked in terms of bilateral relations.

Trade and economic relations continued to develop steadily even after the Litvinenko case in 2007 and the Georgian–Ossetian conflict the following year. Attempts by David Cameron’s coalition government to restore relations with Moscow have similarly been met with considerable resistance in the United Kingdom. This much was made abundantly clear by the “letter of the five” (addressed to David Cameron by four former Foreign Secretaries and a member of parliament ahead of his visit to Moscow in September 2011),²⁹ the provocative articles that appeared in the British Press about the government’s adoption of the Magnitsky List, etc.

There are more than one thousand British firms currently operating in Russia (compared to 6,000 German companies). The Russian Federation ranks 11th among importers of British goods, with exports to Russia growing at a faster rate than to any other major country. The United Kingdom is one of Russia’s

²⁹ McGree S. Cameron Told to Get Tough with Russia // The Sunday Times, 11.09.2011.
URL: <http://www.thesundaytimes.co.uk/sto/news/Politics/article773653.ece>

main investment partners. Trading volume between the two countries reached 12 billion USD in 2009, 16 billion USD in 2010, 21.2 billion USD in 2011 and 23 billion USD in 2012. The figure for 2013 was 24.6 billion USD, representing a 5.7 per cent growth from the previous year. At the same time, Russian exports increased by 9.5 per cent to 16.5 billion USD, while imports from the United Kingdom fell 1.1 per cent to 8.1 billion USD.³⁰

However, the beginning of 2014 saw a slight drop in trade and economic cooperation. Trading volume for January–February of this year fell 5.7 per cent compared to the same period for 2013: Russian exports grew 3.3 per cent, but imports from the United Kingdom plummeted 12.9 per cent to 1.01 billion USD. According to the Russian Federal State Statistics Service (Rosstat), the United Kingdom invested 18.9 billion USD in Russia in 2013. The total amount of accumulated British investments in the Russian economy as of the end of 2013 amounted to 28 billion USD: 2.7 billion USD in direct investments, 927 million USD in portfolio investments and 24.3 billion USD in other investments. This makes the United Kingdom the fifth largest investor in the Russian economy behind the Netherlands, Cyprus, Luxembourg and China. Russia invested a total of 4.6 billion USD during the same period. The total amount of accumulated Russian investments in the British economy as of the end of 2013 was 9.1 billion USD.³¹

Raw materials (mineral fuels, precious metals, etc.) traditionally make up more than 90 per cent of Russian exports. In turn, two-thirds of imports from the United Kingdom are automobiles, equipment and means of transportation.³²

Trade, economic and investment ties are not especially susceptible to the political situation. New formats of cooperation have arisen, such as the Russian–British economic and financial dialogue and the Intergovernmental Steering Committee on Trade and Investment, although the latter meets infrequently. This notwithstanding, the October 2012 meeting of the Committee was seen as a resounding success. This was followed by an agreement between the Russian Direct Investment Fund and UK Export Finance. In May 2013, during the British Prime Minister's visit to Sochi, Vladimir Putin and David Cameron discussed the idea of establishing a strategic dialogue on energy and energy-saving technologies. Interest grew on both sides through the national stock markets, with Russian companies being responsible for around 13 per cent of all IPOs on the London Stock Market.³³ The difficulties experienced by British companies in Russia (BP, for example) did not deter major British investors, as the benefits outweighed the costs.

³⁰ The Status and Prospects of the Development of Russian–British Trade and Economic Relations (as of 2013) // Integrated Foreign Economic Information Portal.
URL: http://www.ved.gov.ru/exportcountries/gb/gb_ru_relations/gb_ru_trade (in Russian).

³¹ Data provided by A.D. Bugaitso, Chief Expert at the Department of Europe and Americas of the Ministry of Economic Development of the Russian Federation, during his presentation of the Collective Monograph "Britain's Dilemmas: In Search of Ways for Development" (RIAC, April 22, 2014) (in Russian).

³² Ponomarev I. Russia–UK: The Positive Dynamics of Trade and Investment // *Torgovo-promyshlennyeVedomosti*, 26.10.2012. URL: <http://www.tpp-inform.ru/global/2846.html> (in Russian); Foreign Trade of the Russian Federation with Major Countries. January–December 2012 // Federal Customs Service of the Russian Federation.
URL: http://www.customs.ru/index2.php?option=com_content&view=article&id=17091:-2012-&catid=125:2011-02-04-16-01-54&Itemid=1976 (in Russian); Allen G. UK–Russia Trade Statistics // 22.10.2012.
URL: <http://www.parliament.uk/briefing-papers/SN06444.pdf>; Intergovernmental Relations between Russia and the United Kingdom. Reference Data // RIA Novosti, 15.02.2011.
URL: <http://www.rian.ru/spravka/20110215/334478305.html> (in Russian).

³³ Lavrov's First Visit to London: Cautious Hopes // BBC Russian Service, 14.02.2011.
URL: http://www.bbc.co.uk/russian/international/2011/02/110213_lavrov_uk_first_visit.shtml (in Russian).

4.2. Key Areas of Science and Technology Cooperation

Moscow and London are interested in developing technologies together, supporting various projects in this respect. The British company Ove Arup is involved in the creation of the Skolkovo Institute of Science and Technology in Russia. The universities of Oxford and Cambridge, Imperial College London and Glyndwr University are working with Skolkovo in the field of lasers and optics, as well as energy efficiency. Rusnano and innovation company Celtic Pharma, which specializes in biotechnological and pharmaceutical goods, are setting up the first ever joint Russian and British venture fund. The major British pharmaceutical companies AstraZeneca and GlaxoSmithKline have a significant presence in the Russian market.

David Cameron's visit to Moscow in September 2011 resulted in the signing of the Declaration on a Knowledge-Based Partnership for Modernisation between the United Kingdom and the Russian Federation.³⁴ The United Kingdom has been instrumental in the Moscow International Financial Centre project, with a successful working group meeting taking place in May 2013. In addition to this, Russia and the United Kingdom intend to support the free movement of scholars, students and teachers in the interests of economic modernisation, increasing business competitiveness and the internationalization of education. And dialogue between small and medium businesses of the two countries has been moving ahead at a rapid pace as of late.

Experts see potential in joint research projects in the fields of space exploration and solar activity, with the aim of ensuring the security of energy facilities. The Russian Federal Space Agency (Roscosmos) proposed that the United Kingdom host GLONASS receiving stations, and agreements were reached for the United Kingdom to launch its satellites with Russian assistance.

Commercial cooperation is also moving along in civil and nuclear energy. Rolls Royce and the Rosatom State Atomic Energy Corporation (Rosatom) have expressed interest in the joint construction of nuclear power plants in the United Kingdom and third countries. Military and technical cooperation was resumed following Vladimir Putin's visit to London in August 2012.

4.3. Russian–British Cooperation in Solving Global Problems

In May 2012, a plan of political consultations between the British and Russian foreign ministers was drawn up to discuss issues of strategic security, the Middle East, human rights and bilateral relations in light of the United Kingdom's presidency of the G8 and Russia's presidency of the G20. Both countries are permanent members of the UN Security Council and, as such, regularly discuss pressing international issues (the Middle East, Iran, Afghanistan). The strategic 2+2 dialogue involving the foreign and defence ministers of both countries that began in London in March 2013 provided new impetus to the normalization of political relations. Following David Cameron's visit to Russia in May 2013, the

³⁴ Declaration on a Knowledge-Based Partnership for Modernisation between the United Kingdom of Great Britain and Northern Ireland and the Russian Federation // Official Site of the President of the Russian Federation, 12.09.2011. URL: http://special.kremlin.ru/ref_notes/1032 (in Russian).

United Kingdom agreed to partially resume cooperation between the special services in connection with preparations for the Sochi Olympics. Earlier, Maxim Vintskevich, who had been accused of manslaughter, became the first person extradited by the British authorities to Russia.

However, the prospects for bilateral relations in the near future are not exactly bright. This much is evident from the serious differences of opinion with regard to the crises in Syria and Ukraine. After David Cameron threatened to veto the renewal of the EU embargo on arms supplies to the Syrian opposition, Russia warned that any attempt to supply weapons to the opponents of Bashar al-Assad's regime would constitute a violation of international law.

We should mention David Cameron's activity in the negotiations between the United States, Russia and the United Kingdom on the settlement of the Syrian conflict, namely, his May 2013 visits to Sochi and Washington with a view to moving U.S. and Russian initiatives to convene the Geneva II Conference on Syria forward. However, Foreign Secretary William Hague followed this by saying at the Friends of Syria Group meeting in Jordan that Bashar al-Assad could not be part of a solution to the Syrian crisis.³⁵ The European Union's decision to lift the arms embargo in late May 2013 under pressure from the United Kingdom and France was seen by Russia as a blow to the Geneva II process.

The chances of the Western countries in the UN Security Council securing a resolution that would open the way for military intervention in Syria are practically zero. Let us not forget that Russia and China have already vetoed resolutions on Syria on two occasions and they are not going to support foreign military intervention. This is largely due to the tragic experience of Iraq and Libya. It is the negative consequences of intervention in these countries that prompted the British Parliament to reject attempts to sanction military action in Syria, leading to tensions between Barack Obama and Congress over the issue.

Russian–British Relations in the Context of the Ukraine Crisis

The Ukraine crisis is proving to be yet another challenge for Russian–British relations. The United Kingdom contributed to the escalation of the crisis by actively lobbying Kiev to sign the Association Agreement with the European Union.³⁶

Following the Ukrainian coup d'état, which took place on February 21, 2014, David Cameron held the first meeting of the National Security Council on the issue at his residence in early March. While the Council did not make any official decisions, a document prepared by Deputy National Security Adviser Hugh Powell did find its way into the hands of the media.³⁷ The document contained the following information: 1) It is not in London's interests to support trade sanctions imposed against Russia, and the measures taken by the European Union should

³⁵ Britain seeks to lift ban on arming Syrian rebels: Hague // Xinhua, 22.05.2013.
URL: http://news.xinhuanet.com/english/world/2013-05/22/c_132401321.htm

³⁶ A Blueprint for Enhancing Understanding of and Support for the EU–Ukraine Association Agreement Including DCFTA in Ukraine // British Embassy in Kyiv, 2013. URL: http://www.stripkyzesveta.cz/public/img/britsky_manual.pdf

³⁷ A picture of the document was captured by photographer Steve Back, who specializes in disclosing secret documents brought in see-through folders by officials to No. 10 Downing Street.
URL: <http://www.theguardian.com/world/2014/mar/03/uk-seeks-russia-harm-city-london-document>

not affect Russian access to the City; 2) The United Kingdom is ready to impose visa restrictions on Russian officials; 3) London should discourage NATO discussions on a military response to Russia's actions; 4) The British authorities should be urged to work together with the European Union to ensure the gas supply to Ukraine from alternative sources; 5) Specific threats to Russia should be “contingent and used for private messaging” while public statements should “stick to generic” point; 6) A technical assistance package for Ukraine should be drawn up with other countries; 7) OSCE and/or UN observer should be sent to Crimea and Southeast Ukraine.

The events that followed have altered many of these approaches and resulted in the United Kingdom taking a much tougher stance.

Sanctions

The United Kingdom supported all the sanctions imposed by the European Union against Russia (freezing the bank accounts of Russian officials and banning them from travelling to the European Union) and continues to approve EU and G7 (after Russia was ousted from the club) diplomatic, political and economic measures. And it was the United Kingdom that headed the efforts of the European Union and G7 to reduce energy dependence on Moscow. This is a long-standing position of the United Kingdom that then Prime Minister Gordon Brown (2007–2010) made abundantly clear as far back as the 2008 Russo–Georgian crisis: do not allow Russia to “exert an energy stranglehold over Europe” (The Observer, 31.08.2008). In turn, Secretary of State for Foreign and Commonwealth Affairs William Hague expressed the belief that Europe should concentrate on reducing its energy dependence on Russia in the long term, as a complete energy boycott was practically impossible.³⁸

In response to Crimea's reunification with Russia, the Monitoring Committee of the Parliamentary Assembly of the Council of Europe (PACE) – and then the PACE itself – supported the draft resolution to strip the Russian delegation of its voting rights and the right to participate in the Assembly's governing bodies and observation missions until the end of 2014. It was a Brit, Robert Walters, who drew up the project to freeze the powers of the Russian delegation entirely.³⁹ However, in early June the Parliamentary Assembly invited Russia, which had suspended its participation in the activities of the PACE, to resume its work, albeit with limited rights.

During the run-up to the Ukrainian presidential elections, William Hague visited Moldova, Ukraine and Georgia, citing “Russian attempts to destabilize the country, provoke violence and, it seems, prevent elections happening.”⁴⁰

Government representatives and members of the royal family refused to attend the Paralympic Games in Sochi as a way of applying diplomatic pressure on Moscow. And a host of ministerial meetings were cancelled.

³⁸ Foreign Office: The UK has not Declared a Trade War on Russia // ITAR-TASS, 29.04.2014. URL: <http://itar-tass.com/mezhdunarodnaya-panorama/1154355> (in Russian).

³⁹ PACE Monitoring Committee Supports Initiative to Suspend Russia's Voting Rights until the End of the Year // Novaya Gazeta, 08.04.2014. URL: <http://www.novayagazeta.ru/news/1680541.html> (in Russian).

⁴⁰ Press Release. Foreign Secretary visits Moldova, Ukraine and Georgia // GOV.UK, 05.05.2014. URL: <https://www.gov.uk/government/news/foreign-secretary-visits-moldova-ukraine-and-georgia>

At the same time, the United Kingdom announced the opening of five new visa application centres in Russia in April, noting that ordinary Russian citizens should not suffer as a result of political sanctions. However, the work of these centres proved decidedly substandard, leading to massive problems in obtaining British visas.

In the wake of the Crimean status referendum on March 18, 2014, the United Kingdom suspended licenses for the export of military goods and dual-purpose products to Russia and third countries (in the case that the final product is intended for Russia and can be used against Ukraine); cancelled naval exercises and suspended a proposed Royal Navy ship visit – and all senior military visits – to Russia; and broke off all bilateral military cooperation, except for those in fulfilment of international treaty obligations.⁴¹

At the same time, London considers attempts to arm the Ukrainian army and relocate large NATO forces to Eastern Europe to be counterproductive. New Secretary of State for Foreign and Commonwealth Affairs Philip Hammond said:⁴² “A more aggressive military response from the West would be playing into [Putin’s] hands [...] I think that there’s a careful balance to be struck here,” he noted during a visit to Washington on March 26, 2014.⁴³ British intelligence has warned the Prime Minister that it is not worth sending troops into Ukraine, as this would trigger a full-scale war with Russia.⁴⁴

On April 28, 2014, William Hague assured MPs that the United Kingdom “had not declared a trade war or a boycott of Russia”: “There are British companies that invest heavily in Russia; these investments are made in good faith.”⁴⁵

In turn, UK Trade & Investment said that Russia was an important trading partner for the United Kingdom and each company had the right to make their own decisions with regard to trade and economic relations with Russia.⁴⁶

Nevertheless, the general atmosphere of cooperation has deteriorated noticeably, with a number of British companies freezing or rolling up projects in Russia. In spite of this, Britain’s largest energy company, Centrica, which owns British Gas, will start to import Russian gas directly from October 2014 (gas production in the United Kingdom has been falling by an average of 7 per cent per year,⁴⁷ it currently imports gas from Russia via Germany and other European countries).

⁴¹ Suspended and unsuspended extant export licences // GOV.UK, 14.04.2014.
URL: <https://www.gov.uk/government/publications/suspended-and-unsuspended-extant-export-licences>;
Update for UK companies trading in Russia and Ukraine // GOV.UK, 05.08.2014.
URL: <https://www.gov.uk/government/news/update-for-uk-companies-trading-in-russia-and-ukraine>

⁴² Hammond replaced William Hague in the post of Secretary of State for Foreign and Commonwealth Affairs July 2014.

⁴³ Baron K. U.S., U.K. Militaries Sidelined as Obama Challenges Russia // Defence One, 26.03.2014.
URL: <http://www.defenseone.com/threats/2014/03/us-uk-militaries-sidelined-obama-challenges-russia/81319>

⁴⁴ Rayment S. Military Intervention in Ukraine Risks Spiralling into ‘All-Out War’ with Russia // Mirror, 20.04.2014.
URL: <http://www.mirror.co.uk/news/uk-news/ukraine-crisis-head-mi6-warns-3434167>

⁴⁵ Foreign Office: The UK has not Declared a Trade War on Russia // ITAR-TASS, 29.04.2014.
URL: <http://itar-tass.com/mezhdunarodnaya-panorama/1154355> (in Russian).

⁴⁶ Update for UK companies trading in Russia and Ukraine // GOV.UK, 05.08.2014.
URL: <https://www.gov.uk/government/news/update-for-uk-companies-trading-in-russia-and-ukraine>

⁴⁷ Despite Sanctions, the UK is Prepared to buy Gas Directly from Russia // RIA Novosti, 26.03.2014.
URL: <http://ria.ru/world/20140326/1001056710.html> (in Russian).

Robert Dudley, Group Chief Executive and Director of BP, which owns a 20 per cent share of Rosneft (Rosneft CEO Igor Sechin was hit by the U.S. sanctions) said in April 2014 that it was “business as usual” and that the company would not abandon its investments in Rosneft.⁴⁸

BP was counting on securing a loan of 1.5–2 billion USD, with prospective lenders being Lloyds Banking Group, Deutsche Bank, HSBC and Bank of China. In early June 2014, worsening relations between Russia and the West prompted British banking group HSBC Holdings to follow in the footsteps of Lloyds Bank and pull out of a deal to provide BP with a loan for the purchase of Rosneft oil and petroleum products⁴⁹ (in 2008, the British government bought shares in major banks in response to the economic crisis and currently holds a 25 per cent stake in Lloyds).⁵⁰

The Bank of England put pressure on VTB Capital (the only Russian bank to be fully licensed in the United Kingdom), presenting it with demands which were incompatible with routine, practical supervision. According to VTB Chairman Andrey Kostin, these demands are “politically motivated”.⁵¹

In late July, London signed off on the sanctions proposed by the European Union on the Russian energy, arms and financial sectors.⁵²

Opinions in the United Kingdom on the Causes of the Crisis and the Prospects for Bilateral Relations in Light of the Situation in Ukraine

Judging from the statements made by the British government, it would be fair to say that the United Kingdom and its allies should be prepared for a different state of relations with Russia. We are talking about the EU Energy Security Strategy and its support of “democratic institutions”. The recurring theme here is Russia’s growing isolation.⁵³ Statements such as “Ukraine can be a bridge between East and West and be able to have good relations with Russia” can be heard though.⁵⁴

It is worth noting that in her annual speech, which was given in early June 2014 and sets out the government’s proposed legislative programme for the next

⁴⁸ Tkachev I. Sechin under Threat: What New Sanctions will be Imposed on Russia by the West // RBC, 15.04.2014. URL: <http://top.rbc.ru/politics/15/04/2014/918220.shtml> (in Russian); BP head Says Russian Business Unaffected by Sanctions // Reuters, 15.04.2014.

URL: <http://www.reuters.com/article/2014/04/15/bp-russia-idUSL6N0N72H0210415>

⁴⁹ Kalyukov E. HSBC Follows Lloyds Bank, Pulls out of BP–Rosneft Deal // RBC, 04.06.2014. URL: <http://top.rbc.ru/economics/04/06/2014/928464.shtml> (in Russian).

⁵⁰ Agamalova A. Lloyds Bank and HSBC Refuse to Finance BP Deal with Rosneft // Vedomosti, 04.06.2014. URL: <http://www.vedomosti.ru/finance/news/27359641/lloyds-bank-otkazalsya-finansirovat-sdelku-bp-s-rosneftu#ixzz33hTsdAlj> (in Russian).

⁵¹ Kashevarova A. A Russian Payment System Should be Set Up without State Funding // Izvestia, 10.04.2014. URL: <http://izvestia.ru/news/568938#ixzz2yZBPGQP> (in Russian).

⁵² Doing business in Russia and Ukraine: Sanctions Latest // GOV.UK, 16.09.2014. URL: <https://www.gov.uk/government/news/doing-business-in-russia-and-ukraine-sanctions-latest>

⁵³ Hague W. Russia Faces Global Isolation – Again // The Telegraph, 22.03.2014. URL: <http://www.telegraph.co.uk/news/worldnews/europe/russia/10716194/Russia-faces-global-isolation-again.html>

⁵⁴ Ukraine CRISIS: Hague Warns Russia on Long–Term Future // BBC News, 16.04.2014. URL: <http://www.bbc.com/news/uk-politics-27045638>; UK Prepared to ‘Make Sacrifices’ to help Ukraine – Hague // BBC News, 15.04.2014. URL: <http://www.bbc.com/news/uk-politics-27032149>

parliamentary session, Queen Elizabeth II said that the United Kingdom would work “for stable relations between Russia and Ukraine based on respect for national sovereignty, territorial integrity and international law.”⁵⁵

At the G7 Summit held in Brussels on June 4–5, 2014, Western countries warned that they may impose sanctions against certain sectors of the Russian economy in one month’s time if the Russian Federation did not cease violating basic international law and the territorial integrity of Ukraine, “recognize the election of new Ukrainian president Petro Poroshenko, stop the flow of arms across the border and cease support for pro–Russian separatist groups.”⁵⁶

On June 5, 2014 David Cameron rushed to meet Vladimir Putin at Charles De Gaulle Airport as he arrived in France ahead of the 70th anniversary commemorations of the Normandy landings and express his views on the situation in Ukraine. In doing so, he became the first Western leader to meet with the Russian President since the start of the crisis, beating out French President Francois Hollande, who was scheduled to have talks with him later. There was no initial handshake when the two met, but they did eventually shake hands after discussing how to find a way out of the crisis and revive the dialogue between Russia and the United Kingdom.

Another chain of events was unfolding in parallel with this. European nationalist parties and opponents to further European Union integration, including those in the United Kingdom, visibly strengthened their positions in the European Parliament following the May elections. In general, these parties supported Russia’s position in the Ukraine crisis, and not the nationalists that had come to power in Kiev.⁵⁷

The position of the UK Independence Party, which advocates the United Kingdom’s withdrawal from the European Union, attracted particular attention. A series of debates between UKIP leader Nigel Farage and Liberal Democrats frontman and Deputy Prime Minister Nick Clegg were televised back in April, with the former clearly emerging victorious in the public’s eyes. Farage accused the European Union’s foreign policy of being “imperialist, expansionist,” noting that “we are seeing vanity take the place of reason in foreign policy and the result is to destabilize a whole series of countries to no positive effect that I can discern. It is not just the Ukraine.” In his opinion, the European Union has “blood on its hands” for encouraging Ukrainians to topple their president. He said the British public were sick of being “dragged into conflicts where no pressing national interest was at stake”.⁵⁸

Most British observers agree that the Ukraine crisis threatens to bring about a long–term deterioration of relations between Russia and the West. Many believe

⁵⁵ The Queen’s Speech 2014, 04 June 2014. URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317823/Queens_Speech_lobby_pack_FINAL.pdf

⁵⁶ Cameron and Putin Clash in Tense Face–To–Face Talks in Paris, as PM become first Western Leader to Meet Russian President Since Start of Crisis in Ukraine // Mail Online, 05.06.2014. URL: <http://www.dailymail.co.uk/news/article-2649904/Cameron–Putin–clash–tense–face–face–talks–Paris–PM–Western–leader–meet–Russian–President–start–crisis–Ukraine.html>

⁵⁷ See, for example: URL: <http://itar-tass.com/mezhdunarodnaya-panorama/1307639;http://news.mail.ru/inregions/crimea/110/politics/19826722> (both in Russian).

⁵⁸ Farage: EU Does Have ‘Blood on its Hands’ over Ukraine // BBC News, 27.03.2014. URL: <http://www.bbc.com/news/uk-politics-26768602>; Clegg ‘Shocked’ by Farage’s stance on Ukraine // BBC News, 27.03.2014. URL: <http://www.bbc.com/news/uk-politics-26761258>; Clegg v Farage: Putin row grows ahead of second EU debate // BBC News, 31.03.2014. URL: <http://www.bbc.com/news/uk-politics-26817003>

that Western policy should not be aimed at punishing Russia, but rather at promoting their interests and standards through the use of “soft power”.⁵⁹

Some experts believe that Moscow’s motives have not been examined properly. The deficit in Russia expertise in the West has been noted.⁶⁰ “The positive aspect is that [...] the objectives of the Putin government appear to be both limited and rational: the protection of its regional security interests and great power status [...] Russia appears open to a negotiated resolution. The negative aspect for the US and its European partners is that sanctions and other possible punishments are likely to be ineffective, because they are trivial compared with the stakes for Russia in Ukraine. Attempted military coercion of Russia by the U.S. is unthinkable.”⁶¹

Former British Ambassadors to Russia Sir Roderic Lyne (2000–2004) and Sir Anthony Brenton (2000–2008) believe that the West needs to understand that Russia has legitimate interests in Ukraine, and it is in Kiev’s interests to have good relations with Moscow. “When the west saw need for an exception – Iraq, Kosovo, Israel – the rest privately grumbled [...] And the illusion is now fading because, of course, western predominance is also fading,” wrote Brenton. Sir Roderic Lyne believes that “for either side to approach this as a zero–sum question is a recipe for endless trouble. For as long as the current situation persists, Ukraine loses, Russia loses [...] and the West loses. Lose, lose, lose could eventually become win, win, win – but it will take time, rationality and a great deal of effort. There is no magic wand.”⁶²

Former Prime Minister of the United Kingdom and current Envoy of the Quartet on the Middle East Tony Blair has touched upon the areas of common interest for China, Russia, Europe and the United States. According to him, the greatest threat to international security is a “radicalized and politicized view of Islam.” It is therefore necessary to set disagreements about Ukraine to one side and work together with Russia and China to eliminate religious intolerance.⁶³

Yet a confrontational mood continues to prevail at the political level. For all the complexity of the situations in Libya (a country mired in civil war) and the Middle East (Sunni extremists have taken possession of a large part of the country, Iraqi Kurdistan has effectively been given the go–ahead by the West to declare its independence, the Syrian government has strengthened its positions in spite of

⁵⁹ See: Sherr J. It is Time we Stopped Praising Ukraine for ‘Exercising Restraint’ // Kyiv Post, 26.03.2014. URL: <http://www.kyivpost.com/content/ukraine/james-sherr-it-is-time-we-stopped-praising-ukraine-for-exercising-restraint-340991.html>; Marcus J. Analysis: Russia’s Crimea Move Poses West Huge Questions // BBC News, 18.03.2014. URL: <http://www.bbc.com/news/world-europe-26627041>; Lough J. The West Needs a New Form of Deterrence that Targets Russia’s Weaknesses // Chatham House, 21.03.2014. URL: <http://www.chathamhouse.org/media/comment/view/198404>

⁶⁰ Giles K. Russia: Sanctions are Important, but Strategy is Vital // Chatham House, 14.03.2014. URL: <http://www.chathamhouse.org/media/comment/view/198237>

⁶¹ Deyermund R. What are Russia’s real motivations in Ukraine? We need to understand them // The Guardian, 27.04.2014. URL: <http://www.theguardian.com/commentisfree/2014/apr/27/russia-motivations-ukraine-crisis>

⁶² Lyne R. When is the Right Time to Negotiate with Russia over Ukraine? // Chatham House, 24.03.2014. URL: <http://www.chathamhouse.org/media/comment/view/198437>; Ukraine: the International Response // Chatham House, 13.03.2014. URL: http://www.chathamhouse.org/sites/default/files/home/chatham_public_html/sites/default/files/20140313UkraineInternational.pdf; T. Brenton. The Unfolding Ukraine Crisis Signals a New World Order // The Guardian, 16.05.2014. URL: <http://www.theguardian.com/commentisfree/2014/may/16/ukraine-crisis-signals-new-world-order-russia>

⁶³ Why the Middle East Matters – a Keynote Speech by Tony Blair // The Office of Tony Blair, 23.04.2014. URL: <http://www.tonyblairoffice.org/news/entry/why-the-middle-east-matters-keynote-speech-by-tony-blair>

Western intervention, and a new Israeli–Palestinian war broke out in July–August 2014), and against the background of the deepening humanitarian crisis in Southeast Ukraine, David Cameron continued to feed the anti–Russian campaign in a letter to NATO leaders in early August (the United Kingdom hosted the NATO Summit in Wales on September 4–5, 2014).⁶⁴ In this respect, it is worth noting that, despite the bellicose rhetoric emanating from London, the Tory–led coalition government has cut the military budget by 9 per cent – even though it was already under the 2 per cent of GDP target set by NATO.⁶⁵

David Cameron put forward a number of long–term measures to deter “any Russian aggression” (specifically, the creation of a large group of NATO forces in Poland and the Baltic states, among other plans) and called for a revision of the Russia–NATO Founding Act on Mutual Relations. His letter was preceded by the publication of a report by the UK Defence Committee which stated that NATO did not have sufficient forces to deter Russia.⁶⁶ However, it is expected that the measures proposed by Cameron will be financed by those member states who have not yet allocated the required 2 per cent of their GDP for defence purposes.

In October 2014, the United Kingdom sent 1350 military personnel and 350 armoured vehicles and other transport means to Poland to take part in NATO Black Eagle exercises.⁶⁷ It is the largest contingent committed by the country since 2008, and its aim was, in the words of Secretary of State for Defence Michael Fallon, to “demonstrate [the United Kingdom’s] commitment to the collective security of [its] allies in Eastern Europe.”

The opinion of the British people towards Russia is deteriorating gradually due to the political situation and the anti–Russian sentiments being propagated by the media.

In early March 2014, The Economist commissioned the YouGov market research firm to conduct a survey of the British people about their attitudes towards possible measures against Russia. The results showed that 60 per cent of those questioned were in favour of cancelling the G8 Summit in Sochi; 43 per cent agreed with Russia’s expulsion from the Group; 15 per cent supported the United Kingdom and the West providing military support to the new government in Ukraine; 30 per cent the seizing of Russian financial assets in the West; 38 per cent the withholding of visas and travelling rights for Russians in the West; 17 per cent the deployment of an Eastern European missile defence system; and 52 per cent the imposing of strong economic and trade sanctions on Russia.⁶⁸

A survey of London residents conducted in April 2014 following the reattachment of Crimea revealed that the British media were more critical of Russia than the general population and that their coverage of events in Ukraine was one–sided.

⁶⁴ PM writes to NATO Leaders Ahead of NATO Summit Wales 2014 // GOV.UK, 02.08.2014.
URL: <https://www.gov.uk/government/news/pm-writes-to-nato-leaders-ahead-of-nato-summit-wales-2014>

⁶⁵ David Cameron urges NATO to Deter Russian Aggression // Financial Times, 01.08.2014.
URL: <http://www.ft.com/intl/cms/s/0/83ee4342-1995-11e4-b06c-00144feabd0.html#axzz3A5cFDw8G>

⁶⁶ Towards the next Defence and Security Review: Part 2 – NATO // House of Commons Defence Committee, 31.07.2014. URL: <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmdfence/358/358.pdf>

⁶⁷ UK ‘Battle Group’ to Take Part in Exercises in Poland // BBC News, 28.07.2014.
URL: <http://www.bbc.com/news/uk-28530283>

⁶⁸ YouGov Survey Results // YouGov, 04.03.2014.
URL: http://cdn.yougov.com/cumulus_uploads/document/69jjchojpo/YG-Archive-140303-Ukraine-2.pdf

Respondents did not hold the President of Russia, Russia or the Crimean people directly responsible for the unrest that had swept Ukraine. In general, the British public is sceptical of the pro-Ukrainian and anti-Russian statements expressed by the government and in parliament.⁶⁹

However, the downing of Malaysia Airlines flight MH17 on July 17, 2014, changed everything.

A survey conducted by YouGov on July 24–25, 2014, revealed that 66 per cent of the population believed that “separatists in Ukraine, with support or weaponry supplied” were responsible for downing the plane. Sixty-five per cent of respondents supported trade sanctions on Russia and 31 per cent were in favour of breaking off diplomatic relations with the country (43 per cent were opposed to this). The majority of those questioned (58 per cent) supported the idea of “freezing the assets of Russians linked to the Putin regime held in Western banks,” while 42 per cent thought that freezing all Russian assets held in Western banks would be worthwhile. Forty-six per cent of respondents believed that the British government should have a tougher response towards Russia, and 59 per cent thought the same about the European Union. At the same time, 39 per cent of the people agreed that the United Kingdom should impose some economic sanctions against Russia even if other European countries do not, while 34 per cent believed that the country should only impose economic sanctions on Russia if other European countries did the same. Those questioned voted 44–25 in favour of putting sanctions on Russian gas, even if it meant an increase in gas prices at home. What is more, 70 per cent of respondents were in favour of holding a public inquiry into Litvinenko’s death. It is worth noting that half of the people questioned believed that Russia should be stripped of the right to hold the 2018 FIFA World Cup and that the Formula One Grand Prix in October 2014 should be cancelled.

At the same time, the British people have been in no hurry to support the Kiev authorities. Only 24 per cent of respondents were in favour of providing financial aid to the new Ukrainian government (39 per cent were opposed), with just 13 per cent seeing the need for military assistance (versus 55 per cent against).⁷⁰

Given the upcoming general elections in 2015 (Labour holds a slight, but stable lead over the Conservatives, with UKIP holding third place ahead of the Liberal Democrats),⁷¹ it would seem that the coalition government, could gain from having an “external threat”, especially under pressure from the United States.

⁶⁹ Opinion Polls: Europeans see the Media as Demonizing Russia // Infox, 16.04.2014.
URL: <http://www.infox.sg/politics/frame/socoproxy-evropeycy-schitayut-cto-smi-demoniziruyut-rossiyu>
(in Russian).

⁷⁰ YouGov / Sunday Times Survey Results // YouGov, 25.07.2014.
URL: http://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/ytggo8ho42/YG-Archive-Pol-Sunday-Times-results-140725.pdf

⁷¹ Political opinion polls since May 2012 // BBC News, 29.09.2014.
URL: <http://www.bbc.com/news/uk-politics-27330849>

5. Conclusions and Recommendations

There were no real signs of a “reset” in relations between Russia and the United Kingdom before the escalation of the Ukraine crisis, and there is no reason to expect a change for the better any time soon. Former British Ambassador to the Russian Federation Andrew Wood has written that a “‘Strategic partnership’ with Russia is unachievable” and even “undesirable” at the present time. Russia is a big and important country “with an uncertain future, but it does not have the ability or the right to reincarnate that archaic ambition of being a great power.”⁷² With this, Mr. Wood expresses the opinion of the majority of the United Kingdom’s political class.

However, London and Moscow are not condemned to being fundamental rivals. Despite the current deterioration of relations, politics no longer dominate the “temperature” of Russian–British relations the way it did during the Cold War. This is the key to their positive development in the future.

The United Kingdom is a difficult partner, and not just for Russia, but also for a number of countries that are much closer to London, including its colleagues in the European Union. And the European Union, whatever difficulties it may have experienced in recent years, is a shining example of how countries that were once enemies can become allies (above all, France and Germany). Although today this alliance is not exactly trouble free, not to mention the relations between London on the one hand, and Paris and Berlin on the other. Nevertheless, any problems that arise are usually solved by making compromises and taking the interests of all the sides into account. One can only hope that Russian–British relations will acquire a similar format sooner or later.

In recent years, Russia has proven itself to be more open to compromise and equal cooperation than the United Kingdom. One reason for this is probably the fact that Moscow makes certain foreign policy decisions based on its own understanding of national interests and the international situation. In the United Kingdom’s case, its “special relationship” with the United States still plays a controversial role. Washington periodically forces British politicians to make decisions that are not necessarily in the United Kingdom’s best interests in terms of its relations with other countries or the settlement of regional or global issues. This has clearly been demonstrated once again in the way that London has handled the Ukrainian crisis.

In order for a more comprehensive form of cooperation to evolve, Russia and the United Kingdom need to move beyond bilateral relations and work together more closely on regional issues, primarily Afghanistan, the Greater Middle East and other regions where our experience and interests are more or less the same. What is more, the United Kingdom needs to interest Russia not only as a partner, but also as a model for resolving problems faced by Russia (integrating migrants into large cities, creating an international financial centre, overcoming the consequences of the financial crisis, etc.).

⁷² Wood A. Russia: Cold Shadows and Present Illusions // Chatham House, March 2013.
URL: http://www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0313pp_wood.pdf

Russian–British relations have always shown great potential. The areas of common interest pointed out in this working paper allow for the practical implementation of tracks working systematically at the same time – the Track One–and–a–Half (formal negotiations with participation of experts) and the Track II (regular informal meetings of experts to come up with independent opinions on various aspects of bilateral relations).

Equally necessary are annual meetings of the Russian–British Public Forum for dialogue between prominent representatives of NGOs and leading figures in science, culture and education.

Despite the situation in Ukraine and current events, it is important in the midterm to preserve and develop existing, and establish new, platforms for ongoing dialogue not only at the diplomatic and political level, but also at the expert level.

Regular mechanisms for the exchange of ideas among experts are necessary to address more effectively issues in bilateral political and international relations – those areas where mutual understanding and trust are in particular demand.

The dialogues can have an open structure, much like in existing organisations, with the participation of ad hoc project teams. And the discussions should be dedicated to issues of mutual interest and the joint forecasting of regional and global development, rather than to dead–end problems inherited from the past.

Ongoing themes could be the joint assessment of foreign and domestic threats such as terrorism, extremism, the proliferation of weapons of mass destruction, drug trafficking and transnational crime, as well as views on the development of the international situation, energy security and intercultural dialogue, including the issue of immigration and the search for mutually acceptable positions in international organisations and forums on current affairs that draw on expert studies and practical cooperation in the resolution of regional conflicts.

British experts have noted that the government rarely takes their knowledge and capabilities into account and that the absence of a close exchange of opinions on the scientific and analytical level between Russia and the United Kingdom leads to a deterioration of the entire spectrum of relations in the event of political disagreements.⁷³

A constant exchange of opinions at the non–governmental level along the Track One–and–a–Half and Track II could contribute to improved cooperation. A Labour victory in the 2015 general election is unlikely to bring anything fundamentally new to the development of Russian–British relations. London will continue to diversify its foreign and economic relations, including those with the BRICS countries.

It is extremely important to bring the results of expert research to the attention of the relevant government departments and to have representatives of the government, the legislative authorities and the media participate directly in the work of the proposed expert groups. This would allow for closer interaction between academia, the expert community, the media and practical politics. In this way, the arguments, ideas and results of analytical work will be reflected more fully in the political decisions of both countries.

⁷³ March L. *The UK and Russia: Pathways Out of an Impasse? // The Lessons of the Second World War for Europe in the 21st century*, Moscow: IE RAN, 2011, p. 148, 152.

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