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Insight

Four questions on how the Russian assault on Ukraine will affect Europe

by Sophia Besch, Ian Bond, Camino Mortera-Martinez and Luigi Scazzieri, 1 March 2022

CER experts provide answers on the off-ramp for Putin, Germany's defence spending, how to deal with refugees, the internal battle over the rule of law and the impact on the EU's neighbourhood.

Vladimir Putin's invasion of Ukraine will change Europe in many ways. The West's first priority is to stop the war, and use Europe's considerable political and economic power to force Putin back to the negotiation table. But the EU will have to quickly change other policies too – its refugee and asylum policies, as up to seven million Ukrainian refugees might cross the EU's border; its defence policy, to uphold the security of Europe in combination with NATO; and its neighbourhood policy, given the risk that Putin will seek to destabilise other countries on the EU's borders. Putin has shown where 'illiberal democracy' can lead – and the EU's liberals have a chance to press their advantage in the internal battle over democratic values and the rule of law. Below, CER experts provide answers to pressing questions on how the Ukraine war will affect Europe.

What is the off-ramp for Putin (or for Russia, which might not be the same thing)?

There has been a persistent belief among Western policy-makers (going back to the annexation of Crimea in 2014) that the West needed to offer Putin an off-ramp to resolve the continuing conflict between Russia and Ukraine. There has never been any sign that Putin is looking for one. Putin sees the world in zero-sum terms: someone has to win and someone has to lose. Outcomes designed to offer both sides something that they can portray as a win are alien to him.

He either sees them as a trick or a sign of weakness. Thus he claims that NATO 'cheated' Russia over its enlargement in Central Europe, when NATO felt that with the NATO-Russia Founding Act of 1997 it had offered Russia important assurances that the expanded alliance would not threaten Russia's security. And thus he seems to have regarded the obvious anxiety of Western countries to avoid war in Ukraine, and the assurances they gave him that NATO forces would not get involved, as an indication that he would have a free hand. French President Emmanuel Macron and others, meanwhile, presumably thought they were offering Putin an opportunity not to launch a costly invasion, and to address some of his security concerns through negotiation.

Putin's latest threat to the West, increasing the alert level of Russian nuclear forces, also indicates that he is not looking for a face-saving way out of this crisis. Confronted by increasing Western military assistance to Ukraine and powerful economic sanctions against Russia, Putin is doubling down – seeking to intimidate the West into stepping back and allowing him to redouble his military efforts against Ukraine's resistance. The lines deployed by the Russian media – which faithfully follow the official guidance notes that go daily from the authorities to editorial staff – reflect Putin's view that Ukraine can only exist as part of a greater Russian whole, not as a fully sovereign and independent state.

In these circumstances, the gap between the sorts of concessions that the West might be willing to offer Russia for a return to the status quo ante and Putin's probable demands is probably unbridgeable.

That does not mean that there is no room for creative solutions, however. But they might have to be directed at those around Putin, at least some of whom probably do not share his messianic fervour to reunite the (as he sees it) artificially-divided Russian and Ukrainian people. The more that the West can make clear to Putin's subordinates that he is the one causing serious damage to Russia's national interests, the better the chance that at some point he will be sidelined.

In crafting sanctions and considering the conditions for lifting them, Western leaders should consider which steps are more likely to lead to greater national unity in Russia, and which might be expected to exploit divisions. The *siloviki* around Putin (those associated with the armed forces, law enforcement and the security and intelligence agencies) and economic managers having to deal with the real-world consequences of far-reaching financial sanctions may not see the situation in the same light. And even among the *siloviki* some may be pragmatists rather than true believers.

Measures that could have a serious impact on ordinary Russians, such as freezing foreign reserves of the Central Bank of Russia, might feed Putin's long-standing narrative that Russia is a 'besieged fortress' under attack from the West, and rally popular support behind him. Such sanctions are necessary at this stage in the conflict, but they need to come with a clear message that they are short-term steps, designed to bring an early end to the war and minimise the suffering on both sides, not to punish the Russian population.

Other measures, such as freezing the assets of those who have benefited from Putin's kleptocratic system, should be seen as the new normal, regardless of the outcome of the war; they should be presented as a way to stop the looting of the Russian economy and encourage the development of better governance. And some measures, such as reducing Western purchases of Russian oil and gas, would be both a prudent hedge against Putin remaining in office for the long term (regardless of the outcome of the war) and a necessary step towards the larger goal of combating climate change. Such measures need to come with the message that regardless of short-term differences, Russia and the West (and Ukraine) will have to share the same world when the war is over, and deal with the same problem of cutting greenhouse gas emissions.

If Putin stays in office and if his objective remains to control Ukraine, however, it will be hard for the West to co-operate with him on anything. Russia's initial moves in Ukraine did not bring about the expected collapse of the Ukrainian forces or the surrender of Zelenskyy and his government. Now Putin's generals are using more force, including against civilian targets. Western public opinion, already sympathetic to Ukraine, is likely to become even less open to compromises with a Putin-led Russia. The focus of Western policy-makers then will not be on off-ramps, but ramping up the pressure on the Kremlin. Europe's future could involve a prolonged period of dangerous confrontation.

How significant is Germany's decision to raise defence spending?

It is hard to over-state how much German defence policy changed last weekend. In an extraordinary address to the German Bundestag on Sunday, Chancellor Olaf Scholz announced a one-off €100 billion fund for the Bundeswehr. He also committed to spending more than 2 per cent of GDP on defence every year, after Germany failed to meet its NATO spending commitments for years. This came a day after the German government committed to deliver 1,000 anti-tank weapons and 500 handheld air defence systems to Ukraine, breaking with the long-held German taboo of sending arms into conflict zones.

In his speech on Sunday, Scholz effectively ticked off every single controversial issue in the German domestic defence debate – he urged progress on the stalling Franco-German-Spanish Future Combat Aircraft project, announced more purchases of armed drones, and committed to replace outdated Tornado jets with ones capable of carrying nuclear weapons in support of NATO nuclear policy. Each of these issues was highly contentious before Putin invaded Ukraine.

This major shift in German defence (and fiscal) policy is even more remarkable because the coalition government comprises the SPD, which is traditionally close to Russia, the Greens, which has roots in the pacifist movement, and the conservative liberal FDP, long committed to tight budgets. So how did it happen?

First, having a new, reformist government in office helped. As foreign minister Annalena Baerbock, who is committed to a more values-based foreign policy, put it: "If our world is different, then our politics must be different." Second, there was a reversal in public and elite German opinion after the invasion. Many voters, commentators and politicians were stunned by Putin's actions and the repeated failure of diplomatic efforts. After decades during which Germany's foreign policy operated under the paradigm that European security could only be achieved with Russia and not against it, the political class in Berlin has finally recognised Putin as a threat to Europe. Crucially, therefore, the changes are not only a response to pressure from Germany's allies, but an expression of Germany's changing threat perception. Scholz stressed on Sunday that "We are also doing this for us, for our own security".

The task for the next weeks and months will be to make clear to the military and the public what the government's defence policy objectives are and what kind of Bundeswehr is required to fulfil them. For all the new money to buy new equipment and secure big European military capability projects, German procurement policy needs urgent reform. Luckily, the new government had already committed to publish a new national security strategy, which will inform spending decisions.

In the short term, however, the war in Ukraine is continuing, and aid to Ukraine and NATO allies will be needed. There will now be more German troop deployments to NATO's eastern flank – to help secure a harbour in Lithuania, support air defence in Romania, contribute to the establishment of a new NATO unit in Slovakia and help secure the North Sea and the Baltic with additional ships. But for all the cheering of Berlin, Germany's allies and especially its Central and European neighbours have a right to be frustrated. After all, they have been trying to make Germans understand their security concerns for years. It looks like Berlin is finally listening. To prevent Germany getting distracted again, its European partners should continue to make their voices heard, even when Putin's war is over.

How will Putin's aggression change EU politics?

On Sunday, Josep Borrell, the Union's High Representative for Foreign and Security Policy, said that Putin's war is pushing the Union to do previously unthinkable things. A number of taboos have been dropped, including the EU financing the provision of fighter jets to Ukraine. At an extraordinary meeting in Brussels on Sunday, EU home affairs ministers agreed in principle to grant temporary protection to Ukrainians fleeing the war. This is no small feat: over 600,000 refugees had fled to neighbouring countries by Monday morning, according to Filippo Grande, the UN's High Commissioner for Refugees. Janez Lenarčič, the EU's commissioner for crisis management, estimates that the war could displace seven million people, if it continues.

The EU has not yet agreed to trigger its so-called temporary protection mechanism, a 2001 law that has never been used, which grants forcibly displaced people legal status and limited access to the labour market, social benefits and education for one year (renewable for up to three). EU justice and home affairs ministers will need to approve it at another extraordinary meeting on Thursday. Officials are confident it will be activated – most member-states support the idea and the plan only needs the support of a qualified majority of EU countries. Those countries that have previously opposed opening the EU's borders to people fleeing war (Poland, Hungary, Czechia and Slovakia) are now among the most open to it.

The temporary protection mechanism will not be easy to implement: each member-state will have to determine how many refugees they are willing to accept; and refugees will have to consent to go there, individually. The decision to grant protection to fleeing Ukrainians will not change the fundamentals of the EU's incoherent asylum policy on its own. EU countries still disagree on how to create a system that applies to all asylum seekers, not only those from a predominantly white, friendly country. But if member-states do activate the protection mechanism, the EU will be entering a new era: Central and Eastern European member-states could be on the frontline of a major migration crisis. That may make them keener on burden-sharing they previously rejected.

The EU's long-standing disputes over the rule of law will change, too. Hungarian prime minister Viktor Orbán will not become a liberal leader overnight, nor will the prime ministers of Poland or Slovenia, Mateusz Morawiecki and Janez Janša. Their latest push for Ukraine to join the EU is nothing new, and their quarrels with Brussels over the independence of the judiciary and the press will continue. But Putin's aggression has made the prospect of association with Moscow a lot less appealing. Demonstrations across Central and Eastern Europe suggest that "illiberal democracy" may no longer be the region's future. Add the EU's swift response to protect its Eastern members, and the balance may well shift towards more, and not less, integration with the EU. When (and if) this crisis abates, Brussels may find more friendly interlocutors in Warsaw, Budapest, Ljubljana and Bucharest – if only because their citizens will make sure of it.

How will Russia's aggression change the EU's neighbourhood policy?

Russia's invasion of Ukraine will create new challenges for the EU's neighbours, and thus the EU itself. Many countries in the Middle East are reliant on food imports from the Black Sea basin – for example Lebanon imports 60 per cent of its wheat from Ukraine. Shortages due to the war will result in higher food prices, fuelling unrest and amplifying existing challenges for European foreign policy in the region. The EU will have to increase financial support for many of its neighbours to help them cope.

At the same time, the EU should be ready for Russia to become even more disruptive wherever Putin thinks this could play to his advantage. The risk of violence is highest in Bosnia, where Moscow backs Milorad Dodik, the leader of the Bosnian Serbs, in his attempts to set up a separate state. European countries have already decided to strengthen their peacekeeping operation in the country, but its forces remain too small to deal with a concerted Russian attempt to spark a conflict. Russia may also try to end the peacekeeping mission, which is based on a UN mandate. In that case, member-states would have to find a different legal basis for their military deployment in Bosnia.

The EU should also impose sanctions on Dodik, to push him to drop his secessionist agenda, and re-evaluate its relations with Serbia. Under President Aleksandar Vučić, Belgrade has refused to clearly condemn Russia's war in Ukraine and to align with EU sanctions. Vučić, who remains nominally committed to pursuing EU membership for Serbia, has set up an authoritarian regime. He poses as an anchor of stability while in reality pursuing destabilising policies, including supporting Dodik's secessionist agenda. The EU should be firm and threaten to reduce funding for Serbia unless Vučić condemns Moscow's aggression, aligns with EU sanctions and drops his support for Dodik.

The EU should also be ready for Russian attempts to cause trouble in their southern neighbourhood. The risk is greatest in Libya, where Russian proxy forces have been present for years. Moscow might use them to further destabilise the country, which is once again divided between two governments vying for power after the failure to hold elections last year. The EU needs to redouble its efforts to broker an agreement on holding elections in Libya, to prevent a return to conflict.

Moscow may also choose to end co-operation with the EU over trying to revive the Iran nuclear deal that former US President Donald Trump withdrew from. So far, Russian diplomats have continued to work with their Western counterparts in trying to renew it. But Putin might judge that a revived agreement would allow Europeans to access previously unavailable energy supplies that could ease their energy shortages.

But even though Moscow is likely to try to destabilise many of the EU's neighbours, there may be an opportunity for Europeans to reduce Russia's influence. With Russia fast becoming a pariah state, Moscow's resources and its political appeal could start to wane quickly.

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