

Russia on Brexit: calculating the benefits

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The official Russian reactions to Brexit have been cautious in assessments and sober in tone, while the reactions in the media, reflecting the mood in the Russian political establishment, have been close to euphoric. The result of the referendum has been received in Russia as a manifestation of a fundamental crisis, both in the European Union as an institution, and in the West as a political community. It is interpreted as proof of the relevance of Russian criticism of the ideological assumptions and political practices of European integration. This strengthens the legitimacy of the Russian authorities both for Russian society and for some parts of international opinion. The Russian elite expects Brexit to be a breakthrough moment in the process of the erosion of the European Union and the rise of influence of political forces in Europe which are sympathetic to Russia, which will open up extensive opportunities to Moscow to strengthen its position in Europe, by building bilateral relations with key European states, among other measures.

Russian reactions

The official Russian reaction can be seen to contain five distinct elements. First of all, the emphasis that the Brexit is an internal matter for the UK and the EU, and that Russia is not in any way attempting to affect the result of the referendum. As President Vladimir Putin noted, Russia "has never involved itself, never commented and never tried to influence the issue of Brexit". Secondly, Russia has alluded (in a statement by Prime Minister Dmitri Medvedev) to the negative effects of Brexit for the Russian economy which would be caused by the reactions of the European and global economies, such as a fall in oil prices, declines in the stock market and uncertainty on the financial markets. At the same time, the short-lived and transitory nature of these phenomena has been underlined. Thirdly, the ritual statements (by government spokesman Dmitry Peskov and officials of the Foreign Ministry) that a strong and stable Europe is in the interests of Russia, and therefore the Russian authorities do not derive any satisfaction from the outcome of the referendum. Fourthly, it is estimated that the referendum will open up a period of profound destabilisation for the EU (Peskov likened it to the process of the Soviet Union's disintegration), and that its result is a consequence of the EU's fundamental internal difficulties and its erroneous policy. Fifthly, suggestions have been made that the political crisis within the EU will persuade it to normalise relations with Russia (including the possible lifting of the sanctions) while accepting the Russian interpretation of the Minsk agreements. The clear moderation of the Russian approach to formulating its official forecasts and expectations as to the consequences of Brexit derives from the current political tactics of Moscow, for which the

priority is to normalise relations with the EU and achieve the lifting of EU sanctions.

In contrast, the Russian state-controlled media has been dominated by barely hidden satisfaction at the crisis caused by Brexit. Most commentators are convinced that the current crisis will only get worse. A variety of scenarios has been presented, the most radical of which is the total disintegration of the European Union, for example if new political forces come to power in France and Germany, such as the *Front National* and *Alternative für Deutschland*.

Another commonly posited scenario is the creation of a more deeply integrated and 'Romano-German' Europe dominated by Germany, limited to the founding states of the EEC, with the 'immature' countries of Central and Eastern Europe being marginalised or excluded.

The growing assertiveness of Russian policy

The opinions and masses of comments published in the Russian media indicate that at the level of political psychology, Brexit has confirmed the Russian establishment in its belief that the West and the European Union are in a fundamental crisis. Everything is moving towards the collapse of the West as a political and strategic community, and the dissolution of the EU as an integration project and its further weakness against both Russia and the Asian powers. Brexit will also convince the Kremlin that its tactic of supporting radical and populist movements in Europe is correct and effective, and should thus be continued. We should therefore expect Brexit to strengthen the confidence of the Russian establishment in its approach the West and the EU, and to foster a more assertive Russian policy.

The economic costs

At the same time, Brexit will be accompanied (at least in the short term) by negative economic consequences for Russia, as the EU remains its most important economic partner. These include a decline in the value of Russia's euro-denominated foreign exchange reserves (about 41.5%), as well as problems for those Russian companies which benefited from the financial services of the City of London. In the long run, if economic weakness affects Europe as a result of Brexit, demand for Russian energy resources would also fall.

The benefits of Brexit for Russia

For Russia and its interests, as understood today by its ruling elite, the result of the British referendum brings a number of short-term and long-term benefits.

The crisis provoked by the referendum will weaken adherents of taking a harsher policy towards Russia and continuing economic sanctions against it within the EU camp. It will also focus the EU on its own internal problems and weaken its interest in the eastern neighbourhood.

The crisis will also reinforce the trend among the major EU countries (Germany and France) towards finding a quick fix to the conflict with Russia over Ukraine on *de facto* Russian terms (the formal reintegration of Donbas into Ukraine while maintaining Russian control in the region; the *de facto* recognition of the *status quo* in Crimea). In the long term, it may also

lead the EU member states to demonstrate greater willingness to reach accommodation with Russia on the basis of geopolitical demarcation in Eastern Europe and the development of ties between the EU and the Eurasian Union.

Another favourable consequence for Russia as a result of the Brexit crisis will be the weakening of the pro-Atlantic option in the EU, which will reduce the chances of a successful completion of negotiations on the TTIP agreement, and potentially lead to a loosening of trans-Atlantic ties.

On the other hand, this crisis will favour Russian propaganda's promotion of its own new geopolitical project in the form of 'Greater Eurasia' (assuming the tripartite cooperation of the EU and the Eurasian Union with the rising power of China).

In the long run, a failure by the European elites to master the crisis caused by Brexit could reinforce the tendency towards a re-nationalisation of the EU member states' foreign policies. This will facilitate Moscow's drive to bilateralise its relations with them, and provide it with greater opportunities for applying a 'divide and rule' policy to them. In addition, another victory for Russia as a consequence of Brexit would be the possible breakup of the United Kingdom, the consequent division of the British armed forces, and thus a potential weakness for NATO.