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Russia and Europe Under Sanctions: Problems of Energy Development

Ruslan Zaynutdinov*

Department of Economics and Management, Yugorsk State University, The City of Khanty-Mansiysk, Russia.
*Email: runhouse@mail.ru

ABSTRACT

Reciprocal application of sanctions due to geopolitical instability in Ukraine, led to the rupture of economic ties and investment cooperation between the Russian Federation and the European Union. Further escalation of the conflict can lead to the formation of a new cold war and the reorientation of the world economy. In connection with this assessment of the risks and challenges of mutual economic development in the Eurasian continent becomes particularly relevant theme. The study reviews the current economic partnership between the Russian Federation and the European Union. Actualized data on the implementation of joint investment projects. In conclusion reveals the degree of mutual economic risks in case of continuing the policy of restrictive measures.

Keywords: Sanctions, Restrictive Measures, Energy Dependence, The Reorientation of Markets
JEL Classifications: F63, O52, P17, P27

1. INTRODUCTION

Lately expansion of practice of application of sanctions in the field of international relations is the basic instrument of the not military force used for counteraction to the different threats of international safety. But along with a basic idea, application of sanctions quite often prevents to international economic and diplomatic development (Bartenev, 2011). Sanctions are an attractive tool for politicians to resolve international disputes, because they lead to less expenses and human victims, unlike war.

Articles 228A and 73G of the Maastricht Treaty gave the European Union the right to use the tool of sanctions to implement foreign policy objectives of the Union. Sanctions are implemented by partial or complete cessation of the economic, diplomatic and cultural relations. Currently, they are more likely to take the form of "smart" restrictive measures, which include: the suspension of trading activity (import or export of certain products in certain countries), restrictions on investment and capital flows, as well as the freezing of financial resources in the form of bank accounts, stocks, bonds, derivatives and other financial instruments (Sargsyan, 2010). Along with these measures is also often used tool of visa restrictions and an arms embargo.

Maastricht treaty does not prevent member states to continue to enact national legislation regarding sanctions, based on UN Security Council resolutions. Member states are also free to make decisions on the regulation of the national legislation in the field of sanctions against countries outside the European Union, as long as they do not contradict an express policy of the European Community (Alexander, 2009).

Signed the treaty of Lisbon in 2007, in turn, has consolidated all the provisions of the restrictive measures in one article – 215, to clarify the mechanism of decision-making regarding the use of economic and financial constraints. The main innovation of the article is to describe the possible destinations, against which sanctions may be directed.

In total, from the 1950s to the early 1990s, European countries collectively imposed sanctions through the institutions of the European Union, only 12% of cases - in 2 of the 17 modes (Jones, 2007). However, from 1991 to 2012 they initiated the application of restrictive measures through the EU institutions in 39 of 45 cases, accounting for 87% (Sargsyan, 2014). In recent years, when it was impossible to obtain the consent of the UN Security

Council because of the divergent positions of the permanent members, the European Union and the United States resorted to their own actions, thus transforming policy of sanctions in the format of "EU and US."

2. HISTORICAL ASPECTS OF THE IMPLEMENTATION OF SANCTIONS AGAINST RUSSIA

History is replete with examples where the application of sanctions did not give the desired results, and became a just of the step before application of armed violence. Commercial, economic and financial sanctions of the West against Russia (formerly the Soviet Union) have been applied since 1917, as a reaction to the decision of the bolsheviks came to power to cancel the external debts of the tsarist government and to nationalize companies owned by foreign capital.

In 1929, the former entente countries imposed a ban on the reception of the USSR Western banks and firms gold, and in 1930 established an embargo on the import of many Western countries of Soviet goods, other than grain. However, the effectiveness of "gold" and trade embargo was low. This is evidenced by at least the fact that the Soviet Union was able during Stalin's industrialization build almost 9,000 industrial enterprises (Shepelev and Morozov, 2014).

In 1946 began a period of "cold war" with the Soviet Union, in which the US has used the mechanism of economic sanctions against the Soviet Union. In 1949, more than a dozen countries, such as USA, UK, Canada, France, Germany, Australia, Japan and others. Were united in an international organization - Coordinating Committee for Multilateral Export Controls (COCOM). This organization was for decades the lists of "strategic" goods and technologies that are not subject to the export of the socialist countries of Eastern Europe, led by the Soviet Union. In 1962, within the framework of NATO was approved by the embargo on the USSR steel pipes large diameter intended for the construction of pipelines (Sushentsov, 2010).

In 1974 adopted the famous Jackson-Vanik amendment to the Trade Act of the United States, restrict trade with countries that violate human rights, in particular, preventing emigration. March 18, 1980, the US imposed a ban on the sale of the Soviet Union equipment and devices based on advanced technologies. Action Jackson-Vanik amendment in respect of Russia was officially abolished only in 2012. At the same time, Congress passed the so-called "Magnitsky list." Sanctions against the Soviet Union introduced of America including after the Soviet invasion of Afghanistan in 1979 and in 1981 in response to the events in Poland. If the take 70 years of the Soviet Union, then can talk about permanent economic war against the Soviet Union (Davydov, 2004).

With the collapse of the Soviet Union decided to COCOM a partial lifting of restrictions on the supply of goods in the former socialist countries of Eastern Europe. However, the new restrictive lists, which entered into force in September 1991, remained electronic systems, optical fiber communications, category marine, aeronautical engineering and jet engines. COCOM was dissolved only in 1994, when on the East in fact there was no one to restrain. After the collapse of the USSR the West has repeatedly threatened the Russian Federation various sanctions. Thus, in 1998, when Russia was unable to pay its debts to foreign creditors, the West discussed about the arrest of foreign accounts of the Bank of Russia.

At the beginning of the XXI century the United States continued to practice the application of sanctions against Russia, for example, against a number of domestic enterprises engaged in the construction of nuclear power plants in Iran, against the Omsk engine-building association by Baranov, against the federal research and production center "Altai," and later against "Rosoboronexport" and the company "Sukhoy" for the contract to modernize Iranian bombers.

In August 2008, in Brussels, considering the question of introduction of economic, commercial and financial-banking sanctions against Russia in connection with the events in South Ossetia. We may recall the recent "spy scandal," when Moscow refused to hand over to Washington Edward Snowden. Then in the United States stepped up calls for sanctions against Russia. Talked about the already prepared "package of sanctions." In the autumn of 2013 in the United States addressed the issue of sanctions against major Russian Banks behind cooperation with the Syrian Government.

Most of the sanctions of the European Union of the XXI century, such as, for example, against Belarus in 2006-2010, the Palestinian Authority in 2006-2007 and Fiji in 2006, also performed in tandem EU-US with the support of other international actors.

Events in Ukraine in 2014 became a catalyst for "decisive" action of the EU, the US and a number of countries to impose economic sanctions against Russia. The character of the sanctions gives every reason to conclude that in the history of the world has matured a turning point, when the whole world is watching the revival of a new international political war, the result of which may be a global reorientation of the economy. But at the same time, a strategically important question remains to what extent Russia and Europe are sensitive to mutual economic sanctions, what damage they can cause their economy and mutually beneficial relations?

3. ECONOMIC RELATIONS BETWEEN THE RUSSIAN FEDERATION AND THE EUROPEAN UNION

With the current situation cannot lose sight of the fact that in today's economic world is impossible to imagine any state that is excluded from the system of world economic relations. However, the degree of relationship may be different.

The Russian Federation has historically been a major exporter of energy to the European Union. Energy cooperation between Russia and Europe dates back to the 1960s, when it created an extensive system of pipelines link the field of Western Siberia to Western Europe. In 1970, a contract was signed the "gas-pipe," which marked the beginning of large-scale energy cooperation between Russia and Germany and other countries of the modern European Union.

At present, the development of cooperation received regulatory framework – adopted a law on foreign investment, liberalized electricity market. For long-term forecasting of development of relations was created "Road Map EU-Russia cooperation in the energy sector until 2050." Today Russia, supplies a third part the demand for gas in Europe. Austria, Germany and Finland, as well as most of Central, Eastern and South-Eastern Europe dependent on Russian gas supplies.

In the structure of Russian exports to the EU by the end of 2013 the main share of shipments accounted for the commodity group mineral products (mainly fuel and energy complex) – 85% of total exports. The share of metals and their products is 6.4%, chemical products – 3.6%, machinery, equipment and vehicles – 1.6%, precious stones and precious metals – 1.4%.

The main export products (over 86% of all deliveries): crude oil, petroleum products (liquid fuels that do not contain biodiesel, diesel fuel containing no biodiesel, gasoline), natural gas, coal, nickel.

Import structure is formed: machinery, equipment and vehicles – 50.6%, chemical products – 22.6%, food and agricultural – 11.2%. The share of metals and their products is 5.6%, other goods (mainly furniture) – 3.5%, wood and pulp and paper products – 2.9%, textiles, its products, shoes – 2.2%. The structure of the balance of trade between Russia and the EU are presented in Table 1 (Rosstat, 2013).

The main imported goods (largest commodity positions): electrical equipment, telephone equipment, passenger vehicles and commercial vehicles, spare parts and components for them, medicines and blood fractions, foodstuffs.

Among the member countries of the European Union, Germany is the second (after the UK) the largest consumer of natural gas in Europe. Produce natural gas provides cover only 14% of the country, the remaining 86% is covered by imports of gas through pipelines from Russia, Norway, The Netherlands and Denmark and the UK.

Trade between the two countries in recent years has been growing steadily and in 2012 amounted to €33,18 billion (Rosstat, 2013). Thus 41.2% are the share of raw materials. The main goods in import of Germany from Russia is oil which specific weight in 2012 made 26.7%.

The second place is taken by natural gas, including the liquefied natural gas (LNG) which accounts for 12,8% of Russian exports to Germany. Petroleum products and coal the share of 8,2% and 2,4%, respectively[1].

Actively the investment cooperation develops. The volume of investment of Germany into the Russian processing industry for 2011 constituted €7.5 billion, including: €481 million in the chemical industry, €444 million in mechanical engineering, €289 million in the electrotechnical industry, – €5 billion in other industries of processing industry[2].

In addition to Germany, huge dependence is feels also by the states located between it and Russia, that is all Central and Eastern Europe. These countries already managed to be damaged during "gas wars" of Russia and Ukraine during 2006-2009.

It is necessary to note the role of the Netherlands, as a major trade partner of Russia. In 2012, bilateral trade volume reached €76.7 billion. Netherlands share in the total volume of foreign trade

1 Handels- und Wirtschaftsbüro der Botschaft der Russischen Föderation in der Bundesrepublik Deutschland // http://www.rfhwb.de/Docs/0%20index%20page/statistic%202012.pdf

2 Ibid p. 43 // http://www.rfhwb.de/Docs/0%20index%20page/statistic%202012.pdf

Table 1: Commodity structure of foreign trade of the Russian Federation and the European Union for 2013

HS code	Description of goods	Export			Import		
		bln. dollars US	%	Index 2013/2012	bln. dollars US	%	Index 2013/2012
01-24	Live animals and tobacco and manuf. tobacco substitutes	2.3	0.8	100.1	15.2	11.3	105.8
25-27	Mineral products, including	240.6	85	104.3	1.3	0.9	89.7
27	Mineral fuels, oils, waxes and bituminous sub	239.5	84.6	104.3	0.9	0.7	87.3
28-40	Inorganic chem., org/inorg. compounds of precious metals, isotopes, rubbers and articles thereof	10.3	3.6	98.6	30.3	22.6	107.1
41-43	Raw hides, skins, leather, and furs	0.4	0.1	104.6	0.4	0.3	95.9
44-49	Wood and wood products	2.4	0.9	110.2	3.8	2.9	100.9
50-67	silk, inc. yarns and woven fabrics thereof, prepared feathers, human hair and articles thereof, artificial flowers	0.2	0.1	116.1	2.9	2.2	105.6
68-70, 91-97	Other commodities	0.4	0.1	103.3	4.7	3.5	101.3
71	Pearls, stones, prec. metals, imitation jewelry, coins	3.8	1.4	58	0.2	0.2	105.2
72-83	Metalls	18.2	6.4	88.7	7.5	5.6	103
84-90	Machinery, equipment, vehicles	4.6	1.6	122.5	67.9	50.6	97.4
	Total	283.2	100	102.1	134.2	100	101

Source: Rosstat (2013)

with Russia in 2012 was 9.9%. Thus the considerable part of the Russian export falling on the Netherlands is re-exported further to other countries.

To the Netherlands is exported, generally mineral raw materials and fuel – 88.2%, and also metals – 10.7% (Rosstat, 2013). The high proportion of raw materials in imports suggests that Russia is a key supplier of energy for the country. Actively developed and investment cooperation. In 2012, from the Russian economy in the Netherlands was sent investment of $2.1 billion. Attractive to Dutch investors are mining, power generation and distribution, sector of connection.

Actively growing and the presence of Russian business in the Netherlands. For example, in 2012 the company "Lukoil," since 2009 owns 45% interest in the refinery "Zeeland" (remaining shares are held by the French "Total") and supplying oil produced in Russia to the port of Rotterdam, in the Netherlands acquired a network of 46 petrol stations there by realizing on Dutch direction a complete a productively-sale cycle. In addition, in 2012, a subsidiary of OAO "Gazprom" – "Gazprom energy Benelux" opened in Hertogenbosch sales office, which provides Russian gas supplies about 400 Dutch companies.

Dutch companies are also very active in Russia. Thus, the concern "Shell" participates in the project "Sakhalin-2," the development of the Salym oil fields, has a network of petrol stations and a plant for the production of lubricants in Torzhok. The gas-infrastructure company "Gasunie" is the shareholder of "Nord Stream AG" and together with "Gazprom" studies possibilities of extension of the Nord Stream project. Total investment – $7.4 billion[3].

Due to construction of Nord Stream Russia diversified supply channels to Europe that allowed to eliminate risks of emergence of interruptions in deliveries to the European consumers of gas, and also led to strengthening of dependence on the Russian gas even those the countries which in the past not especially relied on Russia (Kolomeytseva, 2014).

One more important trading partner, it is Italy performing purchases of the Russian gas delivered according to long-term contracts through trunk gas pipelines. The share of energy carriers in the total amount of export to Italy constitutes 85% (Rosstat, 2013).

Italy and Russia have very close cooperation in various fields. The activities of Russian companies in Italy, mostly concentrated in the energy and petrochemical sectors, as well as in the manufacturing industry. Among the largest investors can distinguish the company "Lukoil". The portfolio of the projects of the company realized in the territory of Italy and includes participation in joint business company "ERG" on management of the oil refinery "ISAB" located in the city of Priolo (Sicilia). The company "Lukoil" acquired a 49% stake in the company "ERG" in 2008 for $1.35 billion with an option for the right to buy the remaining shares within 5 years. As a result, the company acquired an additional 20% of the shares, bringing its stake to 80%[4].

In 2012, the continued marketing of petroleum products through petrol stations under the brand name "Lukoil" franchise. Currently in Italy there are 19 gas stations sold volumes which is 2 times higher than the average level. Long-term plans of the company include maintenance of a stable and efficient operation of petroleum products on the Italian market. It is also planned to develop cooperation with Italian companies "SINT," "Nuova Neon Bassano" and "Eni" – a leading company in the field of retail sales.

In 2012 the company "Rosneft" has signed an agreement with the Italian company "SORAS Spa" to develop a strategy to build on a parity basis of a joint venture in the field of processing and marketing of petroleum products. Thus, "Rosneft" plans to gain access to the European market through an established distribution network of the Italian company.

Among Russian investors the highest number of assets, mainly in the energy and metals sectors in Italy, owns a group of companies "Renova." The Group's strategy is to further expand its presence in the Italian market through the possible acquisition of additional assets. One of the projects may be the creation of underground gas storage capacity of up to 1.4 billion M^3 in place of depleted natural gas fields in the region Basilicata.

In addition, in 2011 the company "Rosneft" and Italian "Eni" signed a strategic cooperation agreement in which the companies will explore areas of the Black Sea and Barents Sea. For its part, the company "Eni" will fund exploration and let "Rosneft" in their projects in America and Europe. Table 2 shows the structure of mutual investments of the Russian Federation and the European Union (Rosstat, 2013).

Rosneft" and Norway "Statoil" signed a cooperation agreement providing for the joint development of the Russian shelf areas of the Barents and Okhotsk seas, part of "Rosneft" in developing areas of the Norwegian shelf of the Barents Sea and the possibility of acquisition of stakes in international projects "Statoil," which will finance work for exploration.

The biggest investors in the Russian energy sector became the Finnish company "Fortum," German "E.On," Italian "Enel." Together with Russian partners the German "Siemens" and French "Alstom" opened high-tech factories for the production of power equipment.

For his part, Russian companies are implementing major energy projects in the European Union. Russian and European companies jointly engaged in production of energy, engaged in manufacturing power equipment, participate in the modernization of refineries and build nuclear power plants.

3 Embassy of the Russian Federation in the Kingdom of the Netherlands // http://www.rusembassy.nl/index.php?option=com_content&view=article&id=271

4 Information Portal for Foreign Economic Ministry of Economic Development // http://www.ved.gov.ru/exportcountries/it/it_ru_relations/it_rus_projects/

Table 2: The structure of mutual investments of the Russian Federation and the European Union for 2012

EU countries	Million dollars of USA	
	Investments of Russian Federation in the economy of European Union	Investments of European Union in the economy of Russian Federation
Total	51581	59231
Austria	19590	907
Belgium	144	508
Bulgaria	372	15
Hungary	111	25
Germany	3 776	2886
Greece	2	17
Denmark	47	103
Ireland	198	3572
Spain	1385	87
Italy	614	172
Cyprus	6184	7437
Latvia	75	83
Lithuania	59	55
Luxembourg	595	10589
Malta	0	2
Netherlands	7967	16953
Poland	322	114
Portugal	0	4
Romania	11	6
Slovakia	34	22
Slovenia	3	41
United Kingdom	8924	11471
Finland	411	334
France	101	3289
Croatia	0	24
Czech Republic	18	278
Sweden	103	179
Estonia	535	58

Source: Rosstat (2013)

4. MUTUAL RISKS AND PROBLEMS OF DEVELOPMENT

Europe's dependence on Russian gas and oil is extremely high. This is due to the fact that now a real alternative to Russian oil and gas in the European countries is absent. If a year ago the European market was some excess gas supplies provided by Qatar, today all the free gas is supplied to Japan, due to its high demand after the announced plan rejection of nuclear power because of the accident at the Fukushima nuclear power plant in 2011.

If Russia suspends deliveries of energy carriers to Europe, to replace them Europeans at the moment have nothing. Shale oil and gas from the US, which now have high hopes some European countries are not able to solve the problem of the EU energy dependence on Russia in the short term, as these projects take time to implement, therefore, focus on the medium or even long-term. In addition, the energy industry is severely affected by inertia, and switch from one supplier to another is difficult, especially in the gas sector (Kolomeytseva, 2014).

US Department of Energy has issued so far only one permit for export of shale gas in Europe - the project "Sabine Pass LNG," but this project is, at best, will be launched in 2017-2018 years. Regarding the possibility of the US to export oil to Europe, but now much of a threat to Russia the United States, as a competitor in the European market is not because oil consumption in the US is known to exceed the production. In 2012 the country produced 394.9 million tons of oil – 9.6% of world production of oil, and consumption in the US constitution 819.9 million tons – 19.8% of a global oil consumption[5]. It is worth noting that in the long term commissioning US strategic oil reserves may become a threat to stability in all of the oil market because of excess raw materials.

In case of severe collapse in oil prices, the consequences for the Russian economy, which, as you know, has a raw orientation will be very negative.

US strategic oil reserves were created after the global energy crisis of the 1970s in case of emergency to prevent new. Currently in underground reservoirs in Louisiana and Texas are more than 700 million barrels of oil[6]. However, such a quantity of raw materials US consumes just 1 month, and the placing on the market of small parties from strategic reserves can have only a short-term impact on market prices.

Due to the fact that the supply of US LNG to the European market is limited, a strong decline in European countries depending on Russian energy is unlikely to occur. Besides, we should not forget about Japan - the largest consumer of LNG, a country that not only produces a great demand for gas, but also ready to pay a high price. In this regard, Europe is not highly profitable to compete with Japan for the supply of US LNG, because in this case they will have to pay more for an American tanker gas compared to the price of Russian pipeline gas. In the same Germany today there is no terminal capable of receiving the supply of LNG, although they are having in Belgium and the Netherlands. Despite the fact that this will reduce the dependence, yet LNG is too expensive for the German economy, the more it cannot afford the rest part of Europe.

Failure to imports and exports between the EU and Russia can lead to serious consequences for the global economy. Termination of energy cooperation between Russia and the EU will automatically open the European market for American energy, and what is the main interest of the United States, according to Russian experts.

Russia risks lie in the fact that the country has no alternative energy supplies to Europe in the short term. Russia will not be able to quickly switch to the Chinese market, as yet there is no pipeline to China. In the East there is only a factory for the production of LNG Sakhalin, but his power is just 10 million tons per year, which is not comparable with our gas exports to Europe, which amounted to 151 billion M^3 in 2012[7].

5 "British Petroleum" // http://www.bp.com/content/dam/bp/pdf/statistical/review/statisti-cal_review_of_world_energy_2013.pdf
6 "Itar-tass" // http://itar-tass.com/mezhdunarodnaya-panorama/1041222
7 "Gazprom", Annual report, 2012 // http://www.gazprom.ru/f/posts/95/166501/annual-report-2012-rus.pdf

It should be noted that the main competitors in the European market for Russia, are suppliers of natural gas and LNG from Algeria, Britain, Qatar, Libya, Nigeria, Netherlands, Norway. The volume of gas supplies from Norway to the European market in 2012 grew by 12.9% to 122.3 billion M^3. This is due to a rise in prices on the trading floors, as well as to the acquisition of the Norwegian producers more flexibility in the regulation of the volume of deliveries[8]. In addition to this, Norway actively goes on pricing with 100% binding to gas indices, which contributes to the expansion of the customer base.

The main problem of Russia is a serious technological backwardness of industry from the developed countries of Europe. Russia remains vulnerable since historically rate for the purchase of imported products, rather than developing its own production capabilities. Today, about half of GDP created by the Russian export of raw materials. Mechanical engineering, electronics and other high-tech industries form only 7-8% GDP.

The imposition of sanctions by the US, the EU and the countries of the Atlantic Pact force Russia to develop high-tech industries and thereby reduce its technological gap with developed countries. On the one hand is good, but on the other hand requires a lot of time.

Russia in the near future will revise most of the contracts for the mutual supply of components in the field of military-technical cooperation. Russia will dramatically accelerate the pace of import substitution of foreign products on the basis of subcontracting large industrial enterprises, high-tech enterprises of the military-industrial complex and small business (Zaynutdinov, 2014).

The EU and Russia jointly develop many energy projects, and the imposition of sanctions could seriously affect their implementation. There is a risk that can be frozen loans for the implementation of joint projects, or will displacing the projects themselves, as has happened to the "South Stream" – pipeline project, which was to be held across the Black Sea to South and Central Europe. Pipeline "Nord Stream," passing under the Baltic Sea to the countries of Western Europe, has European importance and is included in the EU list of priority Trans-European Energy Networks, since it "blue fuel" is transported from Germany to a number of European countries (Denmark, the Netherlands, Belgium, the UK and France).

Energy resources are used in Europe not only for heating, and shouldn't forget about it. They are also the main raw material for the European chemical industry. It is known that the main competitor of the European chemical concerns is China, and having remained without raw materials, line items of the EU in the chemical industry will strongly weaken.

5. CONCLUSION

Reciprocal application of sanctions has led to a number of negative trends and reorients markets. Russia and China in May concluded a long-term (30 years) contract to build a gas pipeline with a total volume of 38 billion M^3 of gas. December 1 of this year, President Putin announced the decommissioning of the project "South Stream" and the reorientation of gas supplies to Turkey volume of 63 billion M^3 of gas. In this regard, Turkey subsequently able to acquire the status of a powerful re-exporter of gas to southern Europe.

The sanctions imposed against the Russian oil companies on supplies of equipment for production of hard-to-oil, and as a result a stop of action of strategic contracts (Sakhalin-I and University-1 projects) force Russia to conduct negotiations on deliveries of processing equipment with the same China.

In August, the month after sanctions were imposed, EU exports to Russia fell 19% to 7.9 billion euros ($9.91 billion) compared to July, a loss of almost 2 billion euros, according to the EU's statistics office Eurostat. Although the data is not adjusted for seasonal swings, exports were also down 18 percent compared to August 2013 at a time of year that is traditionally busy for exporters. Manufactured exports fell 16 percent across the 28-nation bloc in August. Germany, which accounts for one-third of sales to Russia, saw a sharp drop in sales of those goods, while Italy's manufactured exports tumbled by almost half[9].

The ongoing reorientation of the world economy will certainly have a negative impact on the development prospects of Russia and the European Union. Most likely subsequently Russia is reoriented on Southeast Asia and the countries which aren't entering in the European Union. United States and its partner countries will take a larger share of the energy market of the European Union. Subsequently for Europe there is a risk that the American gas will rise in price. And still it isn't known, what monopoly will be more tough: American or Russian.

In the long run everything will stabilize, but then, what losses will incur both sides, time will show. It is obvious that the mutual risks will be very high for both economies. Over the years the Russian Federation and the European Union successfully developed cooperation in the field of power and proved as stable partners, therefore, from the economic point of view, it is necessary to be stopped to mutual application of sanctions and establish qualitative dialogue.

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