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What Brexit means for Russia

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Russia would be an unlikely beneficiary of Brexit, should one ultimately occur – and here's why.

British Prime Minister David Cameron and Foreign Minister Philip Hammond are urging Britons at the Brexit referendum to vote “for” the country’s continued membership in the EU, claiming that Russia (along with the Islamic State of Iraq and the Greater Syria) would be one of the main beneficiaries if the UK leaves the EU.

Judging from these comments, one gets the impression that this whole referendum was all somehow started by “cunning” Russia. Meanwhile, Moscow has not expressed any opinion on this referendum, and is in no way trying to influence public opinion in the United Kingdom.

Only by recalling the prior history of this issue is it possible to gain a full understanding of the overall situation. Back in 2013, David Cameron himself made a promise to hold such a referendum in an effort to appease the Eurosceptics in his own party, and thus avoid an internal party split on the eve of the parliamentary elections in 2015.

The fact is that some members of the Conservative Party elite have always been advocating for parliamentary sovereignty against the diktats of supranational Brussels, and a divided party could not win in the elections. The second goal in promising such a referendum was to prevent the outflow of Tory voters to the UK Independence Party (UKIP), headed by Nigel Farage. It was very easy to make such a promise, especially since the polls were persistently

pointing to the prospect of a “hung parliament” – that is, a coalition government. In such a situation, the question of a referendum would be irrelevant.

However, the Tories won the elections, and now David Cameron had to fulfill his promise. In this way, the Prime Minister himself, in trying to solve tactical party objectives, placed into jeopardy the strategic interests of the country. In fact, he firmly believes that Britain should remain in the EU. So now, resorting to tough anti-Russian rhetoric, he is trying to use the “threat of an external enemy,” among his other arguments, to get people to vote in favor of British membership in the EU.

Meanwhile, the polls are showing that Britons are mostly concerned about uncontrolled immigration from EU countries. Thus, they are convinced that the number of migrants coming into the country is twice greater than is actually the case. They also believe that the UK’s contribution to the EU budget is four times higher than the actual amount. Big business stands for Bremain (Britain remain), while small and medium enterprises, which are annoyed with the bureaucratic regulations imposed by Brussels, want a Brexit.

Brexit’s economic impact on Russia

From an economic point of view, Brexit will not greatly affect Russian-British bilateral trade and economic relations. The volume of bilateral trade is not that significant to begin with, due to the economic sanctions related to Ukraine. Apart from that, supply and production chains linking the two countries are limited. However, the indirect economic losses could be quite significant for Russia.

For example, Russia is not indifferent to the position of the City of London as a financial center, where shares of leading Russian companies – Gazprom, Rosneft, Lukoil, Sberbank, Tatneft, Megafon and Rusagro - are traded on a daily basis.

Brexit could also adversely affect the economies of other EU countries, with which Russia has established a network of contacts (e.g. The Netherlands and Cyprus, both of which have close economic ties with Britain). Brexit may adversely affect the preservation of Russia’s gold and currency reserves, which might suffer if the euro drops in value.

Brexit’s political impact on Russia

From a political point of view, Russia might benefit from Brexit, because in the EU, Britain holds the most stringent anti-Russian position, along with Poland and the Baltic countries. If the UK exits, this would affect the position of the EU as a whole, toning down the anti-Russian rhetoric.

On the other hand, Britain will undoubtedly work on strengthening its “special relationship” with the United States – and the U.S. has quite sufficient influence on the EU.

In fact, the very uncertainty of the situation and the shifting of the balance of power within the EU could have a negative impact on Russia. Will Germany completely dominate the EU in

the future? Will the Brexit lead to a domino effect that will result in political tensions in those European countries in immediate proximity to Russia's borders?

For Russia, such questions are not only of academic interest. Thus, this claim that Russia has an "interest" in Brexit is rather a bluff by those who are ready to use any means to justify their goals, and are simultaneously creating obstacles for that in the first place.

It should also be noted that this fall, the British Parliament will be voting on the modernization of the country's Trident nuclear deterrent system. Consequently, the intensity of anti-Russian rhetoric will remain high – at least until this autumn.

This is not the first time that Cameron has played such a risky game – in 2011, there was a referendum on the electoral system, and then in 2014, there was a referendum on Scottish independence. Just two weeks before the Scottish referendum, the supporters and opponents of independence were dangerously divided almost exactly in half, and Cameron could have become the UK prime minister who led the country to fall apart. In both cases, David Cameron managed to achieve results consistent with his political positions. Will he succeed a third time?

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