



Weekly Briefing

**Croatia External Relations briefing:
Croatian-Russian Relations
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Croatian-Russian Relations

Summary

Croatia is the most recent European Union member state and the second ex-Yugoslavian country (after Slovenia) to join both the EU and NATO. Since country's independence in 1991 Croatia has had a positive, but sometimes cold relationship with Russia. After long time of stagnation, the Croatian Minister of Foreign Affairs and the Croatian President visited the Russian Federation in 2017. This was the first official visit in long time. Croatia is a committed member of NATO and the European Union, but it is also aware of the significance of the Croatian-Russian bilateral relations.

25 years of diplomatic relations between Croatia and Russia

Croatian-Russian relations officially began on 25 May 1992 following the Russian recognition of Croatia as an independent state. The Republic of Croatia has an embassy in Moscow and consulates in Kaliningrad, Novosibirsk and Sochi, while the Russian Federation has an embassy in Zagreb and consulates in Pula and Split. Last year, Croatia and Russia marked the 25th anniversary of the establishment of diplomatic relations between these two countries, and 25 years of friendship between Zagreb and Saint Petersburg.

The accession of Croatia to NATO in 2009 and the European Union (EU) in 2013 limited possibilities for its independent political cooperation with Russia. Croatia has aligned its foreign policy, including foreign policy towards Russia, with the European Union's foreign policy goals. However, in this broad framework there is room for developing constructive bilateral relations. Croatia seems to be willing to expand economic and political relations with Russia with which it traditionally has friendly relations.

Družba Adria, South Stream and the collapse of Agrokor

In 2004, the then-prime minister of Croatia, Ivo Sanader, promised a Russian government representative, today's Russian minister of defense Sergei Šojgoj, that Croatia was committed to Družba Adria. Družba Adria was including the idea of pumping Russian oil from the pipeline starting in Samara (Russia) southwards via Hungarian and Croatian pipelines, to the Omišalj port (Island Krk, Croatia). Several months later, the project was dropped. Despite this, Vladimir Putin came to the energy summit, which was held in Zagreb in 2007, offering Croatia participation in the South Stream project (transportation of natural gas from the Russian Federation through the Black Sea region to Bulgaria, and through Serbia, Hungary and Slovenia to Austria, with a branch-off to Croatia). During the mandate of Prime Minister Jadranka Kosor, Croatia and Russia signed an agreement on the South Stream project in 2010, but the project failed in 2014 after the European Commission concluded that Russia's agreements with six EU countries and Serbia are not in line with EU directives. In the end, Croatia signed a gas purchase agreement with Italian Eni and not with Russian Gazprom.

During last years, Croatia did not have the main supplier, but it was buying gas through short-term contracts which have shown that there is no serious alternative to Russian gas.

From 2012 to 2016 natural gas from Russia was delivered to Croatia by the Gazprom Swiss Company and earlier contracts with Gazprom were signed by INA and Prirodni plin companies. In 2017 Croatia's Prvo Plinarsko Društvo (PPD) has signed a ten year deal with the Russian gas giant Gazprom¹. Contract will remain in effect until the end of 2027 during which Gazprom will deliver one billion cubic meters of gas annually.

Tense relations between Croatia and Russia were caused by the crisis in the Agrokor Group, Croatia's major food producer and retailer. Russia came to the center of the Croatian political and economic turmoil. The crisis in Agrokor is

¹ <https://www.ppd.hr/ppd-i-gazprom-potpisali-dugorocni-ugovor-o-opskrbi-prirodnim-plinom-v14>

closely related to one of the main Russian banks, Sberbank, one of Agrokor's biggest creditors in recent years.

Russia's role regarding the crisis in Agrokor is interpreted as an increase of Russian influence in the region, but also as a part of its wider geopolitical ambitions. In a modern, globalized world, it is difficult to separate economic from political interest. There are hardly any economic interests that in some way are not political, while many political interests are realized through economic cooperation. Sberbank, as the largest creditor, has primarily economic interests in Agrokor, but it also represents an opportunity for Russia to increase its influence in Southeast Europe.

Russia's annexation of Crimea

In response to the annexation of Crimea, Croatia joined other EU member states in imposing sanctions against the Russian Federation. Although Croatia supported further prolongation and expansion of sanctions, there is also a clear understanding that the sanctions have caused economic damage which had a negative impact on EU producers, including Croatian producers who have lost one of the most important markets. According to the Croatian Chamber of Economy², from 2014 until today the sanctions halved Croatian exports to Russia.

The sanctions were first imposed in March 2014 over Russia's actions in eastern Ukraine and they have been renewed every six months since then. They have been now extended until March 2019. Croatia shares the EU principles and does not recognize the annexation of Crimea. As long as the European Union maintains this position on Crimea, Croatia as a member state will share it.

For a brief moment Croatia tried to politically influence the resolution of the situation in Ukraine caused by the annexation of Crimea. Namely, in 2017 Croatia's Prime Minister Andrej Plenković offered Croatia's experience of peaceful reintegration of previously occupied Croatian territories under the state

² <https://www.hgk.hr>

administration. The advice was extended to the Ukrainian government on how they could peacefully reintegrate its occupied territories into its constitutional and legal system. The Croatian Prime Minister was referring to the Erdut Agreement signed between Croatia and Croatian Serbs in 1995.

These statements of the Croatian Prime Minister caused a swift and sharp reaction from the Russian Foreign Ministry. Plenković was also criticized at home where many analysts and opposition politicians accused him on necessary interfering in domestic affairs of other countries and jeopardizing Croatia's relations with Russia.

Croatia improving relations with Russia

After years of stagnation in the bilateral relations between the two countries, during which Croatia had no ambassador in Moscow for two years and during which the annexation of Crimea happened, in 2017 the Croatian Minister of Foreign and European Affairs Davor Ivo Stier and the President of Croatia Kolinda Grabar-Kitarović officially visited the Russian Federation. These visits indicate that Croatia and Russia have decided to finally improve their bilateral relations.

As part of marking the 25th anniversary of the establishment of diplomatic relations between the two countries, Croatian Minister of Foreign and European Affairs Davor Ivo Stier in Moscow met with Russian Foreign Minister Sergey Lavrov. The officials reaffirmed their mutual desire to step up the bilateral dialogue and pursue mutually advantageous initiatives in the trade, economic, cultural and humanitarian sectors. They held a substantive exchange of views on current regional and international issues. “We want to have an open dialogue with the Russian Federation, of course, from the position of the member of the NATO and EU but the Russian said understand and accept that³ “, said Croatian Minister Davor Ivo Stier.

³ <https://www.vecernji.hr/vijesti/stier-uoci-posjeta-moskvi-zelimo-imati-otvoren-dijalog-s-rusijom-1169887>

The President of Croatia Kolinda Grabar-Kitarović met Vladimir Putin in Kremlin. As part of her visit, Grabar-Kitarović opened an economic forum in Moscow attended by representatives of about nine hundred Croatian and about two hundred Russian companies.

The meeting of President Vladimir Putin and President Kolinda Grabar-Kitarović is the first official meeting at the highest level since 2002. Kolinda Grabar-Kitarović sent Russia a signal that Croatia can and wants Croatian-Russian relations to improve. All those missed years to develop relations with the Russian Federation were not beneficial to either country and the Croatian president encourages foreign policy in which Croatia is a reliable partner of the EU and NATO but also open to cooperate with Russia.

Expulsion of a Russian diplomat

Just when it seemed that there was an improvement in relations between the two countries, a low-ranking Russian diplomat was expelled from Zagreb. Croatia was one of 14 European Union member states that, together with the United States, have decided to expel Russian diplomats after the attack on a Russian citizen and his daughter in Britain, for which London blames Russia. Russia fought back by declaring the Croatian foreign minister's chief of staff a “persona non grata”. In this case, Zagreb belongs to the majority of EU countries which imposed diplomatic measures on Russia. This crisis caused another time-out in relations between Croatia and the Russian Federation, which had finally gone forward after long years of stagnation.

Conclusion

Croatia should continue dialogue and cooperation, political and economic, with Russia having in mind that Russia is inevitable partner in the Balkans which means that any deterioration in relations between NATO and EU and Russia in the Balkans would have direct consequences on all aspects of the European security and stability, including Croatia.

The future of international relations is uncertain. Numerous issues are open and linked to the future destiny of global relationships. Croatia is a responsible member of the EU and NATO, but also a country that recognizes the international significance of Russia.