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UK relations with Russia 2016

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Summary

The UK has had a particularly difficult relationship with Russia in recent years, more so than has been the case with other European countries.

The UK's National Security Strategy places a higher emphasis on a potential threat from Russia than did its predecessor document in 2010. NATO has upgraded several facilities in response to the perceived threat from Russia, and the UK has been at the forefront among NATO member states in arguing for that upgrade and supporting it with military assets.

Controversial Russian figures living in the UK, many granted political asylum, have been at the root of some of the problems between the UK and Russian governments. The most important of these has been Alexander Litvinenko, who died in London 2006.

In 2016 a public inquiry concluded that the death was almost certainly caused by an operation of the Russian internal security service, the FSB, and that it was probably approved by Russian president Vladimir Putin.

The UK has also pressed the EU for a tough response to the annexation of Crimea and Russian actions in Ukraine.

The UK's trade relationship with Russia is modest and has decreased further recently.

1. A threat from Russia?

1.1 UK National Security Strategy

The UK's National Security Strategy refers to the re-emergence of state-based threats and challenges to the international order based on rules. It also specifies the Russian annexation of Crimea and destabilisation of eastern Ukraine as threats to the UK's security, along with Russian air force manoeuvres near UK air space designed to test responses. The government pledges to meet these challenges with a strong commitment to NATO.

The UK's [2015 National Security Strategy](#) has a chapter entitled 'the resurgence of state-based threats' and the first state to be mentioned is Russia.

The Government argues that Russia's actions in Ukraine, its military upgrade and threatening manoeuvres justified the stronger NATO response and the EU sanctions regime but it deems Russian military action against NATO "highly unlikely":

Russia is mid-way through a programme of major investment to modernise and upgrade its military, including its nuclear forces. It has also increased its nuclear exercises and rhetoric, with threats to base nuclear forces in Kaliningrad and Crimea. Its military activity around the territory of our Allies, and close to UK airspace and territorial waters, is designed to test our responses. Russia's behaviour will continue to be hard to predict, and, though highly unlikely, we cannot rule out the possibility that it may feel tempted to act aggressively against NATO Allies.¹

On the other hand the document pledged the government to build on the successful cooperation over the Iranian nuclear programme and continue to seek cooperation on certain problems such as ISIS/Daesh.

The strategy mentioned Russia's testing of UK responses:

There is currently no immediate direct military threat to the UK mainland. But, with increasing frequency, our responses are tested by aircraft, including Russian aircraft, near our airspace, and maritime activity near our territorial waters.²

Detail on the UK's commitment to NATO underlined that British defence expenditure would ensure that the UK remained "NATO's strongest military power in Europe," and went on to mention working with both Poland and Turkey, perhaps pointing up the difficult relations between Russia and both these NATO allies.

The government underlined its commitment to strengthening the NATO ballistic missile defence system.

¹ [National Security Strategy and Strategic Defence and Security Review 2015](#), A Secure and Prosperous United Kingdom, HM Government, Cm 9161, November 2015, p18

² [National Security Strategy and Strategic Defence and Security Review 2015](#), A Secure and Prosperous United Kingdom, HM Government, Cm 9161, November 2015, p24

A more prominent treatment of Russia in the 2015 National Security Strategy compared to its predecessor in 2010 was perhaps inevitable, given the annexation of Crimea in March 2014. Andrew Monaghan argued that Russia would see the comments as a challenge:

The SDSR suggests that Russian behaviour will be hard to predict, and in some specific senses this is correct. But many of the statements, both explicit and implicit, in the SDSR advocate a world view and responses to it that is in direct competition with Moscow's. It is to be hoped that this agenda has been carried out with clarity of forethought and purpose, since one thing that is not hard to predict is Moscow's disagreement and a response that will seek to advance its own agenda.³

1.2 NATO response

The UK has been at the forefront of strengthening NATO's response to perceived Russian threats in Europe, and is contributing significant military assets to the task.⁴

NATO agreed the "most significant strengthening" of its collective defence in decades at its 2014 Summit. The Readiness Action Plan is a package of measures designed to assure allies, improve the responsiveness and effectiveness of its forces and deter threats.

Details of the plan were subsequently fleshed out at NATO Defence Ministers meetings in February and June 2015 and expand on some of the measures adopted as part of the immediate response to Russia's actions in Ukraine in spring 2014. NATO also cites unrest along its southern border – from North Africa and the Middle East – as spurring the changes.

NATO agreed to enhance the Response Force agreed at the 2002 Prague NATO Summit. The flagship element of the Response Force is a new Very High Readiness Joint Task Force (VJTF). It will consist of around 5,000 troops led by one of seven framework nations, including the UK, on a rotational basis.

UK contribution to VJTF

The UK will contribute a battle group of 1,000 personnel each year from 2016 into next decade

The UK will lead the VJTF in 2017 and contribute:

- Up to 3,000 personnel
- Brigade HQ
- Armoured infantry and Light role infantry battlegroups
- communications, reconnaissance, intelligence capabilities
- Combat support and logistic elements

³ ['Moscow Will See the SDSR as a Challenge'](#), Chatham House, 9 December 2015

⁴ For more Detail on NATO and Russia and the UK contribution, see the House of Commons briefing paper [NATO's military response to Russia](#), February 2016

Air policing

NATO air policing is a peacetime mission to detect, track and identify all aerial objects approaching or operating within NATO airspace. UK and NATO aircraft intercepted unidentified Russian planes over 400 times in 2014,⁵ and 250 times in the first half of 2015.⁶

The Russian Government says that NATO has massively increased its sorties near Russian airspace and that Russian pilots are “under strict orders to follow the requirements of international and national laws and rules.”⁷

NATO boosted the number of aircraft dedicated to patrolling Baltic airspace in 2014 in response to Russian activity. The UK has committed Typhoon aircraft to the Baltic air policing mission in 2014, 2015 and 2016. UK Quick Reaction Alert Typhoon aircraft have scrambled several times in response to Russian activity near UK airspace.

2014 also saw NATO begin air surveillance missions over Romania and Poland, to which the UK contributed Sentry aircraft.

1.3 The Quick Reaction Alert Force

Quick Reaction Alert aircraft are maintained at very short notice to respond to unusual or unauthorised activity near or over the airspace of NATO members. NATO says the Russian military often do not file flight plans, communicate with civilian air traffic control authorities or use their on-board transponders. This means civilian air traffic control cannot detect these aircraft nor ensure there is no interference with civilian air traffic. NATO therefore scrambles aircraft to intercept and identify the aircraft.⁸

Allies, including the UK, contribute QRA aircraft for specific missions over the Baltics and Iceland as neither the Baltic States nor Iceland has an air policing capability.⁹

The UK Quick Reaction Alert Force

The RAF’s primary role is the air defence of the United Kingdom. It maintains a Quick Reaction Alert Force which can scramble within a few minutes to intercept any aircraft entering or flying around NATO-monitored airspace around the UK without proper authorisation.¹⁰

The QRA Force consists of three Typhoon squadrons based at RAF Lossiemouth and RAF Coningsby: 1 and 6 Squadron at Lossiemouth and 11 Squadron at Coningsby.

There have been no unauthorised incursions by Russian air forces into UK sovereign airspace within the last 10 years, the Government said in

⁵ [Secretary-General’s Annual Report 2014 press conference](#), NATO, 30 January 2015

⁶ [NATO fighter jets intercept Russian aircraft](#), *Financial Times*, 30 July 2015

⁷ [‘Nato activity on Russian borders has increased’](#), Letter to the *Financial Times* from the Russian Embassy press secretary, 3 August 2015

⁸ [“NATO tracks large-scale Russian air activity in Europe”](#), NATO, 29 October 2014

⁹ Detailed information on NATO Air Policing is available on the [NATO website](#).

¹⁰ [RAF website](#), accessed 18 June 2015

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June 2015.¹¹ UK sovereign airspace extends 12 nautical miles from the UK coastline.

However, Russian aircraft have approached or entered the NATO Air Policing Area (APA) for which the UK has responsibility. On these occasions QRA Typhoon aircraft may be scrambled to identify and intercept them. In January 2015, for example, Typhoon aircraft intercepted two Russian Tu-95 'bears' through the UK Flight Information region.¹²

The MOD has published the number of days on which Quick Reaction Alert aircraft have launched specifically against Russian military aircraft for each year from 2005 to 2014. This is contained in the table below. This table does not include QRA launches for non-Russian aircraft.¹³

Year	No. Days Launched Against Russian Military Aircraft
2005	4
2006	1
2007	19
2008	11
2009	11
2010	7
2011	10
2012	9
2013	8
2014	8
2015	8

The Ministry of Defence declined to provide information on the type of aircraft and location of the interceptions.

Russian military aircraft are allowed to fly reconnaissance missions over the UK under the 2002 Open Skies Treaty. RAF personnel are on board

¹¹ [PO 1788](#), 15 June 2015

¹² UK Flight Information region is outside of the 12 nautical miles

¹³ [PO 221677](#), 22 January 2015. The figure for 2015 was given in response to a [Freedom of Information](#) request dated 12 January 2016. QRA aircraft launched 12 times in 2015, eight of which were in response to Russian aircraft.

for these flights. The UK may make similar flights over Russian territory.¹⁴

1.4 UK contribution to Baltic Air Policing Mission

The UK was one of the first nations to contribute to the NATO mission when it first began, deploying Tornado F.3 aircraft in October 2004, but stopped because of other operational commitments.¹⁵

The Government announced on 17 March 2014 it would send four Typhoon aircraft to the mission in response to the Ukraine crisis. So far the UK has contributed to two rotations in 2014 and 2015 (both May to September) and will contribute to a rotation in summer 2016.

1.5 Submarines

Suspected Russian submarine activity in the Baltic and North Seas has been reported by several European countries.

Sweden launched a major maritime hunt for a suspected submarine, or rather 'foreign underwater activity', off its coast in October 2014. Sweden's Defence Minister, Peter Hultqvist, was quoted at the time saying: "what's been happening in the Baltic Sea, including airspace incursions, shows that we have a new, changed situation."¹⁶ The wreckage of a small submarine was found in Swedish waters in July 2015 but at the time of writing it has yet to be identified.

Finland dropped depth charges at a suspected unidentified submarine near Helsinki in April 2015.¹⁷

The Government does not comment on matters relating to submarine activity and has not responded to questions about suspected Russian submarine activity around UK waters.¹⁸

¹⁴ "[Open skies – planned aircraft flights in UK airspace](#)", MOD News, 20 May 2015

¹⁵ HC Deb 6 March 2012 659W. These commitments were predominantly the UK's role in Afghanistan and Iraq.

¹⁶ "[Sweden searches for suspected Russian submarine off Stockholm](#)", *The Guardian*, 19 October 2014

¹⁷ "[Finland drops depth charges in 'submarine' alert](#)", *BBC News*, 28 April 2015

¹⁸ [PQ 1737](#), 15 June 2015

2. Controversial Russian figures linked to the UK

Some controversial Russian citizens have been granted asylum in the UK, and the UK government has generally refused Russian requests to extradite them. They may genuinely have been at risk of persecution or worse but the granting of refuge in the UK has caused friction with Russia.

One of them, Alexander Litvinenko, was murdered in 2006. A public inquiry into his death reported in January 2016 that he was killed in an operation of the Russian internal security service and that the operation was probably approved by President Putin.

The UK has a record of granting high-profile Russian citizens political asylum and this has at times strained relations with the Russian government. In 2003, the UK granted political asylum to Boris Berezovsky, a Russian businessman and politician who had fallen out with Vladimir Putin and the new Russian government, and to Akhmed Zakayev, a Chechen separatist accused of terrorist acts by Russia. In 2007, Berezovsky made comments that appeared designed to worsen UK-Russian relations, saying that the government should be brought down by force: "We need to use force to change this regime. It isn't possible to change this regime through democratic means. There can be no change without force, pressure." When he was asked whether he was fomenting a revolution he said: "You are absolutely correct."¹⁹

Berezovsky died in 2013, apparently having committed suicide. The inquest delivered an open verdict.

Other people granted asylum in the UK have been accused of corruption, like the banker, Andrei Borodin. In 2012 he bought Britain's most expensive house at the time, Park Place near Henley-on-Thames, and in 2013 he was granted asylum.

Russia has tried to extradite some of these Russian citizens from the UK but such requests have usually been turned down, on the grounds of political motivation or lack of evidence. A Russian government spokeswoman criticised what the Kremlin sees as manipulation of the UK asylum system:

The most important thing is to shout as loudly as you can about political persecution, and you will be guaranteed to receive political asylum. It is regrettable that this unsophisticated system worked again.²⁰

Some UK commentators have criticised the situation as well:

Like it or not, through our generous asylum policies – especially for anyone with a mountain of cash – ordinary Britons have become passive onlookers as different factions of the Russian elite wage their dirty wars on our sovereign territory. The British government does nothing to stop them, as it equivocates

¹⁹ ["I am plotting a new Russian revolution"](#), *Guardian*, 13 April 2007

²⁰ ["Borodin's Extradition Sought Despite Asylum"](#), *Moscow Times*, 3 March 2013

between doing BP's business with Russia and engaging in a reflexive moralising that merely irritates the bosses in the Kremlin.²¹

Alexander Litvinenko

The death in the UK of the former Russian spy officer Alexander Litvinenko is perhaps the biggest single cause of tensions in relations between the UK and Russia. He died in 2006 in London, having been granted asylum in the UK some years before. He had published books in the UK accusing the Russian secret services of involvement in the Moscow apartment bombings and Vladimir Putin of ordering the murder of journalist Anna Politkovskaya.

Russia refused to extradite the two main suspects, also former Russian secret service agents, citing the constitutional ban on the extradition of Russian citizens. This resulted in much Anglo-Russian cooperation being halted.

The inquest found that there was a prima facie case for the responsibility of the Russian state. The inquest chairman formally asked the government to set up a public inquiry, because it would be able to hear more evidence in private.

The government was initially reluctant to hold a public inquiry, preferring an inquest. The Home Secretary Teresa May said in a letter in 2013 to Sir Robert Owen that the independence of an inquest was more readily understandable by "some of our foreign partners" than an inquiry ordered by a minister, although it said that this was not the major reason for the refusal – which was, broadly speaking, that an inquest would do a good job.²² At the same time the UK embarked on a low-profile effort to improve relations.

Inquiry

The High Court conducted a judicial review of the decision not to hold a public inquiry on an application from Litvinenko's widow Marina and, on 11 February, issued a judgment that the government had been wrong to rule out a public inquiry.²³ On 22 July 2014, Home Secretary Teresa May announced the establishment of the public inquiry.²⁴ The Inquiry terms of reference were to:

- (i) ascertain, in accordance with [section 5 \(1\) of the Coroners and Justice Act 2009](#), who the deceased was; how, when and where he came by his death; and the particulars (if any) required by the [Births and Deaths Registration Act 1953](#) to be registered concerning the death;
- (ii) identify, so far as is consistent with [section 2 of the Inquiries Act 2005](#), where responsibility for the death lies; and
- (iii) make such recommendations as may seem appropriate.²⁵

²¹ 'War of the Oligarchs', *Daily Telegraph*, 25 March 2015

²² [Letter from Teresa May to Sir Robert Owen](#), 17 July 2013

²³ A fuller account of the legal proceedings can be found in '[High Court quashes government's refusal to proceed with Litvinenko inquiry](#)', UK Human Rights Blog, 12 February 2014

²⁴ [HC Deb 22 July 2014, 121WS](#)

²⁵ [The Litvinenko Inquiry](#)

Although the British government suggested it was a coincidence,²⁶ the fact that the announcement came very soon after the Malaysian Airlines disaster in Ukraine made it look like a deliberate decision to abandon attempts at better relations.

Dimitri Kovtun, one of the principal suspects, was due to give evidence to the inquiry by video link on 27, 28 and 29 July.²⁷ Being a 'core participant' in the inquiry gave access to 15,000 inquiry documents.²⁸ In the event, he did not give evidence. The Chairman of the inquiry concluded that he had never intended to, or that obstacles were put in his way.

Inquiry findings and response

On 21 January 2016 Sir Robert Jones, who chaired the inquiry, published its findings.²⁹ The inquiry found that Litvinenko's death was caused by ingesting a radioactive substance, and that there was overwhelming evidence that this was intentionally administered by Andrey Lugovoy and Dimitri Kovtun in what was probably an operation of the Russian domestic security service, the FSB. In the concluding statement the chair said that "the FSB operation to kill Mr Litvinenko was probably approved by Mr Patrushev, then head of the FSB, and also by President Putin."³⁰

Home Secretary Theresa May noted in a statement on the inquiry's conclusions that the Russian state was probably involved:

The Government take these findings extremely seriously, as I am sure does every Member of this House. We are carefully considering the report's findings in detail, and their implications. In particular, the conclusion that the Russian state was probably involved in the murder of Mr Litvinenko is deeply disturbing.³¹

Interpol and European arrest warrants were in place for Andrey Lugovoy and Dimitri Kovtun, so they could not travel outside Russia without risk of arrest. The UK has attempted to extradite Lugovoy and Kovtun since the time of the killing but Russia says that to extradite Russian citizens would be unconstitutional.

The UK Treasury froze the assets of Lugovoy and Kovtun, issuing an Order under the *Anti-terrorism, Crime and Security Act 2001*.³²

The government wrote to the Director of Public Prosecutions to ask whether any further action was to be taken. Visa requirements for Russian officials were tightened in response to the report and the Metropolitan Police investigation into the events remained open.

²⁶ Andrew Monaghan, '[Litvinenko Inquiry Another Blow to UK-Russia Relations](#)', *Chatham House*, 23 July 2015

²⁷ Litvinenko Inquiry, [Hearing dates July 2015](#)

²⁸ 'Litvinenko inquiry judge suspects 'Kremlin manipulation' for no-show', *Guardian*, 27 July 2015

²⁹ The Litvinenko Inquiry, [Report into the death of Alexander Litvinenko](#), HC 695, 21 January 2016

³⁰ Litvinenko Inquiry, [Statement by the Chairman](#), 21 January 2016

³¹ [HC Deb 21 Jan 2016, c1569](#)

³² [The Andrey Lugovoy and Dimitri Kovtun Freezing Order 2016](#), SI 2016/67

Andy Burnham, the Shadow Home Secretary, questioned whether the government's response to the report went far enough. He called on ministers to look seriously at the list of people alleged by Marina Litvinenko, Alexander's wife, to have assisted the killers.

Could more have been done? Chatham House expert James Nixey said that the UK government wants to move on:

Fortunately for the Kremlin, the British government would like to move on too. Its outrage is probably genuine, but there has clearly been a decision to do as little as can be got away with.³³

He admitted, however, that most substantive measures had already been taken:

All other measures were already in place, in the form of EU-wide sanctions and visa bans in response to Russia's aggression in Ukraine. Everything else is just words.³⁴

However, he did suggest other possible measures:

- international pressure to exclude Russia from hosting or participating in sporting events
- 'subtle pressure on' oligarchs with assets in London and links to the Kremlin
- a review of the deaths of Boris Berezovsky and Alexander Perepelichny
- stronger security measures against Russia in the EU
- a review of the presence of Russian intelligence officers in the UK.

A Downing Street statement showed that the UK government, as well as reacting to the Litvinenko report, takes potential cooperation with Russia into its calculations:

We have to weigh carefully the need to take measures with the broader need to work with Russia on certain issues. [...] When you look at the threat from Daesh, it is an example of where you put...national security first.³⁵

Russian government response

A Russian government spokesperson said that the inquiry had been politicised: "We regret that a purely criminal case has been politicised and has darkened the general atmosphere of our bilateral relations."

She said that much of the proceedings had been conducted in closed session:

Taking this into account, there were little grounds to expect that the final report of a process that was politically motivated and highly opaque, and prepared with a pre-determined 'correct'

³³ James Nixey, '[Weak Response to Litvinenko Inquiry Will Not Deter Russia](#)', Chatham House, 25 January 2016

³⁴ *Ibid.*

³⁵ '[UK announces sanctions on those deemed responsible for Litvinenko murder](#)', *European Sanctions law and practice*, 21 January 2016

result in mind, would suddenly turn out to be objective and balanced.³⁶

Other Russian officials said the inquiry report was an example of British humour.

Sergei Magnitsky

The death in Russian custody of Sergei Magnitsky, a Russian lawyer employed by the London-based Hermitage Capital, has also emerged as an issue in UK-Russian relations, particularly in the light of the motion passed by the House of Commons in March 2012 citing the US *Sergei Magnitsky Rule of Law Accountability Bill* and calling on the government:

to bring forward equivalent legislative proposals providing for a presumption in favour of asset freezes and travel bans for officials of the Russian state and other countries, wherever the appropriate UK authorities have collected or received evidence that establishes that such officials:

(a) were involved in the detention, physical abuse or death of Sergei Magnitsky;

(b) participated in efforts to conceal the legal liability for the detention, abuse or death of Sergei Magnitsky;

(c) committed the frauds discovered by Sergei Magnitsky; or

(d) are responsible for extrajudicial killings, torture or other gross violations of human rights committed in Russia or any other country against any individual seeking to obtain, exercise, defend or promote basic and internationally recognised human rights, including those set out in the International Covenant on Civil and Political Rights 1966.³⁷

Alexander Perepilichny

Alexander Perepilichny was helping in an investigation into an alleged fraud involving Russian officials, related to the Magnitsky case. He was found dead near his Surrey home in 2012. The police at first denied that there were suspicious circumstances, although that conclusion was later questioned as it was suggested that traces of a rare poison had been found in his stomach after further tests.³⁸

Boris Berezovsky

Some of the cases have involved high-profile individuals. In one of the biggest private actions of all time, Roman Abramovich and Boris Berezovsky battled over a £1.8 billion damages claim in the High Court in 2012. The court found in favour of Abramovich. Berezovsky was found dead at home in Berkshire a few months later. The police reported no evidence of foul play, although associates of Berezovsky argued that he could have been murdered. The coroner returned an open verdict.

³⁶ [‘Litvinenko inquiry: Russia warns verdict will ‘darken’ relations with UK’](#), *International Business Times*, 21 January 2016

³⁷ [HC Deb 7 March 2012, c951](#)

³⁸ [‘Fears Russian tycoon Alexander Perepilichnyy may have been poisoned with rare plant’](#), *Daily Telegraph*, 18 May 2015

2.1 UK court system

The Berezovsky-Abramovich case was just one of several high-profile cases to be tried in the UK courts. The Russian government recently launched a case against the Ukrainian government for \$3 billion in unpaid debts in the High Court in London.

It is not only governments that have resorted to the UK courts: companies and wealthy individuals have also flocked to settle their disputes in the Royal Courts of Justice, home to the High Court and the Court of Appeal. In 2012, around 60% of the Commercial Court's cases involved parties from Russia or other Commonwealth of Independent States countries.³⁹ The disputes often had little or no connection with England and Wales.

Commentators suggest that Russians are more likely to use Western European courts for this kind of action because they are perceived to be fairer than courts in the former Soviet states.⁴⁰

The Russian government has expressed its opposition to this export of litigation business; the Chairman of the Russian Supreme Commercial Court suggested in 2012 that Russia might legislate against it by 'collecting as unjust enrichment the adjudged amount from the party that appealed to the foreign court in bad faith', and drafting a "blacklist of foreigners involved in the making of unlawful decisions". Vladimir Putin hinted later that year that it was important to improve the Russian justice system's offer rather than to prevent litigants going abroad: "the best way to make businesses patriotic is to ensure effective guarantees for protecting property and honouring contracts."⁴¹

³⁹ ['England and Russia: resolving jurisdictional disputes'](#), *Law Society Gazette*, 22 April 2013

⁴⁰ ['Russia Sues Ukraine in London Court Over Unpaid Debt Claim'](#), *New York Times*, 17 February 2016

⁴¹ ['England and Russia: resolving jurisdictional disputes'](#), *Law Society Gazette*, 22 April 2013

3. Spying

In 2013, Oleg Gordievsky, a Russian agent who defected from the Soviet Union, said that there were over 50 Russian intelligence agents based in London, much the same level as during the Cold War. Some of these agents are monitoring Russian oligarchs based in the UK.

Jonathan Eyal of the Royal United Services Institute said in 2012 that the UK is particularly interesting to Russian spies because of the close intelligence relationship between the UK and the US – Russian spies hope to gain access to US secrets by breaching UK security.

The UK has also spied on Russia. In 2006, the British Government was accused of putting a plastic rock filled with communications equipment in a Russian street. At the time the Government denied the accusation. In 2012, Jonathan Powell, Number 10 Chief of Staff in 2006, admitted that the accusation was true. Alexander Litvinenko, himself a defected Russian agent, was reported to be working with the British and Spanish secret services when he was murdered.

The 2015 UK National Security Strategy acknowledges a threat from a variety of types of spying:

Although we currently face no major state military threat some states continue to attempt to gain advantage over us through hostile espionage activity or cyber attack.

[...] Traditional espionage continues to pose a threat to British interests, with the commercial sector under threat alongside our diplomatic and defence interests. The revolution in global communications and increased movement of people, goods and ideas has also enabled the use of cyberspace as a means of espionage. This enables operation from a safe distance and makes the attribution of attacks more difficult, thus reducing the political risk associated with spying.⁴²

3.1 Cyber attacks

In 2012, the head of MI5, the UK's internal security service, warned that cyber attacks were an increasing threat to the UK, citing an attack on a major UK company, thought to be Rio Tinto Zinc, that original reports said cost the firm some £800 million.⁴³ Such attacks are backed not only by criminals but also by states, and Russia, along with China, is accepted by many experts to be responsible for some of them.

The information available about these incidents is minimal, however. Companies do not tend to reveal much information for fear of further damage. But there are several accounts of the Russian state succeeding in putting malware or spy computer viruses into the computer systems

⁴² [National Security Strategy and Strategic Defence and Security Review 2015 - A Secure and Prosperous United Kingdom](#), Cm 9161, HM Government, November 2015, p14

⁴³ ['Cyber crime a global threat, MI5 head warns'](#), *Daily Telegraph*, 26 June 2015

of British companies,⁴⁴ often aiming to get hold of commercially-sensitive information from energy companies.

Russia also employs armies of 'trolls', individuals who post pro-Kremlin comments on media items. Those commenting on Russian material are not paid so much as those with foreign language skills who can comment on foreign items, including those originating in the UK.⁴⁵

As well as commercial and political attacks, experts are worried about the possibility that critical national infrastructure could be attacked.

⁴⁴ ['The new Cold War: how Russia and China are hacking British companies and spying on their employees'](#), *Daily Telegraph*, 25 June 2015

⁴⁵ ['One Professional Russian Troll Tells All'](#), *Radio Free Europe/Radio Liberty*, 25 March 2015

4. UK and reaction to the Ukraine and Crimea crisis

4.1 Sanctions

The UK has been active in pushing for a strong EU sanctions regime against Russia over its actions in Crimea and Ukraine. The UK was considered a sanctions 'hawk',⁴⁶ along with Nordic, Baltic and Central European countries, and argued for the sanctions agreed in 2014 to be maintained, with support of Polish EU Council President Donald Tusk.⁴⁷ Prime Minister David Cameron said in January 2016: "When it comes to sanctions against Putin's Russia because of what has happened in Ukraine, we are the ones in the vanguard."⁴⁸

4.2 UK military assistance to Ukraine

UK military assistance to Ukraine is longstanding. However, in response to the crisis in Eastern Ukraine that assistance was stepped up in March 2015 with the provision of non-lethal equipment to the Ukrainian armed forces and the deployment of a 75-strong UK military training team to the country.

The decision to deploy a team of military advisers to Ukraine has been interpreted by some as the UK government putting 'boots on the ground', in breach of the 1994 Budapest Memorandum. However, these personnel are not combat troops, they are not deployed in Eastern Ukraine and they are being provided in response to a request from the Ukrainian government.

To date, the Government has ruled out providing lethal arms to Ukraine. Other European leaders, including German Chancellor Angela Merkel and French President Francois Hollande, have openly opposed arming Ukraine. In contrast the US administration remains open to the possibility of providing Ukraine with lethal weapons if "diplomacy fails to end the crisis".⁴⁹

⁴⁶ ['Push to extend Russia sanctions reveals EU rift'](#), *Financial Times*, 16 March 2015

⁴⁷ For more on the Ukraine-related sanctions regime see Commons briefing paper [Sanctions over the Ukraine conflict](#), March 2015

⁴⁸ [HC Deb 5 January 2016](#), c54-5

⁴⁹ For more information see the Commons briefing paper [UK military assistance to Ukraine](#), May 2015

5. UK work in Russia

The UK funds a small number of programmes in the Russian Federation, including counter-proliferation, conflict prevention and promotion of UK culture.

The UK government aims to support civil society and promote human rights in Russia. Asked about the Government's response to human rights violations in Russia, Europe Minister David Lidington said that he discussed that with his Russian counterpart at their last meeting:

During my visit to Moscow on 21-22 December 2015, I raised the UK's concerns about the human rights situation in Russia with my counterpart First Deputy Foreign Minister Vladimir Titov. I pressed for the immediate release of Ukrainian pilot Nadiya Savchenko, who has restarted her hunger strike having spent 18 months in illegal detention, and I called for the release of filmmaker Oleg Sentsov and activist Olexandr Kolchenko, whose trials have also raised serious concerns. I raised our concerns about restrictions on civil society, Russia's labelling of NGOs as "foreign agents", and the situation of the LGBT community. I also met a group of human rights defenders to hear their concerns first hand. The UK will continue to support Russian civil society and to raise human rights issues with the Russian Government.⁵⁰

The Foreign and Commonwealth Office's 2014 [Human Rights and Democracy Report](#) lists Russia as a 'country of concern', along with such countries as Saudi Arabia and North Korea.

The UK-funded does not give development aid to Russia; as a high-income country Russia does not qualify as a recipient of aid.⁵¹

5.1 Conflict, Stability and Security Fund and counter-proliferation

The UK funds conflict prevention and projects to help control the proliferation of weapons of mass destruction. There is not much information available about these projects.

The Conflict, Stability and Security Fund (replacement for the old Conflict Pool), requested bids for support from projects in the North Caucasus region of Russia (such republics as Chechnya, Dagestan and Ingushetia). The fund aims to reduce conflict in the region by sponsoring "upstream conflict prevention programmes."⁵²

In March 2016 bids in Russia were requested for the FCO's counter-proliferation programme. Projects aligned with the programme's strategic goals:

⁵⁰ [HC Written question – 24462](#), 4 February 2016

⁵¹ There is an internationally agreed definition for aid, Official Development Assistance (ODA), agreed through the OECD's Development Advisory Committee (DAC). This is the measure that is used, for example, in the UK's government's 0.7% aid target. See [DAC List of ODA Recipients](#)

⁵² '[Conflict, Stability and Security Fund invites bids for 2015/2016 in Russia](#)', British Embassy Moscow press release, 27 March 2015

- Denying access to chemical, biological, radiological and nuclear (CBRN) materials and expertise by non-state actors
- Prevent acquisition by states of capabilities (both WMD and conventional military capabilities) which would threaten stability and UK vital interests
- Supporting, strengthening and extending the ruled-based international system of counter proliferation treaties, regimes and organisations that underpins global security and prosperity.⁵³

5.2 British Council

The UK organisation that promotes British culture and the English language in Russia, the British Council, has an office in Russia and provides facilities for Russians wanting to learn English.⁵⁴

In 2014 the British Council promoted the UK-Russia year of culture; 2016 is the UK-Russia Year of Language and Literature.⁵⁵ The British Council is staging a number of Shakespeare events including live screenings of performances of Shakespeare at the National Theatre, the Globe and the Barbican.

The Russian Ministry of Foreign Affairs will host celebrations of Russian culture in the UK.

⁵³ [‘FCO Counter-Proliferation Programme 2016-2017 accepts bids in Russia’](#), British embassy Moscow press release, 4 March 2016

⁵⁴ [British Council Russia](#)

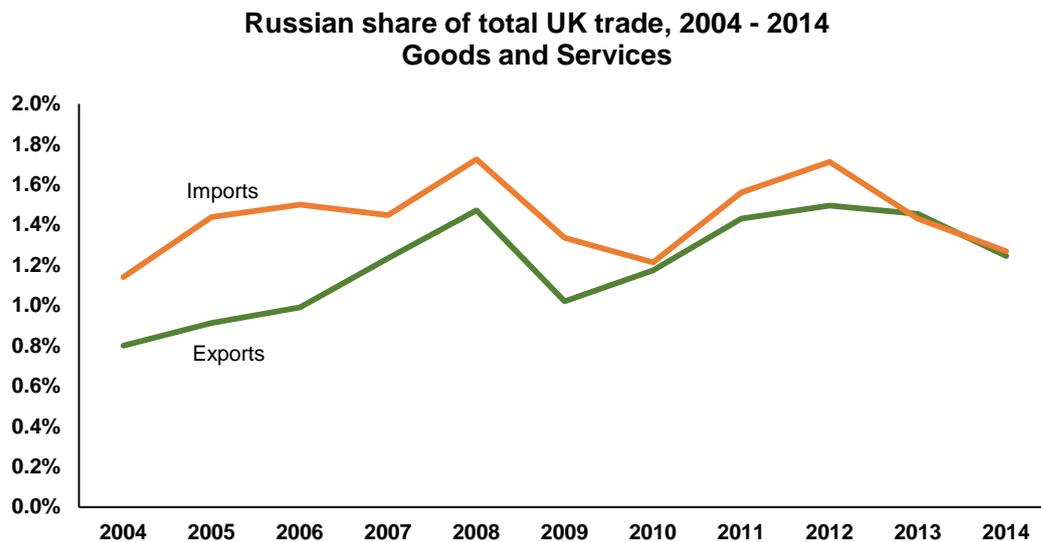
⁵⁵ [The UK-Russia Year of Language and Literature 2016](#), British Council

6. Economic factors

The UK economy does not depend directly on Russian gas, unlike some in eastern Europe, and the UK-Russia trade partnership is small. Some UK companies, however, do have big business interests in Russia, particularly BP, and there are some large investments of Russian money in the UK, particularly in housing in London and the Southeast.

6.1 Trade

UK-Russia trade is modest. In 2014, Russia was the UK's 17th largest export market for goods, and the 19th largest source of goods imports; in the same year Russia was ranked 23rd for UK service exports and was the 19th largest source of UK service imports (all by value). In 2014 Russia accounted for 1.24% of all UK exports and 1.27% of all UK imports.⁵⁶



More recently, UK-Russia trade has fallen further: Russia was the UK's 23rd biggest source of imports in the year to January 2016, and the 25th most important destination for UK exports.⁵⁷ Russia accounted for 8% of UK trade in the year to January 2016 – trade with Belgium, for example, was far more important.

⁵⁶ ONS, [Pink Book 2015](#), Chapter 9

⁵⁷ HM Revenue and Customs, [Monthly analysis of Top 25 Trading Partners](#), January 2016

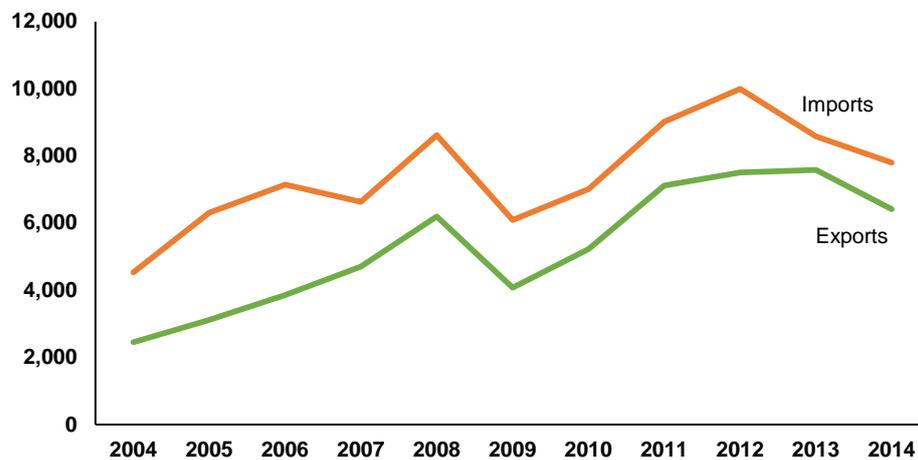
UK Trade with Russia, 2010 - 2014 (£ millions)

	2010	2011	2012	2013	2014	% change 2010 -2014
Goods exports	3,674	5,176	5,680	5,222	4,141	13%
Goods imports	5,239	7,435	8,456	7,123	6,277	20%
Balance	-1,565	-2,259	-2,776	-1,901	-2,136	
Services exports	1,547	1,939	1,822	2,353	2,272	47%
Services imports	1,771	1,576	1,534	1,457	1,522	-14%
Balance	-224	363	288	896	750	
Total Exports	5,221	7,115	7,502	7,575	6,413	23%
Total Imports	7,010	9,011	9,990	8,580	7,799	11%
Balance	-1,789	-1,896	-2,488	-1,005	-1,386	

Source: ONS Pink Book

The UK has run an overall trade deficit with Russia every year since 2004, but has achieved a surplus in trade in services in 8 of the last 10 years. British exports to Russia peaked at £7.6 billion in 2013, before falling in 2014. Russian exports to the UK peaked at £10 billion in 2012, before falling in both subsequent years.

UK Trade with Russia, 2004 - 2014
£ millions



Goods

Machinery and transport equipment accounted for over half of UK goods exports to Russia in 2015; the UK's single largest export was road vehicles, with sales of £711 million, accounting for 28% of goods exports. Other significant exports included medicinal and pharmaceutical products, accounting for 13% of goods exports, and power generating machinery and equipment, accounting for 7% of goods exports.

UK Goods Exports to Russia, 2015

	£ million	% of total
Machinery & transport equipment	1,378	54%
Chemicals & related products, nes	591	23%
Miscellaneous manufactured articles	317	12%
Manufactured goods classified chiefly by material	141	6%
Food & live animals	54	2%
Beverages & tobacco	24	1%
Mineral fuels, lubricants & related materials	20	1%
Commodities/transactions not class'd elsewhere in SITC	12	0.5%
Crude materials, inedible, except fuels	10	0.4%
Animal & vegetable oils, fats & waxes	0.2	0.01%
Grand Total	2,547	100%

Source: HMRC, UK Trade Info

Russian exports to the UK were dominated by mineral fuels, lubricants and related materials, which accounted for 72% of Russian goods imported to the UK. Imports of petroleum and petroleum products were worth £2.7 billion, accounting for 62% of all Russian goods exported to the UK. The UK also imported £414 million-worth of coal and coke, which accounted for 10% of UK imports from Russia.

Russian Goods Exports to UK, 2015

	£ million	% of total
Mineral fuels, lubricants & related materials	3,121	72%
Machinery & transport equipment	315	7%
Manufactured goods classified chiefly by material	287	7%
Chemicals & related products, nes	270	6%
Crude materials, inedible, except fuels	141	3%
Food & live animals	72	2%
Miscellaneous manufactured articles	49	1%
Beverages & tobacco	39	1%
Commodities/transactions not class'd elsewhere in SITC	35	1%
Animal & vegetable oils, fats & waxes	4	0.1%
Grand Total	4,335	100%

Source: HMRC, UK Trade Info

Services

In 2014, UK service exports to Russia were dominated by financial services, totalling £990 million, accounting for 44% of all services exports. Taken together, business services and travel services accounted for over 50% of UK service imports from Russia.

Energy

While fossil fuels account for the majority of imports from Russia, the UK's biggest source of imported energy is Norway. Russia is the biggest supplier of coal for electricity generation.⁵⁸ The UK still has an indirect economic interest in avoiding economic disruption caused by problems

⁵⁸ [HC Written question – 610, 4 June 2015](#)

with EU trading partners' supply of energy, however. The National Security Strategy/Strategic Defence and Security Review underlined the desirability of re-shaping the EU's energy market to reduce Europe's energy dependence on Russia, as well as increasing the UK's domestic energy production by investment in such sources as renewables and shale.⁵⁹

6.2 BP

The biggest commercial link between the UK and Russia is probably the BP investment in Russian oil production. TNK-BP was a joint venture created in 2003, which was one of the largest private oil companies in the world. It provided BP with a significant proportion of its oil production, but was criticised in some quarters as being politically risky. Such concerns were to an extent borne out in disputes between the two sides.

Having sold its half of the TNK-BP joint venture to Rosneft in 2012, BP now holds a 19.75% stake in Rosneft, the Russian state-controlled oil company which is the largest oil producer in the world.⁶⁰ Fluctuations in the oil price and in the value of the rouble have hit BP's profits from Rosneft.

The political tensions between the Russian government and the West over Ukraine and the subsequent EU sanctions have increased concerns for the future of the BP investment.

6.3 Russian money in the UK

The Litvinenko inquiry findings renewed the focus on Russian money in the UK and its alleged connection to official corruption in Russia. In the House of Commons, former Culture Secretary Ben Bradshaw asked the government to take action:

Mr Ben Bradshaw (Exeter) (Lab): Following the shocking official report into the murder here in London of Alexander Litvinenko, when will the Prime Minister and his Chancellor take some meaningful action to tackle the dirty Russian money and property here in London that helps to sustain the Putin regime?

The Prime Minister: [...] On the problem of so-called hot money coming into London, I made a speech recently explaining that we are doing more than other countries in respect of transparency and beneficial ownership—who owns what in terms of companies, and we are going to do the same with property. That is one of the best ways not just to make sure that we do not have illegal Russian money, but to make sure that corrupt money stolen from African taxpayers and other continents does not end up in London.⁶¹

⁵⁹ [National Security Strategy and Strategic Defence and Security Review 2015 - A Secure and Prosperous United Kingdom](#), Cm 9161, HM Government, November 2015, p45

⁶⁰ BP, [Working in Russia](#)

⁶¹ [HC Deb 3 February 2016, c922](#)

In 2015 the National Crime Agency said that foreign criminals were laundering billions of pounds through buying expensive properties in London:

I believe the London property market has been skewed by laundered money. Prices are being artificially driven up by overseas criminals who want to sequester their assets here in the UK.⁶²

According to reports, Deutsche Bank estimated in 2015 that about \$600 million unaccounted-for Russian money was flowing into the UK economy each month.⁶³

At the heart of the problem is that it is possible to hide the 'beneficial ownership' of a property (that is, the person who benefits from the property) behind front companies.

In July 2015, an Early Day motion calling for tougher transparency rules for overseas property buyers attracted significant support from MPs from several parties.⁶⁴

Anti-corruption summit 2016

Prime Minister David Cameron announced in a speech in 2015 that he would hold an international anti-corruption summit in the UK in 2016. He also proposed measures to protect the UK property market, saying the government would:

- Consult on ways to make property ownership by foreign companies much more transparent.
- Publish Land Registry data this autumn on which foreign companies own which land and property title in England and Wales.⁶⁵

⁶² 'Foreign criminals push up London house prices', *Financial Times*, 25 July 2015

⁶³ '[Russian Money Laundering In Britain: From Documentary To Hashtag...To Reform?](#)', *Radio Free Europe/Radio Liberty*, 24 July 2015

⁶⁴ [Early day motion 275, Money laundering through London property market](#), 8 July 2015

⁶⁵ '[Tackling corruption: PM speech in Singapore](#)', Downing Street press notice, 28 July

7. Conclusion

With the Litvinenko affair and other problems raising the temperature in the UK-Russia relationship, there has been concern that the UK is failing to handle Russia's sometimes volatile foreign policy well.

In December 2015 the House of Commons Foreign Affairs Committee announced that it would conduct an inquiry into the UK's relations with Russia.⁶⁶ The committee planned to investigate Russia's "increasingly assertive" foreign policy, particularly in Ukraine and the Middle East, and how the Foreign and Commonwealth Office is handling relations.⁶⁷

The House of Lords European Union Committee found in March 2015 that the Foreign Office had lost some of its analytical capacity in relation to Russia. Sir Tony Brenton, former UK Ambassador, said the UK diplomacy in relation to Russia was "pretty good", but suffered a loss of language skills.⁶⁸ The National Security Strategy document contained an undertaking to increase the government's expertise on Russia.⁶⁹ The current Foreign Affairs Committee inquiry intends to revisit this question.

7.1 Shared interests

Despite problems, the UK and Russia have a number of shared interests. David Cameron and Vladimir Putin had a telephone conversation on 25 May 2015, during which the shared success of the Iran nuclear negotiations was highlighted and the Prime Minister expressed the hope that other shared interests could be addressed together. Downing Street summarised the outcome of the call as follows:

President Putin called the Prime Minister this afternoon to congratulate the PM on his 'major success' in the election.

During the 30 minute phone call, the 2 leaders focused on 2 key issues: Syria and Ukraine.

On Syria, both leaders agreed that it is in the interest of both the UK and Russia to help find a solution to the civil war in Syria and particularly to stop the rise of ISIL.

They agreed that their national security advisers should meet to restart talks on the Syrian conflict. The Prime Minister reiterated his belief that President Assad could not be part of the solution in Syria. And they agreed that both countries should continue talks with the moderate Syrian opposition as part of this effort.

On Ukraine, the Prime Minister said that they would continue to have deep differences but that the priority now must be to deliver full implementation of the Minsk agreement. The Prime Minister

⁶⁶ ['UK's relations with Russia inquiry launched'](#), Foreign Affairs Committee press notice, 3 December 2015

⁶⁷ ['UK's relations with Russia inquiry launched'](#), Foreign Affairs Committee press release, 3 December 2016

⁶⁸ [The EU and Russia: before and beyond the crisis in Ukraine](#), House of Lords European Union Committee 6th report of 2014-15, 20 February 2015, HL 115, para 62

⁶⁹ [National Security Strategy and Strategic Defence and Security Review 2015](#), A Secure and Prosperous United Kingdom, HM Government, Cm 9161, November 2015, p48

emphasised the need for the trilateral contact group to continue to meet and to work through the outstanding issues.

The Prime Minister concluded the call by noting that the UK and Russia had worked successfully together on the Iranian nuclear issue and he hoped that in the years ahead, we could find other issues where the UK and Russia could work together on matters of mutual interest.⁷⁰

There are shared interests on which Russia and the UK could cooperate but much will depend on the bigger questions. Russia's actions in Ukraine and Syria remain difficult to predict – March 2016's reduction in the Russian air campaign in Syria was unexpected.

Disagreements over the fate of wealthy Russians living in the UK are likely to continue, although arguments over Litvinenko may die down. Apart from these UK-specific factors, Russian relations with the UK will continue to be subject to the prevailing weather between Russia and the West.

⁷⁰ ['PM call with President Putin, 25 May 2015'](#), Downing Street press release, 25 May 2015

8. Related Library briefings

[*Ukraine - summary of developments in 2015 and 2016,*](#) January 2016

[*NATO's military response to Russia,*](#) February 2016

[*Seeking a negotiated solution in Syria,*](#) February 2016

[*The 2015 UK National Security Strategy,*](#) December 2015

[*Russia and the Council of Europe,*](#) March 2015

[*UK relations with Russia,*](#) October 2012

[*The Russian crisis and Putin's third term,*](#) April 2012

[*Russia and the West,*](#) April 2009

[*Russia's Military Posture,*](#) April 2009

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