

## UKRANIAN CRISIS & THE RUSSIAN SANCTIONS

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### Abstract:

*The Russian-Ukrainian crisis is one of the most important issues of the beginning of the 2014, from regional and global aspects as well. This paper analyses the crisis from geopolitical aspects, and tries to concentrate on the reasons behind the events and the global perspectives. Further it highlights the secrets behind Russian President Vladimir Putin's intentions to give re-birth to the former Soviet Union after annexing the Crimean Peninsula, creating crisis in Eastern Ukraine by supporting the rebels in regions of Donetsk & Lugansk to reach Crimea by roadways and by using power to reach warm water ports. Ensuring Russian Gas Transit to Europe under their control & Keeping Ukraine away from becoming a permanent member of the European Union and threatening for any possible NATO membership in future. Eurasian Union 'The Actual Dream'*

**Keywords:** Annexation, Bi-polar, Crimea, European Union, Eurasia, Geo-Politics, Sanctions

### Introduction

If it was to be predicted about World War-III, it may not be too far if we see from the eyes of the Russian President Vladimir Putin's vision of annexing special status autonomous region like Crimea and territories of sovereign states as the world has seen in the shape of recent Ukrainian crisis. The so called non insignia Pro Russian rebels and the volunteers after getting military training from Russian entering Eastern Ukraine are in fact Russian soldiers fighting on a sovereign land and killing innocent people. Destroying infrastructure, getting military equipment and weapons in the shape of Humanitarian Aid, transporting the Ukrainian coal from Eastern Ukraine to Russia just to pave way for Russia to reach Crimea by

road as it is simply impossible to communicate by sea where it is likely impossible when the Sea of Azov and Black Sea freezes.

“Ukraine is a central card in Putin’s hand to revitalize the Russian strategy, hoping to renew with its status of leading geopolitical power in Europe and Asia” (JWT: March 2014 p. 26-27)

If Ukraine drifts towards European, the political project of the Eurasian Union defended by Putin will be strongly challenged. More importantly Ukraine also controls most of the transit of the Russian gas towards the West and thus Putin’s energy grasp over the European Union. (Ibid : 27)

### **Why Crimea mattered**

Crimea is strategic impact point. The reason for this is the division of the Black Sea Fleet, the loyalty of the 10 million Russian minorities. 60% of the inhabitants of the peninsula are Russians, 32% Ukrainians, 6.8% Tartars. From military aspects the peninsula provides control over the Black Sea. From geopolitical aspects its military infrastructure and ports are of great importance. In 1992 the region was given autonomy. A conflict emerged between the Russian and Ukrainian parties due to the division of the fleet. Until 1995 they temporarily commanded the fleet together. When Ukraine became independent, Russia lost its bases of Odessa and Sevastopol in Crimea. In 1993 the two presidents agreed on halving the fleet. The Russian fleet could use the base of Sevastopol for a rental fee. In 1995 the remaining heavy units were divided. Ukraine became the second biggest naval power (Deturope : Bertalan, Peter, Nagy Andras 2014)

The current Ukrainian crisis grew out of the public protests in the country resulting from the refusal of Viktor Yanukovych’s government to join the Eastern Partnership framework of cooperation with the EU along with four other countries in December 2013.<sup>3</sup> The fairly violent demonstrations continued steadily for some four months until the pro-Russian Yanukovych was ousted on February 22, 2014 and a temporary leadership was formed, with Alexander Turchinov as acting President and Arseniy Yatsenyuk as Prime Minister. Elections were held on May 25, 2014, and Petro Poroshenko became President. Russia, feeling threatened by the developments in Ukraine and seeing them as part of a Western plot to damage Russian interests, felt it had to respond. Its response was meant to prevent deterioration in Russia’s international status and harm to its vital interests, which would become harder to achieve without Ukraine’s participation in Moscow’s geopolitical project. The Russian response involved a series of fairly effective and rapid steps, including the annexation of the Crimean Peninsula, without overt use of force, and a similar initiation of destabilizing measures in regions with large Russian speaking populations in eastern and southern Ukraine where separatists with Russia’s covert aid – started

violent protests that could well deteriorate into an actual civil war. At the same time, Russia massed troops on its border with Ukraine, broadcasting its willingness to engage in military intervention to seize control of separatist and other regions, as needed. Russia's aim in these moves was to create enough pressure to achieve a negotiated solution. At the core of this solution was restoring Ukraine – striving to assimilate into the West – to the circle of Russian influence, preferably having the country join Russia's geopolitical program or at least keeping it from joining Western associations, i.e., the European Union and NATO. In Russia's eyes, Ukraine's conduct during the Euromaidan upheaval and afterwards was made possibly only thanks to sweeping Western support. (Strategic Assessment: Magen Zvi, Bagno Olena, Fainberg Sarah: July 2014)

As of the summer of 2014, the Ukrainian crisis, which in practice is a full-fledged global conflict between the Russian Federation and the West, is still at its peak, despite a series of conciliatory steps, such as Russia's promises to honor the outcome of the Ukrainian May 25, 2014 presidential election and a summit of foreign ministers (the United States, Russia, Ukraine, and the EU) in Geneva on April 17, 2014, where the sides did arrive at concrete understandings. On June 6, 2014, after commemorating the Normandy landings, President Putin and President-elect Poroshenko met in France. Still, none of these moves has resulted in the hoped-for compromise, though it remains visible down the road. Currently the conflict is underway through unusual means and methods.

According to Ukrainian and Western sources, Russian military and special forces are operating covertly on Ukrainian soil. Aside from the political plane, the main thrust of their activity, joined by mutual pressures of various sorts, is to activate local elements such as field agents, separatists, and collaborators. An important role of the struggle is played by the media and the information war in which the sides attempt to delegitimize and demonize one another. But the key dimension of the conflict is economic, where the sides tap various pressures at their disposal: the United States and Europe by imposing economic sanctions on Russia in general and leaders of the Russian establishment in particular (so far, more than 30 Russian companies and more than 100 Russian individuals are on the EU and US lists), and Russia by playing the energy supply card against Ukraine and European countries.

At the same time, the disagreement spreading in the West is particularly salient. Beneath the consensus of NATO and EU members with regard to their common challenge lies a growing internal debate about continuing the confrontation with Russia. It seems that the nations of western and southern Europe, led by Germany and France, which have pragmatic economic interests, work to reduce the tensions with Russia, whereas the central European nations – such as Poland,

the Czech Republic, and the Baltic states – are, based on their own geopolitical considerations, determined to deepen the divide between Russia and the West. In light of these considerations, the crisis may develop according to the following scenarios:

- a. Russia will continue to encourage destabilization in Ukraine, especially in separatist areas, in an effort to divide the country.
- b. The Russian army will invade Ukraine in the guise of humanitarian intervention for the population threatened by civil war. In such a case, one may also expect an attempt at regime change or the annexation of parts of Ukraine
- c. A compromise allowing the partial preservation of Russia's interests will be reached. In this scenario, the basis for the compromise is similar to the understandings reached in Geneva on April 17, 2014. (Ibid p.4)

#### **Areas of European Union's Sanctions**

- Arms Embargo
- Visa Bans
- Financial Sanctions
- Flight Ban
- Embargoes on specific commodities
- Diplomatic, Cultural & Sports sanctions
- Blacklisting of Politicians and Corporations (Portella 2011)

#### **Russian Sanctions:**

Since Russia's annexation of Crimea in March the EU and the US have ratcheted up sanctions several times, tightening restrictions on major Russian state banks and corporations. They have blacklisted dozens of senior Russian officials, separatist commanders and Russian firms accused of undermining Ukrainian sovereignty. The EU sanctions announced on 12th September targeted Russia's state finances, energy and arms sectors. These sectors are managed by the powerful elite around President Vladimir Putin. The targets are those considered 'materially or financially supporting actions undermining or threatening Ukraine's sovereignty, territorial integrity and independence'. Hence Russian state banks are now excluded from raising long term loans in the EU, exports of dual use equipment for military use in Russia are banned, future EU-Russia arms deals are at stake and the EU will not export a wide range of oil industry technology to Russia. (2014, p. 32-33)

From April 2014, following Canadian, EU and US sanctions alongside dozens of individuals, including Albania, Iceland and Montenegro joined to align the EU

sanctions against Russia. In the end of April the US expanded its sanctions to include 17 Russian companies which were mostly affiliated for financing the annexation of Crimea.

Further Japan, Canada, Australia New Zealand and the EU has put more sanctions on Russia.

The European Union has clearly instructed the European Investment Bank and the European Bank for Reconstruction and Development to suspend new financing operations in Russia. (EU Journal: November 2014)

**Diplomatic measures:**

The G8 summit was held in Brussels on 4-5 June not in Sochi. The EU countries do not support Russia to join OECD and International Energy Agency.

The EU-Russia summit was cancelled which was decided by the EU members and also decided not to hold regular bilateral summits. Such as visa matters and new agreement.

The EU-Russia summit was cancelled and EU member states decided not to hold regular bilateral summits. Bilateral talks with Russia on visa matters as well as on the New Agreement between the EU and Russia were suspended. In addition, a re-assessment of EU-Russia cooperation programmes is currently ongoing with a view to suspending the implementation of EU bilateral and regional cooperation programmes. Projects dealing exclusively with cross-border cooperation and civil society will be maintained.

**Restrictive measures (asset freezes and visa bans):**

A total of 132 persons were banned to travel and their assets were frozen, while 28 are subject to a freeze of their assets in EU. The sanctions hit another 126 persons and 15 entities responsible for action against Ukraine's territorial integrity.

**Measures targeting sectoral cooperation and exchanges with Russia (Economic Sanctions):**

EU nationals and companies may no longer buy or sell new bonds, equity or similar financial instruments with a maturity exceeding 30 days, issued by:

- Five major state-owned Russian banks, their subsidiaries outside the EU and those acting on their behalf or under their control.
- Three major Russia energy companies and
- Three major Russian defence companies. ([www.europa.eu](http://www.europa.eu))

### Russian response to Sanctions:

In response to the sanctions by the west Putin imposed a one-year embargo on imports of several agricultural products, meat products from any country or region that had adopted sanctions against Russia. The ban includes the EU, Norway, USA, Canada and Australia. Those food exports banned by Russia were a worth \$6.5 billion in 2013, equivalent to 4.2% of the bloc's agricultural shipments, according to estimates of the European Commission.



Map showing Russian Gas Transit to Europe via Ukraine

Source: [www.foxbusiness.com](http://www.foxbusiness.com)



Map showing Eastern Ukrainian Regions by rebels and Ukrainian forces

Source: [www.ibtimes.co.uk](http://www.ibtimes.co.uk)

### Russian Ruble Plunges:

Ever since the Western and European Sanctions on the Russian Federation for invading Crimea and creating unrest in the Eastern Ukrainian Regions the Russian economy has faced multiple problems, one of them is the value of money, Since January 2014 the Russian Ruble starting falling from Ruble RUB33 per US\$ has reached to RUB69.20 per US\$ by January 2015.

The Russian Central bank has spent \$40Billion in two months to calm the situation where as there has been 0% growth in the Russian economy since then (www.newsrepublic.com)

The GDP of Russia has dropped from +4.5% in 2010 to 0.2% in 2014 which means an estimated budget deficit of \$117.6 Billion (4 Trillion RUB) is likely to appear during 2015-2017. (JWT: Nov 2014, p. 33)



Map showing the fall of Russian Ruble to US\$ since January 2014

### Conclusion:

To some experts Russia is winning the war in Ukraine by acquiring more Ukrainian territory held by rebels to expand the invasion to the South from Mariupol to Crimea. On the other hand the international community has named President Vladimir Putin as 'Adolf Putin' besides all that Russian citizens in Moscow and other cities are holding protests for the price hike ups and payments of mortgages to the banks which has increased enormously, there is a great deal of unrest among the Russian citizens.

In January 2015 both the Russian Rebels and Ukrainian along EU officials met in Minsk to pullout heavy weapons from the civilian areas and to hold a ceasefire in

the region but Fierce fighting has again erupted in other cities of the Eastern Ukrainian regions because the talks did not reach a fruitful conclusion.

As things stand now, Russia the US and the EU are being hurt by the West's sanctions on Russia. It is truly no-win situation for all those involved. At a time of enormous strains in international relations, one would assume that it is not too late to try a different, less confrontational course of action but the only country that has suffered the most is Ukraine which has lost Crimea, destroyed buildings & infrastructure, thousands are homeless, without electricity and water, Economic crisis, nearly 5000 innocent people have died.

The International community must take serious steps and should concern the world organizations to take measured and immediate actions to avoid a disastrous conflict that could lead world powers to fall into direct conflict with Russia.

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