



### **The Ukrainian Crisis from an American Perspective**

The Ukrainian crisis opens a new phase in the relations between Russia and the United States. The policy of 'Reset' which was introduced with great expectations by the Obama administration in 2009 has irrevocably run off track. As Barack Obama had promised, Vladimir Putin's policies in Ukraine had consequences in terms of U.S. policy towards Moscow and its European NATO allies. However there are substantial questions concerning the long term impact of the Ukrainian crisis on US strategy towards Eastern Europe and Russia, whether we are witnessing a significant shift or just a correction, a sort of an adjustment of policies to the new realities in Eastern Europe.

#### ***Ukraine in the context of U.S. foreign policy***

Eastern Europe and Ukraine have never been foreign policy priorities for the first and second Obama administrations. One of the key elements of the first Obama administration's foreign policy objectives was to improve relations with Moscow, so as to gain Russian support for American policies in the Middle East and regarding other global issues. One of the main components of the reset policy by the first Obama administration was to make these above outlined objectives clear to Moscow through a series of steps. The administration revised the Bush-administration's missile defense program in 2009, presenting the new European Phased Adaptive Approach missile defense plan, which put the more controversial and capable elements of the missile defense system into the more distant future. The administration basically also put the question of Ukrainian and Georgian NATO membership on the shelf, which the previous administration had had high on its agenda. Furthermore, by making other regions – notably the Middle East and Asia – priorities of U.S. foreign policy, the Obama administration signaled that it is not following the previous administration's 'neo-containment' policies in Eastern Europe. Along with these President Obama initiated stronger security cooperation with Russia early in his Presidency on a wide range of issues, which set the stage for improved US-Russia relations in the first years of President Obama's first term.

This geopolitical context determined U.S. policies towards Ukraine. Within this, the Obama administration dropped the Bush administration's objective of quickly bringing Ukraine into the North Atlantic Alliance, and de facto learned to live with the officially non-aligned, more pro-Russian policies of President Yanukovich, who came to power in 2010. Clearly the Obama administration has always supported the prospect of Ukrainian integration into the European Union not just for the sake of Ukraine's development, but also as a way to limit Russia's influence in the region. However, for a long time it did not provide any significant diplomatic or economic assistance for Kiev or for pro-EU forces in the country to pursue a pro-European agenda. The United States provided only 209 million US dollars of economic assistance to Ukraine in 2011, 207 million dollars in 2012<sup>1</sup> and 92 million dollars in 2013<sup>2</sup>, a relatively modest sum in light of the country's size and in comparison with other partner countries where the U.S. has significant regional interests. Although Reset has basically failed by the end of Obama's first term, even the deteriorating relations with Moscow and Ukraine's growing economic woes did not alter Washington's level of attention towards Kiev.

Even though Washington was aware of Ukraine's growing internal challenges and the intensifying political battles within Kiev and between Russia and the West surrounding the planned EU Association Treaty, the magnitude of the political crisis that began in the fall of 2013 in Kiev has caught the administration by surprise. Washington saw the growing discontent against president Yanukovich and the Maidan square protests as an opportunity to weaken the pro-Russian Yanukovich regime, and to help the pro-Western political forces gain strength. As leaked diplomatic telephone calls have shown, Washington was actively using back door diplomatic channels to influence Ukrainian domestic politics during January and February 2014 as to what kind of future government should be formed in Kiev,<sup>3</sup> and it is likely that it provided assistance to the opposition

<sup>1</sup> USAID: [USAID Overseas Loans and Grants, Foreign Assistance Grants FY 2012](#)

<sup>2</sup> Steven Woehrel: [Ukraine: Current Issues and US Policy](#), CRS Report, July 8, 2014

<sup>3</sup> BBC News: [Ukraine crisis: Transcript of leaked Nuland-Pyatt call](#), February 7, 2014

forces in their fight against President Yanukovich. However, given the size and scope of the protests and the widespread discontent throughout the country against the Yanukovich regime, it can be stated that the United States along with European allies tried to exploit the situation in their favor, but it wasn't the Western powers that destabilized the Yanukovich regime and the country, contrary to Russian claims. The responsibility of the West rather lies in assisting or even encouraging the opposition in not keeping the agreement of February 21<sup>st</sup>,<sup>4</sup> which resulted in the constitutionally questionable ouster of President Yanukovich. The United States did not make proper assessment of the situation but wanted to gain a quick and scenic political victory similarly to the Orange Revolution of 2004. It should have been realized that this would destabilize the country domestically and would likely generate a harsh Russian response. Moreover, the United States and the EU was not prepared at the moment to secure its political gains with substantial political, economic or military commitments towards a pro-Western Ukraine. With the ouster of President Yanukovich and the pro-Western Arseniy Yatsenyuk becoming prime minister at the end of February, it seemed that Washington won a geopolitical victory in Ukraine on the cheap. However, the events that followed proved that Washington's tools remained limited in terms of determining the future path of the country.

In terms of economics, the United States is clearly a secondary player in Ukraine compared to the European Union and to Russia. While Russian-Ukrainian trade was worth 58 billion dollars and EU-Ukraine was worth 56 billion U.S. dollars in 2012,<sup>5</sup> the total trade volume with the U.S. barely exceeded 3 billion dollars.<sup>6</sup> Furthermore, Russia's role in the Ukrainian industry, especially in the country's Eastern regions and in the energy supply of Ukraine is crucial. Although Ukraine has been taking steps in recent years to diversify its gas imports, about 2/3 of its gas imports came from Russia in 2013.<sup>7</sup> It was always clear that even a massive Western financial and economic assistance package could not replace Russia's role in Ukrainian economy in the short term. Any disruption in the Ukrainian – Russian economic relations would have resulted in significant costs for Ukraine. However, Western financial economic assistance was still crucial for the new pro-Western Ukrainian government as Russia withdrew its support after the ouster of President Yanukovich. The Obama administration rightly observed that if it wanted to significantly influence the Ukrainian developments and prevent the collapse of the Ukrainian economy, it would have to increase its financial support significantly.

### ***The Obama administration's response to the Ukrainian crisis***

Since the early spring of 2014, the United States has provided 1 billion U.S. dollars of loan guarantee for Ukraine, a 50 million U.S. dollar aid package for political and economic reforms and in addition, 8 million dollar worth non-lethal military assistance.<sup>8</sup> But most importantly, Washington contributed to the agreement between the IMF and Kiev over an 18 billion dollar loan package in early spring, which was crucial to prevent the collapse of the Ukrainian state budget.

Following the ouster of President Yanukovich, Russian President Vladimir Putin decided to act boldly by occupying Crimea in early March, and incorporating the peninsula to the Russian Federation in subsequent weeks. Russia also fueled tension in Ukraine by supporting armed groups in Eastern Ukraine who started an armed resistance against the new Ukrainian government that led to widespread armed conflict in Eastern Ukraine between Ukrainian government forces and separatist fighters. It seems that the U.S. administration was caught by surprise by these Russian steps, which resulted in a major strategic setback for the West in the region, as the territorial integrity of Ukraine was disarrayed, and the prolonged armed conflict brought instability to the wider region, raising fears of Eastern and Central European NATO allies regarding Russia's true intentions.

In light of President Putin's moves in Ukraine President Obama warned Russia that there would be a price for Russia's policies if it does not change course. As Russia did not leave Crimea and

<sup>4</sup> Reuters: [Timeline: Ukraine crisis and Russia's stand-off with the West](#), April 27, 2014

<sup>5</sup> WTO: [World Trade Organization Country Profiles: Ukraine](#), March 2014

<sup>6</sup> USCB: [Trade in goods with Ukraine](#), United States Census Bureau, July, 2014

<sup>7</sup> Platts McGraw Hill Financial: [Transit of Russian natural gas via Ukraine up 3.2% on year in 2013](#), January 10, 2014

<sup>8</sup> [Fact Sheet: U.S. Crisis Support Package for Ukraine](#), The White House – Office of the Press Secretary, April 21, 2014

escalated its support for pro-Russian rebels in Eastern Ukraine, the price came in the form of political and economic sanctions. These measures started with imposing visa bans and freezing some financial assets of prominent Russian individuals and companies. In the latest round of sanctions delivered in the end of July, the U.S. together with the European Union targeted key sectors of the Russian economy, including state-owned banks, imposing an arms embargo and restricting sales of sensitive technology and the export of equipment for the country's oil industry.<sup>9</sup> However, the sanctions did not cover previous defense deals, such as the Mistral ships due to be delivered by France, the gas sector, where Europe is highly dependent on Russia, and Russia's largest state bank, Sberbank was also kept off the list.<sup>10</sup> Altogether the sanctions can severely hurt the Russian economy, though it will not bring it to its knees.

As U.S. – Russian trade was not very considerable, the political countermeasures by the U.S. administration can be considered more significant. The United States was one of the first countries who proposed to push Russia out of the G8, suspended trade and military talks with Moscow, and urged allies, foremost NATO members as well to take similar steps. It is likely that if the crisis would further deepen between Russia and Ukraine, the United States will first try to maximize economic and political pressure on Russia, and only in case of an escalation of the conflict would proceed to take more significant military measures.

The military countermeasures have rather been limited and mostly focused on reassuring the Article 5 commitment towards NATO allies in the region. The United States deployed additional aircraft into Poland and the Baltic states,<sup>11</sup> deployed maritime vessels into the Black Sea and stepped up reconnaissance and surveillance activities in the region. Furthermore, the United States has been supporting the calls of Eastern European allies for NATO to update contingency planning and to help the improvement of military infrastructure in Eastern Europe. The Obama administration also supported plans to base additional military supplies and equipment in Poland and the Baltic states.<sup>12</sup> However, it has resisted calls from regional allies to deploy permanent U.S. military or NATO forces into the region, and the mentioned military steps have rather been modest than overwhelming. The volume and the kind of capabilities deployed could be easily removed from the theater, and no additional permanent bases or military infrastructure in the region was initiated. Even the revised version of the Phased Adaptive Approach Missile Defense has not been put back on the table: in the spring of 2013 the Obama administration announced that it will cancel the fourth phase of the missile defense system, which was the most controversial part of the system.<sup>13</sup> Although officially the decision was justified by budgetary concerns and changes in the threat environment (regarding political progress with Iran), it was widely seen as a concession towards Russia, which vehemently opposed the system.

### ***The strategic context of U.S. policies***

One of the basic geopolitical lessons of the Ukrainian crisis is that even though the United States is clearly more powerful in every power dimension than Russia, it holds less strategic interests in Ukraine.<sup>14</sup> The United States would have the military and financial capabilities to counter Russia in the region, but only with a high political price at home and with considerable damages to more important American interests in other regions. Hence, it has been only willing to pay a much lower price than Russia in terms of political and economic disadvantages or military risks in advancing its interests in Ukraine. If the Russian – Ukrainian crisis were to escalate further, it is likely that along with further broadening the sanctions the United States would first consider to supply Ukraine with weapons, rather than to engage in a direct military confrontation with Moscow. However, Washington has not even proposed the short term NATO membership of Ukraine, a sign that the administration is careful not to take on risky commitments. The only scenario where a military confrontation would be likely between the United States and Russia is if the current conflict would spill over and an armed conflict would erupt between a NATO ally and Russia, but that is highly unlikely.

<sup>9</sup> The Guardian: [EU and US impose sweeping economic sanctions on Russia](#), July 29, 2014

<sup>10</sup> The Economist: [This is going to hurt](#), August 2, 2014

<sup>11</sup> Jane's Defense Weekly: [Update: USAF increases support for Poland and Baltic states](#), March 6, 2014

<sup>12</sup> Reuters: [NATO nears agreement on beefing up presence in Eastern Europe: Poland](#), August 13, 2014

<sup>13</sup> Tom Z. Collina: [Pentagon Shifts Gears on Missile Defense](#), April 2013, Arms Control Association

<sup>14</sup> Stephen M. Walt: [No contest](#), *Foreign Policy*, March 3, 2014

The Obama administration has basically followed the line of a risk aversion policy in the framework of strategic restraint. It has put significant costs on Russia's policies, urged Europe to step up the pressure against Moscow, reassured European allies in terms of Article 5 commitments, but was very careful not to escalate and militarize the conflict. In terms of a final outcome it seems that Washington is prepared to live with the fact that Crimea becomes de facto an integral part of Russia which the West will not legally recognize, but learn to live with it, as in the case of Abkhazia and South Ossetia. In the case of Eastern Ukraine, the US administration is more forcefully standing up to help protect Ukraine's territorial integrity, and it is likely prepared to inflict more heavy costs on Russia if Putin were to decide to escalate the conflict between Russia and Ukraine, by providing weapons to Ukraine's government. However, even after Crimea it does not want to start a new cold war with Russia, let alone wage a war against Russia because of Ukraine. As for the future of Ukraine, the United States is likely to support Ukraine's European integration, but it will not push for its NATO membership. One of the benefits of the current Ukrainian – Russian conflict for the United States is that whatever the 'new' Ukraine will look like, it will be more hostile to Moscow and more inclined to seek cooperation with the West in the coming years. However, it is highly questionable whether the United States would officially revoke NATO's Bucharest Declaration which stated that Ukraine could become a member of the Alliance in the future. In short, Ukraine would edge closer to Europe economically while still maintaining its ties with Russia, but it would practically remain a neutral country in strategic terms.

This scenario would partly echo that of the status of Finland during the cold war. However, the 'Finlandization' of Ukraine, as many experts have been calling for<sup>15</sup> as a possible compromise between Ukraine, Russia and the West, may fail on the understanding of what actually this would mean in practice: would EU-accession still be an option for Ukraine, what kind of political and security guarantees would it encompass for Russia? The United States would prefer to see a truly independent, pro-European Ukraine which can withstand Russian influence, while it would not require any serious American security or economic commitments in the long run. The challenge is that the past twenty years have proven that without more Western support and engagement Ukraine will not be able to resist Russian pressure.

The main reasons for that are the prime geopolitical realities and challenges the United States faces. The geopolitical logic behind the pivot to Asia still holds, as the primary challenge against U.S. primacy in the 21<sup>st</sup> century is still China and the future of Asia despite Russia's recent assertiveness and aggressive behavior in its near abroad. The winner of a prolonged conflict between the United States and Russia would be China, driving the latter two closer together. The United States also needs Russia's cooperation in other important international issues, especially in the Middle East from the Syria conflict to the Iranian nuclear program. A cold war with Russia would inflict serious costs in terms of advancing American interests in these issues. Furthermore, a new cold war would drive away American resources and attention from Asia and the Middle East. With long term domestic budgetary challenges, a stagnating defense budget and growing military capabilities of major potential adversaries, Washington cannot afford to keep a level of military presence as in previous decades in all three strategically crucial theaters, Europe, the Middle East and East Asia. While it is true that in terms of economics Europe has much more to lose than the United States in a prolonged conflict with Russia, geopolitically Washington would have to pay a similar price. Russia would also suffer much more from the confrontation with the West than Europe and the United States, though this would not definitely bring down Putin's regime – to the contrary, such conflict could even strengthen it domestically through rising nationalism. But while Russia is just a regional great power, the United States is still the one true global power with global interests. When the Ukraine crisis is seen through the prism of the American-led international order, the question for Washington is how to maintain the U.S.' already crumbling hegemonic status? Primarily it is not whether Russia or the United States would win or lose more in the conflict, but what effects the conflict itself would have on the global strategy of maintaining preeminence?

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<sup>15</sup> Including former national security advisor Zbigniew Brzezinski, former secretary of state Henry Kissinger and Washington Post columnist David Ignatius. James Kirchick: [Finlandization Is Not a Solution for Ukraine](#), *The American Interest*, July 27, 2014