

# Ukraine in Crisis

Author: [Robert McMahon](#), Editor

Updated: March 18, 2014

## [Introduction](#)

### [Why is Ukraine in crisis?](#)

### [What are Russia's concerns?](#)

### [What is the role of the European Union?](#)

### [What is the status of Crimea?](#)

### [Do Russian moves in Ukraine violate international law?](#)

### [What are U.S. and European policy options in Ukraine?](#)

## [Additional Resources](#)

## Introduction

---

Ukraine's most prolonged and deadly crisis since its post-Soviet independence began as a protest against the government dropping plans to forge closer trade ties with the European Union and has since spurred a global standoff between Russia and Western powers. The crisis stems from more than twenty years of weak governance, a lopsided economy dominated by oligarchs, heavy reliance on Russia, and sharp differences between Ukraine's linguistically, religiously, and ethnically distinct eastern and western halves. After the ouster of President Viktor Yanukovich in February 2014, Russia moved to annex the Crimean peninsula and the port city of Sevastopol, signaling Moscow's intent to expand its sphere of influence into Eastern Europe. Russia's moves mark a serious challenge to [established principles of world order](#) such as sovereignty and nonintervention, and raises concerns by asserting the primacy of nationality over citizenship.

## Why is Ukraine in crisis?

---

The country of forty-five million people has struggled with its identity since it gained independence with the dissolution of the Soviet Union in 1991. Ukraine has failed to resolve its internal divisions and build strong political institutions, hampering its ability to implement economic reforms, overcome corruption, and lessen the sway of powerful oligarchs. In the decade

following its independence, successive presidents allowed oligarchs to gain increasing control over the economy while repression against political opponents intensified. By 2010, Ukraine's fifty richest people **controlled nearly half of the country's gross domestic product (GDP)**, writes Andrew Wilson in the CFR book *Pathways to Freedom*.



A uniformed man, believed to be a Russian serviceman, stands guard near a Ukrainian military base in the village of Perevalnoye, outside Simferopol, on March 6, 2014. (Photo: Vasily Fedosenko/Courtesy Reuters)

A reformist tide briefly crested in 2004 when the Orange Revolution, set off by a rigged presidential election, brought Viktor Yushchenko to the presidency. Yet infighting among elites hampered reforms, and severe economic troubles resurged with the global economic crisis of 2008. The revolution also masked the divide between European-oriented western and central Ukraine and Russian-oriented southern and eastern Ukraine.

Campaigning on a platform of closer ties with Russia, Yanukovich won the 2010 presidential election. By many accounts, he then reverted to the pattern of corruption and cronyism. His family may have **embezzled as much as \$10 billion**, according to Anders Aslund of the Peterson Institute for International Economics. He also turned against his opponent in the 2010 presidential race, **Yulia Tymoshenko**, one of the high-profile reformist leaders of the Orange Revolution, imprisoning her on charges of abuse of power.

Yanukovich continued talks with the European Union on a trade association agreement, which he signaled he would sign in late 2013. (Tymoshenko's release was one of the conditions set by the

EU for the trade association agreement.) But under pressure from Russia, he dropped those plans, citing concerns about damage to Ukrainian industry by European competition. The decision provoked demonstrations in Kiev on what became known as the [Euromaidan](#) by protestors seeking to align their future with Europe's and speaking out against corruption.

The Yanukovich government's [crackdown](#) after three months of protests and reprisals by radicalized demonstrators spurred the bloodiest conflict in the country's post-Soviet period, with scores killed. Yanukovich's subsequent ouster sowed new divisions between the eastern and western halves of the country, though a new group of transitional leaders promised to form a national unity government and hold elections on May 25, 2014. Concerns are mounting about separatism in Crimea and additional Russian moves to intervene in the eastern provinces of Donetsk, Kherson, Luhansk, Mykolaiv, and Zaporizhzhya, where there is a strong sense of Russian heritage. Putin has cited concerns about threats to Russian speakers in eastern Ukraine, and there are fears Russia could decide to assert control in the event of a contest for power there, experts say.

## What are Russia's concerns?

---

Russia has strong fraternal ties with Ukraine dating back to the ninth century and the founding of Kievan Rus, the first eastern Slavic state, whose capital was Kiev. Ukraine was part of Russia for centuries, and the two continued to be closely aligned through the Soviet period, when Ukraine and Russia were separate republics. "The West must understand that, to Russia, [Ukraine can never be just a foreign country,](#)" wrote former U.S. secretary of state Henry Kissinger in a *Washington Post* op ed.

Ukraine is also an economic partner that Russia would like to incorporate into its proposed [Eurasian Union](#), a customs union due to be formed in January 2015 whose likely members include Kazakhstan, Belarus, and Armenia. Ukraine's membership would increase the union's population "[by a solid 27 percent,](#)" writes Simon Saradzhyan, a research fellow at Harvard Kennedy School's Belfer Center.

Ukraine plays an important role in Russia's energy trade; its pipelines provide transit to 80 percent of the natural gas Russia sends to European markets, and Ukraine itself is a major market for Russian gas. Militarily, Ukraine is also important to Russia as a buffer state, and it is home to Russia's Black Sea fleet, based in the Crimean port city of Sevastopol under a bilateral agreement between the two states.

Russia considers EU efforts to expand eastward to Ukraine, even through a relatively limited association agreement, as an alarming step because it opens the doors toward strengthening an array of Western institutional ties at the expense of Russian ones. The EU's [Eastern Partnership Program](#), established in 2009, is aimed at forging tighter bonds with six former Eastern bloc countries. Russia sees it as a stepping stone to organizations such as NATO, whose eastward expansion is regarded by Russia's security establishment as a threat. Ukraine belongs to [NATO's Partnership for Peace](#) program but is seen as having little prospect of joining the alliance in the foreseeable future. Similar concerns about Georgia contributed to Moscow's deployment of forces at the Georgian border in 2008, which led to a brief war and Russian occupation of the breakaway regions South Ossetia and Abkhazia.

Russian president Vladimir Putin has portrayed his country's role in Ukraine as [safeguarding ethnic Russians](#) worried by lawlessness spreading east from the capital, charges that leaders in Kiev dismiss as provocations. In the case of Crimea, Putin has stressed Moscow is not imposing its will, but rather, supporting the free choice of the local population, drawing parallels with the support Western states gave to Kosovo's 2008 declaration of independence from Serbia. Shortly before moving to annex Crimea on March 18, Putin told the Russian parliament that Russia will [protect the rights of Russians abroad](#).

## What is the role of the European Union?

---

The EU's [Eastern Partnership Program](#) was established in 2009 to expand political and economic ties between the EU and Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, while stopping short of offering membership to partner countries. The association agreement negotiated by EU officials and the Yanukovich government involved a "deep and comprehensive" free-trade deal. Just ahead of the scheduled signing in November 2013, Yanukovich backed out under pressure from Moscow, citing costs that were too heavy for the Ukrainian economy to bear.

A number of analysts fault EU officials for neglecting the broader geopolitical implications of the deal for Russia, and declining to map out strategic aims for Europe. "The European Union must recognize that its bureaucratic dilatoriness and subordination of the strategic element to domestic politics in negotiating Ukraine's relationship to Europe contributed to turning a negotiation into a crisis," wrote Kissinger in his *Washington Post* op-ed.

## What is the status of Crimea?

---

Prior to the crisis, Crimea was an autonomous republic of Ukraine of 2 million people with its own parliament and laws that permitted the use of the Russian language in everyday life and empowered local representatives to levy taxes. After the ouster of Yanukovich in February 2014, Crimea's parliament called for the March 16 referendum and the peninsula's 1.5 million voters [opted overwhelmingly for union with Russia](#). Following that vote, Russian legislators passed a resolution nullifying Ukrainian laws in Crimea and putting in force Russian legislation. Parliament set a deadline of January 1, 2015 for the integration of Crimea's economic, financial, credit, and legal systems into the Russian Federation, reported Itar-Tass. It said matters related to military service in Crimea and Sevastopol will be settled by then as well.



Occupied for centuries by Muslim Tatars affiliated with the Ottoman Empire, Crimea was conquered in 1783 by Russia's Catherine the Great. Soviet leader Joseph Stalin deported the Tatar population of about two hundred thousand to Central Asia during World War II, and the bulk of them did not return until 1989. Today Tatars constitute about 12 percent of Crimea's population.



The peninsula only became part of Ukraine in 1954 when Soviet leader Nikita Krushchev transferred it from the Russian Soviet Socialist Republic to the Ukrainian Soviet Socialist Republic in what was seen as a largely symbolic administrative move within the Soviet Union. The majority-Russian residents of Crimea continued to have strong ties with Russia. Following the dissolution of the Soviet Union in 1991, the two new countries reached an agreement to permit the Russian Black Sea fleet to remain based at the Crimean port of Sevastopol.

Yanukovich and then Russian president Dmitry Medvedev signed an agreement in 2010 that [extended Russia's lease of Sevastopol](#) until 2042 in exchange for a 30 percent drop in the price of natural gas sold to Ukraine. Russia has eleven thousand forces stationed in Crimea, which were reportedly joined by five thousand Russian troops since the ouster of Yanukovich, although Russians officials have [denied this](#). Thousands of Ukrainian forces occupy bases on the peninsula currently blocked by what they say are Russian forces.

Overall, Russians make up an estimated 59 percent of the population of Crimea; Ukrainians make up about 23 percent.

## **Do Russian moves in Ukraine violate international law?**

---

U.S. officials say Russia's actions are in breach of international law, including the nonintervention provisions in the UN Charter; the 1997 Treaty on Friendship and Cooperation between Russia and Ukraine, which requires Russia to respect Ukraine's territorial integrity; and the 1994 [Budapest Memorandum on Security Assurances](#). That document states: "The Russian Federation, the United Kingdom of Great Britain and Northern Ireland, and the United States of America reaffirm their commitment to Ukraine, in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, to respect the independence and sovereignty and the existing borders of Ukraine." For its part, Russia has rejected charges that it is violating international law and has called for Ukraine to return to the terms of the February 21, 2014 agreement between opposition leaders and Yanukovich that permitted him to stay in office as the head of a national unity government while elections were planned.

## **What are U.S. and European policy options in Ukraine?**

---

U.S. officials have repeatedly expressed their desire to see Ukraine become a stable democracy with firm economic and political connections to the European Union. In response to the developments in Crimea, EU and U.S. policymakers have begun a series of steps that include:

- **Economic aid:** The European Union has announced \$15 billion over the next several years conditioned on Ukraine reaching an agreement with the International Monetary Fund and enacting tough reforms like ending gas subsidies. Washington has promised \$1 billion in U.S. loan guarantees and technical assistance.
- **Sanctions:** The United States and the European Union on March 17 [imposed sanctions](#) on a small group of Russian and Ukrainian officials said to be involved with the seizure of the Crimean peninsula by Russian forces. The measures include travel bans and the freezing of assets. U.S. and EU officials have said further measures could be targeted at the energy and arms sectors of Russia.
- **Energy aid:** Some experts and U.S. lawmakers have called for accelerating the approval of U.S. natural gas proposals, which would take advantage of booming U.S. production to help lessen the reliance of European partners and Ukraine on Russian natural gas. U.S. law currently excludes the sale of natural gas to countries that are not free-trade partners, but the Energy Department can approve sales that are deemed in the public interest. But some analysts caution that even with the lifting of export restrictions, it could take years and cost billions of dollars to set up the infrastructure to liquefy and ship meaningful supplies of gas to European allies. The first U.S. liquefied natural gas terminal is expected to come online in mid-2015.
- **Military aid:** The United States has taken a number of initial steps to reassure U.S. allies in the region, including sending F-16 fighters to Poland to begin joint military exercises. It also followed through on plans to send a guided missile destroyer to the Black Sea for scheduled maneuvers with Bulgarian and Romanian naval forces. The United States has also contributed to bolstering NATO's air presence over the Baltic states. NATO secretary-general Anders Fogh Rasmussen called the crisis the greatest threat to European security since the end of the Cold War, and reasserted alliance ties with Ukraine through the Partnership Through Peace Program. He said stepped-up partnership cooperation will include building up the capacity of the Ukrainian military through more joint training and exercises.

## Additional Resources

---

*The Economist* dissects events in [Ukraine and Crimea](#).

Former U.S. Secretary of State Henry Kissinger puts [Ukraine's importance in historical](#)

[context](#) and describes the path of diplomacy all sides should pursue in Ukraine.

The *New York Times* illustrates Ukraine's crisis with [eleven maps](#).

The BBC explains why [the crisis on the Crimean Peninsula](#) has the potential to revive Cold War-era rivalries.

RFE/RL explains the [Budapest Memorandum](#)'s relevance to Crimea.

Steven Pifer, in a [CFR Council Special Report](#), comprehensively analyzes Ukraine's difficulties from domestic politics to relations with Russia, and offers steps toward building a stable future.