

## Ukrainian-Russian Conflict and Its Implications for Northeast Asia\*

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In 2014, the crisis over Ukraine became the most serious European crisis since the end of the Cold War. Russia's intervention in Crimea and Donbas was open violation of security assurances given by great powers to denuclearized Ukraine. It undermined credibility of great powers and created dangerous precedents for South Korea, Japan, and other U.S. allies in Asia. It increased tension in East and South China Seas as well as in the Korean Peninsula, making Pyongyang rely more on nuclear weapons.

Trying to avoid Western sanctions and isolation, Russia moved closer to China. But this rapprochement and opening of Asian markets to Russia have limitations due to security concerns of U.S. allies and present sanctions. Annexation of Crimea and Russia's drift to China increase the role of U.S. commitment to its allies. Western sectoral sanctions should be preserved until Minsk-2 agreement is fulfilled and Russian regular troops and "volunteers" leave Ukraine.

**Keywords:** annexation of Crimea, nuclear guarantees, Ukraine-Russia conflict, Western sanctions, relations in Northeast Asia

### Introduction

In 2014, the crisis over Ukraine became the most serious European crisis since the end of the Cold War. According to the 1994 Budapest memorandum, Kyiv gave up its nuclear arsenal (then third largest in the world) in exchange for "security assurances" (but not "security guarantees") of territorial integrity from the U.S., the UK, and Russia

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(France and China issued relevant statements). The parties agreed to respect Ukraine's borders, to abstain from the use or threat of force against Ukraine, to support Ukraine where an attempt is made to place pressure on it by economic coercion and to bring any incident of aggression by a nuclear power before the UN Security Council.<sup>1</sup> However, in March 2014, Russia annexed Crimea in violation of both the Budapest memorandum and the 1997 Russian-Ukrainian treaty which recognized the inviolability of borders, and then started intervening in Donbas, the east of Ukraine. Change of borders by force in Europe created a dangerous precedent for the whole international system, including Northeast Asia, and led to Western sanctions against Russia.

In this article, we begin with brief analyses on how post-Soviet space started to disintegrate geopolitically since 1991. While maintaining "multi-vector" approach, Kyiv gradually drifted to Europe. Moreover, Ukrainian political system appeared to be more balanced than the Russian one which created opportunities for democratic opposition.

Then we discuss *Euromaidan* which started as a protest against Ukrainian president Yanukovich's abrupt decision, under Russian pressure, not to sign the association agreement with the EU. It quickly transformed into a protest against the corrupt authoritarian president. Ouster of Yanukovich ended the domestic "Ukraine crisis." Instead, with Moscow's military intervention Russia started undeclared "hybrid war" against Ukraine. The West responded with economic sanctions on Russia.

In the final section, we analyze the influence of the crisis on Northeast Asia, namely China, Japan, and two Koreas. It increased tension in East and South China Seas as well as in the Korean Peninsula making Pyongyang rely more on nuclear weapons and the U.S. allies seek additional guarantees from Washington.

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1. UN General Assembly and UN Security Council, "Memorandum on Security Assurances in connection with Ukraine's Accession to the Treaty on the Non-Proliferation of Nuclear Weapons," December 19, 1994, A/49/765 and S/1994/1399.

## **Former "Brothers" Moving in Different Directions**

Even under the authoritarian-inclined presidents Leonid Kuchma and Viktor Yanukovich, Kyiv resisted scenarios that would strengthen Russia-led supranational institutions in the post-Soviet space. Since the formation of the Commonwealth of Independent States (CIS), Moscow and Kyiv held opposite views of its future — "reintegration" and "civilized divorce" respectively. Ukraine has not signed the CIS Charter. Therefore, despite being one of the founding countries, Ukraine formally is not a member of the CIS. Kyiv refused to sign the 1992 Tashkent Treaty on Collective Security.

After Vladimir Putin came to power in Russia in 1999, there was euphoria in Western countries, caused by his declarations of rapprochement with the West: almost nobody paid adequate attention to the restoration of the Soviet anthem which revealed Putin's nostalgia for Soviet superpower.

In 2000, within the CIS, Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan formed the Eurasian Economic Community (EurAsEC). Ukraine decided only to have observer status in EurAsEC (the same did Moldova and Armenia). Instead, Kyiv underlined the development of bilateral relations within the CIS and ratification by Russia of the 1994 CIS free trade agreement (it was only done in 2012 when the new agreement was signed). The 1993 free trade agreement (FTA) between Ukraine and Russia actually was nullified through numerous exemptions introduced by Moscow.

In reality, twenty-five years of the CIS existence were marked by reorientation toward other geopolitical players. Throughout 2000s, the export within CIS countries was about only 16-19 percent of the total CIS export. Import from the CIS countries decreased from 46 percent in 2000 to 22 percent in 2014.<sup>2</sup>

Kyiv has followed a "multi-vector" foreign policy. In 1997, Ukraine

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2. Interstate Statistical Committee of the CIS, "Share of the CIS and Other Countries in Total Export/Import of Individual CIS Countries," last modified March 3, 2015, <http://www.cisstat.com/eng/>.

signed both the Charter with NATO on Distinctive Partnership and the basic treaty with Russia which recognized territorial borders. Under President Kuchma, in the wake of Russia's rapprochement with the West after 9/11, Ukrainian parliament adopted in 2003 the law on the principles of national security, which stipulates Ukraine's membership in the NATO and the EU as strategic goals.

Yet, before the 2004 Orange Revolution, the post-Soviet space was viewed by many policy-makers as a sphere of Russian influence. The Orange Revolution was described by Kremlin as "the Western plot." However, hundreds of thousands of Ukrainians in freezing temperatures at Maidan — Kyiv's central square prevented President Kuchma from bringing his chosen successor (Yanukovych) to office through falsified elections and thus, repeating the "Yeltsin-Putin scenario." The revolution was non-violent, marked by inter-ethnic and inter-confessional tolerance.

The main accomplishments of the Orange Revolution were political freedom and free and fair elections. Ukraine was recognized in the ratings of Freedom House as the only "free country" in the CIS space.<sup>3</sup>

The Orange Revolution ended in compromise, and the 2004 constitutional reform created a new design according to European practice: the prime minister would rely on a parliamentary majority and the president could not remove him/her, unlike before. The flip side of compromises (especially shadow deals within elites) in Ukraine is that they cause gridlock. Contrary to Georgia, the struggle against corruption never started. Neither did judicial reform.

The paradox was that Yanukovych benefitted from democratic freedom by exploiting the populist opposition niche. After he won the presidential election in February 2010, the Constitutional Court appeared under pressure from the new president: in September 2010, it restored the 1996 version of the Constitution, thereby, giving Yanukovych all the authorities Kuchma had. And in reality, even

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3. Freedom House, "Ukraine," *Freedom in the World* 2006, <https://freedomhouse.org/report/freedom-world/2006/ukraine>.

more. Ukraine returned to “partly free” according to Freedom House report.<sup>4</sup>

In the wake of mounting Russian pressure, Yanukovych made a huge geo-strategic concession. In April 2010, Moscow agreed to decrease the price of gas sold to Ukraine by one-third in exchange for leasing the Russian naval base in Sevastopol, Crimea, for another 25 years (after the present agreement expires in 2017) and for additional five-year terms thereafter.<sup>5</sup> In July 2010, the Ukrainian parliament removed NATO membership as the strategic goal and declared “non-bloc” status for Ukraine (while keeping the EU membership as a priority).

However, these concessions did not meet Moscow’s expectations, while Kyiv was disappointed with the lack of reciprocity in the economic, especially energy, spheres.

Kyiv did not abandon plans to sign the association agreement (AA) with the EU which includes a deep and comprehensive free trade area (DCFTA) and to introduce a visa-free regime. The text of AA was initialed in March 2012. Immediately, Moscow declared that if Ukraine joins the Customs Union, it would be given more preferential treatment. However, the Customs Union and DCFTA are not compatible, so Yanukovych declared that cooperation with the Customs Union would be limited to the formula “3+1” (without membership status in the Customs Union). Therefore, in the summer of 2013, Moscow started economic and psychological warfare against Yanukovych to prevent signing of AA planned for November 2013. The ominous sign came in early September 2013 when Armenia, which planned to initial AA with the EU, suddenly declared under Russian pressure that country would join the Customs Union.

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4. Freedom House, “Ukraine,” *Freedom in the World 2011*, <https://freedomhouse.org/report/freedom-world/2011/ukraine>.

5. According to the 1996 Ukrainian Constitution, there should be no foreign bases on Ukrainian soil. Because of Sevastopol base, “transitional clauses” of the Constitution contained the special article on “temporary” foreign bases.

## Euromaidan, Russian Intervention and Western Sanctions

When President Yanukovich abruptly resisted signing the long-promised AA with the EU, mass protests started in Maidan, symbolically on the same date as the 2004 Orange Revolution. Events in the severe winter of 2013/2014 became known as Euromaidan, Maidan-2 or “Revolution of Dignity.” They were non-violent for more than two and half months. When Yanukovich responded with violence, Euromaidan quickly moved beyond its initial slogans and demanded the president’s resignation.

In February 2014, after security forces started to shoot protesters, Ukraine became, perhaps, the only country where in the center of a capital people died under the EU flags. In this context, according to the agreement signed on February 21, 2014 between the opposition and Yanukovich (with Western intermediaries; Russia participated as well but in the end decided not to sign), the parliament reinstated the 2004 constitutional reform which was among the main demands of Euromaidan. Yanukovich (not the opposition) violated this agreement: he did not sign the parliamentary decision and fled to Russia.<sup>6</sup> And the West started sanctions against Yanukovich and his entourage *only after* he had left the country.

The new cabinet was formed according to the constitutional procedure and the early presidential elections were scheduled by the parliament for May 2014 (recognized internationally as free and fair). In the same way as after the Orange Revolution, regional authorities in Crimea and Donetsk appointed under Yanukovich quickly recognized the new regime in Kyiv.

Russian President Vladimir Putin decided to intervene. He considered: 1) playing on Russian messianism and increasing his personal ratings quickly in times of growing problems in Russia’s economy; 2) effective and sustainable Ukrainian democracy represents threat to

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6. For good account on Euromaidan and the beginning of Russian intervention, see Andrew Wilson, *Ukraine Crisis. What It Means for the West* (New Haven and London: Yale University Press, 2014).

authoritarian Putin regime; 3) as in 2004, he could not understand that people protested spontaneously and considered Euromaidan to be part of “Western threat” to Russia; 4) psychologically he wanted to punish Ukrainians who twice, in 2004 and 2014, destroyed his plans when it seemed that Ukraine had already returned under Moscow’s control.

The annexation of Crimea was convenient to achieve for Russia’s strategic point as it was the only autonomous region in Ukraine and the only one where Russians comprise the majority of the population (58%).<sup>7</sup> The plan was prepared before the victory of Euromaidan (on the Russian medal “For return of Crimea,” February 20 was inscribed as the starting date of operation, when Yanukovich was still in Kyiv as Ukrainian president). Russian soldiers without insignia moved from the base in Sevastopol to other strategic points in Crimea. Putin denied the involvement of Russian soldiers, but acknowledged it in a documentary which aired on Russian TV a year later.<sup>8</sup> Under armed occupation, the pseudo-referendum was held on March 16, 2014, in contradiction to all Ukrainian laws and international procedures.

It was a clear violation of the 1994 Budapest memorandum and the 1997 Ukrainian-Russian treaty. It raised doubts in the credibility of “security assurances” provided by great powers, especially for those countries which were deciding whether to adhere to nuclear non-proliferation.

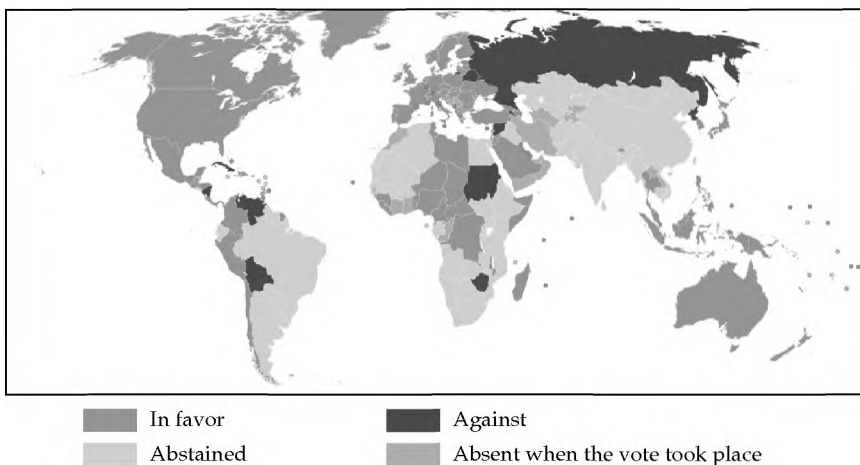
It became the first case of an annexation in Europe (neither Kosovo nor Northern Cyprus was the case) since the end of World War II. Many commentators compared it to the 1938 German *Anschluss* of Austria and Sudetenland or the 1990 Iraqi occupation of Kuwait. On March 27, 2014, the UN Assembly General resolution on territorial integrity of Ukraine was supported by 100 countries (including South Korea, Japan, the Philippines, Indonesia, Thailand, Malaysia, Singapore,

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7. Ukraine, State Statistic Committee, “All-Ukrainian Population Census 2001,” modified date unknown, <http://2001.ukrcensus.gov.ua/eng/>.

8. “Vladimir Putin: The Russian Federation Sent to Crimea Detachments of Military Intelligence Directorate and Marines to Disarm Ukrainian Military” (in Russian), *Russia Today*, March 15, 2015.

Figure 1. Results of the UN General Assembly vote about the Territorial Integrity of Ukraine



Source: "United Nations General Assembly Resolution 68/262," *Wikipedia*, [https://en.wikipedia.org/wiki/United\\_Nations\\_General\\_Assembly\\_Resolution\\_68/262](https://en.wikipedia.org/wiki/United_Nations_General_Assembly_Resolution_68/262) (accessed September 27, 2015).

and Bhutan), with only 11 — against (Russia, North Korea, Sudan, Syria, Bolivia, Cuba, Nicaragua, Zimbabwe, Venezuela, Armenia, and Belarus).

Finally, Moscow has not taken into account Crimean Tatars, Sunni Muslim minority and the real natives of Crimea, who boycotted the "referendum" (they comprise 12% of Crimea's population). Crimean Tatars, deported from Crimea by Stalin in 1944, were not allowed to come back until 1990. After the annexation in 2014, leaders of Crimean Tatars are not allowed to return to Crimea once again. Among them is Mustafa Cemilev, who spent 15 years in Soviet prisons and then was head of *Mejlis*, Crimean Tatar self-government, for 25 years.

There was hope that nations which fought for independence could understand Ukraine's struggle against terrorism, armed separatism supported from outside, and direct foreign aggression. But India, China, Vietnam, Pakistan, and Afghanistan were among 58 countries abstained and 24 countries were absent. Many Third World countries wrongly viewed annexation of Crimea in terms of the Cold War



between enlarged NATO and Russia and were afraid more of “Western domination” than their own problems with separatism. In some cases, given the huge Russian pressure on Kazakhstan and other Central Asian countries, their decision not to vote “against” one may interpret as a sign of disagreement with Russia.

In the absence of sanctions from UN Security Council because of Russia’s veto power, the key principle for introducing sanctions was the common approach from the U.S., other members of G7, and the EU. Their first reaction was to cancel the G8 Summit in Sochi, to freeze Russia’s participation in G8, and to suspend the EU talks with Russia on visa issues and on new EU-Russia agreement. After “referendum” in Crimea, Western countries introduced visa bans for individuals and froze assets of individuals and legal entities involved in annexation. Then the ban was imposed on import from Crimea, investment into Crimea, and export of certain goods and technology, which concern the transport, telecommunications and energy sectors. On April 10, 2014, Parliamentary Assembly of Council of Europe suspended voting rights of Russian delegation and its representation in institution’s leading bodies (valid at least until January 2016).

Yet, this response looked weak for Putin and he decided to repeat “Crimean scenario” in other Ukrainian southern and eastern regions. Russian infiltration in Donbas started in April 2014.<sup>9</sup> However, Putin’s view that Ukrainians and Russians are “one nation, one ethnos”<sup>10</sup> was a huge mistake. Therefore, his plans to either control all of Ukraine or at least to split it have failed. The contemporary Ukrainian state proclaimed in 1991 is based more on the territorial, “inclusive” nationalism

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9. See, Gen. Philip Breedlove, NATO Supreme Allied Commander, Europe, “Who Are the Men Behind the Masks?” (NATO Supreme Allied Commander Europe Blog, April 17, 2014), <http://aco.nato.int/saceur2013/blog/who-are-the-men-behind-the-masks.aspx>; “Nemtsov’s Report on Putin’s War in Ukraine,” *European Union Foreign Affairs Journal*, Special Edition (May 2015), pp. 5-52, <http://www.libertas-institut.com/wp-content/uploads/2015/05/EUFAJ-Special-NemtsovReport-150521.pdf>.

10. “Vladimir Putin: Russians and Ukrainians Are One People” (in Russian), *Russia Today*, June 19, 2015.

than on ethnicity. Ukraine, compared to Balkan Peninsula, Caucasus, and Russia, avoided ethnic conflicts until 2014. The paradox is that despite the war in Donbas, Putin's aggression actually cemented Ukrainian political identity.<sup>11</sup>

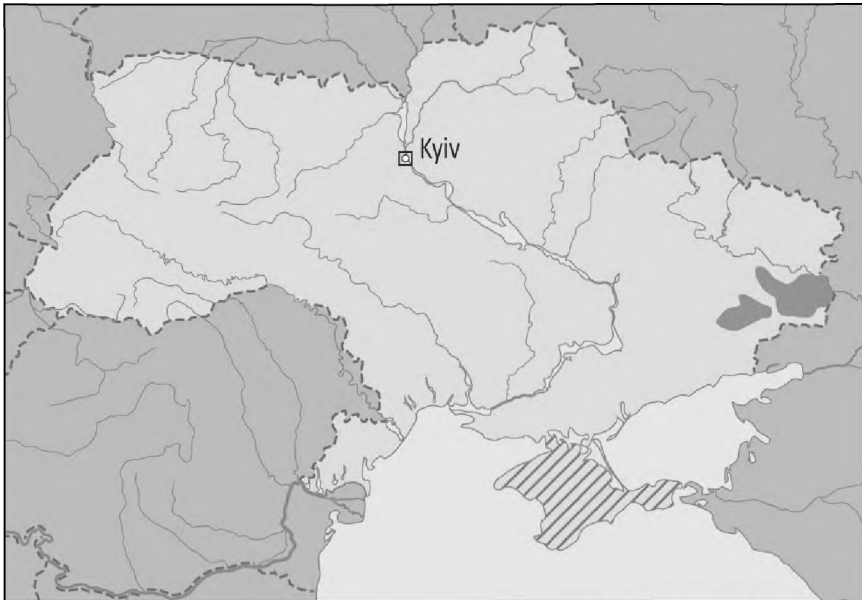
The poll conducted by the respectable Kyiv International Institute of Sociology in April 2014 confirmed that separatism did not have support from the south and east of the country with the exception of Donbas, but even there its supporters were in minority. The same was true about Moscow's plans for "federalization" of Ukraine which was a tool to follow Crimean "example." Even in Donbas, polls confirmed that the majority favored decentralization, but not federalization.<sup>12</sup>

The map below clearly shows that it was not a civil war, and by August 2014, pro-Russian fighters were on the verge of collapse. They were saved only by the invasion of regular Russian troops which was part of Moscow's undeclared "hybrid" war against Ukraine. However, even after that, the occupied areas of Donbas comprise only 3 percent of the Ukrainian territory.

Russia followed the same path as it did previously in Moldova and Georgia: war, separatism, economic destabilization, and attempts to create social unrests which, from Moscow's point of views, would lead to regime change and blockade of implementations of AA with the EU.<sup>13</sup>

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11. Russian-speakers and locals from Donbas comprise substantial part of the Army and volunteer battalions fighting in Donbas for integrity of Ukraine. Contrary to some claims in the West on the threat of the far right in Ukraine, in the 2014 parliamentary elections *The Right Sector* (which resorted to violence during Euromaidan) secured only 2% of the votes (just compare to 25% of the *National Front* in France in the 2014 elections to the European Parliament). The far right elected only 2 MPs out of 450. The nationalist center-right *Svoboda* also did not overcome the barrier.
  12. Inna Vedernikova, Yulia Mostovaya, and Sergei Rakhmanin, "South-East: The Branch of Our Tree" (in Russian), *Zerkalo Nedeli*, April 19, 2014, p. 6.
  13. "Could you imagine China attacking Vietnam because it signed Trans-Pacific Partnership in October 2015?" rhetorically asked Kataryna Wolczuk, Deputy Director, Centre for Russian and East European Studies, University of

Figure 2. The Area Controlled by Russia's Proxies by August 24, 2014 (in dark)  
(The territory of annexed Crimea is hatched)



Source: Dmytro Vortman based on the map from *Radio Liberty*, <http://www.radiosvoboda.org/media/photogallery/26547529.html>.

Putin's aggression contributed to a dramatic shift in the Ukrainian society. Previously, in Ukraine, supporters of NATO membership were always a minority but now Ukrainians, in potential referendum, would say "yes" to NATO.<sup>14</sup> As the non-bloc status introduced under Yanukovich did not prevent Ukraine from Russian aggression, it has been cancelled by the new parliament in December 2014.

At the same time, there is an understanding among Ukrainian politicians and experts that NATO and the EU membership are not on the agenda right now. The stress is now on implementing the AA

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Birmingham (conference "EU Eastern Policy: Shaping Relations with Russia and Ukraine," Bratislava, November 3, 2015).

14. Democratic Initiatives Foundation, "Support for Joining NATO Considerably Increases in Ukraine — Poll," August 3, 2015, [http://dif.org.ua/en/mass\\_media/support-for-joining-n.htm](http://dif.org.ua/en/mass_media/support-for-joining-n.htm).

with the EU, signed and ratified after Euromaidan, which provides a roadmap for reforms. In an attempt to find compromise with Russia, the implementation of DCFTA was postponed until January 1, 2016 (yet, Russia continues declaring that if it comes into force, it will impose trade restrictions on Ukraine, despite the existing FTA within the CIS).

Russia's military infiltration in Donbas and deaths of three hundred civilians on Malaysian MH17 flight shot down on July 17, 2014 in the separatist-controlled area led to West's sectoral sanctions, designed to hit financial, energy and military sectors of Russia. It included nine major banks (for example, USD 572 million of the assets of Bank Rossiya were frozen in the U.S.); energy companies Rosneft, Transneft, Gazpromneft, and Novatek; three major Russian defense companies. Export licenses are prohibited for deep water oil and arctic oil exploration and production, and shale oil projects in Russia.<sup>15</sup>

The EU and the U.S. sanctions were joined by Canada, Japan, Australia, New Zealand, Norway, and Switzerland, although to a different extent. Gas production and delivery were not directly restricted by the EU (as the EU imports one-third of its consumed gas from Russia), but the U.S. sanctioned Gazprom.<sup>16</sup>

While Poland, Romania, Sweden, Denmark, and the Baltic States demanded strong reaction, Hungary, the Czech Republic, Austria, Greece, Cyprus, and Luxembourg were against restrictions due to strong trade, financial and energy ties, and the southern Portugal, Spain, and Italy did not consider security threat from Russia to be serious.<sup>17</sup> There were strong business lobbyists in Germany and France who were against sanctions. But the leaders of France, Germany, and Great Britain decided to go ahead (evolution of German Chancellor

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15. Stanislav Secrieru, *Russia under Sanctions: Assessing Damages, Scrutinizing Adaptation & Evasion* (Warsaw: Polish Institute of International Relations, November 2015), p. 25.

16. Jarosław Cwiek-Karpowicz, Stanislav Secrieru eds., *Sanctions and Russia* (Warsaw: Polish Institute of International Relations, 2015), pp.33, 39-42, [http://www.pism.pl/files/?id\\_plik=19045](http://www.pism.pl/files/?id_plik=19045).

17. *Ibid.*, p. 34.

Angela Merkel who previously had friendly relations with Putin was especially remarkable). France cancelled the delivery of two Mistral aircraft carriers to Russia. Instead, the EU leaders, first of all Merkel, pressed U.S. President Barack Obama to use sanctions instead of providing lethal defensive weapons to Ukraine (although bipartisan support for that emerged in the U.S. Congress).

The Western sanctions can be called off when Russian aggression stops (the "Crimean part" would continue to work unless Crimea returns to Ukraine). However, Moscow not only views sanctions as part of regime change in Russia but uses it as a pretext for further authoritarian consolidation and for intensification of its anti-Western rhetoric.

In August 2014, Russia in reaction to Western sanctions introduced an embargo on certain EU agricultural products (social networks are full of videos showing Russian tractors destroying tons of food). However, by August 2015, the EU agro-exports grew by 5 percent due to flexibility of farmers (+15% to U.S., +30.8% to South Korea, +21.7% to Egypt) and EU's Commission assistance to lift trade barriers (China, Canada, and Japan).<sup>18</sup>

Expanded sanctions aggravated Russia's economic problems. The capital outflow reached USD 154 billion in 2014, up from USD 63 billion in 2013. From August 2014 when first financial sanctions were introduced, till June 2015, Russia's international reserves shrank by USD 107 billion. On "Black Tuesday," December 16, 2014, ruble depreciated by 20 percent and by June 2015, official exchange rate dollar/ruble increased by 1.5 times.<sup>19</sup>

Facing increase of sanctions and trying to split the Western allies, Moscow has agreed with negotiations. But the format of consultations between the U.S., the UK, Ukraine and Russia provided by the Budapest memorandum did not work. In April 2014, there were talks in "Geneva format" (Ukraine, Russia, the U.S., and the EU) which

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18. Stanislav Secrieru, *Russia under Sanctions*, p. 60.

19. *Ibid.*, pp. 31-34. Exchange rates are taken from Russia's Central Bank statistics, <http://www.cbr.ru/>.

outlined the principles of solving the crisis. However, then the initiative was taken by Germany and France in co-organizing with Ukraine and Russia the so-called "Normandy format." Given Obama's indecisiveness, the U.S. formally stepped aside, although Washington has been consulted and has supported decisions of "Normandy four."

In September 2014 and in February 2015 after negotiations by "Normandy four," two Minsk Trilateral Agreements were signed by Ukraine, Russia, and the OSCE,<sup>20</sup> supported by the U.S. and UN Security Council. The Agreements, though in a contradictory and complicated way, outlined the ceasefire, exchange of prisoners, withdrawal of foreign troops and illegal military formations from Ukraine, and Ukraine's control over border with Russia.

The new major offensive is too risky for Russia. Therefore, Moscow might try to exhaust Ukraine through endless separatist shelling (only in September 2015, it seems that the ceasefire started to be implemented). But in this case, sanctions will remain as well. It will continue to not only ruin Russia's economy but also exacerbate unfavorable comparison of situation in the "people's republics" and Ukraine-controlled territories.<sup>21</sup>

Therefore, Moscow may decide to use another plan: "Bosnianization" of Ukraine. It would exceed the scope of "Finlandization" Kremlin was in favor of. To achieve it, Moscow may use Clause 11 with additional notes imposed on Kyiv by Minsk-2 accords. In contrast to the Ukrainian Constitution, it demands more power to the separatist-held areas in Donbas while formally keeping them inside the Ukrainian state and making Kyiv and the West pay for the reconstruction of the destroyed Donbas economy.<sup>22</sup>

Trying to avoid new war, the Western partners pressed Ukraine

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20. Leaders of separatists signed it as well, but neither their position, nor "people's republics" were mentioned, only names. See, "Minsk Ceasefire Deal: Full Text," *International Business Times*, February 12, 2015.

21. For more on that see, Olexiy Haran and Petro Burkovsky, "From 'Hybrid War' to 'Hybrid Peace'. One More 'Frozen Conflict?'" *PONARS Eurasia Policy Memo*, no. 369 (July 2015), <http://www.ponarseurasia.org/node/7811>.

22. *Ibid.*

to implement Clause 11, ahead of implementing ceasefire and clauses 1 to 10.<sup>23</sup> Therefore, in the eyes of Ukrainians, it looks like “appeasing” Russia. Kyiv stresses that it can have dialogue only with those representatives of the occupied areas who are legitimately elected, that is, according to Clause 9, under Ukrainian laws and OSCE monitoring. Kyiv also demands withdrawal of foreign troops, according to Clause 10.

Ukraine needs time and space to concentrate on reforms. Economic successes of Israel, West Germany, and South Korea could be examples for Ukraine,<sup>24</sup> if Western economic and security assistance provides a necessary framework.

## **Influence on Northeast Asia**

Despite the Obama administration’s decision to withdraw U.S. troops from Afghanistan and Iraq, the wars still continue there, and the war in Syria has been intensified. Russian aggression in Ukraine and the consequent tension between the West and Russia also divert the U.S. attention and efforts from Asia. These circumstances may demand revisiting Obama’s rebalancing strategy in the Asia-Pacific region (formulated in late 2011-early 2012).

Washington was unable to establish clearly defined “red lines” regarding the war in Syria, North Korean nuclear issue, and Chinese behavior in the sea. This became even more visible when president Obama excluded military support for Ukraine from the very beginning of the conflict. The U.S. reaction to the annexation of Crimea, instead of creating “red line,” was seen by Russia as “red carpet” for

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23. The West also closed eyes on open and immediate violation of Clause 1 of Minsk agreements: despite proclaimed ceasefire, Russian troops continued attacks for four more days and seized strategic town of Debaltsevo.

24. See, the eloquent post “Ukraine, South Korea in Europe” by Edmond Huet, armament expert, last modified June 10, 2015, <http://www.facebook.com/edmond.huet/posts/867524913283021>.

further actions in Donbas.<sup>25</sup> It definitely increased concerns of the U.S. allies in Asia, full of territorial and border issues.

### **China**

The inability of the West to react quickly to the *fait accompli* created by Russia's actions in Crimea may provide additional opportunities for Chinese policy and increase threats, both real and perceived. It could serve as a precedent for Beijing. For many years, the Chinese military advocated the capability to achieve a "quick and decisive victory by winning the first battle," especially in the case of Taiwan. China is creating a gray-zone in the East China Sea by regularly sending ships and aircrafts.<sup>26</sup>

Surely, dangerous developments happened before the Crimean crisis as well. Back in 2012, China captured Scarborough Shoal within the Philippines' exclusive economic zone, despite a U.S.-brokered deal under which China and the Philippines agreed to withdraw their vessels from the area and despite the 1951 U.S.-Philippines Mutual Defense Treaty. Another accident happened on March 9, 2015 (that is during Crimean crisis), when two Chinese coast guard cutters blocked two Filipino transport vessels carrying supplies to the vessel marooned on the Ayungin/Renai Shoal.<sup>27</sup> China declines any attempt by the International Tribunal for the Law of the Sea to resolve China's disputes with the Philippines.

Back in November 2013, China declared the air defense identification zone (ADIZ) that covered a large territory of the East China

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25. Tetsuo Kotani, "Japan's 'Proactive Contribution to Peace' and the Annexation of Crimea," (The National Bureau of Asian Research, April 22, 2014), <http://www.nbr.org/research/activity.aspx?id=422>.

26. Ibid. See also, Alexander Chieh-cheng Huang, "Taiwan Is No Crimea, But..." (The National Bureau of Asian Research, April 22, 2014), <http://www.nbr.org/research/activity.aspx?id=421>.

27. Morgane Farghene, "Implications of the Ukraine Crisis for Security, Non-Proliferation and Deterrence in North East Asia," (Foundation for Strategic Research, note No. 10, May 28, 2014), p. 3, <https://www.frstrategie.org/barreFRS/publications/notes/2014/201410.pdf>.



Sea. About half of the area overlaps with the Japanese ADIZ and to a small extent with the South Korean and Taiwanese ADIZ. Moreover, Chinese officials said that establishing a second ADIZ over the South China Sea would be in the country's interest.<sup>28</sup> All these challenge the status quo in East Asia. But despite the declared disapproval regarding ADIZ in the East China Sea, Washington did not postpone Vice President Joe Biden's trip to Beijing. Moreover, it advised U.S. commercial airlines to respect the zone (in contrast to Japan's and South Korea's advice to its commercial airlines to ignore China's demand to notify of flights through the zone in advance).<sup>29</sup>

The crisis over Ukraine also demonstrated the danger of economic dependence on a territorially aggressive neighbor (Europe's hesitation to sanction Russia). So the question arises: what would Washington's reaction be if Beijing decides to change the status quo.

Despite some predictions that Asian countries will compete to woo Putin (including Japan and South Korea) as an immediate result of the crisis after the annexation of Crimea, the U.S. allies are seeking additional assurances from Washington. Support of the Asian allies for the U.S. position on Crimea may also help Washington's policy in Asia. Therefore, the role of allies for U.S. policy in the region has also increased. In general, as Dmitri Trenin, director of the Carnegie Moscow Center, suggests, the crisis over Ukraine will not strengthen Russian but the U.S. positions in relations with European and Asian allies, with "only one exception: China."<sup>30</sup> Fyodor Lukyanov, the chairman of Russia's Council for Foreign and Defense Policy, goes much further in his political "fantasy" about the year 2025 in *Die Welt* "If the Russians and Chinese march together."<sup>31</sup> So what was the real, not

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28. Ibid.

29. Brahma Chellaney, "India Risks Losing Out in a 'Contest of Ideas'," (The National Bureau of Asian Research, April 22, 2014), <http://www.nbr.org/research/activity.aspx?id=420>.

30. Dmitri Trenin, "China's Victory in Ukraine," (Carnegie Moscow Center, July 31, 2014), <http://carnegie.ru/2014/07/31/china-s-victory-in-ukraine/hjht>.

31. Fjodor Lukjanow, "Wenn Russen und Chinesen Gemeinsam Marschieren," *Die Welt*, March 30, 2015. Quoted in: Andreas Umland, "Towards a Greater

perceived, reaction of China to the conflict over Ukraine?

Neither Western great powers nor China has fulfilled their obligations under the Budapest memorandum, although Chinese commitments were much more limited and were a unilateral and quite amorphous declaration submitted to the UN General Assembly in December 1994: China “fully understands the desire of Ukraine for security assurance. . . . The Chinese Government has constantly opposed the practice of exerting political, economic or other pressure in international relations. . . . China recognizes and respects the independence, sovereignty and territorial integrity of Ukraine.”<sup>32</sup> But China was the only permanent member of the UN Security Council which abstained during the vote of UN General Assembly’s resolution on territorial integrity of Ukraine.

Beijing is afraid of Western support to Chinese dissidents which in perspective could lead to regime change. Thus, it somehow followed Russian argumentation of Western involvement in “regime change” in Ukraine. In return, Russia can support China’s steps towards Taiwan, however, the key factor here is not Russian, but the U.S. position. Moreover, China needs to be cautious about references to “self-determination of Crimean people” because of the debate over proclamation of independence of Taiwan, and the problems of Tibet and Xinjiang. Therefore, sticking to the principle of territorial integrity, Beijing had to freeze its economic projects in annexed Crimea.

What is much more important for Beijing in practical terms is the fact that it benefits a lot from Russia’s isolation in the West and Russia’s potential transformation into “younger partner” of China. In its turn, Russia can definitely blackmail the West by its rapprochement with China. This rapprochement started long before the Crimea crisis but since the crisis began, it has moved to another level.

In May 2014, two months after annexation of Crimea, Putin visited

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Asia? The Prospects of a Sino-Russian Entente,” *Eurozine*, June 22, 2015, <http://www.eurozine.com/articles/2015-06-22-umland-en.html>.

32. United Nations General Assembly, December 14, 1994, A/49/783, “Statement of the Chinese Government on the Security Assurance to Ukraine Issued on 4 December 1994.” Quoted in: Andreas Umland, “Towards a Greater Asia?”

Beijing where, after more than 10 years of negotiations, Gazprom and China National Petroleum Corporation (CNPC) signed a USD 400 billion contract on gas deliveries to China for thirty years with 38 billion cubic meters annually. Kremlin presented it as a failure of Western sanctions, the “policy of isolation of Russia,” and “Russia’s Asia pivot,” but in reality China managed to secure prices for Russian gas, lower than what Russia’s European customers pay. Moreover, the exports will start not earlier than 2019 (with five billion cubic meters in the first stage), and will require at least USD 55 billion of investment on the Russian side. Because of Western sanctions, Russian companies paid special attention to Hong Kong and the Shanghai Stock Exchange. Moscow initiated a shift to bilateral trade with China in national currencies.<sup>33</sup> Also, Russia and Ukraine are the largest suppliers of modern weapons and military technologies to China. While Ukrainian producers are not under sanctions, but Moscow hopes that problems in the war-torn Ukrainian economy could increase the role of Russia in this sector.

President Xi Jinping visited Moscow on May 8-10, 2015 and participated in the celebration of 70th anniversary of Nazi Germany’s defeat. In return, Putin went to Beijing on September 2-3, 2015, to celebrate 70th anniversary of defeat of Japan and the end of World War II. Russian soldiers participated in the parade in Beijing as previously did Chinese soldiers in Moscow’s May 9 parade. Most major Western leaders as well as Ukrainian president Petro Poroshenko did not visit Moscow’s military parade because of Russia’s intervention in Ukraine.

Despite the importance of China to Ukraine in both political and economic terms, Ukrainian president appeared in the same group with Western leaders and Japan who decided not to attend the memorial parade in Beijing because of China’s activity in East and South China Seas, though the reasons for Ukraine’s absence were different. Chinese *Global Times* stated that “Poroshenko and Putin can

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33. Jarosław Cwiak-Karpowicz and Stanislav Secrieru, *Sanctions and Russia*, pp. 126-127.

take advantage of the ceremony and hold peaceful talks with each other under China's mediation." Moreover, "Ukraine, located along the [Silk Road] route, is an important country linking China and Europe."<sup>34</sup> But as China did not fulfill its own declaration regarding the Budapest memorandum and did not support the UN resolution condemning the annexation of Crimea, Beijing was not seen as a possible broker by Ukrainian society. And the Russia-China Joint Statement, adopted during Xi Jinping's visit to Moscow in May 2015, even mentioned "legitimate interests of all regions and peoples (?) of Ukraine."<sup>35</sup>

Moscow and Beijing intensified cooperation within BRICS and Shanghai Cooperation Organization (SCO), both of which Russia would like to use for counterbalancing the West. The latest summits of these two organizations symbolically coincided in Ufa, the capital of Bashkortostan in Russia on July 9-10, 2015. However, as Andreas Umland suggests, economic crisis heightening in Russia, its international isolation, and the decline in energy prices could lead to diminishing Russia's influence even within the BRICS group. And when India (together with Pakistan) joins the Shanghai Cooperation Organization (the procedure of their accession started in Ufa), it could not only increase the role of the SCO in Asia, but also diminish the centrality of Russia in this organization.<sup>36</sup>

Three sets of factors, according to Umland, limit Russian-Chinese rapprochement. The first one is declining political and economic weight of Russia which in connection with erratic political behavior, makes the country a more unpredictable partner not only for the West, but also for Japan, South Korea, Saudi Arabia, Turkey, and Israel.<sup>37</sup>

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34. Xia Yishan, "China Visit Good Opportunity to Relieve Ukraine's Internal Woes," *The Global Times*, July 29, 2015.

35. "Joint Statement of the Russian Federation and People's Republic of China on Deepening Comprehensive Partnership and Strategic Interaction and Promoting Mutually Beneficial Cooperation" (in Russian), May 8, 2015, <http://www.kremlin.ru/supplement/4969>.

36. Andreas Umland, "Towards a Greater Asia?"

Second, despite all the problems with Russia, most Europeans still consider Russians to be culturally Europeans. There is no such cultural proximity between Russia and Asia. Russians may consider themselves as separate civilization laying both in Europe and Asia but not as part of "Greater Asia," although Dmitri Trenin plays with this idea as a substitute of "Greater Europe" for Russia.<sup>38</sup> Not only Trenin but more importantly Patriarch Kirill of Moscow, one of the founders of the "Russian world" (*Russkii mir*) concept, refer to the role of Prince St. Alexander Nevsky who fought with Catholic German knights while being loyal vassal to the Asian-born Golden Horde. Kirill stresses that Western influence was "hypocritical," undermining Russia's spiritual strength, and thus more dangerous than the Golden Horde.<sup>39</sup> However, *Russkii mir* with an accent on Asia will inevitably lose Slavic Ukraine and Belarus — that is, historic Kyiv Rus' — which is considered in Russia, rightly or wrongly, as the background for Russian identity.

Thirdly, Russia and China will intensify their latent competition in the Far East and more openly in Central Asia controlled by Russia for centuries.

All Central Asian countries (except for Turkmenistan) are members of Russia-led CIS and the Collective Security Treaty Organization (CSTO). Kazakhstan, Kyrgyzstan and Tajikistan joined Eurasian Economic Community which is transformed since January 2015 into Eurasian Economic Union, EEU (the process of Tajikistan becoming its member is delayed because of its border problems with Kyrgyzstan). But in the Shanghai Cooperation Organization created in 2001 (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan), Russia had already lost its centrality. After Russian intervention in Ukraine,

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37. Ibid.

38. Dmitri Trenin, "From Greater Europe to Greater Asia? The Sino-Russian Entente," (Carnegie Moscow Center, April 9, 2015), <http://carnegie.ru/publications/?fa=59728>.

39. Kiril personally presented "Alexander Nevsky" in 2008 TV project "The Name of Russia" where Prince Alexander appeared on the first place in the list. See, <https://www.youtube.com/watch?v=Frz-WQ4HjFE>.

Kazakhstan is afraid that Russia may use Russian-speaking population in the north of the country, if not for secession, then for increasing pressure, especially in the process of succession of Kazakhstan's aging President Nursultan Nazarbaev. (It is characteristic that Putin in 2014 referred to Kazakhstan as a nation that did not have its statehood before dissolution of the Soviet Union, which caused stormy reaction from Kazakhs).<sup>40</sup>

At the same time, China actively moves into Central Asia pursuing the Silk Road project. Beijing could also use contradictions within the EEU. Creation of the EEU has not led to the boom of trade within the EEU. Vice versa, in the first half of 2015, the mutual trade comprised USD 21.3 billion, which is only 74 percent of that of the first half of 2014 and USD 10 billion less than Russian-Chinese trade. For comparison: with the states outside the EEU, their foreign trade comprises USD 296.5 billion.<sup>41</sup> For Kazakhstan, import from the CIS countries fell from 54 percent in 2000 to 42 percent in 2014, while export dropped dramatically from 27 to 13 percent. Even for Russia, the main protagonist of integration in the post-Soviet space, import from the CIS countries fell during the same period from 34 to 11 percent while export only remains at the level of 13 percent.<sup>42</sup> Belarus and Kazakhstan refused to support Russia's counter-sanctions on food against the EU which led to exchange of retaliatory measures between EEU partners.

As to Russian-Chinese trade relations, leaders of the two countries in 2011 set the goal to reach a trade turnover of USD 100 billion in 2015 and USD 200 billion in 2020. From 2003 to 2012, it grew annually by 26.4 percent and in 2010 China became Russia's second trade

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40. Casey Michel, "Take Note, Putin: Kazakhstan Celebrates 550 Years of Statehood," *The Diplomat*, September 14, 2015.

41. Eurasian Economic Commission, "On Results of External and Mutual Trade of Goods of Eurasian Economic Union," August 17, 2015, [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_stat/tradestat/analytics/Documents/express/June2015.pdf](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/analytics/Documents/express/June2015.pdf).

42. Interstate Statistical Committee of the CIS, "Share of the CIS in Total Export/Import."

partner after the EU. However, in the first half of 2015, bilateral trade decreased by 31.4 percent and comprised only USD 31 billion. While contraction of Russia's export to a great extent is connected to the drop of oil prices, contraction of Russia's import is explained by the economic crisis in Russia. Western sanctions also hit the Russian economy and prevented active cooperation with Chinese commercial banks, including Industrial and Commercial Bank of China (ICBC) and Bank of China which have their subsidiary banks in the U.S.<sup>43</sup>

Although Moscow finally allowed Chinese to buy minority shares in strategic raw fields of oil, gas, etc. and infrastructure projects, the level of direct investments from China to Russia decreased during the first seven months of 2015 by 20 percent. In August 2015, Chinese stock market collapsed by 30 percent. Also, there is a danger that China emerges as a monopolist in buying Russia's goods, first of all, energy resources. And China's economy will inevitably slow down.<sup>44</sup>

Therefore, Russia needs diversification in Asia. But when Moscow started its strategic shift to Asia in 2014, too many competitors were already in the market; Russian export lacked necessary infrastructure; the sanctions and overly cautious approach by the U.S. allies significantly complicated this process.<sup>45</sup> Although Russia claims that about forty states and international organizations are interested to liberalize trade with the EEU, and currently conducts consultations on FTA with Egypt, India and Iran, only one agreement was signed with Vietnam so far. Instead of Moscow's suggestion to conclude FTA between China and the EEU, Beijing proposed to negotiate a less ambitious trade and economic cooperation agreement.<sup>46</sup>

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43. Alexander Gabuev, "Sino-Russian Trade after a Year of Sanctions," (Carnegie Moscow Center, September 11, 2015), <http://carnegie.ru/eurasiaoutlook/?fa=61240>.

44. Ibid.

45. Alexander Gabuev, "On Whom Yuan Fell Down: How China's Economic Difficulties Threaten Russia" (in Russian), (Carnegie Moscow Center, August 13, 2015), <http://carnegie.ru/2015/08/13/ru-61009/iems>.

46. Stanislav Secrieru, *Russia under Sanctions*, p. 59.

## **Japan**

Since the formation of the second Abe cabinet (September 2012), Prime Minister Shinzo Abe invested a lot in creating an atmosphere of personal trust with president Putin. Several factors contributed to that. First, after the Fukushima nuclear accident in 2011 and consequent shutdown of nuclear power plants in Japan (the first one resumed operation in August 2015), the country badly needed new energy supplies. Second, Russia could become an important partner for Japan in offsetting the rise of China. Third, Abe tried to create a better atmosphere for the progress on the issues of peace treaty and “northern territories.” In July 2013, Abe arrived in Moscow for the first state visit to Russia by a Japanese leader in a decade. Symbolically, on February 7, 2014 (which is the national “day of northern territories” in Japan), Abe visited the opening ceremony of Sochi Olympic Games, despite the absence of major Western leaders.

Nevertheless, as Shigeki Hakamada, chairman of the academic Council on National Security Problems “Anpoken,” stated, Putin’s line regarding “northern territories” hardened. It happened even before the Crimea crisis and was confirmed after it. According to Putin, although the 1956 Joint Russian-Japanese Declaration confirmed “transfer” of Shikotan and Habomai, it is not clear “on what conditions and whose sovereignty the islands will become under” (!). Hakamada describes it as a clear “revision” of history and joint declarations.<sup>47</sup>

Japan as a member of the G7 could not avoid some sanctions, but at first immediately after the annexation of Crimea, Tokyo only introduced light sanctions against Russia. Moscow noted Japan’s caution and in turn, did not introduce a food embargo against Japan. Moreover, as Yoko Hirose suggests this “soft approach regarding Russia’s annexation of Crimea was inconsistent with the Japanese policy to recover the entire Northern Territories,” and “although Putin and

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47. Shigeki Hakamada and Dmitri Streltsov, “The Kuril Problem and Russian-Japanese Relations: Discussion” (in Russian), (Carnegie Moscow Center, May 25, 2015), <http://carnegie.ru/2015/05/25/ru-60184/i8zc>.



Abe maintain positive relations, Japan-Russia relations are unlikely to move forward as long as Russia does not improve its actions concerning Ukraine.”<sup>48</sup> With increasing conflict in Donbas and expanded Western sanctions, Tokyo also introduced sanctions against leading Russian arms exporters and five top banks, including Sberbank, VTB, Gazprombank, Rosselkhozbank, and VEB (Vnesheconombank).

However, opportunities for dialogue with Russia on Kuril Islands are narrowing not because of sanctions, as some Russian analysts suggested, but because of the rise of chauvinism in Russia after the annexation of Crimea. It prevents concessions on Kuril Islands.

The second factor which complicates Russian-Japanese relations is Moscow’s rapprochement with Beijing. Russian and Chinese navies held joint maneuvers in the East China Sea in May 2014 and in 2015. In the course of 2014, Russian air forces exceeded the Chinese ones in terms of the number of incidents that created dangerous situations and made Japanese air forces fly for their interception due to the violation of Japanese airspace.<sup>49</sup>

Given the rapprochement between Russia and China, Tokyo eased the ban on military related exports to stimulate joint arms development with allies and arms exports. Also, according to some sources, lawmakers from Japan’s Liberal Democratic Party were trying to create a Japanese version of the U.S. *Taiwan Relations Act* which could formalize the current unofficial ties.<sup>50</sup>

On June 6, 2015, Abe made the first ever visit to Ukraine as the Japanese prime minister. Japan decided to provide Ukraine with USD 1.5 billion of financial aid when Kyiv fulfills IMF demands. And immediately on June 9, Russian Defense Minister Sergei Shoigu announced that Moscow would accelerate the construction of military facilities

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48. Yoko Hirose, “Japan-Russia Relations: Toward a Peace Treaty and Beyond,” (The International Relations and Security Network, March 25, 2015), <http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?id=189292>.

49. Maxim Krylov, “Japanese Pacifism: Why Premier Abe Decided to Refuse It” (in Russian), (Carnegie Moscow Center, July 9, 2015), <http://carnegie.ru/2015/07/09/ru-60472/iaz5>.

50. Morgane Farghene, “Implications of the Ukraine Crisis.”

on the disputed Kuril Islands. In the summer of 2015, the Russian parliament passed a ban on driftnet fishing for salmon in Russia's exclusive economic zone which would have a serious effect on Japan's fishery industry (because all Kuril Islands now currently belong to Russia, the UN Maritime Commission in March 2014 confirmed that 52,000 square kilometers in the middle of the Sea of Okhotsk are now part of Russian continental shelf).

Putin's visit to Japan planned for the autumn of 2014 was postponed. Russia's prime minister's trip to Kuril Islands in August 2015 complicated the situation but both sides still have plans for Putin's visit to Japan before the end of 2015. If it happens while Russian troops are still in Ukraine, it may become a symbolic success of Russian diplomacy and a wrong message from Japan's side.

### ***Korean Peninsula***

Seoul condemned Russia's aggression in Ukraine and decided to provide USD 500,000 humanitarian assistance to Ukraine through a UN organization and the International Committee of the Red Cross. President Park Geun-hye did not take part in Moscow's parade on May 9, 2015 (nor did major Western leaders and Japan). Nevertheless, Moscow hoped that relations with Republic of Korea would not suffer as much as its relations with Japan, and Seoul would continue its own game aimed at the unification of the country. South Korea has not joined economic sanctions against Russia yet. President Park and President Putin were the highest officials to attend the military parade in Beijing on September 3, 2015.

After Crimea's annexation, Moscow decided to invest in major gas pipeline that will run from Sakhalin Island through the Korean Peninsula. South Korea showed interest in this project and in other initiatives connecting its transportation network to the Trans-Siberian Railway. Russian coal was delivered for the first time to South Korea by rail from Khasan via the North Korean port of Rajin in late 2014.<sup>51</sup>

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51. Nadège Rolland, "What the Ukraine Crisis Means for Asia," *The Diplomat*,

On December 9, 2014, Seoul hosted a regular economic forum with Russia with participation of seven Russian governors led by Yuri Trutnev, deputy prime minister and presidential envoy to the Far Eastern district. The underlying idea was participation of South Korean business in the projects in the Far East which could become a platform for trilateral cooperation with North Korea. However, Dmitri Trenin believes that as in the case of the U.S.-Japanese relations, after annexation of Crimea and Russian-Chinese rapprochement, South Korea has no other choice than to certify additional U.S. assurances and to join Western sanctions.<sup>52</sup>

One more key factor pushes Seoul in this direction. Crimea's annexation presented to North Korea additional arguments to stick to its nuclear weapons. Moreover, annexation of Crimea was seen in North Korea as a chance to increase the margin of provocations in the Peninsula. Using as a pretext for annual U.S.-South Korea joint military maneuvers in February 2014, North Korea fired 25 short-range rockets into the sea off its east coasts on March 17 (the day after Crimean "referendum"). Kim Jong-un was overseeing an air force exercise, and urging his fighter pilots to embrace "the spirit of becoming human bombs." It was followed by exchange of artillery fire across the sea border.<sup>53</sup> These actions by North Korea raised stakes for the debates to restore the six-party talks, and prospects of these talks deteriorated even further.

In reaction to elevated tension in East Asia, the U.S. announced a decision to deploy two Navy destroyers equipped with missile defense systems and the second X-band missile defense radar in Japan. Trilateral security talks with Japan and South Korea were intensified. The U.S. and Taiwan finally saved F-16 upgrade deal after budget cut. The U.S., Japan, and South Korea had a summit meeting on the sidelines of the Nuclear Security Summit in the Netherlands. The summit was held on March 24, 2014, with Japan pledging to return to the United

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January 19, 2015.

52. Dmitri Trenin, "China's Victory in Ukraine."

53. Morgane Farghene, "Implications of the Ukraine Crisis."

States more than 315 kilograms of weapons-grade plutonium and a supply of highly enriched uranium.<sup>54</sup> It was a clear signal that countries stick to non-proliferation (although both Japan and South Korea have technical capacities for development of the nuclear weapon).

At the same time, Russia will likely continue to adhere to the status quo on the Korean Peninsula. A domestic crisis in the North could lead to de facto Chinese control over North or hypothetical emergence of united Korea which would be strong, more assertive and pro-American. Russia is also not interested in further development of North Korea's nuclear weapons program, "but given current developments in Ukraine, Moscow will press harder than ever for a more measured response."<sup>55</sup> Russia's position in the six-party talks will move closer to China in exchange for Chinese support on global issues more important for Russia.

South Korea has been disappointed by Washington's lack of leverage over Beijing. And China in dealing with South Korea speculates that red lines are not clearly defined by the U.S. (and Crimean crisis can be seen in this context).<sup>56</sup>

In its turn, Moscow will continue to play in Pyongyang to have more leverage for dealing with the U.S. and South Korea. Clearly, the previous level of Pyongyang-Moscow relations cannot be restored but the two countries moved closer to each other. On the symbolical level, "year of friendship" between Russia and Democratic People's Republic of Korea was declared from May 2015 to May 2016. During last year, the number of visits of high-level Russian officials to Pyongyang and vice versa was higher than that over the whole previous decade. The peak had to be Kim Jong-un's first ever trip abroad — for May 9 parade in Moscow. Although it was suddenly cancelled

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54. *Ibid.*

55. Georgy Toloraya, "A Tale of Two Peninsulas: How Will The Crimean Crisis Affect Korea?" (38 North, March 13, 2014), <http://38north.org/2014/03/gtoloraya031314/>.

56. Lee Seong-hyon, "The Korean Angle on Crimean Fallout: America's Perception Gap," (The National Bureau of Asian Research, April 22, 2014), <http://www.nbr.org/research/activity.aspx?id=423>.

by North Korea, it actually did not hurt Kremlin as Kim's presence near the Mausoleum with Putin would cause image problems for Russia (presence of Zimbabwean dictator Robert Mugabe was already a notorious sign, although it was at least somehow justified by his formal position during 2015 as a ceremonial chairperson of the African Union).

In the spring of 2014, Russian officials set a goal to increase trade with North Korea by tenfold: from USD 93 million up to USD 1 billion (that is, still only one-seventh of the present turnover between DPRK and China; in 2014 the correlation ratio was 1:75!). Pyongyang is interested to diminish dependence on China which comprises 70 percent of the North Korean trade turnover. But political interests from both sides are not supported by the weak North Korean economy and the lack of financial resources from the Russian side to provide politically motivated support. Therefore, in reality while North Korean trade with China is growing, that with Russia has been gradually shrinking for two decades.<sup>57</sup>

One more consequence of Russia's confrontation with the West over Ukraine is Moscow's desire to use conflicts in other parts of the world for playing global chess with the West. On the one hand, Putin raised suspicion that it may synchronize tensions in other regions (Korean Peninsula or Syria) with offensive in Ukraine to lessen Western ability to react. On the other hand, increasing tension in other regions (first of all military presence in Syria which was dramatically intensified in September 2015 and the refugee crisis in the EU) is being used by Russia to demonstrate its importance for both the West and China and to bargain over Ukraine in an attempt to reduce Western sanctions. This is the game Putin has started to play in late September 2015 when Russian air forces appeared in Syria (formally to fight the self-proclaimed "Islamic State" but in reality supporting Assad regime against Syrian opposition).<sup>58</sup>

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57. Andrei Lankov, "Moscow — Pyongyang: One Year of a New Friendship," (Carnegie Moscow Center, July 7, 2015), <http://carnegie.ru/eurasiaoutlook/?fa=60607>.

## Conclusion

Since the disintegration of the USSR, Russia and Ukraine moved in different directions, both politically and geopolitically: authoritarian Putin put emphasis on restoration of Russia-led supranational institutions, designed in the form of Customs Union, which now transformed into Eurasian Economic Union, while Ukraine moved to the signing of association agreement with the EU. Despite Russia's attempt to present 2013-2014 Euromaidan as a "Western plot," it was a domestic mass protest to prevent president Yanukovych from sliding into authoritarianism and into Russia-led Customs Union.

Subsequent Russia's intervention in Crimea and Donbas was open violation of international obligations and security assurances given by great powers to Ukraine. From strategic partner, first of all in energy sphere, Russia turned into a strategic rival. This crisis undermined the credibility of great powers' guarantees to denuclearized states, thus having created dangerous precedents for both Koreas, Japan and other U.S. allies in Asia.

There was a need for a strong Western response but first sanctions introduced after Crimea were weak. Nevertheless, increased and sectoral Western sanctions, although belated, started to work. In the Asia-Pacific region, the sanctions were joined by Japan, Australia, New Zealand, and Canada. These sectoral sanctions are conditioned on full implementation of Minsk-2 agreement which includes demand for withdrawal of foreign troops and "volunteers" from Ukraine.

Moscow tries to bargain globally with the West, using rapprochement with China and the situation in the Korean Peninsula, Syria, and Iran. Trying to avoid sanctions and isolation, Russia moved closer to China. But this rapprochement has natural limitations. Opening of Asian markets to Russia also has limitations due to security concerns of U.S. allies and current Western sanctions. Events in Crimea, Russia's

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58. Andrei Kolesnikov, "Putin's Crooked Road to Damascus," (Project Syndicate, September 30, 2015), <http://www.project-syndicate.org/commentary/putin-popularity-soviet-nostalgia-by-andrei-kolesnikov-2015-09>.

drift to China, and new opportunities for Beijing increase the role of U.S. commitments to its allies in Asia which strengthens the necessity of alliance with Washington.

South Korea has not joined economic sanctions, nevertheless it is viewed in Ukrainian social media as an example of how to “live with the enemy” and simultaneously successfully modernize its economy, army, and political system.

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