

UKRAINE CRISIS; THE US AND RUSSIA'S DIPLOMATIC STANDOFF

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



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Steering US relations with Russia has remained one of the key challenges as well as priorities for any US administration. The escalation in the Ukraine crisis in the spring of 2021 has put the US and Russia at odds when Moscow deployed military forces near Ukraine and demanded security guarantees from the US and NATO along with proposing a draft agreement regarding US-Russia and NATO-Russia agreements encapsulating its demands.¹ While policy pundits on both sides express a desire for change, attempts to reset the relationship have not yielded any results. In wake of the Russian military operation against the Ukraine and the stalemate in diplomatic talks between both the capitals, the world is again walking on a tightrope whilst dealing with major power rivalry and bloc formations that are challenging the international order established after World War II. Moreover, diverging interests and power politics have accentuated the vulnerabilities of the European region.

Conflict at a Glance:











With its increased geopolitical role and active engagement in key global issues, and enormous nuclear arsenal, Russia is the only foreign state that represents a serious and potent threat to the

¹ Steven Pifer, "After US-Russia, NATO-Russia, and OSCE meetings, what next?" *Brookings*, January 13, 2022 <https://www.brookings.edu/opinions/after-us-russia-nato-russia-and-osce-meetings-what-next/>

United States, with a high risk factor for conflict. And yet, the relationship between Washington and Moscow is in its worst state in decades. Russia opposes NATO bases near its borders and has asked for written guarantees that NATO does not expand eastwards. With this rationale, Russia considers its recent military invasion defensive rather than offensive.

Military head-to-head

Russia has **one of the most powerful militaries** in the world. It ranks in the top five nations which spend the most on their military. Since tensions began, **NATO allies have sent additional troops and military equipment** to Ukraine.

 Ukraine		 Russia
209,000*	 Active personnel	900,000*
900,000*	 Reserve personnel	2,000,000*
2,040	 Artillery	7,571
12,303	 Armoured vehicles	30,122
2,596	 Tanks	12,420
34	 Attack helicopters	544
98	 Fighter/attack aircraft	1,511
\$5.9bn 8.8 percent	 Military spending, % of govt spending	\$61.7bn 11.4 percent

Source: *Alljazeera*

Earlier, tensions between Russia and the West (US-Europe) had escalated in 2014 with the annexation of Crimea along with the capture of government buildings by pro-Russian separatists. This move marked an increase in the risk factor of a potential conflict, with major repercussions not just for Europe but around the globe. This further raised the question of where conflicts such as the Ukraine crisis – where two major powers collide lead. Moreover, it raises dilemma over the role and ability of international community as well as international organizations in stabilizing a conflict situation without creating blocs.

In the early days of the conflict, Moscow repeatedly denied intentions to invade Ukraine while the US believed otherwise. The US alarmed the Ukrainian President of a “distinct possibility” that Russia could take military action against Ukraine in February³ and also reaffirmed its commitment to respond decisively if Russia invaded Ukraine.⁴

² “Ukraine and Russia explained in maps and charts,” *Alljazeera*, January 28, 2022, <https://www.aljazeera.com/news/2022/1/28/ukraine-and-russia-explained-in-maps-and-charts-interactive>

³ “Biden warns of possible Russian invasion of Ukraine in February,” *Alljazeera*, January 27, 2022, <https://www.aljazeera.com/news/2022/1/27/russia-sees-little-optimism-in-us-response-on-ukraine-crisis>

⁴ “Readout of President Biden’s Call with President Zelensky of Ukraine,” *White House*, January 27, 2022,



Source: Aljazeera

Russia kept denying its plans to invade Ukraine and during the meeting in the United Nations Security Council (UNSC) blamed Washington for aggravating escalation and called out the US for whipping up tensions and rhetoric and provoking escalation.⁶ In response, Washington described the build-up of 100,000 Russian troops near Ukraine's border⁷ as the largest since the cold war and warned that the invasion of Ukraine would only lead to significant casualties but also a significant dent in US-Russia relations. As a result, the US tried to engage itself in high stakes diplomacy with its European allies and NATO whilst moving its forces to Europe and the NATO countries with its troops on standby to reinforce NATO allies moving them close to frontlines with Russia.⁸ To show its resolute support, the US dispatched its first troops to Europe to reinforce Washington's backing to its NATO allies with the arrival of troops in Germany.⁹

<https://www.whitehouse.gov/briefing-room/statements-releases/2022/01/27/readout-of-president-bidens-call-with-president-zelenskyy-of-ukraine-2/>

⁵ Ukraine and Russia explained in maps and charts, *Aljazeera*, January 28, 2022,

<https://www.aljazeera.com/news/2022/1/28/ukraine-and-russia-explained-in-maps-and-charts-interactive>

⁶ Michelle Nichols and Jonathan Landay, "Russia, U.S. clash at U.N. over Russian troop build-up near Ukraine," *Reuters*, February 2, 2022,

<https://www.reuters.com/world/europe/russia-fails-keep-un-security-council-debate-ukraine-closed-2022-01-31/>

⁷ Shanel Harris and Paul Sonne, "Russia planning massive military offensive against Ukraine involving 175,000 troops, U.S. intelligence warns," *Washington Post*, December 3, 2021,

https://www.washingtonpost.com/national-security/russia-ukraine-invasion/2021/12/03/98a3760e-546b-11ec-8769-2f4ecdf7a2ad_story.html

⁸ "U.S. and Russia clash over Ukraine during UN meeting;," *CBS News*, January 31, 2022,

<https://www.cbsnews.com/video/013122-cbs-evening-news/#x>

⁹ David Child and Mersiha Gadzo, "Ukraine latest updates: US troops arrive in Germany," *Aljazeera*, February 4, 2022, <https://www.aljazeera.com/news/2022/2/4/macron-to-visit-moscow-next-week-over-ukraine-crisis-liveblog>

Sanctions on Russia:

Large bipartisan majority in the US remains opposed to sending US troops to Ukraine; 65% oppose sending troops, including 68% of Republicans and 62% of Democrats; while a majority of 83%, support supplying the Ukrainian army with military equipment, including 82% of Republicans and 86% of Democrat; with 89% supporting the imposition of tough sanctions on Russia, including 85% of Republicans and 95% of Democrats.¹⁰

Sanctions are an integral feature of Washington's foreign policy to counter and deter its objectives globally and Russia is no exception. The United States maintains sanctions on Russia mainly in response to Russia's invasion of Ukraine in 2014, to reverse and deter further Russian aggression in Ukraine, and to deter Russian aggression against other countries.¹¹ Moreover, US history holds considerable examples of using economic sanctions as a foreign policy tool. Earlier, President Obama invoked National Emergency Plan (NEA) and International Emergency Economic Powers Act (IEEPA) authorities to declare that Russia's 2014 invasion of Ukraine constituted a threat to the US and declared a national emergency on which most sanctions related to Russia's invasion of Ukraine are based.¹²

Utilizing these Executive Orders, Washington increased the diplomatic and financial costs of Russia's aggressive actions towards Ukraine designating several Russian and Ukrainian entities, including 14 defence companies and individuals in Putin's inner circle, as well as imposed targeted sanctions limiting certain financing to six of Russia's largest banks and four energy companies.¹³ The following charts show the Russian firms under US sanctions.

¹⁰ Shibley Telhami, "What do Americans think of the Russia-Ukraine war and of the US response?" *Brookings*, March 31, 2022,

<https://www.brookings.edu/blog/order-from-chaos/2022/03/31/what-do-americans-think-of-the-russia-ukraine-war-and-of-the-us-response/>

¹¹ "U.S. Sanctions on Russia," *Congressional Research Service*, January 18, 2022,

<https://crsreports.congress.gov/product/pdf/R/R45415>

¹² Ukraine Russia Related Sanctions Program, *Office of Foreign Assets Control*, Department of Treasury, June 16, 2016, https://home.treasury.gov/system/files/126/ukraine_overview_of_sanctions.pdf, also refer to US Sanctions on Russia, *Congressional Research Service*, January 18, 2022,

<https://sgp.fas.org/crs/row/R45415.pdf>

¹³ "Ukraine and Russia Sanctions," *US Department of State*, Archives, March 2014, <https://2009-2017.state.gov/e/eb/tfs/spi/ukrainerussia/index.htm>

Rank	Company Name	Sector	SDN (Blocking Sanctions)	SSI (Debt and/or Equity) Sanctions	SSI (Oil Project) Sanctions
1	Gazprom	Oil and gas			X
2	Rosneft	Oil and gas		X	X
3	Lukoil	Oil and gas			X
4	Sberbank	Finance		X	
5	Russian Railways	Transport			
6	X5 Retail Group	Trade			
6 (tie)	Rostec	Investments		X	
7	Magnit	Trade			
8	VTB	Finance		X	
9	Rosatom	Atomic industry			
9 (tie)	SAFMAR	Investments			
10	Normickel	Metals and mining			
11	Surgutneftegas	Oil and gas			X
12	Rosseti	Power engineering			
13	Inter RAO	Power engineering			
14	Transneft	Oil and gas		X	
15	Rosoboronexport	Distribution	X	X	
16	Mercury Retail Group	Trade			
17	Megapolis Group	Distribution			
17 (tie)	En+	Investments			

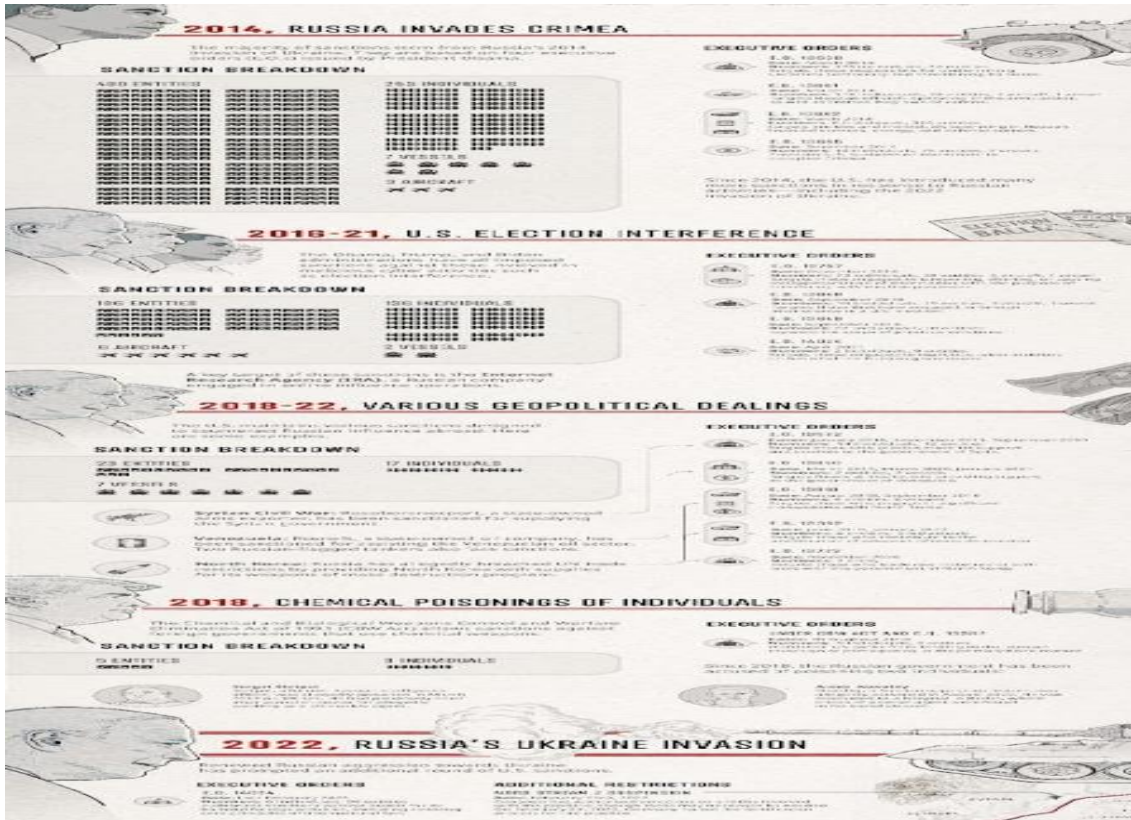
Source: CRS analysis of data published by Russian media outlet RBC (<https://www.rbc.ru/rbc500/>) on the largest firms in Russia and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) and Sectoral Sanctions Identifications (SSI) sanctions lists. Data accessed on November 19, 2019.

Source: Congressional Research Service¹⁴

During his visit to Europe, President Biden pledged coordination with US allies and partners on all aspects of their response to Russia's war against Ukraine, including imposing further severe costs on those enabling President Putin's war of choice and sanctioning over 400 individuals and entities comprised of Russian elites, the Duma and more than 300 of its members, and defense companies, aligning and strengthening the US sanctions in close coordination and partnership with the EU and G7.¹⁵

¹⁴ "U.S. Sanctions on Russia," *Congressional Research Service*, January 18, 2022, <https://crsreports.congress.gov/product/pdf/R/R45415>

¹⁵ FACT SHEET: United States and Allies and Partners Impose Additional Costs on Russia, *White House*, March 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/24/fact-sheet-united-states-and-allies-and-partners-impose-additional-costs-on-russia/>



Source: Visual Capitalist¹⁶

While sanctions may have partly achieved their objectives in the past in different conflict scenarios, the important question remains whether sanctions on Russia will be able to generate any outcome that satisfies all the parties involved. On the other hand, the imposition of sanctions and economic distress on a country like Russia may lead to unwanted results and unintended consequences.

¹⁶ Recent History of US Sanctions on Russia, *Visual Capitalist*, March 17, 2022 <https://www.visualcapitalist.com/history-us-sanctions-on-russia/>