



NIAS-Europe Studies Brief

Ukraine and beyond: What next for Russia and Europe?

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Ukraine has been embroiled in a fresh wave of crisis since February this year when Russia launched what it refers to as a “special military operation” on its territory which included a full-scale attack via land, air, and sea. This paper examines the roots of the current crisis and its likely implications on Europe and Russia.

Background

The south-eastern flank of Ukraine comprises the Donbas region which includes Donetsk and Lugansk. This region has been embroiled in clashes for the last eight years following demonstrations that were part of wider pro-Russian protests across southern and eastern Ukraine. These uprisings began at a time when the pro-EU protests were underway in Kiev to oppose then Ukrainian President Viktor Yanukovich’s abrupt refusal to enter into an Association Agreement with the EU in late 2013. President Yanukovich’s decision to abandon the EU deal was premised on the rationale of not antagonising Russia and it triggered a wave of pro-European protests at Ukraine’s Maidan which grew violent in the ensuing months. With widespread protests over the abrupt departure from the said deal and mounting pressure to quit, President Yanukovich fled Kiev on 22 February 2014 and took refuge in Russia. Soon thereafter, a (debated) referendum was held in the Crimean Peninsula in which the residents allegedly supported integration with Russia. While the international status of Crimea remains disputed and is regarded as an ‘annexation’, Russia now regards the peninsula as an integral part of its territory.

Meanwhile, frequent clashes continued in the Donbas region where pro-Russian rebels continued to confront the Ukrainian authorities. The rebel leadership in Donbas declared Donetsk and Lugansk as republics (Donetsk People’s Republics and Lugansk People’s Republics) in May 2014 but their status has not been recognised internationally by any country. This changed on 21 February this year when Russia recognised the independence of these two self-declared ‘republics’¹ and signed the Federal Law “On Ratification of the Treaty of Friendship, Cooperation, and Mutual Assistance.” The Federal Law was adopted by the State Duma and approved by the Federation Council on 22 February.² The Russian president followed this with the approval of a full-scale attack on Ukraine which he referred to as a “special military operation” on 24 February.³ The operation continues to this day.

¹ “Message from the President of the Russian Federation,” *The Kremlin*, 21 February 2022.

<http://kremlin.ru/events/president/news/67828>

² “President signed Federal Law on Ratifying the Treaty of Friendship, Cooperation and Mutual Assistance between the Russian Federation and DPR and LPR,” *The Kremlin*, 22 February 2022.

<http://kremlin.ru/acts/news/67834>

³ “Address by the President of the Russian Federation,” *The Kremlin*, 24 February 2022.

<http://en.kremlin.ru/events/president/news/67843>

These developments since February have led to a new phase of hostility between Ukraine and Russia. In addition, they have brought to the fore yet again the ‘competing rationalities’⁴ of the West and Russia in the common neighbourhood between Europe and Russia where Ukraine occupies a crucial geostrategic location. Situated in the eastern periphery of Europe and the western side of Russia, Ukraine has always been at the forefront of the geopolitical tussle for influence in this common and contested neighbourhood. The tussle for influence also includes the US owing to its involvement in NATO. The ongoing crisis has elicited a strong response from the EU, UK, US, and others. This has several global and regional implications.

The scope of this paper is limited to evaluating the implications of the Ukraine crisis on Europe and Russia.

Impact on Europe

According to the official position in the EU, the Russia-Ukraine conflict has been classified as the third asymmetric shock that the EU has experienced in the last two decades; the first two being the 2008 Eurozone crisis and the COVID-19 pandemic respectively.⁵

The Ukraine conflict has generated a strong response from the European countries. The EU and the United Kingdom (UK) have imposed several sanctions on Russian banks and businesses, individuals including key political figures, and state-owned enterprises, among others. However, given the European dependence on Russian energy and the interconnectedness of today’s globalised world, this has had adverse implications for Europe as well.

The crisis in Ukraine has revealed the fissures in the European security architecture. It has brought the focus back on (and the limits to) NATO’s role in European security. There is a growing realisation among some countries to secure strategic autonomy and increase their defence expenditure. For instance, Germany has decided to invest more than two per cent of its GDP in defence.⁶ Furthermore, in a departure from its policy of not supplying weapons to conflict zones, Germany decided to supply Ukraine with weapons for its defence. The reversal in Germany’s approach is symbolic given that most western European countries, including Germany were reluctant to supply weapons to Ukraine in the aftermath of the crisis in 2014.⁷ In contrast, these countries have been more forthcoming in sending supplies to Ukraine this year.

Paradoxically, the crisis has also strengthened the transatlantic alliance at a time when NATO’s role and US spending in the entity had created some divergences. Furthermore, despite the limits to NATO’s actions, it is still seen as a security guarantor in Europe. The crisis has encouraged other countries like Finland and Sweden to apply for NATO membership in a bid to seek security guarantees against Russia.

⁴ Derek Averre, “Competing Rationalities: Russia, the EU and the ‘Shared Neighbourhood’”, *Europe-Asia Studies*, Vol. 61, No. 10, 2009, pp. 1689-1713.

⁵ “The war in Ukraine and its implications for the EU,” *EEAS*, 14 March 2022.

https://www.eeas.europa.eu/eeas/war-ukraine-and-its-implications-eu_en

⁶ “Policy statement by Olaf Scholz, Chancellor of the Federal Republic of Germany and Member of the German Bundestag,” *The Bundestag*, 27 February 2022 in Berlin. <https://www.bundesregierung.de/breg-en/news/policy-statement-by-olaf-scholz-chancellor-of-the-federal-republic-of-germany-and-member-of-the-german-bundestag-27-february-2022-in-berlin-2008378>

⁷ “The Ukraine crisis and its implications,” SIPRI, 2015, <https://www.sipri.org/yearbook/2015/03>

The debate over Europe's energy imports from Russia is among the most profound practical challenge that has emerged during the ongoing crisis. While rising energy prices have global implications, the impact on Europe has been particularly higher and is likely to increase further in the coming winter. The crisis has renewed calls for reducing Europe's dependence on Russian energy which includes gas, oil, and coal imports over time.⁸ Following the deliberations in March, the European Commission on 18 May presented a REPowerEU Plan which proposed "energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry, and power generation".⁹ As such, its main objective is to transform Europe's energy system to phase out the EU's dependence on Russian fossil fuels in its entirety. The Plan suggests that to diversify imports, the EU needs to increase its purchases of liquefied natural gas (LNG) from other countries such as Qatar, the US, Norway, and Africa

Energy-related challenges have also been viewed as an opportunity to tackle the oft-talked-about calls for tackling climate change. The phasing out of Russian supplies via diversification as well as a reduction in general of such imports are seen as measures that would accelerate the investment in renewable energies in Europe given its commitment to reduce carbon emissions. In this respect, there are deliberations on rethinking the wholesale electricity pricing system in the EU "which is currently driven for all energy sources by gas prices, even though gas-fired power generation is a very small fraction of the whole." This energy plan has several inevitable implications for the domestic policy of the EU, but it also impacts its external policy.

The influx of refugees is another outcome of the crisis which is likely to assume even more serious dimensions in the coming days. As the conflict continues, more several millions of Ukrainians have left the country and moved to neighbouring countries including Poland, Romania, Russia, Hungary, Moldova, Slovakia, and Belarus, among others.¹⁰ In addition, a significant section of the population is internally displaced as it was forced to move inside the country due to clashes.¹¹ The acceptance of Ukrainian refugees in its immediate neighbourhood has brought to the fore the duality in receiving displaced people in the region. The countries in question are usually known for their tough stance against accepting refugees and asylum seekers. However, in the present conflict, many CEE countries have accepted to provide refuge to a significant portion of fleeing Ukrainians. The case of Poland, in particular, has reflected the Eurocentric bias while accepting displaced people in the region. This aspect is likely to create several complications as the future debates on burden sharing of the displaced people coming from the Middle East or Africa take place within the EU.

The impact of the Russia-Ukraine conflict on food security is set to be experienced much beyond Europe. Russia and Ukraine are major exporters of agricultural products. The two countries together account for about 30 per cent of global exports of wheat, 20 per cent for corn, mineral fertilisers and natural gas, and 11 per cent for oil.¹² A shortage of fertilizers and

⁸ "The war in Ukraine and its implications for the EU," *EEAS*, 14 March 2022.

https://www.eeas.europa.eu/eeas/war-ukraine-and-its-implications-eu_en

⁹ "European Commission, REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition," *European Commission*, 18 May 2022.

https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131

¹⁰ "Ukraine Refugee Situation," *UNHCR*, 2022. <https://data.unhcr.org/en/situations/ukraine>

¹¹ "Ukraine Refugee Situation," *UNHCR*, 2022. <https://data2.unhcr.org/en/situations/ukraine>

¹² "Economic and Social Impacts and Policy Implications of the War in Ukraine," *OECD*, 2022

<https://www.oecd-ilibrary.org/sites/4181d61b-en/index.html?itemId=/content/publication/4181d61b-en>

rising food prices create several challenges for agricultural production and food security.¹³ Rise in prices of food and fuel affects not only Europe but also the rest of the world. Another important cause of concern is that as some European countries allocate funds to Ukraine, their own domestic development funds face a crunch which is likely to create further discontent as the crisis drags on.¹⁴ This aspect is of greater importance in the post-pandemic world where the economies need recovery after almost two years of stagnation.

The issue of EU enlargement has gained fresh momentum in the aftermath of the Russian attack in February. Ukrainian President Volodymyr Zelensky applied for membership in the EU and appealed for a special admission procedure to secure swift accession for Ukraine into the Union. His bid for membership was followed by a fresh membership application from neighbouring Moldova as well. Both the countries were granted candidate status on 23 June.¹⁵ However, the road to full membership is long and could last for several years given that EU membership eligibility requires Ukraine to undergo several reforms. In addition, as the case of Turkey has shown, the approval of candidate status does not guarantee full membership.¹⁶

Apart from these factors, it is important to note that the EU has been suffering from ‘enlargement fatigue’ for some time now. This makes securing consensus among members difficult in the near future. Ukraine and Moldova, along with Belarus and the three other south Caucasian republics (Armenia, Azerbaijan, and Georgia) are included in the EU’s Eastern Partnership initiative since 2009, which itself branched out of the European Neighbourhood Policy (2004). These countries became a part of the EU’s extended neighbourhood following the Union’s big-bang enlargement in the mid-2000s that welcomed Central and Eastern European countries. Fast-tracking conflict-ridden Ukraine’s application has its challenges. It also runs counter to the EU’s interests owing to which it had offered ‘association’ instead of ‘membership’ to these countries in the first place; the EU had favoured successful implementation of the association agreements, including the deep and comprehensive free trade area (DCFTA) with these countries.

Impact on Russia

Russia has often accused the West of breaching its ‘promise’ to prevent the eastward expansion of NATO. The successive waves of NATO expansion include Poland, Hungary, and the Czech Republic (1999); Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia (2004); Albania and Croatia (2009); Montenegro (2017); and North Macedonia (2020). These have been met with scepticism in Russia. The NATO expansion, combined with the EU’s eastward expansion simultaneously has been viewed in Russia as the Western attempt to isolate Russia. It is important to note here that during the 1990s and early 2000s, Russian foreign policy priority was to integrate with Europe. However, NATO’s expansion, EU’s

¹³ “How the Russia-Ukraine conflict impacts Africa,” *UN*, May 2022.

<https://www.un.org/africarenewal/magazine/may-2022/impact-russia-ukraine-conflict>

¹⁴ “The impact of the war in Ukraine isn’t limited to Europe,” *reliefweb.int*, 05 April 2022.

<https://reliefweb.int/report/world/impact-war-ukraine-isn-t-limited-europe>

¹⁵ “European Commission, European Council conclusions on Ukraine, the membership applications of Ukraine, the Republic of Moldova and Georgia, Western Balkans and external relations,” *consilium.europa.eu*, 23 June 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/06/23/european-council-conclusions-on-ukraine-the-membership-applications-of-ukraine-the-republic-of-moldova-and-georgia-western-balkans-and-external-relations-23-june-2022/>

¹⁶ Stephen Hall, “Ukraine and Moldova gain EU candidate status but face a long road to full membership,” *The Conversation*, 27 June 2022. <https://theconversation.com/ukraine-and-moldova-gain-eu-candidate-status-but-face-a-long-road-to-full-membership-185440>

Neighbourhood Policy and later its Eastern Partnership Initiative have increased disappointment in Russia. These Russian grievances were expressed explicitly in President Putin's famous speech at the Munich Security Conference in 2007 where he condemned NATO's eastward expansion.

Against this backdrop, Russia's actions in Ukraine mark a new phase of retaliation towards what the country perceives as provocative measures by the West in its vicinity that hamper its security. While Russia had made several statements in the past to halt NATO's expansion, it went a step further in December 2021 when it handed a "draft treaty between the Russian Federation and the US on security guarantees", as well as "a draft agreement on measures to ensure the security of the Russian Federation and NATO member states". With these, Moscow demanded security guarantees¹⁷ including a commitment from NATO "to refrain from any further enlargement" and to not "conduct any military activity on the territory of Ukraine as well as other States in Eastern Europe, in the South Caucasus and Central Asia" among others. The US, NATO, and the Organisation for Security Cooperation in Europe (OSCE) held a series of talks on the matter in January, but no breakthrough was achieved.¹⁸

The country's action on 24 February was thus portrayed as an attempt to stop the question of Ukraine's NATO membership which it regards not just as a neighbouring country but "an integral part of our history, culture, spiritual space"¹⁹ and force Kiev to comply with the Minsk agreements.²⁰ This approach was evident in President Putin's speech on 21 February where he noted that "...in the current situation, when our proposals for an equal dialogue on fundamental issues have actually gone unanswered by the US and NATO, when the level of threats to our country is growing significantly, Russia has every right to take retaliatory measures to ensure its security. That is exactly what we will do".²¹ Russia's "readiness to use military force to prevent further expansion of the Western alliance into former Soviet territory" for the first time since the end of the Cold War demonstrates the country's intent to engage militarily if necessary.²² According to Russia, it decided to use force as it felt "the West artificially dragged-out negotiations by arming Ukraine". Therefore, the aim of the operation was also the elimination of external (US) control in Ukraine.²³

In this respect, the main drivers for Russia's actions have been articulated through its security interests in the region. Additionally, Ukraine's orientation toward the West and its aspirations to be a part of Western institutions have also been a cause for concern in Russia owing to their

¹⁷ "Agreement on measures to ensure the security of The Russian Federation and member States of the North Atlantic Treaty Organization," *Ministry of Foreign Affairs of the Russian Federation*, 21 December 2021 https://mid.ru/ru/foreign_policy/rso/nato/1790803/?lang=en&clear_cache=Y

¹⁸ House of Commons Library, "European security: the outcome of talks with Russia," *the UK Parliament*, 17 January 2022. <https://commonslibrary.parliament.uk/research-briefings/cbp-9425/>

¹⁹ "Message from the President of the Russian Federation," *The Kremlin*, 21 February 2022. <http://kremlin.ru/events/president/news/67828>

²⁰ "The Russian flag on the front line in the Donbass will sharply raise the stakes in case of an escalation," *Kommersant*, 22 February 2022, https://www.kommersant.ru/doc/5229110?from=author_3&stamp=637815534464867893

²¹ "Message from the President of the Russian Federation," *The Kremlin*, 21 February 2022. <http://kremlin.ru/events/president/news/67828>

²² Dmitri Trenin, Mapping Russia's New Approach to the Post-Soviet Space, *Carnegie Moscow Center*, 15 February 2022, <https://carnegiemoscow.org/commentary/86438>

²³ Alexey Kurprianov, "The situation in Ukraine: a view from Moscow," *ORF*, 02 march 2022, <https://www.orfonline.org/expert-speak/the-situation-in-ukraine/>

shared history.²⁴ Seen in this context, according to Russian analysts, this conflict is a result of what was dominating western media for eight years across the globe which was not willing to see what was happening in Donbas.

Following the Russian offensive against Ukraine, the EU and the US have imposed stringent sanctions on Russia. Most prominent among them are the decision to remove select Russian banks from the SWIFT global payment system; "restrictive measures" on Russia's Central Bank; shutting of the US and EU airspace for Russian aircraft; banning sales of Apple Inc. products in Russia; and halting of theatrical releases in Russia by Universal and Paramount, among others.²⁵ In addition, Russia has been excluded from the Council of Europe.²⁶

It is clear that the current sanctions are stricter and have isolated Russia from the Western economies even further. The denial of the SWIFT system, in particular, raises several complications for Russia even though it has been working on its domestic financial system (National Payment Card System) since 2014. In the same year, the Central Bank of Russia also set up a System for Transfer of Financial Messages (SPFS) aimed toward "replicating the functions of the Brussels-based interbank transfer system,"²⁷ insulate it from "depreciation and inflation risks," and "to protect the savings of citizens from depreciation."²⁸ Notwithstanding the protective measures undertaken by Russia, the sanctions have had detrimental effects on the Russian economy due to their widened scope and intensity. For instance, the removal of major Russian banks from the SWIFT system has led to delayed payments to Russia for energy exports.

Many international companies, like Coca-Cola, Starbucks, IKEA, McDonald's, Visa, and MasterCard, along with luxury fashion brands have taken steps to leave the country. Apart from the economic isolation, this step by private entities is likely to create major discontent within the Russian population which is used to these chains. A major development includes the decision by Germany to freeze plans for the opening of the Nord Stream 2 gas pipeline from Russia. An isolated Russia is inevitably becoming very dependent on China and the relationship is likely to be even more asymmetric in the future.²⁹

Conclusion

The 2014 crisis in Ukraine was the beginning of a new phase in Europe-Russia confrontation over the common geographical space between the two which Russia refers to as its 'Near Abroad.' While the Russian response in 2014 was a result of Ukraine's 'association' with the EU, the current response is essentially targeted toward NATO and the US. As the conflict continues, the most likely scenario is that of a prolonged conflict without any decisive outcome.

²⁴ Himani Pant, "Ukraine Crisis and its Implications," *ICWA*, 03 March 2022.

https://www.icwa.in/show_content.php?lang=1&level=3&ls_id=7147&lid=4835

²⁵ "Statement by President von der Leyen on further measures to respond to the Russian invasion of Ukraine," *European Commission*, 27 February 2022.

https://ec.europa.eu/commission/presscorner/detail/en/statement_22_1441

²⁶ Michael Emerson et al, "CEPS Russia's invasion of Ukraine and its impacts on Eastern Europe," *CEPS*, 21 March 2022. <https://www.ceps.eu/ceps-publications/russias-invasion-of-ukraine-and-its-impacts-on-eastern-europe/>

²⁷ Maria Shagina, "How Disastrous Would Disconnection From SWIFT Be for Russia?" *Carnegie Moscow Center*, 28 May 2021. <https://carnegiemoscow.org/commentary/84634>

²⁸ "Bank of Russia increases the key rate to 20% p.a.," *Central bank of Russia*, 28 February 2022. https://www.cbr.ru/eng/press/pr/?file=28022022_094500Key_eng.htm.

²⁹ "The war in Ukraine and its implications for the EU," *EEAS*, 14 March 2022. https://www.eeas.europa.eu/eeas/war-ukraine-and-its-implications-eu_en

As the crisis drags on, the West and the Russian blame game is set to continue with no ceasefire agreements such as the (failed) Minsk accords in sight. Developments since February have shown that the evolving situation in Ukraine would have ramifications not only on the European security architecture/Russian foreign policy, etc. but also on the emerging world order. This carries inevitable implications for India as the country navigates its partnership with different countries on either side of the conflict.

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