US Secretary of State John Kerry speaks with Russian Foreign Minister Sergey Lavrov, right, before a press conference in Geneva on Sept. 14, 2013. (Philippe Desmazes/AFP/Getty Images)

Ukraine Crisis Undermines US Interests Around the World

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While U.S. policymakers are mired in the crisis in Ukraine, other issues of political and economic importance for U.S. foreign policy are placed at risk. More than any other nation, the United States has extensive global interests, many of which rest on the credibility of its commitments and willingness to defend them.

Those interests are being jeopardized in various ways in Europe, Asia, and the Middle East as allies and adversaries scramble to enhance their own interests in the shadow of the crisis. Extensive U.S. business investments in Russia also are being thrown into disarray. The Ukrainian crisis underscores that what happens in one region has broad implications for numerous other U.S. interests around the world.

Background

The crisis in Ukraine is deepening as pro-Russian factions in the Crimea promise to hold a referendum March 16 to let voters decide whether they want to become part of Russia. This ploy, fully supported by the Russian government, is branded by the Obama administration as "illegitimate" and is leading to the imposition of sanctions on Russians involved in the crisis.

As the crisis unfolds, U.S. interests around the globe cannot be placed on hold. Allies and adversaries alike are adjusting their policies as they watch the direction of Washington's crisis management policies, which Russia is undermining.

- The Obama administration has lobbied for and would strongly prefer to have the European Union impose its own sanctions against Russia. German Chancellor Angela Merkel has been reluctant to support a cohesive, aggressive approach to sanctions, a reflection of her reluctance to place at risk the strong trade ties her nation has with Russia.
- Russian President Vladimir Putin has been conducting his own outreach to the German chancellor. In addition to holding lengthy conversations with her, the Russian president has spoken with the presidents of France and China as well as Turkish Prime Minister Recep Tayyip Erdogan and UN Secretary General Ban Ki-moon.
- Syrian President Bashar al-Assad, who has been opposed by the United States during Syria's bloody three-year civil war, is pressing ahead with plans to crush his opponents. Assad recognizes that the Obama administration is in no position to resist efforts to restore his government's authority.
- The U.S. business presence in Russia, including some of the world's largest corporations, is being placed at risk as companies question the future working environment if the situation in Ukraine is not resolved quickly. PepsiCo, General Electric and ExxonMobil, among others, have significant investments in Russia.
- To some extent, Russian cooperation on the Iran nuclear talks has been a factor in the interim accord reached last year. New talks are under way in Vienna in an attempt to reach a final agreement. Russia could play the spoiler on an issue of overriding importance to the United States.
- Some moderate Arab countries may be hedging their general support for U.S. policies in the region, according to Theodore Karasik of the Institute for Near East and Gulf Military Analysis, concluding that Russian regional influence is increasing.
- The United States and Japan have a long-standing security pact, and Prime Minister Shinzo Abe is a strong supporter of good relations with the United States. He also has tried to improve relations with Russia. Since 2012, Abe has met Putin five times and describes relations with Russia as having the "greatest latent potential anywhere." Over the past year Abe has been growing increasingly nervous about the future of the U.S. commitment to Asia, concerns described in previous LIGNET reports.

Analysis

Every day a vast bureaucratic army carries out U.S. foreign policy activities. Those activities continue during a major crisis, but key and pending policy decisions are usually set aside until the crisis is resolved. Within the U.S. government, programs ranging from agricultural assistance to nuclear cooperation with Russia are being thrown into turmoil.

Similarly, business interests represented by the U.S. Chamber of Commerce in Russia are seeking guidance from the White House about the administration's plans for handling the crisis. Billions of dollars of trade are at risk. There are few clear answers at present.

At the same time, nations across the globe are developing their own policy directions. For some the answer is easy; Syria's Assad has clear objectives and little hesitation in carrying out a pogrom against his countrymen. For the leaders of nations aligned with the United States, including Germany's Merkel and Japan's Abe, their policy choices are burdened by the recognition that long-standing relations with Washington could be put at risk if they do not appear to be fully supportive of the administration's policy directions.

The crisis also is exacting heavy costs on Russia. Its global standing has been badly tarnished but that seems to matter little to the Kremlin. More importantly, its stock market tumbled 12 percent as the crisis deepened. The resulting $60 billion loss could help to explain Putin's hesitation to commit Russian military forces fully in Ukraine. Stocks regained half of their losses when Putin announced no additional Russian forces would be sent to Ukraine.

Russia's economic vulnerability is tied to the government's heavy investment in the country's largest companies, including energy giant Gazprom. It is traded in London and many of its shareholders are American. Beyond that, the integration of Russia into the global economy has created more than 100 Russian billionaires, some of whom will suffer financially if the United States and Europe impose sanctions, possibly including asset freezes.

Putin is doubtless aware of the financial implications for Russia of his Ukraine policy. Nonetheless, he shows no interest in taking the "off ramp" of negotiation President Barack Obama has proposed as a way to defuse the crisis. The Russian president apparently has concluded that business can suffer while he pursues his goals in Ukraine. His presidency

has done little to deliver on promises to improve the lives of Russian citizens. Putin is delivering them something different instead: part of Ukraine.