

Friday is the
end of the
Quarter!

Opener: How did
this happen

Soviet Union 1922 - 1991

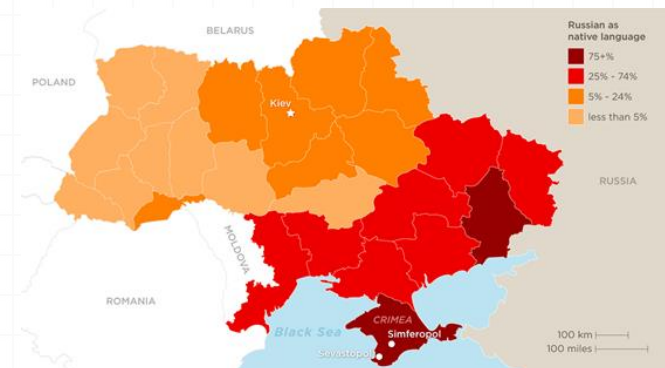


Short form

◊ Worksheet- Complete it!

Ukraine

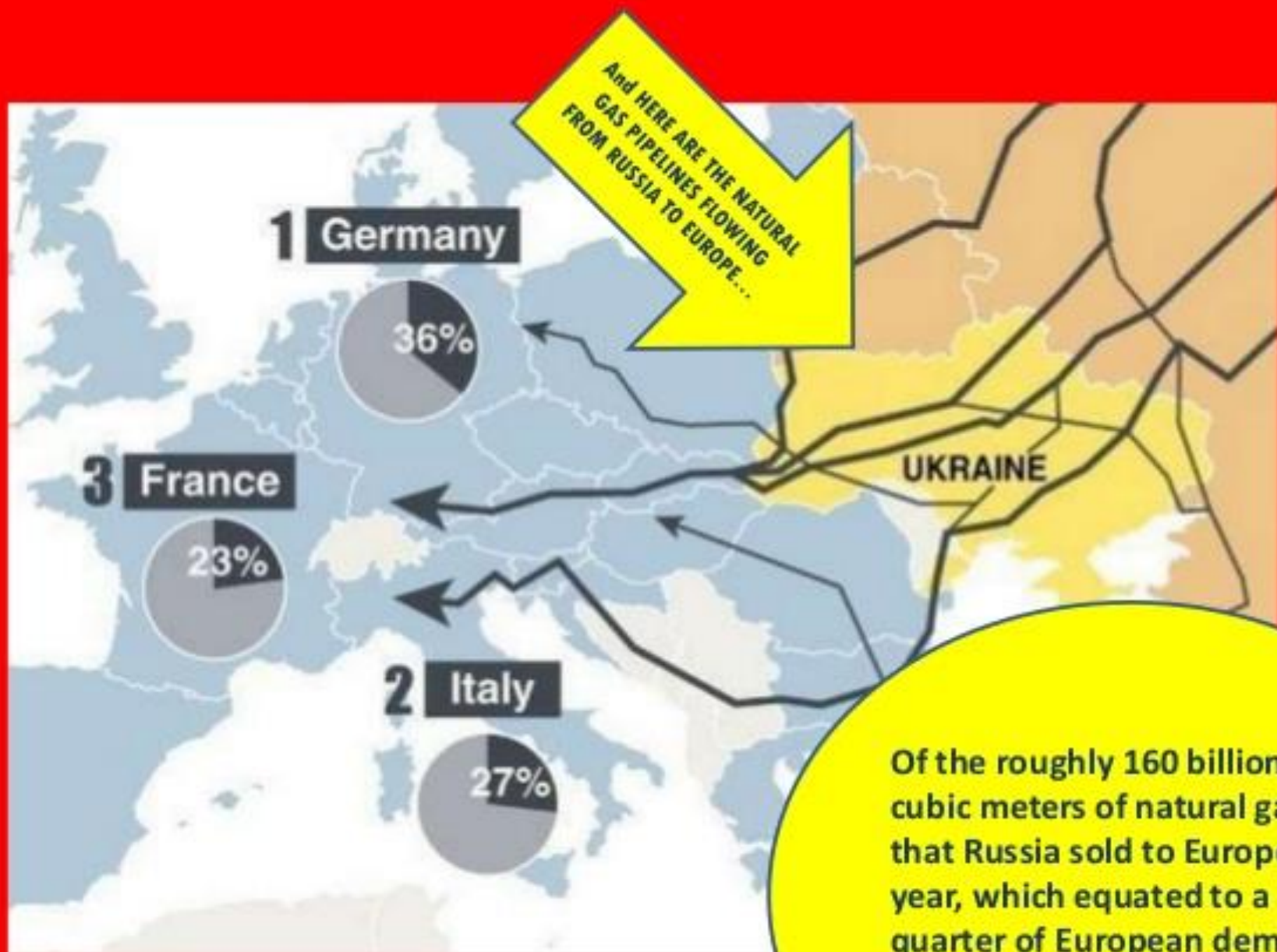
- Becomes part of the Soviet Union by 1921.
- Breaks away in 1991 when the Soviet Union dissolves.
- Known as the _____ due to its fertile farmland.



Long Term Issues

- Ukraine is the biggest nation separating the EU and Russia.
- Often seen as a pawn between Russia and the West.
- _____ runs through the Ukraine.
- _____ stationed in _____
- 2010 agreement permitted the fleet to stay until 2042.

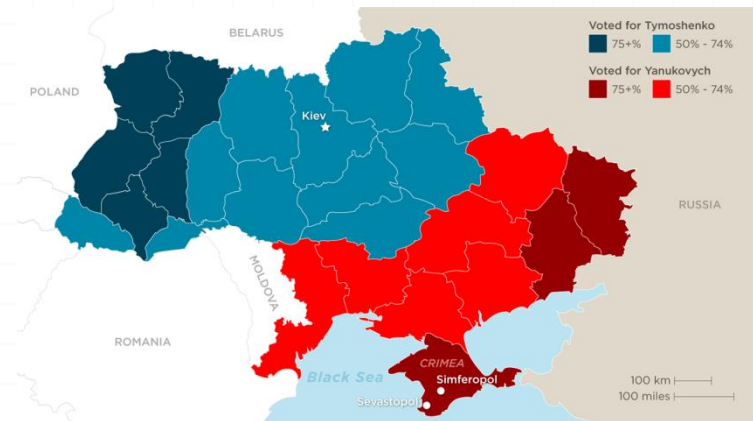




Source : Agence France-Presse

Ukrainian Crisis

- Started out as a
- A contentious election in 2010 saw pro-Russia candidate and former Prime Minister _____ win with narrow margins over Prime Minister _____
- Yanukovych won with strong support in the Eastern regions, with most regions in the West favoring Tymoshenko.



Ukrainian Revolution

- **November 2013 – the President refuses to sign a trade pact with the EU.**
 - Had been promising for a year to sign it.
 - **Would have created closer ties with the EU and generated economic growth.**
 - Asks Russia for a \$20 Billion loan.
 - Russia threatened to charge higher prices for gas if the Ukraine signed the trade deal with the EU.
 - **Pro-EU Ukrainians began protesting, eventually forcing Yanukovych from office.**



Russia Invades Crimea?

- **February 27th, 2014, unidentified pro-Russian troops seize control.**
 - Russia's only year-round link to the Mediterranean Sea.
 - Has controlled a port in Crimea for 230 years.
 - Russia claims ethnic Russians were being mistreated.
 - There is no evidence of this.
- **March 16th, 2014 – Crimea to vote on whether to join Russia or stay with the Ukraine.**
- **Ukrainian Prime Minister declares the invasion an act of war.**

Legal Issues

- **Russia has clearly recognized Ukraine and its present borders.** This was confirmed in:
 - The Alma Ata Declaration of December 1991, which consigned the Soviet Union to history,
 - The Budapest memorandum of 1994, offering security guarantees to Ukraine in exchange for removing nuclear weapons from its territory
 - The 1997 agreement on the stationing of the Black Sea fleet in Crimean ports.
- **International Law says you cannot forcibly rescue foreigners declared nationals.**
- Russia says it was “invited in”

<https://www.youtube.com/watch?v=0QL1KOPKTwc>

What “should” US have done?

○ POLL!

Response



o <https://www.youtube.com/watch?v=ZQbS0FgJbWk>

o Sanctions 2

HOW LIKELY IS THE IRAN SCENARIO IN RUSSIA?



Invasion of Russian troops in Crimea provokes panic among foreign investors who start shedding Russian assets.



Domestic stock market drops

10%



-11%

Over a few days, ruble depreciates 11%

Capitalization of Russian companies declines

\$72BN



Gold and exchange reserve shrink by

\$11.6BN

\$11,6BN

is spent to maintain ruble on March 3



WHAT DOES EUROPE MEAN FOR RUSSIA?



30%

of Russian gas is bought by Europeans



50%

of Russian oil is bought in Europe



83%

of all FDI comes from EU



49,9%

of Russia's trade is with EU

WHO WILL SUFFER MOST FROM SANCTIONS?



Staff at statefunded organizations, when salary delays begin



Car-making and machine-building industries

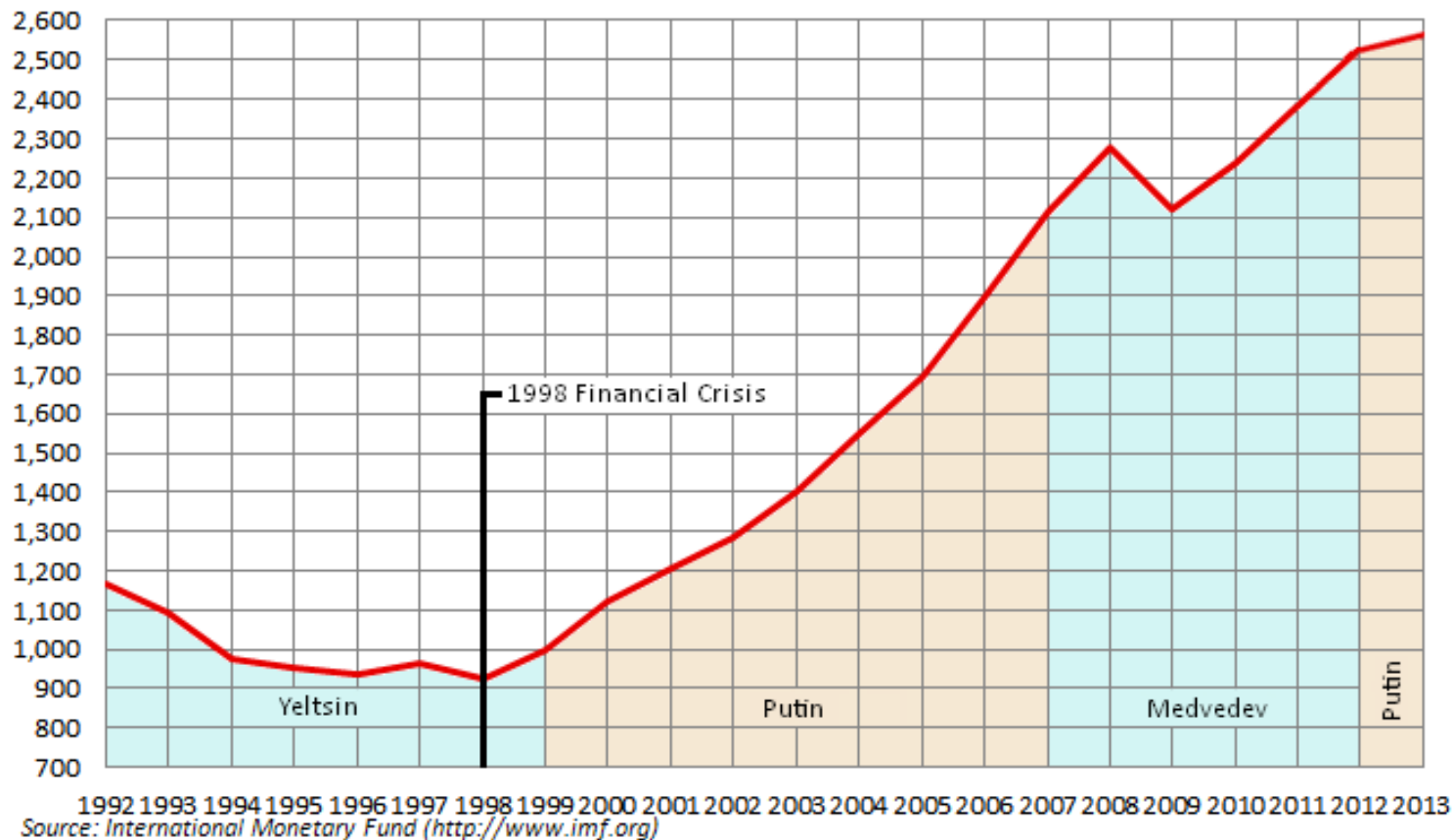


Chemicals and other industries that buy raw material from abroad

Before Crisis

Russian GDP (PPP) Since Fall of Soviet Union

Billions of International Dollars (2013)



After Crisis



Putin!

