The Crimea Precedent and the Annexation of Disputed Territory: What Is the Relevance for Asia?

Panel: Russia-China "Entente" and Reshaping World Order Processes

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Introduction

This paper examines whether any kind of precedent has arisen from Russia’s actions over Crimea since 2014 with regards to the annexation of territory. This question has particular relevance for several of the maritime disputes relating to China. Rather than adopt a legal perspective, this paper examines the precedent from the perspective of strategy and, in particular, strategic hedging. It enquires into the hedging strategies of two previously contained or rising states: Russia and China. It develops an understanding of strategic hedging specific to states that harbour dissatisfactions, and have shown a willingness to engage in limited revisionist moves, albeit with a wish to avoid wider war and still benefit from participation in the international system. The hypothesis it offers is that, to hedge effectively, these states must manage the trade-offs between aggressive regional moves and more participatory global behaviour. This is examined in the case study of Russia’s destabilisation of Ukraine and its annexation of Crimea. Russia’s behaviour is conceptualised as a single component of a wider hedging approach. And the significance of this approach will be examined in light of the very different circumstances of China’s assertive maritime policies.
Hypothesis: strategic hedging and the regional/global trade-off

This paper presents an application of strategic hedging that is specifically tailored to states that harbour dissatisfactions, and have shown a willingness to engage in aggressive revisionist regional moves, albeit with a wish to avoid wider war, and with a desire to continue benefitting from participation in the international system. In order to hedge effectively, these states must manage the trade-offs between aggressive regional moves and more participatory behaviour. The paper explore a typology of hedging tailored to this behaviour, as understood in relation to two very different aspiring regional hegemons and their chosen strategies in relation to the matter of annexation. It places annexation into the wider context of balancing between regional and global strategies.

The paper introduces to strategic hedging\(^1\) two refinements. First, there is a specific focus on a subset of states: each of which has demonstrably opposed the US foreign policy agenda, and is capable of revising the security balance in its region. This subset is narrower than Tessman’s ‘second tier’ states which included France and Brazil.\(^2\) The second refinement introduces to hedging a distinction between the regional and global levels, drawing on the regional security arenas literature.\(^3\) To link these propositions, of hedging and regions, a hypothesis is posed: to what extent can Russian and Chinese participation in the global system, through cooperation with its prevailing institutions and norms, be combined with, and even be facilitative of, selective aggressive regional revisionist moves?

In plain language this means ‘getting away with it’ – or, if a revisionist move is being blocked, manoeuvring to emerge advantageously. The case studies present two differently sized states that operate in incomparable regions. Russia is a former superpower; and China a superpower in ascent. Neither of these states is a total rejectionist, willing to sacrifice all to redress a perceived historic

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wrong or to make a regional gain. Furthermore, there is no insinuation of commonality in the scale or nature of how these countries have sought greater regional sway, specifically in terms of projecting power over contested territory. Nor is there any implication of sustained collusion between them, aside from when they may have opportunistically backed each other’s positions on certain issues. The precedent of annexation can be dealt with sensibly only with these caveats in place.

Introducing to strategic hedging the subset of dissatisfied and revisionist states

Bids to expand regional power, even if largely aspirational, can create discord. While there is no historical novelty in rising or resurgent powers quarrelling with those that wish to preserve the status quo, or bidding for allies to support their cause, today’s bids for regional power unfold in an era defined by certain epochal particularities. Chief amongst these is a lack of major war between states. In such conditions, strategic hedging – which, by definition involves the spreading of risks – is useful to conceptualize the choices faced by dissatisfied states, and in making sense of land grabs. Any kind of forcible expansion of territorial power, including annexation, remains an exceptional event.

For rising or previously contained states, dissatisfaction can arise from the role of Western states as architects of the global system. The ‘West’ is a notion best expressed in cultural and historic rather than geographic terms, and includes states rooted in ancient Greco-Roman civilisation, and much spread by later colonial emigration. Western states dominate NATO (a military alliance), the EU (an economic bloc) and the IMF and World Bank (key financial institutions). The West’s stake in defending existing arrangements is comprehensible, as is the West’s propensity to act like gatekeepers, passing judgement over which others to admit to the community of norm abiding states.

The West would rather see an emerging or resurgent power ‘play by the rules’ in staking out its regional and global roles, even if its actions are rooted in underlying dissatisfactions. Conversely, openly revisionist powers make for easy ‘bad-guys’. The West censures states that engage in norm breaking adventurism and that upset existing power balances. The Munich analogy of 1938 retains

traction in how the West makes sense of why aggression, especially forcible land-grabs, should be checked. Iraq’s annexation of Kuwait in 1990 was ended by a US-led, UN mandated war to defeat a potential regional hegemon. The 1991 Gulf War was acquiesced to by China and Russia in the UN Security Council, but it occurred at the dawn of the US unipolar era. Since then the West has come to be seen not as a principled defender of sovereignty but as hypocritical, routinely engaging in its own brand of revisionism – regime change. Overthrowing regimes in Libya, Iraq and Afghanistan may have been understood in the West as evicting human rights abusing, terrorist sponsoring regimes. But, after the European colonial era of past centuries, such flexing of Western muscle created resentment and suspicion. To its critics the West seeks pliant regimes around the globe and, even if not changing regimes, weighs the rules of the international game in its favour.6

This is why annexation holds a contestable position in international affairs today, since the methods of power projection and domination have diversified from outright occupation. What makes a rule breaker is in the eye of the beholder, and it depends on who makes the rules. For Russia and China, mixing strategies in ways that advance more parochial regional goals, while avoiding too wide a backlash, is essential. The authoritarian character of these states is not the focus here, although hard line opinion in these countries tends to favour greater unilateral challenge to the US – a sentiment is understandable in terms of status seeking.7 Driven by desires for increased regional authority and autonomy, Russia and China have sought to gain status not only to express hard line domestic political opinion, but to avoid being rendered passive players in their own neighbourhoods. With what success they have manoeuvred regionally, but in a changing international context, is the next refinement.

*The falsifiability of hedging strategies based on the regional/global level distinction*

Dissatisfied states seeking revision may push for change more aggressively in their immediate neighbourhoods, where they may discern a greater sense of right or privilege, while still seeking to benefit from their bilateral and multilateral international relationships. For most states, what happens

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locally is of a different magnitude of importance and immediacy than what unfolds several continents away. Moreover, because a global system-level power shift can involve slow-burning trends, its impact may well be refracted more tangibly within regional security dynamics.

In this paper, these levels of analysis will be distinguished by using the notion of ‘regional security complexes’. As Hurrell writes, ‘regional powers cannot be understood unless they are viewed in a global context’. The global system will ‘shape the kinds of power resources available to putative regional powers [since their] utility is contingent on the broader character of the global order.’ Moreover, ‘all regions are socially constructed and hence politically contested.’

Rival claims to regional leadership may offer differing visions as to how to demarcate the outline of a region. What an aspiring regional hegemon sees as its sphere of influence may not correspond to how the region should be delineated in the minds of other states. For these reasons, as Hurrell concludes:

It is precisely the shifting relationship between the one world of the global system and the many regional worlds that help us to make sense of the ideas, the interests and the resources available to regional powers as well as the scope, domain and character of their regional playgrounds… You are far more likely to maintain stable regional control if you can persuade other powers in the world to accept the legitimacy of your regional predominance.

Doing this without attracting the censure of the US is tough. Censure may follow if a disruptive regional move restricts access to resources upon which states outside the region depend, or sets precedents that undermine norms elsewhere in the world. But, the state making a forceful regional move might calculate that, as its gambit unfolds, it can steel itself against censure and punishment.

While the global and regional levels of analysis add clarity to the study of hedging strategies, there is also a need to set out a criterion for falsifiability. Without falsifiability, hedging could feasibly include any foreign policy action between capitulation and war. The criterion offered here involves the juxtaposition of disruptive and conciliatory behaviours, resulting in contrasting, perhaps even

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contradictory moves at different levels. The unilateral military character of the regional assertion of power is essential to its determination here as belonging to this subset of hedging behaviour. Russia’s wars in Georgia and Ukraine, and China’s naval expansion in the South China Sea, has allowed these countries to project regional hegemonic prowess. Engaging in such behaviour, while responding to the overtures of the US and the wider international system on other matters, results in a strategic juggling that act calls for great balance, and creates potential for miscalculation.

Russia’s hedging and its challenge to the post-Cold War European order

Of the cases examined here, Russia has exhibited the most aggressive revisionist behaviour. Russia annexed Crimea in March 2014 while supporting insurgents in east Ukraine. The West was caught on the back foot. Preferring to be feared rather than admired, Russia had redrawn a sovereign border by force and broken a key global norm. Suddenly, the post-Cold War order in Europe appeared uncertain. Subsequent Western reassurances to east Europe’s NATO members have tested the logic of how far the US would go to stymie similar Russian power plays elsewhere.

To understand this crisis it is instructive to frame Russia’s regional moves in terms of hedging that is informed not only by dissatisfaction and opportunism, but by an interpretation of a changing global order. According to Foreign Minister Lavrov, ‘the world has entered a transitional period and the signs are that this is not just another historical swing, but a change in era. We see a global rebalancing of forces and the emergence of a new polycentric world order.’¹⁰ In such a world, Russia’s ability to hedge is considerable. Russia is not a country that can be readily ignored or coerced. Territorially vast, with nuclear weapons and a permanent UN Security Council seat, it has sought revision due to its interpreted belittling by Europe’s post-Cold War order. Will Russia’s prospects for restoring the regional power it once wielded improve in a ‘polycentric’ system? This case explains Russia’s move from dissatisfaction to issue-specific revision, before hedging is used to explain the contradiction inherent in its aggressive regional moves and its wider foreign policy.

Juxtaposing Russia’s regional aggression and its global positioning

The very notion of hedging – managing risk by pursuing multiple options – is well suited for conceptualising recent Russian foreign policy. Duplicity as a form of statecraft has suited Putin, and his KGB service acquainted him with tactics that he later employed as a statesman – the deniability of actions achieved by several degrees of separation between those devising, and those executing, security operations.11 Understood as hedging, the approach has also involved an adroit use of Russia’s global clout to withstand Western countermoves by seeking alternative partnerships.

A variation of this strategy was used in Ukraine in 2014. In the decade after the 2004 Orange Revolution, Ukraine had become the object of a tug-of-war over its geopolitical destiny. Russia perpetuated a dispute over contractual arrangements for gas sales, and in January 2009 Gazprom (owned by the Russian state) stopped selling gas to Ukraine. Betraying the real basis for this ire, then-President Medvedev complained of ‘Ukraine’s anti-Russian stance in connection with the brutal attack on South Ossetia by Saakashvili’s regime [and its] incessant attempts to complicate the activities of Russia’s Black Sea Fleet [in Crimea]’.12 The crisis came to a head as the West and Russia tried to outbid each other in parallel appeals to Ukraine. The EU Eastern Partnership, launched in 2009, offered a Deep and Comprehensive Free Trade Area to six post-Soviet states including Ukraine and Georgia. Russia’s Eurasian Economic Union offered its own benefits.13 Inconclusive negotiations between Brussels and Kiev led to Russian customs restrictions on Ukrainian goods in 2013. President Yanukovich’s refusal to sign a deal with Brussels prompted protests in Kiev’s Maidan Square in late 2013, which elicited a brutal crackdown. As the crisis intensified Yanukovich fled to Russia. Moscow hardened its line that Ukraine’s elected president had been illegally deposed.

The crisis gave Russia the pretext it needed to flex its hegemonic muscle. It annexed Crimea in March 2014, securing its Black Sea Fleet base. And it stoked insurgencies in east Ukraine’s Donbas region. The self-proclaimed Donetsk and Lugansk People’s Republics would, with Russian support, withstand Ukrainian military attempts to reassert Kiev’s control. Despite Russia’s role, Putin publicly

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11 Fiona Hill, Glifford Gaddy, Mr Putin: Operative in the Kremlin (Washington DC: Brookings, 2013), chapter on ‘Putin the Case Officer’.
maintained the Donbas war was beyond his control, waged only by the separatists, and by patriotic Russian soldiers who had volunteered to fight while on leave. As the Donbas war simmered along an active front line, it drew global attention away from Russia’s fait accompli in Crimea.

At first glance Putin’s appeared willing to sacrifice Russia’s international credibility for these aggressive regional moves. Upon inspection, Russia’s assertiveness has relied on opportunism and deception housed within a wider hedging strategy. The evidence for this resides firstly in how Russia has combined its disruptive actions with moves it can present as conciliatory towards certain Western interests, and secondly, in how Russia has looked for associations outside the West. This has been predicated on a third factor; Russia’s confidence in steeling itself against Western punishment.

The sharpness of contrast between Russia as a regional belligerent, and Russia as the key to progress on a plethora of global issues, has complicated Western responses. Aggrieved at the changing of a European border by force, the West stopped well short of threatening war. Instead it relied on sanctions, diplomacy, and monitoring by the OSCE to manage the Ukraine war, while restating its commitments to NATO’s easternmost members, Poland and the Baltic states. But if these countries were sufficiently threatened by Russia, where would the US draw a red line? This equation has been further complicated by Russia positioning itself as an indispensable player in various Middle Eastern crises, where so many of America’s pressing security woes sit. In Syria, Russia opposed any attempts at regime change and asserted Assad’s regime to be a bulwark against ISIS. This reflected Russia’s lingering antipathy at feeling misled over the 2011 war in Libya.14 Obstructionism towards the US has been admixed with cooperation on two key counter-proliferation issues. Russia worked with the US to remove the Assad regime’s chemical weapons, despite disagreeing over the viability of the regime. And Russia played a facilitative role in the P5+1 talks with Iran, using its UN Security Council seat to adroitly straddle the line between breaking and defending global norms.

Russia has looked to China to insure itself against Western censure, thus reflecting a hedging strategy where states diversify their dependencies to ‘reduce vulnerability to embargos and blockades’.15 The West’s punishment of Russia has involved sanctions that have eroded the Rouble’s

14 Roy Allison, Russia, the West, and Military Intervention (Oxford University Press, 2013), p. 220.
15 Tessman (2012), p. 204.
value. This, combined with a drop in oil prices in 2014, contracted Russia’s economy. Given the scale of EU-Russian trade, Russia has calculated it will not remain an economic pariah forever. Moreover, Russia concluded a 30-year gas purchase and sale deal with China, showing the West that it could look elsewhere in the geopolitical marketplace through ‘The Power of Siberia’ agreement.\footnote{Lucy Hornby, ‘Putin Snubs Europe with Siberian Gas Deal that Bolsters China Ties,’ Financial Times, 10 November 2014.} As both a European and Asian-facing power Russia can naturally look in several directions to find components for its hedging strategies. Expansionism under Tsarist or Soviet rule tended to occur when Russia was able to exploit multipolar systems by playing off rivals. In this era, while the sustainability of Russia’s regional revisionism is yet to be seen, its regional moves have been expedited by its global bargaining.

**China’s hedging as it realises its latent hegemony in the Asia-Pacific**

The precedent of the Crimean annexation is primarily of relevance to China and the Asia-Pacific by virtue of what it suggests a major power can get away with in its own region. That China has a huge global role is assured; how this shapes its latent hegemony in the Asia-Pacific region is anything but assured. A China that reinforces global norms, and contributes to global forums, but is at the same time regionally assertive, offers an interesting permutation of a hedging strategy. As this case will show, a sharp bifurcation in behaviour between these levels can be empirically demonstrated. At the global level China has shed its former pariah status as an isolated revolutionary power, and notably so in US perceptions. At the regional level it has staked out a defensive maritime perimeter, building artificial islands in the South China Sea, and challenging the Philippines over island ownership, as it has done with Japan over islands in the East China Sea. Hedging can help frame the contrast between China’s status as a pillar of this century’s global system, and its flexing of regional muscle.

**Juxtaposing China’s assertiveness in the Asia-Pacific and its global ascent**

It is in the maritime domain that China’s assertiveness has been most apparent. In the East China Sea, a dispute with Japan over islands the former calls Diaoyu, the latter Senkaku, flared in 2010. Japanese coast guards detained a Chinese fishing boat close to the islands. Nationalism prevailed on both sides.
China believed that as a great power it no longer had to compromise with Japan. Conversely, Japan’s President Abe argued against Chinese domineering. In 2013 China began operating an Air Defence Identification Zone over waters that include the disputed islands. That year in the South China Sea, a dispute broke out with Vietnam when a state-owned Chinese firm placed an oilrig in water claimed by Vietnam. China has intensified its building of artificial islets around the Spratly islands, moving ocean floor sediment onto reefs to provide a foundation for airstrips, ports and military bases. The evidence points to a series of ostensibly defensive-minded moves impelled by a vision of Chinese maritime dominance. A growing mercantilist power, China has demonstrated a willingness to challenge facts in the sea. Multilateral arrangements to mediate and moderate these disputes are weak or absent. In 2016 China refused to abide by a UN ruling against its claims over the Spratly Islands, after the Philippines brought the dispute to international arbitration. With various overlapping historic enmities and interests involved, security of the South China Sea has played out as a high stakes competition.

As Goh has documented, this has forced many states in the region to hedge. The region features two hegemonic challengers, one indigenous (China) and the other projecting its power into the region from afar (US). No state in the region will be able to choose categorically between the US and China. Indeed, to force the matter into mutually exclusive terms would increase the chances of miscalculation and conflict. That said, while smaller states may want to avoid actively bandwagoning with or balancing against China, they may feel the pressure to choose increases over time.

There is a sharp contrast between China’s regional assertiveness and its otherwise rules-based expansion of regional influence. China can use its status as a major trading partner to draw states in the Asia-Pacific into its political orbit, and into a web of regional economic interdependence with China in the centre. However, China’s size means that even a peaceful rise may be seen as amounting to throwing its weight around and alarming its neighbours. It is in China’s interests to avoid this, since

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Sino-US competition for influence in the Asia-Pacific has unfolded through the construction of alliances based on favourable trade and security deals.

The threshold at which China can act unilaterally within the region is ground that is still being explored. In this regard, the region’s lingering flashpoint disputes remain critical. China covets control of Taiwan – the moral strength of China’s case, of righting a historic wrong, has perhaps more traction than the military logic of devising a plan to seize Taiwan that catches the US response flat footed.20 The vanquished Kuomintang retreated to Taiwan after the Communist victory in 1949. Since then the US has tried to strike an impossible balance between its security guarantees to Taipei and normalising its relations with Beijing.21 North Korea is another worry. Pyongyang’s insular regime remains an unpredictable factor in the region’s interwoven security dilemmas. China remains its key backer but is wary of being embroiled in a war instigated by the rashness of Kim Jong Un and of the chaos from a potential North Korean collapse. These lingering matters complicate China’s regional approach.

A focus on China’s global rise ought not to distract from the fact that it is within its immediate sphere that China’s rise may well be most keenly felt. This is why binding China into the global system may not in fact offset its regional ambitions and may fail to make it too costly for China to act assertively in its neighbourhood. For these reasons, Glaser has argued for an optimal US strategy of limited accommodation of China’s growing regional role, addressing the grievance of the US security guarantee to Taiwan in exchange for China negotiating an end to its regional disputes.22 While this sounds like appeasement it reflects one treatment of a potentially serious problem – of China not feeling constrained by its norm-abiding global role when it comes to behaviour in its immediate region. One must not rule out China hedging under the umbrella of its enhanced global role in a way that makes it too costly for the US to impose costs short of threatening war. In 1996 the US sent two aircraft carrier battle groups to the region in response to a Chinese military build-up around Taiwan, asserting US regional primacy in response to Chinese missile tests. This is not an option the US may have in the future as China seeks to consolidate its regional maritime position.

Conceptualising the strategic hedging of dissatisfied regional revisionists

China and Russia hold UN Security Council permanent seats and have used their stature accordingly to assist their regional moves. It is therefore logical to base a typology of this subset of hedging behaviour on the manner, extent and sustainability of the contrast in the behaviours in question, and to observe how this contrast changes over time. Beyond this general conceptualisation, two distinct models emerge from the case studies as to what this means in practise.

China, at one end of the spectrum, has used its global clout to improve its regional maritime military arrangements. This set of contradictory behaviours appears sustainable, given the gap between China’s immense global standing and, relative to this, the fact it is implying rather than using force locally and in relation to various island disputes. On the other hand, the greater the extent to which China becomes integrated into the world order, the more costly it may be for it to subvert global norms. The evidence of China’s recent regional conduct is of intensifying economic competitiveness in an attempt to outbid the US for local allies, accompanied by episodic displays of assertiveness.

Russia, by contrast, has been aggressively revisionist in regional issues it deems core to its interests, while acting in concert with the West over such issues as the P5+1 Iran talks. The highly disruptive approach of subverting and waging war on countries within its former sphere of influence has provoked Western sanctions and a reassertion of the NATO alliance to deter further adventurism. While Russia is no longer a superpower, its global clout has been substantial enough to hedge against the Western response. For example, after declaring the annexation to be illegal, the West looks highly unlikely to ever force a Russian rollback from Crimea.

The more disruptive and violent the regional assertion of power is, the trickier it will be to sustain, and especially is this entails war. Whereas in past epochs it was normal for states and empires to forcibly conquer others, when it occurs today it is atypical and exceptional. If offensive tactics have been used they have been shrouded in deniability. Russia’s support of Ukrainian separatists destabilized regional rivals while circumnavigating overt inter-state war, and ‘subcontracting’ the dirty work of fighting to other entities can limit the costs of waging war overtly. It is difficult for Western powers to counteract this approach without being drawn into a proxy war.
Western powers are keen to prevent the reshaping of regional dynamics by aspirant regional hegemons, but the West falls short of threatening war to do so. Sanctions have come to be a valued tool in the arsenal of Western responses – they are non-lethal can be made issue-specific and accompanied by targeted condemnatory political rhetoric. But they rely on Western dominance of global finance and on the US Dollar remaining the global reserve currency.\textsuperscript{23}

Sanctions are a tool of coercive diplomacy and not a strategic policy response – this relies on coalition building. The West has defended existing regional orders by seeking common cause with states that fear the aspirant regional hegemon. These states must choose to bandwagon or balance, whereas the West must choose whether to offer them ad hoc support or alliance. For example, Western alliance commitments to Poland and the Baltic States oblige NATO to go to war if they are attacked, but Western support for Ukraine carries no such obligation. The dynamics of competitive coalition building can govern the dynamics of regional security arenas, and this returns us to the two questions posed at the start of this article, before the case studies.

**Conclusion**

As the regional arenas literature notes, ‘you are far more likely to maintain stable regional control if you can persuade other powers in the world to accept the legitimacy of your regional predominance’.\textsuperscript{24}

Achieving regional predominance involves more than changing facts on the ground, or in the sea, as they relate to military balances and influence. Regional predominance requires a blend of normative and material influence over nearby states. To embed gains, regional power plays need to be followed with recourses to nominal legality or moral argument to stake out a regional hegemonic vision, even if retrospectively justifying acts of assertion, and creating economic dependencies to favour the regional hegemon. While the on-going nature of the case study scenarios does not allow a study of embedding gains, they do allow observations on how hedging strategies interact with regional security arenas.

\textsuperscript{23} Wheatley (ed.), 2013.

\textsuperscript{24} Hurrell (2010), ps. 17, 20.
The West has attempted to slow the rate of change in regional power distributions around the world by encouraging rising or resurgent powers to join global governance undertakings. Two rising powers of the 1980s and 1990s – Japan and Germany – were tied to such a vision by virtue of World War Two and the manner of their reconstruction. Similar circumstances do not prevail with regards to Iran, Russia and China. Domestic accountability is also less of an issue, since these are societies with internal media control and state-propagated narratives. This need not lead to alarmist conclusions – the countries examined here is hardly akin to Germany, Japan and Italy in the 1930s. Prior to 1939 they had seized Austria, the Ruhr Valley, Manchuria and Ethiopia respectively, bringing the League of Nations into disrepute, and forestalling global war. However, it does challenge Peter Katzenstein over the extent to which US hegemony can penetrate into perpetuity the Asian, European and Middle Eastern regional orders.  

For the dissatisfied, hedging can be a way to avoid binding, playing along until the ‘rest’ can influence or set the rules. In other words, explicitly regional revisions are sought to assuage desires for status and influence in international affairs, partly because of the limited options for shaping the global system. In sum, a bifurcation between global and regional behaviours will continue to be useful in conceptualizing the strategic choices of the ‘rest’ for as long as the West retains a greater degree of global dominance. The annexation precedent arising from Crimea in 2014 should be seen in this way.

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