

**ANALYSIS OF ECONOMIC SANCTIONS OF THE UNITED STATES
AND THE EUROPEAN UNION AGAINST RUSSIA AFTER
ANNEXATION CRIMEA**



THESIS

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Department of International Relations

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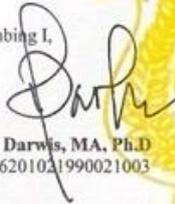
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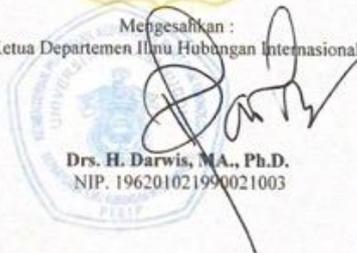
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PREFACE

By giving thanks to Allah SWT, who has bestowed His grace, Taufik, and guidance so that the author can complete this thesis with the title "Morowali Regional Government Strategy in Attracting Foreign Investment (Case Study: Chinese Foreign Investment)" as one of the requirements for completing the Bachelor Program (S1) majoring in International Relations, Faculty of Social and Political Sciences, Hasanuddin University.

The author realizes that this thesis could not have been completed without the support, assistance, guidance and advice from various parties during the preparation of this thesis. In this opportunity, the writer would like to express his sincere thanks to:

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The author realizes that the process of writing and organizing this thesis is inseparable from mistakes and shortcomings. Therefore, with all humility, the author sincerely apologizes and is gracefully willing to accept all input, critics, and suggestions to make this thesis better. The author humbly presents this thesis, with the hope that it could be useful to increase knowledge and information in the field of International Relations.

ABSTRAKSI

Muh. Farham Assyidik. E061181806. “Analisis Sanksi Ekonomi Amerika Serikat dan Uni Eropa terhadap Rusia pasca Aneksasi Krimea” Dosen Pembimbing I: **H. Darwis, MA, Ph.D.** Dosen Pembimbing II: **Nurjannah Abdullah, S.IP, MA** pada Department Ilmu Hubungan Internasional, Fakultas Ilmu Sosial dan Ilmu Politik, Universitas Hasanuddin.

Penelitian ini bertujuan untuk menggambarkan bagaimana dampak dari sanksi ekonomi dari Barat terhadap Rusia dan bagaimana strategi pemerintah Rusia dalam menghadapi sanksi ekonomi dari Amerika Serikat dan Uni Eropa.

Metode penelitian yang digunakan dalam skripsi ini adalah kualitatif yang bersifat deskriptif. dimana metode penelitian ini akan menggambarkan perilaku peristiwa secara terperinci melalui data deskriptif sehingga dapat memberikan kesimpulan terhadap pertanyaan penelitian yang telah ditetapkan.

Hasil dari penelitian ini menunjukkan bahwa melalui sanksi ekonomi, Amerika Serikat dan Uni Eropa bertujuan untuk menekan perekonomian Rusia agar dapat merubah arah kebijakannya dan melepaskan Krimea kembali ke Ukraina. Dampak yang dirasakan Rusia akibat dari adanya sanksi ekonomi begitu berdampak terhadap perekonomian Rusia yang dimana dengan adanya sanksi ini bertepatan dengan turunnya harga minyak dan gas bumi. Dengan adanya sanksi tersebut pemerintah Rusia kemudian mengeluarkan kebijakan peralihan pasar, pembayaran nasional, dan sanksi balasan sebagai strategi dalam menghadapi sanksi ekonomi dari barat.

Kata Kunci: Aneksasi Krimea, Rusia, Sanksi Ekonomi.

ABSTRACT

Muh. Farham Assydik. E061181806. “Analysis of Economic Sanctions from the United States and the European Union against Russia after the Annexation of Crimea” Supervisor I: **H. Darwis, MA, Ph.D.** Advisor II: **Nurjannah Abdullah, S.IP, MA** at the Department of International Relations, Faculty of Social and Political Sciences, Hasanuddin University.

This study aims to describe how the impact of economic sanctions from the West on Russia and how the Russian government's strategy in dealing with economic sanctions from the United States and the European Union.

The research method used in this thesis is descriptive qualitative. where this research method will describe the behavior of events in detail through descriptive data so that it can provide conclusions on the research questions that have been set.

The results of this study indicate that through economic sanctions, the United States and the European Union aim to suppress the Russian economy so that it can change its policy direction and release Crimea back to Ukraine. The impact felt by Russia as a result of the existence of economic sanctions had an impact on the Russian economy, where the existence of these sanctions coincided with the decline in oil and gas prices. With these sanctions, the Russian government then issued a policy of market switching, national payments, and retaliatory sanctions as a strategy in dealing with economic sanctions from the west.

Keywords: Annexation of Crimea, Russia, Economic Sanctions.

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CHAPTER I

INTRODUCTION

A. Background

Crimea is a region that has its own parliament, but physically and politically, Crimea is included in the territory of Ukraine. Geographically, the Crimean Peninsula is the southernmost part of Ukraine and the eastern part of the Crimean Peninsula is directly adjacent to the Russian Federation. Historically, Ukraine was part of the Soviet Union and was the leader of the Soviet Union at that time. Former Soviet leader Nikita Khrushchev gave Crimea to Ukraine as a gift. Crimea is basically closer to Russia in identity and militarily when compared to other former Soviet Union countries. This is supported by the fact that the majority of ethnic Russians are ethnic and cultural in Crimea. The composition of the use of colloquial language culturally uses Russian culture, in terms of the Crimean administration also still uses Russian in its documents, although the official language in Ukraine is Ukrainian itself (Jovita, 2018).

In 2014 Russia shocked the international community, Russia unilaterally annexed the Crimea region. The beginning of the Russian intervention began with an internal conflict in Ukraine that occurred in November 2013 in Maidan Nazalozhosti, the name of an area in the Ukrainian capital, so this conflict is better known as the Euromaidan movement (Anggara, 2018). The Euromaidan movement is a movement that wants Ukraine to integrate with Europe, after Ukrainian president Victor Yanukovich was faced with two choices, namely to

receive loan assistance from the European Union in the amount of US\$ 827 billion and with the condition that he joins the European Union or receives assistance from Russia, namely a loan of US\$ 15 billion and also given a reduction in the price of natural gas by 30%.

In deciding the two options offered by the European Union and Russia, Ukraine several times postponed the agreement to join the European Union, namely on November 21, November 29, and on December 15. Then on December 17, Yanukovich and Putin held a Joint meeting in order to discuss the loan assistance previously offered by Russia and then continued with the official acceptance of aid from Russia on December 24. President Victor Yanukovich then decided against signing cooperation and free trade agreement with the European Union. As president of Ukraine at that time, he preferred assistance from Russia in the form of a loan of 15 billion US dollars and a 30% discount on Russian gas prices for Ukraine. (Jovita, 2018).

Yanukovich's decision then sparked the anger of pro-EU groups and led to massive protests that took place in Kiev, the capital of Ukraine. The demonstrators then demanded that Ukrainian President Victor Yanukovich reconsider the decision on canceling cooperation with the European Union. Pro-European opposition groups see the cooperation agreement as the first step for Ukraine to become a member of the European Union.

On January 16, 2014, the Ukrainian Parliament Verkhovna imposed severe sanctions for violators of the riots in Kiev. Because of this, the anti-

government movement grew and culminated in the overthrow of President Victor Yanukovich in Ukraine. The overthrow of the presidency of Victor Yanukovich was due to his failure to maintain stability in Ukraine. The anti-government action resulted in 80 Ukrainians being killed and about 700 others injured. The opposition then occupied the government and wielded power over the Ukrainian parliament.

There was a government vacuum in Ukraine, so the Ukrainian parliament announced three things, namely Aleksander Turchinov as President of Ukraine and Arseniy Yatsenchuk as the new prime minister of Ukraine. Second, the elite police unit was disbanded as a result of the deaths of demonstrators during riots. Third, prohibit the use of Russian as a second language in Ukraine. Meanwhile, President Victor Yanukovich fled Ukraine and asked Russia for protection. This then made pro-Russian citizens and the Russian government worried, where if President Victor Yanukovich was overthrown, the Pro-Russian citizens were afraid of getting discriminated against from pro-western leaders. (Erwandi, 2019)

The new Ukrainian government then received a negative response from Russia, which considered the new Ukrainian government to be an illegal and pro-European government. Russia also views the dismissal of President Victor Yanukovich as president of Ukraine as a coup act and illegal. Russia also continues to regard Victor Yanukovich as President of Ukraine. Vladimir Putin then responded by demanding the Russian parliament to invade Ukraine and on March 1, 2014, Putin obtained Parliament's approval and then began deploying thousands of his military forces to the autonomous region of Crimea. The

invasion was then considered aggression against Ukraine's legitimate sovereignty and a violation of international law. (Ayudhia & Wirawan, 2022)

On 28 February 2014, Ukrainian parliamentarians held an emergency session and a vote to end the Crimean government and then voted to join the Russian Federation and schedule a referendum on Crimea's autonomy. In March 2014, a referendum on Crimea's political stance was held in Crimea and showed support which is very extraordinary to join the Russian Federation. 96.77% of the 81,365 inhabitants of Crimea chose to join the Russian Federation (Fachri, 2015). The Crimean Parliament then declared Crimea's independence and decided to join the Russian Federation. The decision is considered inseparable from Russian interference. This was later proven when Russia rejected an offer from the West to resolve the conflict in Ukraine together.

Although this referendum was opposed by the European Union and the United States, Russia and Crimea still signed an agreement to merge the Republic of Crimea and Sevastopol into the Russian Federation. The issue of Russia having involvement in Seccionism in Crimea was further strengthened by the statement from the Russian Foreign Minister, Lavrov Sergey Victorovich, on March 11, 2014, stating that the referendum held by Crimea to join the Russian Federation was legal and valid. The Russian government fully recognizes the results of the referendum and the declaration of independence of Crimea.(Aji, 2014)

Russia's move in supporting the Crimean referendum was supported by the actions of the Russian government which began to occupy strategic facilities by flying the Russian flag in Ukraine. Russia also sent its military forces fully armed to Simferopol Airport and Sevastopol Airport (Havis Yanuar, 2015). In addition to the airport, Russia also sent military troops to take over the headquarters of the Krym company, which Krym is a television and communications company. The parent of Krym is Urtekelecom the party responsible for telephone connections and communications in the Crimea region. Russia has also blocked the Isthmus of Perekop as the border area between Crimea and Ukraine. The Ukrainian parliament later stated that the armed group was the Russian military which was slowly starting to invade Ukraine.

The vote by the Crimean Parliament to join the Russian Federation and leave Ukraine was later deemed invalid by the international community (Sudibylo, 2018). The United Nations as the highest international organization also refused to recognize the results of the vote. On 27 March 2014, the United Nations then passed a resolution in response to the Crimean crisis. The resolution affirms the commitment to the sovereignty, political independence, unity, and territorial integrity of Ukraine. The resolution was later supported by 100 UN member states, 11 countries rejected it, 58 countries abstained and 24 other countries did not participate in the vote.(Siregar, 2017)

The United States and the European Union as countries that also agreed to the resolution issued by the United Nations considered that Russia intends to divide the Crimea region, which is a former Soviet Union country. Russia's

intervention in this annexation of the Crimea region then caused the United States and the European Union to impose sanctions on Russia. The sanctions imposed are in the form of economic sanctions where the purpose of economic sanctions is to change certain political steps or policies of the country receiving sanctions, in this case, economic sanctions are expected to weaken Russia so that it can change its policy on the annexation of Crimea and then release Crimea back to Ukraine. (Siregar, 2017)

As a form of disapproval of the United States for the illegal referendum, the United States imposed sanctions in the form of an economic embargo on Russia, to weaken Russia from its economic sector. Russia is Russia's largest trading partner thus Russia will lose its market in the European Union. In response to the referendum on the Crimea region, the United States and the European Union then passed sanctions on Russia in the form of an embargo on March 17, 2014 (Bagheri & Akbarpour, 2016). The embargo given by the United States on Russia is in the form of visa bans and asset freezes for Russian officials and businessmen embargoes on sanctions in the financial, industrial, and defense sectors of Russia, as well as the expulsion of Russia from the G-8 membership.(Hakim, 2018)

The European Union then uses sanctions as a tool to achieve the goals of the Common Foreign and Security Policy, namely peace, democracy, and respect for the rule of law, human rights, and international law. The European Union responded by imposing sanctions on Russia's intervention in Crimea in the form of diplomatic sanctions, economic sanctions, sanctions limiting economic

relations with Ukraine and Sevastopol, and restrictions on conducting trade relations for Russia with several countries.(Siregar, 2017)

In the end, Russia had to pay a heavy price for its aggressive efforts with the collapse of the ruble against the euro and dollar as a result of the economic embargo. For the first time, the ruble fell below 50 rubles against the euro, with 51.20 rubles equaling 1 euro, the exchange rate slump also occurred in the ruble exchange rate against the US dollar where 37 rubles equaled 1 US dollar.(Andhika, 2015)

B. Limitation and Research Question

In this study, the author focuses on the economic sanctions policy of the United States and the European Union against Russia after the implementation of these economic sanctions. In addition, the authors also limit the discussion of economic sanctions policies in 2014-2019.

Based on the explanation of the problem limitation above, the writer will formulate the problem formulation as follows:

1. How did the economic sanctions of the United States and the European Union affect Russia after the annexation of Crimea?
2. What is Russia's policy in overcoming the economic sanctions of the United States and the European Union against Russia after the annexation of Crimea?

C. Aims and Uses of The Research

Based on the research problem described above, the objectives of this study are:

1. Knowing and explaining the impact of the economic sanctions of the United States and the European Union on Russia after the annexation of Crimea.
2. Knowing and explaining the policies taken by Russia in dealing with the impact of the economic sanctions of the United States and the European Union on Russia after the annexation of Crimea.

The uses or benefits of the research conducted by the author are as follows, namely:

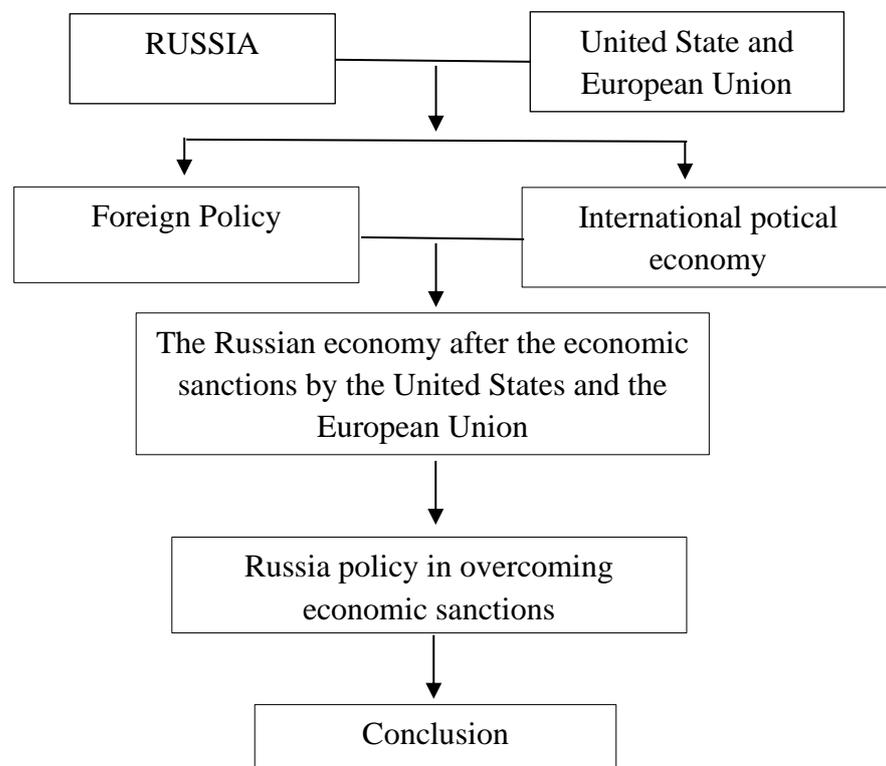
1. This research is expected to be able to provide understanding to students or activists of international relations studies in assessing the impact of economic sanctions on countries receiving sanctions.
2. As reference material for researchers who are interested in studying and researching the impact of economic sanctions on countries receiving sanctions

D. Conceptual Framework

In analyzing research on the economic sanctions of the United States and the European Union against Russia after the annexation of Crimea, of course, theories and concepts are needed as a reference or point of view to analyze a

problem being studied. This study uses the concept of international political economy and foreign policy.

**ANALYSIS OF ECONOMIC SANCTIONS OF THE UNITED STATES
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ANNEXATION CRIMEA**



1. Foreign Policy

One of the studies in International Relations is the study of international politics, where international political science is focused on relations involving state and non-state actors through policies made

by decision-makers as a representation of their respective interests in their interactions with one another. The interaction relationship between actors, especially the state, is described as foreign policy.

Foreign policy is a process by which countries seek to achieve their national interests in the global community. The foreign policy of a country shows the basis on which the government reacts to the global environment. Therefore, foreign policy can be interpreted as a strategy designed by the decision-makers of a country in dealing with other countries and other international relations actors.

Definition of foreign policy K.J Holsti became the author's basis in reviewing the economic sanctions policy which according to K.J. Holsti Foreign policy is an action or idea designed to solve a problem or make a change in an environment. The foreign policy in this study is intended as material for the author in analyzing the policy of providing economic sanctions and policies made to overcome the problem of the existence of these economic sanctions.

Mark R and Amstutz explain that basically, foreign policy refers to the phenomenon in which states seek to achieve their national interests in a global society. Foreign policy manifests itself as a social phenomenon because each country cannot fulfill all its social, political, and economic needs only from the resources in its territory. As a result, the government of a country usually tries to meet this self-fulfillment need when dealing with other countries outside its

territorial boundaries or on the international stage. (Noorkusuma, 2017)

2. Ekonomi Politik Internasional

As a discipline that deals with various aspects of international relations, international relations has several sub-disciplines that specifically explain economic problems at the international level. This subdiscipline is called International Political Economy.

Through the study of international political economy, we will better understand the contradictions that arise between the growing interdependence of the international economy and the desire of states to regulate the interdependence of economic and political autonomy, because, at the same time, all countries want to benefit from the international economy. Trade freely with other countries, but on the other hand also want to protect political autonomy, cultural values, and social structures. (Badiri, 2020)

International Political Economy Studies, according to Oatley, is a study of how economic interests and political processes interact to shape government policies. So that this is then used as the basic concept in this study where the international political economy is used as the basis for looking at economic and political interests in the provision of sanctions policies by the United States and the European Union for the annexation carried out by Russia.

In understanding the phenomenon of economic sanctions which includes international economic and political issues. The author uses the perspective of Mercantilism, where mercantilism sees the international economy as an arena of conflict between conflicting national interests rather than as an area of mutually beneficial cooperation. This is a basis for the author where the European Union as a country that has strong economic relations with Russia then imposes sanctions in this perspective the author sees, that the European Union has suffered losses due to the economic sanctions it has applied but continues to carry out the sanctions.

Simply put, as stated by Walter S. Jones. This concept is defined as the global interaction between politics and economics. He goes on to quote Robert Gilpin's view that states the close relationship between politics and economics. On the one hand, politics defines the framework of economic activity and directs it to serve the interests of the dominant group; The various forms of the use of power largely determine the nature of the economic system. On the other hand, the economic process itself tends to redistribute power and wealth. Economics of power relations between groups. This revolution revolutionized the political system and created a new structure of economic relations.

It can be seen that the dynamics of modern international relations are essentially a function of economic and political

interactions, therefore international political economy is a reciprocal and dynamic interaction between the pursuit of power and the pursuit of wealth in international relations. This view implies that international political economy theory is not a purely economic theory, because it only discusses technical economic problems, nor is it a pure political theory, which sees the economic dimension as always being political. But more than that, the theory of international political economy serves to explain the various links between economic and political factors, markets, and the state.(Maiwan, 2015)

E. Research Methodology

1. Type of Research

This study uses a descriptive method that aims to describe how Russia feels the impact of economic sanctions imposed on Russia's economic development

2. Data Collection Technique

The data collection technique used by the author is library research, namely data collection based on several literature sources, both documents, journals, articles, and various trusted sites on the internet that are related to the discussion of the impact of economic sanctions on the United States and the European Union on developments Russian economy.

3. Type of Data

The data that the author uses in writing the proposal is secondary data. Secondary data is data obtained through literature studies such as books, journals, articles, and various written sources on the internet.

4. Data Analysis Technique

The data analysis technique that will be used by the author in analyzing the research data is qualitative. To analyze the problem, the author will describe it based on the existing facts, then connect these facts with other facts so that later produce an appropriate argument.

CHAPTER II

LITERATURE REVIEW

A. Foreign Policy

Foreign Policy is a strategy or action plan made by state decision-makers in dealing with other countries or other international political units and controlled to achieve national goals as outlined in the terminology of national interests. Because the national interest has a very broad scope, foreign policy is one of the factors used to achieve the national interest.(Yani, 2007)

The foreign policy adopted by the government of a country aims to achieve the national interest of the people it governs even though the national interest of a nation at that time was determined by who was in power at that time. To fulfill their national interests, countries or actors in these countries carry out various types of cooperation, including bilateral, regional, trilateral, and multilateral cooperation.

According to Kegley and Wittkopf, foreign policy is a decision made to achieve international goals. Furthermore, according to Howard Center, foreign policy must include three main things, namely the determination of the objectives to be achieved (selection of objectives), the instruments used to achieve these goals (mobilization of means), and the implementation of these foreign policies (implementation).

According to Rosenau, the notion of foreign policy is the effort of a country through its overall attitudes and activities to overcome and benefit from its external environment. According to him, foreign policy is aimed at maintaining and maintaining the survival of a country. Furthermore, according to Rosenau, if we examine the foreign policy of a country, we will enter a broad and complex phenomenon, including internal life and external needs including internal and external life such as aspirations, national attributes, culture, conflicts, capabilities, and institutions. and routine activities aimed at achieving and maintaining the social, legal, and geographic identity of a state as a nation.

Foreign policy refers to the phenomenon of the process by which states seek to realize their national interests in the global society. Foreign policy appears as a social phenomenon because each country cannot fulfill all its social, political, and economic needs by relying solely on the resources found in its territory. Therefore, the government of a country will generally try to meet needs that it cannot fulfill on its own outside its boundaries or by interacting with other countries on the international scene.(Akbar, 2016)

The first steps in the foreign policy-making process include:

1. Elaborating considerations of national interest in the form of specific goals and objectives;
2. Determine situational factors in the domestic and international environment related to foreign policy objectives;

3. Analyze national capabilities to achieve the desired results;
4. Develop a plan or strategy to use national capabilities in tackling certain variables to achieve the goals that have been set;
5. Carry out the necessary actions; Periodically review and evaluate the progress that has taken place in achieving the desired goals or results(Abdillah, 2014)

Meanwhile, according to Holsti, the scope of foreign policy includes all actions and activities of the state towards its external environment to obtain benefits from that environment, as well as being oblivious to the various internal conditions that support the formulation of these actions. Furthermore, according to K.J. Holsti Foreign Policy is an action or idea designed to solve a problem or make a change in an environment.

State external actions contained in its foreign policy include various types and forms. Therefore, by some scientists, the types and forms of external actions of a state are conceptualized into several categories. Rosenau in Perwita and Yani conceptualizes foreign policy into three conceptions, which are interrelated with each other, namely:

1. Foreign policy is in the sense of a cluster of orientations, which contains a set of ideal values that guide the implementation of a country's foreign policy. This positioning is the result of historical experience and public understanding of the strategic position of the state in world politics.

2. Foreign policy in the sense of a strategy or plan or commitment to action (as a set of commitments and action plans) includes ways and means that are considered capable of responding to obstacles and challenges from the external environment. A country's strategy is based on its foreign policy orientation, which is the elite's interpretation of its foreign policy orientation in response to certain situations, and strategies need to be developed to deal with these situations.
3. Foreign policy in the form of behavior is the most empirical phase of foreign policy in terms of the form of behavior. This third concept is the specific steps taken by decision-makers in response to external events and situations and is a transformation of the direction and expression of certain goals and commitments. This behavior is manifested in the actions and statements made by the government. Foreign policy behavior is the implementation of a country's foreign policy strategy in certain circumstances. (Akbar, 2016)

Foreign policy actions are essential techniques used as a means of achieving foreign policy objectives set out in foreign policy strategies. These foreign policy actions can be distinguished by the techniques used. According to Holsti, foreign policy actions can be distinguished according to the means used, namely:

1. Diplomacy is the government's effort to communicate its national interests, rationalization of these interests, threats, promises, and possible agreements that can be accepted on an issue by the governments of other countries. Diplomacy is essentially a negotiation process in which each government bargains on a particular issue to achieve its national interest optimally through agreed official channels.
2. Propaganda is the efforts of the government of a country to influence the behavior and public opinion of foreign or other countries so that it is what is expected by the government of the country carrying out propaganda. The government seeks to influence the public opinion of foreign or other countries, and or certain ethnic, religious, and economic groups with the hope that these publics will in turn influence the behavior and policies of their government by the expectations of the government of the country carrying out propaganda.
3. The economy is the government's efforts to manipulate international economic transactions to achieve its national goals. This form of manipulation can be in the form of rewards or coercion. As a means of coercion, international economic transactions are used to force foreign governments to change their policies, both domestically and abroad, to suit the wishes of the government that launched the threat. Meanwhile, as a means of

reward, international economic transactions are used to support foreign governments to carry out or continue the actions desired by the government that launches rewards.

4. Military, are the efforts of the government of a country to influence the behavior and policies of other countries by using threats or military support.(Putri et al., 2021)

B. International Political Economy

The state and the market in its development are two elements that cannot be separated. This refers to the political sector that can be represented through the market which of course cannot be denied being interconnected with one another. Economics is closely related to the achievement of wealth, while politics is closely related to the achievement of power or power. At the international level, states and markets are at the core of the international political economy.

International Political Economy Studies, according to Oatley, is a study of how economic interests and political processes interact to shape government policies. International Political Economy then studies life in the global economy which focuses on the political stage between the strong and the weak from the global economic market. These global economic markets increase the income of some people and decrease the income of others. The distributive consequence of this global economic market is the occurrence of

political competition at the national and international levels where the strong seek more “connections” in the global economy to increase their income, while the weak try to remove economic constraints at the global and national levels to minimize or even eliminate their losses. International political economy studies how the political struggles between the strong and the weak in the global economic market shape the evolution of the global economy. (Badiri, 2020)

International political economy is the study of the interrelationships and interactions between political and economic phenomena, between "states" and "markets", between the domestic environment and the international environment, and between government and society.(Badiri, 2020) The economy is defined as the production, distribution, and consumption of wealth; While politics is defined as a set of institutions and rules that regulate various social and economic interactions. In a more specific sense, it can be stated that the focus of attention on international political economy is the relationship between market dynamics and domestic decisions related to the market at the domestic and international levels. This means that the study of international political economy is the study of the relationship between domestic politics in various countries and the international economy; or conversely, it is the study of the impact of market forces operating in the international economy on the domestic politics of certain countries.(Ambarsari, 2015)

According to Robert Gilpin, International Political Economy is a combination of economics and politics within the international scope which explains the relationship between the market and the state in it and there is a special structure/order to regulate it. With the interest in the relations that exist between one country and another, it causes a country to try to engineer market power to strengthen its influence.(Lamturma, 2015)

According to Caporaso, there are three main approaches to International Political Economy, namely mercantilism, liberalism, and Marxism. Mercantilism is an understanding or perspective that was popular in the era before the 1700s. This is where the implementation of the mercantilism approach can be seen from how the state is competing to have such great power in the economic field. To carry out expeditions and colonialism to foreign countries to obtain income in the form of gold reserves. This is useful to support the strength of the country at that time.

The mercantilism approach believes that the economy is the basis and political strength of a country so the global economy is considered a national interest that tends to conflict rather than cooperate. The conflict is a *zero-sum* game, in which a country's gains are considered a loss for other countries, besides that the political aspect is prioritized over the economy. The approach taken by mercantilism is inward-looking, in which the state must regulate the domestic economy so that the welfare that will be obtained by the state can not only be accumulated in its income but must also be seen from the success of the state in processing production.(Dr. Erna S widodo, SS, 2017)

Broadly speaking, the main nature of the Mercantilism approach is to focus on trade between countries, the desire to achieve interests or prosperity, and efforts to develop power through trade. Mercantilism views the economy as subservient to the political community and especially the government. The state is an organization that is fully responsible for maintaining and advancing the national interest. Wealth and power are two things that have complementary purposes.

Liberalism approach, this approach is rooted in the ideology of liberalism which in the ideology of liberalism places individual freedom as the main thing. So in any sector, the basis is still prioritizing individual freedom. Including in the economic and political sectors. According to Gilpin, Liberalism in politics is a perspective that focuses on individual freedom and equality. Political liberalism has a different context from economic liberalism which emphasizes minimal state intervention and free markets. This approach became popular after scientist Adam Smith wrote a book entitled *The Wealth of Nations*, as a critique of the mercantilism approach which views that the prosperity of a country is determined by the amount of gold it has. (Maiwan, 2015)

According to Gilpin, Liberalism's view is based on the assumption that humans do not like conflict, have a desire to cooperate, and are rational. In contrast to Mercantilism, Liberalism believes that the government or the state must leave the market. The role of the government or the state is only as a supervisor where individuals have the main role as consumers and producers.

New government or state involvement is needed when markets experience instability. The role of the government or the state as a policy maker is needed, policies that are political instruments and can be related to the economy. Liberalism then believes that economic activity has positive sum game characteristics (Lamtiurma, 2015).

Approach to Marxism, a thought that developed from the political economy philosopher, Karl Max. Marxism justifies the views of the other two approaches, that politics and economics are two things that are related to each other. In contrast to the mercantilism view which prioritizes politics over the economy, Marxism places more emphasis on the economy as the most important thing and politics in second place. This economic Marxism is the root of the ideology of Marxism. Because the economy is the main thing, in the life of a country, interests and economic issues become important issues and determine the interests that exist in politics. Even according to Marxism, politics is largely determined by the socio-economic context, and the state is not an autonomous institution.

Marxism understands International Political Economy that the state is controlled by a group of people who control the resources for production. In Marxism, the state is also controlled by the interests of the bourgeoisie. The bourgeoisie has the authority to occupy elite positions. The proletariat as the party employed and exploited by the bourgeoisie is a dialectic in Marxism. This approach also views that everything should be understood through an

economic context. Political conflicts are believed to come from economic problems.(Sudirman, 2016)

C. Previous Research

Previous research is an attempt to find comparisons and find new inspiration for further research. Past research helps research to position research and demonstrates the authenticity of the research. In this section, the researcher lists the results of previous studies related to the research to be carried out, then summarizes them. The following is previous research related to the theme of the author of the study.

Table 2.1.

Previous Research

Title	Purpose	Theory	Research Result
The effectiveness of EU economic sanctions against Russia in the case of the annexation of Crimea	Analyzing the success of the economic sanctions imposed by the European Union on Russia	Liberalisme	After 31 months of sanctions, Russia has shown absolutely no change in its political stance on Crimea. So the authors conclude that the economic sanctions are not effective.
Ukraine and Russia conflict over the status of Crimea	Knowing the conflicts involving Ukraine and Russia	-The theory of national interest -Conflict theory	Due to an internal conflict, the pro-Russian president of Ukraine fled to Russia and asked for Russian protection.
Russia 2014 annexation of Crimea	Analyzing Russia's national interest in annexing Russian territory.	-The theory of the national interest -Annexation	There are 4 interests of Russia in annexing Crimea. These interests include protecting territorial,

		theory	cultural, military, and economic integrity.
Ukraine's attempt to confront Russia over the annexation of the Crimean peninsula in 2014	explain the form of Ukrainian efforts made by Ukraine after Russia's annexation of the Crimean peninsula	-Security Strategy Theory	In response to Russia's annexation, Ukraine then changed its foreign policy orientation by getting closer to the European Union and NATO, which was initiated by the United States as a security strategy for Ukraine in dealing with the very dominant Russia.
Identity frame in Geopolitical conflict (Russian Military Intervention in Ukraine)	reveal how an identity shared by a state with other countries can be used as a crucial issue to justify unilateral actions against other countries	Geopolitik	Geopolitically, Ukraine is contested because it is between the powers of NATO and the Russian Federation. A series of military activities in Ukraine including the occupation of Crimea was a unilateral act by Russia triggered in large part due to identical geohistorical factors.
Russia's offensive policy towards Ukraine in carrying out the annexation of the Crimea region	Explaining the rivalry between actors, namely Russia and the European Union, which was triggered by other actors, namely Russia and Ukraine, led to an attempt by Russia to annex the Crimea region.	-NeoRealisme	Russia's annexation of the Crimea region and the European Union's defense of Ukraine proves that a country that has excess power is always trying to become a ruler at the Regional Hegemony level.

First, the research conducted by Siregar in 2017, in his research entitled "Effectiveness of the European Union's economic sanctions against Russia in the case of the annexation of Crimea". The problem discussed in this study is to analyze the success of the economic sanctions imposed by the European Union on Russia. Europe imposed economic sanctions on Russia aimed at pushing Russia back and releasing the Crimean peninsula back into the sovereignty of the Ukrainian state. Researchers see that the sanctions imposed by the European Union are not effective, this can be seen from 31 months after the implementation of sanctions by the European Union against Russia, precisely since March 2014, Russia has not shown any change in its political stance on the Crimean Crisis. Russia does not seem bothered by the disputed status given to Crimea and continues to declare Crimea as the sovereign State of the Russian Federation (Siregar, 2014). The difference between this research and this research is the research that the author chose to discuss the impact and policies of the economic sanctions imposed by the United States and the European Union. While this study discusses how the success of sanctions by the European Union against Russia for the annexation of Crimea.

Second, the research conducted by Mukhlis in 2016, in his research entitled "Conflict between Ukraine and Russia regarding the issue of the status of Crimea". In the research conducted by Mukhlis, the problem discussed is analyzing the conflict involving Ukraine and Crimea. Researchers see that the refusal to sign a free trade agreement with the European Union triggered protests from people who hoped that Ukraine would join the European Union.

This protest then escalated into an anarchic demonstration which then made the then president of Ukraine, Victor Yanukovich, overthrown and replaced by a new president. The new Ukrainian president then wants to continue cooperation with the European Union. Researchers later noticed that Ukraine's new president's decision sparked anger from Russia, which Russia tried to prevent Ukraine from becoming a member of the European Union. Russia then intervened in Crimea which had previously been asked by President Victor Yanukovich to secure the Crimea region where 60% of the population is ethnic Russian (Mukhlis, 2016). The difference between this research and this research is the research that the author chose to discuss the impact and policies of the economic sanctions imposed by the United States and the European Union. While this study discusses the conflict involving Russia and Ukraine.

Third, the research conducted by Sahir in 2019, in his research entitled "Russia's annexation of Crimea in 2014". The researcher discusses Russia's national interests in annexing the Crimea region. Researchers see that many factors are the reasons for Russia's diversification of the Crimea region, one of which is Russia's national interest. Russia's national interests include the interests protecting territorial integrity, cultural interests, military interests, and economic interests. Researchers then found an important finding, namely that Russia wants to restore the glory that had been experienced by the Soviet Union. By establishing and maintaining their military bases in Crimea, Russia easily controlled and exerted influence over the countries of the former Soviet Union. So that Russia can easily restore its former glory as when they were the

Soviet Union (Sahir, 2019). The difference between this study and this research is the research that the author chose to discuss the impact and policies of economic sanctions imposed by the United States and the European Union. While this study discusses Russia's interests in annexing the Crimea region.

Fourth, research was conducted by Gunadi in 2019, in his research entitled "Ukraine's efforts to confront Russia over the annexation of the Crimean peninsula in 2014". The researcher uses the theory of security strategy in explaining the form of Ukraine's efforts after the annexation by Russia of the Crimean peninsula. In response to Russia's annexation, Ukraine then changed its foreign policy orientation by getting closer to the European Union and NATO, which was initiated by the United States as a security strategy for Ukraine in dealing with the very dominant Russia. Although Crimea has not been successfully reclaimed, international recognition of the Crimean referendum which is considered illegitimate or illegal has made Ukraine refocus on eastern Ukraine so that the same thing as Crimea does not happen (Gunadi, 2019). The difference between this research and this research is the research that the author chose to discuss the impact and policies of the economic sanctions imposed by the United States and the European Union. Meanwhile, this study explains how Ukraine's efforts to overcome the annexation by Russia of its sovereign territory, namely Crimea.

Furthermore, the research conducted by Widiasa in 2018, in his research entitled "The identity frame in the Geopolitical conflict (Russian Military Intervention in Ukraine)". This research analyzes specifically focuses on the

identity similarity of Ukrainian citizens in Crimea with Russians. The researcher then argues how historically the similarity of identity can be one of the factors that support the oppressive actions taken by a country in achieving its geopolitical ambitions. The researcher also reveals how an identity that is shared by a country with other countries can be used as a crucial issue to legitimize unilateral actions against other countries. The unilateral action taken by Russia in the form of a series of military activities in Ukraine, one of which annexed Crimea, was triggered by identical geohistorical factors (Widiasa, 2018). The difference between this research and this research is the research that the author chose to discuss the impact and policies of the economic sanctions imposed by the United States and the European Union. Meanwhile, this study explains how the identity factor affects oppressive actions in achieving their geopolitical ambitions.

The last subsequent research, research conducted by Rawung in 2015, in his research entitled "Russia's offensive policy against Ukraine in annexing the Crimea region (2014)". The researcher then uses the neorealism paradigm in explaining the phenomena that occur as evidence of an anarchic world where each actor tries to maximize his power. The researcher then believes that the phenomenon of Russia and Ukraine as the axis of power in a mutually hostile region that originated from the Ukrainian conflict, indicates that the tension that occurs is a reflection of the interaction between actors in maintaining, gaining, and balancing power.

This study also believes that the annexation that occurred and the European Union's defense of Ukraine proves that a country that has excessive relative power always tries to become a ruler at the Regional Hegemony level (Rawung, 2015). The difference between this research and this research is the research that the author chose to discuss the impact and policies of the economic sanctions imposed by the United States and the European Union. While in this study the author explains that the phenomenon between Russia and Ukraine is a reflection of the interaction between actors in maintaining, gaining, and balancing Power.