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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

UKRAINIAN CRISIS AS A TEST OF THE EU SOLIDITY

Ukrainian crisis, caused by the Russian aggression, has become a test for the solidity of the European Union. Considerable part of the ruling elite in the EU turned out to be unwillingness to actually defend the European values, which they are so fond of talking about.

During the current election campaign to the European Parliament the statements of support for Ukraine and of the need for tougher sanctions against Russia dominate. Appropriate position is supported by the 4 of 5 most probable nominees for President of the European Commission: Jean-Claude Juncker from the European People's Party, Martin Schulz – from the socialists, Guy Verhofstadt – from the liberals, and Franziska Maria Keller – from the 'greens'.

On the other hand, it becomes apparent that Russia has close ties with a number of European far-right and far-left parties, which will be also widely represented in the European Parliament: British National Party, Scottish National Party, UK Independence Party, National Front (France), Flemish Interest (Vlaams Belang), Freedom Party of Austria, European United Left–Nordic Green Left, Jobbik (Hungary) and others. Possible nominee for President of the European Commission from the GUE/NGL Alexis Tsipras opposes the sanctions against Russia as well. It is significant that the most of Russia supporters oppose simultaneously all the initiatives aimed at strengthening the institutional unity and energy independence of the European Union and at formation of the common security and defense policy.

Compassion of the most European voters to Ukraine is likely to force many top EU officials to visit Kyiv often during the last weeks before the European Parliament election. On May 6-7 British Foreign Secretary *William Hague* visited Kyiv. On May 12 President of the European Council *Herman Van Rompuy* came to Kyiv. On May 16-17 Kyiv was visited by the Commissioner *Stefan Füle*, Polish Foreign Minister *Radoslaw Sikorski*, and Sweden Foreign Minister *Carl Bildt*. They promised to sign the economic part of the Association Agreement with Ukraine on June 27, 2014 and a visa-free regime in mid-2015; they also threatened Russia with new sanctions if it disrupts the presidential elections in Ukraine.

Such visits of the European officials are important for the morale support of the Ukrainian people to feel they are not alone with the Russian aggression. On the other hand, both Ukrainian and Russian authorities are well aware of the cost of pre-election promises, so they will wait for the formation of real EU position on Ukrainian issue after the European Parliament elections.

However, we can predict already that the announced sectoral economic sanctions against Russia wouldn't be imposed. The U.S. Treasury Secretary

Jacob Lew said on this issue that sanctions should not harm the economy of the U.S. and the EU; and Polish Foreign Minister Radoslaw Sikorski expressed the similar opinion on May 13, in Brussels.¹ Besides, the European Commissioner for Energy Günther Oettinger said the EU will not impose sanctions on the most sensitive Russian economy industry – energy: "We agree in the EU that the energy sector, including gas, is not suitable for the possible sanctions against Russia."² The 'seriousness' of sanctions was vividly illustrated by the fact that French President François Hollande had invited the leader of the aggressor-state Vladimir Putin to participate in the 70th anniversary of the allied troops landing in Normandy.

Political initiatives of the Euro-Atlantic community to address the Ukrainian crisis are not efficient as well. After the apparent failure of the April Geneva agreements because of Russia's unwillingness to perform them, German Foreign Minister Frank-Walter Steinmeier and the EU High Representative for Foreign Affairs and Security Policy Catherine Ashton proposed to hold a new Geneva meeting. Kyiv did not agree to Moscow's demand to invite the separatists, lead by the Kremlin, as full participants in the Geneva-2; therefore the Europeans offered another *fake peacekeeping initiative – the so-called OSCE 'roadmap'*.

It is noteworthy that the OSCE has sent its 'roadmap' to Kyiv on May 8, the day after the visit of the OSCE Chairperson-in-Office Didier Burkhalter's to Moscow, where he had discussed the document with Vladimir Putin. It is likely that after the April kidnapping of the OSCE delegation by the Russian armed militants in Slavyansk, the OSCE management decided to coordinate with Moscow all their steps concerning Ukraine (a controversial decision, given that Russia is the source and sponsor of the conflict).

Not declarative, but real support for Ukraine by the Euro-Atlantic community comes down to two important points:

- **Economic assistance**, namely the IMF decision on \$17 billion loan to Ukraine (Kyiv has already received \$3.2 billion); \$1 billion Eurobonds under the U.S. guarantees; the agreement with the EU on €1 billion loan and €355 million macro-financial assistance; and the temporary abolition of the 98% of the EU fees for the Ukrainian goods;

- The OSCE intention to send about **a thousand of observers** to the presidential elections in Ukraine (the OSCE Secretary General Lamberto Zannier named such number during his visit to Kyiv on May 9).

The importance of these decisions shouldn't be underestimated, but we should not also forget that their positive effect depends on the number of other political, economic and military measures which should actually force Russia to stop the aggression. Otherwise **all that billions might be quickly spend on the defense measures against Russian aggression and on compensating the enormous economic damage**, caused by the aggression in the eastern regions of Ukraine.

¹ U.S. With EU Plays Down Industrywide Sanctions on Russia. - <http://www.bloomberg.com/news/2014-05-13/u-s-plays-down-russian-sectoral-sanctions-over-retaliation-risk.html>.

² Газовий сектор не підходить для списку можливих санкцій проти Росії – Етінгер. - <http://www.radiosvoboda.org/content/article/25387993.html>.

UKRAINE – NATO



KEY THEME ANALYSIS

***WILL THE RUSSIAN AGGRESSION CONVINCE NATO TO REVISE
SERIOUSLY ITS SECURITY PRIORITIES?***

Washington apparently hoped to make use of the Russian aggression in Ukraine to convince the European partners to pay more attention to their own safety, to increase the defense spending and to strengthen the unity of NATO. On May 8, 2014 NATO Secretary General Anders Fogh Rasmussen said that the Ukraine crisis has made it more urgent that Allies work together to develop modern military capabilities and reverse the decline in defense spending³.

However, at present the progress in this area is insignificant: the European allies do not hurry to increase the defense spending. **The United States even failed to convince France to abandon its intentions to sell Russia the ‘Mistral’ class multipurpose warships, which are ideal for the possible invasion to the territory of NATO countries in the Black and Baltic Seas.**

The approximation of possible Russian aggression to the NATO borders is indicated by the active Russia's actions towards the annexation of Transnistria. On May 10, Special Presidential Representative for Transnistria **Dmitry Rogozin tried to take to Moscow the signatures of the Transnistrian residents for the ‘independence’ and ‘reunification’ with Russia.** After Ukraine's and Romania's refusals to flight through their airspaces, Mr. Rogozin expressed his threats against the Romanians.⁴

Two days before **Russia had held the defiant training on a full-scale simulation of the nuclear attack**, employing all kinds of the Armed Forces and launching from Plesetsk the intercontinental ballistic missile ‘Topol’, two more missiles from the strategic submarines ‘Tula’ and ‘Podolsk’ in the Barents and Okhotsk Sea, and six cruise missiles from the strategic bomber Tu-95MS.

So it is obvious that Russian aggressive plans couldn't be stopped by just **visits of the NATO Deputy Secretary General Alexander Vershbow to Moldova (on May 12) and of the NATO Secretary General Anders Fogh Rasmussen to Romania (on May 16).** By the way, in Bucharest Mr. Rasmussen said that after the annexation of Crimea no one would count on the Russian security guarantees, such as given to Ukraine in 1994.⁵ But the NATO Secretary General should probably take care more about the counting on the U.S. and the UK guarantees, as they had also promised

³ NATO Secretary General: Ukraine crisis shows defence matters more than ever. - http://www.nato.int/cps/en/SID-CF62A753-8C9B5BDA/natolive/news_109638.htm.

⁴ Рогозін не довів до РФ підписи за приєднання Придністров'я. Погрожував Румунії. - <http://www.pravda.com.ua/news/2014/05/10/7024953>.

⁵ Ніхто більше не може вірити гарантіям безпеки Росії – Расмуссен. - <http://www.radiosvoboda.org/content/article/25387640.html>.

Ukraine the security in the same Budapest Memorandum.

Russia provides thousands units of modern weapons (including anti-tank weapons, grenade launchers, machine guns and etc.) to its militants in Ukraine. At the same time NATO helps Ukraine mostly with consultations (on May 5-8 the consultations with the Alliance experts on the protection of critical infrastructure was held in Kyiv; on May 12 the consultations on the logistics took place). Ukrainian law enforcement officers lack the bulletproof vests, night vision equipment, advanced intelligence, air defense, and anti-tank weapons to hold successful anti-terrorist operation and to contain the possible invasion of Russian regular troops. But **Mr. Rasmussen said that NATO as an organization has no military equipment or means of intelligence, so Ukraine should ask the Alliance individual members for the military assistance.**⁶ Ukraine had formally handed its arms request to the U.S., but did not receive the arms yet, even despite the appropriate appeals of Senators John McCain, Ron Johnson and Marco Rubio to the Barack Obama Administration.⁷ Moreover, the Ukrainian expert Dmitry Tymchuk said that the EU had even banned the sale of military products to Ukraine.⁸

Russia plans to hold a large-scale military exercise 'Aviadarts 2014' on May 20-26, at the time of the presidential elections in Ukraine. Military exercise at the Ukrainian border has a clear objective, which is to help the separatists in disrupting the voting process in the eastern regions. The calculation is simple: under the threat of the Russian troops the Ukrainian leadership will be forced to divert the significant resources to strengthen the borders and will not dare to resist strongly the pro-Russian militants, who will disrupt the electoral process by their violent actions.

Not helping Ukraine to resist the Russian aggression, the NATO does not take the appropriate action to strengthen its own security as well. The statement of the **NATO Secretary General Alexander Vershbow**, made on May 2, in Washington, might be considered as an important sign of changing the NATO strategic vision: **"Clearly the Russians have declared NATO as an adversary, so we have to begin to view Russia no longer as a partner but as more of an adversary than a partner"**⁹. However, these words have not been followed by any serious action. **NATO military exercise in Estonia on 5-23 May** is rather a demonstrative one-time event, but not a part of the system measures to strengthen the security in the region.

The presence of the several hundred of the U.S. Marines and of a dozen of the NATO fighters in the Baltic States wouldn't help if Russia spread to the Alliance members its technologies of the 'hybrid' war, which had been launched against Ukraine. Russia has no enough military forces for the long-term occupation of the territory of Ukraine (or any NATO member), so a direct military intervention is possible only as a last resort and as a temporary measure. The main emphasis is made on the sabotage activities, informational aggression, deterioration of the sovereignty, guerrilla fighting of the armed saboteurs from among the 'fifth column' and mercenaries from the criminal. And Russia has real possibilities to supply the instability to the EU countries if they dare to conduct the policy, which Kremlin doesn't like. Let's mention just a few **factors, which make it possible for Moscow to**

⁶ Украина может обратиться за военной помощью к отдельным странам НАТО – Расмуссен. - <http://www.segodnya.ua/politics/pnews/ukraina-mozhet-obratitsya-za-voennoy-pomoshchyu-k-otdelnym-stranam-nato-rasmussen--520766.html>.

⁷ Сенатори - Адміністрації: Що нам таке зробити, аби ви допомогли Україні? - <http://ukrainian.voanews.com/content/hearing-senate-nuland-farkas/1909201.html>; Sen. Johnson: "Sanctions haven't worked". - <http://cnnpressroom.blogs.cnn.com/2014/05/04/sen-johnson-sanctions-havent-worked>.

⁸ Тимчук: «Наш генералитет в АТО – это жалкое зрелище». - <http://sprotyv.info/ru/news/324-tymchuk-nash-generalitet-v-ato-eto-zhalkoe-zrelishe>.

⁹ Russia now an adversary, NATO official says. - <http://www.cbsnews.com/news/russia-now-an-adversary-nato-official-says/>.

easily organize the ‘problems’ similar to the Ukrainian in almost any European country:

✓ ***Moscow has established a close cooperation with the far-right and far-left parties, as well as with the separatist movements in almost all the European countries.*** So one shouldn’t be surprised if ‘suddenly’ some well funded and armed extremist groups begins the active separatist fighting or carry out a series of terrorist attacks in any country of the ‘old’ or ‘new’ Europe.

✓ The European financial institutions keep the billions of Euros, the ‘purity’ of which is not always easy to check, especially if no one really wants to. ***Money of the Russian oligarchs in the European financial institutions*** might quickly increase the strength of any marginal extremist force in Europe – if the Kremlin gives the appropriate order.

✓ Long-lasting, active and actually uncontrolled ***sales of the real estate in many EU countries to the Russian citizens***, especially in the Czech Republic, Bulgaria, Croatia, Spain, in Scandinavian and Baltic States, offer the wide opportunities to create the headquarters for the subversive groups.

✓ ***Russian saboteurs can freely enter the EU territory*** through the Baltic States (including those from the local Russian activists), through the Kaliningrad enclave (the inhabitants of which have the right to visit the EU without visas, despite the enormous presence of the Russian security forces there), and through Moldova (the latter has obtained a visa-free regime with the EU, while the part of it – Transnistria is controlled by the Russian security forces).

American and European politicians must stop treating the current situation as a kind of sacrificing some U.S. and EU interests for the sake of Ukraine. They should finally realize that ***it is not only about Ukraine, but about the new world order, which Russia will impose if its aggression is not stopped now.*** Russia’s impunity has already encouraged its ally China to start the occupation of the disputed oil-rich reef in the South China Sea and the construction of the runway there. ***And it is just the beginning of a new world – without poles and without rules.***

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

IS EUROPE ON THE THRESHOLD OF A NEW 'GAS WAR'?

Five years after the two-week interruption of the gas supply, which occurred in 2009, Europe is again on the eve of the 'gas war'. The cause is the same: Russia's attempt to use a gas leverage to deprive Ukraine of the sovereignty.

On May 15, 2014 Mr. Putin officially informed the EU leaders about the introduction of the advanced payment for gas supply to Ukraine. Given the unresolved gas price dispute, this actually means the cease of the gas supply to Ukraine from June 1, 2014. Mr. Putin estimated Ukraine's gas debt at \$3.5 billion, 'forgetting' to note that this figure resulted from the unsubstantiated rising of gas price from \$268 to \$485 per thousand cubic meters, following the Russian annexation of Crimea and related denunciation of the Black Sea Fleet agreements, including the provisions about the gas discount. The European Commissioner for Energy Günther Oettinger said that he considered \$350-380 per thousand cubic meters the fair price of Russian gas for Ukraine.¹⁰

Moscow treated the Ukrainian gas issue in an 'integrated manner': **besides nearly twice raising the price, Russia seized the promising gas fields near the coast of the Crimea, and the pro-Russian militants seized a part of the Donetsk region with the largest Ukrainian shale gas deposits,**¹¹ which should make Ukraine free from the Russian energy dependence in future. In addition, **Ukraine faces the risk of losing the Donbas coal**, and this might even worsen the energy problems.

Ukraine declared its intention to litigate with Russia in the Stockholm court if the 'Gazprom' rejects the 'Naftogaz' proposal concerning the gas price. Kyiv is preparing also for the gas reverse from Poland, Hungary and Slovakia. However, this is not enough: Moscow might ignore the decision of the court, and reverse supplies are not sufficient. So, the only hope is the international help to address the traditional gas disputes with Russia.

In gas issue the EU has traditionally demonstrated its inability to act proactively. During the five years since the 'gas war' of 2009, Europe has not taken appropriate steps to reduce its energy dependence on Russia. It was easy to predict the renovation of the

¹⁰ Єврокомісар вважає справедливою ціну на газ 350-380 доларів. - <http://www.epravda.com.ua/news/2014/05/15/453108>.

¹¹ Донецкий журналист Алексей Мацука: «Вся активность сепаратистов и боевиков связана только с севером области, где наибольшие залежи сланцевого газа». - http://tvrain.ru/articles/donetskij_zhurnalist_aleksej_matsuka_vsja_aktivnost_separatistov_i_boevikov_svjazana_tolko_s_severom_oblasti_gde_naibolshie_zalezhi_slantsevogo_gaza-367905.

‘gas war’ after the fall of Viktor Yanukovych. But only **on May 6, 2014 the Energy Ministers of the G-7 met in Rome to develop the preliminary plan to reduce the dependence on Russian gas**, and this plan must be discussed at the G-7 summit in Brussels on 4-5 June, 2014. Then a plan to support Ukraine in case of the termination of Russian gas supply shall be elaborated.¹²

The EU turned out to be unwillingness to address ultimately the issue of gas dependence on Russia. The European Commissioner for Energy Günther Oettinger predictably did not support the proposal of the Polish Prime Minister Donald Tusk to establish the European Energy Union, which might purchase gas for all the EU members and thus might deprive Moscow of the opportunities to put pressure on the European capitals with the gas leverage.¹³ Mr. Oettinger stated also that he had no principle objections to the construction of the ‘South Stream’ gas pipeline, which should unite Russia with the Central Europe, bypassing Ukraine.¹⁴ It is known also that the gas companies have convinced the European officials not to include ‘Gazprom’ deputy chairman Alexey Miller into the new sanction list.¹⁵ So, Russia can continue using the gas leverage in its war against Ukraine without the punishment.

The lack of a common energy policy makes some EU countries politically dependent on Moscow. This can be illustrated by the Hungary position, which is 4/5 dependent on Russian gas and which is counting on Russia's participation in the construction of the nuclear reactors. On May 10, 2014 Hungarian Prime Minister Viktor Orban said in his inaugural statement, that the Hungarians in the Carpathian region, including those in Ukraine, should get the autonomy and the right for dual citizenship. On May 14, at the meeting with the ‘Gazprom’ deputy chairman Miller, Mr. Orban urged him to speed up the construction of the ‘South Stream’ gas pipeline. The next day, at the Bratislava Global Security Forum with the participation of the Visegrad Prime Ministers, Mr. Orban called Ukraine the "challenge for Europe" like Russia; he said that there were no guarantee that Ukraine was able to establish democracy and to conduct reforms, and that the EU "pays" for the Ukrainian problems.

In response, Polish Prime Minister **Donald Tusk noted that "one should not express messages which support the key line of Russian propaganda." He said also that the hypocrisy in the European policy is the greatest adversary for the true solidarity.**¹⁶

It is apparent, that the issue is not about Mr. Orban and not about Hungary. **The European Union needs more efficient mechanisms for taking consolidated binding decision**, considering the interests of the whole Union. Then the distinct capitals will not be tempted to take the selfish decisions separately from the common European interests. And then the EU will not allow the country, which is 50% dependent on trade with the EU (while the inverse relationship is many times smaller) to dictate the terms of their relations.¹⁷

¹² Ukraine crisis EXCLUSIVE: US and Europe planning to ‘cut off’ Russia’s gas supply. - <http://www.independent.co.uk/news/world/politics/exclusive-west-draws-up-plan-to-disarm-russias-energy-supply-threat-9341096.html>.

¹³ Єврокомісар вважає справедливою ціну на газ 350-380 доларів. - <http://www.epravda.com.ua/news/2014/05/15/453108>.

¹⁴ Єврокомісар з енергетики Еттінгер: ЄС не блокуватиме "Південний потік". - <http://www.dw.de/єврокомісар-з-енергетики-еттінгер-єс-не-блокуватиме-південний-потік/a-17623881>.

¹⁵ Партнери из Европы защитили Миллера. - <http://www.vedomosti.ru/companies/news/26510961/partnery-iz-evropy-zaschitili-millera>.

¹⁶ Туск захистив Україну від прем'єра Угорщини. - <http://www.radiosvoboda.org/content/article/25386517.html>.

¹⁷ These figures were named by the Assistant Secretary of State Victoria Nuland during her visit to Luxembourg on May 13. - <http://ukrainian.voanews.com/content/article/1914721.html>.