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Friedrich Naumann
STIFTUNG
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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

UKRAINIANS VOTED FOR A EUROPEAN CHOICE, THE IMPLEMENTATION OF WHICH REQUIRES THE POLITICAL WILL OF THE NEW GOVERNMENT AND THE FINANCIAL SUPPORT OF THE EUROPEAN PARTNERS

Results of the parliamentary elections of 26 October 2014 indicated the irreversibility of decision of Ukrainian citizens to ‘divorce’ from Russia and to integrate with the EU. About 80 percent voted for the parties, which called for the European and Euro-Atlantic integration, while only about 15 percent voted for the pro-Russian parties. This result guarantees the irreversibility of the foreign policy course and allows adopting the appropriate laws. Even if the voters of the annexed Crimea and separatists-occupied part of Donbas could take part in the elections, the average result in Ukraine would be in the ratio of four-to-one in favor of the pro-European parties.

While greeting Ukrainians with the election results, President of the European Parliament Martin Schulz, President of the European Commission Jose Manuel Barroso and President of the European Council Herman Van Rompuy rightly emphasized the need for the newly elected Parliament to immediately focus on reforms. But the Brussels should understand also that Ukraine needs the economic assistance of the EU to implement the reforms.

It seems that the major players of the EU have finally come to the consensus over the need to support Ukraine, despite the Russian resistance. On 20 October the Foreign Affairs Council of the EU in its Conclusions emphasized the responsibility of Russia for the implementation of Minsk agreements, including the withdrawal of its illegal armed groups and military equipment from the territory of Ukraine¹. The same day the European Parliament Committee on International Trade has approved the decision to extend the trade preferences for Ukraine for 2015. Few days before, the pro-Russian Eurosceptic group in the European Parliament ‘Europe of Freedom and Democracy’, which opposed the decisions to help Ukraine, was disbanded.

The EU is also making efforts to resolve gas dispute between Ukraine and Russia. On 17 October 2014, at the summit in Milan, it was decided that the price of Russian gas for Ukraine in winter would be \$385 per thousand cubic meters, which is \$100 less than Moscow insisted, but \$45 more than the price of Norwegian gas for Ukraine. On 21 October, at the tripartite meeting the EU, Ukraine and Russia agreed on a compromise that till the end of 2014 Kyiv should pay Moscow \$3.1 billion for the

¹ Council conclusions on Ukraine. -

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/145211.pdf.

previously consumed gas at the price of \$286 per thousand cubic meters (this price was agreed by Ukraine and Russia in 2013). The issue of the rest of gas 'debt' should be postponed till the decision of the Stockholm arbitration.

It was planned that the documents on the gas supply to Ukraine and transit through its territory to the EU should to be signed on 29 October 2014 in Brussels. But the signing was postponed because of Russia's demands for the written guarantees of Ukraine and the EU for the debt payments. The problem is that Ukraine will receive the next IMF loan no earlier than in February 2015, and the EU has not yet made a decision on the so-called 'bridging loan' to Kyiv, which could use the money to pay its gas debt to Gazprom.

The difficulties with searching €2 billion for the short-term loan to Ukraine cause serious doubts about the readiness of the EU to offer Ukraine a 'Marshall Plan', the necessity of which was declared by the world famous experts.²

It is unclear why the tripartite EU-Ukraine-Russia talks did not include the issue of payment for the gas, which Ukraine supply to Donbas areas, occupied by Russian troops and separatists. Why Kyiv should pay a 'debt' for that gas? Another question is **why the issue of Ukrainian gas debt to Russia was considered separately from the Moscow's debt to Kyiv for the annexed Ukrainian property in Crimea?** Apart from the Crimean land itself, Russia robbed Ukraine's immovable and movable property in the peninsula for the hundreds billion of dollars. But the EU bypasses this issue, while demanding Kyiv to pay its gas debt to Russia.

In late October 2014 the Russian Parliament unilaterally adopted the law, which allowed Gazprom to offset the payments to Naftogaz of Ukraine for gas transit through Ukrainian territory, although the current agreements on gas transit do not envisage such offsets. It is the same as if the Ukrainian Parliament adopts a law to offset the payments for Russian gas with the Moscow's debt to Kyiv for the captured Ukrainian property in Crimea. But the EU does not react to such arbitrary decision of Russia.

At the same time, Brussels is very ingenious in looking for the legal pretext to lock **the initiative of 37 members of the European Parliament Committee on Foreign Affairs to buy French 'Mistrals' for the common defense needs of the European Union.**³ France still delays the supply of the first 'Mistral' to Russia, but the Russian sailors are carrying out training on it, and this fact indicates the Paris intention to pass the warship to the main adversary of the EU and NATO. **It would be much easier to France to deny Russia of supplying the 'Mistral' if a formal decision on the recognition of Russia as the aggressor-state is taken.** However, despite the proven fact of aggression, such a decision has not been officially adopted even by Ukraine, not to mention the EU, NATO or the UN.

On 28 October 2014, at the meeting in Brussels, the ambassadors of the EU member states decided that there was no reason to revise the sanctions against Russia. On the one hand, the good news is that the sanctions were not mitigated. On the other hand, the agenda should include the tougher sanctions, for Russia does not implement the peace agreements, does not withdraw its troops from Ukraine and continues to supply weapons to separatists. Moreover, a Russian President spokesman Dmitry Peskov and Russian Foreign Minister Sergei Lavrov said that **Moscow would recognize the separatists' 'elections' in the self-proclaimed Donetsk and Luhansk 'people's republics', directly violating the Minsk**

² Україна потребує нового «плану Маршалла» - Андерс Аслунд. - <http://ukrainian.voanews.com/content/marshall-plan-ukraine-aslund/2494102.html>; George Soros. Wake Up, Europe. - <http://www.nybooks.com/articles/archives/2014/nov/20/wake-up-europe/?insrc=hpss>.

³ Ромпей каже, що Євросоюзу буде нелегко викупити об'єкти Росії "Містралі". - http://www.ukrinform.ua/ukr/news/rompey_kage_shcho_e_vrosoyuzu_bude_nelegko_vikupiti_obitsyani_rosiii_mistrali_1983826.

agreements. Moscow is constantly looking for ways to illegally circumvent the EU sanctions. E.g., Russia manipulates with the information concerning the place of residence of the inhabitants of the annexed Crimea. With aim to get the European visas, bypassing the Ukrainian consular offices, Russia fixes in the international passports Krasnodar instead of Crimea as the place of residence. In the second half of October the Russian Prime Minister Dmitry Medvedev held a closed consultation with the heads of major German companies to discuss the ways to circumvention the EU sanctions.

Kyiv should work actively **to ensure that the EU does not discuss the lifting of existing sanctions against Russia, but elaborates a formula for the permanent extension of sanctions until Moscow begins to fulfill the peace agreements.** It is important to start operate on prevention, because the Kremlin will not stop the aggression until it knows for sure of how much it will cost to recognize the illegal separatists' 'elections' or to start a new military offensive against the Ukrainian positions. Moscow's recognition of the separatists' 'elections' in the self-proclaimed Donetsk and Luhansk 'people's republics' (DPR/LPR), scheduled for 2 November 2014, would be the point of no return, after which Kyiv would lose even a hypothetical chance to return these territories. So Brussels and Washington should have on table a prepared package of tougher sanctions, which should make the recognition of the self-proclaimed DPR/LPR a too costly gamble for Putin. So far, Mr. Putin has every reason to believe that the EU and the U.S. will react with harsh statements, but mild sanctions to the establishment of the new Abkhazia-style self-proclaimed quasi-republics.



UKRAINE – NATO



KEY THEME ANALYSIS

NATO'S DOOR REMAINS OPEN TO UKRAINE, BUT KYIV WILL NOT ENTER IT IF NOT BEING PERSISTENT

The previous opinion polls, indicating that the majority of Ukrainians support the idea of NATO membership, were clearly confirmed by results of the parliamentary election of 26 October 2014. **Nearly 80 percent of Ukrainians voted for the political parties, which declared their support for the Euro-Atlantic integration.** The Euro-Atlantic supporters will have the majority in the newly elected Parliament and thus be able to enshrine the corresponding course in laws and to abandon the Moscow-imposed non-aligned status.

On 28 October 2014, in Brussels, while commenting on the questions about the possibility of Ukraine's membership, NATO Secretary General Jens Stoltenberg reminded that at the Bucharest Summit of 2008 "we decided to state that Ukraine and Georgia will become members of NATO". However Mr. Stoltenberg added: "Since then, Ukraine has decided not to apply. And therefore, that's not on the agenda."⁴ **It has become a bad tradition that while referring to the Bucharest Summit decision and to the 'open door' policy, NATO leaders always mention Ukraine's decision not to apply for membership** and the Alliance's respect to this decision. It seems that NATO's door remains open to Ukraine only as long as Kyiv does not intend to enter it. It was indicative also that Jens Stoltenberg evaded a direct answer to the question of when the Membership Action Plan would be offered to Georgia, which had formally applied for it and which had implemented the programs of "deeper integration". It seems that NATO uses the 'open door' rhetoric just to hide its fear of the Kremlin.

A task for Kyiv is to convince the key NATO members that Ukraine will not be ballast for the Alliance (unlike the majority of its new members). **To the contrary, Ukraine is the only country, which has an experience to confront the Russian hybrid war.** This experience was not as successful as we would like to, but the Russian invasion was stopped even under the terrible conditions of the Ukrainian Armed Forces. Ukraine's experience together with the Alliance's resources could help to take efficient measures to stop the spread of Russian aggression.

Russia-style hybrid warfare consists not only of just 'green men' and 'separatist rebellions'. Ukrainians are better than anyone else aware of the specifics of the penetration of Russian corrupted capital into the political, media and public sectors of the victim country. The European countries and the U.S. lack the relevant experience and therefore they belatedly respond to the yesterday's threats, still being unaware that

⁴ NATO: a unique Alliance with a clear course. - http://www.nato.int/cps/en/natohq/opinions_114179.htm.

the hybrid war of Russia against NATO is already underway. Russian semi-state-semi-criminal capital corrupts the politicians and the whole political parties of the NATO member states; it buys the experts and think tanks, as well as the journalists and even the entire media corporations. Russia is stepping up its intelligence activities in NATO member states and is providing training to the future militants from the EU citizens.⁵ As a result of Russia's activity, NATO cannot be sure that in a critical situation it might rely on such its members as Hungary, the Czech Republic and Slovakia (the prime minister of Slovakia is opposed to the possible admission of NATO troops to his country).⁶ There are also doubts about the commitment of Greece and Turkey to the ideals and interests of the Alliance. The aim of the Kremlin is to blow the NATO's unity and to prove its inability to protect the members; and this aim is being successfully implemented.

Almost daily violations by Russian military aircrafts of NATO members airspace and the provocative activity of Russian submarine in waters of the Stockholm archipelago, as well as the territorial encroachments of Russia in the Arctic, leave no doubt that **Putin consciously escalates the conflict with the Alliance with aim to solve his domestic issues**, including his dictatorship for life, and blaming 'foreign enemies' for the internal economic problems. Putin's idol Stalin acted in the same manner. By the way, Stalin also had begun with struggle against the 'Ukrainian nationalists', and then continued with occupation of the part of Poland, the Baltic States and the part of Finland.

It would cost much less to the NATO members to help Kyiv reforming and re-equipping its armed forces, strengthening the borders and working out the nonmilitary elements of confronting the hybrid war, than to establish within NATO some new structures with questionable effectiveness. **If Ukraine joins NATO, Russia will not dare to intervene in the Baltic States**, for then the Article 5 will mean the thousands kilometers front, from the Baltic to the Black Sea, which exceeds the Russian resources. In geographical, military, strategic and demographic dimensions Ukraine is the natural Eastern outpost of the EU and NATO. But if the West agrees to Russian plan to use Ukraine as a 'buffer', then soon the Baltic countries, Poland and Romania will become the next 'buffers'.

But Ukraine still has not abandoned its non-aligned status, has not enshrined in law the Euro-Atlantic integration course, and has not officially announced its intention to join NATO. And therefore Kyiv can rely on a very limited support of the Alliance members.

In late October 2014, **Deputy Assistant Secretary of Defense Evelyn N. Farkas said that a group of American advisers, led by the U.S. Major General, work in Kyiv** to advise Ukrainian military on improving the human resources management and sustainable use of resources. It would be better if the Americans have also provided advice on the military strategy and fighting against the terrorist groups (they have the appropriate Iraq and Afghanistan experience). ***Ukraine is also in dire need of intelligence assistance***, but NATO countries do not provide it due to the fear of information leakage to Russia. The U.S. military advisors in Kyiv could become a connecting-link, through which the intelligence assistance of critical importance (e.g. the information about the preparations for a new offensive of Russian troops) might be passed to the Ukrainian partners.

Evelyn N. Farkas said also that the Pentagon meets the needs of Ukraine in a

⁵ Министр: обучение литовской молодежи в российских военных лагерях недопустимо. - <http://ru.delfi.lt/news/live/ministr-obuchenie-litovskoj-molodezhi-v-rossijskih-voennyh-lageryah-nedopustimo.d?id=66072766#ixzz3FiVqdaiz>.

⁶ Premiér Fico otvorene o konflikte Ruska a Ukrajiny: Slováci sú obeťou propagandy! - <http://www.cas.sk/clanok/293296/premier-fico-otvorene-o-konflikte-ruska-a-ukrajiny-slovaci-su-obetou-propagandy.html>.

priority order, providing the basic military equipment for soldiers, night vision goggles, body armors, first aid kits, medical equipment, radios, clothing, engineering equipment, perimeter alarms, fuel tanks, pumps, etc.⁷ This assistance is definitely very important. **However, the Ukrainian Armed Forces are in equally critical need for the modern weapons, the provision of which is being delayed by the Allies, while Russia continues its massive supply of heavy weapons to the separatists in Donbas.**

It is no secret that the U.S. delays the military assistance to Ukraine because of the Barack Obama's personal position. Member of the U.S. Senate Armed Services Committee James M. Inhofe has promised that the situation will change if the Republicans win a majority in the Senate by-election: "You will see that the Republicans are more focused on the national security and defense."⁸ James M. Inhofe said that **on 12 November the new Senate session will begin and it will consider the defensive arms assistance to Ukraine.**

Ukrainian diplomacy has to focus on searching allies in the U.S. Senate and Congress, working simultaneously with both Republicans and Democrats, many of whom do not share the passivity of Barack Obama towards the Ukrainian issue. At the same time, it is necessary to quickly involve the mechanisms of the Alliance to the reforming and modernization of the Ukrainian Armed Forces, as well as to the strengthening of its border, not with the wall, but with air defense system, fortifications, powerful lines of defense and intelligence equipment.



⁷ Пентагон: Потреби України задовольняємо у пріоритетному порядку. - <http://ukrainian.voanews.com/content/article/2495716.html>.

⁸ Американський сенатор: США нададуть Україні зброю у найближчі тижні. - <http://www.pravda.com.ua/news/2014/10/28/7042493>.

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

UNILATERAL IMPLEMENTATION OF PEACE PLAN BY KYIV MAY RESULT IN THE LOSS OF THE WHOLE DONBAS

Instead of implementing the Minsk agreements, Moscow strongly encourages the separatists to break them. The Kremlin has used two months of the absence of large-scale combat operations to significantly increase the number of well-trained militants and to equip them with the air defense systems, tanks, multiple launch rocket systems and other heavy weapons. Constantly receiving reinforcements from Russia, the militants continue to gradually squeeze Ukrainian armed forces from their positions. In late October 2014, after heavy losses, Ukrainian soldiers were forced to relinquish the 32 checkpoint near Smila village in Luhansk region. The leader of the self-proclaimed Donetsk 'peoples republic' Alexander Zakharchenko said that his separatists are going to conquer Slovyansk, Mariupol and Kramatorsk.⁹ His words indicate that **reinforced Russian-separatist army prepares a new massive attack.**

Despite the statements of the UN Secretary General and the leaders of the U.S. and the EU on the inadmissibility of the separatist's 'elections', scheduled for 2 November 2014 in violation of Minsk agreements, Vladimir Putin and Sergei Lavrov expressed their willingness to recognize these 'elections', thus encouraging the militants to hold them (if Moscow refuses to recognize the 'elections', then there would be no sense for the separatists to hold them). Russia is also blocking the OSCE decision, necessary for the implementation of the Minsk arrangements concerning the OSCE control over the Ukrainian-Russian border.

On the contrary, the EU and the U.S. put pressure on Kyiv prompting to perform unilaterally the peace agreements. The lack of military assistance they explain as intention to show that the problem has no military solution, but in fact such a position just **changes the balance of power in favor of Russian militants, for Moscow does not stop to arm them.** Moscow expressed the intention to recognize the separatists' 'elections' at Russian gunpoint. Brussels and Washington answered with prompting Kyiv to hold on 7 December 2014 the local elections in the liberated areas of Donetsk and Luhansk regions, despite the fact that there is no sense in these elections since they would not restore peace and territorial integrity of Donetsk and Luhansk regions.

Furthermore, the unilateral implementation by Kyiv of agreements to

⁹ Премьер ДНР прогнозирует возобновление активных боев. - <http://ria.ru/world/20141023/1029681244.html>.

hold the local elections in Donbas would enhance the threat of separatism and might lead to the loss of the liberated areas of Donetsk and Luhansk regions. The course and results of the parliamentary elections of 26 October 2014 in Donbas indicated that without long informational campaign and without restoring the socio-economic sphere of the destroyed areas, the local followers of ex-President Yanukovych and separatists would continue to win there. Moreover, their powers would be significantly enhanced according to the Law "On special order of local government in certain areas of Donetsk and Luhansk regions." ***Thus Kyiv would provide money to the legitimated separatists, who would use them to establish their own 'people's militia' (envisaged in the mentioned Law), which would hardly differ much from the militants of the self-proclaimed Donetsk and Luhansk 'peoples republics'. A new 'uprising' would be just a matter of time, and it would be immediately supported by a powerful Russian-separatist invasion.*** So, if Kyiv holds the local elections, despite the fact that Russia and its separatists refused to fulfill their part of the agreement, then Ukraine risks to lose the entire Donbas.

The implementation of Minsk agreements should not be unilateral; otherwise the threat of a new round of armed confrontation only increases. Brussels, Berlin and Washington should understand that their pressure on Kyiv and abetting to the unilateral implementation of the peace plan weaken the position of Ukraine, while Russia increases the military power of separatists and prepares them for a new offensive. One cannot force Moscow to peace by continuous unilateral concessions. And one should not 'play' with the elections in the newly liberated territories until the lustration of local separatists is done and as long as the threat of invasion from the neighboring Russian-occupied areas exists.

