

INTERNATIONAL WEEKLY

№19

01.11.2014 – 16.11.2014



Foreign
Policy
Research
Institute

Friedrich Naumann
STIFTUNG
FÜR DIE FREIHEIT



UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

HAS THE EU EXHAUSTED THE LIMITS OF ITS PRESSURE ON RUSSIA, NEVER REACHING REAL SANCTIONS?

The EU, NATO and the U.S. officially stated that they would not recognize the results of the so-called ‘elections’ in the occupied areas of Donbas. However, they are not going to punish Russia, which inspired these ‘elections’ with the deliberate aim of destroying the Minsk peace agreements. Angela Merkel's proposal to impose personal sanctions on Donbas separatist leaders indicates a reluctance to punish the real organizers of the so-called ‘elections’, while it is no secret that even the sham observers were delivered to the self-proclaimed Donetsk and Luhansk ‘Peoples Republics’ (DPR/LPR) on Russia’s expense.¹

Russia stated its ‘respect’ for the results of the ‘elections’ in DPR/LPR and thus de facto recognized the ‘independence’ of these quasi-state entities.² One should not be misled by the statement of the Russian president’s assistant Yuri Ushakov that Russia has not ‘recognized’, but only ‘respected’ the results of the ‘elections’.³ Previously Russia, in the same manner, had ‘respected’ the Crimean ‘referendum’, as well as the ‘elections’ in Abkhazia. The ‘legalized’ separatist leaders now can ‘officially’ invite Russian troops, which have been massively deployed in Donbas already. Moscow urges Kyiv to negotiate with the newly ‘elected’ leaders of DPR/LPR and to treat them as ‘equal partners’.⁴ Such talks might legalize the militant leaders of the self-proclaimed ‘republics,’ and certainly would not bring peace, for the separatists do not adopt decisions on their own.

Russia’s reluctance to implement the other provisions of the peace agreements has not resulted in additional sanctions either. Moscow is blocking the OSCE mission, preventing its representatives from monitoring the Ukrainian-Russian border. Russia continues to massively supply troops and weapons to Donbas; it has placed ‘Iskander’ missile systems near the Ukrainian border and thus is able to strike half of Ukraine’s territory. EU, NATO and U.S. leaders continue to make concerned statements about the columns of military vehicles and troops penetrating from Russia to Ukraine. They call on Russia to withdraw its troops, but the statements

¹ Іноземні «спостерігачі» на «виборах» 2 листопада визнали: поїздку оплатила Росія. - <http://www.radiosvoboda.org/content/article/26681185.html>.

² Заявление МИД России о выборах 2 ноября в Донецкой и Луганской областях. - http://www.mid.ru/brp_4.nsf/newsline/64C03E1336C1B4D3C3257D85002792D8.

³ Кремль о выборах в Донбассе: "уважаем", но это не значит "признаем". - <http://ria.ru/politics/20141107/1032171995.html>.

⁴ Выступление Постоянного представителя Российской Федерации при ОБСЕ А.В.Келина на заседании Постоянного совета ОБСЕ по вопросу о ситуации на Украине и невыполнении центральными властями Минских договоренностей, Вена, 6 ноября 2014 года. - http://www.mid.ru/brp_4.nsf/newsline/5C73D4F791D7B23EC3257D89002A5FEE.

will not stop the invasion unless they are backed with new sanctions.

Only Britain, Poland and the Baltic states consistently advocate tougher sanctions, while Germany, Italy, Austria, Finland, Czech Republic, Hungary and others are against. It appears that Italy, Holland, Czech Republic and Greece are helping Russia to avoid the existing sanctions, granting Schengen visas to residents of Crimea with Russian citizenship, despite the EU ban.⁵ Given the economic sanctions, the position of U.S. and EU big business is surprising also – on 5 November 2014 the U.S. and EU business entities bought 92% of 'Gazprom' eurobonds for \$700 million. (Including 41% bought by U.S. investors and 35% bought by UK investors).⁶ **While assisting 'Gazprom' to raise capital, American and European business do not hurry to invest in Ukraine, which is the victim of Russia's aggression.**

On 15 November 2014 the Lithuanian Parliamentary Committee on Foreign and European Affairs adopted a resolution, calling on the EU to initiate discussions on the allocation during the next six years of 3% of the EU budget for financial assistance to Ukraine; the total amount could be €30 billion.⁷ Unfortunately, one can be sure that this initiative will not be supported by the majority of EU countries, despite the fact that the mistakes of the EU's policy towards Ukraine and Russia in 2013-2014 were among the main causes of the current situation. Ukraine receives assistance from the EU and the international financial institutions in very limited quantities, enough only for payments of foreign debts (including for Russian gas). The Ukrainian people alone bear the main financial burden caused by Russian aggression, though Western politicians and experts admit that this war is a challenge to the whole Western world, not only to Ukraine.

The OSCE mission does not meet the expectations of Kyiv either. Russia sabotages the work of the mission by blocking the decisions to establish OSCE control over the Ukraine-Russia border. Russia includes in the OSCE mission the representatives whose impartiality is doubtful. In October 2014 the OSCE had to apologize for the scandal when it became known that the OSCE cars in Donetsk gave a lift to some separatists.⁸ In November 2014 the Ukrainian and world public was indignant because of the OSCE statements about the movements of the 'unmarked' military columns in the areas of Donbas, controlled by separatists, though one could easily identify in the photos that it was Russia's military equipment.⁹

On 11 November 2014 spokesman from the Information Analysis Center of the Ukrainian National Security and Defense Council Andriy Lysenko said that **some members of the OSCE mission in Donbas had disclosed the secret information about the deployment of Ukrainian troops.**¹⁰ Ukrainian experts expressed suspicion that representatives of Russia and the CIS countries, who worked in the OSCE mission, cooperated with Russian security agencies. The OSCE representatives called these accusations false. The Ukrainian Foreign Ministry appealed "to not destroy the OSCE in the public space," but Pavlo Klimkin had to admit that the OSCE had not yet passed the "Ukrainian test", although "we believe it and help it."¹¹

In general, the assistance of the European institutions to Ukraine is significantly less than could be justly expected for the nation which demonstrated an unprecedented willingness to fight for European values, including

⁵ Крымчанам открыли шенген в четырех странах Евросоюза. - <http://izvestia.ru/news/579053>.

⁶ Інвестори із США і Великобританії скупили 77% облігацій "Газпрому". - <http://www.epravda.com.ua/news/2014/11/7/503901>.

⁷ Литва предлагает "новый план Маршалла" для Украины. - <http://m.ru.delfi.lt/news/article.php?id=66402294>.

⁸ СММ ОБСЕ сожалеет в связи с "автомобильным инцидентом" в Донецке. - <http://interfax.com.ua/news/general/226902.html>.

⁹ Сариуш-Вольський сумнівається в об'єктивності місії ОБСЕ в Україні. - <http://www.eurointegration.com.ua/news/2014/11/13/7027759>.

¹⁰ Представники ОБСЕ розголосили секретну інформацію – РНБО. - <http://www.pravda.com.ua/news/2014/11/11/7043880>.

¹¹ ОБСЕ не пройшло випробовування Україною – Клімкін. - <http://www.eurointegration.com.ua/news/2014/11/14/7027819>.

armed resistance to the invasion of the Russian army. **On the other hand, Kyiv itself is also responsible for the insufficiency of Western half-measures and half-sanctions against Russia. Kyiv hardly can expect decisive action from European partners while Ukraine itself has not officially recognized that Russia is at war with it; Kyiv has not imposed martial law, has not imposed sanctions on Russia and has not stopped economic cooperation with the aggressor.** Such a position is probably dictated by Brussels and Berlin, which advises them not to annoy Moscow. However, Ukrainians will have to pay themselves for the consequences of this futile strategy of appeasement of the aggressor, and they risk finding themselves alone again, face to face with the far larger invasion of the Russian army which is being prepared by Moscow.



UKRAINE – NATO



KEY THEME ANALYSIS

NATO'S RESOLUTE HELP TO UKRAINE COULD REDUCE THE RISK OF RUSSIAN AGGRESSION AGAINST THE ALLIANCE'S MEMBERS

Amid the greatest threat in the history of Ukraine and NATO, their cooperation is not building up, but rather is being curtailed. One can make such a conclusion if comparing the quantity, quality and scope of joint activities during this year compared the previous one. **It seems that NATO leaders are wary of cooperation with Kyiv, trying to avoid the increasing risk of Russian aggression against the Allies.**

On 12 November 2014, at NATO Headquarters, Jens Stoltenberg met with OSCE Secretary General Lamberto Zannier; the parties praised the OSCE's efforts to help defuse the crisis in Ukraine. Apparently, the NATO 'support' to the OSCE's efforts was limited to just words, because a few days later Kyiv had to provide the OSCE with 10 armored cars, while Ukraine's army is also in dire need of such vehicles. Besides Ukraine, only Russia offered armored cars to the OSCE, but with the proviso that each vehicle should be supplemented with two Russian 'drivers', obviously from the security services staff. **The inability of NATO member states to provide several armored cars to the OSCE mission clearly demonstrates their real 'desire' to help Ukraine.**

The Wales NATO Summit statements (4 September 2014) about possible military assistance to Ukraine by NATO members in the format of bilateral relations, still have not been implemented. The Allies are probably waiting for Washington's decision on this issue. The victory of the Republicans at the by-election to the Senate gives some hope. **John McCain, who has a good chance of leading the Senate Committee on Armed Services, said that "The United States and Europe need to stop assuming that the provision of lethal military assistance to Ukraine would provoke President Putin to further aggression. What is most provocative to Putin is U.S. and European unwillingness to take these steps, and the perception of weakness it fosters."**¹²

Two bills, which provide for military assistance to Ukraine, are registered in the Congress – "Ukraine Security Assistance Act of 2014" and the "Ukraine Freedom Support Act of 2014". In the new composition of the Senate the Republicans have the minimum majority necessary to adopt these bills, but it is possible that Barack Obama will impose a veto, so the Republicans are likely to search for a compromise on the issue with the Democrats; and it will be a difficult task, given the position of the current U.S.

¹² Statement by Senator John McCain on Russia providing military aid to separatists in Ukraine. - <http://www.mccain.senate.gov/public/index.cfm/press-releases?ID=74d52b1b-ce2d-408b-bc30-211595c85d46>.

president.

Not only Ukrainian, but also **Western observers express concern about Obama's possible intention to sacrifice Ukraine for the sake of Putin's 'concessions' in the Iranian and ISIS issues.** The risk of such an agreement was stressed by famous financier George Soros¹³ and by authoritative expert of the "The New York Times" Roger Cohen.¹⁴ ***The absurdity of the situation is that the White House is haggling with the Kremlin (at the expense of Ukraine) about the implementation of U.S. policy in the Middle East, while Moscow do not care at all about Washington's opinion on Russia's actions on the world stage, including in Ukraine.***

It seems that Washington, Brussels and Berlin have not yet realized that **the lack of NATO assistance to Ukraine increases the possibility of military confrontation of the Allies with Russia at the territory of NATO countries.** NATO exercises in Estonia and Lithuania, held in November 2014, indicated a lack of understanding of the nature of present threats to the Alliance. In Estonia the NATO rapid reaction forces practiced the response to the invasion of the alleged aggressor army. But there is a huge difference between an open invasion of a foreign army and hidden 'hybrid' aggression, when saboteurs and militants capture public buildings and use the methods of a terrorist. Therefore the abovementioned exercises could only appease the public opinion of the Baltic States, but could not enhance the level of their protection from the possible 'rebels' in the Donbas scenario.

Director of the Foreign Policy Research Institute Grygoriy Perepelytsia rightly notes that "NATO is not ready for 'hybrid' war, and it evaluates inadequately the real threat, which is clearly present at NATO's northern flank. ... The situation is very threatening first of all to the Baltic States. Poland is next, and then Germany. ... The Bundeswehr, for example, does not even have plans for territorial defense, for all military planning is carried out at NATO headquarters; and Russian intelligence is very well aware of the situation. I think that Putin did not bluff when he threatened to capture Poland in two weeks and to capture the Baltic States in two days."¹⁵

Supreme Allied Commander Europe Philip M. Breedlove has requested to the Pentagon for additional combat troops and equipment to enhance the Alliance's presence in the Baltic States, Poland and Romania. It was also reported that NATO would create a temporary rapid response force, led by the German-Dutch Corps in Munster (Germany). Given the excessive bureaucratic procedures in the Alliance, one can assume that the implementation of these plans will take at least a year.

It is obvious that NATO hopes to have plenty of time before probable Russian aggression towards the Baltic States. But Vladimir Putin does not have much time for the following reasons: 1) The fall in oil prices will reduce the possibility of the Kremlin to pay for its military adventures already in the next year; 2) In two years the U.S. will have a new President, who is unlikely to allow the Kremlin to destroy American influence in the world with such impunity as during Obama's term; 3) In a year or two NATO could develop some mechanisms to confront the 'hybrid' war. So the next year seems to be ideal time for Putin's military adventures.

In the Latgale area of Latvia, near the Russian border some 'activists' have already started the campaign for joining Russia.¹⁶ On 11 November 2014 the 'president' of the self-proclaimed 'Transnistrian Republic' Yevgeny Shevchuk announced readiness

¹³ Wake Up, Europe. - <http://www.nybooks.com/articles/archives/2014/nov/20/wake-up-europe/?insrc=hpss>.

¹⁴ The Iran-Ukraine Affair. - http://www.nytimes.com/2014/11/11/opinion/roger-cohen-the-iran-ukraine-affair.html?_r=1.

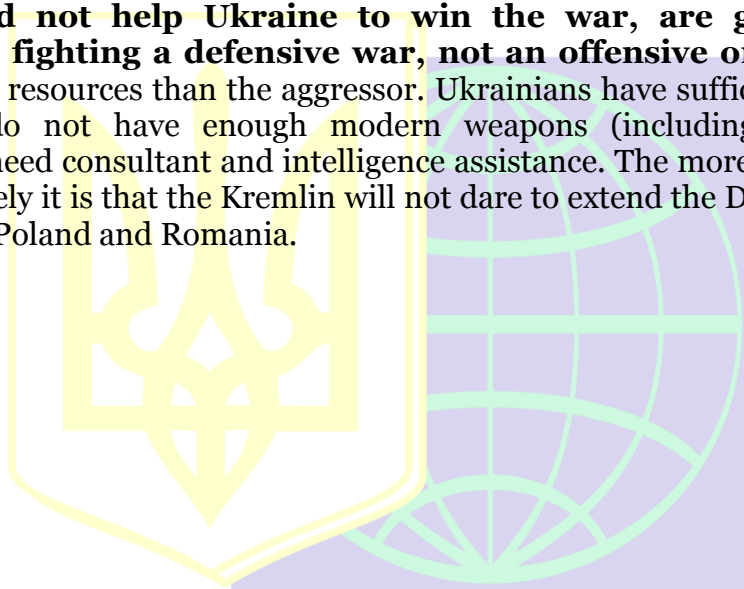
¹⁵ «Альянс неадекватно оцінює реальну загрозу». - <http://www.day.kiev.ua/uk/article/svitovi-diskusiyi/alyans-neadekvatno-ocinyuie-realnu-zagrozu>.

¹⁶ Ceļ trauksmi par prokrieviskām akcijām Latgalē. - <http://www.diena.lv/latvija/novados/cel-trauksmi-par-prokrieviskam-akcijam-latgale-14076755>.

to hold an independence referendum.¹⁷ Russia has an army comparable to the total military forces of NATO's European members, but the Kremlin has much more determination to use its troops. Moscow has a strong 'fifth column' in all potential victim countries, so the Kremlin may dare to start intervention in the Baltic States and Moldova even before the completion of the Ukrainian 'campaign'.

Friends of Russia among European and American politicians, who insist that NATO military aid to Ukraine might provoke Putin to further aggression, are wrong. Exactly the opposite is the case. Russia invaded Georgia four months after the Bucharest summit of 2008 and NATO refusal to give Georgia the Membership Action Plan. Russia annexed Crimea and invaded Donbas after flattering assurances of Western leaders that Ukraine's membership in NATO is not on the agenda. ***The weak Western position provokes the Kremlin to increase aggression.***

Putin wants to destroy NATO as an institute, which deprives Russia of hegemony in the continent. **The question is not 'if' NATO will have to deal with Russian aggression, but 'when and where' the aggression will be stopped.** If the Alliance is resolute and helps Ukraine to protect itself from Russian invasion, then military losses will force the Kremlin to be satisfied with the territories it has already captured. **Barack Obama and Angela Merkel's statements that NATO weapons would not help Ukraine to win the war, are groundless, for Ukrainians are fighting a defensive war, not an offensive one,** and therefore they need far less resources than the aggressor. Ukrainians have sufficient mobilization resources, but do not have enough modern weapons (including heavy military equipment) and need consultant and intelligence assistance. The more decisively NATO acts, the more likely it is that the Kremlin will not dare to extend the Donbas scenario to the Baltic States, Poland and Romania.



¹⁷ Приднестровье заявляет, что готово к референдуму о самоопределении. - <http://ria.ru/world/20141111/1032819438.html>.

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

APEC AND G20 SUMMITS INDICATED THAT WORLD COMMUNITY SUPPORT FOR UKRAINE IS EPHEMERAL

World leaders met twice during the previous week – at the summit of Asia-Pacific Economic Cooperation in Beijing and at the G20 summit in Australia. The official agenda of both summits was focused on economic issues, and the Russian aggression against Ukraine was among the key topics of the informal meetings.

On the one hand, it is logical that the APEC and G20 summits were focused primarily on economic issues. On the other hand, **the absence of the Ukrainian issue on the official agenda indicates the real priority level of this problem for the world powers.** Russian aggression against Ukraine has lasted for more than six months and greatly affects political and economic relations. The war in Europe undermines stability, and sanctions substantially influence economic cooperation and trade. **The West has chosen economic sanctions as the main instrument of Russia pacification, so it would be logical to discuss this issue officially at least at the G20 summit.**

However, time for the Ukrainian issue was found only at the unofficial talks and bilateral meetings. Barack Obama at the summit in Beijing was more concerned with the U.S.-China agreement on reducing the greenhouse gas emission than with the elaboration of a common position to finish the war in Eastern Europe. It seems that Washington and Beijing **have not considered yet how the possible escalation of the war to regional or perhaps world level would affect their economies.**

The G20 leaders in Brisbane negotiated the promotion of global growth and climate protection as if the Russian-Ukrainian war does not influence these issues. The geopolitical improvidence of the world leaders poses a real threat to their own countries and to the whole world community. **All the measures to stimulate the economy discussed in Australia will be in vain if Moscow invades to the Baltic States, thus invoking NATO Article 5 and giving start to a new World War.** The events might develop not as rapidly as during the First and Second World Wars, but the consequences could be even worse, for the Kremlin seriously considers the possibility of using the nuclear weapons against non-nuclear European countries. Moscow hopes that Washington would not dare to carry out a nuclear response if the U.S.'s own territory is not under attack.

Leaders of world powers do not take into account the futility of their efforts to protect the environment if Russian saboteurs undermine the nuclear plants in Ukraine (and may be in some other European countries). Such developments should not be

excluded in the course of Russian 'hybrid' war.

Backstage reminders of Barack Obama and other world leaders to Vladimir Putin of his promises to contribute to the peaceful settlement and to the implementation of the Minsk agreements, were predictably inefficient. The Canadian Prime Minister called on the Russian president to withdraw Russian troops from Ukraine, and Putin cynically replied that they are not there. The rest of the negotiations took place in much the same vein. It is apparent that the leaders of civilized countries did not really expect any 'breakthrough' and communicated with Putin only **to demonstrate their sham concern on the Ukrainian issue.** Such demarches as meeting Putin by lower ranking officials at the airport, or his last place in the group photo could please the Western press, but could not affect the behavior of the Russian dictator. He expressed his attitude to the world community on the eve of the summit by sending four Russian military ships to Australian shores.

The APEC and G20 summits indicated the ephemeral nature of Ukrainian hopes for the strong support of the international community. But the summits showed Kyiv promising directions for the diplomatic work to find allies for putting pressure on Russia. At the G20 summit the U.S. president Barack Obama, Japanese prime minister Shinzo Abe and Australian Prime Minister Tony Abbott said that they would oppose "Russia's purported annexation of Crimea and its actions to destabilize eastern Ukraine."¹⁸ **Japan and Australia feel themselves threatened by Russian-Chinese cooperation in the Asia-Pacific region, and therefore they are naturally inclined to help Ukraine against Russian aggression.** Australia could become a good partner in military cooperation, and Japan could provide financial support to Ukraine for buying modern weapons.

Another important direction for the diplomats is China, whose position is much more important to Russia than the U.S. one. Beijing is the only powerful global player which actually plays along with Moscow in its aggressive policy, considering it as a counterweight to the U.S. Beijing's intention to take advantages of Russia's isolation and to conclude favorable economic agreements is clear. At the Beijing summit and a few weeks before it China and Russia concluded multibillion energy supplies contracts on terms favorable to Beijing. Thus Moscow has got some instruments to protect its economy from the effect of Western sanctions. China does not hide its intentions to fill the gaps in the Russian market which appear as a consequence of Western sanctions.

Kyiv should make every effort to ensure that Beijing's economic success in relations with Moscow is not implemented at the expense of Ukraine's security and territorial integrity. China does not support Russia's aggression openly, but at the same time it does not use its abilities to facilitate a peaceful resolution. And Chinese state media expresses sympathy to Moscow's policy and thus sends the wrong message to the Kremlin and actually encourages Russia to increase its aggression in Ukraine. China's role in the UN Security Council hardly could be considered as constructive either.

Kyiv has always supported the territorial integrity of China (which has many separatist movements), so it justly counts on reciprocity. In 2013 Ukraine imported from China goods for \$7.9 billion (just from official statistics); the trade deficit with China was \$5.17 billion. Ukraine is a very promising country for Chinese investments, both in terms of agriculture, and in the context of Ukraine's integration into the EU economy. We shall remind Beijing of these factors, calling on it to avoid using Ukraine as a 'bargaining chip' in the China – Russia – U.S. triangle of strategic competition.

¹⁸ U.S., Japan and Australia vow to oppose Russian action in Crimea. - <http://www.reuters.com/article/2014/11/16/us-g20-summit-trilateral-idUSKCN0Jo0oL20141116>.