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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

THE NETHERLANDS REFERENDUM AS A RUSSIA'S VICTORY IN "HYBRID WAR" AGAINST THE EU

Dutch referendum of April 6, 2016 was the eloquent testimony indicating that the lack of adequate Western response to the Russian "hybrid" war allows Moscow to undermine the foundations of the European Union, turning the institutes of democracy into the theatre of absurd. Referendum as an instrument of people's will was used in a manipulative way through which the 0.6% of the EU population being fooled by Russian propaganda blocked ratification of the Association Agreement with Ukraine, despite the support of the AA by the overwhelming majority of the EU residents as well as by citizens of Ukraine.

61% of Dutch votes "against" the Association at 32% turnout – represent only about 0.6% of the European Union's residents. It is not even a half of the Netherlands' residents, but only about 20% of the voting power. Common sense suggests the absurdity of the situation when so **small minority imposes its will on the much larger majority**. The EP Foreign Affairs committee chair Elmar Brok, EU-Ukraine Parliamentary Association Committee chair Andrej Plenković and Ukraine standing rapporteur Jacek Saryusz-Wolski noted in their common statement: *"We believe that it is the EU as a whole with all the 28 Member States who should decide, not 20% of voters of one Member State, representing 0.6% of the entire EU population, in a referendum which has a consultative nature."*¹

Russia's tanks and artillery failed to block the entry into force of the EU-Ukraine Association Agreement, but the Kremlin succeeded through the instruments of "hybrid" war. Three key factors helped Russia to influence on the EU policy:

1. Export of political corruption from Russia to the EU. For many years, the Kremlin has been actually bribing the European politicians one by one, and even by entire parties – through employing politicians in Russia-controlled businesses, providing loans for election campaigns, and etc. Despite the obvious abnormality of this situation, no one politician in the EU has been punished for the actions being on the verge of corruption and treason. The EU member states have not even tried to amend legislation to prevent such incidents of political bribery in the future.

2. Almost unimpeded activity of Russian propaganda in the EU countries. Moscow banned access to free Western media in Russia, but the Kremlin's media are freely spreading their propaganda through the European Union. The Kremlin

¹ <http://www.europarl.europa.eu/news/en/news-room/20160407IPR21828/Dutch-referendum-we-need-to-be-more-engaged-with-our-citizens-say-MEPs>

manipulates the freedom of speech concept, applying it as a cover for its propaganda, to influence public opinion in Western countries. In majority of cases such actions do not cause adequate reaction of the competent authorities in the EU member states.

3. Dutch indifference to the fate of other countries and their readiness to believe in the anti-Americanism of Russian propaganda, despite the fact that 170 their compatriots became the victims of Russian missile, which shot down the Malaysian Boeing.

Only the Baltic states from time to time take decisions on suspending broadcasting of Russian propagandistic TV channels, when their lies is proved. However, such decisions lead to the criticism from Brussels for the alleged restrictions on freedom of speech, though actually **the Kremlin mouthpieces has nothing in common with freedom of speech, being just an informational weapon in Russian "hybrid" war against the West.**

By the way, speaking about the political corruption, a question arises on how could unpopular Dutch political party persuade the majority of the MPs to **deliberately postpone from June 30 to July 7, 2015 a date of ratification of the EU-Ukraine Association Agreement – to make it subject to the new law on referendum, which entered into force on July 1, 2015.**² Thus, the spirit of the generally accepted legal norm was actually violated, namely that the law should not have retroactive effect. Postponing of the AA ratification was aimed to artificially establish conditions under which the AA became subject to newly adopted law, which normally should not be valid at the time of the AA ratification.

Following such manipulative logic of the Dutch parliament, from now **any international agreement signed by the EU may be blocked.** And it's not too difficult to guess who stands behind this absurdity, given that the next referendum is going to block the EU-U.S. free trade. Socialist Party of the Netherlands has already collected 100 thousand signatures for a referendum against a future free trade agreement between the EU and the U.S. (Transatlantic Trade and Investment Partnership).³ **We can assume that the issue of lifting sanctions against Russia may be among the next ideas for the referendum.**

It is noteworthy that the Europeans, who so often criticize Kyiv for non-transparency, turned a blind eye on dirty schemes of financing campaign against the AA using funds from the Netherlands state budget. Journalistic investigation revealed that the initiator of the referendum, GeenPeil agreed the scheme with individuals who took public financing allegedly for their own mini-campaigns against the AA, but de facto GeenPeil was the one who organized spending of those money.⁴ In such circumstances, it is difficult to believe in sincerity of the Netherlands officials' statements expressing their pity with the outcome of the referendum.

Fairness, it should be noted that even against the silent support by Dutch authorities of the referendum initiators, **Ukraine could count on positive result, if it initially shaped a clear strategy of responding to the challenge.** Instead, Kyiv shifted the burden of information campaign on the shoulders of volunteers, who could not successfully resist a well-organized and managed pressure of Russian propaganda. Kyiv failed to reach consensus on what idea to promote – to appeal to supporters of Ukraine come and vote "for" the Association, or vice versa, to ask them boycott the referendum, hoping that turnout below 30% would make the referendum invalid. Finally, a part of Ukraine's friends ignored the referendum, while another part came and voted "for" the AA. As a result, the turnout was 32%, and the referendum was

² <http://tsn.ua/svit/u-niderlandah-protivniki-yevroasociaciyi-ukrayini-domoglisya-perenosu-ratifikaciyi-ugodi-624879.html>

³ <http://www.euractiv.com/section/trade-society/news/dutch-voters-now-demanding-referendum-on-ttip/>

⁴ <http://www.erasmusjournalisten.nl/index.php/2016/03/08/geenpeil-misbruikt-subsidieregeling-referendum/>

valid, missing many votes of Ukraine's friends. Corruption scandals also contributed to the negative result for Kyiv. **59% of the Dutch, who intended to vote against the AA, named "too much corruption" the as the main reason.**⁵ On the eve of the referendum, the Dutch press published offshore schemes of Ukraine president's business. Given that previously only about 40-47% of the Dutch declared their intention to vote against the EU-Ukraine Association, one can assume that the offshore scandal added about 15% against the AA. In European countries the officials mentioned in "Panama papers" have resigned or are going to do this, but in Ukraine the president's supporters are trying to persuade the public that it is the best way of doing business.

Undoubtedly, **the results of the Dutch referendum will negatively influence the dynamics of Ukraine's European integration.** European politicians assure that the temporary effect of the Association Agreement will be continued, but actually temporal implementation is not the same thing as full entry into force of the AA. The result of Dutch referendum may slow down the pace of reforms in Ukraine, because pro-European MPs will have less support when promoting the so-called "European integration" legislation. To the contrary, Eurosceptics and pro-Russian forces in Ukraine have got additional arguments against the European integration course, not to mention the advantages for Russian propaganda. These factors will reduce the already insufficient Kyiv's political will for reforms.

But the most challenging outcome of the Dutch referendum is that **it calls into question the legal status of the EU as an international actor, opening way for other similar referenda that may ultimately destroy the European Union.** If dubious plebiscite that attracts interest of just a third of voters in a small country can block an important international agreement of the EU, the credibility of such actor becomes more that dubious. Thus, the third parties may prefer to return to bilateral relations with the individual EU member states.

Besides, **the victory of Eurosceptics in Holland inspires the supporters of BREXIT.** Given the approximate parity of those who tends to vote "for" and "against" Britain exit from the EU, even a slight increase in Eurosceptics' position may be decisive.

President of European Parliament Martin Schulz correctly noted that after the Dutch referendum there is a need to fight for the European project.⁶ But the EU prefers to speak of the consequences of the problems, not daring to name the real reason, which is the ongoing Russia's "hybrid" aggression. A fight for the European Union's fate will fail, if the Kremlin continues with impunity its practice of bribing European politicians and brainwashing EU citizens.

The Dutch referendum should become a cold shower to remind Ukraine that it should be constantly ready to protect its European choice – not only by fighting in Donbas, but also on the information front. Complications resulting from the referendum should not become a pretext for curtailing reform, but vice versa, should be an incentive for their intensification – to leave no one chance to the Eurosceptics. After all, Ukraine implements reforms for own sake, not for Brussels or Amsterdam.

⁵ http://gazeta.dt.ua/international/ne-vse-propalo-_.html

⁶ http://www.all-in.de/nachrichten/deutschland_welt/politik/Martin-Schulz-bedauert-Ausgang-des-Referendums-in-den-Niederlanden;art15808,2245655

UKRAINE – NATO

KEY THEME ANALYSIS**UKRAINE: WHAT TO EXPECT FROM THE WARSAW NATO SUMMIT?**

Important decisions to strengthen security of the NATO Eastern flank are expected to be taken the Warsaw Summit, scheduled for July 8-9, 2016. But it is doubtful that Ukraine will take this opportunity for extending own cooperation with NATO.

NATO Secretary General announced that **at the Warsaw summit the Allies would discuss effective ways of strengthening response to Russia's actions in Ukraine, and increasing NATO's contribution to fighting against ISIS.** Jens Stoltenberg called those issues as NATO's two main challenges.⁷

On the one hand, focus on these two challenges is obvious because of their relevance to the security of NATO member states. On the other hand, discussion of the ISIS threat may become a pretext (especially for Paris and Berlin) for appeasement Russia and limiting the measures needed to strengthen the Alliance's eastern borders – for the sake of mythical common (with the Kremlin) fight against terrorism. **At the 9th Kyiv Security Forum, MP and defence minister in opposition shadow cabinet of Canada James Bezan predicted tough debate at the Warsaw NATO Summit – between those who clearly see Moscow's aggressiveness and those who do not want confrontation with Russia. The latter would prefer to appease the aggressor, thus weakening the Alliance's position and sending Putin a wrong signal that he can continue aggression.**⁸

Pessimistic expectations are reinforced by the fact that the Alliance's leadership continues to "not see" the Russian threat. On April 6, speaking in Washington, **NATO Secretary General Jens Stoltenberg said that he did not see any imminent threat to NATO countries, including Allies in the East.** He saw just Russia's responsibility for aggressive actions in Ukraine and its readiness to use military force.⁹

Moreover, the **NATO leadership decided to return to dialogue with Russia and appointed for the April 20 a meeting of NATO-Russia Council at ambassadorial level.** It is unclear which Russia's steps made NATO leaders to believe that it makes sense to return to dialogue with Moscow. One can only assume that this decision was discussed at the April meeting of NATO Secretary General with President

⁷ <http://www.radiosvoboda.org/content/article/27659740.html>

⁸ <http://ksf2016.openukraine.org/ua/news/1224-na-samiti-nato-u-varshavi-bude-borotyba-mizh-prihilynikami-i-protivnikami-konfrontaciji-z-rosijeju--dzhejms-bezan>

⁹ <http://www.ukrinform.ru/rubric-politycs/1995931-nato-ne-vidit-neminuemoj-ugrozy-so-storony-rossii-stoltenberg.html>

Barack Obama in Washington. German Foreign Minister Frank-Walter Steinmeier has already welcomed such a decision.¹⁰ **Moscow responded to demonstration of NATO weakness with a new provocation – a simulation of bomber Su-24 attack against the U.S. Donald Cook in the Baltic Sea.** It is difficult to predict how many such cases should happen to make Washington and Berlin understand that Moscow does not want any dialogue, except for the agreement on division of the world into the spheres of influence.

Against this background, Kyiv hardly can expect promises of substantial assistance at the Warsaw Summit. Although **Ukraine actually serves as an eastern outpost** that hold back Russian aggression, but the extent of support it receives from Western partners is clearly inconsistent with such a mission. On April 15, at the meeting with newly appointed Ukrainian Prime Minister Volodymyr Groysman, **NATO Deputy Secretary General Alexander Vershbow said that till the Warsaw Summit a comprehensive package of assistance to Ukraine would be prepared.** He did not disclose details, but hardly would it be something principally new. Presumably, it would be about the creation of **another trust fund, most likely on demining.** Expanding of adviser assistance is also possible.

Arms supplies to Ukraine will not be discussed in Warsaw, as well as the prospects of NATO membership, given that Kyiv had actually removed this issue from the agenda. Instead, it is expected that in Warsaw Montenegro will be invited to join NATO, while Bosnia and Herzegovina, Macedonia, and Georgia will get another positive signal.

However, one hardly can blame the Alliance for the lack of assistance. The trust funds established by the Wales Summit decisions could not start working for a long time due to the slow adoption of appropriate decisions by Ukrainian authorities. At the meeting with Ukrainian Prime Minister, **Alexander Vershbow urged to not waste opportunities: "Ukraine has lost a lot of possibilities, let's not lose them now."**¹¹

Sometimes, it seems that Kyiv considers reforms not as vital necessity, but rather homework needed to fulfil demands of the EU or NATO. Secretary of National Security and Defence Council of Ukraine Oleksandr Turchynov said that **Ukraine plans to present at the Warsaw summit a new Concept of Armed Forces reforming.**¹² On the one hand, it's good news that Kyiv is going to finish at last the developing of the Concept. On the other hand, a question arises on whether it would be more effective to develop that document prior to summit, to be ready to discuss in Warsaw the concrete measures on its implementation with NATO assistance?

Thus, Kyiv should not put great expectations on the Warsaw Summit. Despite the importance of Ukraine to the security of NATO Eastern flank, Kyiv failed to create proper conditions to expect significant increase in the Alliance's assistance. Not to mention the possibility of changing Ukraine's status from partner to ally. Such conditions might be established, if Kyiv implemented sweeping reforms and proposed initiatives to strengthen security of the whole region.

¹⁰ <http://www.dw.com/uk/штайнмаєр-привітав-домовленість-щодо-засідання-ради-росія-нато/a-19175320>

¹¹ <http://www.dw.com/uk/до-саміту-нато-для-україни-підготують-пакет-допомоги/a-19191584>

¹² <http://www.ukrinform.ru/rubric-politycs/2000562-ukraina-predstavit-nato-novuu-koncepciu-reformirovania-armii-turchinov.html>

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

"PANAMA PAPERS" SCANDAL OVERSHADOWED THE VISIT OF UKRAINIAN PRESIDENT TO JAPAN

In the first half of April 2016, among the top news in world media was the publication by German newspaper Süddeutsche Zeitung together with International Consortium of Investigative Journalists (ICIJ) and Organized Crime and Corruption Reporting Project (OCCRP) of the documents leaked from the Panamanian company Mossack Fonseca & Co. Ukrainian President turned out to be listed among other world leaders who had registered business in the offshore.

From the legal point of view, the "Panama Papers" scandal should hit more Russian President than the Ukrainian one. Leaked data on billions of dollars in offshore related to Vladimir Putin and his entourage did not match with their tax declarations, while Ukrainian President had been declared official millionaire prior to his inauguration. However, the majority of Russian voters have not got clear information on the offshore business of their own President, and Russian propaganda expectedly called the publication on Putin's offshore business as American provocation. Anyway, being zombified by the Kremlin TV Russian citizens seems to be ready forgiving everything to their leader. As for the international image of Russia – it is difficult to worsen its reputation after the annexation of Crimea.

Situation in Ukraine is fundamentally different. **Amid regular critics from the European Union and the United States on the lack of anti-corruption activity, information about offshore business of Ukrainian President sounded as a strong warning signal.** Although the White House speaker Josh Earnest urged not to make hasty conclusions from Panama papers,¹³ and similar position was taken by the EU officials, however, there is no doubt that **Ukraine's negotiating position, especially on issues of financial aid, has been significantly weakened.** One can also be sure that offshore scandal, being widely covered in the Dutch media, contributed to the **negative results of the referendum on Association with Ukraine.**

The offshore scandal became a bad backdrop for **the visit of Ukrainian President to Japan.** Public opinion in this country is very critical toward such scandals, and the fact that at the National Press Club of Japan Petro Poroshenko had to

¹³ <http://www.pravda.com.ua/news/2016/04/5/7104424>

respond to journalists' questions about his offshore companies did not contribute to his appeals to Japanese business to invest in Ukraine.

Overall, the visit hardly can be called fruitful. **The agreement with Japan on supporting Ukraine's position at the April G-7 meeting** was predictable, because Tokyo has difficult relations with Moscow due to dispute over the Kuril Islands. Discussion on strengthening cooperation in the field of **nuclear non-proliferation and protection from nuclear accidents** could be conducted by respective departments without participation of the top leaders, given that no landmark initiatives in this area had been proposed.

Memorandum on youth and sports cooperation, agreement to continue dialogue on gradual visa liberalization, discussing of the Bortnychi wastewater treatment plant modernization, establishing of **\$269 million credit line for Ukraine** by Japanese company on export and import insurance, and Japan's decision to provide **\$13.6 million in humanitarian aid** to restore the eastern regions of Ukraine – all these issues are important, but surely not enough to say about "breakthrough" in bilateral relations. The visit at Presidential level can be justified only by promise **to declare 2017 a Year of Japan in Ukraine**, although the practical effect of such decision hardly can be predicted.

Potential of Ukraine-Japan bilateral cooperation is obviously not fully used. It is restrained by both objective and subjective factors, including the economic downturn in Ukraine and insufficiently transparent business environment. Ukraine could be very attractive to Japanese investment, particularly due to the free trade area with the EU. Cooperation in the field of security and defence, as well as in military-industrial complex could also be perspective. So, a lot of work is still to be done by diplomats of the both countries.

