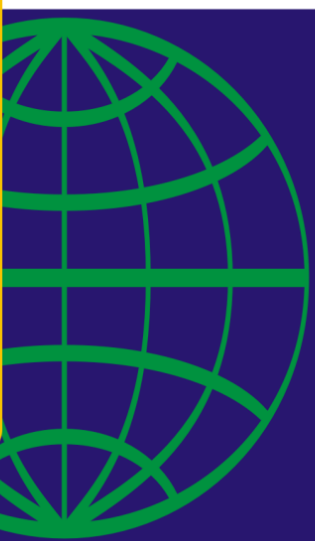


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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

UKRAINE'S EUROPEAN INTEGRATION HAS STALLED AGAIN

Over the past several months, Ukraine has not actually moved forward towards the European integration. Implementation of the European legislation is stalled; there is no investment from the EU due to the corruption and poor business climate; the EU-Ukraine summit has been postponed, and the date of visa-free regime enter into force is unknown.

The 18th EU-Ukraine summit has been postponed from May 19 to September. Deputy Head of the Presidential Administration Kostiantyn Yelisieiev said the reason was “to improve the effectiveness” of the summit that needed “reform efforts of the new government.”¹ Thus, he actually admitted that at the backdrop of the political crisis in Ukraine and the unsatisfactory pace of reforms (not to mention the fight against corruption), Ukraine and the EU has nothing to discuss so far.

More than 350 European directives are to be implemented into Ukrainian legislation, but only fifty of them were adopted by the Verkhovna Rada in a year and a half. With that, the relevant draft laws may wait for the Parliament consideration for months or even half a year.² A package of the European integration laws to meet the demands of the Visa Liberalisation Action Plan has been adopted under the pressure of the EU and Ukrainian citizens; but since that time the European integration seems to have been forgotten in the Parliament, with the MPs being primarily concerned with distribution of posts and solving own business issues.

In the first quarter of 2016, Ukraine exhausted its **quotas for export to the European Union** in a number of important export positions, such as honey, sugar, corn, cereals. With this, the production of commodity groups not restricted by the EU quotas is almost not being developed in Ukraine. In this respect Kyiv should better explore the experience of Poland, which also used to have problems with exports to the EU, but successfully developed the production of goods, not restricted by quotas.

Another Ukraine's neighbour, Turkey received about €65 billion of the EU investments after the signing of the Customs Union agreement with the EU in 1995. The European investments allow developing production and creating new jobs in Turkey. But in Ukrainian case, the signing of the Association Agreement and DCFTA has not increased the flow of European investments. And the war is not the only obstacle. *Bloomberg* writes that **“the biggest obstacles are massive corruption and a business climate that makes it hard to make a profit while following all**

¹ <http://www.pravda.com.ua/news/2016/04/27/7106908>

² <http://www.eurointegration.com.ua/experts/2016/05/11/7049001>

the rules."³

The fact that corruption and poor business climate prevent Ukraine from getting foreign investments to develop production of goods not restricted by the EU quotas, was also acknowledged by Ukrainian businessman Alexander Gromyko. In an interview with *Ukrainian Pravda* he said: "Not long ago, a business delegation from Turkey has left Ukraine; it was ready to invest \$3 million in the production of ovens. ... War and corruption were among the key reasons, which halted the Turkish investment. ... In Ukraine businessman says: I cannot pay all the taxes because my competitor does not pay them at all."⁴

The foreign press more and more often writes about the irresistible corruption in Ukraine. **Bloomberg suggests that the President Petro Poroshenko has cancelled plans to visit an anti-corruption forum in London "because of fresh revelations of his offshore activities based on the so-called Panama Papers."**⁵ Anyway, the absence of Ukrainian President at the anti-corruption summit may hardly be considered as positive signal for the Western leaders and the prospective investors.

Actually, a **visa-free regime** may become the only European integration achievement of the last two years to be personally experienced by the ordinary citizens of Ukraine. On April 20, 2016 the European Commission proposed the European Council and the European Parliament to include Ukraine in the list of countries whose citizens do not need visas for the short-term (up to 90 days) travels to the Schengen states. But still, nobody knows for sure when the appropriate decisions are to be taken by the EU Parliament and Council.

However, the text "10 facts you should know about the visa-free regime with the EU,"⁶ published by the Ukrainian Ministry of Foreign Affairs, makes it clear that **in practice a visa-free regime is unlikely to make it much easier for the ordinary Ukrainian citizens to travel to the Schengen area.** In addition to the biometric passport, Ukrainian citizens should be prepared to provide to the EU border guards a validated information on the purpose of their travel, the accommodation information, a proof of sufficient amount of money for the planned period of travel, and a proof of intention to return to Ukraine (for example, a return ticket). It is virtually the same list of documents, which Ukrainian citizens have to provide to the consulates to obtain the visas, except for the statement of earnings from the employer.

The mere signing of the Association Agreement and DCFTA is not the European integration. It is just the document, which opens up opportunities, but to use them one needs political will for reforms. Instead, the Ukrainian authorities after a slight movement forward due to the demands of the Visa Liberalisation Action Plan actually stopped the implementation of the European legislative norms. The reforms are substituted by their imitation; and the efforts of the President Poroshenko to concentrate all the powers remind the times before EuroMaidan. If Ukraine continues in the same strain, it may miss the chance gained at the expense of its patriots' blood.

³ <http://www.bloomberg.com/view/articles/2016-05-11/ukraine-s-free-trade-deal-with-the-eu-was-just-a-start>

⁴ <http://www.epravda.com.ua/cdn/cd1/2016/05/saturn/index.html>

⁵ <http://www.bloomberg.com/view/articles/2016-05-11/ukraine-s-free-trade-deal-with-the-eu-was-just-a-start>

⁶ <http://mfa.gov.ua/ua/press-center/news/47052-10-faktiv-jaki-vi-majete-znati-pro-bezvizovij-rezhim-z-jes>

UKRAINE – NATO



KEY THEME ANALYSIS

NATO'S EUROPEAN BALLISTIC MISSILE DEFENCE SYSTEM BECOMES A REALITY. UKRAINE REMAINS ASIDE OF THE ALLIANCE COLLECTIVE SECURITY

On May 12, 2016, Romania hosted opening of the first in the Eastern Europe NATO's ballistic missile defence facility equipped with land-based missile defence interceptors. The next day, Poland officially started construction of the second respective facility. Thus, NATO's ballistic missile defence system, which Moscow so actively opposed, is becoming a reality, with the acceleration of its construction exactly by Russian aggressive actions.

The construction of the NATO's ballistic missile defence system was postponed for a long time due to the reluctance of the current U.S. President to aggravate relations with Russia. Russian arguments that the system is directed against it have always been absurd, because the BMD system is designed for protection, not for offensive. It could restrain Russian capabilities just only in case if the Kremlin planned nuclear strikes against the NATO members – but exactly for such cases the missile defence is needed. **In fact, Russia protested against the restriction of its capacity to blackmail NATO with the threat of nuclear attack on European allies** (what it has repeatedly done through respective trainings, covered in media).

The aggression of Russia against Ukraine and the reinforced militarization of Crimea convinced Barack Obama that further protraction with the construction the BMD system based on Moscow's hypocritical stance is becoming more hazardous. Moreover, **Iran has yet not stopped the ballistic missiles tests and deployment of Russian troops in Syria does not exclude the emergence of the weapons directed against NATO allies in that state.**

On May 12, 2016, in Romania, NATO Secretary General Jens Stoltenberg officially launched the ballistic missile defense system Aegis. To appease Moscow, Jens Stoltenberg reiterated that the BMD system is not directed against Russia's strategic deterrence system: "Geography and physics both make it impossible for the NATO system to shoot down Russian intercontinental ballistic missiles. The interceptors are too few in number, and either too far south or too close to Russia to do so." ⁷ However, Russia as well as NATO realizes that **the BMD system will reinforce the confidence of the NATO European members in being protected from Moscow's nuclear blackmail.**

The very next day, **on May 13, the United States launched construction of**

⁷ http://nato.int/cps/en/natohq/opinions_130662.htm

the second NATO BMD facility – this time in the town Radzikovo in northern Poland. The completion of this base construction is scheduled for 2018. Its importance for the security of the Alliance Members is demonstrated by a high level of participants at the opening ceremony: President of Poland Andrzej Duda, Defence Minister Antoni Macierewicz, Foreign Minister Witold Waszczykowski, Deputy Secretary of Defence Robert Work. Having noted that "these will not be missiles directed against anyone," **Andrzej Duda stressed that they would "defend the sky over Europe from any missile attack, in case if someone would decide to threaten so."**⁸

Given that by now there was just only one country that had openly threatened Europe with nuclear strikes, it is not surprising that Russian President **Vladimir Putin estimated the opening of the BMD system base as "an additional threat for us."** Russian leader in the immanent manner **called East European countries where the NATO BMD system is deployed – the U.S. "periphery," and threatened that their "quiet, sheltered and safe life" had come to an end,** since starting from now "Russia will be forced to think how to seal the threats that have arisen." However, he promised not to engage in "arms race" (which Russia cannot afford): **"We will not engage into this race, we'll follow our own way, work very carefully, without exceeding the plans on financing the army and navy rearmament, which we already have and which were elaborated several years ago. But we will adjust these plans to seal threats to Russia's security that arise."**⁹

In fact, the quiet life of the Eastern European countries came to an end with the beginning of the Russian aggression against Ukraine, in particular, with the occupation and forced militarization of Crimea. Ukrainian military expert, **Professor Hryhoriy Perepelytsya in the interview for "Radio Svoboda" said that Russia planned to deploy at the Crimean peninsula the powerful systems of air and ballistic missile defence such as the S-300 and S-400, the reach of which is 400 km that covers not only the Black Sea, but also partly the territory of NATO Members. In this sense, the constructed elements of the BMD system in Romania are positive for both NATO and Ukraine, "because this is the evidence of NATO active presence in the Black Sea region, which is important for Kyiv after the occupation of Crimea by Russia as well as Moscow's active build up of military power at the annexed peninsula "**

Besides the BMD system, NATO countries finally came close to making a decision on the issue of **rotational ground forces deployment in the three Baltic countries and Poland.** U.S. Secretary of Defence Ashton Carter told reporters **about four battalions with 1 thousand soldiers per each country.**¹⁰ It is expected that the U.S. will provide two battalions, one will be provided by Britain and one by Germany. According to the German newspaper *Spiegel*, Chancellor Angela Merkel has confirmed the readiness of German soldiers to go to strengthen the protection of Lithuania.¹¹

Introducing the new Allied Commander Europe Scaparrotti Curtis, Minister of Defence of the United States Ashton Carter said: **"We do not want to make an image of Russia as an enemy. But be assured that we will protect our allies and international order based on law."**¹²

By the way, **Scaparrotti Curtis** has already said he would continue the policy of his predecessor, Philip M. Breedlove, on response to the

⁸ <http://www.ukrinform.ua/rubric-abroad/2016823-duda-raketna-baza-ssa-v-polsi-ne-zagrozue-nikomu.html>

⁹ <http://tass.ru/politika/3279509>

¹⁰ <http://www.radiosvoboda.org/articleprintview/27711986.html>

¹¹ <http://www.spiegel.de/politik/deutschland/bundeswehr-beteiligt-sich-an-abschreckung-gegen-russland-a-1089868.html>

¹² <http://www.pravda.com.ua/news/2016/05/3/7107503>

aggressive actions of Russia.¹³ He also expressed his intention **to find out what kind of weapon Ukraine needs for its defence:** *"I believe we should support Ukraine with what it needs to successfully protect its territory and sovereignty. I'll especially pay attention to this issue as a Commander-in-Chief. I have to estimate, which weapon is the best, which capacities it can use, which capacities can be complementary for its forces today."*¹⁴

Ukraine urgently needs active position of the NATO Allied Commander Europe since official Kyiv lacks initiative in cooperation with NATO. In particular, there is still no information on essential developments on deepening cooperation, which could be approved during the NATO Warsaw Summit. Director of the Centre for Army, Conversion and Disarmament Research Mikhaïlo Samus suggested that during the summit the Western partners would make Kyiv a proposal to **establish a NATO centre in Ukraine to study the experience of hybrid war with Russia.**¹⁵ This idea has been repeatedly voiced by the Ukrainian public, but has not been confirmed officially. In any case, the "breakthrough" in Ukraine-NATO relations is obviously not expected at the Warsaw Summit.

The Strategic Defence Bulletin of Ukraine, which ought to be foundational for the program documents on shaping the defence system reform, is still not approved. On May 12, the Draft Bulletin was discussed at the meeting of the Minister of Defence of Ukraine Stepan Poltorak with the representatives of the NATO Liaison Office and foreign advisers to the Ministry of Defence and the Armed Forces of Ukraine. The document is expected to be submitted in the near future to the Council of National Security and Defence of Ukraine for the approval and implementation by the Presidential Decree.¹⁶ Presumably, the adoption of the document in the "best" traditions of "socialism construction" might be scheduled to important date – the NATO Warsaw Summit.

NATO demonstrates more resoluteness and operability in reinforcing its eastern borders. Opening the BMD base in Romania and beginning of construction in Poland, the decision to deploy four battalions of ground forces in the Baltic States and Poland – this is a real response to the aggressive actions of Russia. Against this background, Kyiv's activity in the pace of reforms as well as in deepening cooperation with NATO is not sufficient. The consequence might be the loss of a chance to become a part of the NATO eastern outpost and conservation for a long time of the present dangerous position between two military alliances.

¹³ <http://ukrainian.voanews.com/content/scaparrotti-supports-ukraine/3316561.html>

¹⁴ <http://www.eurointegration.com.ua/news/2016/05/4/7048803>

¹⁵ <http://www.pravda.com.ua/news/2016/05/6/7107726>

¹⁶ <http://www.mil.gov.ua/news/2016/05/12/ministr-oboroni-ukraini-obgovoriv-z-inozemnimi-radnikami-ta-predstavnikami-ofisu-zv%CA%BCyazku-nato-polozhennya-strategichnogo-oboronnogo-byuletenya--20217/>

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

ANOTHER "NORMANDY" FOUR MEETING ENDED WITHOUT TANGIBLE RESULTS

On May 11, Berlin hosted the twelfth "Normandy" Four meeting. No tangible results have been brought by the negotiations, and it seems that the "breakthrough" has not been even expected by the participants to the meeting.

After the three-hour talks between the Foreign Ministers of Ukraine, Russia, France and Germany, the host of the event, **Frank-Walter Steinmeier** said that the parties had failed to achieve significant progress. ***They agreed only to establish demilitarized zones and to halt to military exercises along the contact line, as well as to provide greater information-sharing to reduce risks of incidents.***¹⁷ Truth to be said, to halt exercises along the contact line was agreed two months ago in the framework of the Trilateral contact group. Thus, nothing new in this sense was brought by the "Normandy" meeting.

Sergey Lavrov stated that in Berlin "the interconnected solution to all these problems was confirmed. This applies to the local elections in Donbas as well as to the need to adopt a law on special status for Donbas".¹⁸ Presumably, the Russian minister implicates that the parties agreed to resolve the security issues in Donbas simultaneously with the issues of local elections and "decentralization". If this is true, it is a bad result for the Ukrainian party, which insists that the election issue should be settled only after security is provided.

In Berlin, the Russian party proposed its own version of the law on elections in Donbas which was categorically rejected by the Ukrainian party. However, it seems that Frank-Walter Steinmeier does not consider it unacceptable that Russia, which has not seen democratic elections for many years, is trying to impose its model of elections on Ukraine. After the talks, the German Minister expressed regret that the parties failed to reconcile the positions on this issue.¹⁹

Frank-Walter Steinmeier is generally known for his sympathies to Russia, so his mediation can hardly be considered impartial. But not the last reason to enhance his willingness to meet the Russia's demands might be **the stance of Ukraine, which,**

¹⁷ <http://www.reuters.com/article/us-ukraine-crisis-germany-idUSKCN0Y22EX>

¹⁸ <http://www.radiosvoboda.org/content/article/27728992.html>

¹⁹ <http://www.dw.com/uk/переговори-нормандської-четвірки-що-приніс-12-й-раунд/a-19250653>

instead of initiating a realistic resolution plan, has been insisting for months on the deployment of *"the new OSCE armed police mission in Donbas to monitor the ceasefire regime, to protect the arms withdrawn, to ensure the withdrawal of the occupational forces of the Russian Federation from the occupied territories and to ensure the control over section of the Ukrainian-Russian border."*²⁰ **Being the OSCE Chairperson-in-Office the German minister surely is aware that this organization has never deployed such kind of mission, it lacks the appropriate mandate**, as well as he knows that in general the *police* missions are not deployed during the *sharp phase* of the armed conflicts. So it is quite possible that Frank-Walter Steinmeier interprets Kyiv's unrealistic demands as either incompetence or a deliberate attempt to lead the negotiations to a stalemate, and this pushes him to search a compromise with Moscow.

Previously, Kyiv tried to promote the idea of the UN peacekeeping mission, then the idea of the EU mission, and after refusals it turned to the idea of the OSCE armed police mission with actual functions of the peacekeeping mission. Commenting to the "Radio Liberty" the idea of the OSCE armed mission, the expert in conflictology and international relations *Hryhoriy Perepelytsya noted that "the OSCE has authority only on mediation and observation missions, under the agreement between the UN and the OSCE", while peacekeeping missions can be deployed only by the UN.*²¹

In general, it is difficult to count on strong support for Kyiv by the international community in situation, when own Ukrainian court refuses to establish the fact of Russian aggression. On May 12, Shevchenko District Court in Kyiv disallowed the claim of the "Open Court" NGO leader Stanislav Batryna who demanded to recognize the fact of Russian armed aggression against Ukraine. The proceedings lasted for more than a year, since August 29, 2014, i.e. since the time when Russian regular troops openly invaded Ukraine for the first time. **According to the information of the plaintiff, "the President by his representative categorically insisted on refusing to establish the fact of armed aggression."**²² Information about the Kyiv court's decision was widely quoted by Russian media, which is not surprising, for it is difficult to imagine how Ukraine is going to prove the Russian aggression in the international courts, if its own court refused to recognize that fact.

Negotiations in the "Normandy" format and within the Trilateral Contact Group are in stalemate. The proposals of the parties, including the idea of the OSCE armed police mission, are not realistic and thus cannot bring a real solution to the conflict. Expendig time plays into the hands of Moscow, because in the Russia-occupied Donbas, every reminder of Ukraine is being destroyed, people are zombified by aggressive propaganda, and factories' equipment is being taken away to Russia. Soon, it would be nothing to return to Ukraine, except for the war-torn bare ground. In two years of the conflict, Kyiv has not yet proposed a clear, understandable for own citizens and international partners plan of regaining control over Donbas.

²⁰ <http://www.president.gov.ua/news/prezident-u-zaporizhzh-misceva-vlada-maye-vsi-mozhlivosti-d-37027>

²¹ <http://www.radiosvoboda.mobi/a/27727668.html>

²² <http://open-court.org/news/11217/>