

# INTERNATIONAL WEEKLY

**№ 11**

**16.06.2016 – 30.06.2016**



Foreign  
Policy  
Research  
Institute

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FÜR DIE FREIHEIT



## UKRAINE – THE EUROPEAN UNION



### KEY THEME ANALYSIS

#### **BREXIT: POSSIBLE IMPLICATIONS FOR UKRAINE**

*On June 23, 2016, in a referendum, 52% of the Britons voted in favor of withdrawal from the European Union. The loss of the second largest EU economy, the strongest European military power and one of the most influential geopolitical players will have serious implications not only for Europe, but also for its partners, including Ukraine.*

Desire of Brussels, Berlin and Paris to punish London and to intimidate other possible candidate for exit seems to make Brexit process painful, with challenging political and economic consequences. The EU-UK divorce will last for at least two years, and the associated problems are **likely to move Ukraine further down in the EU agenda**. So, Kyiv should not count on meaningful progress in the EU-Ukraine relations in the near future.

On the other hand, Brexit also opens **new opportunities for developing bilateral cooperation between Kyiv and London**. Ukraine's membership in the EU in any case should not be expected in the near future; and Britain after its exit from the EU will have to build deeper economic ties with the non-EU European countries.

Despite the pessimistic forecasts, **Brexit should not necessarily result in postponing of the EU visa-free regime for the citizens of Ukraine**. Of course, the EU needs to keep unity now, and Brussels would hardly dare to put pressure on those countries that oppose granting visa free regime for Ukraine. However, there is a reverse of the coin – Brussels will seek to prove the viability of the European Union even without London, as well as its readiness to fulfil the obligations. So, the positive outcome is still possible, if Kyiv chooses a proper strategy, and instead of criticizing Brussels, does its best to convince of the mutual benefit of visa-free regime those capitals which still oppose this decision.

Berlin and Paris awkwardly try to use Brexit as an opportunity to reinforce their own leadership in the EU, and untimely offer their plan to accelerate European integration.<sup>1</sup> This causes concern in the Eastern European capitals, which are not ready to transfer more sovereignty to Brussels, especially in the post-Brexit less balanced European Union with indisputable dominance of Berlin and Paris. **Czech Foreign Minister Lubomír Zaorálek said that the "Visegrad Four" countries**

<sup>1</sup> <http://www.auswaertiges-amt.de/cae/servlet/contentblob/736264/publicationFile/217555/160624-BM-AM-FRA-DL.pdf>

*questioned the relevance of the proposals of the German and French Foreign Ministers on deepening political integration in the EU.<sup>2</sup> And Robert Fico, Prime Minister of Slovakia that hosts the EU Presidency for the nearest six months, proposed to stop the practice when France, Germany and Italy ran all the affairs in the European Union: "Pivotal decisions on the future of Europe cannot be determined by one or two member countries or by the founding members."<sup>3</sup>*

Most likely, the Germany's and France's persistence in imposing their leadership and their model of integration will have the opposite effect and lead to the fragmentation of the European Union, at best in the form of multi-level integration. In this case, **Ukraine may get a chance to join the subregional integration projects initiated by the EU member states in Eastern Europe.** In particular, it may be about strengthening political and military cooperation with Poland, the Baltic countries and Romania. By the way, in the end of June 2016, the **Polish Sejm Chairman Marek Kuchciński said that at September Economic Forum in Krynica (Poland), the creation of the Interparliamentary Assembly would be proposed, in the format of the Visegrad Four (Poland, Czech Republic, Slovakia, Hungary) + Romania and Ukraine.**<sup>4</sup>

Subregional integration projects might be supported by London, which would have to transform its policy towards the EU, and could be interested in strengthening its ties with Eastern Europe, inter alia for the purpose of keeping therethrough Britain's influence on the EU's policy. Given that the German-French leadership in the EU would be gravitating away from the transatlantic relations; the cooperation at the subregional level might trigger interest in Washington as well.

German and French initiatives to accelerate the EU security and defence integration up to establishing a single EU army may lead to the undermining of NATO solidarity, without proposing any real alternative. **Firstly**, neither Germany, nor France has enough strong army to protect the EU countries in case of a large-scale aggression. **Secondly**, they both lack the political will to do it. Public opinion polls show that the Germans are not willing to send their soldiers to protect the Eastern European NATO/EU member states; and therefore, people of these countries have no reason to rely on Berlin as a guarantor of their security.

In such circumstances, the Eastern European countries may tend to build their own security and defence cooperation with London and Washington, primarily focusing on NATO, not on the EU. However, since London and Washington does not intend to send a significant number of own troops to Eastern Europe, **the enhancement of subregional cooperation may become a reasonable option. This scenario may open the new possibilities for involvement of Kyiv to such subregional cooperation;** given that Ukrainian army has a valuable experience of countering Russian aggression.

After the Brexit, **the EU position on extension of sanctions against Russia will weaken.** Politicians in Berlin and Paris tended to soften sanctions, while London kept the firm stance. Now the fate of this issue is fully in the hands of German and French leaders. On the other hand, even before Brexit, the issue of sanctions was moving towards softening; and London was unable to prevent the eroding of the EU position. Now Berlin and Paris will have to either prove that they are capable to maintain a strong consolidated position of the EU on sanctions even without London, or

<sup>2</sup> <http://www.dw.com/uk/вишеградська-четвірка-проти-поглиблення-інтеграції-в-сс/a-19360632>

<sup>3</sup> <http://www.dw.com/uk/словацьчина-почала-головування-у-раді-сс-із-критики-брюсселя/a-19370438>

<sup>4</sup> <http://www.pravda.com.ua/news/2016/06/26/7112956>

openly admit that they do not have the corresponding capacity and political will.

Being concerned with Brexit, Berlin and Paris may try to quickly find more or less acceptable (for them) solution to the Russia-Ukraine conflict. To that end, they **may increase pressure on Kyiv to force it implement decentralization through emending the Constitution, and to hold the (sham) “elections” in the occupied Donbas on Moscow’s terms**. But actually, even if not for Brexit, the positions of Germany and France would anyway become less favourable for Ukraine. The reason is de facto ongoing election campaigns in these countries, where relations with Russian are among the key subjects for speculations.

Another challenge for Ukraine and the other Eastern European transit countries is the **possible expansion of the “Nord Stream” natural gas pipeline**. After Brexit, Berlin would become more vigorous in its attempts to promote this project that might deprive Kyiv of its transit capacities and make it more vulnerable to Moscow’s energy weapons. On the other hand, Ukraine has already made a number of successful steps towards reducing dependence on Russian gas, and anyway has to finish its way to energy independence.

But perhaps the greatest risk awaits Ukraine in its domestic policy. Kyiv has wasted the time of high Euro-optimistic sentiments, and now it has **to implement reforms on the background of rising Euro-scepticism** and criticism of the policy of integration to the EU which is on its way to disintegration. Another problem is that the authorities will have great temptation to shift on Brexit the responsibility for all the failures in foreign and domestic policy.

**On the other hand, it’s high time to stop referring to reforms as a kind of “homework” for the European integration.** Ukraine needs good governing, independent system of justice, democratic control and competitive economy for its own development. And eradication of corruption should not be considered as a whim of the EU, but a matter of survival of the Ukrainian statehood.

*Brexit creates additional risks for Ukraine, but also opens up some new opportunities. To neutralize the risks and seize the opportunities Kyiv has to build a consistent foreign policy strategy and to implement effective internal reforms – without these, no success in the international stage is possible.*

## UKRAINE – NATO

KEY THEME ANALYSIS**"ANACONDA 2016" NATO MILITARY EXERCISE AT THE BACKGROUND OF THE ALLIANCE'S ERODING SOLIDARITY**

NATO military exercise "Anaconda 2016" was held in Poland with participation of troops from 23 countries, including Ukraine. But the possible effect of this large-scale exercise was negated by the statements of European leaders that indicated the eroding of the Alliance's solidarity.

In June 2016, a large-scale military exercise "**Anaconda 2016**" was held in Poland with participation of 31 thousand troops, 3 thousand vehicles, 105 aircraft and 12 warships from 23 member and partner countries, **including Ukraine**. Besides practicing the coherence on the land, in the sea and in the air, the training was aimed at enhancing a sense of safety in Central and Eastern European countries. **However, this important psychological goal was not reached.** It is unlikely that the population of the Eastern European NATO members can feel secure at the time when the Alliance's military exercise is being criticized by the official representative of Germany, the largest European NATO member state. People has got used to the Kremlin's unfounded criticism and Moscow's statements as if only Russian military exercises are "peaceful" and all the others are nothing but the "sabre-rattling." However, this time, **the Kremlin's posture was openly supported by the German Foreign Minister Frank-Walter Steinmeier, who criticized the NATO's exercise: "We should not continue aggravation of the situation with sabre-rattling and battle cries."**<sup>5</sup>

It is obvious that this statement reflects Mr. Steinmeier's position for the next presidential campaign in Germany, as well as the position of the Social Democratic Party for the next year parliamentary elections. However, **he is still a German Foreign Minister, and therefore his words are considered to be a Berlin's official position**, especially since Chancellor Angela Merkel has not disavowed them.

Mr. Steinmeier's posture was supported by the influential German edition **Die Zeit, which called to ignore the request of Poland and the Baltic countries to increase NATO presence in the region. Moreover, Die Zeit proposed to recognize the Russian annexation of Crimea** arguing that Moscow would never return this peninsular to Ukraine and as if Crimea was always a Russian land, mistakenly transmitted to Ukraine by Nikita Khrushchev.<sup>6</sup>

On June 30, 2016, the result of **YouGov** polls by order of **dpa** agency was

<sup>5</sup> <http://www.dw.com/uk/штайнмаєр-закладає-альянсу-брязкання-зброєю/a-19339618>

<sup>6</sup> <http://www.zeit.de/politik/2016-06/frank-walter-steinmeier-nato-anakonda-16-russland/komplettansicht>



published. It indicates that **49% of the Germans believe in the probability of Russian military invasion to the Baltic countries, but only 9% support the government's intention to send German troops to the region.**<sup>7</sup>

All these makes Germany an unreliable ally in eyes of the Eastern European NATO member countries, and send a signal to Russia that its possible invasion to the Baltics would not meet consolidated Alliance's resistance. But Germany is not the only Ally, whose statements and actions may be considered as a "weak link" in NATO.

**President of Turkey Recep Erdogan (with whom Kyiv's "strategists" hoped to establish a military alliance against Russia) actually apologized to Vladimir Putin for the downed Russian military aircraft "Su-24,"** and asked for the normalization of relations. It is obvious that Moscow accepted the apology; and after Putin-Erdogan telephone conversation, it was announced about gradual lifting of sanctions imposed against Ankara, in particular it was allowed for the Russian travel companies to renew selling vouchers to Turkey's resorts.

A month earlier, the U.S. Congress expressed concern about another Ally – it turned out that **Spain allowed Russian warships, including submarines, to enter its ports and refuel there.** Since 2011, Spain provided services to at least 57 Russian warships on its enclave of Ceuta (on the northern coast of Morocco), including those warships which carried out provocative dangerous manoeuvres near NATO warships.<sup>8</sup>

Besides, on June 16, 2016, during a joint press conference with the President of Bulgaria, the **Prime Minister of this country Boiko Borisov said that Bulgaria would not join the NATO Black Sea fleet,** proposed by Romania to counter strengthening of the Russian military presence in the region.<sup>9</sup> Previously, Turkey and Ukraine expressed their willingness to join this initiative; but after Ankara-Moscow reconciliation and Sofia's refusal, the idea hardly would be implemented.

***The implications of long-term absence of the U.S. leadership in NATO are obvious – the Alliance loses its solidarity together with ability to contain the potential aggressors. Demonstration of the weakening of Article 5 increases the risks of Russian armed aggression against NATO, because Moscow mistakenly believes it can win without much pain. Thus, the pseudo-peaceful statements and actions of some officials in NATO countries actually make a major war even more possible.***

<sup>7</sup> <http://www.dw.com/uk/половина-німців-припускає-вторгнення-москви-у-балтію-опитування/a-19367961>

<sup>8</sup> <http://www.eurointegration.com.ua/news/2016/05/27/7049911>

<sup>9</sup> <http://www.reuters.com/article/nato-bulgaria-blacksea-idUSL8N19835X>

## FOREIGN POLICY OF UKRAINE



### KEY THEME ANALYSIS

#### **WILL UKRAINE PROFIT FROM THE “DIPLOMATIC TOURISM” OF ITS OFFICIALS?**

*In the second half of June 2016, Ukrainian officials, including the President and Prime Minister, paid a number of visits abroad. With that, the number and level of signed documents and agreements reached does not correspond to the number and level of visits.*

**On June 21, 2016, during his working visit to France,** Ukrainian President Petro Poroshenko met with the President of the National Assembly Claude Bartolone and President of the Senate Gérard Larcher. Poroshenko informed his counterparts of the situation in Donbas, called for the EU solidarity in support for the sovereignty and territorial integrity of Ukraine, and expressed pity about the French parliament's resolutions calling to soften sanctions against Russia. However, it seems that it would be more reasonable to bring argument to French colleagues before voting for those resolutions, and not after them.

On the same day, **the President of Ukraine met with his French counterpart Francois Hollande** and thanked him for *"a clear and principled position of our French and German partners, President of the European Commission and leaders of the EU member-states for the continuation of sanctions."*<sup>10</sup> It is hard to say what Petro Poroshenko meant, given that Paris along with Berlin and Rome were exactly those capitals which hampered the EU decision on extending sanctions against Russia. **Ukrainian President also said that current cooperation with France "is at the highest level,"**<sup>11</sup> **though no breakthrough in bilateral relations is known. On the contrary, Paris along with Berlin proposes to soften sanctions against Russia and blocks a visa-free regime for Ukraine.**

**On June 27, Ukrainian President paid a working visit to Brussels;** and in his presence, Foreign Minister Pavlo Klimkin and the EU Commissioner for Research, Science and Innovation Carlos Moedas signed an *Agreement between the Government of Ukraine and the European Atomic Energy Community on scientific and technological cooperation and association of Ukraine in the Euratom program of research and training (2014-2018)*. Besides, Prosecutor General of Ukraine Yuriy

<sup>10</sup> <http://www.president.gov.ua/en/news/prodovzhennya-sankcij-proti-rosiyi-napryamu-povyazano-z-proc-37417>

<sup>11</sup> <http://www.president.gov.ua/news/spivpracya-mizh-ukrayinoyu-ta-franciyeyu-perebuvaye-na-najvi-37419>

Lutsenko and the President of the European Organization for Justice Michèle Coninsx signed an *Agreement on Cooperation between Ukraine and the European Organization for Justice (Eurojust)*. Both agreements are important, but do not meet the Presidential level, and his presence was not required for signing such documents.

In Brussels, **Petro Poroshenko met with the President of the European Council, Donald Tusk, European Commission President Jean-Claude Juncker and President of the European Parliament Martin Schulz.** The parties discussed the abolition of visa regime for Ukraine, though the position of these officials is already well known – they support the introduction of visa-free regime. The visa-free regime is blocked not by Brussels, but by Berlin and Paris; and favorable statements of the abovementioned top European officials hardly can help.

**On June 30, 2016, Ukrainian President paid an official visit to Bulgaria.** There, in his presence, Foreign Minister Pavlo Klimkin and Scientific Secretary General of the Academy of Sciences of Bulgaria Evdokia Pasheva signed an *Agreement between the State Space Agency of Ukraine and the Bulgarian Academy of Sciences on Cooperation in the Framework of the Space Experiment Ionosat-Micro* at the spacecraft Microsat-M. Besides, Pavlo Klimkin and Bulgarian Minister of Youth and Sports Krasen Kralev signed a *Memorandum on Cooperation in the Sphere of Youth*; and Head of the State Emergency Service of Ukraine Mykola Chechotkin and Deputy Minister of the Interior of Bulgaria Krasimir Tsipov signed an *Agreement on Cooperation in Case of Disasters*. With all due respect, the level of the agreements signed did not require the presence of Foreign Ministers, not to mention the Presidents.

**On June 15-17, 2016, the Prime Minister of Ukraine Volodymyr Groysman paid a working visit to the U.S.** He held a series of meetings, including with Managing Director and Chief Operating Officer Sri Mulyani Indrawati, Vice President Joe Biden, Secretary of Commerce Penny Pritzker, Secretary of the Treasury Jacob Lew, Energy Secretary Ernest Moniz, Speaker of the House Paul Ryan, Ambassador to the United Nations Samantha Power, USAID Administrator Gayle Smith, members of the U.S. Chamber of Commerce in Washington, and representatives of the U.S. business. They mainly discussed the reforms in Ukraine and possible support of the United States, especially for reforming of the customs and border guard services of Ukraine, energy sector and roads building. No any important agreement was signed; it was only reported about the possible \$1 billion loan from the World Bank and additional \$220 million aid from the U.S. in support of Ukrainian reforms.

**On June 21, 2016, Washington was also visited by the Head of the Presidential Administration of Ukraine Borys Lozhkin,** who held a meetings with his American counterpart Denis McDonough, Secretary of Commerce Penny Pritzker and Deputy Secretary of Commerce Bruce Andrews, Assistant Secretary of State for Educational and Cultural Affairs Evan Ryan, Under Secretary of State for Political Affairs Wendy Sherman, Zbigniew Brzezinski and Madeleine Albright. With the exception of the general diplomatic phrases,<sup>12</sup> no concrete results of these meetings were reported.

**On June 27, 2016, Ukrainian Prime Minister Volodymyr Groysman, in the framework of his working visit to Germany, met with Federal President Joachim Gauck.** The counterparts discussed the prospects of introducing visa-free regime for Ukraine, and the implementation of the Minsk agreements; though due to the limited constitutional authority German President has no leverage of influence on these issues. The next day, **Volodymyr Groysman met with German Finance Minister Wolfgang Schäuble and Minister for Economic Cooperation and Development Gerd Müller.** The counterparts discussed the prospects of German support for Ukrainian reforms in the customs sector and energy savings, possible

<sup>12</sup> <http://www.president.gov.ua/en/news/glava-administraciyi-prezidenta-ukrayini-boris-lozhkin-zdijs-37425>



participation of German business in privatization and attraction of investments. No concrete agreements were reported.

*A high number of foreign visits of Ukrainian officials in June 2016 resulted in just a few signed agreements, none of which required the presence of top-level officials. The essence of these visits actually corresponded to the level of diplomatic routine, telephone conversations or informal meetings. Frequent top-level visits without concrete significant achievements (in the form of important agreements) may erode the already deteriorating interest of the West towards Ukraine; and this factor should be taken into account by Ukrainian authorities when planning foreign trips in future.*

