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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

RESULTS OF EU-UKRAINE RELATIONS IN 2016

Ukraine–European Union relations in 2016 proved to be challenging. The lack of activity of the parties was of a slight impact, whereas the major case was the influence of independent factors, which had been difficult to predict.

On January 1, 2016 a free trade area between Ukraine and the European Union, previously delayed due to the Russia's demands, finally entered into force. None of the DCFTA provision was amended, since Moscow did not propose Kyiv and Brussels any constructive suggestion during the year-long trilateral talks. In late December 2015 Russia even tried to punish Ukraine by introducing economic sanctions against it, but this step did not reach the goal, as the bilateral trade turnover between Ukraine and Russia has significantly decreased in recent years. Russia's counterparts within the Eurasian Economic Union (EAEU), namely Armenia, Belarus, Kazakhstan and Kyrgyzstan, did not support Moscow's suspending of the CIS free trade area with Ukraine. However, the DCFTA entry into force does not immediately eliminate the problems that constrain Ukrainian producers' entering the European market. Among them are small quotas for Ukrainian exports, the need to bring the quality control to European standards and control of corruption.

Although domestic manufacturers complain about tiny volume of quotas allocated by the EU, political struggles in the Netherlands may suspend or even cancel the Association Agreement. It is known that the Netherlands remains the only EU member that has not ratified the Association Agreement between Ukraine and the EU. At first, the Dutch parliament ratified the agreement¹, but the opposition pushed for a referendum, which was held on April 6, 2016. 61% of voters voted against the ratification of the agreement with Ukraine. This referendum was consultative, but the Rutte government had to respond to the results. At the moment, the cabinet has prepared a preliminary version of the annex to the agreement, which, together with the Association Agreement, may be ratified. If the Rutte government desire to appease through providing this Annex with legal force, it will obviously require ratification by Ukraine and by other member states. As a result, 2016 leaves the problem of the ratification of the Association Agreement unsolved. Such developments induce considerable challenges. **First**, it may be not ratified by the upper house of the

¹ <http://dw.com/p/2UKY0>

parliament. **Second**, if the government seeks a legal status for it, it will require all signatories to the association agreement to ratify it. This development could link the process of ratification of the Agreement with elections in other EU countries, primarily in France.

The issue of **visa-free regime**, not without the participation Ukrainian side, was made hallmark of Ukraine-EU relations. The President of Ukraine Poroshenko, who has repeatedly made public potential dates of launching the visa-free regime, made most efforts in the sphere. By doing so, he put pressure on Brussels and inspired faith in his promises among Ukrainians. But the migration crisis, a series of terrorist attacks and corruption scandals within the Ukrainian ruling elite perplexed internal political discourse in the EU regarding the visa-free regimes with third countries. Senior EU bureaucrats found themselves between hammer and anvil between the positions of some member state governments and the active position of Ukraine. Brussels was forced to consider the possibility of a "downsized version" of visa-free regime by creating a visa suspension mechanism. The only positive news here is that Ukraine fulfilled all desiderates, which are required for receiving a visa-free regime. The President of the European Council Donald Tusk confirmed the latter. The visa issue was approved by the European Commission, but has not been considered yet by the European Parliament.

Normandy format had its ups and downs in 2016. In August there was a risk that it will cease to exist when following the 'Crimean terrorists' incident Russia has declared a unilateral withdrawal from the negotiations. However, during the G20 meeting in Hangzhou, Putin changed his mind and said that although the Normandy format is ineffective, there is no other format. The sides discussed all the same two sets of issues - security (observance of cease-fire and disengagement) and politics (the holding of elections in the occupied territories). However, it has been not agreed on the priority of actions. *Ukraine still managed to achieve the required minimum - EU sanctions against Russia were continued until July 2017.*

Ukraine's relations with the European Union in 2016 were active but fruitless. However, they often became hostage to the internal politics of EU Member States.

UKRAINE – NATO



KEY THEME ANALYSIS

RESULTS OF THE NATO-UKRAINE RELATIONS

On December 31, 2015 Vladimir Putin signed a new National Security Strategy of the Russian Federation, where NATO's activity was called a threat to Russian security. During the year, Russian forces have repeatedly carried out aggressive manoeuvres near the NATO borders. August was especially hot. Then Russian troops conducted a series of exercises near the western borders of Russia. The consistency of military exercises on the western borders of Russia demonstrates the fact that *Moscow continues to associate the Ukrainian case with the wider context of the 'NATO threat'*. Given that the Warsaw Summit was not successful for Ukraine, it seems that Moscow is not satisfied even with this minimal level of cooperation between Kyiv and Brussels.

2016 demonstrated that the *Appeasement of Kremlin seems completely illogical*. These military training exercises are a demonstration of the threat not only to Ukraine, designed to prevent it from Euro-Atlantic integration, but also to NATO members. It was clearly visible during the Interaction-2016 exercises, when CSTO military practiced sending propaganda messages to a simulated NATO enemy with a call to surrender and "stop being puppets in the hands of your leaders"². In this context, the NATO Eastern states' fear of Russian aggression can be considered to be quite reasonable.

However, *the Ukrainian government is not taking advantage of deteriorating relations between Russia and NATO*, and continues to avoid the issue of Ukraine's accession to NATO. On October 10 Defense Minister Stepan Poltorak said that Ukraine has a good chance to get the status of Major non-NATO ally. The same day, Foreign Minister of Ukraine Pavlo Klimkin stated that Ukraine is calculating potential withdrawal from the CIS. *In the context of this year's Warsaw Summit, where President Poroshenko said that Ukraine's membership of NATO is not currently on the agenda, there is a risk that the government does not possess an integral vision on Ukraine's future participation in systems of collective security.*

Ukraine's current military doctrine establishes the course for NATO membership. The government reports on enhancing reforms in the defense sector in order to harmonize it with NATO standards. At the same time, *the President tactically avoids discussing any terms and actually freed NATO from its obligation*

² https://ria.ru/defense_safety/20160818/1474725307.html

to accept Ukraine into its ranks, which had been given during the Bucharest Summit (2008). In the meantime, one can observe active efforts on all fronts in order to get any high-level partner status with NATO without having to undergo the process of accession. During the Warsaw Summit, Petro Poroshenko said that he agreed 'to launch a process that will allow Ukraine to get the status of **partnership with 'advanced capabilities'**, referring to the 'Enhanced Opportunities Program'. Since 2014 Australia, Finland, Sweden, Jordan and Georgia have been cooperating with NATO under this program. The only **problem of this strategy** resides in the fact that *this partnership does not provide any security guarantees*. NATO membership is qualitatively different from any partnership as Article 5 of the Washington Treaty states that an armed attack against one of the NATO member states is an attack against all the other states.

Obviously, there is a sort of understanding within NATO that Russia's actions are hostile and constitute a threat to stability in Europe, but all members do not share this understanding. During 2016 NATO was calculating a strategic decision, which can be briefly described as follows: whether to recognize Russia as a threat to the security of NATO and make the appropriate political and military preparations, or continue to limit itself to graduated responses to any aggressive actions of the **Kremlin, while looking forward to resuming dialogue and the strategic partnership with Russia.**

The **first option** involves increasing the military capabilities of NATO's eastern flank, but also eliminates the possibility of normalizing relations with Russia for the foreseeable future. Given that NATO officials have often repeated its readiness for dialogue with Russia, the first option remains **unlikely**. The practice of stationing an additional several thousand soldiers has apparently become a well-established response of the Alliance to the aggressive actions of Russia. The same step was taken this summer. In our opinion, such actions should be seen as a political signal of support for the Eastern European members of NATO.

One of important milestones in 2016, which certainly will affect the future of NATO and its relations with Ukraine, was Donald Trump winning the presidential elections in the US. Trump once described **the alliance as 'obsolete' and pledged to 'take a look' at US membership because it was 'costing us a fortune'**³. In other words, Donald Trump wants all NATO members to spend 2% of GDP on defense⁴. Currently, such expenditures are observed in only five countries out of 288. This approach seems to be a rather realistic one, given the fact that German Chancellor Angela Merkel earlier this month promised to work on reaching a two percent level of defense spending⁵.

The outcomes of the US presidential election have stirred up the internal processes in the EU. For the first time since the 1950s, serious talks about the prospects of a defense alliance have resumed. On November 14, EU countries agreed to strengthen cooperation in the defense and security sector to achieve 'strategic autonomy'⁶. This plan would allow the EU to send its **crisis response forces** abroad before UN peacekeeping forces can take over. According to Mogherini, governments have agreed on using so-called EU battle groups of 1,500 personnel, which have been operational since 2007 but never used. However, the creation of a European army was not considered. Overall, the **Action Plan is devoid of clear phrasing and does not**

³ <http://www.reuters.com/article/us-trump-putin-nato-commentary-idUSKBN1391>.

⁴ <https://rusi.org/commentary/donald-trump-dispassionate-look-his-military>.

⁵ <http://www.dw.com/en/merkel-germany-to-heavily-increase-bundeswehr-budget/a-3605426>.

⁶ <http://www.reuters.com/article/us-eu-defence-idUSKBN1391HH>

envisage increased defense spending, but the plan broke taboos that have restrained European defense cooperation since the 1950s.

As a result, *Russia's aggressive policy triggers a natural reaction within NATO, but the latter lacks consistency*. Despite the aggressive rhetoric and actions of the Kremlin, NATO emphasize on their *readiness for dialogue*. Deploying four tactical groups in the Baltic States and Poland is *not an attempt to protect these states against potential aggressors*. Instead it resembles a *step to soothe and support the country on the eastern border of NATO*. As for **NATO-Ukraine relations**, the greatest concern is the fact that the Ukrainian government virtually abandoned the course to join NATO. *The lack of any articulation of why this choice was made raises questions. However, Ukrainian government's strategic goals tell nothing about NATO membership, but suggest seeking various 'partnerships' instead. However, the latter provide no collective security guarantees.*



FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

REVISION OF UKRAINE'S FOREIGN POLICY FOR 2016

Minsk process in 2016 can hardly be called successful, but the situation in Ukraine could be worse. During the year there was an ongoing low-intensity conflict in Donbas. The diplomatic initiatives that were generated by the Minsk process did not bring significant changes. The main reason, why the ceasefire initiative failed, was ***the old contradiction between the so-called political and security tracks of the Minsk process.*** Neither the Minsk Accords nor Minsk II gives a clear plan of working on the agreed points. Ukrainian side continues to insist that the elections in Donbas may be possible in case of cessation of hostilities. In this case, the security for citizens and political parties expressing a desire to participate in the election will be ensured. In addition, one of the requirements of Kyiv is withdrawal of Russian troops from the occupied territories and transfer of control over it to the OSCE mission.

The Russian side, in contrast, focuses on the need for elections and demands from Kyiv to pass a law that would legalize the elections in the occupied territories. The roadmap of Minsk agreements, creation of which was agreed at the Normandy Four meeting in Berlin on October 19, has not been agreed in detail. As for tactical issues, currently, there are two contradictions between the parties of the Trilateral Contact Group. They are demilitarization of Debaltsevo and exchange of prisoners. Ukrainian side insists that according to the Minsk Accord of 2014 Debaltsevo falls into line of demarcation, and thus Russian troops must be withdrawn from this city. As for the prisoners, the parties cannot agree on the exact number of prisoners that can be exchanged.

In 2016 ***right-wing parties and specifically Eurosceptics gained considerable popularity in Europe.*** On December 1, Francois Hollande said he would not run for a second term in the presidential elections in 2017. Obviously, Hollande withdrew from the race to allow other members of the Socialist Party to participate in the elections, although recent polls show that any candidate of the Socialists has poor chances of getting to the second round of presidential elections in France. The front-runners in the elections are Francois Fillon, who in late November won the right-of-centre primaries, and the leader of the 'National Front' Marine Le Pen. The popularity of both right candidates is explained by the same political tendencies that applied to the US elections and Brexit - the fear of Islamic fundamentalism and

globalization, as well as a return to traditional values. In the case of Europe, there is another important stimulus, represented by the migration crisis.

Analysts say that both right-wing leaders have quite a loyal attitude towards Russia. Bilateral relations with Moscow and European sanctions have become a major topic of recent debate among centre-right politicians. This situation will cause difficulties in sanctions negotiations next year. And *if Eurosceptics, such as Le Pen, win the next election it may undermine the unity of not only the EU's Russia policy, but the whole Common Foreign and Security Policy.*

Victories in the international institutions. The Parliamentary Assembly of the Council of Europe, at a plenary session on October 12, adopted two resolutions that are directly connected with the issue of Russian aggression in Ukraine. The first resolution is titled 'Political consequences of the Russian aggression in Ukraine'; the second is 'Legal remedies for human rights violations in the Ukrainian territories outside the control of the Ukrainian authorities'. The mentioned resolutions postulate that the 'DPR' and 'LPR' are effectively controlled by Russia. This statement significantly limits the negotiating capacity of Russia, which has always argued its nonparticipation in the conflict. These documents legally secure a number of important points on which the Ukrainian position is grounded. One cannot predict how the resolution will affect Russia's position. However, these resolutions proved that the interpretation of the conflict in eastern Ukraine by the European community is ultimately close to the Ukrainian version.

On November 14, 2016 the Office of the Prosecutor of the International Criminal Court (ICC) issued a report on the preliminary examination of activities as to the events in Ukraine. This document is important because it provides an international legal assessment of Euromaidan events, the annexation of Crimea and the conflict in Eastern Ukraine. According to this report, the ICC noted that the situation within the territory of Crimea and Sevastopol amounts to an international armed conflict between Ukraine and Russia, which began at the latest on 26 February 2014. If international law experts in recent years argued that common Article 2 of the four Geneva Conventions of 1949 definitely qualifies occupation of any part or all of the territory of one state by another state as an international armed conflict, whether or not the occupation meets with armed resistance, this position now receives official validation in the report of the Office of the Prosecutor of the ICC.

Throughout 2016 the war in **Donbas and the occupation of Crimea** continued to be one of the key issues on Ukraine's foreign policy agenda. Over the year, *we achieved no success that might bring us closer to solving these problems.* At the same time, *Ukraine managed to perpetuate part of its argumentation in the documents of international organizations. On the other hand, the political process within the EU indicates that there is a high probability that resumption of cooperation with Russia will become a dominant position in several EU countries. In this situation one should not assume that the sanctions would be extended automatically every year. As a result, Kyiv's room for manoeuvre within the Minsk format reduced.*

COUNTERING RUSSIAN HYBRID WARFARE



KEY THEME ANALYSIS

IN 2016 VLADIMIR PUTIN DREW NEARER RUSSIA'S VICTORY IN HYBRID WAR AGAINST WEST

At the very end of December 2016, Barack Obama decided to deport 35 Russian diplomats from the US and imposed new sanctions against Russian intelligence agencies. The United States imposed new sanctions against Russia for its attempts to influence elections in France, Germany and other countries as well as in connection with cyber-attacks that affected the process of presidential elections in the United States. The sanction's list of contained Chief General Staff of the Armed Forces (GRU) Igor Korobov, his deputies Vladimir Alekseev, Sergey and Igor Hyzunov and Igor Kostiukov together with hackers Aleksei Bilan and Evgeny Bogachev⁷. However, Putin reacted to this Obama's decision rather indulgently and did not resort to symmetric responses, being absolutely sure that these sanctions will be lifted and expelled Russian diplomats will return to their posts following after Donald Trump will come to the White House.

These hopes are not groundless. In fact, Barack Obama's actions at the end of his presidency are nothing like 'waving his fists after the fight.' After all, Obama completely defeated the diplomatic war to Putin. And not only diplomatic ...

In 2016 Putin created the necessary prerequisites for victory in the war in Syria, significantly weakening the US position and surpassing the US in the region. **First**, the Russian military contingent along with government troops achieved victory over the Syrian opposition. **Second**, he mastered the key strategic communications and major Syrian cities such as Latakia, Damascus, Aleppo. After the military defeat, the Syrian opposition groups were pushed to an open area, where they became an easy target for the Russian Air Force. **Third**, Putin managed to create anti-American bloc in the Middle East, which includes Russia, Turkey and Iran. **Fourth**, the leaders of the Arab countries realized that security issues are now being managed in Moscow but not in Washington.

⁷ Лавров придумав, що робити Путіну через видворення послів зі США. <http://tsn.ua/svit/lavrov-pridumav-scho-robiti-putinu-cherez-vidvorenniya-posliv-zi-ssha-856424.html>

It is understood in the White House. It is clear that Barack Obama defeated the diplomatic struggle with Putin. They realised that America no longer can cope with global challenges alone, and therefore the new administration has no choice but to negotiate with Russia on a partnership or alliance to contain China or the fight against Islamic terrorism. ***Donald Trump will seek dialogue with Russia, that's why he will make drastic geopolitical concessions.***

Another Vladimir Putin`s victory in hybrid warfare was the electoral division of America and the rise of Donald Trump to power. Of course, Russia had no direct influence on the course of the race. According to the canons of hybrid warfare, this effect was indirect. The goal of hybrid warfare against the United States in 2016 was not electing Donald Trump, but ***dispelling the belief in American democracy and democratic values.***

George Soros describes the effectiveness of methods used by Putin in hybrid war against the West: "At first he tried to take control of social media. And then made a brilliant move: he used the business model of social media to spread false information and fake news, mislead voters and destabilize democracies. That's how he helped Trump be elected. The same is likely to occur in the European electoral season in 2017 in the Netherlands, Germany and Italy. In France, the two leading candidates are close to Putin and seek to appease him. In case of victory of any of them, Putin's dominance in Europe will become fait accompli"⁸.

It threatens the values on which the EU was founded. The problem is that the method, which Putin used to destabilize the democracy, cannot be used to restore respect for the facts and a balanced vision of reality. The European Union is on the verge of collapse with the economic growth slowdown and the refugee crisis breaking out of control. Now, the EU has to go through the experience, similar to what the Soviet Union face in the early 1990s, - says George Soros⁹.

Thus, the way to revision of results of the Cold War world will open. Putin can suggest Trump convening "New Yalta", but on the terms of Russia. This will be a condition for resumption of dialogue with Russian, which is sought by Donald Trump. In the meantime, it is the ultimate goal of the Russians hybrid war against the West.

⁸ Відкрите суспільство потребує захисту: Джордж Сорос про зміни та загрози у 2017 році.
<http://www.eurointegration.com.ua/articles/2016/12/31/7059668/>.

⁹ Ibidem.