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The events in Ukraine in 2013–2014 did not reveal any new, deep-rooted contradictions between Kiev and Moscow; they had existed long before, albeit not so acutely. They have, however, triggered the fiercest confrontation between the two biggest countries in the post-Soviet space, which has raised numerous questions regarding the future of Russian-Ukrainian relations, along with exposing a whole range of serious problems within the entire international security system.

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Introduction

The Ukrainian crisis has become the main event of 2014 in the former Soviet space, it has also started to play a crucial role among the issues that have a direct impact on European security and the entire system of international relations.

The events in Ukraine in 2013–2014 did not reveal any new, deep-rooted contradictions between Kiev and Moscow; they had existed long before, albeit not so acutely. They have, however, triggered the fiercest confrontation between the two biggest countries in the post-Soviet space, which has raised numerous questions regarding the future of Russian–Ukrainian relations, along with exposing a whole range of serious problems within the entire international security system.

The Ukrainian crisis has revealed a significant political divide between Russia and the West. It has become a marker of how greatly Russians and Europeans differ in their perceptions of the problems of nation-building, regional issues, the search for integration models, regional and global leadership and the division of responsibility among the leading players in international politics. A fundamentally new page was turned in the confrontation between Russia, on the one hand, and the United States, NATO and the European Union, on the other.

The crisis brought an end to two decades of Russia's attempts to overcome the legacy of the Cold War, draw a line under existing differences (on the situations in the Balkans, the Middle East and the former Soviet states, particularly Transnistria and the conflicts surrounding Abkhazia and South Ossetia) and seek integration and cooperation with the Western world. Moscow has consistently opposed Western intervention in ethnopolitical conflicts outside the UN framework, the unilateral self-determination of the former Serbian autonomous territory of Kosovo, and the expansion of NATO into the former Soviet Union without taking Russia's foreign policy interests into account.

These attempts have been replaced by confrontation. Unlike the Cold War, the current stand-off does not have a clearly pronounced ideological or global nature (despite Ukraine's importance, it does not dominate the entire global agenda) and is not centred on blocs, as was the case with NATO and the Warsaw Pact. The new confrontation involves the rigid assertion of each party's geopolitical and economic interests, including military and political intervention and unilateral revision of state borders.

Washington and its European allies have certain differences in their approaches to Russia's actions in Ukraine, but these are not strategic differences.

As the Ukraine crisis escalated, the differences in the perception of international relations and security between Russia, Europe and the United States were exacerbated. Washington and its European allies have certain differences in their approaches to Russia's actions in Ukraine, but these are not strategic differences and primarily concern the effectiveness of sanctions against Russia, their scope

and the prospects for interaction with the current Russian leadership. At present, the West is united in its belief that Moscow has violated international law and the foundations of the world order. In the United States and the European Union, those politicians and experts who regard Russia as an archaic political force that is focused on strengthening authoritarian practices within the country and restoring the Soviet Union in one form or another saw their views gain significant momentum in 2014.¹

Russian officials, for their part, are focusing on strengthening the country's sovereignty, asserting its independence in the international arena and protecting vital national interests, as well as respecting the principle of sovereignty of all nations and the importance of transforming the existing world order into a polycentric one.²

Throughout post-Soviet history, there have been two conflicting approaches in Ukraine: the national identity and the rational bureaucratic approach.

For Ukraine, 2014 was truly a turning point, both in terms of nation-building and of identifying its foreign policy priorities. A country that had balanced between Russia and the West over the entire period following the collapse of the Soviet Union drastically altered the vector of its policy and taken a clear Euro-Atlantic course. This movement took place simultaneously with the transformation of the Ukrainian concept of national statehood.

Throughout post-Soviet history, there have been two conflicting approaches in Ukraine: the national identity vector, which is based on the idea of a new political identity and rejects the “imperial legacy” that did not distinguish the Soviet Union from the Russian Empire; and the rational bureaucratic approach focused on establishing an effective bureaucracy with minimum emphasis on “national features” as a tool for public consolidation.

In 2014, the former approach secured an unequivocal victory, which triggered serious tensions in Crimea and southeast Ukraine. This led to a change in Crimea's jurisdiction, which Ukraine and the West regard as annexation and occupation, and Russia views as the restoration of historical justice and the result of the free will of the Crimean people, alongside the conflict in the Donbass region. Kiev's choice of the powerful identification-based concept involving strong opposition to Russia contributed to a sharp aggravation in all the tensions that had been building up between the two nations for the entire post-Soviet period.

Thus, the Ukrainian crisis currently has several dimensions.

The first dimension involves tensions in relations between the West and Russia caused by competition in the post-Soviet space as well as various assessments of European security and ways to achieve it. The second dimension involves Russian-Ukrainian tensions, in which Russia views Ukraine as a sphere of vital interests — an essential component of its integration projects and a factor that

¹ Aslund A. Kick Russia out the G-8. URL: <http://www.foreignpolicy.com/2012/05/15/kick-russia-out-of-the-g-8>

² Bugayskaya Y. 13 Meetings with Kerry. Russian Foreign Minister Sees Protracted Cooling in U.S.-Russian Relations. URL: <http://www.rg.ru/2014/10/21/lavrov.html> (in Russian).

helps to consolidate society. Ukraine, for its part, seeks to shape and build its own concept of statehood and sees Russia as an obstacle to achieving this goal. The third dimension is the armed conflict in Donbass and the clashes within the Ukrainian elite. They weaken Ukraine from the inside, impede bridging the significant regional differences and complicate Moscow's search for appropriate negotiating partners. Finally, the fourth dimension is the issue of Crimea. It is firmly entrenched in the international agenda, seriously complicating the full integration of the peninsula into the socioeconomic, public and political space of Russia.

Under the circumstances, there are several core objectives for Russia's policy in Ukraine:

1. Prevent Ukraine from becoming a buffer zone between Russia and the European Union.
2. Ensure the neutral or non-aligned status of Ukraine (the most to be achieved) and the freezing of Euro-Atlantic integration (the least to be achieved) as well as the maximum possible decentralization of this country in order to create safeguards against the outbreak of large-scale regional conflicts and the use of Ukrainian territory as a competition platform between Russia and the West.
3. Work for pragmatism in relations with the Ukrainian elite as well as with Kiev's Western allies to settle (or at least freeze) the armed confrontation in Donbass and reach agreements that would allow for future negotiations on the status of the Donbass regions. In this context, the Minsk agreements signed in February 2015, despite all their shortcomings and contradictions, could give an impetus to this process.
4. Start searching for partners in the Ukrainian political arena today. It must be kept in mind that many at first glance far from pro-Russian political forces, and their leaders are well aware of the importance of taking Russia's views on the Ukrainian issue into account, despite the current negative image of the country in Ukraine. They realize that Russia will nevertheless have influence over Ukraine, and also understand the advantages of maintaining Russian—Ukrainian economic ties.

Such a legacy from the Cold War as the “Russia Out” principle should also be replaced in this process with inclusive approaches that take Russia's interests into account.

The settlement of the Ukrainian crisis should act as the start of full-fledged negotiations on providing European security based on the lessons learned from it. Such a legacy from the Cold War as the “Russia Out” principle should also be replaced in this process with inclusive approaches that take Russia's interests into account.

This report offers a comprehensive analysis of various aspects of the Ukrainian crisis — the internal political dynamics, socioeconomic development and the international response of key players. The report also includes a forecast of possible future changes in the situation and practical recommendations for the Russian government.

1. The Economic Component of the Ukrainian Crisis

Ukraine's economic development has been inconsistent and uneven since the collapse of the Soviet Union. From 1989 to 1999, the country's GDP contracted by almost 61 per cent. However, from the start of the 21st century until the onset of the global financial and economic crisis, Ukrainian GDP growth rates averaged roughly 7.5 per cent per year.³ Serious problems in the economy appeared in September 2008, eventually leading to a 14.8 per cent decrease in GDP in 2009.⁴ The government resorted to emergency measures, obtaining loans from the International Monetary Fund (IMF) in the amount of \$16.4 billion in 2008,⁵ and \$15.1 billion in 2010.⁶ However, the country never began carrying out structural reforms. In 2010, economic growth resumed at around 5 per cent per year, but slowed to 0.3 per cent in 2012.⁷ The situation was close to critical and the start of hostilities in the Donetsk and Luhansk regions, along with Crimea's reunification with Russia only exacerbating it.

Crimea and Donbass: The Price Paid

From a purely economic standpoint, the impact of Crimea's departure from Ukraine has not been very significant and is estimated at approximately 3.8 per cent of the country's total GDP.⁸ Crimea did not have high living standard indicators: GDP per capita was under 5,000 euros in 2012 compared with the average of 6,800 euros for the country, and the maximum 20,700 euros in a number of regions.⁹ Crimea accounted for 1.6 per cent of total exports from Ukraine and roughly the same proportion in 2013.¹⁰

The Luhansk and Donetsk regions, the so-called Donbass, have much greater significance for the Ukrainian economy. In 2012, the Donetsk Region had one of the highest per capita GDP levels in the country at 20,700 euros, while per capita GDP in the Luhansk region was in the 6,500—9,500 euro range.¹¹ Donbass accounted for 16 per cent of Ukraine's GDP in 2013. The Donetsk Region ranks

³ Aslund A. Why is Ukraine So Poor? Op-ed in RBC Daily. Moscow, November 5, 2014.
URL: <http://www.iie.com/publications/opeds/oped.cfm?ResearchID=2705>

⁴ World Economic Outlook: Legacies, Clouds, Uncertainties. International Monetary Fund. October 2014, p. 188.
URL: <https://www.imf.org/external/pubs/ft/weo/2014/02/pdf/text.pdf>

⁵ IMF Approves US\$16.4 Billion Stand-By Arrangement for Ukraine. Press Release No. 08/271. International Monetary Fund. November 5, 2008. URL: <http://www.imf.org/external/np/sec/pr/2008/pr08271.htm>

⁶ IMF Executive Board Approves US\$15.15 Billion Stand-By Arrangement for Ukraine. Press Release No. 10/305. International Monetary Fund. July 28, 2010. URL: <http://www.imf.org/external/np/sec/pr/2010/pr10305.htm>

⁷ World Economic Outlook: Legacies, Clouds, Uncertainties. International Monetary Fund. October 2014, p. 188.
URL: <https://www.imf.org/external/pubs/ft/weo/2014/02/pdf/text.pdf>

⁸ Adarov A., Astrov V., Havlik P., Hunya G., Landesmann M., Podkaminer L. How to Stabilise the Economy of Ukraine. Final Report. The Vienna Institute for International Economic Studies, 2015, p. 13.
URL: <http://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

⁹ Ibid, p. 14.

¹⁰ Movchan V., Giucci R., Ryzhenkov M. Ukrainian Exports to Russia: Sector and Regional Exposure. Technical Note Series [TN/03/2014]. Institute for Economic Research and Policy Consulting and German Advisory Group. Berlin/Kyiv, May 2014. URL: http://www.beratergruppe-ukraine.de/download/TN/TN_03_2014_en.pdf

¹¹ Adarov A., Astrov V., Havlik P., Hunya G., Landesmann M., Podkaminer L. How to Stabilise the Economy of Ukraine. Final Report. The Vienna Institute for International Economic Studies, 2015, p. 14.
URL: <http://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

number one in terms of the number of major enterprises with 103, while the Luhansk Region has 28.¹² Donbass accounted for 25.2 per cent of total Ukrainian exports and 7.7 per cent of total imports.¹³

The signing and ratification of the Ukraine—European Union Association Agreement on September 16, 2014 means that the geographical distribution of foreign trade flows may change over time, while the European Union's role as Kiev's economic partner could expand. Under this Agreement, an EU—Ukraine free trade zone is to be created within ten years. However, a trilateral ministerial meeting between Russia, Ukraine and the EU officials on September 12, 2014 resulted in the postponement of the trade and economic bloc of the Agreement until December 31, 2015.¹⁴ Russia confirmed that the free trade regime between the CIS and Ukraine will remain until all the necessary consultations and negotiations are held. Russia and the European Union account for roughly equal proportions of Ukrainian exports (approximately 30 per cent in 2013).¹⁵ Exports to Russia made up 8.3 per cent of Ukrainian GDP in 2013, while exports to the European Union accounted for only 0.8 per cent.¹⁶ While Russia is one of Ukraine's main trading partners, Ukraine's share in total Russian imports fell to 5.7 per cent in 2012 compared to 8.1 per cent in 2004.¹⁷

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Within the regional structure of Ukrainian exports to Russia, the Donetsk Region ranked first (18 per cent) in 2012,¹⁸ while the Luhansk and Zaporizhia regions tied for third (with 10 per cent of the country's total exports). The proportion of Crimean goods in total Ukrainian exports to Russia did not exceed one per cent.¹⁹ The proportion of exports to Russia for specific regions, rather than of Ukraine as a whole, is also worth analyzing. Thus, in 2012, Russia accounted for 43 per cent of exports from the Luhansk Region, 22 per cent of exports from the Donetsk Region, and 29 per cent of exports from Crimea exports.²⁰ Almost 10 per cent

¹² Ukrainian State Statistics Service – Number of Enterprises by Size and Region in 2013. URL: www.ukrstat.gov.ua (in Ukrainian).

¹³ Adarov A., Astrov V., Havlik P., Hunya G., Landesmann M., Podkaminer L. How to Stabilise the Economy of Ukraine. Final Report. The Vienna Institute for International Economic Studies, 2015, p. 14. URL: <http://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

¹⁴ Alexei Ulyukayev: Implementation of EU—Ukraine Agreement Postponed until 31 December 2015. URL: <http://www.economy.gov.ru/minec/press/news/120920142022> (in Russian).

¹⁵ Adarov A., Astrov V., Havlik P., Hunya G., Landesmann M., Podkaminer L. How to Stabilise the Economy of Ukraine. Final Report. The Vienna Institute for International Economic Studies, 2015, p. 14. URL: <http://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

¹⁶ Special Comment: Russia and the EU: EU economies would be resilient to a Russian recession. May 9, 2014. URL: https://www.moody.com/research/Moodys-EU-economies-would-be-resilient-to-a-Russian-recession-PR_299000

¹⁷ Movchan V., Giucci R., Ryzhenkov M. Ukrainian Exports to Russia: Sector and Regional Exposure. Technical Note Series [TN/03/2014]. Institute for Economic Research and Policy Consulting and German Advisory Group. Berlin/Kyiv, May 2014. URL: http://www.beratergruppe-ukraine.de/download/TN/TN_03_2014_en.pdf

¹⁸ *Ibid.*, p. 7.

¹⁹ *Ibid.*, p. 7.

²⁰ *Ibid.*, p. 7.

of all products manufactured in the Luhansk Region were exported to Russia,²¹ the highest indicator among all regions, compared to 6 per cent for the Donetsk Region and 2 per cent for Crimea.²²

Russia and the European Union account for roughly equal proportions of Ukrainian exports (approximately 30 per cent in 2013).

Why Default?

The simplest definition of default is the late payment of interest or principal on debt obligations. As regards the government, one of the key macroeconomic indicators suggesting default is the amount of state debt as a percentage of GDP. Ukraine's state debt made up 41 per cent of GDP in 2013.²³ According to different forecasts, it could surpass 60 per cent of GDP in 2014. At first glance, these figures do not seem catastrophic, particularly since state debt exceeds 100 per cent of GDP in a number of European countries. In 2015, Ukraine is due to repay debt totalling \$11 billion, including \$3 billion to Russia. The problem with Kiev's position is not the amount of debt as such, but the virtual absence of resources to service the debt. In December 2014, the country's foreign exchange reserves shrank to \$7.5 billion, compared with \$17.8 billion in January 2014, a 57 per cent decrease.²⁴ As of November 2014, the Ukrainian Central Bank stopped conducting foreign exchange interventions to support the hryvnia's exchange rate in order to keep part of the reserves. As a result of this policy by the National Bank of Ukraine, the hryvnia depreciated by 66 per cent against the dollar: from 7.9 hryvnia per dollar in 2013 to 24.5 hryvnia per dollar as of February 2015.²⁵ Experts from Deutsche Bank Research estimated the probability of default at 17.8 per cent in mid-March 2015.²⁶ Only Venezuela has a higher probability of default at 19.6 per cent.²⁷ Given the deterioration in the economic forecasts for Russia and the lowering of the country's sovereign rating by leading rating agencies, the probability of default in Russia is estimated at 6.8 per cent (see Figure 1).²⁸

In 2015, Ukraine is due to repay debt totalling \$11 billion, including \$3 billion to Russia.

For Russia, the risk of default primarily comes from the decline in oil prices and high refinancing rate, which will hinder business development. Ukraine needs immediate injections into its economy so it can make payments, above all to the private sector.

²¹ Ibid, p. 7.

²² Ibid, p. 7.

²³ International Monetary Fund. Report for Selected Countries and Subjects. URL: http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/weorept.aspx?sy=2012&ey=2019&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=41&pr1.y=6&c=926&s=GGXWDG_NGDP&grp=0&a=

²⁴ Ukraine. Time Series Data on International Reserves. Foreign Currency Liquidity. URL: <http://www.imf.org/external/np/sta/ir/IRProcessWeb/data/ukr/eng/hstukr.pdf>

²⁵ National Bank of Ukraine. URL: <http://www.bank.gov.ua/control/en/curmetal/detail/currency?period=daily>

²⁶ Deutsche Bank Research. URL: <https://www.dbresearch.com>

²⁷ Sovereign Defaults Probabilities Online. Deutsche Bank Research. URL: [https://www.dbresearch.com/servlet/reweb2.ReWEB?rnode=DBR_INTERNET_EN-PROD\\$NAVIGATION&rwbj=CDS.calias&rwsite=DBR_INTERNET_EN-PROD](https://www.dbresearch.com/servlet/reweb2.ReWEB?rnode=DBR_INTERNET_EN-PROD$NAVIGATION&rwbj=CDS.calias&rwsite=DBR_INTERNET_EN-PROD)

²⁸ Ibid.

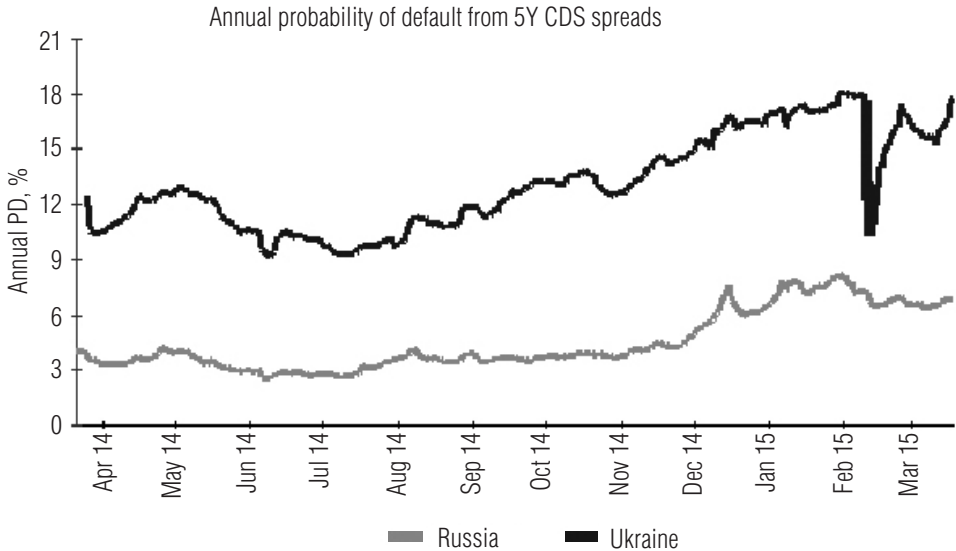


Figure 1. Probability of Default Based on Spreads on Credit Default Swaps (%)

Source: Sovereign Defaults Probabilities Online ([https://www.dbresearch.com/servlet/reweb2.ReWEB?rwnode=DBR_INTERNET_EN-PROD\\$NAVIGATION&rwobj=CDS.calias&rwsite=DBR_INTERNET_EN-PROD](https://www.dbresearch.com/servlet/reweb2.ReWEB?rwnode=DBR_INTERNET_EN-PROD$NAVIGATION&rwobj=CDS.calias&rwsite=DBR_INTERNET_EN-PROD))

Reforms and/or Money?

In an interview to the German newspaper *Die Welt* in early February 2015, Ukrainian President Petro Poroshenko reported that the military operation in Donbass was costing the country 5—7 million euros per day.²⁹ On top of this, there has been a 25 per cent reduction in operations by industrial enterprises, damage caused to infrastructure and housing in the conflict zone, zero economic growth and the outflow of approximately two million people from Donbass, with roughly one million of them registered as internally displaced persons in other parts of Ukraine,³⁰ and more than 800,000 entering Russia.³¹ These circumstances cast doubt on the feasibility of stabilizing the economic situation in the country in the short-term, or even the medium-term. An IMF loan for \$17.5 billion, which was approved on March 11, 2015, means that rapid economic reforms and austerity policies will have to be implemented.³² IMF experts are giving extremely optimistic forecasts and believe that these funds will enable Ukraine to achieve economic growth of roughly 2 per cent by 2016, despite the fact that GDP is expected to decline by 5 per cent in 2015.³³ Natalie Jaresko, Minister of Finance of Ukraine

²⁹ Poroshenko warnt vor Folgen eines «Hybridkrieges» // *Die Welt*, 05.02.2015.
URL: <http://www.welt.de/politik/ausland/article137127529/Poroshenko-warnt-vor-Folgen-eines-Hybridkrieges.html> (in German).

³⁰ Internally Displaced Persons.
URL: <http://www.unhcr.org/ua/uk/khto-mi-dopomagaemo/litsa-peremeshchennyye-vnutri-strany> (in Russian).

³¹ Number of Refugees from Ukraine in Russia Doubles. URL: <http://www.kommersant.ru/doc/2653539> (in Russian).

³² IMF Executive Board Approves 4-Year US\$17.5 Billion Extended Fund Facility for Ukraine, US\$5 Billion for Immediate Disbursement. Press Release No. 15/107. International Monetary Fund. March 11, 2015.
URL: <http://www.imf.org/external/np/sec/pr/2015/pr15107.htm>

³³ *Ibid.*

plans to reach a decision on the restructuring of Ukrainian debt and thus save the country \$15 billion over four years. However, negotiations have been very difficult and slow.³⁴ The Ukrainian government receives loans not only from the IMF, but also from the World Bank, the European Union, the European Investment Bank and the European Bank for Reconstruction and Development. Such active borrowing also increases the risk of default on international payments.

The reforms that the Ukrainian government is, or is preparing, to carry out will likely prove to be unpopular among the public. An almost 300 per cent increase in domestic gas prices, a decrease in the number of hospitals and reforms of the pension system, combined with the devaluation of the national currency and an increase in spending on military equipment could trigger increased social unrest and protests. The government's priorities include combating corruption, reforming the energy sector (reforming Naftogaz of Ukraine in accordance with the provisions of the European Union's Third Energy Package) and state-owned enterprises as well as expanding the tax base and transitioning to an electronic system of collecting VAT.³⁵ The National Anti-Corruption Bureau and the Anti-Corruption Agency have already been established and the position of business ombudsman has been instituted. Anders Aslund, a prominent expert on the economy of former Soviet countries, suggests that the European Union should recall the Marshall Plan for post-war Europe and provide Ukraine with funds, with a portion of them granted free of charge.³⁶ George Soros has also suggested actively financing Ukraine with funds from European countries.³⁷ Andrius Kubilius, former Prime Minister of Lithuania proposed allocating 3 per cent of the European Union's GDP to Ukraine over a period of six years in the form of grants. In July 2014, Kiev set up a working group called the "Marshall Plan for Ukraine", which was headed by Volodymyr Groysman, former Vice Prime Minister of Ukraine.

In late April 2015, Kiev hosted a conference attended by representatives of 56 countries on the feasibility and conditions for providing additional financial assistance to Ukraine. The conference participants expressed dissatisfaction with the extremely slow pace of reforms in the country and emphasized the need for reforms, in particular in the gas sector. The EU representatives nevertheless promised to provide the next tranches of macro-financial help to Ukraine for a total of 1.8 billion euros in the form of loans, financial help and grants, and another 70 million euros for the construction of a new shelter for the destroyed power unit of the Chernobyl Nuclear Power Plant. The United States is also planning to provide \$18 million in humanitarian aid to Ukraine, as well as \$2 billion in long-term guarantees.³⁸

³⁴ Jaresko Not Ruling out Collapse in Debt Restructuring Negotiations // RIA Novosti Ukraine. May 18, 2015.
URL: <http://www.rian.com.ua/economy/20150518/367684088.html> (in Russian).

³⁵ A Hundred Days of Government: The Way towards Stabilization.
URL: <http://www.mfa.gov.ua/en/press-center/notes/3671-100-dniv-dijalnosti-uryadu-shlyah-do-stabilizacii>

³⁶ Aslund A. An Economic Strategy to Save Ukraine.
URL: <http://www.piie.com/publications/interstitial.cfm?ResearchID=2707>

³⁷ Soros G. A New Policy to Rescue Ukraine.
URL: <http://www.nybooks.com/articles/archives/2015/feb/05/new-policy-rescue-ukraine>

³⁸ International Conference on Assistance to Ukraine and the Physical Fatigue of its Partners // RIA Novosti Ukraine. April 29, 2015. URL: <http://www.rian.com.ua/analytics/20150429/366878835.html> (in Russian).

On the one hand, when hostilities are taking place in part of the country and the economic situation is catastrophic, loopholes may appear for all sorts of financial fraud. On the other hand, a military conflict provides the opportunity to not only

The involvement of EU and U.S. leaders in Ukraine's fate, the concern of neighbouring countries about their own security and the active lobbying for the supply of weapons to the country indicate that efforts are being made to avoid default in Ukraine.

request loans, but also to count on donor assistance. Ukrainian President Petro Poroshenko's negotiations with Western allies on the provision of military and technical support suggest that there will be no quick settlement to the conflict despite the agreements reached in Minsk. The involvement of EU and U.S. leaders in Ukraine's fate, the concern of neighbouring countries about their own security and the active lobbying for the supply of weapons to the country indicate that efforts are being made to avoid default in Ukraine. It should be noted that this above all refers to a default on obligations to foreign creditors; since Ukraine's foreign debt totalled \$135 billion in 2014 (70 per cent of the country's GDP).³⁹ The provision of financial assistance by international organizations and foreign governments, even free of charge, may ultimately prove to be cheaper than the consequences of a default.

It will not be easy for leaders of European nations to agree on this issue, taking into account the economic plight of certain EU member nations (Greece, Spain and others) and the numerous attempts by their leaders to obtain financial assistance from Brussels for economic recovery, let alone taxpayers who would prefer to spend budget funds in a different manner.

³⁹ Ukrainian State Statistics Service. Special Standard for the Dissemination of IMF Data / Official exchange rate of Hryvnia against foreign currencies, period average. URL: <http://www.ukrstat.gov.ua> (in Ukrainian).

2. Post-Soviet Ukraine: Features and Contradictions of National State Development

After gaining independence, Ukraine became the second most prominent country in the post-Soviet space in terms of population and economic potential. This led to talk about Ukraine quickly joining the world's most developed nations, especially considering its enormous industrial, scientific, educational and cultural potential.⁴⁰

In 1991, Ukraine gained statehood for the first time in its history within the borders inherited from the Soviet Union. The brief existence of the Ukrainian People's Republic (UNR), Ukrainian State, West Ukrainian People's Republic (ZUNR) and several other entities during the period of civil war cannot truly be regarded as actual states. However, this does not justify assertions about the artificial nature of Ukrainian statehood that are often heard both in the press and op-eds as well as the academic community.⁴¹

In this regard, Ukraine is not a unique case. There is a whole list of nations that have been established relatively recently through the fairly rapid unification of the country under the auspices of a single centre due either to revolution or to the collapse of a large multi-ethnic or imperial institution, or as a result of foreign political affairs. Such nations still have serious regional differences and there are sometimes separatist or regional sentiments, as well as discussions about the choice of foreign policy orientation (e.g. Belgium and Italy).

The old Soviet elite remained in power in Ukraine since the early 1990s, armed with their national slogans and adapting to the conditions of independence. This prompted the well-known Ukrainian journalist Alexander Krivenko to describe the new elite of post-Soviet Ukraine as "the product (alloy) of communists and nationalists."⁴²

The people who left the Communist Party of Ukraine, dissidents, nationalists and the emerging Ukrainian businesses formed a consensus about the idea of national independence and building a new statehood. The conglomerate of post-Soviet elite ensured the operation of the country's political system for many years. It was based on certain attributes of democracy, such as a competitive political process, a high level of freedom of speech (permitted, however, not within a particular "influence group", but between them) and pluralism, which in turn did not mean that strong state institutions did exist. It was the result of a complex balance of interests between various political and financial-economic groups, in which neither of them had total dominance. This was all accompanied by an

⁴⁰ Ukraine: Problems of Security / Carnegie Moscow Center. Scientific Reports. Issue 12. Moscow, 1996 (in Russian).

⁴¹ A striking example of this approach is Andrei Medvedev's film Project Ukraine (2015).
URL: <http://www.youtube.com/watch?v=bvpAeGq44Q> (in Russian).

⁴² Bondarenko K. Yevgeny Kushnarev and the End of Ukrainian Classical Politics.
URL: <http://www.vecherniy.kharkov.ua/printnews/48355> (in Russian).

unprecedented decline in infrastructure, fast growth in corruption, a slump in demographics and the emigration of the most active members of society — namely, young people.

This deep-rooted social crisis was the main cause of the events that came to be known as the “Orange Revolution”, or the “First Maidan”. Despite the unconditional support of outside forces, they were primarily caused by internal factors. The events that occurred in late 2004 and early 2005 were a reflection of social protest combined with demands for national development, which was seen by many participants as a guarantee of westernization and the improved quality of the authorities and governance. The confrontation between Western and Eastern Ukraine became acutely apparent even then, in particular in the assessments of the “First Maidan”.⁴³ The new authorities that came to power on the wave of protests over subsequent years largely discredited themselves by engaging in political quarrels and gradually squandering their goodwill. Meanwhile, the problem of nation-building was simply postponed, but not resolved.

Deep-rooted social crisis was the main cause of the events that came to be known as the “Orange Revolution”, or the “First Maidan”.

The election of Viktor Yanukovych in 2010 and the success of his Party of the Regions at the 2012 parliamentary elections were to some extent revenge for the political defeat suffered by Eastern Ukraine during the Orange Revolution.⁴⁴ However, under the new president, the quality of the authorities and governance became worse. A balanced policy turned into flip-flopping between the integration projects under the auspices of Russia and the European Union. This situation created express conditions for the “Second Maidan” — a powerful political factor that would play a decisive role in the overthrow of Viktor Yanukovych and the change of power in the country.

⁴³ Orange Revolution. Ukrainian Version: Collection of Articles. Moscow: Europa, 2005 (in Russian).

⁴⁴ Elections of the Ukrainian President. January 17, 2010. URL: http://www.cvk.gov.ua/vp_2010; Elections of the People's Deputies of Ukraine. October 28, 2012. URL: http://www.cvk.gov.ua/vnd_2012 (both in Ukrainian).

3. Ukraine after the "Second Maidan": Internal Political "Rehabilitation"

Starting from February 2014, the Ukrainian national concept has dramatically changed. Following the collapse of the Soviet Union, it represented a compromise between the altered modification of the Ukrainian Soviet Socialist Republic and the nationalism fostered in the intellectual community of the western part of the country and within the diaspora. After the "Second Maidan", the country's national concept started shaping into "rehabilitation" — that is a through clean-up of the political landscape in order to get rid of the forces that proved to be unprepared for the new post-Maidan status quo. In less than 12 months the Party of the Regions (the former ruling party that focused on the elite interests in the southeast part of the country) and the Communist Party of Ukraine, sceptical about European and North Atlantic integration, have disappeared from the political scene. Only a few representatives of the Party of the Regions and the Communist Party have managed to stay in the new political realities. As a result, a new party system was established in which there is virtually no division of conventional pro-Russian and anti-Russian forces.

At the parliamentary elections in October 2014, virtually all the parties and blocs involved in the election race were focused on keeping distance from Russia and approving the national concept (the Ukrainian language as the only state language along with the unitary structure of the state) with the emphasis not on civil unity, but on loyalty to the "revolutionary ideals of Maidan" and on rapprochement with the European Union and NATO in order to create a counterweight to Moscow. Virtually the only force that has not acted in unison with the dominant political agenda is the Opposition Bloc (9.43 per cent by party lists and 29 seats in the Verkhovna Rada, including two candidates in single-member districts) led by former Minister of Energy and Coal Mining of Ukraine Yuriy Boyko.⁴⁵ During the election campaign in September—October 2014 this association advocated neutrality, preserving Ukraine's non-aligned status, ending the bloodshed, the government's resignation, the dissolution and prohibition of illegal armed groups and the prosecution of those responsible for shelling villages in the southeast. It is remarkable that both during and after the campaign the Opposition Bloc is perceived by its opponents and enemies as a party that is not fully prepared to protect the country's national interests and almost as a fifth column.

Based on the parliamentary election results, several previously prominent politicians (above all Yulia Tymoshenko and also Anatoliy Hrytsenko) who were prepared to support the new national consensus and take part in its affirmation lost a significant portion of the electorate.⁴⁶ It can be assumed that they will be unable to vie for leading roles in Ukrainian politics in the foreseeable future.

However, there remains a competition within the dominant political and ideological trend between various interest groups, specifically between President Petro

⁴⁵ Extraordinary Elections of Deputies of Ukraine. October 26, 2014. URL: http://www.cvk.gov.ua/vnd_2014 (in Ukrainian).

⁴⁶ Ibid.

Poroshenko's team, Prime Minister Arseniy Yatsenyuk's supporters and oligarch organizations. Particularly prominent among the latter the former Dnipropetrovsk Region Governor Ihor Kolomoyskyi's team, which plays an essential role in establishing volunteer units to take part in the "anti-terrorist operation" (ATO) in Donbass.

The new Ukrainian authorities are distinguished by their serious dependence on the West (above all Washington), which plays on the conflicts between the two leading parliamentary parties. One of them — the People's Front — is more radical and relies on significant support from people in the western part of the country. Appointing foreigners to ministerial and senior posts in the government is also typical,⁴⁷ which in the strict sense of the word cannot be regarded as external management. However, this step clearly constraints Ukraine's sovereignty and, most importantly, shows a lack of trust in its own personnel.

A distinctive feature of the new Ukrainian concept is the militarization of politics and ideology. The lists of candidates for almost all the blocs elected to parliament were headed either by individuals directly involved in the ATO in the southeast, or people who fully supported military action against the separatists or their leaders. The People's Front set up a so-called Military Council that included Dnipro Battalion commander Yuriy Bereza (number 10 in the party list), Artemivsk Battalion commander Konstantin Mateychenko, Azov Battalion commander Andriy Biletsky, Chernihiv battalion commander Roman Pitskiv and Mirotvorets Battalion commander Andriy Teteruk. Also joining the Military Council was career military officer and Special Forces regiment commander, Ukrainian Army Colonel Valentin Pikulin, who distinguished himself in the defence of Donetsk International Airport.

A distinctive feature of the new Ukrainian concept is the militarization of politics and ideology.

The candidates from the Petro Poroshenko Bloc in the single-member district include Andrey Denisenko, leader of the Right Sector of Dnipropetrovsk and the chief of staff of the National Defence of the Dnipropetrovsk Region. The second name on the list of the Self Reliance Party (10.97 per cent, or third place on the party lists, first place in the majority constituency and 32 seats in the Rada) was Semen Semenchenko, the commander of the Donbass Battalion, formed in April 2014.⁴⁸ He is known for brokering ceasefire and martial law upon arriving in Kiev on June 9, 2014.⁴⁹ The number one candidate in the All-Ukrainian Union Fatherland (5.68 per cent based on party lists, or 19 seats) was pilot Nadezhda Savchenko,⁵⁰ a volunteer with the Aydar Battalion, who is accused by Russian law enforcement agencies of involvement in the murder of journalists from the All-Russia State Television and Radio Broadcasting Company crew on June 17, 2014 outside Luhansk. She pushed the ambitious Yulia Tymoshenko, who is not inclined

⁴⁷ Fedyakina A. Cabinet with Emphasis. URL: <http://www.rg.ru/2014/12/03/kabmin-site.html> (in Russian).

⁴⁸ Ukrainian Cooperative Movement of the Early Twentieth Century. URL: <http://www.samopomich.ua/ru/history> (in Russian).

⁴⁹ Donbass Battalion Commander Semenchenko Removes Ski Mask. URL: <http://www.vz.ru/news/2014/9/1/703376.html> (in Russian).

⁵⁰ Extraordinary Elections of Deputies of Ukraine. October 26, 2014. URL: http://www.cvk.gov.ua/vnd_2014 (in Ukrainian).

to fade into the shadows, to the second place. Using this extraordinary solution, the former Ukrainian prime minister attempted to mobilize the nationalistic and protest voters. Oleh Lyashko, the leader of the Radical Party (7.44 per cent based on party lists, 22 seats) was very actively involved in the conflict in the southeast of Ukraine.⁵¹

Thus, the prominent figures in the new Verkhovna Rada have become representatives of forces that are responsible (directly or indirectly) for conducting the ATO and outrages against the civilian population. Regardless of the leaders' preferences, aversions and the contradictions between them, they are not promoting the idea of a dialogue with citizens, but rather the idea of suppressing the separatists and, with the Western help, punishing Russia for providing assistance to the people's republics of Donbass. The voices of those who want peace and are searching for a way out of the deadlock in Russian—Ukrainian relations are too weak today to be considered an important factor in Ukraine's domestic and foreign policies.

The prominent figures in the new Verkhovna Rada have become representatives of forces that are responsible for conducting the ATO.

Major disparities are still present in the regions and presidential power remains relatively weak. The events of December 2014 in the Vinnytsia Region (a conflict between the governor and The Regional Council Chairman led to a local "Maidan", with administrative buildings being seized) and the Zaporizhia Region (an attempt to remove the mayor of Zaporizhia and block the city council) are vivid examples of this. In particular, they highlight the urgent need for decentralization and regional reforms.⁵²

Despite the significant strengthening of the anti-Russian discourse, radical nationalists who exploit the idea of the ethnic superiority of Ukrainians did not get seats in the parliament. Their influence primarily remains on the street, where they organize actions to intimidate political opponents. They have not become a parliamentary force, and for now the authorities have succeeded in preventing them from gaining ground in the central government. Based on this, claims about the Nazi nature of the regime do not appear to be correct, despite obvious attempts to officially revise history of World War II, the importance of Soviet victories, and the attitude towards the Ukrainian Insurgent Army and the Organization of Ukrainian Nationalists.⁵³

Contemporary Ukrainian politicians, including the new individuals on the political scene, are funded by the previous oligarch clans. In particular, Ihor Kolomoyskiy

⁵¹ Ibid.

⁵² The Events in Vinnytsia and Zaporizhia.
URL: http://www.analitik.org.ua/current-comment/int/54918ff2d5e72/pagedoc1096_4 (in Russian).

⁵³ It is worth noting that the first version of the Ukrainian Government formed after the overthrow of Viktor Yanukovich represented members of the Svoboda nationalist bloc (Oleksandr Sych, Ihor Shvaika, Andriy Mokhnyk and Ihor Tenukh, who was quickly sacked as minister of defence due to his ineffectiveness in ensuring the security of Crimea). The Svoboda representatives left the government in November 2014 following the elections to the Verkhovna Rada, in which the bloc received no seats. See: V. Vorobyov, Kiev Preparing for New Maidan.
URL: <http://www.rg.ru/2014/11/12/kiiev-site.html> (in Russian).

funds Andrey Sadovoy and Self Reliance, as well as Arseniy Yatsenyuk and the People's Front; Viktor Pinchuk, Dmytro Firtash and Leonid Yurushev allocate money to Yatsenyuk; and Serhiy Lyovochkin sponsors the Opposition Bloc and Radical Party. Ukraine still features a mixed oligarch system that is not currently based on East–West balance, but on anti–Russian ideology, which in many ways is involuntarily uniting virtually all political forces. After losing Crimea and the Donbass conflict, the Ukrainian population has become much more united (in the southeast only 198 deputies were elected from single–member districts, instead of 225).⁵⁴ Three factors enhance political homogenization: Ukrainian propaganda; Russia's image, which is systematically built by Kiev; and opposition to Moscow's actions in Crimea and Donbass among some of the residents of these territories, who have been displaced in central and western Ukraine.⁵⁵

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However, not all prominent politicians are opponents of Moscow. As the parliamentary elections showed, a significant portion of the population in Eastern Ukraine continues to vote for the opposition forces. The latter, after expelling from its ranks the most odious leaders from the Party of the Regions, managed to create an independent, albeit small, fraction in parliament.⁵⁶ The Opposition Bloc has a chance to retain some support in southeast Ukraine in the future. Meanwhile, internal political problems that the new authorities will inevitably face may lead to a change in the sympathy of voters that does favour the “national and patriotic forces”. It should also be noted that most of the leaders in the pro–presidential party are not radical, even though the idea of preserving Ukraine's integrity and unitariness unites the party.

The changes in the elite must also be taken into account. It is no coincidence that the “Lord of Zakarpattia” Viktor Baloha,⁵⁷ along with Ihor Kolomoyskyi's Deputy Hennadiy Korban proposed that a referendum be held on the preservation of the self–proclaimed Luhansk People's Republic and Donetsk People's Republic within Ukraine or on their secession. Public sentiment may also change under the influence of political dynamics. In particular, according to a study conducted by the Kiev International Institute of Sociology commissioned by the *Zerkalo Nedeli* newspaper, almost 62 per cent of respondents believe the fighting in Donbass makes sense, but only 18.5 per cent of them expressed a desire to take Crimea back from Russia. A total of 23.5 per cent of respondents believe that Crimea has

⁵⁴ According to the Central Elections Commission, elections will not be held in 15 Donbass districts.
URL: <http://www.rus.newsru.ua/ukraine/25oct2014/nevidbydysia.html> (in Russian).

⁵⁵ The Ukrainian crisis has demonstrated that the rejection of the “Second Maidan” and even sympathy towards Russia, do not mean automatic support for separatist sentiments. On the contrary, representatives of different parts of Ukraine have managed to consolidate based on the idea of preserving the country's territorial integrity. See V. Nekhezin. Sociologist: Ukraine Uniting Against Putin.
URL: http://www.bbc.co.uk/russian/international/2014/03/140314_ukraine_public_opinion (in Russian).

⁵⁶ Makarychev O., Ageyeva Y., Steshenko T., Genova Y. Southeast Votes for Opposition Bloc and Former Regional Residents.
URL: <http://www.vesti-ukr.com/harkov/75070-jugo-vostok-progolosoval-za-oppozicionnyj-blok-i-jeks-regionalov> (in Russian).

⁵⁷ Viktor Baloha served as Head of the Secretariat of the President of Ukraine from September 2006 to May 2009.

been "lost forever".⁵⁸ Another important marker is the mobilization status (the first stage of the fourth mobilization wave began in Ukraine on January 20). According to Yuriy Biryukov's estimates, presidential advisor and aide to the minister of defence, "17 per cent of reservists crossed the border" in the Chernihiv Region in January 2015 and "in neighbouring Romania, all the motels and hostels are filled with draft dodgers."⁵⁹

If a compromise is reached on the situation in the southeast, they are fully capable of exerting influence on the authorities in order to build pragmatic relations with Moscow, even given the pending status of the issue of Crimea and the problems in Donbass. Over the course of 2014, a number of politicians appeared on the Ukrainian political scene who, while being sponsored by well-known financial and industrial groups, represent a new generation similar to the politicians who came to power in Central European countries during the post-communist period.

For the Americans, the Ukrainian project is a serious long-term strategy. It is obvious that at this stage the United States and the Ukrainian authorities as represented by the President will focus on strengthening the armed forces and executive power.

Early spring 2015 in Ukraine was marked by the beginning and development of interesting trends directly related to external support, specifically Washington's policy with respect to its Ukrainian partners.⁶⁰ This primarily concerns the obvious attempt to strengthen the monolithic nature of the political field and the role of the president, enhance the manageability of Ukraine as a whole and prevent uncontrolled regionalization. Some of the distinctive features of this process are the return of control over the companies UkrTransNafta and Ukrnafta; the resignation of Ihor Kolomoyskyi and his inner circle; the dismissal of certain deputies connected to Kolomoyskyi from the Petro Poroshenko Bloc; attacks on Prime Minister Yatsenyuk's political course,⁶¹ as well as the People's Front,⁶² and the integration of paramilitary structures and volunteer units into the Armed Forces of Ukraine.⁶³

All these events indirectly suggest that for the Americans, the Ukrainian project is a serious long-term strategy. It is obvious that at this stage the United States and the Ukrainian authorities as represented by the President will focus on strengthening the armed forces and executive power. At the same time, the IMF will continue to provide assistance to Ukraine in an amount sufficient to prevent

⁵⁸ Only 20 Per Cent of Ukrainians Dream about the Forced Return of Crimea from Russia – Poll.
URL: http://www.zn.ua/UKRAINE/ob-otvoevanii-kryma-u-rossii-mechtaet-tolko-20-ukraincev-opros-162966_.html (in Russian).

⁵⁹ Kiev Accuses Residents of Western Ukrainian Regions of Disrupting Mobilisation.
URL: <http://www.voicesevas.ru/news/yugo-vostok/9203-v-kieve-obvinili-zhiteley-zapadnyh-oblastey-ukrainy-v-sryve-mobilizacii.html> (in Russian).

⁶⁰ Coming for Kolomoyskyi: Vladimir Linderman on the Threat Hanging over the Oligarch.
URL: <http://www.yug.svpressa.ru/blogs/article/116410/?aam=1> (in Russian).

⁶¹ Country Declares Hunt for People's Front and Yatsenyuk – Bortnik.
URL: <http://www.rian.com.ua/analytics/20150409/365989215.html> (in Russian).

⁶² Processes Taking Place in Ukraine Are Typical Political Fuss – Experts.
URL: <http://www.rian.com.ua/analytics/20150411/366115132.html> (in Russian).

⁶³ Right Sector Leaving the Front.
URL: <http://www.delo.ua/ukraine/pravyj-sektor-uhodit-s-peredovoj-294607/> (in Russian).

total economic breakdown. However, the latest events should not be viewed as a mere deviation from the oligarchical system. It is more likely the first step towards reshaping the system in favour of greater stability and preventing one of the oligarchs from strengthening his position. Kolomoyskyi, as an active organizer of volunteer units and a man with serious political ambitions, already posed a threat to Kiev authorities and their American supervisors. Given that the United States sided with President Poroshenko in this conflict, Kolomoyskyi was unable to put up serious resistance and preferred to preserve his business.

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As regards information about Prime Minister Yatsenyuk's possible resignation, it probably should not be expected in the near future.⁶⁴ This is a case of a governmental reshuffle and the weakening of the prime minister's political weight. However, it is difficult to assume that on the eve of local elections and in the middle of an economic crisis, some senior politicians (e.g. Andrey Sadovoy or Verkhovna Rada Chairman Volodymyr Groysman) would prefer to take over as prime minister.

Here Russian diplomacy has little space for manoeuvring in Ukraine.

Another key event was the decision to ban Soviet and Nazi symbols.⁶⁵ While the May 9 holiday has been preserved, the term "Great Patriotic War" is no longer used. With respect to this ideological matter and the issue of historical memory, the current Kiev authorities took an extremely radical approach — a combination of nation-building with a Baltic type of de-Sovietization.⁶⁶ Such actions by the authorities, which aim to consolidate society by rejecting the Soviet legacy, are primarily targeted at the younger generation, so that it would lose ties with modern Russia's values. This could certainly bring results a few years, but the fact that Ukraine is very different, not only from the Eastern European countries where such de-Sovietization took place, but also from the Baltic countries, is often overlooked. It is obvious that such decisions may prove to be potentially dangerous for Ukrainian statehood and create more problems — intergenerational, interregional, problems with the perception and interpretation of history and artistic culture, as well as the creation of a general pantheon of heroes and outstanding figures for the country. After all, the leaders of the Ukrainian Insurgent Army and the Organization of Ukrainian Nationalists who are currently being promoted in this role will never become generally accepted heroes for all of Ukraine.

⁶⁴ Karasaev: Yatsenyuk's Resignation Would Benefit Everyone (video). URL: <http://www.fakty.ictv.ua/ru/index/read-news/id/1547653> (in Russian).

⁶⁵ Media: Ban on Soviet Symbols Suggests Radicalisation of Ukraine. URL: <http://www.ria.ru/world/20150412/1058151636.html> (in Russian).

⁶⁶ "Such Self-Cleansing Would Be Unprecedented if it Didn't Contribute to Cheap Political Cynicism" (Political Scientist Georgy Bovt). URL: <http://www.kommersant.ru/doc/2708056> (in Russian).

In general, here Russian diplomacy has little space for manoeuvring in Ukraine. Today, the forces that are calling for a normalization with Moscow are either openly marginal (the Communist Party) or subjected to powerful informational and political pressure (the Opposition Bloc).⁶⁷ Even the idea of cooperation with Russia is regarded as indulging separatism and destroying Ukrainian unity. In this regard, for Russia, the feasibility of working with Ukrainian political elites is extremely low and comes down to three factors: 1) interaction with the presidential administration on matters concerning the implementation of the Minsk Agreements on the settlement of the armed conflict in Donbass; 2) the negotiating process with the relevant departments of the national government to ensure Russian energy transit through Ukraine to Europe; 3) contacts on individual socioeconomic and political matters (special mention should be made here of matters concerning essential services for Crimea). Business ties that were preserved regardless of the unresolved political problems should also be added to the abovementioned formats.

Even the idea of cooperation with Russia is regarded as indulging separatism and destroying Ukrainian unity.

Thus, after these changes Russian diplomacy should focus not so much on institutional forms of cooperation, but on the contacts between the administration, ministries and departments, the expert community and the private sector. It would be wrong to build cooperation exclusively along party lines. In the different segments of the Ukrainian political landscape (with the exception of extreme radicals), one can always find people who are willing to search for common ground in order to make bilateral relations more pragmatic. However, the organization of new forms of cooperation must be addressed systematically and proactively. They should be not simply ad hoc contacts, but also formats proposed by Moscow, both publicly and privately.

⁶⁷ Ukrainian politicians, experts and journalists often view the Opposition Bloc's activities as those of a fifth column that aim to destroy Ukrainian unity. See: Cherevko A. Opposition or Fifth Column: What is the Opposition Bloc Doing under the Dome of the Rada? URL: <http://www.glavcom.ua/articles/26254.html>; Vysotsky S. What is the Difference between the Opposition and a Fifth Column? Ukraine May Not Survive a Third Time in Power by the Party of the Regions. URL: http://www.liga.net/opinion/213893_v-chem-raznitsa-mezhdu-oppozitsiy-i-pyatoy-kolonnoy.htm (both in Russian).

4. Russia—Ukraine: Conflict over Territorial Integrity

The victory of the “Second Maidan” intensified the polarization of Ukrainian society on a geographical basis and exacerbated separatist movements in the southeast of the country. It should be noted that this was to a large extent facilitated by the new Ukrainian authorities’ radical position. Upon replacing Yanukovych’s Party of the Regions, they initiated the abolition of the law on regional languages.⁶⁸ While the resolution of the Verkhovna Rada from February 23, 2014 was vetoed right away on March 1,⁶⁹ the very fact that it emerged was enough to provide a strong boost to Russophile and pro-Russian sentiments in Crimea and in a number of southeast regions (primarily the Donetsk, Luhansk and Kharkiv Regions).⁷⁰ The demonstrations were initially against the new political leaders, who the participants believed were violating the country’s constitution and usurping power. However, soon the protests escalated into a battle for certain territories to secede from Ukraine and join Russia.

The victory of the “Second Maidan” intensified the polarization of Ukrainian society on a geographical basis and exacerbated separatist movements in the southeast of the country.

Moscow’s support for the separatist aspirations in Southern and Eastern Ukraine, which was viewed as a guarantee for the country to not join NATO, had various consequences.

The beginning of the new phase in the Ukrainian crisis — the confrontation between Moscow and Kiev based on differences over the Ukrainian territorial integrity, given attempts at self-determination by large groups of the population in border regions — started in Crimea, where Russia’s policy relied on a mass Russophile movement and military presence. Moreover, it is particularly important that the Russian contingent had been stationed there on the basis of intergovernmental agreements. This created favourable conditions to support a referendum, on the

⁶⁸ This law officially took effect on August 10, 2012. It required record-keeping and speeches within local government bodies to be made in the language of national minorities if they make up more than 10 per cent of the region’s population. People were granted the right to file requests with the authorities and receive responses in the regional language. Russian was then immediately recognized as a regional language in the majority of Ukraine’s southeastern regions. See: Rada Abolishes Law on Regional Languages Officially Permitting Bilingualism. URL: <http://www.newsru.com/world/23feb2014/norussianplz.html> (in Russian).

⁶⁹ A total of 232 of 334 deputies registered in parliament voted for the resolution on the “language law”. When vetoing the resolution, acting President Oleksandr Turchynov, who at the time was speaker of the Verkhovna Rada, declared that a new law was needed, one that would be “fully balanced” and take the interests of Eastern and Western Ukraine into account, including all ethnic groups and national minorities. See: Chairman of the Verkhovna Rada of Ukraine Oleksandr Turchynov Commissions Preparation of New Law on Languages. URL: <http://www.rada.gov.ua/news/Novyny/Povidomlennya/88685.html> (in Ukrainian).

⁷⁰ According to a survey conducted by the Kiev International Institute of Sociology (early April 2014), approximately 70 per cent of respondents in the Donetsk Region, and 61 per cent of respondents in the Luhansk Region, regarded the “Second Maidan” as an armed coup that was supported by the West. See: Opinions and Views of Residents of Southeast Ukraine: April 2014. URL: http://www.zn.ua/UKRAINE/mneniya-i-vzglyady-zhiteley-yugo-vostoka-ukrainy-aprel-2014-143598_.html (in Russian).

basis of which the Autonomous Republic of Crimea seceded from Ukraine and joined Russia.⁷¹

The plan for holding the referendum and the peaceful neutralisation of Ukrainian forces on the Crimean Peninsula was implemented without virtually any losses. Almost two-thirds of the Ukrainian military men, including Commander of the Ukrainian Navy Denis Berezovsky, swore allegiance to Russia and the military facilities were peacefully transferred to Moscow's control. But it should not be forgotten that this plan was reinforced by two key conditions — the majority of the Crimean residents were ready to make such a radical choice meanwhile the Ukrainian civil and military administration was paralyzed.

The situation was quite different in the southeast regions of Ukraine, particularly outside of the two regions of Donbass. In this area, the opponents of the new authorities in Kiev and proponents of secession or the country's federalization made up a significant portion of the population, but not the vast majority. They were hoping for success, and most of all were counting on the collapse of government as such and a reluctance to intervene in the conflict on the part of the internal affairs agencies and the army, where many of Yanukovich's appointees remained.⁷² A negative factor for Russia in these regions was the position of local businessmen and politicians who spoke in support of the territorial integrity of the Ukrainian state.⁷³

The question of whether the new Ukrainian leadership committed a mistake by not granting the demands of the southeast — at least partially — remains debatable. But there can be no doubt about the fact that Ukraine's unitariness would have been weakened if clear concessions had been given to the movement in Donbass, and the issue of decentralization or federalization would have been put on the agenda. However, this was not the case, as Kiev opted for a military solution by announcing that an "anti-terrorist operation" would be launched.

Russia, while not recognizing the referendum results in the self-proclaimed Donetsk and Luhansk people's republics (DPR and LPR), nevertheless provided

⁷¹ The Russian military presence in Crimea was based on a set of agreements between Ukraine and Russia signed on May 28, 1997 – on the division of the Black Sea Fleet, the status and conditions of the Russian fleet's stay on Ukrainian territory, and the mutual settlements of the two governments. On April 21, 2010, agreements were signed in Kharkiv to extend the deployment of the Russian Black Sea Fleet in Ukraine until 2042 (i.e. for a quarter century longer than what was stipulated in the 1997 agreements). See: On the Termination of Agreements Concerning the Stay of the Black Sea Fleet of the Russian Federation on Ukrainian Territory. Federal Law No. 38–FZ of the Russian Federation dated 2 April 2, 2014. URL: <http://www.rg.ru/2014/04/03/soglashenia-dok.html> (in Russian).

⁷² According to the Kiev International Institute of Sociology, in southeast Ukraine outside of the Donetsk and Luhansk Regions an average of only 37 per cent of respondents view the new authorities in Kiev as illegitimate. See: Opinions and Views of Residents of Southeast Ukraine: April 2014. URL: http://www.zn.ua/UKRAINE/mneniya-i-vzglyady-zhiteley-yugo-vostoka-ukrainy-aprel-2014-143598_.html (in Russian).

⁷³ The reaction of prominent and influential businessman and owner of the 1+1 television channel Ihor Kolomoyskiy was a good example. In connection with the Congress of Deputies from Ukraine's Southeast Regions and Crimea held in Kharkiv on February 22, 2014 (which was viewed as a possible platform to support Yanukovich), he stated: "Separatism will not succeed in a single southeast region of our country. I want all politicians to take a sober look at the situation and form a position, above all taking into account the Ukrainian Constitution and the Criminal Procedure Code. Anyone who tries to go against the unity of Ukraine will certainly fail." See: Kolomoyskiy on the Congress in Kharkiv: Separatism Will Fail. URL: <http://www.unian.net/politics/888121-kolomoyskiy-o-syezde-v-harkove-separatizm-ne-proydet.html> (in Russian). Kolomoyskiy was soon appointed Governor of the Dnipropetrovsk Region, which became the outpost for Kiev's "anti-terrorist operation" in Donbass. The new Ukrainian authorities received support from such influential businessmen and politicians in the southeast as Serhiy Taruta (who served as Governor of the Donetsk Region from March 2 to October 10, 2014) and Ihor Baluta (Governor of the Kharkiv Regional Administration from March 2, 2014 to February 3, 2015).

them with substantial support. Moscow's intervention undoubtedly made it possible to stop the advance of the Ukrainian army, although Russia paid a huge price in return as a new, tougher set of sanctions was introduced and relations with the United States and the European Union became even further strained.⁷⁴

In terms of the idea of "Greater Novorossiia", today it is clear that the particularities of the regional processes in Ukraine were obviously underestimated, the calculations for the destabilization of the situation proved to be inaccurate and the LPR and DPR failed to receive support in other regions of southeast Ukraine outside of Donbass. As a result, the initiative to create a large-scale protest movement throughout Southern and Eastern Ukraine that was about to take place in spring 2014 had to be dropped.⁷⁵ However, the latest parliamentary elections showed that many people in the southeast regions under Kiev's control continue to support the opposition. This was evident, in particular, in the voting for the Opposition Bloc and the ignoring of the elections. The low turnout in this case cannot be blamed solely on the traditional voting participation indicators in this part of Ukraine. We can assume that in the event of a rift in the Ukrainian authorities and economic destabilization, it is entirely possible that an anti-Maidan protest movement (not necessarily a separatist movement) may emerge in these regions. In this case, we may see a potential source for building relations in order to promote Russian interests.

⁷⁴ At a press conference with OSCE Chairman Didier Burkhalter on May 7, 2014, Vladimir Putin appealed to the leaders of the self-proclaimed republics with a request to postpone the referendums scheduled for May 11. The referendums nevertheless took place in the two "people's republics". According to their election commissions, the turnout in the DPR was approximately 74.87 per cent, of which just over 89% voted for sovereignty. Turnout in the LPR was 81 per cent, with more than 96 per cent of voters expressing support for the republic. Kiev declared the voting results were rigged. See: Tishchenko M. Kiev is Not the Law. Donbass Holds Referendums without Permission. URL: <http://www.lenta.ru/articles/2014/05/12/referendum> (in Russian).

⁷⁵ In early January 2015, political strategist and publicist Alexander Borodai, who held the position of DPR prime minister from 16 May to 7 August 2014, said in an interview: "There is no Novorossiia. Of course, we all use this term, but frankly it's a false start. Novorossiia is an idea, a dream, so to speak. It's an idea that failed to materialise. It failed to materialise for a number of objective reasons". See: "There Is No Novorossiia": Former DPR Leader Admits that the Concept Failed in Donbass. URL: <http://www.glavred.info/politika/novorossii-net-eks-glavar-dnr-priznal-chto-proekt-na-donbasse-provalen-299569.html>

5. The Foreign Policy Dimension of the Ukrainian Crisis

The Ukrainian political crisis, aggravated by the change in Crimea's status and the armed stand-off in Donbass, sparked the most intense confrontation between Russia and the West (the United States and the European Union) since the end of the Cold War.

The differences between Moscow, on the one hand, and Washington and Brussels, on the other, had existed before. The five-day war in the Caucasus illustrates this clearly. Georgian authorities attempts to crush the infrastructure of the unrecognized republic of South Ossetia and squeeze Russia out of the peaceful settlement of the Georgian—Ossetian conflict left to the open intervention of Russian armed forces.

Washington believes Russia's actions violate international law and compromise the foundations of the world order.

However, the current confrontation has several important distinctive features. Firstly, the crisis is on while it is evident that post-Soviet Russia's attempts to integrate into the Western world while retaining a "special position" on a number of issues (above all on matters concerning the security of its "close neighbours") have failed.⁷⁶ Secondly, it is taking place with a high level of consolidation between the United States and the European Union with respect to Russia's policy in Ukraine.⁷⁷ The expectations that Russia's economic ties with the largest EU countries, particularly Germany, would prevail over Euro-Atlantic unity and that the recent spy scandals related to U.S. surveillance of its NATO allies would leave the European Union disappointed in U.S. actions have proved to be wrong.

Washington believes Russia's actions violate international law and compromise the foundations of the world order.⁷⁸ Fears about the "re-Sovietization" of the post-Soviet space can be seen in the underlying message. The Americans are afraid that Moscow will regain exclusive control over the former Soviet Union and create precedents for altering the regional status quo without taking U.S. interests into account, which may be used by other players vying for foreign political independence (e.g. China, India or Turkey). The U.S. leadership does not hide the

⁷⁶ In this regard, Vladimir Putin's speech at his tenth annual press conference on December 18, 2014 is a good illustration. In this speech, he declared "the protection of our right to exist" in relations with the West and also described Russia using the image of a bear that "everyone always wants to [...] put [...] on a chain. And as soon as it is on a chain, its teeth and claws are ripped out." See: Vladimir Putin's Major Press Conference. URL: <http://www.kremlin.ru/events/president/news/47250> (in Russian).

⁷⁷ It is noteworthy that the introduction of sanctions against Russia was synchronized by the United States, NATO and the European Union. For more, see: Inozemtsev V.L. Caution, the Doors Are Closing. Next Station... // Business Journal. 2014. No. 12 (225).

⁷⁸ "President Putin has undermined the international order, and it is impossible to treat smoothly future Russian provocations. In the face of Russian aggression, Ukraine needs our steadfast and determined support, not an ambiguous response," said Robert Menendez, the head of an influential Senate committee. See: Pace J., Riechmann D. Obama, Ukraine President To Meet At White House. URL: http://www.huffingtonpost.com/2014/09/18/obama-ukraine-poroshenko_n_5841892.html

preference to change the existing regime in Russia. Washington is attempting to prevent Moscow from becoming another influence centre in Europe.⁷⁹

The European Union's position as a grouping is even more complex. Within the union there are several policies. For example, Poland, the Baltic countries and Sweden fiercely condemn Russia's actions and staunchly support Washington's stance. Germany and France are attempting to maintain cooperation with Russia while simultaneously pressuring its policy. Hungary, Greece, Italy and Cyprus are eager to continue their mutually beneficial partnership with Russia without paying too much attention the Ukrainian crisis. EU members also have diverging positions regarding the intensification of the anti-Russian economic sanctions and the prospects for supplies of U.S. weapons to the Armed Forces of Ukraine.⁸⁰ In March 2014, the European Union reached a full consensus along with the United States to impose a number of sanctions against Russia.⁸¹ At the same time, all EU member nations recognized the territorial integrity of Ukraine and disagreed with the new status quo in Crimea. The most that could be expected in this regard could be an "understanding of Moscow's motives" by certain representatives of the EU establishment.⁸²

The European Union's position as a grouping is even more complex.

Germany's position with respect to Russia's policy proved to be much tougher than expected. It would be a huge mistake to attribute this situation solely to pressure from the United States and ignore the systemic causes. The current generation of German politicians no longer views its country's priorities through the prism of a sense of guilt for starting World War II. For them the priority is the leadership in Europe.^{83,84} Despite the significant changes in Germany's position, the establishment of this country opposes lethal weapons supplies to the Armed Forces of Ukraine. This position was expressed by Berlin in different forms and at different levels, including senior U.S. leadership, during negotiations with its American partners.⁸⁵

Germany's position with respect to Russia's policy proved to be much tougher than expected.

At the same time, there are still voices in Europe calling to listen to Russia's arguments and settle the conflict in southeast Ukraine, taking the interests of

⁷⁹ Lavrov: U.S. is Going Broke – 'Bluffing' and Wants Regime Change in Russia.
URL: <http://www.politnews.net/2527> (in Russian).

⁸⁰ Steinmeier: EU Foreign Ministers Divided on the Extending Sanctions against Russia.
URL: <http://www.vz.ru/news/2015/3/7/733279.html>; Advisor Tusk Acknowledges Rift in EU on Arms Supplies to Ukraine. URL: <http://www.vz.ru/news/2015/3/8/733381.html> (both in Russian).

⁸¹ Inozemtsev V.L. Caution, the Doors Are Closing. Next Station... // Business Journal. 2014. No. 12 (225).

⁸² Ponikelska L., Winfrey M. Ukraine Conflict Won't Freeze as Russia Needs Peace, Zeman Says.
URL: <http://www.bloomberg.com/news/articles/2015-02-20/ukraine-conflict-won-t-freeze-as-russia-needs-peace-zeman-says>

⁸³ Speck U. URL: <http://www.globalaffairs.ru/number/Sila-i-tcel-17198> (in Russian).

⁸⁴ "Russia Has Broken the Ceiling with Its Head": Political Scientist Fyodor Lukyanov Summarises the Results of the Outgoing Year. URL: <http://www.lenta.ru/articles/2014/12/04/lykianov/>; Ulrich Speck. Foreign Policy of Germany at a Crossroads URL: <http://www.globalaffairs.ru/number/Sila-i-tcel-17198> (both in Russian).

⁸⁵ Germany Refuses to Consider Weapons Supplies to Ukraine.
URL: <http://www.newsru.com/world/02feb2015/germany.html> (in Russian).

Brussels and Moscow into account. Prime Minister of Italy Matteo Renzi has spoken about the need to adjust the policy with respect to Russia.⁸⁶ During a meeting with Russian President Vladimir Putin in March 2015, the Italian Prime Minister reported that his country was prepared to take part in the Ukrainian peace process and share experience of decentralization based on the example of region of Trentino–Alto Adige (South Tyrol). Italian Minister of Foreign Affairs Paolo Gentiloni had previously brought up this idea.⁸⁷

There are still voices in Europe calling to listen to Russia's arguments and settle the conflict in southeast Ukraine, taking the interests of Brussels and Moscow into account.

Despite the sanctions policy against Russia, bilateral contacts between Moscow and Budapest intensified. On February 17, 2015, Vladimir Putin visited the Hungarian capital. Russia remains Hungary's largest trading partner outside of the European Union.⁸⁸ A similar situation was seen in Russia's relations with another EU member — Cyprus. The President of Cyprus visited Moscow on February 24–27.⁸⁹ Prime Minister of Greece Alexis Tsipras, Federal Chancellor of Austria Werner Faymann and President of the Czech Republic Miloš Zeman have also called for a wholesome dialogue with Russia and an adjustment to the sanctions policy.⁹⁰

It is not just government officials that are demanding a revision of the policy towards Russia and the approaches to the settlement of the military conflict in Ukraine, as European opposition politicians representing both the left and right flanks of the political spectrum are following suit. In particular, Gregor Gysi, the head of the Left fraction in the Bundestag, has stated that the anti-Russian sanctions “were and remain a mistake.” He believes a “sound foreign policy regarding security in Europe is possible only if it is pursued with, and not against, Russia.”⁹¹

The president of the French right-wing National Front party was just as harsh in her criticism of the West's current policy towards Moscow. Twenty-four National Front candidates won seats in the European Parliament in the May 2014 elections, while in September at the French elections the party gained seats in Senate of the Fifth Republic for the first time ever.⁹²

⁸⁶ “With respect to Russia, we adhere to our traditional position: one cannot believe in the saving power of the policy pursued in recent months. We need to revise the approach to Russia and change the attitude that has prevailed until now,” Matteo Renzi said in December 2014. For more, see: Italian Prime Minister Speaks out against Russian Sanctions. URL: <http://www.rg.ru/2014/12/18/rentsi-anons.html> (in Russian).

⁸⁷ Will the “Tripoli Option” Help Ukraine? URL: http://www.dp.ru/a/2015/03/06/Pomozhet_li_Ukraine_tirol (in Russian).

⁸⁸ During the Russian President's visit to Budapest in February, it was announced that Moscow views the issue of Russian–Hungarian gas cooperation “favourably”. See: Russia and Hungary Summarize Results of Vladimir Putin's Visit to Hungary. URL: <http://www.1tv.ru/news/social/278024> (in Russian).

⁸⁹ Latukhina K. Guest from Nicosia: Russian and Cypriot Leaders Hold Talks. URL: <http://www.rg.ru/2015/02/25/lidery-site.html> (in Russian).

⁹⁰ Greek and Austrian Leaders Do Not Support Expanding Sanctions Against Russia. URL: <http://www.rg.ru/2015/02/09/grecia-anons.html>; Czech President Zeman Believes EU Sanctions on Russia are Counterproductive. URL: <http://ria.ru/world/20150220/1048896663.html> (both in Russian).

⁹¹ Smouldering Fire in the House of Europe: Interview with Gregor Gysi. URL: <http://www.regnum.ru/news/polit/1907433.html#ixzz3V8ThtXrt> (in Russian).

⁹² According to Marine Le Pen, as regards the situation in Ukraine “we are behaving like slaves to the Americans. The European capitals aren't wise enough to stop depending on American positions on this matter. The Ukrainian government is currently bombing its civilian population and everyone remains silent about this controversial reality.” See: Marine Le Pen on the Ukrainian Crisis: “We Are Behaving Like Slaves to the United States”. URL: <http://www.ria.ru/world/20150208/1046596973.html#ixzz3V8VjLs31> (in Russian).

However, the criticism of the West's policy towards Russia and Ukraine has yet to reach the critical mass needed to start talking about possible changes, or even a correction to the policy. Following the Minsk Agreements in February 2015 ("Minsk II"), the easing of the anti-Russian sanctions was tied to the implementation of the agreements reached in the Belarusian capital. This

The criticism of the West's policy towards Russia and Ukraine has yet to reach the critical mass needed to start talking about possible changes, or even a correction to the policy.

position was stated at the EU Summit in Brussels in March 2015.⁹³ Russia still has the ability to cooperate with a small number of EU member states (Hungary, Greece, Cyprus and Italy) in addition to "limited range" cooperation with the leading EU countries (Germany and France). At the same time, constructive cooperation has been virtually frozen with a number of EU nations, for example Lithuania and Poland. In this regard, the prospects for building partnerships in the Middle East appear problematic without first settling the crisis in Ukraine, as does cooperation in such areas as space, the environment and fight against terrorism. With regard to tactical matters, compromises may be found situationally, but strategically, the cooling relations between Russia and the West will probably continue for a long time.

The confrontation between Russia and the West has necessitated the "pivot to the East" in Russia's foreign policy. In particular, the evidence of this is the intensification of Russia's bilateral relations with China, Turkey, India (Vladimir Putin paid visits to these countries in May and December 2014) and Iran (Russia decided to lift the ban on supplies of the S-300 missile systems to Iran in April 2015).⁹⁴ It is worth mentioning the restraint of Ankara's foreign policy on the matter of Crimean Tatars, given the historical ties between Turkey and Crimea as well as the substantial public and lobbying pressure on the Turkish authorities

Strategically, the cooling relations between Russia and the West will probably continue for a long time.

within the country. The lively debates on this issue did not become an obstacle to Gazprom's signing a memorandum with Turkey's Botas in December 2014 on the construction of the offshore section of a gas pipeline from Russia to Turkey via the Black Sea. The Turkish Stream gas pipeline will have capacity of 63 billion cubic metres of gas per year.⁹⁵

Israel has taken a neutral stance on the Ukrainian issue. The Israeli authorities have refrained from public assessments of the internal political crisis in Ukraine

⁹³ EU Summit: Extension of Sanctions against Russia and Establishment of an Energy Union. URL: <http://www.rian.com.ua/analytics/20150322/365132605.html> (in Russian).

⁹⁴ Pivot to the East. URL: <http://www.ria.ru/columns/20140521/1008730350.html>; Shlykov P. Turkey Not Falling into the "Crimean Trap". URL: http://www.russiancouncil.ru/inner/index.php?id_4=4887#top; Vladimir Putin's Visit to India. URL: http://www.ria.ru/trend/Vladimir_Putin_visit_India_11122014; Iran Security Council Secretary: Teheran Expects Supply of S-300 in 2015. URL: <http://www.tass.ru/mezhdunarodnaya-panorama/1900732> (all in Russian).

⁹⁵ The Turkish Stream project is designed to become an alternative to South Stream, which Russia announced it was discontinuing in late 2014. On February 8, 2015, Russia and Turkey approved the land-based section of the project for further surveys. See: Putin: Russia Values Reputation as Reliable Energy Supplier to Europe and Hungary. URL: <http://www.tass.ru/politika/1774590> (in Russian).

that has been complicated by the armed confrontation in the southeast and has not been involved in the anti-Russian sanction campaign. Prior to his visit to Moscow in late January 2015, Israeli Minister of Foreign Affairs Avigdor Lieberman spoke about his country's readiness to serve as a mediator in the process of normalizing Russian-Ukrainian relations.⁹⁶ However, Israel's further position will depend on the dynamics of Russian-Iranian relations and the resolution of Iran's "nuclear problem", as well as on the situation in the Middle East in general.

The confrontation between Russia and the West has necessitated the "pivot to the East" in Russia's foreign policy.

It should be noted that despite the nuanced position of Moscow's Eastern partners, not a single country has recognized the change in Crimea's status. The most has been seen in Indian Prime Minister Narendra Modi's willingness to accept Head of the Republic of Crimea Sergey Aksyonov within the Russian delegation. Delhi's position has already drawn criticism from India's Western partners.⁹⁷ It is necessary to emphasize that Beijing, which many people in Moscow regard as an essential counterweight to Washington's ambitions, has publicly declared its commitment to the territorial integrity of Ukraine and the need for negotiations concerning the status of the Crimean Peninsula.⁹⁸

Nevertheless, the decision by Moscow's Eastern partners in favour of pragmatism and cooperation combined with their refusal to regard Russia as the party solely responsible for the Ukrainian crisis (despite fears about the disruption of the status quo on post-Soviet space) appears extremely beneficial against the backdrop of the cooling of relations with the West. There are opportunities emerging here for additional negotiating and mediation platforms.

The decision by Moscow's Eastern partners in favour of pragmatism and cooperation combined with their refusal to regard Russia as the party solely responsible for the Ukrainian crisis appears extremely beneficial against the backdrop of the cooling of relations with the West.

Russia's unilateral revision of the border with Ukraine has not found unequivocal support in a single government in the post-Soviet space. Russia's partner countries in the Customs Union and Eurasian Economic Union have conducted themselves much more passively than anticipated. Only Yerevan has officially expressed a willingness to consider the referendum in Crimea within the context of

⁹⁶ "Israel's neutrality on the Russia-Ukraine conflict is the most sensible position. It does not imply passivity. We have good relations with both sides: they trust us both in Moscow and Kiev," Lieberman said. See: Israel Announces Readiness to Mediate between Russia and Ukraine. URL: <http://www.vz.ru/news/2015/1/26/726150.html> (in Russian).

⁹⁷ Saurav J. Vladimir Putin's Productive India Visit: India and Russia have Affirmed Their Ties during a Visit by Russia's President This Week. URL: <http://www.thediplomat.com/2014/12/vladimir-putins-productive-india-visit>

⁹⁸ On March 15, 2015, the Premier of the State Council of the People's Republic of China Li Keqiang stated: "As for the problem of Crimea, its causes are complex. We hope a political resolution can be found through dialogue." See: Chinese Premier: We are for the Territorial Integrity of Ukraine. URL: http://www.bbc.co.uk/russian/rolling_news/2015/03/150315_rn_china_ukraine_crimea (in Russian).

the self-determination of the people.⁹⁹ In all other cases, the position of Moscow's strategic partners has been virtually reduced to benevolent neutrality.¹⁰⁰

Russia's partner countries in the Customs Union and Eurasian Economic Union have conducted themselves much more passively than anticipated.

However, the Ukrainian crisis has not impeded the process of normalizing Russia—Georgian relations. Tbilisi did not officially take part in the sanctions against Russia, although it has not taken the issue of restoring the territorial integrity and the “de-occupation” of Abkhazia and South Ossetia off the agenda. A dialogue continued in the Karasin—Abashidze format (Russian Deputy Minister of Foreign Affairs and Special Representative of the Prime Minister of Georgia for Relations with Russia) and the joint participation of the parties in consultations in Geneva on security issues.¹⁰¹

Despite the noted problems, the argument about Russia's total isolation is incorrect.

Azerbaijan has kept a low profile with respect to Russia. While declaring its support for Ukraine's territorial integrity at different meetings of international organizations, Baku officially opposed depriving the Russian delegation of its voting rights in the Parliamentary Assembly of the Council of Europe.¹⁰²

Despite the noted problems, the argument about Russia's total isolation is incorrect. And it is not even a matter of the BRICS countries, which are willing to build a “multipolar world” together with Russia,¹⁰³ but the fact that the European

⁹⁹ Attention should be paid to the wording of a press release about a telephone conversation between Vladimir Putin and Serzh Sargsyan on March 19, 2014 that was posted on the President of the Republic of Armenia: “In this context, the two sides touched upon situations that have taken place following the referendum in Crimea and stated that this is another example of exercising the rights of the people to self-determination through the free expression of will.” Thus, responsibility for the assessment is divided between the leaders of Russia and Armenia and the position of the Armenian leader does not appear to be his exclusive opinion. See: President Serzh Sargsyan Holds Telephone Conversation with Russian President Vladimir Putin. URL: <http://www.president.am/ru/press-release/item/2014/03/19/President-Serzh-Sargsyan-conversation-with-the-President-of-Russian-federation> (in Russian).

¹⁰⁰ In January 2015, Belarusian President Alexander Lukashenko offered a harsh assessment of the ideas of the “Russian World”: “There are some clever people who say that Belarus, as they say, is a part of the Russian world – that it is basically Russia. Forget it. Belarus is a sovereign and independent state”. See: Lukashenko: Belarus is Not Part of the Russian World. URL: <http://korrespondent.net/ukraine/politics/3472649-lukashenko-belarus-ne-chast-russkohomyra> (in Russian). The Belarusian leader has also publicly spoken out against the federalization of Ukraine and the view that the new Ukrainian authorities that have come to power as a result of the “Second Maidan” are illegitimate. See: Lukashenko Opposes Ukraine's Federalization.

URL: http://www.bbc.co.uk/ukrainian/ukraine_in_russian/2014/04/140423_ru_s_lukashenko_appeal (in Russian). On 22 December 2014, Kazakh President Nursultan Nazarbayev said: “I am appealing to Russia and Ukraine. You need to think about finding a compromise in order to end this conflict and preserve the territorial integrity of Ukraine”. See: Nazarbayev Calls for Preserving Ukraine's Territorial Integrity. URL: <http://www.rosbalt.ru/ukraina/2014/12/22/1351142.html>

¹⁰¹ Dochiya F. Georgia Will Not Support Sanctions against Russia. URL: http://www.kavpolit.com/articles/gruzija_ne_podderzhit_sanktsii_protiv_rossii-8301 (in Russian).

¹⁰² Velizadze I. Not a Single Voice: Why Azerbaijan Opposed Depriving Russia of its Voting Rights at PACE Plenary Session, while Armenia Refrained from Voting. URL: http://www.kavpolit.com/articles/ne_golosom_edinyim-13590 (in Russian).

¹⁰³ At the VI BRICS Summit in Fortaleza, Brazil in July 2014, Russia's partner countries in the organization all but refused to criticize Moscow for its actions in Crimea and southeast Ukraine (which was perceived as a diplomatic success for Russia). In the declaration adopted at the end of the Summit, the basic priorities for security were identified as its “indivisibility” and the inadmissibility of strengthening the security of one nation at the expense of the security of other nations. See: BRICS Summit. URL: <http://www.kremlin.ru/events/president/news/46227> (in Russian).

Union, despite the sanctions and political pressure on Moscow, is not interested in ultimately marginalizing Russia. The leaders of Western nations have said this repeatedly.¹⁰⁴ A year has passed since power changed in Kiev and Crimea joined Russia, but they still are not ready to refrain from the language of preconditions in negotiations with the Kremlin. In this regard, President Obama's assessment is noteworthy: "Russia has the opportunity to choose another path... If it does so, I will be the first to support lifting sanctions."¹⁰⁵ In this situation, much will depend on the dynamics in the international process in southeast Ukraine and the readiness of the West and Russia to hold a constructive dialogue as part of the implementation of the Minsk Agreements.

The West's consolidated support enables Kiev to take a rather tough stance and try to use it to reform the army and build a peace process that is beneficial for itself. On the other hand, a serious blow was dealt to Ukraine's subjectivity since all key foreign political decisions are coordinated with Washington.

For Ukraine, the previous year was a tricky one internationally. On the one hand, the West's consolidated support enables Kiev to take a rather tough stance and try to use it to reform the army and build a peace process that is beneficial for itself. On the other hand, a serious blow was dealt to Ukraine's subjectivity since all key foreign political decisions are coordinated with Washington. On many issues, the Americans are playing their game and are only using Ukraine for their own foreign policy goals, which above all are to contain Russia. Washington, which does not have economic ties with Ukraine to the same extent that Europe does, is primarily focused on geopolitical benefits and advantages of a military and strategic nature. In this context, Washington needs Kiev in order to build a chain of loyal countries in Central Europe from the Baltics to the Black Sea — a sort of "security belt". In order to practically implement the idea of patronage over Kiev, Ukraine does not need to formally join NATO, which Russia very actively opposes.

International conferences and formats should not be taken as a panacea.

The Minsk process,¹⁰⁶ which was the first attempt to resolve the situation, once again demonstrated the contrast in the parties' positions due to the different interpretation of the final documents. In general, the experience of nations in the post-Soviet space shows that international conferences and formats should not be taken as a panacea and the outbreak of hostilities in Ukraine in January 2015 confirmed this.

The West's expectations that Russia, after being cut off from lending in Europe and the United States, and in the midst of an economic crisis, would acknowledge its strategic and tactical defeat in the conflict and "surrender" the DPR and LPR without putting forward any serious conditions proved to be an illusion.

¹⁰⁴ "Nobody is interested in a new division of Europe. We want to build security jointly with Russia", Angela Merkel announced during the annual Munich Security Conference. See: Merkel: Europe Wants to Build Security Jointly with Russia and Not Against It. URL: <http://www.tass.ru/mezhdunarodnaya-panorama/1751258> (in Russian).

¹⁰⁵ Churikov A. Obama: Washington Not Interested in "Further Isolation of Russia". URL: <http://www.rg.ru/2014/11/16/obama-site-anons.html> (in Russian).

¹⁰⁶ We are referring here to the ceasefire agreement of September 5, 2014 and the memorandum on the withdrawal of heavy weapons from the line of contact of September 19, 2014.

Even though the first Minsk agreement was not fulfilled, it did play a certain role in settling the conflict. There was noticeably less fighting in the period up to January 2015. The agreement proved to be most advantageous to Ukraine since it was concluded against the backdrop of Kiev's military defeats in August 2014. For Russia, which lost the initiative in Ukraine in autumn 2014 as a result of the effects of the economic crisis and the increasingly powerful impact of the sanctions on the economy, the Minsk Agreements were an undisputed political retreat. This can be seen in particular in the clauses on elections being held in the DPR and LPR in accordance with the Ukrainian legislation and the need to transfer control over the Russian—Ukrainian border to Kiev. Having signed the Minsk Agreements, Moscow nevertheless allowed elections to be held in the DPR and LPR on November 2, 2014 without coordination with Kiev so as to minimize the negative implications, demonstrate its resolve and continue to rely on the self-proclaimed republics. Meanwhile, under the powerful influence of the United States, Ukraine began focusing on rearmament and reorganizing the army without withdrawing heavy weapons at all.¹⁰⁷

Thus, both parties viewed the Minsk Agreement not so much as a truce and a platform for settlement, rather as a peaceful respite.

In January 2015, the parties dramatically raised the stakes. Whereas Kiev's Western partners were demonstrating an unwillingness to make serious concessions to Moscow and Ukraine was seeking to implement the scenario similar to that of Serbian Krajina in August 1995, Moscow and the Donbass home guard were attempting to prevent a repeat of these events.¹⁰⁸ There was an obvious attempt to push the front line away from the DPR capital of Donetsk. This explains the intensity of the January battles in southeastern Ukraine.

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The second Minsk Agreements concluded in February 2015 with the mediation of French President Francois Hollande and German Chancellor Angela Merkel could certainly serve as the basis for the peace process. The document adopted in Minsk showed that neither party had succeeded in achieving a decisive advantage in the negotiations. Nevertheless, Vladimir Putin was able to secure a number of positions concerning the special status of certain districts of southeastern Ukraine as part of the region possibly being granted autonomy. However, Moscow failed to solidify the point about the federalization of Ukraine and the granting of special status to the entire territory of the Donetsk and Luhansk regions. This is evidence (at least on paper) of the forced abandonment of the "idea of Novorossiia".

¹⁰⁷ In October 2014, Ukrainian presidential advisor Yuriy Lutsenko stated: "For this we need the ceasefire to last as long as possible in order to obtain high-precision devices as well as military and financial aid from the West. The ceasefire and peace achieved are working specifically to our advantage." See: Samozhnev A. Ukrainian Presidential Advisor Not Ruling out Attacks on DPR, LPR. URL: <http://www.rg.ru/2014/10/25/sovetnik-site-anons.html> (in Russian).

¹⁰⁸ This refers to the actions of the Croatian authorities, army and volunteer formations against the infrastructure of the self-proclaimed republic of Serbs. These actions were justified by the fight against separatism and the restoration of Croatia's territorial integrity and were fully supported by the United States and its European allies despite a humanitarian cost (some 250,000 Serbs fled their homes and approximately 2,000 were killed). See: Yugoslavia in the 20th Century: Essays on Political History. Moscow: Indrik, 2011 (in Russian).

The package of measures for implementing the Minsk Agreements adopted in February 2015, as well as in the September agreements, refer to the withdrawal of all foreign armed forces from Ukraine and the disarmament of the local militias.¹⁰⁹ However, Moscow interprets these demands in its own way, continuing to view the conflict in Donbass as an internal Ukrainian civil war and denying that there are Russian troops in Ukraine.¹¹⁰ Both the West and especially Kiev categorically disagree with this interpretation.

Meanwhile, Russia achieved a fundamentally essential concession for itself. Specifically, the Ukrainian government can only regain control over the border provided that it meets Clause 11 of the package of measures (conducting constitutional reforms) in consultation and in coordination with representatives of certain districts of the Donetsk and Luhansk regions as part of the Tripartite Liaison Group of the OSCE, Russia and Ukraine.¹¹¹ Accordingly, Ukraine will only be able to resume control over the border by late 2015 at best, provided that it completes constitutional reforms that satisfy the self-proclaimed republics. Moreover, Kiev has been assigned responsibility for supporting the socioeconomic development of individual regions of the Donetsk and Luhansk Regions. In fact, Ukraine has to lift the economic blockade and resume pension payments to its citizens in southeastern regions. Russia's diplomatic successes include the clause purposely recorded in the package of measures on facilitating cross-border cooperation between the constituent entities of the Russian Federation and certain areas of Donbass.

Ukraine will only be able to resume control over the border by late 2015 at best, provided that it completes constitutional reforms that satisfy the self-proclaimed republics.

However, the practical implementation of these provisions (the adoption by the Verkhovna Rada of legislation on the "special status" of a number of Donbass territories) showed that Kiev has its own internal constraints for promoting compromises. Theoretically, Russia retains the ability to interact directly with the leadership of the LPR and DPR, but in reality Kiev will do all it can to prevent this.

The presence of pro-Russian military forces may be legitimized by giving them the status of militia units. This possibility is spelled out in notes to the package of measures for "certain territories" of the Donetsk and Luhansk regions. But there is no doubt that the Ukrainian authorities will make every effort to apply their own interpretations of this clause, while citing the need to minimize the separatist threat and the real (and not formal) restoration of the country's integrity.

The issue of elections is also important. Neither Kiev nor the self-proclaimed republics question their necessity. However, there are serious inconsistencies related to the problem of organizing this expression of will that involve the legal framework as well as monitoring the election campaign and voting process.

¹⁰⁹ See: Declaration and Package of Measures on the Implementation of the Minsk Agreements. URL: <http://www.rg.ru/2015/02/12/deklaracia-minsk-site.html> (in Russian).

¹¹⁰ VGTRK Interview: Vladimir Putin Responds to Questions from Journalist Vladimir Solovoyov. URL: <http://www.kremlin.ru/events/president/news/47730> (in Russian).

¹¹¹ Stanovaya T. Minsk Negotiations: A Fragile Peace. URL: <http://www.politcom.ru/18583.html> (in Russian).

The negotiations in Minsk and the events that followed revealed a number of important points internationally as well. The peace initiative of Merkel and Hollande showed that the leaders of key EU countries were interested in settling

Difference in their positions is unlikely to be viewed as a split between the European Union and the United States.

the conflict. At the same time, the United States continued with its harsh rhetoric, with a substantial proportion of the U.S. political establishment calling for immediate weapon supplies to Ukraine.¹¹² Nevertheless, the difference in their positions, which is quite obvious given that neither Berlin nor Paris wants a major war in Europe, is unlikely to be viewed as a split between the European Union and the United States. Merkel's visit to Washington and the coordinated position of Poroshenko, Hollande and Merkel during the Minsk negotiations confirm that the West has a common line.¹¹³

As for Russia, its principal issues include lifting sanctions and revising the West's position on Crimea. The West links progress on these matters with the implementation of the Minsk Agreements, which seems problematic. Who will implement the peace agreements in the absence of a peacekeeping contingent and given the negative experience in implementing the first agreements? And how will this be accomplished? The text of the agreement, which is not signed by top officials, runs the risk of multiple interpretations. The Ukrainian leadership has already begun playing with the idea of introducing an EU Police Mission or bringing in UN peacekeepers, which would essentially signify an uncoordinated change to the parameters of the peace process. This in turn would help present Russia as the party that is not committed to ensuring peace.

The signals about the likelihood of splitting the sanctions into "Crimean" and "southeast" packages are apparently not regarded by the Kremlin as sufficient for counter concessions.

Russia has abandoned the idea of Greater Novorossiia (for now at least), but has not received any serious signals from the West about possible concessions on Crimea yet. The signals about the likelihood of splitting the sanctions into "Crimean" and "southeast" packages are apparently not regarded by the Kremlin as sufficient for counter concessions. In addition, Moscow's ability to influence

¹¹² In late February 2015, U.S. Director of National Intelligence James Clapper called for the supply of U.S. weapons to Ukraine and warned at the same time that such a move could provoke a negative reaction from Moscow. See: "U.S. Weapons Won't Provide a Significant Advantage to the Ukrainian Army." Nevertheless, Clapper is in favour of sending military aid to Kiev. URL: <http://www.kommersant.ru/doc/2676033> (in Russian).

On 4 March 2015, the Foreign Affairs Committee of the U.S. House of Representatives held hearings with the pompous title "Ukraine under Siege". On 24 March, the lower chamber of the U.S. Congress adopted a resolution to advise President Barack Obama to start supplies of military weapons to Kiev with 348 votes for and 48 votes against. Nevertheless, the White House is attempting to tie the issue of weapons supplies to the dynamics of the conflict in Donbass. The final decisions on this issue will depend on the implementation or failure of the Minsk agreements. See: U.S. Congress Votes for Weapons for Ukrainian Army: Russian State Duma Responds with Proposal to Grant Vladimir Putin the Right to Send Troops to Ukraine. URL: <http://www.kommersant.ru/doc/2693327>

¹¹³ German Ambassador in Washington Peter Wittig spoke in detail in an interview about the common line on the Ukrainian settlement coordinated by Merkel and Obama during the February negotiations. See: Shunina A. Angela Merkel Persuaded Barack Obama Not to Ship Weapons to Ukraine: German Diplomat Comments on Conversation between the U.S. President and German Chancellor. URL: <http://www.kommersant.ru/doc/2683534> (in Russian).

Ukraine is becoming increasingly restricted and has basically been reduced to military and political pressure.

Moscow continues to insist on an internal Ukrainian dialogue between the authorities in Kiev and the current leaders of the DPR and LPR. In other words, it is trying to legitimize the leadership of the self-proclaimed republics, whose very election violated the relevant clause of the Minsk Agreement. However, even if autonomous status were to be granted to areas of Donbass, Kiev would seek to ensure that the southeastern leadership is unable to influence the internal political situation and the country's foreign policy.

The peace process will be effective with a combination of elements from all three formats — Geneva (involving the United States), Minsk (involving the DPR and LPR) and Normandy (involving leading EU countries, Ukraine and Russia). However, today it is not only a matter of rapidly freezing the conflict, but also of parties' ability to remain within the framework of the negotiation process. Given the growing military, political and economic losses from the conflict, this ceaseless game of raising the stakes may lead to irreversible consequences. At the same time, even a "deep freeze" is fraught with costs for Russia. First of all, it would be required to provide serious aid to the self-proclaimed republics, despite the fact that the country is in economic crisis. Secondly, the existence of these regions outside of Ukraine would ruin the entire concept of Moscow's influence on Kiev through constitutional reform and granting autonomy.

6. Between “Balkanization” and the Peace Process: Forecasts for the Future

The Ukrainian crisis is far from being resolved. The odds of a full-scale compromise are low and the stakes in the armed conflict in the southeast are as high as ever. Under these conditions, there are several scenarios for how events may unfold in the future:

- Confrontation (defined as “Balkanization”, since it is fraught with the internationalization of the current conflict);
- A freezing of the conflict;
- Peace process (minimizing the armed violence and reaching a compromise between all the parties involved in the conflict).

It is also essential to take into account the unforeseen circumstances that have already influenced the development of the Ukrainian crisis on multiple occasions and taken on substantial political importance (the downing of Malaysia Airlines Flight 17, for example). Potentially dangerous scenarios with hard-to-predict consequences could include attacks on Russia—Europe gas pipelines and any actions involving threats to energy transit; assassination attempts on top officials in Ukraine, the self-proclaimed republics or the governments involved in the settlement of the crisis. The consequences of such incidents may spur violence and lead to violations or the breakdown of the agreements reached and force the sides to search for compromises in order to prevent Ukraine from slipping into chaos and total collapse.

Confrontation scenario

This scenario remains relevant. Throughout the Ukrainian crisis, attempts to stop the negative dynamics and end the violence have repeatedly alternated with intensification in hostilities. Such was the case following the Geneva agreements in April 2014, and after the Minsk Protocol in January 2015. The events under the confrontation scenario would imply a breakdown or at the very least a violation of the February agreements due to the duality of interpretations.

Negative trends could involve an escalation in hostilities in Donbass with a different end result (from the total restoration of Ukrainian jurisdiction over the uncontrolled territories to Kiev’s military defeat) as well as destabilization on opposite sides of a conventional line of confrontation. We cannot rule out a “Third Maidan” or an attempt at a military coup in the Ukrainian capital and the transformation of Donbass into a “federation of warlords”. In this case, there would appear to be no alternative to the escalation of military and political violence, the expansion of the conflict and the deepening of tensions between Russia and the West. As a result, European security may deteriorate as a whole. However, today the internationalization of the conflict following the Minsk II Agreement, which directly involved the leaders of the two leading EU countries, seems much more probable than in the period from October 2014 to February 2015.

At present, the situation inside and around Ukraine is characterized by extreme instability. This concerns both the Ukrainian authorities and the unrecognized republics in the southeast, as well as the mutual relations of foreign players with regard to the prospects for settling the dangerous crisis in the centre of Europe.

Negative trends could involve an escalation in hostilities in Donbass as well as destabilization on opposite sides of a conventional line of confrontation.

There is a temptation to accelerate events and cut through the knots instead of meticulously unravelling them. The disagreements within the ranks of the Ukrainian authorities that intensified following Minsk II (its results were assessed differently) may lead to attempts to eliminate disunity by launching an offensive against the two self-proclaimed republics in the southeast, which did not "accept" the law on the special status of the Donbass regions.

Such an offensive could serve to put an end to the "anti-terrorist operation" launched in April 2014, fight the separatists, and as a form of opposition to Russia — its "imperial policy" and "occupation". The offensive could be supported by the West, which itself is not prepared for an open military confrontation with Moscow. However, unlike the situation in autumn 2014, today we could be talking about mass supplies of lethal weapons by the United States to the Armed Forces of Ukraine, which would automatically increase security risks for all of Europe. And while hypothetically this scenario could lead to serious differences between Washington and the European Union (at the very least a large part of "old Europe"), it would not likely pay dividends to Russia since in this case Kiev would have additional military arguments against the pro-Russian militia.

The situation could then unfold in several ways. The first is a repeat of the Serbian Krajina scenario of 1995. If Russia, fearing further sanctions from the West or the possibility of NATO being drawn into the conflict, accepted such an option, it would signify Moscow's biggest defeat on the post-Soviet space, one that would be incomparable with the "colour revolutions" in terms of its implications. In contrast to the events of 2003—2005 in Georgia, Ukraine and Kyrgyzstan, this would not only be a political, but also a military defeat fraught with a decline in the popularity of the government authorities within the country and increased discontent with the Kremlin's actions. In this case, the extreme positions of the opponents of any interference in Ukraine's affairs could converge with the "imperialists", who are interested in a "march on Kiev". If the Eurasian integration projects are not scrapped, uncertainty will surround their ultimate implementation. Seeing Russia's "unreliability", Moscow's closest allies (such as Armenia and Tajikistan) would begin an intensive search for geopolitical replacements. Such a situation would, in turn, raise questions about the status quo in the Caucasus (the Nagorno-Karabakh conflict, Abkhazia and South Ossetia), since it would give additional impetus to the activities of Georgian and Azerbaijan diplomacy. It is possible that the "Krajina" scenario, if it were to unfold in southeastern Ukraine, would be reproduced in Azerbaijan.

However, a quick military solution within the zone of the ATO could lead to entirely different consequences that are more comparable with the Caucasus scenario of 2008 than the events in the Balkans in 1995. It was in 2008 that attempts by

Georgian President Mikheil Saakashvili to establish, with U.S. support, control over the unrecognized South Ossetia that led to Russia's military intervention in the conflict and the subsequent recognition of the independence of two former autonomous regions of the Georgian Soviet Socialist Republic. In this case, the West's response to Moscow's actions was virtually reduced to demonstrations. If events were to unfold in this manner, Kiev would risk drawing Russia into an open armed confrontation in Donbass. The likelihood of Moscow recognizing the DPR and LPR as independent states, or of a repetition of the Crimea affair, would significantly increase. The military defeat of the Ukrainian Army and National Guard in Donbass would likely lead to a "Third Mайдan" that would feature both opponents of the ATO as well as proponents of the war until the bitter end. Since Ukraine does not have the kind of consolidation of government power around the head of state as was seen in Georgia in 2008 — and which Azerbaijan currently has today — a "Third Mайдan" could contribute to the disintegration of the country. Ukraine could split into several individual centres of power (with the strengthening of the special role of the western and southeastern regions, and Zakarpattia with its Rusyn movement) that may or may not retain their appearance of unity.

This scenario does not promise any significant gains for Moscow. Besides "Balkanization", it would receive fresh sanctions from the West (at the very least in the short- and midterm) and new socioeconomic obligations for the restoration of Donbass. However, in contrast to a repeat of the Krajina scenario, Moscow would not suffer a crushing defeat on the foreign political and domestic fronts. Nevertheless, its hypothetical success in Donbass will be burdened by a number of serious problems in the economy and on the international stage, increased isolation and the possible symbolic classification as a "rogue state".

For Russia, the confrontation scenario would appear to be the most risky of all, since it would affect a wide range of the country's foreign political problems and directly impact its economic situation and domestic policy.

Freezing of the Conflict

Today this scenario appears to be one of the most likely. It is a scenario that is possible in an environment where neither of the parties is interested in serious concessions or compromises, but at the same time they are not in a position to implement their maximalist programme. Ukraine has limited resources for defeating the separatists if it does not want to risk escalating tensions with Russia (including Moscow's direct military involvement). Meanwhile, if Russia were to increase support to the self-proclaimed republics of Donbass, it would risk entering a new Cold War. The West is interested in cooperating with Russia on the issues of Iran and Afghanistan, as well as in the fight against the Islamic State, and fears Moscow's unilateral strengthening of its positions in the "near abroad" as well as the transformation of Russia's foreign policy into a Eurasian version of the "Monroe Doctrine". In this case, concerns about heightened stakes could play the role of deterrent.

Fearful of compromises on the issue of the status of the Donbass regions, constitutional reforms and ensuring the security of the Russian—Ukrainian border, the parties could agree to the following set of solutions:

- the “suspension” of the status problems indefinitely (in which case Kiev would not give up on the territorial integrity of Ukraine, but would not actually provide social guarantees to its citizens in the southeast of the country, while the self-proclaimed republics would “build Novorossiya” at the rhetorical level);
- the minimization of the military confrontation (this does not exclude periodic skirmishes and violations of the ceasefire regime, which would primarily be “trench” and “positional”, rather than offensive);
- continuation of the negotiation process without a visible result and with criticism of the opposite party for not being effective enough.

Under this scenario, Russia would try to form a power hierarchy in the unrecognized republics and continue to exert a high level of influence on their internal political life. Russia would become a donor to these republics while guaranteeing the survival of the population and largely assuming the responsibility of rebuilding their infrastructure. For Moscow, support for the DPR and LPR would not simply be an element of pressure on Kiev, but an attempt to build a political system modelled on Transnistria with a gradual reduction in the role of warlords.

Under this scenario, there would be no fundamental changes in relations between Russia and the West.

In this case, Ukraine would not agree to official negotiations with the DPR and LPR authorities and would focus on building up its defence and armed forces, as well as carrying out military reforms. Special attention would be paid to the country’s eastern regions, including the Ukrainian parts of the Donetsk and Luhansk regions, in terms of economic aid and decentralization. In many respects, it would be a competition between Ukraine (with the West’s support) and the unrecognized republics (with Moscow’s support) in terms of governance effectiveness and rebuilding infrastructure.

Under this scenario, there would be no fundamental changes in relations between Russia and the West. However, there would be attempts to find “windows” to minimize the impact of sanctions through bilateral contacts between Moscow and a European capital (such as Rome, Budapest, Athens, Nicosia, Vienna or Bratislava). There would probably not be much effort on the part of Russian diplomacy towards Europe or the United States. In terms of international law, the issue of Crimea would remain unresolved and Russia would be unable to get concessions on Crimea from the West in the foreseeable future. Largely due to the long-term nature of the “frozen conflict” scenario, the socioeconomic standing of Russia and Ukraine would take on particular importance, both in terms of the ability to allocate sufficient resources to solve problems, as well as competition between the Ukrainian and Novorossiya concepts.

Peace Process

This scenario is the least likely, primarily due to the lack of a common platform for all the parties involved in the conflict. It could only be implemented as part of multi-component solution that implies: a successful intra-national (inclusive) Ukrainian dialogue; pragmatism in relations between Kiev and Moscow; an easing

of the confrontation between Russia and the West; and the start of a discussion on the new architecture for European security and Ukraine's status therein. If these items (collectively or individually) are to be fulfilled, there is a chance for a sustainable peace process.

The gradual lifting and eventual abolishment of sanctions by the United States and the European Union, as well as the West's dropping discussions about the status of Crimea at international forums, could be extremely important steps on the path to peace.

The peace scenario would have several core parameters, including the abandonment of confrontational rhetoric and the acknowledgement of the substantial costs of continuing the conflict for all players. The gradual lifting and eventual abolishment of sanctions by the United States and the European Union, as well as the West's dropping discussions about the status of Crimea at international forums, could be extremely important steps on the path to peace. Thus, in exchange for ending sanctions and removing Crimea from the agenda (even understanding that the West would not likely acknowledge officially the annexation of the region), Russia could agree to the territorial integrity of Ukraine under the condition of a broad decentralization.

At present, it is unlikely that all the parameters of the peace scenario, which can be conditionally regarded as positive, could be implemented.

After Kiev officially rejects Ukraine's non-aligned status, returning to a discussion of this theme would be extremely problematic. However, this issue could be discussed in a broader context, for example within the context of the European security architecture as a whole and the role of Russia and Ukraine therein. The most positive scenario for Russia would be a transition of the conflict from the "sacral" to the pragmatic one.

At present, it is unlikely that all the parameters of the peace scenario, which can be conditionally regarded as positive, could be implemented. Above all, this would require Kiev to form the relevant authorities focused on a peaceful resolution of the problem. Secondly, it would require Russia and the West to abandon confrontational logic. However, the most difficult problem is that even if the main aspects of this scenario start to materialize, Moscow will need guarantees on Crimea. That is, it would need Crimea's status to be secured in a form that would prevent it from being spoken of as Ukrainian territory. As things stand, the West cannot agree to this.

Recommendations

At the present time, Russian diplomacy with regard to Ukraine is limited in terms of options. Resources for applying direct influence and pressure on Kiev are limited. The current sanctions against Russia by the world's leading economies restrict the country's ability to defend its national interests. The potential offered by Russia's allies is insufficient to form a pole powerful enough to attract others to counter U.S. hegemony. Moreover, the unilateral concessions in Donbass are not only fraught with the loss of influence among its nearest partners, who respect Russia's arguments for the most part, but also with certain internal political costs.

Despite the complexity of these challenges, Moscow needs to perform the following basic tasks:

- deescalate the armed confrontation in southeastern Ukraine and at the very least freeze the conflict;
- build pragmatic relations with representatives of the Ukrainian elite in order to promote the peace process and change the nature of bilateral relations that have taken shape following the "Second Maidan";
- minimize the confrontation with the West and diversify existing relations, i.e. attempt to build models of bilateral relations between Moscow and certain members of NATO and the European Union (Hungary, Greece, Italy, Cyprus and Slovakia).

The best way to implement these tasks would be to actively use such a tool as *back channel diplomacy*. Given the minimized official and institutional contacts in all areas with Ukraine, Europe and the United States, it is crucial to use the potential of the political "heavyweights" — influential retired diplomats, representatives of intelligence services and leading experts. They could be responsible for working out the main parameters of both a potential package resolution as well as a gradual settlement to the Ukrainian crisis.

It is essential to rely on a pragmatic discourse involving representatives of different forces, rather than specific parties, movements or blocs.

In Ukraine, interaction with potential partners is extremely difficult due to the consensus of the country's leading political forces with respect to Russia, NATO and European integration. However, there are people in Ukraine that support pragmatism in relations with Moscow and deescalating the conflict in Donbass. It is essential to rely on a pragmatic discourse involving representatives of different forces, rather than specific parties, movements or blocs.

A similar approach should be utilized in relations with Western countries and political forces. The tried-and-tested bilateral relations with certain European nations (Hungary being the best example) should be supplemented by interaction with the European Union as a whole. This approach has traditionally been

inferior to bilateral formats. Meanwhile, energy security and the rebuilding the southeastern Ukraine could have put Moscow—Brussels relations back on the pragmatic track. The issue of Russian gas transit via Ukraine and guarantees on the reliability of Russian suppliers is particularly important in the context of decision-making on the new EU energy strategy and the establishment of the Energy Union. This could deal a very serious blow to Russia strategically in terms of the European energy market.

As regards relations with the United States, given the obvious deterioration on the Ukrainian issue, background factors that could be interesting for both parties should be actively utilized: Afghanistan, Iran, the Middle East as a whole and the Islamic State. Despite the policy of marginalizing Russia, the West remains interested in point interaction with Moscow, as evidenced by the negotiations on the Iranian nuclear programme.¹¹⁴ This partnership would make it possible to significantly reduce, if not completely remove, dependence on Ukraine, an item that remains on the Moscow—Washington agenda. Compromises may be found on tactical issues, but strategically the cooling relations between Russia and the United States will probably last for years to come.

¹¹⁴ Negotiations on the Iranian Nuclear Programme. URL: <http://www.rg.ru/sujet/2410> (in Russian).

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