



Ukraine, Crimea and Russia

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In November 2013 the Ukrainian government decided not to sign a planned Association Agreement with the EU and demonstrations ensued in the capital Kiev. The 'Euromaidan' demonstrations turned violent in early 2014 and in February, some European foreign ministers mediated a compromise, involving a unity government and early elections.

After the collapse of a power-sharing agreement on 22 February 2014, Viktor Yanukovich disappeared from Ukraine and a new government which included some controversial figures was installed by the Ukrainian parliament.

Later in February unidentified military figures, widely thought in the West to be Russian personnel, surrounded the airports in Crimea, a majority-Russian peninsula in Ukraine and the Crimean autonomous assembly was taken over by pro-Russian forces.

This paper looks at the historical and economic background to the crisis and examines claims that the actions by Crimea, which has declared independence from Ukraine, are compatible with international law.

It also considers the proposed reaction of Western countries, which include targeted sanctions against those in the Kremlin who are assessed to have been associated with the decisions regarding Crimea. It also briefly considers other countries from the former Soviet Union with ethnic Russian minorities.

Ben Smith
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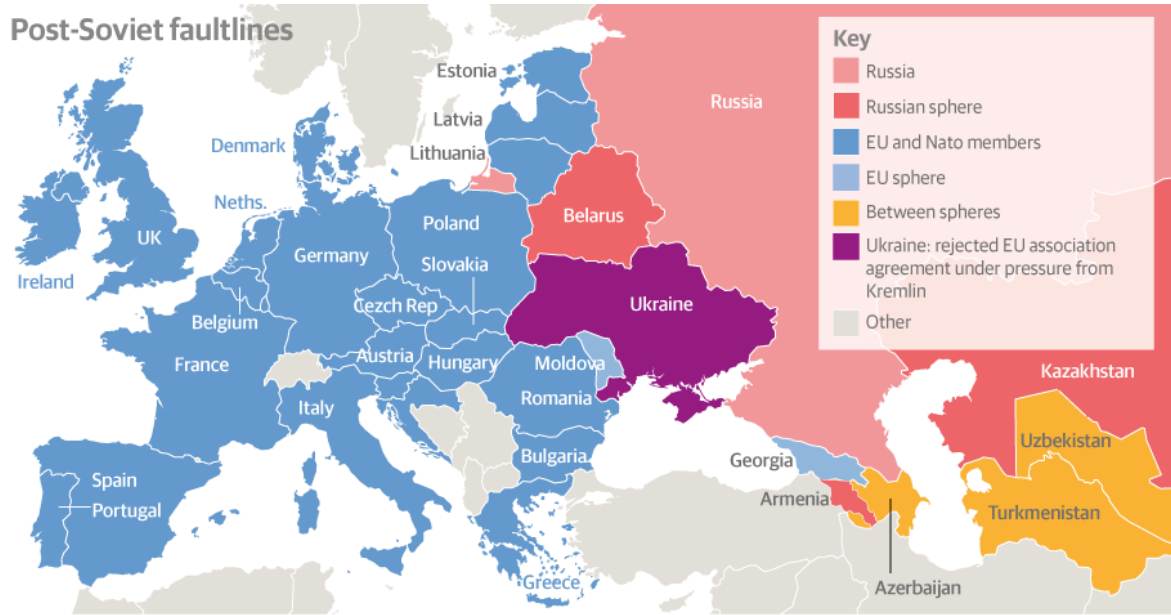
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Map courtesy of University of Texas/*Guardian*

Summary

In November 2013, the Ukrainian government of Viktor Yanukovich decided that it would not sign an Association Agreement and a Deep and Comprehensive Free Trade Area agreement with the European Union. Demonstrations ensued in the Ukrainian capital Kiev. The demonstrations, led by pro-Western Ukrainians, lasted through until the new year and then turned violent; many protesters and some security personnel were killed.

On 21 February 2014, a compromise agreement was worked out with the mediation of the French, German and Polish foreign ministers which would have led to the formation of a power-sharing government and early elections in December 2014. However, the next day the temperature of the crisis suddenly rose, Viktor Yanukovich disappeared from the capital and protesters occupied the main public buildings in Kiev. The Ukrainian parliament stripped Yanukovich of his powers and a new government was formed.

On 27 February airports in the Crimean peninsula were surrounded by unidentified military personnel who Western observers said were Russian, although Russia denied this. Military bases in Crimea were surrounded. On 3 March there were rumours of an ultimatum to Ukrainian forces to surrender to the pro-Russian troops. Russian stock markets and the rouble slumped. The supposed ultimatum passed without incident.

Attempts to negotiate a political settlement at talks in Paris on 5 March ended without success and the following day, the Crimean regional parliament asked to join the Russian Federation, setting up a referendum on secession from Ukraine.

The new authorities have been accused by Russia of being led by 'pogromists'. All attempts to seek a negotiated solution failed and the Russian and Crimean authorities refuse to talk to those in Kiev.

Ukraine is a deeply divided country, politically and economically and there is deep mistrust, rooted not only in a tragic and bloody history in the 20th Century, particularly during the rule of Stalin and during the Second World War, but also in a story of economic failure after independence.

Ukrainian oligarchs are probably more powerful than their Russian counterparts relative to the size of the country, but their role is unclear. Ukraine has a substantial military force, although it would be no match for Russia, but analysts think that Russia would hesitate before attempting an occupation of all of Ukraine.

The Russian government has justified its actions by saying that Russian-speakers in the east of the country are threatened by the 'fascist-led' authorities in Kiev, although much of the threat to Russian-speakers is said by observers to be fabricated and the action is difficult to justify legally. On the other hand, the removal of Yanukovich did not comply with the Ukrainian constitution. The present Crimean authorities, who also came to power in dubious circumstances, have collaborated with the Russian government in controlling the media in Crimea and in Russia to present their version of events, both to ensure a pro-secession vote in the referendum and to boost the popularity of the Russian government at home.

Faced with what Western leaders have said is a violation of Ukrainian sovereignty and a serious threat to the international order, the West has agreed on targeted sanctions, drawing up a list of Russian officials associated with the incursion with a view to freezing assets and imposing travel bans and visa restrictions. Diplomatic sanctions such as expelling Russia from the Group of 8 countries appear to have taken place already and Western countries have drafted a resolution at the United Nations Security Council.

The UK government has decided to review all its contacts with the Russian government, including looking again at all arms export licences.

The biggest question is whether Russian forces will go any further and move into the rest of Ukraine. Other countries in Russia's near abroad are said to be worried about this dramatic escalation of Russian President Vladimir Putin's policy of re-establishing a privileged sphere of interest.

1 Recent developments

1.1 The fall of the Yanukovych government

Power-sharing deal brokered with the foreign ministers of German, Poland and France

On Friday 21 February 2014, the foreign ministers of Germany, France and Poland met with Ukrainian leaders and agreed a deal to set up a national unity government, restore the 2004 constitution, hold presidential elections by December, and set up an independent investigation into the violence. The parties undertook not to impose a state of emergency. The deal was supported by the UK Prime Minister.¹

Yanukovych disappears

On Saturday 22 February the Ukrainian parliament, which nominally has a majority for the deposed president's Party of the Regions and its allies, abandoned the deal, stripped Viktor Yanukovych of his powers and made former parliamentary Speaker Olexander Turchynov Interim president. It had already voted on Friday 21 February to release former Prime Minister Yulia Tymoshenko from prison. It also brought forward the date for presidential elections to May.

Ukraine's interim government issued a warrant for the arrest of Viktor Yanukovych for the 'mass murder of peaceful citizens' during the recent disturbances, while the Party of the Regions disowned Yanukovych and moved into opposition.² 77 deputies for the Party of the Regions left it.

EU and G20

EU foreign affairs High Representative Baroness Ashton went to Ukraine on Monday 24 February to speak to leaders and try to encourage dialogue. A decision to impose targeted EU sanctions on those responsible for the deaths of more than 60 protesters has been made but no list of names has so far been issued. Angela Merkel of Germany telephoned Vladimir Putin on Sunday. They agreed that Ukraine's stability and territorial integrity must be safeguarded.

G20 finance ministers discussed emergency financial aid for Ukraine in Sydney over the weekend of 22 and 23 February and Olli Rehn, EU Economics and Monetary Affairs Commissioner, said "It will have to be measured in billions rather than hundreds of millions."³ Christine Lagarde, head of the International Monetary Fund, said that Ukraine would at least have to start on economic reforms, particularly to reduce subsidies on gas consumed in the Ukraine. The US said that it is willing to supplement any IMF package, dependent on reforms. UK chancellor George Osborne has said⁴ that he is prepared to contribute to the multilateral aid effort: "We should be there with a chequebook to help the people of Ukraine rebuild their country."

Russian military exercises on the border

On Wednesday 26 February, President Putin ordered military exercises involving what was said to be 38,000 Russian troops near the border with Ukraine. The troops later returned to their bases.

Russia had previously said that it would make available a package of \$15 billion as well as cutting the price that Ukraine pays for Russian gas by 30%. \$3 billion of Russian support had

¹ 'PM welcomes agreement in Ukraine', 10 Downing Street press release, 21 February 2014

² 'Ukraine arrest warrant for fugitive Viktor Yanukovych', *BBC News Online*, 24 February 2014

³ 'EU warns west must be ready to rescue Ukraine', *Financial Times*, 24 February 2014

⁴ 'Ukraine revolution: Britain offers cash to Kiev as the world waits on Putin', *Daily Telegraph*, 13 March 2014

already been supplied in the form of a Russian purchase of Ukrainian government bonds at the end of December 2013. A further purchase of \$2 billion was put on hold after a bond auction was cancelled in February.

'Pogromists'

Russia called on the parties to stick to the terms of the deal agreed on 21 March, saying that the opposition had failed to disarm. Sergei Lavrov, Russia's Foreign Minister, said that the opposition was being led by 'armed extremists and pogromists whose actions pose a direct threat to Ukraine's sovereignty and constitutional order',⁵ and called on the EU to rein in these 'rampaging hooligans'.

On 28 February members of the Russian Duma proposed submitting a bill that would make it easier for territories to join the Russian Federation. Mikhail Yemelyanov of the Just Russia Party said that a territory would be able to join the Russian Federation after a referendum or a resolution of its parliament.⁶

Meanwhile, gunmen in uniforms with no insignia but with full military equipment appeared outside Crimea's main public buildings and two airports, increasing fear of Russian military intervention.

Viktor Yanukovich appeared in Rostov in southern Russia. He asserted that he was the legal president of Ukraine, but said that he was not calling on Russia to intervene militarily.

Duma approves use of military

On Saturday 1 March the Russian State Duma (parliament) approved a request by President Vladimir Putin to use Russian forces across Ukraine. Russian forces went on to take control of Ukrainian military sites in Crimea, including in Belbek, Balaclava and Kerch. In response, the Ukrainian authorities put the Ukrainian armed forces on full alert. Large pro-Russian demonstrations were reported across eastern Ukraine including in Kharkiv, the second biggest city.

The UN Security Council was also called to an emergency meeting to discuss the crisis.

On 2 March, NATO Secretary General Anders Fogh Rasmussen issued a statement explaining why he had called the North Atlantic Council and condemning the incursion:

We support Ukraine's territorial integrity and sovereignty. We support the right of the people of Ukraine to determine their own future without outside interference. And we emphasise the need for Ukraine to continue to uphold the democratic rights of all people and ensure that minority rights are protected.⁷

William Hague, UK Foreign Secretary, said that Ukrainian sovereignty had been 'violated' and called on Russia to deal directly with the new Ukrainian government.⁸

On 3 March the G7 leaders plus the European Union issued a joint statement:

We, the leaders of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States and the President of the European Council and President of the

⁵ 'Ukraine opposition fails to deliver on deal with Yanukovich: Russia', *Reuters*, 22 February 2014

⁶ 'Russian Lawmakers Want To Simplify Process Of Adding New Regions', *Radio Free Europe/Radio Liberty*, 28 February 2014

⁷ 'Doorstep statement', NATO press release, 2 March 2014

⁸ 'William Hague: Ukraine sovereignty has been violated', *BBC News Online*, 2 March 2014

European Commission, join together today to condemn the Russian Federation's clear violation of the sovereignty and territorial integrity of Ukraine, in contravention of Russia's obligations under the UN Charter and its 1997 basing agreement with Ukraine. We call on Russia to address any ongoing security or human rights concerns that it has with Ukraine through direct negotiations, and/or via international observation or mediation under the auspices of the UN or the Organization for Security and Cooperation in Europe. We stand ready to assist with these efforts.

We also call on all parties concerned to behave with the greatest extent of self-restraint and responsibility, and to decrease the tensions.

We note that Russia's actions in Ukraine also contravene the principles and values on which the G-7 and the G-8 operate. As such, we have decided for the time being to suspend our participation in activities associated with the preparation of the scheduled G-8 Summit in Sochi in June, until the environment comes back where the G8 is able to have meaningful discussion.

We are united in supporting Ukraine's sovereignty and territorial integrity, and its right to choose its own future. We commit ourselves to support Ukraine in its efforts to restore unity, stability and political and economic health to the country. To that end, we will support Ukraine's work with the International Monetary Fund to negotiate a new program and to implement needed reforms. IMF support will be critical in unlocking additional assistance from the World Bank, other international financial institutions, the EU, and bilateral sources.⁹

Press reports suggested that there were about 6,000 Russian troops in Crimea, with more arriving.

On 3 March Russian stock markets slumped by about 10% and the rouble fell, but a rumoured deadline for Ukrainian armed forces in Crimea to surrender passed without serious incident.

On 5 March talks in Paris to seek a negotiated solution failed and Russia refused to meet the new Ukrainian officials.

On 6 March gunmen took over the regional parliament building in the Crimean capital Simferopol and a pro-Russian leadership was installed. Then the autonomous parliament voted behind closed doors for Crimea to leave Ukraine and join Russia, setting a referendum for 30 March, later brought forward to 16 March.

EU and US sanctions agreed

On 12 March the EU agreed a framework for the first set of sanctions against Russia since the end of the Cold War. The measures would include travel bans and visa restrictions as well as asset freezes on Russian officials who the EU decides were associated with the incursion into Crimea. The names of officials have not yet been revealed. Russia has said that it will mirror any EU sanctions.

Similar US sanctions were also agreed on 12 March: the Senate agreed a measure that provided for \$50 million for Ukraine in democracy, governance and civil society assistance and \$100 million for enhanced security cooperation for Ukraine and other countries in the region, as well as \$1 billion in loan guarantees and several million in direct aid.

⁹ [Joint statement on Ukraine](#), Prime Minister's Office, 3 March 2014

The interim Ukrainian Prime Minister, Arseniy Yatseniuk, who was on a visit to Washington, also said that the new government was prepared to discuss protecting the rights of Russian speakers with the Russian government and was open to increasing the powers of the autonomous Crimean government to include such matters as taxation and language.¹⁰

New military exercises

On 13 March it was reported that new Russian military manoeuvres involving some 8,000 troops, and including artillery such as rocket launchers and anti-tank weapons, were taking place near the Ukrainian border. The Russian government said that the exercises would continue until the end of March.¹¹

On 14 March US Secretary of State John Kerry and the Russian Foreign Minister met in London for a last attempt to come to an agreement before the Crimean referendum on the 16th. Reports suggested that Mr Kerry had proposed the outlines of a compromise under which Crimea would be allowed to hold a referendum on self-determination but one that followed Ukrainian constitutional procedures. A major sticking point, however, remained: Russia continued to refuse to recognise the new authorities in Kiev.

Meanwhile, there was increasing violence in the eastern Ukrainian city of Donetsk.

On 16 March the Crimean referendum returned an overwhelming vote in favour of independence. The Crimean authorities requested then asked to join the Russian Federation.

1.2 The takeover of Crimea

Ukrainian armed forces in Crimea were surrounded by pro-Russian forces early in the crisis. Since then the pro-Russian military has supported the gradual takeover of the main official institutions in the peninsula. Armed men took control of the autonomous parliament on 27 February. That day Crimean MPs dismissed the existing government and elected the head of the Russia Unity party, Sergey Aksyonov, as the new prime minister, although there were many questions about the legitimacy of the vote, with all MPs reportedly having their mobile phones confiscated.¹² The Kiev courts issued statements annulling the decisions of the the Crimean parliament and the Council of Ministers.

Initially, a referendum on union with Russia was set for 30 March but on 6 March the new regional government passed a resolution proclaiming union with the Russian Federation and bringing the referendum forward. This is the text of the resolution as reported in the press:

1. accede to the Russian Federation as an entity of that federation;
2. Set March 16 as the date of a Crimea-wide referendum (including Sebastopol) in which the following alternatives will be offered:

Are you in favour of Crimea being reunited with Russia with the status of an entity of the Russian Federation?

¹⁰ This section based on press articles, particularly 'Ukraine bill with sanctions, IMF reforms clears hurdle in U.S. Senate', *Reuters*, 13 March 2014; 'EU moves toward sanctions on Russians; Obama meets Ukraine PM', *Reuters*, 13 March 2014; 'Yatsenyuk To Meet With Obama In Washington', *Radio Free Europe/Radio Liberty*, 12 March 2014; 'EU moves toward sanctions on Russians; Obama meets Ukraine PM', *Reuters*, 13 March 2014

¹¹ 'Ukraine crisis: Russia begins new military exercises', *BBC News Online*, 13 March 2014

¹² 'Crimea's new prime minister calls Yanukovich president, relies on Russian financial aid', *Kyiv Post*, 28 February 2014

Are you in favour of the 1992 Constitution of the Republic of Crimea being restored, and of Crimea having the status of part of Ukraine?¹³

On 11 March a declaration of independence was issued by the autonomous parliament:

We, the members of the parliament of the Autonomous Republic of Crimea and the Sevastopol City Council, with regard to the charter of the United Nations and a whole range of other international documents and taking into consideration the confirmation of the status of Kosovo by the United Nations International Court of Justice on July, 22, 2010, which says that unilateral declaration of independence by a part of the country doesn't violate any international norms, make this decision.¹⁴

The aim of declaring independence before the referendum appeared to be to undermine arguments, coming from Kiev politicians among others, that the referendum was unconstitutional.

On 13 March Angela Merkel described the comparison between Kosovo and Crimea as 'shameful',¹⁵ perhaps underlining the tendency in Berlin towards an increasingly activist foreign policy:

In Kosovo we had years in which the international community had no power to intervene while Slobodan Milosevic carried out his ethnic cleansing. Nato then decided to act alone because Russia continuously blocked any UN mandate on Serbia. That situation is in no way similar to what is happening today in Ukraine.

In my opinion it is shameful to compare Crimea to Kosovo. And even if there had been other breaches of international law - Kosovo not being one of them - Russia's actions in Ukraine are still a breach of international law.¹⁶

2 A history of bitter division

Ukraine's history in the 20th century has been dramatic. In two periods, particularly, there has been a great deal of suffering and death on its territory. During the Stalin era in the 1930s, forced collectivisation of agriculture is widely accepted to have led to the death of millions in the Soviet Union, mainly Ukrainian peasant farmers. The famine was largely man-made, although the episode remains controversial. In 2006 (under the West-leaning Viktor Yushchenko) the government of Ukraine passed a law recognising the disaster as genocide against the Ukrainian people.¹⁷ In the vote in the Ukrainian parliament, pro-western parties voted in favour of the law while Viktor Yanukovich's Party of the Regions largely abstained and the Communist Party of Ukraine voted against it.

Tatars are a largely Turkic Muslim people who lived in the Crimean peninsula for centuries. The Crimean Peninsula was ruled by the Ottoman Empire until it was annexed by the Russian Empire in the 18th century. Then, under Stalin, enormous numbers of Tatars died at the same time as other Ukrainians. In the closing years of the Second World War, most of the remaining population was deported to Soviet Central Asia (those that survived the journey), accused of collaboration with the Nazis. In reality, other populations had been removed from Crimea too, including Greeks and Bulgarians, and many Russians had moved

¹³ 'Crimean Parliament Shifts Referendum Date to March 16', Institute for War and Peace Reporting, 6 March 2014

¹⁴ 'Crimea parliament declares independence from Ukraine ahead of referendum', *Russia Today*, 11 March 2014

¹⁵ 'Merkel: Comparing Crimea to Kosovo is 'shameful'', *EUObserver*, 13 March 2014

¹⁶ *Ibid.*

¹⁷ *Law of Ukraine №376-V "On Holodomor of 1932 - 33 in Ukraine"*

in during the Russian Empire. The deportation, along with such policies as imposing the Cyrillic alphabet, had the effect of 'Russification' of the peninsula.

During the Second World War, many in western Ukraine welcomed the Nazi occupation of their territory and the expulsion of the Soviets. Tempted by Nazi allusions to Ukrainian independence, some Ukrainians collaborated with the Germans, while others fought with the Red Army against the German *Wehrmacht*. Some Ukrainians were deported to forced labour camps, as the Nazis' plans involved clearing much of Ukraine for German settlement. Millions of Ukrainians died during the war including maybe one million Ukrainian Jews.

3 International undertakings on Ukraine's independence

3.1 Minsk Agreement

In the Minsk Agreement of 1991, Belarus, the Russian Federation and Ukraine agreed to form the Commonwealth of Independent States.

The signatories agreed to protect minorities from the other states:

Each of the high contracting parties guarantees the citizens of the other parties, and also persons without citizenship that live on its territory, civil, political, social, economic and cultural rights and freedoms in accordance with generally recognized international norms of human rights, regardless of national allegiance or other distinctions.¹⁸

Other articles centred on protecting cultural diversity, and political, economic and cultural cooperation.

The agreement recognised the inviolability of existing borders: 'The high contracting parties recognize and respect one another's territorial integrity and the inviolability of existing borders within the Commonwealth.'¹⁹ It also contained a clause which might be taken as a guarantee not to join NATO:

The parties will respect one another's aspiration to attain the status of a non-nuclear zone and a neutral state.

The member-states of the community will preserve and maintain under united command a common military-strategic space, including unified control over nuclear weapons, the procedure for implementing which is regulated by a special agreement.²⁰

3.2 Budapest Memorandum 1994

After the dissolution of the Soviet Union, Ukraine, along with Belarus and Kazakhstan, was left with many of the Union's nuclear weapons. At the time, this was the source of a lot of worry: it had not been clear that Ukraine would be an independent state and the fate of the Soviet weapons on its soil was one of the main considerations.

In 1994, to general relief, Ukraine and the other two newly-independent states undertook to eliminate all nuclear weapons from their territory and accede to the Nuclear Non-Proliferation Treaty (NPT). One of the three Budapest Memorandums of 5 December 1994, the Ukraine

¹⁸ [The Minsk Agreement, Signed by the heads of state of Belarus, the Russian Federation, and Ukraine on December 8, 1991](#)

¹⁹ [The Minsk Agreement, Signed by the heads of state of Belarus, the Russian Federation, and Ukraine on December 8, 1991, article 5](#)

²⁰ [The Minsk Agreement, Signed by the heads of state of Belarus, the Russian Federation, and Ukraine on December 8, 1991, article 6](#)

Memorandum was signed by the Presidents of Ukraine, the Russian Federation and the United States of America, and the Prime Minister of the United Kingdom, making assurances to Ukraine on behalf of those countries. Later on, China and France joined its provisions in the form of individual statements.

The Memorandum welcomed the fact that Ukraine was joining the NPT and said that the signatories would respect Ukrainian independence and borders:

1. The Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America reaffirm their commitment to Ukraine, in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, to respect the independence and sovereignty and the existing borders of Ukraine;

2. The Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America reaffirm their obligation to refrain from the threat or use of force against the territorial integrity or political independence of Ukraine, and that none of their weapons will ever be used against Ukraine except in self-defence or otherwise in accordance with the Charter of the United Nations.

The signatories also agreed not to use economic weapons against Ukraine:

3. The Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America reaffirm their commitment to Ukraine, in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, to refrain from economic coercion designed to subordinate to their own interest the exercise by Ukraine of the rights inherent in its sovereignty and thus to secure advantages of any kind.²¹

Before leaving for his first visit to Washington as Prime Minister, Yatsenyuk said in the Ukrainian parliament:

A country which willingly gave up its nuclear arsenal... and received guarantees from the world's leading countries, finds itself unprotected, one-on-one with a country which is armed to the teeth.

If you do not uphold these guarantees... then explain how you will convince Iran and North Korea to give up their nuclear status.²²

However, the Budapest Memorandum does not amount to a guarantee by any of the signatories to defend Ukraine in the event of an attack on its sovereignty. It is not a mutual defence agreement such as that agreed by members of NATO.

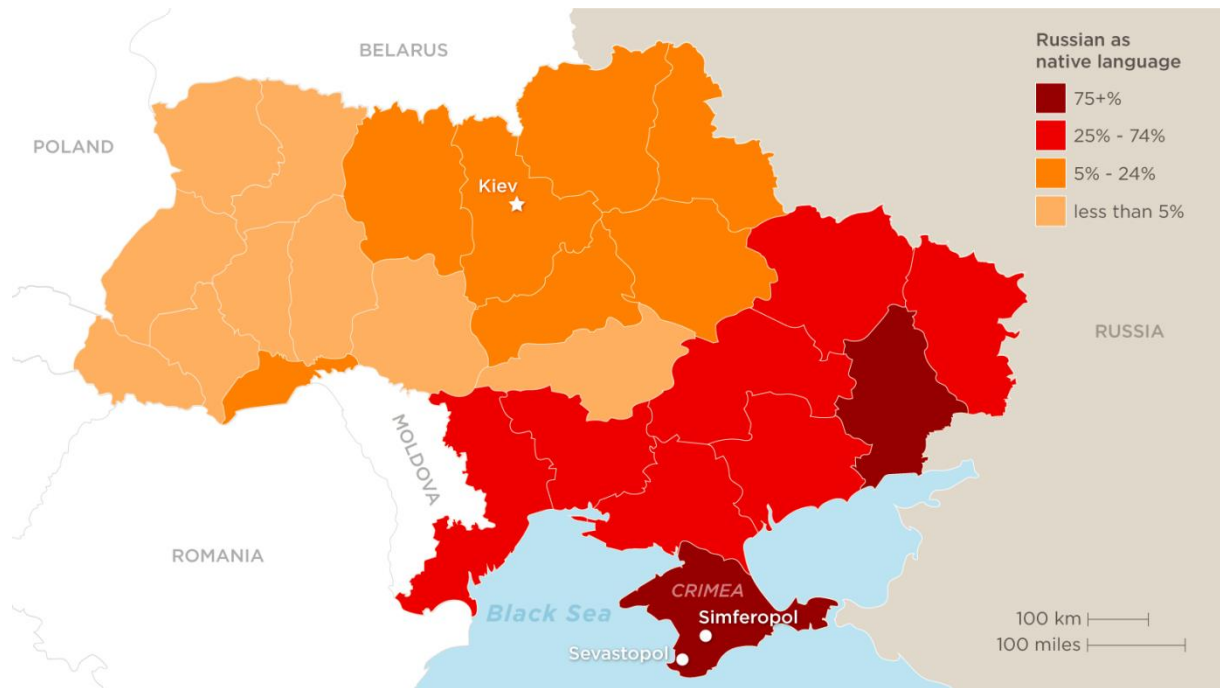
4 Ukrainians: divided on EU but mostly disappointed with their leaders

Ukrainians are deeply divided, for historical and linguistic reasons and over current policy. While dividing the country might seem a solution to political disagreement between the southeast and west of the country, it would be very risky. There is no absolute boundary separating the generally pro-western Ukrainian-speakers, who tended to vote for

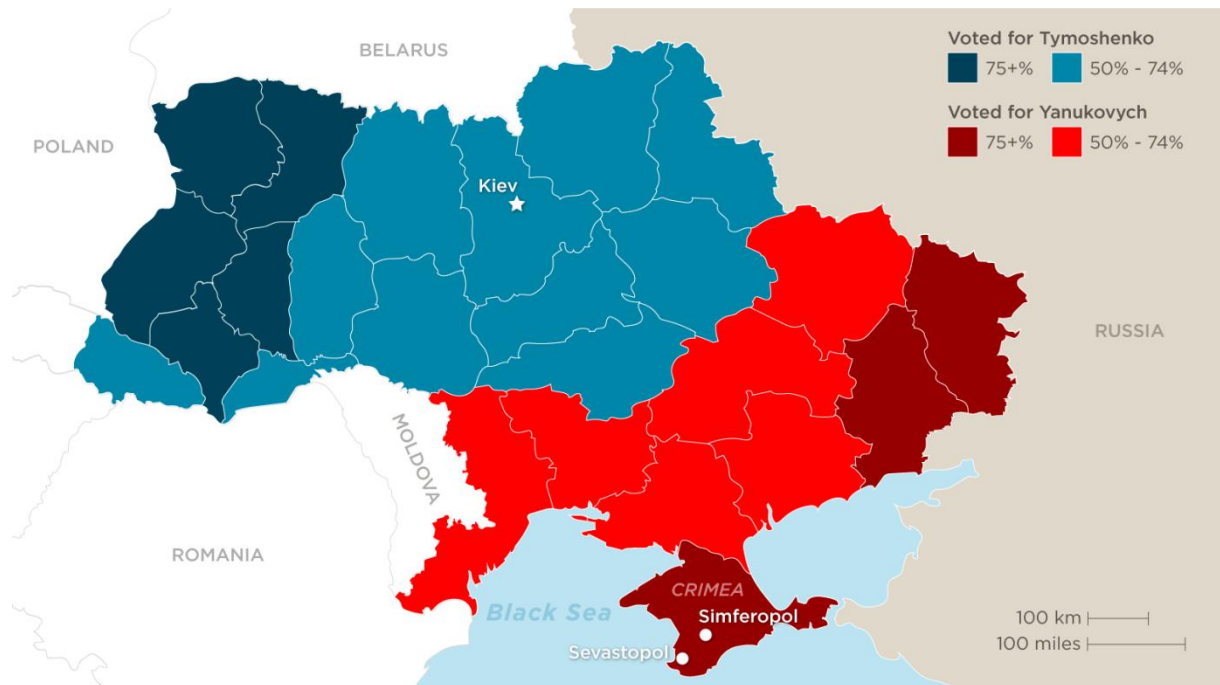
²¹ [Memorandum on Security Assurances in Connection with Ukraine's Accession to the Treaty on the Non-Proliferation of Nuclear Weapons](#), 19 December 1994

²² ['Ukraine crisis: Critical moment for US power'](#), BBC News Online, 12 March 2014

Tymoshenko/Yushchenko, from the more pro-Russian Russian speakers in the east of the country, who tended to vote for Yanukovich, as shown in the following maps:



Source: Ukraine 2001 Census



Source: Ukrainian Central Election Commission

Maps courtesy of the University of Texas

Opinion is relatively evenly divided about Ukrainian membership of the EU (whether or not that is on the table), although the popularity of the EU tends to decrease among easterners and Russian-speakers. According to an International Foundation for Electoral Systems (IFES) survey published in December 2013, 37% of Ukrainians were in favour of joining the

EU while 33% were in favour of joining the Russian-led customs union.²³ However the regional differences were stark. Support for the EU rather than the customs union was much stronger in the west (73% versus 5%) and in Kiev (64% versus 10%). In the south the situation was almost reversed with 62% versus 14% and the east (46% versus 20%). Another survey conducted by a pro-Europe foundation in 2011 suggested that young people, even in Crimea, differed from their elders and were generally in favour of EU membership.²⁴ The same poll showed a sharply increasing number of respondents listing deteriorating relationships with CIS countries over previous years' findings.

Meanwhile, Ukrainians' opinions of all political leaders were fairly negative in the IFES poll, 52% having little or no confidence in even Vitali Klitschko, the favourite. 69% had little or no confidence in Viktor Yanukovich. Large majorities also expressed little or no confidence in the parliament and few thought that elections were entirely free and fair. Local leaders and institutions fared slightly better than national ones.

5 Ukrainian economy

After a severe decade-long recession following independence, the economy grew strongly from 2000 to 2007 on the back of high demand for exports of steel and other commodities, and a burgeoning consumer sector. The global financial crisis hit the economy hard as demand for its exports dried up, and the economy has struggled to grow consistently since. The economy's reliance on heavy industry, poor business conditions and high levels of corruption remain barriers to achieving long-term sustainable growth. A large budget deficit and insufficient resources mean that the government will likely need a substantial bailout.

5.1 Background

Post-Soviet recession

The transition from a centrally-planned economy in the Soviet era to a more market-based one was particularly painful in Ukraine. The economy was already in recession before independence in 1991 but in the following years the slump gathered pace with the break-up of the Soviet Union affecting trade.²⁵

The country also experienced hyperinflation with annual inflation rates of over 10,000% at the end of 1993.²⁶ An IMF stabilization programme, changes to the central bank and the introduction of a new currency in 1996 (the *hryvnia*) helped stabilize things somewhat, although Gross Domestic Product (GDP) continued to contract. By 1996 the economy was producing only half as much as it did in 1989, and it wasn't until 2000 that the economy managed a full year of growth (see charts below).

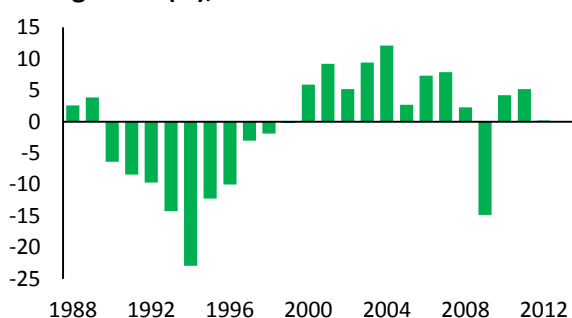
²³ 'Ukraine Public Opinion Poll Shows Dissatisfaction with Socio-Political Conditions', International Foundation for Electoral Systems, 5 December 2013

²⁴ [Ukrainians opt for EU membership, in particular the youth](#), Democratic Initiatives Foundation, December 2011

²⁵ Europa world, profile of Ukraine's economy [accessed 14 March 2014]

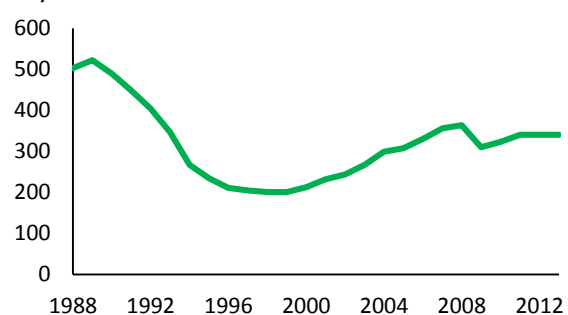
²⁶ Data in this section from the IMF [World Economic Outlook](#) and World Bank [World Development Indicators](#).

GDP growth (%), 1988-2013



Source: World Bank; Ukraine stats office (2013)

Real GDP (in constant 2003 prices), 1988-2013
Hryvnia billion



Source: World Bank; Ukraine stats office (2013)

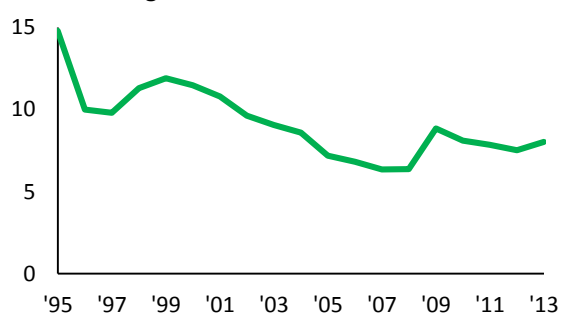
Strong growth 2000-2007

The beginning of the new century heralded a much-improved performance. Annual GDP growth averaged 7.5% between 2000 and 2007. Growth at first was largely supported by external factors, with booming growth in emerging economies driving up demand for, and prices of, steel, other metals and chemicals – commodities that Ukraine produced a lot of.²⁷

This export-led growth led to unemployment falling and a sharp increase in wages, which boosted consumer spending. Foreign investment also rose sharply, albeit from very low levels, but was still lower than in neighbouring countries such as Poland and Hungary (see charts below).

Unemployment rate (%), 1995-2013

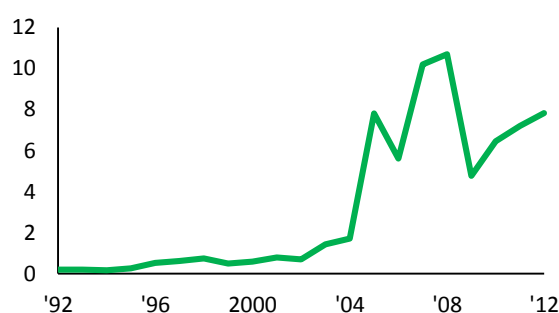
Annual average



Source: IMF, Oct 2013 World Economic Outlook

Foreign direct investment, 1992-2012

US\$ billions, annual data



Source: World Bank

Some reforms were introduced during this period, such as those required for Ukraine to join the World Trade Organisation in 2008 but, on the whole, governments eschewed the deep structural reforms needed to improve productivity and therefore improve long-run growth potential. Instead, against the backdrop of strong growth, governments had a tendency to increase spending (such as in pre-election periods).

Despite the improved economic performance, the nature of the growth was temporary, reliant as it was on international markets and, in particular, on world commodity prices.

2008-09 recession and 2010-11 recovery

The global financial crisis hit the economy hard, with GDP contracting by 15% in 2009, one of the deepest recessions in Europe. The fall in global demand for Ukraine's exports was sharp, as was the associated decline in the price of steel and other commodities. This also

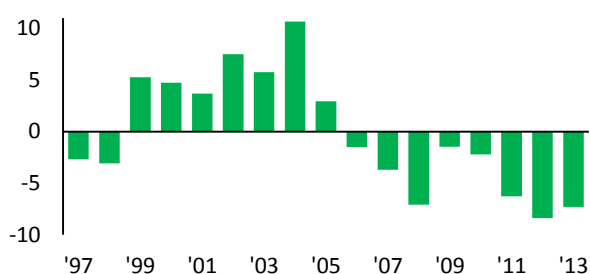
²⁷ OECD, "Territorial Reviews: Ukraine 2013", 10 February 2014, pp30-31

led to a fall in the country's currency, the *hryvnia*. Domestic demand, in the form of consumer spending and investment, also fell sharply.

The falls in demand led to large budget and trade/financial deficits (see charts below). These 'twin deficits', together with the high levels of bad debts held by banks, led to Ukraine agreeing to a \$16.4 billion loan from the IMF in late 2008 to cover the deficits and stabilise economic and financial conditions. The loan came with conditions that a comprehensive set of reforms would be undertaken by the government, designed to improve the growth potential of the economy and its future stability.²⁸

Current account balance, 1997-2013

% of GDP



Source: IMF, Oct 2013 World Economic Outlook

Government budget balance, 1997-2013

% of GDP



Source: IMF, Oct 2013 World Economic Outlook

Although initially successful in stabilising the banking system and introducing some reforms (for example, of the pension system), the IMF broke off the agreement in late 2009, after the government decided to increase spending, contrary to the terms of the loan. A further \$15.1 billion loan deal with the IMF in August 2010 was also suspended (in March 2011) due to the IMF stating that 'program performance has fallen short of expectations.'²⁹ This, again, was due to a lack of reforms, the failure to increase exchange rate flexibility³⁰ and the refusal to raise gas and heating prices for consumers, which were – and still are – heavily subsidised.

The economy grew again in 2010 (by 4.1%) and in 2011 (5.2%). The recovery began with increases in world trade and commodity prices which underpinned a rebound in industrial and agricultural production. Domestic demand then recovered as incomes rose and consumer confidence returned, boosting consumer spending. Government investment also grew strongly in advance of the Euro 2012 football tournament, co-hosted by Ukraine.

5.2 Current situation and key issues

Weak economy and twin deficits

The recovery in 2010 and 2011 proved short-lived and the economy was stagnant in 2012 and 2013, with growth of 0.2% and 0.0%, respectively. Weakness in external demand (notably from the eurozone), and lingering weakness in the banking system contributed to the slowdown. The central bank's policy to manage the *hryvnia* exchange rate against the dollar (a de facto peg) has meant that many observers, including the IMF, felt that monetary conditions were too tight for the domestic economy and are stifling growth.³¹

²⁸ IMF Survey Magazine, "Helping Ukraine Avoid a Hard Landing", 10 November 2008

²⁹ IMF Article IV consultation staff report on Ukraine, November 2012, pp4-5

³⁰ The *hryvnia* is pegged to the US dollar (at the time around UAH8/per \$1). Maintaining this peg (supporting the *hryvnia*), often by therefore is primary monetary policy objective of the central bank.

³¹ For example: IMF press release "IMF Executive Board Concludes 2013 Article IV Consultation, First Post-Program Monitoring, and Ex Post Evaluation of Exceptional Access with Ukraine", 19 December 2013

Large budget and current account deficits remain a key problem. Government policy in 2012 and 2013 has exacerbated the budget deficit, with large (pre-election) pension and wage increases and continued massive energy subsidies also undermining investor confidence in the long-run fiscal sustainability of the country. The overvalued currency (due to the exchange rate policy mentioned above), together with weak foreign demand for Ukrainian goods, has contributed to continued large current account deficits. (Since the crisis began, the hryvnia has lost about 20% of its value against the dollar, increasing the sizeable burden of dollar-denominated debt.)

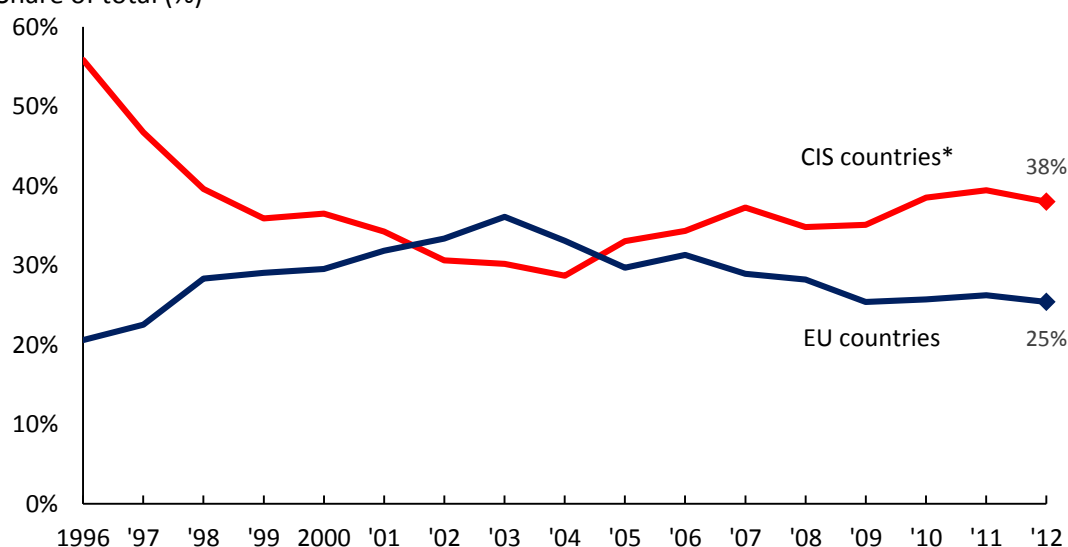
Structural problems

Ukraine's economy is still dependent on heavy industries, with base metals (mostly steel), mineral products, and machines and equipment accounting for half of goods exports. Agricultural products also have a high share of exports. The structure of these exports is still dominated by commodities, with few mid-tech or high-tech products.³²

The destination of Ukraine's exports has also changed not greatly over the past 15 years or so, with the CIS countries (Russia and some other former Soviet Republics) accounting for 38% of its exports in 2012 compared to 25% for EU countries. In fact, the EU share has been falling gradually, while the CIS share has risen over the past decade (see chart below).

Ukraine exports of goods and services by destination, 1996-2012

Share of total (%)



* Commonwealth of Independent States, made up of a majority of the former Soviet Republics (including Russia); Source: State Statistics Service of Ukraine

The industrial capital stock is old and deteriorating, indicating greater levels of investment are needed. Infrastructure spending is also only 30% of the level of a typical lower-middle income country.³³ Given these conditions, the OECD states that the current level of investment 'appears to be far lower than that needed to sustain rapid catch-up [with more developed economies] over a long period.'³⁴

³² World Bank, "Bolstering Growth Through Private Sector Reforms in Ukraine", 22 January 2014, pp 24-25

³³ OECD, "Territorial Reviews: Ukraine 2013", 10 February 2014, pp59-64

³⁴ *ibid.* p33

Labour supply is also an issue, with Ukraine's population having fallen from 51.9 million in 1993 to 45.5 million in 2013, and an ageing population. This means that the productivity will have to improve to drive long-term growth. At present, this does not appear to be happening. While education levels are high – a legacy of the Soviet era – this has not appeared to translate into increased labour productivity.³⁵

Poor business environment

Ukraine's economy is characterised by a weak private sector, lack of competition, a poor regulatory environment and high levels of corruption. These all undermine Ukraine's growth prospects.³⁶

The World Bank in a January 2014 report cited weaknesses in business regulations that hold back the private sector. These include poor regulations in tax administration, property rights, permits, as well as excessive red tape, weak public sector governance, ineffective application of competition policies and high barriers to entry for new businesses. In addition, the political will to improve the business climate has been lacking.

Measures of international competitiveness reveal the extent of the problem. The World Economic Forum in its Global Competitiveness Report, ranks Ukraine 84 out of 148 countries in 2013/14, below neighbours Romania (76), Russia (64) and Poland (42).³⁷ Meanwhile, the World Bank's *Doing Business* rankings put Ukraine 112 out of 189 countries for "ease of doing business" in 2014, again below Russia (92), Romania (73), Belarus (63rd) and Poland (45th).³⁸ Transparency International ranks Ukraine as 144th out of 177 countries for levels of transparency in public institutions in 2013, below Russia (127th), Belarus (123rd), Romania (69th) and Poland (38th).³⁹ Ukraine was the lowest ranked country in Europe.

Reasons for optimism

Despite its poor performance and weak fundamentals, many believe the economy has a lot of potential. Reasons for optimism include:

- location close to major markets (which could be used as a logistics hub)
- fertile agricultural land
- large domestic market of over 45 million people
- abundant natural resources including metals and coal but also (unconventional) oil and gas, and
- a well-educated population, particularly for a lower-middle income country.⁴⁰

The World Bank noted a 2006 IMF study suggesting that, given current stocks of labour and capital, Ukraine's income level 'could nearly double' if it approximated the levels of institutional and market efficiency in the 10 (mostly Eastern European) countries that joined

³⁵ *ibid.* p50 and pp56-57

³⁶ This section draws heavily on the following report: World Bank, "[Bolstering Growth Through Private Sector Reforms in Ukraine](#)", 22 January 2014

³⁷ World Economic Forum, [The Global Competitiveness Index 2013–2014 rankings](#)

³⁸ World Bank, [Ease of Doing Business \(2014\) in Ukraine](#)

³⁹ Transparency International, [Corruption Perceptions Index 2013](#)

⁴⁰ OECD, "[Territorial Reviews: Ukraine 2013](#)", 10 February 2014, p34

the EU in 2004. Given that, if anything, the gap has grown wider since the report was published, these benefits of business reforms are likely to still be substantial.⁴¹

5.3 Internal regional differences

The economy of the highly-populated east of the country, particularly around Donetsk, has a high concentration of industry, while the West is more agriculture-based. National growth before the recession was driven by Kiev and the industrial regions of the east. The recession hit the east harder than the rest of the country, but overall those areas remain more affluent than the northern and western parts of the country. The map below shows average wages for January 2014 for each region of Ukraine and provides an illustration of the differences between regions.

Average wages by region, January 2014



Note: Map does not include the separate cities with special status – Sevastopol and Kiev. The City of Kiev's average is by far the highest at 4,600 hryvnia, 30% more than the second highest in Donetsk. In January 2014 £1 was worth approximately 14 hryvnia

Source: State Statistics Service of Ukraine, using map from targetmap.com

5.4 Government funding problems and possibility of an international bailout

Despite the overall stock of public debt not being especially high (around 40% of GDP), the ability of Ukraine to service these debts is limited due to a shortage of foreign exchange reserves (\$15 billion, or less than two months of imports⁴²), lack of access to international markets for funding and money owed to Gazprom, the Russian energy giant, by state-owned Naftogaz.

The decision by former President Yanukovich to agree to a \$15 billion loan from Russia, including a \$3 billion instalment paid while he was still in office, was probably partly due to the urgent need for financing.

⁴¹ World Bank, "Bolstering Growth Through Private Sector Reforms in Ukraine", 22 January 2014

⁴² BNP Paribas economic research, "Russia, Ukraine: a no-win standoff", 7 March 2014

With the crisis making the government's funding needs even more urgent, and Russia suspending any further instalments of its loan programme, *The Economist* put it bluntly: '...without loans from the West the government will run out of money.'⁴³

The exact amount of financing the government needs is not clear, although the acting Finance Minister has said that \$35 billion is needed over the next two years.⁴⁴ The Institute of International Finance puts the country's financing needs at \$25 billion this year, including \$9 billion in sovereign debt obligations, \$2.7 billion for repayments for past IMF loans, and \$3.3 billion to Gazprom for payment arrears on gas.⁴⁵

The US government has offered \$1 billion in loan guarantees (at the time of writing, Congress had still to pass this), while the EU has offered over €11 billion, although much of this is contingent on a future agreement between the IMF and Ukraine and is spread over the seven-year period 2014-2020.⁴⁶ Meanwhile, the IMF will likely negotiate a more substantial agreement with Ukraine, possibly after the scheduled presidential elections in late May, which will be contingent on the new government undertaking a substantial set of reforms.

6 Ukrainian oligarchs

The role of wealthy businessmen in Ukraine is unclear. Crucially, there has never been a showdown between the political power and the oligarchs in Ukraine, as there was in Russia. It must be assumed that Ukraine's oligarchs are very influential.

While some are associated with the government of Viktor Yanukovich and may have had some influence in preventing the country from moving towards the EU, others have opposed him. Leaders of Ukraine's heavy industry, largely based in the east of the country, are generally reported to have backed Yanukovich, partly because the deposed leader's policies were intended to bring good relations with Russia and therefore cheaper gas, on which those industries depend.

But the situation is not as simple as that. Rinat Akhmetov is said to be the richest man in Ukraine with business interests in electricity and steel in Donetsk in the east – a classic pro-Russian and pro-Yanukovich businessman with an interest in low energy prices. He was often seen with the deposed leader at football matches (and bought a flat at 1 Hyde Park in London, the most expensive home ever in the UK, in 2011). And yet Akhmetov's television channel distanced itself from the government and started to provide full coverage of the Maidan protests in Kiev.

The hold of Yanukovich's family on parts of the economy may go some way to explaining this: a new faction of wealthy Ukrainians, known as the 'Family' and headed by Viktor Yanukovich's son Oleksandr, has been increasing its power and encroaching on the territory of more established operators. Extreme wealth is an unreliable protection against arbitrary political power, as the fate of Russian billionaire Mikhail Khodorkovsky dramatically demonstrated. The Russian ban on Ukrainian confectionery, imposed during negotiations over the EU trade deal and widely interpreted as a warning to Ukraine not to sign it, hurt one of the established oligarchs Petro Poroshenko, Ukraine's 'Chocolate King'.⁴⁷

⁴³ *The Economist*, "Gas and chocolate", 8 March 2014

⁴⁴ Reuters, "Ukraine calls for aid, says needs \$35 billion in next two years", 24 February 2014

⁴⁵ IIF, "Ukraine: A Step Back From the Brink", 24 February 2014 and Euromoney magazine online, "Ukraine's depressing economic bind – and sovereign default risk", 25 February 2014

⁴⁶ EC, "European Commission's support to Ukraine", 5 March 2014

⁴⁷ For more discussion of these themes see 'Good-Bye Lenin? Is Ukraine's 'Revolution' Pro-European or Pro-Oligarchic?', *New Economic Perspectives*, 11 December 2013

Support for the Kiev demonstrations by some of Ukraine's establishment might be a good way of limiting the rise of the 'Family' and cutting the Yanukovyches down to size. In the longer term, moving Ukraine towards EU standards for the rule of law might be a good way of keeping hold of a business empire (even one that was perhaps acquired in not the most transparent way).

The new Ukrainian authorities have tried to use the influence of these oligarchs to increase support in the restive east. Two billionaires are being considered for government positions in the east, Sergei Taruta in Donetsk and Ihor Kolomoysky in Dnipropetrovsk, in the hope of generating some loyalty among the eastern workers for the new regime in Kiev.⁴⁸

7 Crimean autonomy

Crimea has the status of an autonomous republic within Ukraine, although Ukraine is not a federal state. It has a population of somewhere over two million, about 60% of whom see themselves as ethnically Russian. 24% see themselves as ethnically Ukrainian and 12% are Tatars, according to the 2001 census.⁴⁹

There is a 100-member parliament for Crimea but executive power rests with the Council of Ministers which is appointed by the local parliament subject to the approval of the President of Ukraine.

According to the Ukrainian Constitution, Crimea has the following competences:

- 1) agriculture and forestry;
- 2) land improvement and surface mining;
- 3) public works, crafts and trades; charity;
- 4) urban construction and housing management;
- 5) tourism, hotel business, fairs;
- 6) museums, libraries, theatres, other cultural establishments, historical and cultural conservation areas;
- 7) public transportation, roadways, water supply;
- 8) hunting and fishing;
- 9) sanitary and hospital services.⁵⁰

Crimea is authorised to call elections and to hold referendums (although not apparently on secession). It has no taxation powers and relies on grants from the central government.

8 Ukraine's armed forces

Ukraine's armed forces look to be on the side of the new government for now. Yanukovich had previously dismissed the chief of staff, General Zamana, for refusing to send the army to disperse the Maidan demonstration; the new government has installed him as interim defence minister and on Sunday an official statement was issued by the military saying it

⁴⁸ [Ukraine Turns to Its Oligarchs for Political Help](#), *New York Times*, 2 March 2014

⁴⁹ [Why Crimea is so dangerous](#), *BBC News Online*, 11 March 2014

⁵⁰ *Constitution of Ukraine: Autonomous Republic of Crimea*

would not intervene in the crisis. On Monday 3 March, however, the newly appointed head of the navy declared his allegiance to the people of Crimea, effectively abandoning the new government in Kiev.

Russia's military dwarfs that of Ukraine's in every sense.⁵¹ Russia fields an active force of 845,000 compared to Ukraine's 130,000, while both can call on reserve forces, numbering 2 million in Russia's case and 1 million in Ukraine's. Ukraine ordered the call-up of its reserves on 2 March 2014.⁵²

Comparison of Russia and Ukraine's Armed Forces

	Russia	Ukraine
Active personnel	845,000	129,950
Army	250,000	64,750
Navy	130,000	13,950
Air	150,000	45,250
Airborne	35,000	6,000
Reserve	2,000,000	1,000,000
Principal surface ships (aircraft carriers, frigates, destroyers)	33	1
Submarines	64	1
Main Battle Tanks	2,550+	1,110
Armoured Infantry fighting vehicles	7,360+	1,484
Aircraft (combat capable)	1,389	221

Source: *The Military Balance 2014*, IISS

Russia's Black Sea Fleet is based in Crimea in Sevastopol. Ukraine and Russia first agreed the leasing arrangements in 1997 and in 2010 Viktor Yanukovich agreed to extend the lease until 2042, in return for discounted rates on Russian natural gas.

Ukraine's forces

Ukraine's Navy consists of just one 1 frigate, 10 patrol and coastal combatants and 1 tactical submarine, with just under 12,000 regular personnel, plus 3,000 personnel in the naval infantry. The latter consists of 1 mechanised infantry brigade and 1 artillery brigade, equipped with 40 tanks and 75 armoured infantry fighting vehicles. The newly appointed head of the Ukrainian Navy, Rear-Admiral Denis Berezovsky, announced his defection to join the pro-Russian Crimean authorities. Ukraine's interim government has announced it intends to launch a treason case against him.⁵³

⁵¹ All figures in this section from *The Military Balance 2014*, International Institute for Strategic Studies

⁵² "Ukraine calls up reserves, wants forces combat-ready", *Reuters*, 2 March 2014

⁵³ "New head of Ukraine's navy defects in Crimea", *BBC News*, 2 March 2014

Ukraine's military base in Crimea, in Perevalnoye, has already become a potential flashpoint, surrounded by Russian military.

The leasing arrangement in Crimea

In May 1997 Russia and Ukraine resolved years of disagreement to broker a twenty-year leasing arrangement for the Black Sea Fleet to remain in Crimea. Russia has exclusive rights to the main Sevastopol anchorages at Sevastopolskaya, Yuzhnaya and Karantinnaya bays off the city and further territory in Simferopol, Yalta, Gvadeyskoe, Kacha and Feodosiya. Ukrainian naval forces and parts of the Russian fleet are based jointly at Streletskaia Bay.⁵⁴

In September 2008, in response to the Russian defence ministry expressing a desire to extend the lease beyond 2017, the then Prime Minister, Yulia Tymoshenko, said "we need to maintain this agreement until 2017 and then we need to make Ukraine a zone free of any military bases."⁵⁵ However under the Presidency of Viktor Yanukovich, in April 2010 the two countries extended the lease by 25 years, to 2042, in exchange for natural gas at discounted rates.

There has been a naval base at Sevastopol since the late 18th century. However Christian Le Mierre of the International Institute of Strategic Studies suggests the Russians do have a potential alternative headquarters for the fleet in the Black Sea on its own coastline, in Novorossiysk. He notes its limitations: the base is adjacent to a commercial port and is not as extensive as Sevastopol's. But he also notes Russia has been investing in the port since 2008 and dredged areas to enable the basing of larger vessels. The six new submarines that are expected to join the Black Sea fleet (see below) will be based there.⁵⁶

The Black Sea fleet

Russia organises its navy into four geographic fleets and the 13,000 personnel strong Black Sea fleet is headquartered in Sevastopol in Crimea. It numbers 25 combat vessels, made up of 2 frigates, 1 destroyer, 2 cruisers, 19 patrol and coastal combatants and 1 tactical submarine. It is the smallest of the four fleets of the Russian Navy (the others being the Northern Fleet, the Pacific Fleet and the Baltic Fleet).⁵⁷

Many of its vessels are old and Jon Rosamond, of IHS Jane's Navy International, notes that "since the collapse of the Soviet Union, the Black Sea Fleet has been starved of investment, a victim of Russia's economic problems and diplomatic squabbling over the future of the fleet's main base at Sevastopol, Ukraine."⁵⁸

Mark Galeotti, author of *Russian Security and Paramilitary Forces Since 1991*, suggests the Black Sea Fleet is not particularly impressive as a war-fighting force. He suggests "the Italian Navy alone could destroy it."⁵⁹

In the last couple of years Russia has unveiled plans to update and expand the fleet with six new Admiral Grigorovich-class frigates and six improved Kilo-class diesel-electric

⁵⁴ "Rise and fall – a new order in the Black Sea", *Jane's Navy International*, 1 March 1998

⁵⁵ "No Russian fleet in Ukraine beyond 2017: PM", *AFP*, 24 September 2008

⁵⁶ Christian Le Miere, "[Evaluating Russia's Black Sea Fleet](#)", *International Institute for Strategic Studies*, 26 February 2014

⁵⁷ Christian Le Miere, "[Evaluating Russia's Black Sea Fleet](#)", *International Institute for Strategic Studies*, 26 February 2014

⁵⁸ "Re-activated 'Kilo' SSK programme brings capability upgrade for Russia's Black Sea Fleet", *IHS Jane's Navy International*, 17 January 2014

⁵⁹ "[Russian forces in Ukraine: What does the Black Sea Fleet in Crimea look like?](#)" *Washington Post*, 1 March 2014

submarines. The first of the frigates is expected to be delivered in 2014 with the rest following annually until 2019. The first submarine is expected to be commissioned in the middle of 2014.

The Montreux Convention

The 1936 Montreux Convention restricts the movement of naval vessels to the Black Sea fleet. Specifically, it restricts the maximum aggregate tonnage of naval vessels passing through the Turkish Straits and a maximum time limit of 21 days for naval vessels of non-Black Sea nations to remain in the Black Sea.

9 Are Russia's actions compatible with international law?

9.1 Use of force

Russia has referred to a variety of legal arguments for using force in Crimea. Several authors suggest that this 'law talk' is 'to foster a reputation of being a lawful actor, even – or perhaps especially – when it is not.'⁶⁰

It is now using the language of humanitarian intervention and the Responsibility to Protect (R2P) in order to justify its military intervention – despite having opposed those concepts so many times in the past. It isn't clear precisely what threat the people of Ukraine face, or why Putin thinks that justifies Russian intervention – at least arguably in breach of state sovereignty⁶¹ – without UN Security Council authorisation.⁶² Russia could refer to the intervention in Kosovo in defence of its position. But the Ukrainian Association of International Law suggests that this argument could backfire on Russia, if other states used it to intervene in Russia's restive regions.⁶³

Russia also claims that it was invited by Viktor Yanukovich, who still considers himself to be Ukraine's lawful head of state,⁶⁴ and/or by the new Prime Minister of Crimea.⁶⁵ Yet Yanukovich, whether or not he is head of state, does not have effective control over Ukraine, which could negate any such invitation; and the leader of an autonomous region of a state does not have the authority to issue such an invitation.⁶⁶

Russia seems to be moving away from self-defence as a justification. International law is not clear on whether a state can invoke the concept of self-defence to use force to protect its citizens and military abroad. Even if it does, it is only when an 'armed attack occurs', and the force would have to be necessary and proportional.⁶⁷

⁶⁰ See Chris Borgen, 'The Crimea, Compliance, and the Constraint of International Law', *Opinio Juris* blog, 3 March 2014

⁶¹ EU Foreign Affairs Council, [Council conclusions on Ukraine](#), 3 March 2014: "The European Union strongly condemns the clear violation of Ukrainian sovereignty and territorial integrity by acts of aggression by the Russian armed forces".

⁶² See Mark Kersten, 'Does Russia have a 'responsibility to protect' Ukraine? Don't buy it', *Globe and Mail*, 4 March 2014

⁶³ '[Appeal from the Ukrainian Association of International Law](#)' [English translation reproduced in a blog article by Dapo Akande], *EJIL Talk!* blog, 5 March 2014

⁶⁴ He may still be so under Ukraine's constitution: see '[Russia in Ukraine: A Reader Responds](#)', *Lawfare* blog, 5 March 2014

⁶⁵ See Zachary Vermeer, '[Intervention with the Consent of a Deposed \(but Legitimate\) Government? Playing the Sierra Leone card](#)', *EJIL Talk!* blog, 6 March 2014

⁶⁶ Daniel Wisehart, '[The Crisis in Ukraine and the Prohibition of the Use of Force: A Legal Basis for Russia's Intervention?](#)', *EJIL Talk!* blog, 4 March 2014

⁶⁷ [UN Charter, Article 51](#). See Daniel Wisehart, '[The Crisis in Ukraine and the Prohibition of the Use of Force: A Legal Basis for Russia's Intervention?](#)', *EJIL Talk!* blog, 4 March 2014

9.2 The independence declaration and referendum in Crimea

As Russia moved away from self-defence and R2P as the main justification, it argued that the Crimean declaration of independence and referendum were justified by international law, based on decisions with regard to Kosovo.

Crimea had declared independence on 11 March, before the referendum, since the referendum was not provided for in the Ukrainian constitution, which states that 'Alterations to the territory of Ukraine shall be resolved exclusively by the All-Ukrainian referendum.'⁶⁸

A Russian statement in support of the declaration of independence, released on 12 March, mentioned the International Court of Justice (ICJ) Opinion of July 2010, concerning Kosovo and the UN Charter:

The Declaration contains international and legal justification of this step, with references to the UN Charter and other international documents, as well as the decision of the UN's International Court of Justice of 22 July 2010 on Kosovo. With this decision, adopted at the request of the UN General Assembly at the initiative of Serbia, the International Court of Justice confirmed the fact that unilateral announcement of independence by a part of a state does not violate any provision of international law. The same conclusion was clearly reached during the preceding hearings in the International Court of Justice, in particular, documents and speeches of official representatives of the United States, the United Kingdom, France, Germany, Austria, Denmark and other western countries. Materials regarding the position of the International Court of Justice and the above mentioned western representatives are posted on the website of the Ministry of Foreign Affairs."

The Russian Ministry of Foreign Affairs believes that the decision of the Crimean Parliament is absolutely within its rights. The Russian Federation will fully respect the results of the free will of the Crimean people at the referendum, to which (as is a known fact) the OSCE's and bilateral observers were invited.⁶⁹

In 2010, the ICJ's opinion was that Kosovo's declaration of independence of 2008 did not breach international law. The court's Advisory Opinion was welcomed by Kosovo, other entities seeking independence and the UK government amongst others. Serbia, Russia and some other governments condemned it at the time.

The opinion has however been widely misunderstood and mis-reported. It was both less and more important than it appeared. Its legal scope was extremely narrow, as it was only an opinion, not a judgment. But it was understood at the time that its political implications could be very wide, as it could be used as ammunition by other entities seeking independence.⁷⁰

The Russians also mention the UN Charter. Chapter 1, Article 1, part 2 states that purpose of the UN Charter is: "To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate

⁶⁸ [Judgement of the Constitutional Court of Ukraine on all-Crimean referendum](#), 15 March 2014

⁶⁹ [Statement by the Russian Ministry of Foreign Affairs regarding the adoption of the Declaration of Independence of the Autonomous Republic of Crimea and Sevastopol:](#), 12 March 2014

⁷⁰ From the Library standard note : [International Court of Justice Opinion on Kosovo's declaration of independence](#), 4 May 2011

measures to strengthen universal peace.’ The reference to self-determination has not generally been interpreted as giving the right to secede unilaterally, however.⁷¹

Security Council Resolution 1244 authorised NATO to secure and enforce the withdrawal of Federal Republic of Yugoslavia forces from Kosovo and established UNMIK, although that did not appear to figure in Russian arguments over Crimea.⁷²

Also important in providing backing for the actions in Kosovo was the report from the Independent International Commission on Kosovo,⁷³ although this was not a legal document.

A former US diplomat argued that to compare Crimea with Kosovo with was ‘false’:

The most important thing is the degree of persecution the people of these two respective areas were subjected to. The international intervention in Kosovo came in 1999, far too late in my view, but after Kosovo had been subjected to more than 10 years of violence by [former Serbian and Yugoslav President Slobodan] Milosevic, who suppressed the province's autonomy illegally and violently in 1989. And then, in 1999, began a campaign of in-effect ethnic cleansing and genocide, to drive the majority Albanian population out of Kosovo. Then, and only then, did NATO intervene in a truly humanitarian intervention which succeeded in forcing Serb forces out. After that, NATO didn't take over and occupy and annex Kosovo. It established a UN administration.

None of that happened in Crimea. In Crimea, the population there has lived more or less amicably since the dissolution of the Soviet Union. There has been no massive oppression or even oppression on a small scale.⁷⁴

10 Is Yanukovich the legitimate leader of Ukraine?

On 22 February 2014, the Ukrainian parliament voted 328-0 to impeach President Yanukovich. While that was an overwhelming vote, and Yanukovich had relinquished control of the country by leaving Kiev, it appears that the impeachment was not conducted according to the Constitution.⁷⁵ Articles 108 to 112 of the Constitution say that the situation must be investigated by a committee and that the Constitutional Court must consider the report before the parliament can vote on impeachment. The Constitution also calls for a three-quarters majority in the parliament before an impeachment motion can be carried; this majority was not reached. This means that there was no impeachment that complied with Ukrainian law.

The Constitution also provides for the termination of the president's authority for three reasons other than an impeachment: resignation, inability to exercise presidential authority for health reasons or his/her death. None of these conditions apply: Yanukovich is alive and insistent that he is still the president.

⁷¹ <http://opiniojuris.org/2014/03/10/ukraine-insta-symposium-crimea-ukraine-russia-self-determination-intervention-international-law/>

⁷² UNSCR 1244 of 10 June 1999

⁷³ *The Kosovo report*, The Independent International Commission on Kosovo, 2000

⁷⁴ 'Interview: Kosovo-Crimea Parallel Is 'Completely False,' Says Ex-Diplomat', Radio Free Europe/Radio Liberty, 17 March 2014

⁷⁵ *Constitution of Ukraine - Title V The President of Ukraine*

However, UK government policy, at least as regards state recognition, includes the concept of 'effective control'.⁷⁶ Since Viktor Yanukovich 'abandoned his post', the UK government is suggesting that he is no longer legitimate:

The Russian Government have argued that there is no legitimate Government in Kiev, but the incumbent Ukrainian President abandoned his post, and the subsequent decisions of the Ukrainian Parliament have been carried by large majorities, required under the constitution – including from members of the former President's party, the Party of Regions.⁷⁷

11 Claims of threats to Russian-speakers and fascists in the new government

Pro-Russians and members of the Russian government itself have accused the new authorities in Kiev of being installed after the violent overthrow of the previous legitimate government, of including fascists and anti-Semites and of posing a threat to Russians and Russian-speakers.

11.1 Propaganda war?

Russian television stations have broadcast reports of refugees fleeing into Russia, while there were reports of deaths in Crimea before the Russian takeover. Vladimir Putin denied that the troops in Crimea were Russian and when asked about their uniforms looking Russian, he implied that they could have been bought in army surplus stores, saying that the troops were local self-defence groups.⁷⁸ Many of these claims have been refuted and some have even been contradicted by the Russian government itself. Foreign journalists have seen no evidence of an exodus of refugees for example and no evidence of a humanitarian catastrophe.⁷⁹

While all politicians give their own version of events, it seems that the justifications used by the Russian government during this crisis have lacked credibility. Independent Crimean news outlets have been blocked, with a view to the forthcoming Crimean referendum on joining Russia. Russia wants to ensure a resounding victory for the proposal for Crimea to secede.

Not only are Russian government comments aimed at securing a majority in Crimea; Vladimir Putin also wants to stay popular at home. According to one poll, about 70% of Russians surveyed approved of Putin's policies towards Ukraine and adding Crimea to Russia is very popular.⁸⁰

11.2 The new Ukrainian government

Giving a press conference in Russian in Moscow, ousted president Viktor Yanukovich has accused the new Ukrainian government of being 'ultranationalists and fascists':

⁷⁶ See [HC Deb 16 November 1989, c494](#)

⁷⁷ [HC Deb 4 March 2014, c755](#)

⁷⁸ 'Putin's Crisis Spreads', *New Yorker*, 6 March 2014

⁷⁹ 'Russia's border guards say Ukrainians flee, see signs of 'humanitarian catastrophe': TASS', *Reuters*, 2 March 2014

⁸⁰ 'Ukraine crisis: Russians opposed to Putin', *BBC News Online*, 12 March 2014

There is a gang of ultranationalists and fascists operating the government. I would like to ask those who cover for these dark forces in the West: Are you blind? Have you forgotten what fascism is?⁸¹

It is true that several important ministers in the new Ukrainian cabinet are from the Svoboda party. Svoboda (meaning 'freedom' in Ukrainian) is a populist ultra-nationalist party described as a 'right-wing party with antidemocratic, xenophobic, pro-social and pro-family views'.⁸² It was founded in 1991 as the Social-National Party of Ukraine, which critics note echoes the name of Germany's National Socialists (Nazis).

The party took 10% of the vote in the October 2012 parliamentary election and entered the parliament for the first time. Its deputies have been in the forefront of brawls in the parliamentary chamber.⁸³

Svoboda ministers hold the posts of Deputy Prime Minister and several other ministerial jobs. The main government posts are as follows:

- Interim President Olexander Turchynov is the deputy leader of the Fatherland Party and is close to Yulia Tymoshenko.
- Prime Minister Arseniy Yatsenyuk is the leader of the Fatherland Party. He assumed the post when its creator Yulia Tymoshenko was imprisoned. He had been offered the post by Viktor Yanukovich in January 2014 but turned it down, only taking the post after Yanukovich had been deposed. He is reported to have partly Jewish ancestry. He is a former central banker and is favoured by the Obama Administration.
- Deputy Prime Minister is Oleksandr Sych. He is a member of the Svoboda Party.
- Arsen Avakov is Interior Minister, a member of Fatherland.
- Andriy Deshchitsya is Foreign Minister. A former diplomat, he is seen as a technocrat.
- Defence Minister/National Security leader is Andriy Parubiy, founder of the Social National Party, which became Svoboda. He is now a member of the Fatherland Party.
- Deputy National Security leader is Dmitry Yarosh, leader of the far-right Right Sector group, a coalition of quasi-paramilitary organisations that rose to prominence during the Euromaidan protests. Right Sector was at the forefront of violence during the demonstrations. After the regular police withdrew, members of the group patrolled the streets, mostly armed with baseball bats.
- Andriy Mokhnyk, the deputy head of Svoboda, is the Ecology Minister
- Ihor Shvaika is Agriculture Minister, and is a member of Svoboda.⁸⁴

⁸¹ 'Ousted Ukraine president warns of civil war, criticizes U.S. for aiding current government', *Washington Post*, 11 March 2014

⁸² 'Svoboda Party – The New Phenomenon on the Ukrainian Right-Wing Scene', Centre for Eastern Studies (Poland), 2011

⁸³ 'Svoboda: The rise of Ukraine's ultra-nationalists', *BBC News Online*, 26 December 2012

⁸⁴ This section based on 'How the far-right took top posts in Ukraine's power vacuum', *Channel Four News*, 5 March 2014 and 'Who exactly is governing Ukraine?', *Guardian*, 4 March 2014

Vitaly Klitschko is the other big political pro-Western figure apart from Yulia Tymoshenko, who is not in the government.

11.3 Are the US and the EU behind the new government?

An alleged leaked conversation (whose authenticity the US administration did not deny) between the US Ambassador to Ukraine and Victoria Nuland, US Assistant Secretary of State, appeared in February 2014.⁸⁵ In it, Victoria Nuland famously expressed her exasperation with the EU.

The Transcript also revealed how the US had clear ideas about what it wanted to happen in Ukraine and who administration officials wanted to see in the government. The favoured leader was Arseniy Yatsenyuk, now Prime Minister. Victoria Nuland did not want to see Vitaly Klitschko (former boxer and leader of the Democratic Alliance for Reform, and a member of parliament) or Oleh Tyahnybok (leading Svoboda Member of Parliament) in government. Neither of them is.

That does not prove, however, that the US was the main motive force behind the demonstrations or the downfall of Yanukovych. Both the US and the EU have supported pro-democracy NGOs and civil society organisations in Ukraine. The European Endowment for Democracy, for example, is the EU's body for supporting such organisations:

The European Endowment for Democracy will assist: pro-democratic civil society organisations, movements and individual activists acting in favour of a pluralistic multiparty system regardless of their size or formal status. The EED will also provide assistance to young leaders, independent media and journalists, provided that all the beneficiaries adhere to core democratic values and human rights as well as subscribe to principles of non-violence.⁸⁶

The organisation denies that it is trying to export ideas (or unrest, by implication):

Fostering - not exporting - democracy and freedom

The European Endowment for Democracy will advance and encourage "deep and sustainable democracy" in transition countries and in societies struggling for democratisation, with initial, although not exclusive focus, on the European Neighbourhood.

Democracy and freedom cannot be imported or imposed from outside. National ownership is indispensable to ignite the engine of change and ensure sustainable and inclusive democratisation process. The European Endowment for Democracy stands ready to assist the democratic change in the spirit of solidarity and partnership.

Nevertheless, such activities have been controversial in Ukraine and elsewhere.⁸⁷ A Party of the Regions deputy said that the grants were aimed at producing a 'North Africa scenario' in Ukraine.⁸⁸ A law probably modelled on Russia's 2012 legislation was passed in Ukraine in January 2014 requiring NGOs that receive funding from abroad to register as foreign agents.

⁸⁵ 'Ukraine crisis: Transcript of leaked Nuland-Pyatt call', *BBC news online*, 7 February 2014

⁸⁶ [European Endowment for Democracy](#)

⁸⁷ 'Ukraine government split over EU 'democracy grants'', *Euractiv*, 14 September 2011

⁸⁸ *ibid*

Western NGOs denounced the law as ‘repressive’.⁸⁹ It was part of a package of laws aimed at curbing protest, according to Western sources.⁹⁰

Both Russia and Ukraine have signed up to human rights commitments through their membership of the Council of Europe and the Organisation for Security and Cooperation in Europe. However, some politicians in these countries argue that human rights are being used as a cover for geopolitical manoeuvres aimed at weakening Russia.

12 EU trade relations with Ukraine

The EU and Ukraine have had a Partnership and Cooperation Agreement (PCA) since 1998. In 2008 the EU launched negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA) with Ukraine, which have now been concluded. The DCFTA will be part of a future Association Agreement (AA) which will replace the PCA. The EU-Ukraine AA was initialled in March 2012, except for the DCFTA, which was initialled in July 2012.

On 21 November 2013, the Ukrainian government announced that it was suspending preparations to sign the DCFTA, which were meant to be the central achievement at the EU summit in Vilnius, Lithuania, that month.⁹¹

If it eventually does go ahead, the DCFTA will cover all trade-related areas (including services, intellectual property rights, customs, public procurement, energy-related issues, competition) and also tackle so-called ‘beyond the border’ obstacles through deep regulatory approximation with the trade-related EU *acquis*.

Ukraine is expected to sign the political part of the AA at the European Council meeting on 20-21 March 2014.

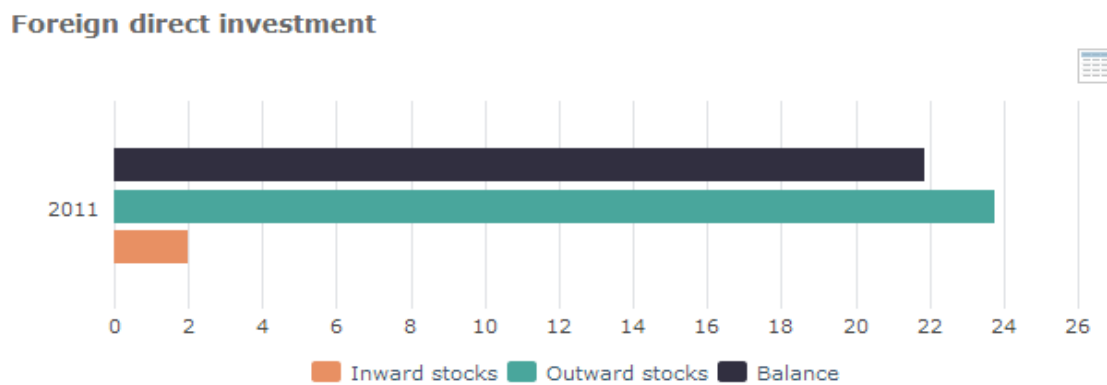
The EU is one of Ukraine’s most important trading partners and accounts for about one third of its external trade. Ukraine’s primary exports to the EU are iron, steel, mining products, agricultural products, and machinery. EU exports to Ukraine are mainly machinery and transport equipment, chemicals, and manufactured goods.⁹²

⁸⁹ [‘Repressive new laws in Ukraine will harm human rights defenders and ngos’](#), Frontline Defenders press release, 22 January 2014

⁹⁰ [‘Ukraine pushes through sweeping anti-protest laws’](#), *Daily Telegraph*, 17 January 2014

⁹¹ For more information on the run-up to the Vilnius summit, see the Library Standard Note [Eastern Partnership summit in Vilnius: carrots v sticks](#), 26 November 2013

⁹² European Commission [Trade website: Ukraine](#)



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On 6 March, the Heads of State and Government issued a statement on Ukraine:

The solution to the crisis in Ukraine must be based on the territorial integrity, sovereignty and independence of Ukraine, as well as the strict adherence to international standards. We consider that the decision by the Supreme Council of the Autonomous Republic of Crimea to hold a referendum on the future status of the territory is contrary to the Ukrainian Constitution and therefore illegal. [...]

3. The European Union has important relations with Ukraine and the Russian Federation and stands ready to engage in a frank and open dialogue with them. It has a special responsibility for peace, stability and prosperity in Europe. We will pursue these objectives using all available channels and ask the EU representatives to take all necessary initiatives. [...]

4. The European Union's and the Russian Federation's common objective of a relationship based on mutual interest and respect of international obligations needs to be promptly restored. It would be a matter of great regret if the Russian Federation failed to work in that direction, and in particular if it continued to refuse to participate in a productive dialogue with the Government of Ukraine.[...]

5. The solution to the crisis should be found through negotiations between the Governments of Ukraine and the Russian Federation, including through potential multilateral mechanisms. Such negotiations need to start within the

⁹³ Ibid

next few days and produce results within a limited timeframe. In the absence of such results the European Union will decide on additional measures, such as travel bans, asset freezes and the cancellation of the EU-Russia summit.

Any further steps by the Russian Federation to destabilise the situation in Ukraine would lead to additional and far reaching consequences for relations in a broad range of economic areas between the European Union and its Member States, on the one hand, and the Russian Federation, on the other hand.[...]

7. We stand by Ukraine and commit to provide it with strong financial backing. We welcome the presentation of the comprehensive assistance package by the Commission and task all relevant Council bodies to process it rapidly. IMF support will be critical to unlocking assistance from the European Union. The immediate priority is to restore macroeconomic stability through sound fiscal, monetary and exchange rate policies.⁹⁴

13 Problems with the EU strategy towards Ukraine.

Yanukovych said soon after being elected in 2010 that his strategy remained EU integration: 'European integration is the key priority of our foreign policy, and also a strategy for carrying out systemic social and economic reform.'⁹⁵

Nevertheless, he soon extended the lease on the Russian naval base at Sevastopol until 2042,⁹⁶ in exchange for Russia allowing Gazprom to export gas to Ukraine without paying 30% in export duties. Such an important deal was probably a sign that Yanukovych would at least try to auction Ukraine's alignment, playing the two sides off against each other; perhaps that he never intended to align with the EU. On the other hand, EU politicians were not unaware of this and were not prepared to offer unlimited funds, perhaps knowing that maintaining influence over Ukraine's government would be a very high priority for the Russian government.

After the rejection of the EU deal in 2013, the then Ukrainian prime minister, Mykola Azarov, said that the offer from the IMF had been insufficient to make it possible for Ukraine to go ahead with the deal.⁹⁷ The IMF offer was also conditional on Ukraine enacting reforms which, with hindsight, Yanukovych was unlikely to carry through since they would have hurt his own and his family's economic interests.

The insistence on the release of Yulia Tymoshenko was always likely to be a sticking point, given their rivalry. Polls around the time of the summit were very unfavourable to Yanukovych.

Yanukovych was perhaps never likely to be interested in the longer-term benefits to the Ukrainian economy of the free trade agreement with the EU. The increased international investor confidence that would come with the Association Agreement would not offset the possible immediate disadvantages of increased competition and potential Russian trade retaliation in the form of restricted market access, especially for the industries in eastern Ukraine, where Yanukovych had his political base.

⁹⁴ [Statement of the Heads of State or Government on Ukraine](#), Brussels, 6 March 2014

⁹⁵ 'Ukraine's Yanukovich pledges to work for EU integration', *Euractiv*, 2 March 2010

⁹⁶ 'Yanukovych extends lease of Sevastopol as main base of Russian Black Sea Fleet for 25 years plus an automatic prolongation of 5 years', *Eurasia Daily Monitor*, 22 April 2010

⁹⁷ 'Ukraine protest: Police clash with pro-EU crowd in Kiev', *BBC News Online*, 25 November 2013

The EU supported the EuroMaidan demonstrations against the Yanukovych government; the president of the European Economic and Social Committee visited the square in December 2013 at the head of a delegation to offer encouragement, and the EU has supported civil society organisations in Ukraine.⁹⁸ However, most Western analysts believe Russian suggestions that the EU controlled and financed the demonstrations are exaggerations.

After the Vilnius summit, the main involvement of the EU was the negotiated deal for a transition. On Friday 21 February, the foreign ministers of Germany, France and Poland met with Ukrainian leaders (not including representatives of the Svoboda nationalist party) and agreed a deal to set up a national unity government, restore the 2004 constitution, hold presidential elections by December, and set up an independent investigation into the violence. The parties undertook not to impose a state of emergency. The deal was supported by the UK government. Some have criticised the EU for abandoning the 21 February agreement with very little protest. On the other hand, it was never clear that the protesters would have accepted the agreement.⁹⁹

More generally, analysts have argued that the Eastern Partnership should have comprised a much stronger offer. Much more aid associated with the deal could have been offered. Ukraine could have been given the prospect of one day joining the EU, although the appetite for further enlargement in EU countries is much reduced and that might not be a realistic prospect.

The EU could have recognised the economic (and sometimes military) dependence of Ukraine on Russia and that it would have been better to agree terms with Russia, perhaps, for example, guaranteeing that Ukraine would not join NATO, despite an integration path towards the EU.

As James Sherr of Chatham House summarised in a note in November 2013:

Russia's power might be declining, but it is used tenaciously and to the full. Where the stakes are high, the current leadership is willing to sustain damage for the sake of strategic gain.¹⁰⁰

14 Russian views

Nationalist forces in Russia generally support the incursion into Ukraine. The fall of the Yanukovych government is usually portrayed in Russian pro-government media as a coup against a legitimate leader and the Russian foreign ministry has described the revolt as the 'brown revolution', implying that it is a fascist movement. This has some basis: one of the leaders of the uprising in Kiev has been the leader of the Svoboda Party, which can trace roots to partisans who collaborated with the Nazis against the Soviet Union in the Second World War. While the other two leaders of the revolt, Vitaly Klitschko and Arseniy Yatsenyuk, participated in the negotiations with the EU foreign ministers in February, the Svoboda leader Oleh Tyahnybok was absent, suggesting that the anti-Yanukovych forces recognised that his presence would undermine their position with the EU foreign ministers.

Speaking at the United Nations on 3 March, Russian foreign minister Sergei Lavrov said that the Russian troops were in Crimea to protect the Russian population, after threats to their

⁹⁸ [The protest movement of Maidan in Kiev at the EESC](#), European Economic and Social Committee press release, 24 Jan 2014

⁹⁹ ['Ukraine Crisis Talks: President Viktor Yanukovich Says Deal Reached, Vows To Form Unity Government'](#), *Reuters*, 21 February 2014

¹⁰⁰ James Sherr, ['Debacle Outside Vilnius'](#), Expert Comment, Chatham House, 28 November 2013

lives and religion, and that they would remain in place until the situation had normalised.¹⁰¹ Despite the presence of Svoboda, most Western commentators dismiss the ‘fascist’ portrayal of the revolt as propaganda; it is reported that Ukrainian Jews joined the protests.¹⁰²

More important to Russia is the strategic value of Ukraine, particularly Crimea. Not only is the Russian Black Sea fleet based at Sevastopol in the Crimea, Ukraine runs along Russia’s southern flank and the Ukrainian border is only a few hundred miles from Moscow. The other most important sea port in the region is Odessa, also in Ukraine. A friendly Ukraine gives Russia both good access to the Black Sea and from there to the Mediterranean and a buffer against the potentially unstable countries to the south, including NATO member Turkey. The Russian government wants to ensure that Ukraine remains a friendly country in Russia’s self-declared ‘privileged sphere of influence’. A pro-Western government might in the long term take Ukraine into the EU and potentially NATO, bringing the military alliance to within striking distance of Moscow.

Russians have an even more profound attachment to Ukraine than this: Russian civilisation has older roots in Ukraine than in Russia, developing along the River Dnieper in Ukraine, before establishing its capital in Moscow in the Middle Ages. The Ukrainian language is moderately intelligible to Russian speakers, although it is slightly closer to Polish. The language was banned in southern and eastern Ukraine under the Tsars, while control of the northern and western part of the country has during long periods been by different powers. Crimea is historically as easily accessible by ship from Russia as it is from mainland Ukraine to the north, to which it is connected by a marshy isthmus.

The Russian government has justified the military incursion in Ukraine by saying that the Maidan protests were a coup against the legitimate leader of Ukraine.

At the United Nations Vitaly Churkin produced the letter from Viktor Yanukovich requesting Russian intervention. The letter talked about ‘open acts of terror’

Under the influence of Western countries, there are open acts of terror. I would call on the president of Russia, Mr Putin, to use the armed forces of the Russian Federation to establish peace and defend the people of Ukraine.¹⁰³

15 What options do Western leaders have?

Western leaders have roundly condemned the actions of Vladimir Putin. While Russian troops are on the ground in Crimea, however, there is a limited range of options available. Western leaders are keen for the crisis not to get out of hand, particularly in view of the delicate negotiations under way with Iran and the need for help with withdrawal of troops and equipment from Afghanistan as the combat mission there winds down. The UK government announced that no ministers would attend the Winter Paralympics in Sochi on the Russian Black Sea coast to the east of Crimea. Liberal Democrat ministers had already decided not to attend, in protest at Russia’s new anti-gay legislation. Nevertheless, the UK team did compete.

Statements from the US administration have been more aggressive than those from the leadership of the EU.

¹⁰¹ ‘At U.N., Russia Points to Ultranationalist Threats in Ukraine’, *New York Times*, 3 March 2014

¹⁰² ‘Fascism, Russia, and Ukraine’, *New York Review of Books*, 30 March 2014

¹⁰³ ‘Ukraine crisis: UK prepares to rule out sanctions against Russia amid threat to global economy’, *Daily Telegraph*, 3 March 2014

15.1 Targeted sanctions

There have been calls in the US for sanctions created under the US Magnitsky law, designed to punish individuals associated with the death of Sergei Magnitsky in a Russian jail after uncovering fraud, to be extended to officials connected with the incursion into Crimea. The EU is also considering similar measures. Asset freezes and travel bans are under consideration.

While these may seem insignificant compared with military action, many analysts say that targeted sanctions can be very effective with the Russian elite. Many leading Russians have substantial assets in Europe (particularly in London) and educate their children in Western institutions. Knowing the arbitrary nature of Russian power, Russian leaders are aware of their vulnerability to political changes or clashes in Russia and many may like to keep open the option of leaving the country. Visa bans would deprive Russian leaders of these options.

This option has been agreed on by both US and EU leaders and lists of names are being drawn up in consultation between the two.

15.2 Financial sanctions

Possibly the most effective US sanction against Iran was the exclusion of Iranian trade from the US financial system. The US economy is hardly integrated with the Iranian economy because of years of hostility, meaning that the corresponding damage to the US economy was relatively small.

Such action against Russia might have a bigger economic 'blowback' against the West, particularly against the City of London. Exclusion of Russian banks from the interbank market, for example, has been suggested in the House of Lords.¹⁰⁴

15.3 Economic sanctions

Along with the US financial sanctions, the European ban on importing Iranian oil and gas had a profound effect on the Iranian economy. Some commentators have suggested that similar hydrocarbons sanctions against Russia would be effective. The problem is that countries in Eastern Europe are highly dependent on Russian gas. While there are a number of schemes, such as building new pipelines and increasing the capacity to handle imported liquefied natural gas (LNG), to try to reduce the dependence of its member states on Russian gas, these will take years to be properly effective.

On the other hand, the Russian economy is more dependent on that trade than the EU is.

The UK is not heavily dependent on Russian gas, with most UK supplies coming from domestic sources, Norway and the Netherlands.

15.4 Diplomatic sanctions

Commentators have suggested expelling Russia from the G8 group of leading countries. Already, the other G8 members have all said that, as things stand, they will boycott the planned forthcoming meeting of G8, which was planned for Sochi in Russia in June 2014.

Commentators have also suggested that Western powers on the UN Security Council should table a draft resolution condemning Russian actions at the Security Council, hoping that Russia would be alone in vetoing the draft, underlining Russia's isolation.

¹⁰⁴ [HL Deb 10 Mar 2014, c1589](#)

Both these moves had already been taken at the time of writing, with the G8 referring to itself as the G7, and a Security Council resolution being drafted.

China

There are signs that China might not side with the West against Russia. A Chinese government spokesman, after saying on 2 March that non-intervention was China's long-standing policy, said that 'There are reasons for why the situation in Ukraine is what it is today',¹⁰⁵ without going into any further detail. An article in the Chinese state-controlled press agency subsequently criticised the West for trying to 'exclude Russia from the political crisis they failed to mediate'. The article said that the West should welcome Russian contributions to the resolution of the problems and accept that 'their biased mediation has polarized Ukraine and only made things worse in the country'.¹⁰⁶

On the other hand, China has released statements supporting Ukraine's territorial integrity and stressing the need for friendly relations with Ukraine.¹⁰⁷ Generally, China appears to be keeping a low profile on the crisis.

15.5 Military action

Military action remains a remote possibility. Any military action so close to Russian soil (and in regions of a country where many civilians support the Russian military action) would be difficult. Charles Kupchan, a former foreign policy adviser to President Clinton, said that the chances of a military confrontation between the US and Russia over Ukraine are 'virtually nil'.¹⁰⁸ On 3 March, Arseniy Yatsenyuk also said that there were 'for today, no military options on the table'.¹⁰⁹

However, if Russian troops were to move into the rest of Ukraine, the likelihood of violence would increase.

16 UK policy

16.1 British policy moves so far

On 10 March, Prime Minister David Cameron set out the government's policy after an emergency European Council meeting on 6 March. He said that Russia's actions were indefensible and set out a three-step response, agreed with European partners:

What has happened to Ukraine is completely indefensible. Its territorial integrity has been violated and the aspirations of its people to chart their own future are being frustrated.

This European Council sent a clear and united message to Russia that its actions are in flagrant breach of international law and will incur consequences. We agreed on a three-phase approach to stand up to this aggression and uphold international law: first, some immediate steps to respond to what Russia has done; secondly, urgent work on a set of measures that will follow if Russia refuses to enter dialogue with the Ukrainian

¹⁰⁵ 'Foreign Ministry Spokesperson Qin Gang's Remarks on the Current Situation in Ukraine', Chinese Ministry of Foreign Affairs press release, 2 March 2014

¹⁰⁶ 'Commentary: West should work with, not against, Russia in handling Ukraine crisis', *Xinhua*, 3 March 2014

¹⁰⁷ 'China's Xi urges political solution to Ukraine crisis', *Reuters*, 9 March 2014

¹⁰⁸ 'Ukraine most serious Russia-West crisis since Cold War: Fmr Clinton advisor', *ABC The World Today*, 3 March 2014

¹⁰⁹ 'Russian forces expand control of Crimea', *Washington Post*, 3 March 2014

Government; and thirdly, a set of further, far-reaching consequences should Russia take further steps to destabilise the situation in Ukraine.¹¹⁰

All EU countries took the following first steps:

- Suspended preparations for the G8 meeting in Sochi indefinitely
- Stopped work on a comprehensive new agreement on relations between Russia and the European Union and
- Suspended talks on a more liberal visa regime in the Schengen area.

The UK:

- Ordered an urgent review of all Government business with Russia
- Reviewed bilateral military co-operation, with the presumption of suspension where cooperation was not compelled by treaty obligations
- Reviewed licences for arms exports to Russia.

The second phase, to take place if there was no sign of cooperation, would be investigated by the European Commission and would include asset freezes and travel bans. A list of names would be drawn up cooperatively with the US.

For the Opposition, Leader Ed Miliband said that the agreement could have used tougher language:

...I welcome the European Council's decision to look at further measures, although the agreed language is weaker than we would have wished. I welcome what the Prime Minister said about asset freezes and travel bans.¹¹¹

The day after the statement, a meeting was held in London to discuss targeted sanctions.

Despite that statement, the UK government has generally appeared careful not to confront Russia too aggressively over the incursion, concerned about the economic impact of sanctions and worsened relations. This impression was confirmed by the inadvertent revelation on 3 March of a document setting out British. The paper stated that the 'UK should not support, for now, trade sanctions ... or close London's financial centre to Russians.'¹¹² The document also stated that Britain would not support any NATO military preparations and that the United Nations rather than the EU should take the lead in sending observers to Ukraine.¹¹³ While the government said that the document did not represent official policy, it underlined caution among UK politicians about the crisis, and an awareness that there are UK interests that could be damaged.

On the other hand, the UK's usual strong position on what it sees as Western interests and international law, and its tendency to align with the US and with Eastern European countries, would suggest taking a firm line against the Russian incursion. The possibility that those UK

¹¹⁰ [HC Deb 10 March 2014, c25](#)

¹¹¹ [HC Deb 10 March 2014, c27](#)

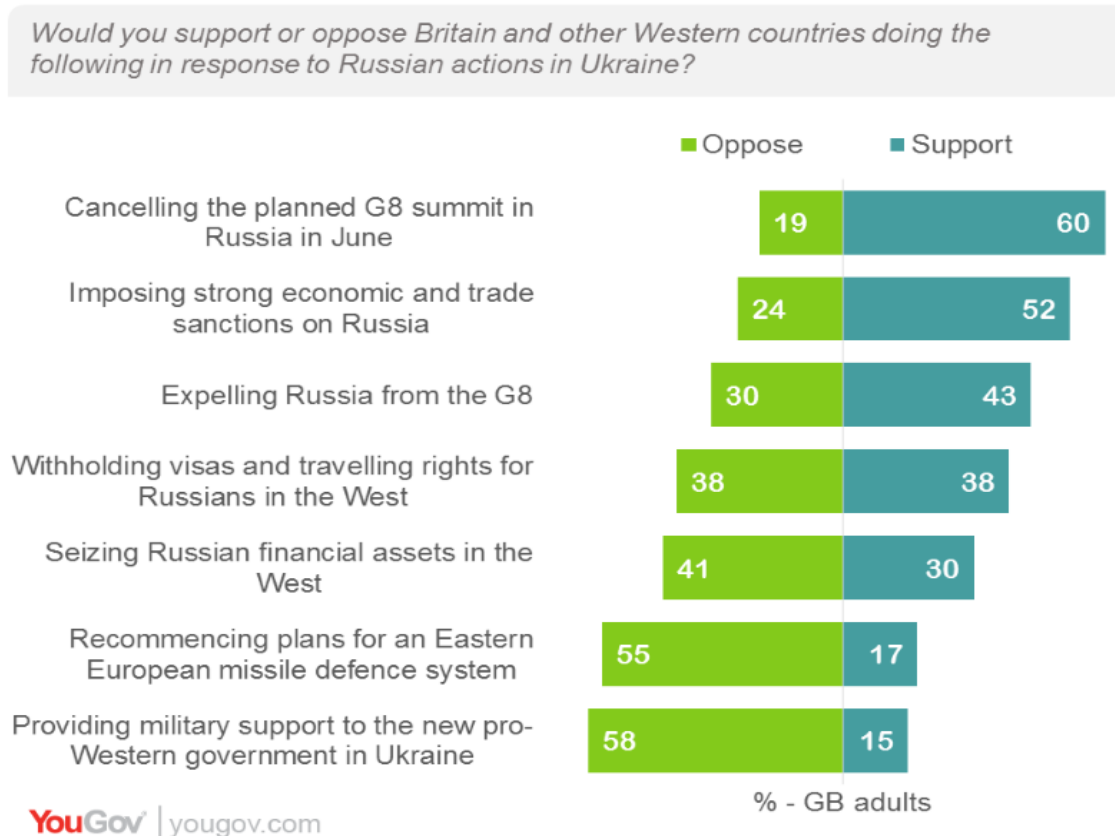
¹¹² 'Ukraine: UK rules out Russia trade curbs?', *BBC News Online*, 3 March 2014

¹¹³ 'Ukraine crisis: UK prepares to rule out sanctions against Russia amid threat to global economy', *Daily Telegraph*, 3 March 2014

political positions would be compromised by the City of London's reliance on Russian money was said to have caused unease in Washington.¹¹⁴

16.2 British public opinion

Public opinion in the UK appeared to show strong support for cancelling the planned G8 summit in Russia and imposing trade sanctions. YouGov provided the following chart on 5 March:



Source [YouGov](https://www.yougov.com)

17 Other states in the former Soviet region

Russia has for some time maintained that its policy to protect Russian speakers in its near abroad. *Russia's National Security Strategy to 2020*, approved in 2010 but consistent with the doctrine launched in 2000, declares the intent to protect the rights and interests of Russian citizens and 'compatriots' abroad through political, economic and other means.¹¹⁵

Some leaders in countries near to Russia have been particularly alarmed by the developments in the Crimea, fearful that Russia might take aggressive action in favour of Russian minorities.

¹¹⁴ UK seeks to calm unease at finance links with oligarchs', *Financial Times*, 12 March 2014

¹¹⁵ Agnia Grigas, *Legacies, Coercion and Soft Power: Russian Influence in the Baltic States*, Chatham House, August 2012, p11

17.1 Moldova and Transnistria

Energy and trade are important interests for Moldova, which is entirely dependent on Russian hydrocarbons. On a recent visit to Moldova, where Moldovan officials complained of intense Russian pressure over the proposal to sign the Association Agreement with the EU at the Vilnius summit in November 2014, Dmitri Rogozin, Russia's deputy prime minister, said: "Energy is important. The cold season is near. Winter is on its way. We hope that you will not freeze this winter."

However, as in Georgia, there is a 'frozen conflict' which sharply reduces Moldova's freedom to pursue its chosen policies. Transnistria (also sometimes called Transdnistria or Trans-Dniestr) is an enclave with a substantial Russian-speaking population to the east of the River Dniester, bordering on western Ukraine.

On the collapse of the Soviet Union, a short war broke out between the Transnistrians, who did not want to leave the Russian fold, and the Moldovans, Romanian speakers who wanted their independence. The Moldovans lost that battle. The breakaway region, while it is not officially recognised by Russia (South Ossetia and Abkhazia, carved out of Georgia, are the only entities to recognise Transnistrian sovereignty) counts on many Russian troops, 440 as peacekeepers and several hundred more guarding Soviet era arms stocks.¹¹⁶ Russia also supports the Transnistrians financially and by issuing Russian passports.¹¹⁷

Mr Rogozin referred to the Transnistria problem on his recent visit, likening Moldova to a train on a difficult journey towards the EU. He said that Moldova was likely to lose some of its carriages, implying that Moldova would lose Transnistria permanently if it continued on its present course towards the EU.

The EU considers that Moldova has implemented all the requirements of its visa liberalisation plan,¹¹⁸ and has cooperated successfully with other EU member states and Ukraine on migration management and border control. In the light of progress, the EU has agreed to lift visa requirements for those Moldovans who have biometric passports. Moldova has also made good progress on ensuring human rights and equality for its citizens.

Moldovan President said in September that Moldova would maintain its pro-EU course:

Moldova's course of European integration will continue. The statements by a functionary of another state are his private affair. We have a program of European integration which we will enact irrespective of any such statements.

He continued:

People must understand that they cannot live under permanent pressure from threats. Citizens have to elect a leadership of the country which will act so as not to rely on one single source of energy.¹¹⁹

However, not everyone in Moldova is in favour of Moldova's European integration. On 22 November there was a rally of about 1,500 mainly elderly Moldovans organised by the Communist Party, protesting against the proposal to initial the Association Agreement.

¹¹⁶ 'NATO commander warns of Russian threat to separatist Moldova region', *Reuters*, 24 March 2014

¹¹⁷ 'Transnistria: Russia's beachhead in Europe', *Global Post*, 14 September 2013

¹¹⁸ 'Commission assesses the implementation of Visa Liberalisation Action Plans by Moldova, Ukraine and Georgia', EU press release, 15 November 2013

¹¹⁹ 'Moldova says will stick to pro-Europe course despite Russian pressure', *Reuters*, 4 September 2013

Association Agreement initialled

Despite the warnings from Russia and some opposition at home, the Moldovan government initialled the Association Agreement on 29 November at Vilnius.¹²⁰

Fears of further Russian action

After the Russian incursion in Crimea and a build-up of Russian troops on the Russian border with Ukraine, there were increasing fears of further Russian action to secure control of Transnistria.

17.2 The Baltic States

Estonia and Latvia have ethnic Russian populations of about 25%, while the Lithuanian Russian population is much smaller at about 6%.¹²¹

While the Baltic States are members of the EU and NATO, they have significant Russian minorities and their economies remain connected with Russia's, particularly through their energy markets. They grew very fast before the financial crisis (leading to them being called the 'Baltic Tigers'), but their performance has been more mixed since then. As in Ukraine, there are anti-Russian nationalist sentiments in the small states and some of their policies, particularly with regard to citizenship, have been controversial.

Russia has used economic tools to try to affect some of the internal policies of the Baltic States: trying to dissuade Western firms from investing in energy projects and, particularly, using gas and oil exports, and has flown military aircraft near their borders, leading to NATO jets being launched many times.¹²²

Any military action by Russia against the Baltic States appears to be unlikely, especially given their membership of NATO, but the developments in Ukraine have caused nervousness. On 3 March Lithuanian President Dalia Grybauskaitė said to a press conference: 'Thanks be to God, we are NATO members.'

17.3 Central Asia

Kazakhstan has a Russian minority of 24%, Kyrgyzstan has about 13%, Uzbekistan has about 6%, while Turkmenistan has about 4% and Tajikistan has just 1%.¹²³

Central Asian governments have taken different paths since independence, with Kazakhstan, by far the biggest and most important, moving towards Russia and joining the Customs Union. The smaller states have pursued a more balanced path but some have made pro-Russian moves recently.

Developments in Ukraine affect them because they have a similar post-Soviet political and economic setup, with high corruption and very shallow democracies dominated by a few powerful figures and economies highly dependent on Russia. The downfall of Viktor Yanukovich is likely to have made the rulers of these states nervous. Some governments in the region have already been brought down, Kyrgyz governments seeming particularly vulnerable.

The initialling of an Association Agreement (AA) means that both governments are happy with the texts they have negotiated. The Deep and Comprehensive Free Trade Area (DCFTA) element of the AA can be initialled separately from the rest. All expectations are that after initialling a government will go on to sign and ratify the agreements.

¹²⁰ EU External Action Service: [Moldova](#)

¹²¹ CIA World Fact Book.

¹²² 'Ukraine crisis stokes Baltic nerves over Russia', *Reuters*, 3 March 2014

¹²³ CIA World Factbook

But Russia's incursion into Crimea is also a threat to their territorial integrity. They do not want to encourage any separatist sentiments among their Russian populations, or other minority ethnicities in certain regions. Like China, most have kept a relatively low profile on the crisis so far.¹²⁴

17.4 Belarus

Belarus has not shown much interest in moving out of the Russian orbit. While Belarusians do belong to a separate ethnicity, it is very close to Russian. The present leadership under Alexander Lukashenko has been in place since 1994 and the economy has barely been reformed since Soviet times. While there have been elections in Belarus, international observers have been critical of them. The EU froze its Partnership and Cooperation Agreement in 1997 in response to the political situation in the country and EU sanctions are in place.¹²⁵

Belarus was a founding member of the Russian-led Customs Union in 2010 and signed up for the Eurasian Union a year later.

17.5 Central Europe

Former communist Central European countries such as Poland, Hungary, the Czech Republic and Romania joined the EU in the two eastern enlargements in 2004 and 2007. Despite controversy in the UK about immigration and many disagreements, such as with Hungary over political changes that some see as incompatible with EU membership, the enlargements have been relatively successful. Poland, in particular, is often assessed to have made very good progress and its standards of living, once very close to those of Ukraine, have improved significantly.

Central European countries joined NATO in three enlargements from 1999 to 2009.

17.6 Caucasus

To a certain extent, the small countries of the Caucasus have already experienced their 'Ukraine moments'. Georgia went to war with Russia in 2008 and has lost control of South Ossetia, which held an independence referendum. Its independence was not recognised by the vast majority of states except Russia. Russian troops remain in the territory. Abkhazia, also technically part of Georgia, is another breakaway territory, also recognised by Russia but very few other states.

Armenia has undertaken to join the Russian-led Customs Union, having spurned the EU's advances in 2013.¹²⁶

Azerbaijan has pursued a more independent policy, partly supported by its substantial oil and gas wealth. Its relations with the West are strained by human rights disagreements and with Russia by enmity with Armenia over the disputed Nagorno-Karabakh enclave, currently occupied by Armenia.

¹²⁴ For more comment see Annette Bohr, [Crisis in Ukraine: The View from Central Asia](#), Chatham House, 11 March 2014

¹²⁵ EU External Action Service: [Belarus](#)

¹²⁶ ['Armenia Ready To Join Russia's Customs Union By Mid-April'](#), *Radio Free Europe/Radio Liberty*, 1 March 2014

18 Commentaries/outlook

Philip Hanson for Chatham House says that while Russia may look to have gained Crimea at little cost, the Russian economy will suffer damage, but that may count for little in the Kremlin:

...even if Western sanctions prove to be unconvincing, Putin's Ukrainian adventure will damage the Russian economy anyway. The bad news for the West, however, is that, as long as Putin can come out of this looking like a political winner, he and his close allies are unlikely to be deterred. Their record in evading fundamental economic reform tells us that, for them, politics always trumps economics.¹²⁷

Simon Jenkins, writing in the Guardian, warned against the impulse to join the fray:

Russia's occupation of Crimea may or may not reflect Putin's paranoia at the west's muscle-flexing along its border. Kiev's fight for independence may or may not reflect a justified fear of Russian revanchism. I do not know. I know only that neither country threatens us, and neither "belongs to us". Some people just cannot bear to be left out of a fight.¹²⁸

Rodric Braithwaite, former Ambassador to Russia, wrote that the West should have been more sensitive to Russian interests:

An eventual deal would doubtless have to include verifiable agreement by the West as well as the Russians to abandon meddling in Ukrainian affairs, a credible assurance that Nato will not try to recruit Ukraine and arrangements for the both the Russians and the West to prop up Ukraine's disastrous economy. The sums involved are vast (\$35bn has been mentioned). The task of ensuring that they are properly spent will be taxing in the extreme.¹²⁹

Ben Judah, author on Russia, argued that the West is not sincere when speaking in favour of human rights, and the Kremlin is acting accordingly:

The Kremlin thinks it knows Europe's dirty secret now. The Kremlin thinks it has the European establishment down to a tee. The grim men who run Putin's Russia see them like latter-day Soviet politicians. Back in the 1980s, the USSR talked about international Marxism but no longer believed it. Brussels today, Russia believes, talks about human rights but no longer believes in it. Europe is really run by an elite with the morality of the hedge fund: Make money at all costs and move it offshore.¹³⁰

James Sherr of Chatham House argued that success for Russia would undermine Western alliances:

If Russia succeeds in undermining the pillars of the post-Cold War order, such as the Organization for Security and Cooperation in Europe, the Paris Charter, and the Budapest Memorandum on Security Assurances, the sanctity of the transatlantic

¹²⁷ Philip Hanson, ['Forget sanctions: Putin has already traumatised fragile Russia'](#), City AM, 10 March 2014

¹²⁸ Simon Jenkins, ["The west's do-somethings will do nothing for Ukraine The response to Crimea shows just how easily misjudgment can emerge from political machismo and belligerent posturing"](#), *Guardian*, 12 March 2014

¹²⁹ Rodric Braithwaite, 'Ukraine crisis: No wonder Vladimir Putin says Crimea is Russian,' *Independent*, 1 March 2014

¹³⁰ Ben Judah, [Why Russia No Longer Fears the West](#), *Politico Magazine*, 2 March 2014

alliance itself will be called into question. That particularly affects countries like Latvia that are vulnerable to Russian indirect aggression and intervention by stealth.¹³¹

Strobe Talbot, president of the Brookings Institution, said that the Kremlin wants at least to use Crimea to influence the remainder of Ukraine:

Three things to keep in mind about Putin as he prepares to annex Crimea: 1) He's committed to his own version of rollback—i.e., not just stopping but reversing what he sees as the across-the-board capitulation of Russia to the West going back to the late Mikhail Gorbachev period; 2) When assessing a crisis, his instinct is to believe and react to the most extreme conspiracy theory that his advisers and intelligence services tell him about the actions and motives of the West; and 3) As the flipside of No. 2, he believes in the best case of what his bold and/or stealthy actions will produce (e.g., that the Russian speakers of eastern Ukraine would welcome Putin's invasion and are in favor of returning to the bosom of Mother Russia).

As for the endgame, it's not just replacing the Ukrainian flag with the Russian tricolor over the government buildings in Crimea—it's to use Crimea as a beachhead to destabilize as much of the rump state of Ukraine as possible and, very likely, also to apply the Crimean precedent to the Russian-majority Transnistria region in Moldova.¹³²

Philip Stevens of the *Financial Times* argued that the West should support Ukraine:

For all its bravado, the seizure of Crimea marked a strategic failure for Mr Putin. He will not want to be remembered as the tsar who lost Ukraine. His goal now will be to turn it instead into a failed state and thus block the establishment of a west-leaning democratic government.

So the west's focus should be on Kiev as much as Moscow – on supplying the massive economic and political aid needed if Ukrainian politicians are to lay the foundations of sustainable democracy and economic revival. This will be neither cheap nor easy. I once heard a Russian oligarch complain that he could not do business in Ukraine because it was “too corrupt”. There are no guarantees of success.

What, though, is the alternative? A continent that settles disputes and frontiers by force? Europe has been there before.¹³³

¹³¹ James SHerr, 'A memo on Russia and Ukraine,' Carnegie Europe, 6 March 2014

¹³² [Brookings Scholars on the Ukraine/Crimea crisis](#), 14 March 2014

¹³³ 'The answer to Putin is support for Ukraine', *Financial Times*, 13 March 2014

Further reading

- Robert Coalson, [The Crimean Crisis We Should Have Seen Coming](#), *The Atlantic*, 28 February 2014
- Ben Judah, [Why Russia No Longer Fears the West](#), *Politico Magazine*, 2 March 2014
- [Russia and Ukraine Edging closer to war](#), *The Economist* 1 March 2014.
- EU Factsheet on sanctions, 5 April 2013, [EU restrictive measures](#)
- [Consolidated list of financial sanctions targets in the UK](#), last updated 6 March 2014: Asset Freeze Targets against Ukraine and Treasury, [financial Sanctions Notice](#), 6 March 2014
- [G-7 Leaders Statement on Ukraine](#): a Russia-backed referendum in Crimea would have “no legal effect”.
- [EU-Ukraine Association Agreement](#) and [updated Agreement](#).
- [European Union, Trade in goods with Ukraine](#)
- David Cameron’s statement on European Council, [HC Deb 10 Mar 2014 c 25](#)
- This page from Security Council Report gives a collection of UN Kosovo documents: <http://www.securitycouncilreport.org/un-documents/kosovo/>
- ‘[The Economist explains whether secession in Crimea would be legal](#)’, *Economist*, 12 March 2014

Timeline of EU action on situation in Ukraine

19-20 December 2013

European Council [conclusions](#):

The European Union remains ready to sign the Association Agreement, including Deep and Comprehensive Free Trade Area, with Ukraine, as soon as Ukraine is ready. The European Council calls for restraint, respect for human and fundamental rights and a democratic solution to the political crisis in Ukraine that would meet the aspirations of the Ukrainian people. The European Council emphasizes the right of all sovereign States to make their own foreign policy decisions without undue external pressure.

17 January 2014

Catherine Ashton, High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the Commission, issues statement expressing concern about events in Kiev, legislation restricting Ukrainian citizens' fundamental rights, disrespect of parliamentary procedures and democratic principles, changes to judicial code which impose restrictions on rights of assembly and on the freedom of speech and media.

23 January 2014

Phone call between President Barroso and President Yanukovich on situation in Ukraine

28 January 2014

Catherine Ashton visits Ukraine.

31 January 2014

Catherine Ashton meets Ukrainian opposition in Munich, on margins of Munich Security Conference, for in-depth discussion about Ukraine.

5 February 2014

Štefan Füle, European Commissioner for Enlargement and Neighbourhood Policy, speaks to EP plenary about "[Ukraine: how to find way out of the current crisis](#)".

10 February 2014

EU Foreign Affairs Council [conclusions](#) on Ukraine: "reiterates its commitment to signing the Association Agreement, including a Deep and Comprehensive Free Trade Area, as soon as Ukraine is ready. The Council emphasizes the right of all sovereign states to make their own foreign policy decisions without undue external pressure. The Council expresses its conviction that this Agreement does not constitute the final goal in EU-Ukraine cooperation".

13 February 2014

Štefan Füle visits Ukraine to help find solution to the political crisis.

19 February 2014

EU Commission President, José Manuel Barroso, issues [Statement](#) on developments in Ukraine.

20 February 2014

Extraordinary EU Foreign Affairs Council agrees on targeted sanctions against those responsible for violence and the use of excessive force in Ukraine. Council [conclusions](#) included restrictive measures: an asset freeze and visa ban on individuals responsible for human rights violations, violence and use of excessive force. Member States also agreed to suspend export licences for equipment which might be used for internal repression and to reassess export licences for equipment covered by Common Position 2088/944/CFSP.

21 February 2014

Agreement of 21 February reached by Ukrainian President and opposition leaders, facilitated by the foreign ministers of Poland, Germany and France, on behalf of the EU, on a road map for a political resolution of the crisis:

- Comprehensive constitutional reform to be started immediately and completed by September, drawing substantially on relevant expertise of the Venice Commission;
- Formation of a new inclusive government;
- Ensuring the conditions for free and fair elections, in close cooperation with the Venice Commission and Organization for Security and Co-operation in Europe.

22 February 2014

Official delegation of twelve Members of the European Parliament (MEPs) go to Kiev to meet counterparts in Ukrainian Parliament (*Verkhovna Rada*) and discuss future EU assistance.

24 February 2014

Catherine Ashton visits Ukraine.

26 February 2014

Catherine Ashton calls high level meeting to mobilise European Union support for Ukraine. The immediate priority is to support the stability of Ukraine, both economically and politically in both short and medium term.

Stefan Füle tells EP about EU response to events in Ukraine.

28 February 2014

[Statement](#) by EU Trade Commissioner Karel De Gucht: "The EU is ready when Ukraine is ready".

Commission President Barroso phones Ukraine Prime Minister Arseniy Yatseniuk about tackling the challenges that Ukraine faces, in particular political and social stabilisation.

The spokesperson of European Council President, Herman Van Rompuy, issues statement on a phone conversation with President Vladimir Putin of Russia.

3 March 2014

Extraordinary EU Foreign Affairs Council agrees on an international assistance package to address the urgent needs of Ukraine, based on a clear commitment to reforms. See [Conclusions](#).

5 March 2014

European Commission agrees package of economic and financial support for Ukraine, worth some \$15 billion dollars. The deal is contingent on successful IMF talks and would be spread over time.

Key elements of EU package:¹³⁴

- €3 billion from the EU budget in the coming years, €1.6 billion in macro financial assistance loans (MFA) and an assistance package of grants of €1.4 billion;
- Up to €8 billion from the European Investment Bank and the European Bank for Reconstruction and Development;
- Potential €3.5 billion leveraged through the Neighbourhood Investment Facility;
- Setting up of a donor coordination platform;
- Provisional application of the Deep and Comprehensive Free Trade Area when Association Agreement is signed and, if need be, by autonomous frontloading of trade measures;
- Organisation of a High Level Investment Forum/Task Force;
- Modernisation of the Ukraine Gas Transit System and work on reverse flows, notably via Slovakia;
- Acceleration of Visa Liberalisation Action Plan within the established framework; Offer of a Mobility Partnership;
- Technical assistance on a number of areas from constitutional to judicial reform and preparation of elections.

6 March 2014

EU Member State Heads of Government meet Prime Minister Arseniy Yatseniuk.

11 March 2014

EU offers immediate abolition of most tariffs on imports from Ukraine to support the economy. The concessions, said to be worth about €500 million, are unilaterally brought forward from the DCFTA.¹³⁵

12 March 2014

The EU agrees framework for its first sanctions on Russia since the Cold War, a stronger response to the Ukraine crisis than many expected and a mark of solidarity with the US in retaliation for Russian action in Crimea. State Duma Deputy Vyacheslav Nikonov says Russia will mirror any visa sanctions the EU imposes on its politicians.¹³⁶

¹³⁴ [European Commission press release, 5 March 2014](#). See [COUNCIL REGULATION \(EU\) No 208/2014](#) of 5 March 2014 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Ukraine

¹³⁵ 'Ukraine crisis: EU offers Kiev \$700m in trade breaks', *BBC News Online*, 11 March 2014

¹³⁶ [NewEurope, 12 March 2013](#)

Map showing the distribution of ethnic Russians (1994)



Map courtesy of University of Texas