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Foreign Policy Insight

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Contents

Foreign Policy Strategies and Decisions	1
• Russian diplomatic front “novelties”	1
• Non-diplomatic language of G7	2
• Drones from Europe	2
• NATO expansion	2
• The continuation of “separatist parade” in Europe	3
• Chinese Maidan	4
European integration	5
• Postponement of the implementation of the DCFTA between Ukraine and EU	5
Energy Diplomacy	6
• Trilateral Ukraine-Russia-EU gas negotiations	6
• Complication of the situation in Russia’s oil and gas sector	7
Economic Diplomacy	8
• Canada and the European Union concluded a Comprehensive Economic and Trade Agreement (CETA)	8
• Germany will provide financial assistance to Donbas	9

Foreign Policy Strategies and Decisions

Russian diplomatic front “novelties”



At the meeting with US State Secretary John Kerry, Russian Foreign Minister Sergey Lavrov used the term “Novorossiya”. Russian minister stressed the need to initiate “direct dialogue” between Ukrainian government and the leadership of Novorossiya. It is obvious that the so-called Donetsk People’s Republic and Luhansk People’s Republic have disappointed the expectations of Kremlin’s strategists concerning their recognition and legitimization. Being fully aware that those peoples’ republics may be instead recognized as terrorist ones, the Kremlin has introduced a new mythologem into its geopolitical game.

“Novorossiya” as a new mythologem in Russian geopolitical game

At the same time, it is for the first time that Mr. Lavrov acknowledged that Russian citizens were fighting on Ukrainian territory. Despite the manner, in which Lavrov acknowledged the involve-

ment of Russian citizens in an armed conflict — “there are many volunteers, with some Russians among them, but there are also American citizens and some other nationalities on both sides of the conflict”, — the very acknowledgment of this is quite unexpected, as it is out of Kremlin’s official line, which denies Russian involvement in the armed conflict in Eastern Ukraine.

Another novelty is that the Central Investigation Department of the Russian Investigative Committee instituted criminal proceedings regarding the “genocide of Russian-speaking population” residing on the territory of Luhansk and Donetsk regions. According to the statement released on the Committee’s website, “the investigation team found out that from April 12, 2014 till present, in breach of the 1948 Convention on “the Prevention and Punishment of the Crime of Genocide” as well as other international legal acts, unidentified persons of high political and military ranks, and members

of Armed Forces of Ukraine, National Guard of Ukraine, and “Right Sector” gave orders aimed at total extermination of Russian-speaking citizens residing on the territory of Donetsk and Luhansk regions”. The Investigation Committee stated that killings of Russian-speaking citizens were allegedly carried out with multiple-launch rocket system “Grad” and heavy indiscriminate offensive weapons.

The logic of things would dictate that Ukrainian investigation bodies should institute the similar court proceedings against Russian “top political and military officials” in respect of the annexation of Crimea. However, taking into account total distrust of Russian justice system and impotence of the Ukrainian one, “the war of criminal cases” is unlikely to bring

about any changes and will be not taken seriously by international community and Ukrainian society. Instead, Ukraine should elaborate its legal position for independent international jurisdiction, which would help bring Russian citizens involved in military aggression against Ukraine, mass killings of civilians and Ukrainian POWs, as well as violation of 1949 Geneva conventions, to justice. Ukraine should also seek compensation for its losses inflicted by Russian and pro-Russian military units, in particular, concerning the destruction of infrastructure, housing resources and municipal economy in Donetsk and Luhansk regions.

The war of criminal cases is unlikely to cause any significant changes

Non-diplomatic language of G7

On September 25, 2014, an official meeting between ministers of G7 countries took place. After the meeting, the relevant statement on Ukraine was issued. The statement itself was surprisingly straightforward and lacking diplomatic parlance. G7 countries expressed their robust position on Crimea, the annexation of which they could not accept. They also demanded that Russia should immediately fulfil its promises as to the withdrawal of Russian troops and heavy weaponry from Ukraine under Minsk agreements.

In addition, G5 acknowledged the leading role of OSCE in monitoring the implementation of the so-called Minsk agreements and welcomed Ukraine’s intentions to hold Donors conference this year to raise funds for Donbas reconstruction. What is worth mentioning is the position of G7 on the extension of sanctions against Russia in the event Russia continues violating international law and existing international agreements.

G7 is ready to extend sanctions against Russia

Non-diplomatic language of G7

Austria, Germany, and France expressed their readiness to provide OSCE mission with drones to exert control over the observance of the cease-fire regime by conflict parties, the regime being established after the so-called Minsk agreements. At the same time, Austrian Foreign Minister Sebastian Kurz stressed

that his country has an intent on intensifying its efforts within OSCE framework and increase aid to severely wounded combatants in ATO zone. Despite little effectiveness of such aid, the very decision of such nature is a positive sign in the light of the former pro-Russian orientation of the mentioned countries.

NATO expansion

Over the last few days, a number of resonant statements regarding the NATO expansion has been made. In particular, Russian Foreign Minister Lavrov claimed that NATO plans to incorporate Bosnia and Herzegovina, Macedonia, and Montenegro into NATO was a provoca-

tion against Russia. At the same time, according to Prime Minister of Finland Alexander Stubb, Finland will take decision on the NATO membership independently and will not need Putin’s approval. Finnish Prime Minister made a relevant statement in an interview: “For us, the question is if our secu-

rity will be enhanced by NATO membership, and if we will get more possibilities to influence European security policy. This decision will be made without requesting Russian approval”, — said Mr. Stubb, when he was asked if Russia would allow Finland to join NATO.

Mr. Stubb added that numerous cases of Russian military jets entering Finnish and some other countries' airspace is kind of message from Russian president. “Look, Russia is still a superpower”.

At the same time, the statement made by US President Barack Obama came as a surprise to many. American leader assured that Russian aggression

would not be directed towards NATO members. Barack Obama maintained that Russian actions are a military aggression against Ukraine.” Russian aggression, which violates territorial integrity of weaker states, is against all international norms”, — said the US President. “Under US leadership, international community made Russia pay for its actions. We are now talking about sanctions that are already to hit our economy. I think there is still a possibility to guide Russia onto the right path”.

Obama believes that Russian aggression will not be directed towards NATO members

The continuation of “separatist parade” in Europe

On September 27, 2014, the President of the Generalitat de Catalunya Artur Mas announced a date for the Catalan referendum on independence, which was set for 9 November, 2014. According to Spanish news agency AP, this is one of the biggest wake-up calls for Spain over the last years. This referendum is a continuation of the recent “separatist trend” in Europe.

At the same time, Deputy Prime Minister of Spain Soraya Sáenz de Santamaría stated that “this referendum will be not conducted, as it is unconstitutional”. On September 29, 2014, in the evening, the Constitutional Court of Spain called a plenary meeting to consider the suspension of the law and relevant decree on Catalan referen-

dum. The appeal was registered in Court records at 1 p.m. According to Spanish analysts, the plenary meeting of the Constitutional Court of Spain can only suspend the law and decree on the referendum at the behest of the Spanish government.

A dangerous tendency indicates that it is becoming harder for some EU member states to control the situation within their territories. The subsidiarity principle should be reinforced by adequate humanitarian policy, which could offer European citizens uniting ideas as to keeping European states in one harness with the preservation of established post-war borders.

European countries find it more difficult to control domestic situation

Chinese Maidan

In Hong Kong, massive protest actions have been going on for the last few days. The reason for such massive protest movement is public demand to ensure free and fair elections of local administration top officials, which were earlier appointed by Beijing-controlled authorities. In fact, this public demand was voiced a long time ago, but it is only now that it has triggered serious mass protests.

The representative of Chinese authorities in charge of Hong Kong and Macau stated that Beijing “opposes any illegal actions, which disrupt legal

order and threatens public order, and is fully supportive of the Hong Kong government”. Nevertheless, representatives of the Chinese communist party fear that calls for democracy may be upheld in mainland China.

Chinese authorities fear that democratic calls may reach mainland China

Great Britain returned Hong Kong to Chinese rule in 1997 providing that there is “one country, two systems” approach, which would guarantee freedoms and right to protest — the one which residents of mainland China

are deprived of. Until now, this formula has been working without any failure. However, today's developments will put both Hong Kong and China to test. The financial sector has already been affected. On Monday, as expected, the trade on Hong Kong Stock Exchange began with sales. Hang Seng Index tumbled almost by 2%, whereas compared to its

highest points as of 3 September the Index lost 7%.

"The fact that public disorder paralyzed Central, is undoubtedly a negative factor for the Index. I think that in the short term, it will lose a minimum of 3,5%", — said Diki Wong, Kingston Financial Group director, in an interview with Bloomberg.

European Integration

Postponement of the implementation of the DCFTA between Ukraine and EU

On September 26, the ratification instrument on EU-Ukraine Association Agreement was deposited with the General Secretariat of the Council of the European Union. On September 29, the General Affairs Council officially decided to postpone the implementation of DCFTA between EU and Ukraine. According to paragraph 2 of the Joint Statement of the European Council and the European Commission, “postponing provisional application of the AA/DCFTA is part and parcel of a comprehensive peace process in Ukraine, respecting Ukraine’s territorial integrity and the right of Ukraine to decide on its destiny”. The Statement also contains appeal to Ukraine “to continue the process of envisaged reforms and economic modernization, in accordance with its international commitments and with EU support and monitoring.” It was also emphasized that any adaptations to the Association Agreement can only be made at the request

of one of the parties and with the agreement of the other.

However, a number of European officials disapprovingly commented on this decision. In particular, in the interview with “The Wall Street Journal”, the Minister of Foreign Affairs of Lithuania Linas Linkevicius noted that such actions “open gates for Moscow’s pressure as regards the amendments to the agreement”.

The Lithuanian government, which is one of the most critical to Russia in the EU, was caught unawares by this decision and learned about it from the press. “I believe that it was tactically and strategically not a very right step”, Mr. Linkevicius said. “Any concessions won’t lead to concessions from the other side... It will lead to continuous pressure”, he said.

Postponement of the implementation of the DCFTA between Ukraine and EU opens gates for further Moscow’s pressure

Energy Diplomacy

Trilateral Ukraine—Russia—EU gas negotiations



On September 26, trilateral negotiations on gas issue between representatives of Ukraine, EU and Russia were held in Berlin. They have reached the preliminary agreements, which are expected to form a final document. First, the price of Russian gas for Ukraine will be USD 385/thousand cubic meters for 6-month transition period. At the same time, there is no price character, — Ukraine insists to fix the price as a constant in the contract, and Russia is ready to provide a discount of USD 100 off the price determined by the Russian-Ukrainian contract of 2009. Second, the Ukrainian side is to pay USD 3.1 bln as a debt to “Gazprom”, USD 2 bln of which should be paid by the end of October, and the remaining amount — by the end of the year. The negotiations are not over; a joint decision has not been made. The next round of negotiations is scheduled for the beginning of October. In fact, the parties took time out to think over the preliminary agreements.

Sincere interest in stabilizing the Russian-Ukrainian gas conflict is expressed by Europe, which seeks to prevent a scenario of the frosty winter of

2009 and problems with Russian gas transit to the EU. At the same time, Ukrainian politicians are carried away by the pre-election parliamentary campaign and are not ready to take responsibility for gas capitulation. On the other hand, Russia is also interested to postpone gas talks before winter colds. It will allow Russia to accuse Kyiv in stealing transit gas. Moscow will use this situation to stop gas supplies to European consumers and to discredit the Ukrainian route. If this scenario is realized, the Kremlin at least will solve a tactical goal — increasing the capacity of the pipeline “Opal”, which is used for gas transit from the “North Stream” to European consumers. It should be noted that the European Commission guided by the rules of the Third Energy Package forbade the Russian side to use it at full capacity. The Kremlin will also reach a strategic goal — unblocking the construction of the “South stream”. Blackmailing Europe during winter season referring to the unreliable Ukrainian transit route, Rus-

Russia consistently discredits the Ukrainian gas transit route

sia is going to form a network of so-called “Russian lobby” among European states. Information field for this scenario is being prepared. Thus, after the trilateral meeting, the Minister of Energy of Russia stated that Ukraine would need from 5 to 12 bln cubic meters of gas for winter period, that’s why Kyiv would have to “steal” Russian transit gas.

The Ukrainian side should prevent the realization of a possible provocative Moscow’s scenario and give the European strategic partner access to telemetry information on the physical parameters of the gas flow (the operating pressure and the daily volume of pumped gas). This information should be available for all parties of the technological chain “production — transportation — consumption”. Comparison of technical indicators will allow identifying problem areas on the whole transit

route (from production to consumption), as well as identifying the responsible for transit violations.

Europe is concerned about its own energy security and enforces Ukraine to conclude a gas truce with Russia. Undoubtedly, gas conflict resolution will be taking place only in the Stockholm arbitration court. At the same

Europe enforces Ukraine to conclude gas truce with Russia

time, Ukraine urgently needs additional supplies of energy resources (gas, oil, coal, biofuels, etc.) in order to prevent the risk of a possible energy collapse in winter. In this sense, active negotiations between Kyiv and Oslo as regards Norwegian gas supplies in 6-7 months add optimism. Diversification of gas supplies will significantly strengthen the position of Ukraine in the gas conflict with Russia.

Complication of the situation in Russia’s oil and gas sector

The European Commission continued its investigation against “Gazprom” regarding the possible violation of EU competition rules. In addition, the European Commission expressed its complaints concerning previous long-term contracts and pricing. Secondly, a French company «Total» suspended joint projects on deep drilling with “Lukoil” because of the imposed sanctions. As a result, the Russian company has to suspend development of inaccessible fields in Western Siberia. Third, the Chinese side is in no hurry to make advance payment according to the gas contract with “Gazprom”. Thus, imposed sanctions have brought financial problems not only for the energy sector of Russia, but pushed oil and gas indus-

Russia does not have sufficient technological resources for development of its oil and gas deposits

try away in innovation and technological development. Development of inaccessible fields in Siberia is impossible without European countries. Russia has huge deposits of oil and gas in the world, but it does not have sufficient technological resources for their rational development.

Aggravation of the situation with Russia as a major world supplier of energy was used by Iran. On September 25, during the UN General Assembly, the Iranian President Hassan Rouhani addressed the world community with a proposal to reconsider sanctions against Tehran. Rouhani said that Iran would continue developing of a peaceful nuclear program under international law. If sanctions against Iran are reconsidered, amount of oil in the world will be increased accordingly, and oil prices will drop further. It could additionally hit Russian economy.

Economic Diplomacy

Canada and the European Union concluded a Comprehensive Economic and Trade Agreement (CETA)



The Prime Minister of Canada Stephen Harper and the President of the European Commission Jose Manuel Barroso signed a free trade deal.

It is expected that the agreement would give an opportunity to reduce tariffs, optimize regulation and eliminate formal barriers. Now, the agreement should be approved by the parliaments of all EU member states.

It should be noted that the EU is the second largest trading partner of Canada after the US. In 2012, American exports to the European Union amounted to EUR 206 bln, while EU exports to the USA reached nearly EUR 300 bln. 30 million of jobs in Europe (about 10% of the workforce) are dependent on foreign trade. The European

Commission estimated that the agreement, which has been discussed since 2009, would enable the parties to increase bilateral trade in goods and services by 20% — by EUR 25.7 bln per year. The agreement envisages abolition of customs imports and exports duties between Canada and the EU for almost all goods and services; increasing the quotas for the supply of dairy products from the EU to Canada and Canadian meat to the European Union. The agreement may affect the balance of power of the major players in the European food market.

A Comprehensive Economic and Trade Agreement between EU and Canada will affect the European food market

Germany will provide financial assistance to Donbas

Germany intends to allocate EUR 500 mln loan guarantees in order to restore Donbas infrastructure and EUR 25 mln for the construction of houses for IDPs in Ukraine. It was agreed during the phone conversation between Angela Merkel and Petro Poroshenko. In addition, the sides discussed energy issue, i.e. the results of the recent tripartite consultations on gas issue held in Berlin.

Upon instructions of Petro Poroshenko, on September 29, the Vice Prime Minister of Regional De-

velopment, Construction and Housing Volodymyr Hroysman held a meeting with representatives of central and local authorities, the German International Cooperation Agency (GIZ) and the German Embassy in Ukraine in order to discuss the implementation of humanitarian projects funded by the German government. In particular, the issues on delivery and distribution of German humanitarian aid in Donetsk and Luhansk regions, as well as construction of towns for more than 4 000 of IDPs, have been discussed at the meeting.

The aim of the publication is to provide analysis of Ukraine's foreign policy in the context of global processes in the region and the world, as well as an overview of major world events that may have an impact on the further development of Ukraine and the region. Special attention is paid to the European integration of Ukraine, in particular implementation of Ukraine–EU Association Agreement.

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