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# Ukraine: Current Issues and U.S. Policy

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## Summary

A pro-reform, pro-Western government has emerged in Ukraine after the collapse of the government of Ukrainian President Viktor Yanukovich on February 21, 2014. Russia responded to the change of government in Kyiv by seizing Ukraine's Crimea region and annexing it on March 18, 2014. Since April 2014, armed pro-Russian separatists have seized parts of the Donbas region of eastern Ukraine, which was made possible by men, weaponry, and leadership from Russia. A cease-fire agreement signed in Minsk, Belarus, in September 2014 failed to halt the fighting. After a summit meeting of the leaders of Russia, Ukraine, France, and Germany in Minsk, the sides agreed on February 12 on a new cease-fire to take effect on February 15.

Ukraine has long-standing problems in attracting foreign investment, in part due to rampant corruption and other shortcomings in the rule of law. The war has added to these problems, including the destruction of infrastructure in the Donbas region and a steep drop in the value of Ukraine's currency. On February 12, 2015, the International Monetary Fund (IMF) and Ukraine agreed on a new loan package of \$17.5 billion to Ukraine, bringing the total IMF commitment to Ukraine to \$22 billion over four years. In 2014, the European Union unveiled an 11.1-billion-Euro (about \$15.5 billion) aid package for Ukraine and is considering further funding. The IMF estimates that the total commitment to Ukraine could come to \$40 billion, when money from the European Union (EU), the United States, and other sources is included.

In February 2015, the Administration said that the United States has provided over \$355 million in aid to Ukraine over the previous year to help the new government in Kyiv carry out political and economic reforms and bolster the capabilities of its security sector, including its army. In addition, in May 2014 the United States provided a \$1-billion loan guarantee to Ukraine. The Administration has strongly condemned Russia's annexation of Crimea and its incursion into eastern Ukraine. The United States and the European Union have imposed sanctions against Russian individuals and key firms for destabilizing Ukraine.

Congressional action has focused on providing assistance to the new Ukrainian government and supporting sanctions against Russia for its occupation of Crimea and efforts to destabilize Ukraine. H.R. 4152 authorized aid to help Ukraine carry out reforms; authorized security assistance to Ukraine and other Central and Eastern European countries; and required the President to impose visa bans and asset seizures against persons in Ukraine and Russia who are responsible for violence or undermining the peace, security, stability, sovereignty, or territorial integrity of Ukraine. On April 3, 2014, President Obama signed H.R. 4152 into law, as well as S. 2183, a related bill requiring Radio Free Europe-Radio Liberty and Voice of America to increase broadcasting in eastern Ukraine, Crimea, and Moldova. The FY2015 omnibus appropriations bill (P.L. 113-235) appropriated aid for Ukraine.

On December 18, 2014, President Obama signed H.R. 5859, the Ukraine Freedom Support Act. The measure permits the President to impose sanctions on Russian defense, energy, and other firms and foreign persons; authorizes increased military and economic assistance for Ukraine; authorizes funding for U.S. Russian-language broadcasting in the region; authorizes support for Russian civil society and democracy organizations; and requires a report on Russian noncompliance with the Intermediate Nuclear Forces (INF) Treaty. Some Members of Congress are urging the President to provide defensive weaponry to Ukraine.

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## Background

Ukraine, comparable in size and population to France, is a large, important, European state. It occupies the sensitive position between Russia and North Atlantic Treaty Organization (NATO) member states Poland, Slovakia, Hungary, and Romania. Many Russian politicians, as well as ordinary citizens, have never been fully reconciled to Ukraine's independence from the Soviet Union in 1991, and feel that the country belongs in Russia's political and economic orbit. The U.S. and European view (particularly in Central and Eastern Europe) is that a strong, independent Ukraine is an important part of building a Europe whole, free, and at peace.

Since Ukraine achieved independence in 1991, Ukraine's political scene has been dominated by "oligarchs" (powerful, politically well-connected businessmen, mainly based in eastern and southern Ukraine), which have divided up the country's economic assets among themselves and raided the government budget for their own profit. President Viktor Yanukovich, who was elected in February 2010, drew his main support from oligarchs from the Donets Basin (Donbas) region of eastern Ukraine. His government was criticized for massive high-level corruption, in part committed by Yanukovich's own family and close associates. U.S. and European Union (EU) officials expressed strong concern over the government's human rights record, especially the targeting of opposition leaders for selective prosecution.

## The EuroMaidan and the Collapse of the Yanukovich Regime

Many observers have believed that, despite growing dissatisfaction with the government, there was little likelihood of public unrest in Ukraine, given widespread disillusionment with the political class as a whole. However, in November 2013, the government made a last-minute decision to not sign an Association Agreement with the European Union that would have aligned Ukraine more toward Europe, at least in the areas of economics and trade, due to Russian pressure. The about-face sparked anti-government demonstrations. On November 30, Ukrainian special police attacked peaceful protestors (many of them young people) in Kyiv's central *Maidan Nezalezhnosti*, or Independence Square. The action outraged many Ukrainians and resulted in a massive upsurge in participation in the protests in Kyiv. Smaller protests occurred in other Ukrainian cities, mainly in opposition strongholds in western and central Ukraine. Observers noted that demonstrators were not just protesting against Ukraine's failure to sign the Association Agreement, but against the government's lack of respect for the basic human dignity of Ukraine's citizens.

Through the next three months, the Yanukovich government alternated between attempted crackdowns and conciliatory gestures. On February 18, the government embarked on its most violent crackdown attempt against the *Maidan*, one that quickly resulted in the regime's own demise. Elite "*Berkut*" riot police attempted to clear protestors from the *Maidan* and other areas of Kyiv, with the support of roving gangs of street thugs hired by the government. Over 100 persons were killed. Many hundreds more were injured. Many casualties were caused by firearms, mainly used by the police, including by snipers. The death toll may have caused support in the Ukrainian parliament for the crackdown and the regime to collapse. On February 20, it approved a resolution calling for the pullout of the Interior Ministry and military forces from Kyiv to their bases and a ban on the use of firearms. Once the police and military complied with the resolution, groups of protestors seized key government buildings. Yanukovich and many of his supporters in the government and parliament fled the capital by February 21. Many of them are currently being harbored by Russia.

After Yanukovych and his supporters fled Ukraine, the Ukrainian parliament, now composed mainly of opposition deputies, rapidly passed sweeping measures. The parliament deposed Yanukovych as president on February 22 for abandoning his duties. Oleksandr Turchynov, a long-time top aide of Yuliya Tymoshenko, was elected as speaker of the parliament and made acting president until new presidential elections were held on May 25. The parliament restored the provisions of the 2004 Ukrainian constitution, eliminating changes made by Yanukovych to strengthen the presidency. On February 27, the Ukrainian parliament approved a new government, headed by Arseniy Yatsenyuk, a former prime minister. The government included no key figures from the former ruling regime. Nevertheless, many *Maidan* protestors viewed the new government skeptically, suspecting that they are nearly as opportunistic and corrupt as the Yanukovych regime.

## Russia's Seizure of Crimea and Support for Insurgents in Eastern Ukraine

Russia responded to the change of government in Kyiv by seizing Ukraine's Crimean peninsula. Starting on February 27, heavily armed Russian-speaking troops poured into Crimea, seizing airports and other key installations throughout the peninsula. At the time, Russian President Vladimir Putin claimed that the troops were not Russian Federation military forces, but only local Crimean self-defense forces. In April 2014, Putin admitted that Russian Federation military forces did in fact invade Crimea. On March 16, the Crimean authorities held a referendum on Crimea's annexation to Russia. According to Crimean officials, Crimea's union with Russia was allegedly approved by 96.77% of those voting, with a turnout of 83.1%. Ukraine, the United States, the European Union, and other countries denounced the referendum as illegal and not held in a free or fair manner. Russian President Vladimir Putin signed a "treaty" with Crimean leaders on March 18 formally incorporating Crimea into Russia.

In addition to Russia's annexation of Crimea, the Ukrainian government struggled to establish control over eastern and southern Ukraine. In March 2014, thousands of pro-Russian protestors demonstrated in the region, especially in the cities of Donetsk and Luhansk in the Donbas region and in Kharkiv. Some demonstrators favored union with Russia, others only greater autonomy from the government in Kyiv. Demonstrators seized government buildings. They also faced off against pro-Maidan demonstrators. Unrest in eastern Ukraine soon took an even more ominous turn in April 2014. Armed men stormed and occupied key government buildings and broadcast facilities in the key cities of Donetsk and Luhansk, as well as in Slovyansk and more than a dozen other towns in the Donbas region.

The Ukrainian government said Russian intelligence agents orchestrated the separatists' attacks and released video, photographs, and audio recordings allegedly identifying them. Senior U.S. officials and NATO Supreme Allied Commander General Philip Breedlove have also said that they believe Russia is playing a leading role in the activities of the armed separatist groups in eastern Ukraine.

On May 11, the armed separatist forces, in the guise of the "Donetsk People's Republic" and the "Luhansk People's Republic," held "referendums" on their "sovereignty." According to the organizers, the question was approved by 89% of those voting in Donetsk region, and by 96% in Luhansk region, with a turnout of 75%. No international observers monitored the vote, and witnesses reported rampant irregularities. The leaders of the "Donetsk People's Republic" and the

“Luhansk People’s Republic” declared their entities to be sovereign states after the vote. The Ukrainian government denounced the referendums as illegal.

After a brief unilateral cease-fire by Ukraine in late June failed to lead to progress on a peace plan put forward by newly elected Ukrainian President Petro Poroshenko, Ukraine restarted its “anti-terrorist operation” against the separatist forces. In July and August, Ukraine routed the gunmen from strongholds in Slovyansk, Kramatorsk, and other towns, and besieged separatist forces in the key cities of Donetsk and Luhansk.

However, in late August and early September, U.S. and NATO officials said that Russia massively stepped up its support to the separatists, including by deploying thousands of Russian troops to fight in Ukraine. Both the Russian troops and the separatists were supplied with hundreds of tanks, armored personnel carriers, artillery, surface-to-air missiles, and other military equipment from Russia. As a result, Ukrainian forces lost ground and suffered heavy casualties.

Perhaps fearing further casualties and lost territory, Ukraine agreed to a 12-point ceasefire plan during talks with separatist representatives and Russian officials in Minsk, Belarus on September 5. Among other provisions, the plan calls for a cease-fire along the then-current lines of control, an exchange of hostages and/or prisoners, the monitoring of the cease-fire and of the Russian-Ukrainian border by the Organization for Security and Cooperation in Europe (OSCE), and the withdrawal of “illegal armed groups, militants, as well as militants and mercenaries from the territory of Ukraine.” The Minsk agreement also called for Ukraine to adopt a law on amnesty for those involved in the war in the Donbas; a law on “special status” for separatist-held areas that will allow them greater self-rule for three years; the organization of local elections in those areas; and plan for the economic recovery of the region.<sup>1</sup>

The signing of the agreement led to the end of the massive Russian-led offensive on Ukrainian forces. However, none of the points of the Minsk protocol has been implemented fully. Sporadic, sometime intense, fighting has continued, resulting in over 1,300 deaths since the Minsk protocol was signed. (According to U.N. officials, over 5,500 persons have died in the fighting since the conflict began in April 2014.) Ukrainian officials have said that the separatists had seized over 500 sq. km of Ukrainian territory since the Minsk protocol’s signature. In January 2015, President Poroshenko said Russia had 9,000 troops inside Ukraine, along with hundreds of tanks, armored fighting vehicles, and artillery pieces.<sup>2</sup>

The United States and the European Union made its full implementation of the Minsk protocol a precondition for easing their sanctions on Russia. A particularly violent flare-up of attacks by the pro-Russian gunmen against Ukrainian-held territory in late January and early February 2015 led the United States and the EU to warn Russia that it faced possible additional sanctions for its military intervention in Ukraine.

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<sup>1</sup> For an English-language translation of the Minsk protocol, see <http://www.kyivpost.com/opinion/op-ed/osce-releases-the-12-point-protocol-agreements-reached-between-ukraine-russia-and-separatists-in-minsk-363816.html>. For the Russian-language original, see <http://www.osce.org/ru/home/123258?download=true>.

<sup>2</sup> Some experts believe Russian troop levels in Ukraine are significantly lower. U.S. Ambassador to NATO Douglas Lute has said Russian troops in Ukraine are mainly intelligence officers serving a command and control function and Russian servicemen operating highly sophisticated, specialized equipment, such as that used for electronic warfare and air defense. See <http://www.reuters.com/article/2015/02/04/us-ukraine-crisis-nato-usa-idUSKBN0L81S220150204>.

The presidents of France, Russia, and Ukraine and Chancellor Merkel of Germany met in Minsk on February 11 in Minsk to try to secure an agreement to stop the fighting. On February 12, a cease-fire agreement was signed, to take effect on February 15. The agreement calls on both sides to pull back their heavy weapons to create a “security zone” of 50 to 70 km, depending on the range of the weapons system and OSCE monitoring of the cease-fire. The separatists apparently will remain in effective control of the areas they have seized since the first Minsk agreement was signed in September.

The agreement calls for local elections in rebel-held regions and legal and constitutional reforms to be negotiated with the rebels to give a special status to the region. The elections and reforms are to be implemented before the end of this year. The return of control to Ukraine of the Russia-Ukraine border is conditioned on the carrying out of these decentralization reforms agreed with the separatists. Ukraine is also required to resume financial flows to the rebel-held regions. Foreign forces and equipment, mercenaries, and illegal armed groups are supposed to be removed, under OSCE monitoring. (It should be noted that Russia still contends that none of its forces and equipment are in Ukraine, despite overwhelming evidence to the contrary.)<sup>3</sup> The terms of the agreement are similar to those of the original Minsk protocol last September. Some observers have expressed skepticism about whether this agreement is more likely to be implemented than the previous one was.

## Ukraine’s Current Political Situation

Since the fall of the Yanukovich regime, Ukraine has elected a new pro-Western president and a parliament with a pro-Western majority. On May 25, 2014, Ukraine held a presidential election. The winner, Petro Poroshenko, took 54.7% of the vote. Poroshenko is a pro-Western billionaire whose holdings include Roshen, a leading chocolate brand in the region. His nearest competitor, former Prime Minister Yuliya Tymoshenko, won 12.81%. Voter turnout for Ukraine as a whole was 60.29%. The lowest turnout was in Donetsk region (15.37%) and Luhansk region (38.94%), where Russian-backed separatist gunmen seized polling places and used threats, kidnappings, and other forms of intimidation to stop the vote. An International Election Monitoring Mission, which included several Members of Congress, observed the elections. A preliminary statement from the mission said that the vote was “largely in line with international commitments and with a respect for fundamental freedoms in the vast majority of the country” despite the “hostile security environment” in Donetsk and Luhansk.

Ukraine held an early parliamentary election on October 26, 2014. The result was a victory for forces in favor of closer ties with the EU and the United States. Half of the seats were allocated by voting for party lists, the rest by voting in individual districts. However, due to the inability to hold elections in districts held by Russian-backed separatists, 29 of the 450 seats in the parliament will remain unfilled. The results were an overwhelming victory for pro-Western forces.

The main victors were the Petro Poroshenko Bloc with 132 seats and the People’s Front, led by outgoing Prime Minister Viktor Yatsenyuk, with 82 seats. In a surprise, the pro-reform Samopomich (self-help) Union won 33 seats. The unpredictable, populist Radical Party of Oleh Liashko won 22, while Batkivshchina, the party of former Prime Minister Yuliya Tymoshenko,

<sup>3</sup> For an unofficial translation of the Russian-language original, see, for example, <http://www.ft.com/intl/cms/s/0/21b8f98e-b2a5-11e4-b234-00144feab7de.html#axzz3RXfwD5VC>.

won 19. The Opposition Bloc, composed of supporters of the Yanukovich regime, won 29 seats. Far-right groups, often held up by Russian propaganda as dominant in Ukraine, did very poorly. One key group, Svoboda, won only six seats, while another, Right Sector, won only one.

On December 2, the new parliament approved a new government led by Yatsenyuk, who returned as prime minister. Figures selected by the Poroshenko Bloc, People's Front, Samopomich, and Batkivshchyna are represented in the new government. The government has the support of over 300 seats, which will enable it to pass amendments to the Ukrainian constitution.

Prime Minister Yatsenyuk has said Ukraine's main goal was to adopt European standards, with the ultimate objective of European Union membership for Ukraine. He called for sharp budget cuts, including in social programs, but increases in defense spending. He said a key focus of the new government would be to fight corruption, including by reducing government regulation and the size of the bureaucracy. He said Ukraine would cut the number of taxes it collects and would devolve more budgetary power to local authorities.

In an important symbolic move, Natalie Jaresko, a U.S. citizen and former State Department official who has lived in Ukraine for over two decades, is Ukraine's finance minister. The economy minister is a Lithuanian citizen, and the health minister is from Georgia. These moves may have been meant to signal that the new government is dedicated to moving the country toward the West and that these key figures are not from what many Ukrainians believe is the country's morally compromised political elite.

The government is currently setting up an Anti-Corruption Bureau that will investigate corruption among government officials. New anti-corruption laws passed last year, including stricter provisions against bribery and conflicts of interest, and require annual disclosures of income by public officials. Nevertheless, opinion polls have shown that public skepticism is high about the new government will make a serious impact in fighting the country's deeply ingrained, crippling problem with corruption.

## **Current Economic Situation**

Some observers have warned that Ukraine is close to economic collapse. Ukraine's currency, the hryvnia, has plummeted by more than 50% against the dollar in the past year. This has increased Ukraine's real debt burden (which is denominated in foreign currencies) and has hurt ordinary Ukrainians, in part because it makes imported consumer items more expensive. Ukraine's gross domestic product (GDP) dropped by 8.2% in 2014, according to the World Bank. The World Bank projects a drop in GDP of 2.3% in 2015. Ukraine's government statistics office estimated inflation in 2014 at 24.7%.

The economic situation in the rebel-held regions is also poor, due to the disruption caused by the conflict. Ukraine's decision to cut off financial flows (including pensions) to the region in order to avoid subsidizing the rebellion has also had a negative impact, as has Ukraine's increasingly strict controls over movement into and out of the rebel-held areas to prevent the movement of spies and saboteurs into the rest of Ukraine. For its part, aside from "humanitarian convoys" staged for public effect, Russia has so far appeared unwilling to offer massive subsidies to the rebel-held areas itself, instead insisting that Kyiv restore its financial flows to the region. Indeed, the February 2015 cease-fire agreement contains such a provision. Some observers claim that this effectively requires Kyiv to subsidize the forces that are trying to break Ukraine apart.



In April 2014, the IMF approved a \$17 billion loan for Ukraine, but Kyiv only received \$4.5 billion of the amount. On February 12, 2015, the IMF and Ukraine agreed on a new loan package of \$17.5 billion, bringing the total IMF commitment to Ukraine to \$22 billion over four years. The IMF estimates that the total international commitment to Ukraine could come to \$40 billion when money from the EU, the United States, and other sources is included.

In announcing the agreement, the IMF noted that Ukraine has shown strong fiscal discipline—cutting the budget deficit to 4.6% of GDP, maintaining a flexible exchange rate for its currency, and increasing household gas prices to 56% of the import price and heating prices to about 40% of the import price in 2014. The IMF pointed out areas where Ukraine has committed to make rapid progress on reforms, including further energy price increases, bank restructuring, governance reforms of state-owned enterprises, and legal changes to implement the anti-corruption and judicial reforms.<sup>4</sup>

## Ukraine's Foreign Policy

The Ukrainian government's main foreign policy priorities are to secure international support for Ukraine's sovereignty and territorial integrity, including non-recognition of Russia's annexation of Crimea, as well as international assistance to ameliorate the country's dire economic situation.

In December 2014, the Ukrainian parliament overwhelmingly renounced Ukraine's former neutral, "non-bloc" status. President Poroshenko has said that Ukraine will eventually seek NATO membership but will first embark on needed reforms to become a viable membership candidate, culminating in a public referendum on joining NATO at the end of this decade. Many observers have noted that key European NATO countries are opposed to NATO membership for Ukraine, or even a key stepping stone to membership, a Membership Action Plan for Ukraine. They reportedly fear that such a move would further provoke Russia.

Ukraine has requested assistance from NATO for its military. At the September 2014 NATO summit in Wales, the alliance agreed to set up four trust funds to help Ukraine's military in such areas as logistics, command and control, military personnel issues (including wounded soldiers), and cyberdefense.<sup>5</sup> NATO is leaving the issue of supplying weapons and other possible lethal and non-lethal aid to Ukraine's armed forces to individual member countries. NATO as an organization hasn't provided lethal military aid to Ukraine, leaving that to each member state to decide for itself. France and Germany have expressed opposition to providing arms to Ukraine. However, some experts believe other European countries may provide such assistance, but only if the United States does so first.

## Russia

In some ways, recent Russian actions in Ukraine are the culmination of long-standing Russian resentment of the outcome of the Cold War. In 2005, Russian President Vladimir Putin called the

<sup>4</sup> See <https://www.imf.org/external/np/sec/pr/2015/pr1550.htm>.

<sup>5</sup> For more on NATO's response to the Ukraine crisis, see CRS Report R43478, *NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe*, coordinated by Paul Belkin. See also [http://www.nato.int/cps/en/natohq/news\\_112695.htm](http://www.nato.int/cps/en/natohq/news_112695.htm).

collapse of the Soviet Union “a major geopolitical disaster.” Russian leaders have also asserted that the post-Soviet region is an area of privileged interests of Russia. Part of the justification for that assertion is an alleged right to protect Russian citizens and “compatriots” (persons deemed to be linked to Russia by language, culture, or ethnicity).

Moreover, Ukraine has a particularly important place in Russian psychology, according to many experts. Putin has referred to Ukrainians as “brothers” of the Russian people. Eastern Orthodox civilization, in which Russians see themselves as the leading force, got its start in Kievan Rus (a state centered on what is now part of Ukraine) when Prince Vladimir converted to Christianity in 988. Russians often point out that their ancestors spilled a great deal of blood to incorporate Crimea and most of the rest of Ukraine into the Russian empire, and a great deal more to keep it within the empire (and its successor, the Soviet Union) through many wars.

Ethnic Russians make up 17.3% of Ukraine’s population, according to the 2001 Ukrainian census. They are concentrated in the southern and eastern parts of the country. They make up 58.3% of the population in the Crimea (a peninsula in the Black Sea in southern Ukraine). In addition, many ethnic Ukrainians in the east and south also tend to be Russian-speaking, are suspicious of Ukrainian nationalism, and support close ties with Russia. Soviet leaders concentrated important heavy industries (including defense industry) in eastern Ukraine, which tied the region to Russia economically and fostered what many analysts have viewed as a lingering Soviet-style mindset there. This is particularly true of the Donbas region, on the border with Russia.

Until the collapse of the Yanukovich regime in February 2014, Putin preferred using indirect methods of influence in Ukraine. These included “carrots,” such as lucrative business deals with Ukrainian politicians and oligarchs, but also “sticks,” such as de facto economic sanctions and using Russian media (which are very popular in Ukraine) to attack uncooperative leaders.

Russia reacted with great hostility to the emergence of a new, more pro-Western leadership in Ukraine in February 2014. A Russian foreign ministry statement on February 24 claimed that “terroristic methods” were being used to suppress dissent in the Russian-speaking regions of the country. The statement also criticized “Western partners” for acting not out of concern for the people of Ukraine, but out of “unilateral geopolitical considerations.” Russian forces occupied Ukraine’s Crimea region in late February and annexed it in March. Beginning in April 2014, Russian intelligence operatives and other Russian troops have been involved in fighting in eastern Ukraine. Russia has also supplied separatist forces with artillery, tanks, and other heavy weaponry. Nevertheless, Russia continues to deny that it has intervened militarily in eastern Ukraine.

Many experts on Russia have speculated that Putin’s key objective in Ukraine is to weaken and discredit the pro-Western government in Kyiv and Western policy generally. A successful, pro-Western Ukraine could pose unwelcome comparisons with the authoritarian, kleptocratic regime at home in Russia.

Moscow has so far declined to recognize the Donetsk and Luhansk “people’s republics” as independent countries or annex them to Russia. However, Russian official statements and the February 2015 cease-fire agreement view the separatist regimes as legitimate interlocutors for Kyiv in determining the future of Ukraine. Russia has made also strident demands on the subject of Ukraine’s political future. Russian Foreign Minister Lavrov has called for making Russian the second official language in Ukraine and for constitutional reforms that would confirm Ukraine’s neutral status. Moscow has also insisted on “federalization” of Ukraine, under which the various

regions would have wide autonomy in the areas of the economy, finances, culture, language, education, and external economic and cultural ties with neighboring countries or regions.

Like its military support for the separatists, Russia's federalization proposal appears to many analysts to be an effort to permanently cripple the central government in Kyiv, giving forces in eastern Ukraine under Moscow's sway a veto power over important decisions, including on Ukraine's current pro-Western orientation. Russia's plan appears to be broadly similar to the Dayton Peace Accords in Bosnia or the Kozak Memorandum, a 2003 Russian federalization proposal for Moldova. Federalization could also be used to give Russia enhanced control over economic assets in the east.

However, it appears highly unlikely that Ukrainian leaders or the public would accept the constitutional changes needed to create such a federation. It is unclear whether the "decentralization" called for in the February 2015 cease-fire agreement will be more acceptable to Ukrainians. Some analysts believe that official Russian rhetoric about an alleged "party of war" in Kyiv centered around Prime Minister Yatsenyuk may indicate another possible strategy—to pit the prime minister and President Poroshenko against each other and perhaps bully or cajole President Poroshenko into entering into an accommodation with Moscow.

What has largely disappeared from official Russian rhetoric in recent months is the concept of "Novorossiya," that is, expanding the Russian-controlled area to include most of eastern and southern Ukraine, perhaps linking Russian-controlled areas in southern Ukraine with Crimea. This goal may have seemed easily achievable to Putin last spring when he first used the term. Since then, however, Ukrainian forces have become somewhat more capable, and it may appear to Putin that such an objective would now likely require a massive, and perhaps politically unacceptable, infusion of Russian military forces to realize. There may also be financial considerations. Moscow has so far provided very meager financial support for the regions in eastern Ukraine that it has effectively seized. This may signal that Russia doesn't want to incur major new expenses in the current economic environment created by falling oil prices and Western sanctions. Possible concern about intensified sanctions in the event of a more massive intervention could also be a factor. Nevertheless, given Putin's past unpredictability, even this scenario cannot be ruled out.

If Russia does not want to continue the war in eastern Ukraine indefinitely, it could genuinely implement the military provisions of the February 2015 cease-fire, thereby creating a "frozen conflict," as it has done in Moldova's Transnistria region and Georgia's Abkhazia and South Ossetia regions. The outcome would likely at best amount to a cease-fire in place with Russia continuing to have control over the Russia-Ukraine border, given the unlikelihood of an agreement between Kyiv and the separatists on elections and decentralization. Such an outcome could still provide Moscow with leverage over Kyiv but might not afford the same opportunity to destabilize Ukraine as continuing the war would. On the other hand, an effective cease-fire could provide an opening for Putin to secure an easing of sanctions in a few months, particularly from sympathetic European countries.

Russia has taken other steps against Ukraine, including imposing some de facto trade sanctions against Ukrainian imports. Russia could decide to expand these sanctions into economic warfare against Ukraine. Ukrainian government servers have been hit by sophisticated cyberattacks, which may have come from Russia, although no proof of this has been publicly disclosed so far. Russia could harass or expel some of the large number of Ukrainian citizens living and working in Russia.

## **Energy Issues**

Energy is a key factor in Ukraine's relations with Russia as Ukraine is heavily dependent on Russia for its energy supplies. In 2012, 63% of Ukraine's natural gas consumption came from Russia, as well as nearly three-quarters of its oil and other liquid fuels.<sup>6</sup> However, Ukraine's vulnerability to Russian pressure has been mitigated by the fact that the main oil and natural gas pipelines to Central and Western Europe transit its territory. In 2014, about 40% of Russian natural gas destined for Europe transited Ukraine. (Just two years earlier, the figure had been about 60%.) Past Russian efforts to greatly increase gas prices for Ukraine provoked a crisis that resulted in a cutoff of Russian gas to Western Europe for several days in January 2006. A second gas crisis occurred in January 2009, resulting in a gas cutoff of nearly three weeks.

Until recently, Russia had long sought control of Ukraine's natural gas pipelines and storage facilities. Moscow's efforts were unsuccessful, even with friendly governments in Kyiv, due to Kyiv's refusal to cede control of one of its key economic assets. This fact, as well as the 2006 and 2009 gas cutoffs, has led Russia and some European countries to plan and build pipelines to bypass Ukraine. Gazprom has developed gas pipelines under the Baltic Sea (called Nord Stream) and through the Balkans (called South Stream) to Western Europe. Nord Stream made its first gas deliveries in 2011. On the other hand, Russia cancelled the South Stream project in December 2014, annoyed by EU objections that the project as planned violated EU rules. Russia now plans to build a pipeline through Turkey to the Greek border (dubbed Turkish Stream), leaving the EU the task of transporting gas on EU territory. Gazprom says that it will phase out gas transit via Ukraine by 2020, but many experts are skeptical as to whether this is feasible.

Russia has also used gas prices as a tool in its policy toward Ukraine. Russia had raised the natural gas price for Ukraine from \$268 per thousand cubic meters (tcm) while President Yanukovich was in power to \$485 per tcm of gas when Ukraine's new government took power, an increase of about 80%. Ukraine refused to pay the increased amount and demanded a new gas contract with a lower price. Russia responded in June 2014 by cutting off natural gas supplies to Ukraine for non-payment of debts. (Ukraine continued to allow gas destined for Western Europe to transit its territory.) In October 2014, the EU brokered a deal between Gazprom and Ukraine on gas supplies at a lower price through March 2015 in exchange for Ukraine's repayment of some of its debts to Gazprom.

Ukrainian leaders acknowledge that the current deal with Gazprom is only a temporary expedient. In order to avoid likely future Russian efforts to use energy supplies as a political weapon, Ukraine has to sharply reduce its dependence on Russian gas. However, Ukraine has few short-term alternatives. Ukraine began last year to import significant amounts of gas from Poland, Hungary, and Slovakia. However, Ukrainian officials admit that these "reverse flow" supplies alone will not suffice to meet demand in Ukraine.

In the long term, Ukraine could develop its own shale gas deposits and improve exploitation of its conventional gas reserves; import liquefied natural gas; or import gas from Azerbaijan, Central Asia, and elsewhere via pipelines through the EU's planned Southern Energy Corridor. Ukraine will also have to make much greater strides in energy conservation, which has required a steep and politically unpopular hike in natural gas prices, including for households.

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<sup>6</sup> U.S. Energy Information Agency Country Brief: Ukraine, <http://www.eia.gov/todayinenergy/detail.cfm?id=15411>.

## **European Union**

The European Union's main instrument to promote European values and deepen economic ties with Ukraine is the Association Agreement. The agreement includes a free trade agreement with the EU, formally known as a Deep and Comprehensive Free Trade Agreement (DCFTA). Although the DCFTA further opens potentially lucrative EU markets to Ukraine, it also requires Ukraine to adopt EU legislation and standards and to gradually expose Ukrainian firms to tough competition from EU imports. Approximation to EU norms could also lead to increased foreign investment in Ukraine. Under intense pressure from Russia, which strongly opposed Ukraine's intention to sign the AA, the Ukrainian government announced on November 21 that it would not sign the agreement, the first in a series of events that led to the regime's demise three months later.

The collapse of the Yanukovich regime improved prospects for a closer relationship with the EU. The EU and Ukraine signed the parts of Ukraine's Association Agreement dealing with political issues in March 2014, and the parts dealing with economic issues (including the DCFTA) were signed on June 27.

Ratification of the pact was delayed due to Russian threats to block Ukrainian imports from its markets unless the pact was modified to protect Russia's interests. The EU and Ukraine refused to do so, and the European Parliament and the Ukrainian parliament ratified the accord on September 16. However, the EU and Ukraine did appear to bow to Russian threats by agreeing to postpone implementation of the DCFTA until 2016. Ukraine will continue to enjoy unilateral trade preferences from the EU until then.

As part of an international effort involving international financial institutions, the United States, and other countries, the EU has also offered substantial assistance to Ukraine to reform its political and economic system and to shore up its finances. In addition, the EU has imposed sanctions on Russia and separatists in Ukraine in conjunction with the United States and other countries. Although the sanctions are supposed to help persuade Russia to agree to a peace settlement in Ukraine, the EU as an organization does not play a major role in brokering peace talks. Instead, EU member states Germany and France have taken the lead in that effort.

## **EU Aid to Ukraine**

On March 5, 2014, the European Commission unveiled an 11.1-billion-Euro (about \$15.5 billion) aid package for Ukraine. The package included 1.6 billion Euro (about \$2.2 billion) in macro financial assistance loans to support Ukraine's government finances. The EU will also provide 1.565 billion Euro (about \$2.17 billion) in grant aid between 2014 and 2020 to assist Ukraine's reform efforts. The package includes up to 3 billion Euro (about \$4.16 billion) in loans from the European Investment Bank and 5 billion Euro (nearly \$7 billion) from the European Bank for Reconstruction and Development. In addition, the EU will establish a High Level Investment Forum/Task Force; help modernize Ukraine's natural gas transit system and work on reversing the flow of pipelines through Slovakia so that Ukraine can receive gas from the west; accelerate its Visa Liberalisation Action Plan; and provide technical assistance on a number of areas from constitutional to judicial reform and preparation of elections.<sup>7</sup>

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<sup>7</sup> See [http://europa.eu/rapid/press-release\\_MEMO-14-159\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-159_en.htm).

The war in eastern Ukraine and the sharply negative impact it has had on Ukraine's economy has led the EU to consider additional aid to Ukraine. The EU is reportedly considering providing as much as 2.5 billion Euro (\$2.8 billion) in additional macrofinancial assistance loans this year, depending on whether Ukraine can reach a new loan agreement with the IMF and keep reforms on track.

## **EU Sanctions**

On March 17, 2014, the day after Crimean authorities held a referendum on joining Russia, the European Union imposed a visa ban and an asset freeze on 21 figures from Ukraine and Russia who played roles in Russia's seizure of Crimea. On March 21, the EU imposed sanctions on 12 additional Russian leading figures, after President Putin signed an agreement with Crimean leaders incorporating the region into Russia. On April 28, the EU added 15 more names to the list. On May 12, 2014, the EU added 13 additional names of Russian officials and two companies based in Crimea.

The EU list included some senior government officials and members of the Russian parliament, but also fairly low-level figures directly involved in the Crimea operation and efforts to destabilize Ukraine. In contrast to the United States, the EU has stopped short of sanctioning Putin's "inner circle" or key firms associated with them.<sup>8</sup>

However, the political mood in many EU countries changed after 298 people (mainly EU citizens) were killed as a result of the July 17 shootdown of Malaysian Airlines flight MH17 over separatist-held territory. On July 22, EU foreign ministers agreed to expand Ukraine-related sanctions against Russia by adding individuals and companies to the existing travel ban and asset freeze list, including some persons in Putin's inner circle.

On July 29, the EU agreed to impose sanctions on Russia's financial, defense, and energy sectors. These sanctions were strengthened in September, in response to a massive Russian-supported offensive in Ukraine. The sanctions barred EU nationals and companies from providing loans to five major Russian state-owned banks and barred trade in new bonds, equity, or similar financial instruments with a maturity exceeding 30 days, issued by the same banks. The same restrictions were also extended to three major Russian defense companies and three major energy companies. The EU banned certain services necessary for deep water oil exploration and production, Arctic oil exploration or production, and shale oil projects in Russia. The EU has also banned exporting dual use goods and technology for military use in Russia. The EU also added new persons to its travel ban and asset freeze list.

In December 2014, the EU banned or restricted most European investment, trade, and tourism with Russian-occupied Crimea. As of January 2015, the EU has sanctions on 132 persons and 28 entities. The EU is currently considering additional sanctions in response to Russian support for a separatist offensive in eastern Ukraine in January and February 2015.

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<sup>8</sup> For the sanctions decision and the initial list of names, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0145&rid=5>. For the March 21 additions, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0151&rid=2>. For the April 28 additions, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0238&rid=1>. For the May 12 additions, see [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.137.01.0009.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.137.01.0009.01.ENG).

However, observers have noted that the sanctions have been crafted to reduce the economic harm to EU countries, for example by not targeting the sensitive natural gas sector; the sale of dual use technologies to civilian firms; or France's planned (now indefinitely postponed) delivery of two Mistral amphibious assault ships. Observers have also noted that the sanctions were imposed for a one-year period only. It is therefore possible that EU countries sympathetic to Russia could block renewal of sanctions as they come up for consideration this year. In January 2015, the EU decided to extend the sanctions on individuals and entities until September 2015. Key sectoral sanctions do not expire until July.<sup>9</sup>

## U.S. Policy

During the upheaval in Ukraine in the past year, Administration officials have tried unsuccessfully to reassure Russia that the United States was not in a geopolitical competition with Moscow over Ukraine. The United States has strongly condemned the Russian military invasion of Crimea and Russia's ongoing efforts to destabilize eastern Ukraine as violations of international law. Over the past year, the United States, in coordination with the EU and other countries, has imposed sanctions against Russia to increase the costs to Russia of its aggression, with the objective of pressing it to implement a genuine political settlement with Ukraine.

However, the Administration has appeared leave the leading role in negotiating such a settlement to France and Germany, whose representatives have met with those of Russia, Ukraine, and the rebels in the so-called "Normandy format," named after the place where they first occurred last year. Nevertheless, President Obama and Administration officials have been in regular contact with the main figures in the talks, including President Putin, President Poroshenko, German Chancellor Merkel, and President Hollande of France.

Another focus of U.S. efforts has been to support Ukraine's efforts to reform and increase its cooperation and integration with the European Union. The United States, in cooperation with the EU and international financial institutions, is providing financial and technical assistance to Ukraine. The United States has also provided non-lethal aid to Ukraine's security sector, including its army, but has declined so far provide weapons to Ukraine, out of concern of escalating the conflict and making a political settlement less likely. Nevertheless, President Obama said in February 2015 that providing defense weapons to Ukraine is an option the Administration is considering if diplomatic efforts fail.

Secretary of State John Kerry issued a statement on February 12 expressing support for the cease-fire agreement reached in Minsk earlier that day. He said that the United States would consider rolling back sanctions against Russia when the agreement (and the previous Minsk agreement of September 2014) are fully implemented.<sup>10</sup>

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<sup>9</sup> For more on the EU's policy on Ukraine, see CRS Report IN10129, *U.S.-EU Cooperation on Ukraine and Russia*, by Kristin Archick and Derek E. Mix.

<sup>10</sup> See <http://www.state.gov/secretary/remarks/2015/02/237439.htm>.

## U.S. Sanctions Against Russia

The United States has suspended most bilateral cooperation with Russia. On April 2, the Administration announced that it was suspending several projects planned under the aegis of the U.S.-Russia Bilateral Presidential Commission as well as some law enforcement cooperation activities and planned to use that funding for aid instead to Ukraine. The United States has also placed additional restrictions on defense-related exports to Russia.

On March 6, the Administration issued an executive order imposing visa bans and asset freezes against persons who “undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets....”<sup>11</sup> On March 17, the Administration announced visa bans and asset freezes against several senior figures from Russia and the secessionist Crimean government. On March 16 and 20, after Russia moved to annex Crimea, the Administration issued two additional executive orders expanding the scope of sanctions. They permit the Administration to freeze the assets of persons working in key areas of the Russian economy, including “financial services, energy, metals and mining, engineering, and defense and related materiel.”

On March 20, the Administration announced asset freezes on 16 high-ranking Russian government officials and members of parliament. Four additional persons, all wealthy businessmen, were sanctioned as members of Putin’s “inner circle.” One bank, Bank Rossiya, was also sanctioned due to its role as the personal bank of senior Russian officials.<sup>12</sup>

On April 28, the Administration imposed asset freezes on an additional seven senior Russian officials. They include Igor Sechin, the president of Rosneft, Russia’s leading oil company, and former chief of staff to Putin. The Administration also sanctioned 17 entities, including banks and other businesses. The companies appear to have been chosen due to their links to sanctioned persons in Putin’s inner circle, such as energy trader Genneddy Timchenko and bankers Arkady and Boris Rotenberg, or to Bank Rossiya.<sup>13</sup> Due to privacy laws, the names of those receiving visa bans have not been made public, but it is likely that they include those persons under asset freezes.

On July 16, 2014, the United States imposed sanctions unilaterally on key firms in Russia’s financial, energy, and military technology sectors—including Gazprombank, Vnesheconombank (VEB), Novatek, and Rosneft. U.S. firms and persons are barred from dealing in new equity or loans of greater than 90 days maturity for these companies. After the Malaysian airlines tragedy on the 17<sup>th</sup>, the EU largely matched and even in some cases went beyond these sanctions. On July 27, the Administration responded by adding Bank of Moscow, VTB Bank, and Russian Agricultural Bank to the list of companies with restricted access to U.S. capital markets. In addition, the U.S. assets of United Shipbuilding Company were frozen.

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<sup>11</sup> See <http://www.whitehouse.gov/the-press-office/2014/03/06/executive-order-blocking-property-certain-persons-contributing-situation>.

<sup>12</sup> For a list of Russian figures sanctioned in March, see <http://www.treasury.gov/press-center/press-releases/Pages/jl23331.aspx>. For the text of the executive order greatly expanding the scope of sanctions, see <http://www.whitehouse.gov/the-press-office/2014/03/20/executive-order-blocking-property-additional-persons-contributing-situation>.

<sup>13</sup> For a list of Russian figures sanctioned in April, see <http://www.treasury.gov/press-center/press-releases/Pages/jl2369.aspx>.



In September 2014, in response to a separatist offensive in Ukraine massively supported by Russian combat troops, the United States imposed sanctions against additional key Russian companies, including Transneft, Lukoil, Gazprom Neft, Rostec, Surgutneftegaz, and Sberbank.<sup>14</sup>

On December 19, 2014, the President issued an executive order to bar any U.S. person from participating in new investment in Crimea; imports from and exports to the Crimea region; and any financing, facilitation, or guarantee of any related transaction by a U.S. person.<sup>15</sup>

## Congressional Response

### U.S. Aid to Ukraine

According to the U.S. Aid for International Development (USAID) “Greenbook” website, the United States obligated over \$4 billion in aid to Ukraine from FY1990 through FY2012.<sup>16</sup> According to other State Department figures, the United States allocated \$92.4 million in aid for Ukraine in FY2013 and \$88.1 million in FY2014.

According to a State Department statement on February 5, 2015, the United States has provided over \$355 million in U.S. aid to Ukraine over the previous year. In addition, the United States provided a \$1 billion loan guarantee to Ukraine. The government of Ukraine issued the bond in May 2014. Ukraine was able to price the five-year bonds at 28 basis points over Treasury bonds. Ukraine has committed to using the loan to compensate about 2 million vulnerable households from the impact of increases in gas and heating prices.<sup>17</sup>

U.S. technical assistance has been aimed at helping Ukraine stabilize its financial sector; carry out reforms in the agricultural sector; improve the business climate; help Ukraine hold free and fair parliamentary and presidential elections; support constitutional reforms; bolster civil society to participate and monitor the reform process; and support independent media.

Assistance is also devoted to helping Ukraine develop laws and regulations to fight corruption, one of Ukraine’s biggest challenges. Technical assistance is also being used to improve its energy security, including by enhancing energy efficiency. U.S. aid also provides humanitarian assistance to Ukraine in cooperation with the U.N. High Commissioner for Refugees (UNHCR) and other international organizations to improve Ukraine’s ability to assist internally displaced persons (IDP.) U.S. aid has been used by Radio Free Europe/Radio Liberty and Voice of America to produce Russian-language news broadcasts that are aired in Ukraine.

U.S. aid has also gone into helping bolster Ukraine’s security sector. Over \$120 million has been allocated for this purpose. The assistance includes providing body armor, helmets, vehicles, night

<sup>14</sup> See <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20140912.aspx>.

<sup>15</sup> For more on U.S. sanctions on Russia, see CRS Report IN10048, *U.S. Sanctions on Russia in Response to Events in Ukraine*, coordinated by Dianne E. Rennack. For more on the economic impact of sanctions on Russia, see CRS Report R43895, *U.S. Sanctions on Russia: Economic Implications*, by Rebecca M. Nelson.

<sup>16</sup> See <https://eads.usaid.gov/gbk/>.

<sup>17</sup> See <http://www.state.gov/r/pa/prs/ps/2015/02/237203.htm>.

and thermal vision devices, heavy engineering equipment, advanced radios, patrol boats, rations, tents, counter-mortar radars, uniforms, and first aid equipment and supplies.<sup>18</sup>

In February 2015, Lt. Gen. Ben Hodges announced that a U.S. Army battalion would begin training Ukrainian forces in Poland, including on how to operate against Russian electronic warfare and how to protect themselves from Russian and rebel artillery.

However, some critics have claimed that this aid has been slow to arrive in Ukraine due to bureaucratic impediments. Moreover, some Members of Congress have expressed support for going beyond the non-lethal support given by the United States so far to provide “defensive weapons” such as man-portable anti-tank weapons. Other suggested assistance includes additional non-lethal items, such as secure communications equipment, reconnaissance drones, and radars capable of tracking longer-range heavy artillery, not just mortars.<sup>19</sup>

The FY2015 omnibus appropriations bill (P.L. 113-235) appropriates aid for Ukraine. The bill includes \$47 million in Foreign Military Financing (FMF) and \$139.283 million in Economic Support Fund (ESF) aid, which can be used for technical assistance and for additional loan guarantees for Ukraine. In addition to this amount, Ukraine will likely also receive a portion of Europe and Eurasia regional funding to fight Russian aggression, including \$502 million in ESF; \$15.8 million in International Narcotics Control and Law Enforcement (INCLE) aid; \$5.85 million from the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account; and \$29.55 million in FMF funding.<sup>20</sup>

In its FY2016 Congressional Budget Justification, the Administration requested \$154.1 million in ESF funding for Ukraine in its base request. The Administration also requested \$31.615 million in Global Health funding; and \$2.9 million in IMET military training funds. The Administration requested an additional \$275 million in ESF from the Overseas Contingency Operations (OCO) account to fund possible additional loan guarantees for Ukraine. The Administration request also includes \$42.3 million in FMF aid for Ukraine from the OCO account.<sup>21</sup>

In January 2015, Secretary of the Treasury Jack Lew announced Administration plans to provide another \$1 billion in loan guarantees in the first half of 2015, if Ukraine makes progress on reforms. He also said that the Administration would also seek Congressional approval for yet another \$1 billion guarantee, making \$3 billion in loan guarantees in all.<sup>22</sup>

## **Other Legislation**

The 113<sup>th</sup> Congress passed legislation in response to the crisis in Ukraine. On January 7, 2014, the Senate passed S.Res. 319. Among other provisions, the resolution sponsored by Senator Murphy urges the United States and EU to work together to promote a peaceful resolution of the crisis that moves Ukraine toward a future in the Euro-Atlantic community; encourages all parties to avoid

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<sup>18</sup> See <http://www.whitehouse.gov/the-press-office/2014/11/21/fact-sheet-us-assistance-ukraine>.

<sup>19</sup> For a report by former senior U.S. officials advocating U.S. defensive arms for Ukraine, see [http://www.thechicagocouncil.org/sites/default/files/UkraineReport\\_February2015\\_FINAL.pdf](http://www.thechicagocouncil.org/sites/default/files/UkraineReport_February2015_FINAL.pdf).

<sup>20</sup> See the Explanatory Statement on H.R. 83 at <https://www.congress.gov/congressional-record/2014/12/11/house-section/article/H9307-1>.

<sup>21</sup> <http://www.state.gov/documents/organization/236395.pdf>

<sup>22</sup> See <http://www.treasury.gov/press-center/press-releases/Pages/j19751.aspx>.

violence and engage in dialogue; and states that, in the event of further government violence against peaceful protestors, the President and Congress should consider whether to apply targeted sanctions, including visa bans and asset freezes, against individuals responsible for ordering or carrying out the violence.

On February 10, 2014, the House passed H.Res. 447 by a vote of 381-2. The resolution, introduced by Representative Eliot Engel on December 16, 2013, contains provisions broadly similar to those of S.Res. 319, including raising the possibility of sanctions against Ukrainian leaders if they use violence against protestors. The House Foreign Affairs Committee approved an amended version of H.Res. 447 on January 29. The new version takes into account the events that had occurred since the resolution's introduction. The resolution expresses support for the visa bans that the United States has already imposed on Ukrainian officials responsible for violence against protestors, and urges the Administration to consider additional sanctions against those responsible for the use of force.

On March 11, the House of Representatives approved H.Res. 499 by a vote of 402-7. Among other provisions, the resolution calls on NATO allies and European Union member states to immediately suspend military cooperation with Russia, including arms sales; calls for the United States and its allies to adopt visa, financial, trade, and other sanctions on senior Russian Federation officials, Russian and Ukrainian oligarchs, and others complicit in Russia's intervention and interference in Ukraine, majority state-owned banks and commercial organizations, and other state agencies, as appropriate; and calls on the United States to work with its allies and other countries to aid Ukraine's economic recovery efforts.

On March 6, the House passed H.R. 4152 by a vote of 385-23. The bill funds the loan guarantees requested by the Administration for Ukraine from the amounts appropriated for FY2014 for the Economic Support Fund, and from unobligated balances for State Department and Foreign Operations funding for prior years.

On March 27, the Senate approved an amended version of H.R. 4152 by voice vote. The bill includes the loan guarantees for Ukraine, but also provisions of S. 2124, which had been approved by the Senate Foreign Relations Committee on March 12. These portions of the Senate-passed version of H.R. 4152 require the U.S. government to assist Ukraine to recover assets stolen by the previous regime through corruption; authorize \$50 million in U.S. aid in FY2015 to help Ukraine carry out political and economic reforms; authorize \$100 million in security assistance for Ukraine and other Central and Eastern European countries for FY2015-FY2017; and require the President to impose visa bans and asset seizures against persons in Ukraine and Russia who are responsible for violence or undermining the peace, security, stability, sovereignty, or territorial integrity of Ukraine. The bill also "encourages" the President to impose these sanctions on Russian figures responsible for corruption in Russia and requires an annual report by the Secretary of Defense on military and security developments involving the Russian Federation.

On April 1, the House passed the Senate-amended version of H.R. 4152 by a vote of 378-34. Representative Royce, who introduced a broadly similar bill (H.R. 4278) passed by the House on March 27, expressed his preference for the "more comprehensive" H.R. 4278, but supported passage of the Senate version of H.R. 4152 to "demonstrate bipartisan support for Ukraine." President Obama signed the bill into law on April 3.

On April 1, the House also passed S. 2183, which requires Radio Free Europe-Radio Liberty and Voice of American to start a programming "surge" to provide accurate information to eastern

Ukraine, Crimea, and Moldova in order to counteract inflammatory Russian propaganda. The bill authorizes up to \$10 million in appropriations for this effort. The provisions of S. 2183 were originally part of H.R. 4278, and were passed by the Senate as a separate bill on March 27 by unanimous consent. President Obama also signed S. 2183 into law on April 3.

On December 11, the House passed H.R. 5859, the Ukraine Freedom Support Act. The Senate passed the bill on December 13, and the bill was signed by the President on December 18 (P.L. 113-272). On December 18, 2014, President Obama signed H.R. 5859, the Ukraine Freedom Support Act. The measure permits the President to impose sanctions on Russian defense, energy, and other firms and foreign persons; authorizes increase military and economic assistance for Ukraine; authorizes funding for U.S. Russian-language broadcasting in the region; authorizes support for Russian civil society and democracy organizations; and requires a report on Russian noncompliance with the Intermediate Nuclear Forces (INF) Treaty.

The FY2015 National Defense Authorization Act (P.L. 113-291) bars the use of Department of Defense funds for military cooperation with Russia until the President certifies that Russia has ended its aggression against Ukraine; requires detailed reports by the Administration on U.S. military assistance to Ukraine; and authorizes \$75 million in security assistance to Ukraine as part of the European Reassurance Initiative.

## **Congressional Debate**

One issue that has sparked significant Congressional debate in recent months has been whether the United States should supply defensive weapons to Ukraine. On February 3, 2015, a bipartisan group of 15 Senators sent a letter to President Obama urging him to act on the authorization provided by the Ukrainian Freedom Support Act to supply an “immediate infusion of effective defensive military equipment and financial aid to thwart Putin’s naked aggression. Defensive military assistance—such as anti-tank weapons, counter-battery radars, armored Humvees, and increased training—are all critical to ensuring Ukraine has the capabilities to defend its territory and its citizens.”<sup>23</sup>

Advocates of arming Ukraine say that sanctions alone are unlikely to stop Russian aggression and that boosting Ukraine’s defense capabilities are essential to stop further Russian conquest of Ukrainian territory and to pressure Putin to agree to a genuine peace agreement. Those opposed to arming Ukraine say that Putin could use the move as an excuse to escalate the conflict beyond our desire to respond, thereby increasing the level of violence. Some experts say escalation could even result in a new Cold War, eliminating the possibility for U.S.-Russian cooperation on key issues elsewhere. It could also split Western unity on Russia policy, they claim, as France and Germany are strongly opposed to arming the Ukrainians.<sup>24</sup>

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<sup>23</sup> See <http://www.durbin.senate.gov/newsroom/press-releases/durbin-portman-lead-bipartisan-senators-calling-for-increased-military-assistance-to-ukraine>.

<sup>24</sup> See for example <http://www.brookings.edu/research/opinions/2015/02/06-aiding-ukrainian-military-goad-putin-war-gaddy-hill>.

**Figure I. Ukraine**



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