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PROSPECTIVE ON UKRAINE CRISIS

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**PROSPECTIVE
ON UKRAINE CRISIS
A TRILATERAL APPROACH**



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ȘI RELAȚII INTERNAȚIONALE
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FOREWORD

The present book is the third iteration of a prospective study on Ukraine that started 3 years ago, done by the Conflict Prevention and Early Warning Center. While the first was an internal one, done on the basis of the input provided by the Romanian academics and civil sector experts and the second was an institutional one, this one is based on a common effort of three teams coming from three countries: Romania, Republic of Moldova and Ukraine. It is also the second one supported via a project financed by the Black Sea Trust of the German Marshall Found.

The study is done based on an original methodology of the Conflict Prevention and Early Warning Center that has been improved and refined. This time we looked far more on the internal situation in Ukraine as a basis for our system of critical indicators for building our scenarios. We also tried to avoid, or at least diminish, the errors in building up the possible scenarios, challenging even the relative certainties agreed upon by the experts, in order to have some 10 discontinuity scenarios that are joining the 80 scenarios made in continuous conditions based on the critical indicators identified.

The effort was intense and we began working with a far more important number of critical indicators on three separate time frames: short term (6-12 month), medium term (3-5 years) and on the long run (10-15 years). We elaborated three different compatible and cohesive system of critical indicators and plus the 80

scenarios, identifying also some basic general criteria of probability: based on strong signals – continuity and trends of critical indicators already present today, on weak signals – indicators less relevant but present in today’s realities, that are becoming relevant or critical in time, and black swan scenarios – based on events with low probability but with a paramount impact on the evolution of the crisis, if this event occurs.

Our main objective was to offer the responsible institutions and decision makers with a full map of possible scenarios, in order for them to prepare and address each possibility and to avoid strategic surprise if an uncharted event will occur.

All in all, we have the following final partition of the scenarios:

- Short term: 22 strong signal scenarios, 10 weak signal scenarios and 3 black swan scenarios;
- Medium term: 21 strong signal scenarios, 6 weak signal scenarios, 4 Black swan scenarios;
- And 14 strong signal scenarios, 4 weak signal scenarios, 12 black swan scenarios covering the long term.

The most important conclusions of these scenarios are:

1. Arming Ukraine means stabilising Ukraine, at least for the medium and long term evolution of the country. It is true that in the short term this step is debatable as long as the security sector reform according to NATO standards is not fully accomplish and as the troops that are going to defend the internal de facto border between East and West inside Ukraine are not trained to use these modern weapons and complementary techniques.

2. Ukraine should make real and sustainable economic reforms in order to enforce the Ukrainian state and builds up strong institutions that would allow a better outcome in any case of a bad scenario evolution.

3. The Western countries should not support without a full critical approach any type of federalisation or the enforcement of solutions detrimental to the stability, sustainability and even survival of the Ukrainian state.

4. The cohesion of the pro-reform coalition in the Parliament is of first importance, as that of the pro-European and pro-Western government and the cohesion between state and society. This grants a high level of resilience for the Ukrainian when state facing any type of pressure in the harder times to come.

5. Pushing for democratic and economic reforms in Russia, in the medium and long term, is another way to stabilise the Eastern Ukraine region, to reject revisionism, revanchist attitudes and the neo-imperial approach in Europe as well as to diminish the instruments used to move artificially the borders within Europe and the resources available for aggressive political projects, including those which are threatening world peace and regional stability.

There has been an enormous effort made in order to bring together the three different teams with different levels of understanding and knowledge regarding the scenarios and the present methodology. The Romanian team came with an important theoretical and practical experience and background on prospective studies, but we are happy to have with us the full experience and the willingness to learn of our Ukrainian and Republic of Moldova's partners.

The project has been completed based on the original assessment made at the end of 2014 – beginning 2015. After that, we moved to chart the critical indicators, going through a huge table of indicators were restructured in a complete and non-contradictorily system. Then we moved to drawing the scenarios and playing them. Finally, the conclusions came after the hard work put in around one year of research and debate.

The scenarios have been edited by the Romanian team to ensure that each one of them has a common approach. When necessary, this editing has led to changes, nuances and rephrasing, that's why some scenarios have a second signature. The team from Republic of Moldova, which is coming from the Institute of Public Policy, chose to sign "RM Team" by working together in every the scenario, together with the Romanian editor of each particular scenario.

These are the teams involved in the book:

Ukraine: Alyona Getmanchuk, Institute of World Policy; Anton Antonenko, DiXi Group; Leonid Litra, Institute of World Policy; Olekisy Melnyk, Razumkov Centre; Sergiy Gerasymchuk, Strategic and Security Studies Group; Sergiy Solodkyy, Institute of World Policy

Republic of Moldova: Oazu Nantoi, Stella Uțică, Iurie Pinteă, Viorel Cibotaru, Arcadie Barbaroșie

Romania: Iulian Chifu, Narciz Bălășoiu, Adriana Sauliuc, Radu Arghir, Diana Bărbuceanu, Alexandru Voicu, Carola Frey, Adina Cincu, Adrian Barbu, Eveline Mărășoiu.

Iulian Chifu

Chapter 1

PROSPECTIVE EVOLUTIONS OF THE UKRAINIAN CRISIS: SCENARIOS FOR SHORT-MID-LONG TERM EVOLUTION

Iulian Chifu

I. PROSPECTIVE STUDIES. A METHODOLOGY

Prospective analysis is an important component of strategic long term planning. There is a set of applied methodologies, techniques and models applied in the field, at the international level, with uneven results. The international experience underlines the **difficulty of making predictions** in a highly unstable period, dominated by the end of the holiday offered by the post-cold war period and the renewal of the fight for a better posture, given by the new economic and military capacities of the global players and the multiplicity of those players. The big challenge is how **to elaborate prospective scenarios** (and not predictions) **in the middle of an evolving crisis**, and this is the subject we will focus on.

Alternative theoretical approaches

Tuomo Kuosa talks about foresight, meaning long term, at least 10 years, and about Alternative Futures¹. Kuosa introduces a certain order or a collection of concepts beginning with **Fully-**

¹ Tuomo Kuosa, The evolution of Strategic Foresight. Navigating Public Policy Making, Gower, July 2012.

fledged foresight – policy networking and long term analysis in order to influence existing decisions; **Participatory foresight** with strategic alternatives bottom-up, with concerns of the citizens and NGOs but promoting wishful thinking or the so-called “preferred version” of the future; **Futurology** a type of long term societal policy, trying to promote a pro-active bottom-up approach in order to change things the right way; **La Prospective** a pro-active and visionary approach of the future in a specific field; and **Future studies** focussed on different alternatives but aiming at describing in a pro-active manner the visions and own images of the future to come, focussing more on explaining the possible consequences of the decisions we are taking now that will influence the life of the citizens of the future. However foresight must be directly linked with strategic thinking and strategic planning in order to contribute to plans and development over a period of 3-15 years.

The Futures domain is a combination of **foresight**, **futures studies** and other elements and is aimed at offering better knowledge of the future, preventing or limiting strategic surprise. It is using three levels: rational, scenarios and empirical, top down or bottom up. In the field of thinking anticipation and prediction, guessing plays an important role. **Prognosis** uses statistics, but also approaches like normative-desirable futures, explorative-scenario based of possible, probable evolution and the pro-active approach which means anticipation, assuming and action, as a modality to “change” or “direct” the future and “choose” the desirable scenario.

Critical Future Studies (CFS) is a post-modern approach based on Habermas and Wilber, aimed at overcoming dogmatism constraints and domination and identifying the basic oppressive social structures. The method used is called **Causal Layered Analysis (CLA)** and is related to four levels of analysis: litany, social causes, cultural beliefs and myths, and the aim is to find the episteme and alternative discourses. **The Vision** is a way of making subjective statements with a convincing argumentation on a favourable or preferred future. The **weak signal** is another subjective construct dealing with observing a strange idea that someone considers to have a special value in the prognosis. The most well known project is the EU’s iKnow.

Factors of change is another concept that includes all kinds of knowledge of the future such as: trend, driver, weak signals, anomaly, emerging problems, tipping points, wild cards, visions, values, predictions, prognosis, turbulences, beliefs, imagination, strategies, road maps, plans and scenarios (normative or explorative ones), and grand challenges.

Models and practical application

How is the field structured? First, it has a collection of concepts that are far from really being structured in a comprehensive manner. **Foresight, Alternative futures, Prognosis, probabilities, prospective approach**, all are there. The most important and circulated ones, the most popular in fact, are far from a scientific basis but still they are a tribute to the experience of individuals in the field and approach the evolution in a strictly (but subjective) specialised way. There's the case of the Stratfor Company (Strategic Foresight) and its creator George Friedman. Stratfor is a partner of the Conflict Prevention and Early Warning Center. The basic theory that sits on the work of George Friedman² is the **methods of the historical cycles** (Kondratyev, 1925, Joseph Shumpeter, 1939) claiming that the change of industry and the crisis are generating the change in the power equilibrium and the new wave of changes and wars that match those new resources and the new situation in the international arena.

Some of the projects gathered only private support, in some cases the state finances the research, in other cases state institutions or international organisations are making this effort trying to deal with foresight, prognosis, or prospective studies in general. This is the case of the Swiss experience on Horiyon Scanning in Government³ together with the American and British or NATO experience.

The most famous is the Global Trends exercise, of the National Intelligence Commission, the last one, NIC – Global Trends

² George Friedman, *The Next Decade: Where we've been and where we're going*, USA Doubleday, 2011; George Friedman, *The next 100 years. A forecast for the 21-st Century*, New York, Anchor Books, 2009.

³ Beat Habegger, *Horizon Scanning in Government (Concept, Country Experiences, and Models for Switzerland)*, Center for Security Studies, ETH, Zurich, 2009.

2030: Alternative Worlds⁴ being realised with the contribution of international partners. The famous part comes from George Tenet's Global Trends 2015 (June 2001) that predicted both the Al Qaeda Attack on 9/11 and Bin Laden as the major threat to the US and, in its most probable crisis until 2015, the Russian-Ukrainian war was present, mentioning the dispute on Crimea.

The methodology used is identifying critical trends and possible discontinuities, making a distinction between megatrends (components most probable to appear in a scenario) and game-changers (critical values with an uncertain trajectory, but which are changing fundamentally the evolutions of the trends, if they occur). The last such exercise proposes alternative worlds and black swan⁵ events with a great impact.

Atlantic Council – Strategic Foresight Initiative at the Brent Center on International Security⁶ takes the basics of the NIC Global Trends 2030 and applies those findings to NATO and the Euro-Atlantic relation, issuing recommendations to the US in that area. ACUS – Atlantic Council of the US – assumes that the US is still the hegemon and great power of the world for the next 15 years and that it has to accept this situation in spite of the decline of the American power.

The aim is to maintain NATO as an instrument, the US as the major superpower and **to change the future** from the world characterised by political volatility, vast economy, ecological catastrophes and nationalism on the rise into a world based on rules, with diminishing poverty and human progress.

NATO: Multiple Futures Project – Findings and Recommendations⁷ creates alternative scenarios for the next two

⁴ *** Global Trends 2030: Alternative Worlds, National Intelligence Committee – NIC, Washington DC, December, 2012.

⁵ Nicholas Nassim Taleb, Black Swan. The impact of the Highly Improbable, 2-nd Edition, Random House Trade Paperbacks, New York, 2010.

⁶ Envisioning 2030; US Strategy for a Post-Western World, Atlantic Council, A report of the Strategic Foresight Initiative at the Brent Scowcroft Center on International Security, Robert A. Manning principal drafter, Washington DC, 2012, http://ddata.over-blog.com/xxxxyy/2/48/17/48/Fichiers-pdf/Communaute-transatlantique/Envisioning2030_web.pdf.pdf.

⁷ Multiple Futures Project. Navigating towards 2030, NATO Allied Command on Transformation Findings and Recommendations, April 2009, http://www.iris-france.org/docs/pdf/up_docs_bdd/20090511-112315.pdf.

decades considering predictable threats. The study has been realised by SACT-Supreme Allied Command on Transformation from Norfolk. The aim of the study is to inform and sustain strategic dialogue on challenges that the Alliance will face, as well as and their implications at the civilian and military level, offering NATO ideas and information for strategic planning.

Another exercise is the one called **Towards a Grand Strategy for an Uncertain World: renewing the Transatlantic Partnership**⁸, a research aimed at explaining the complexity of threats, the evolution of capabilities and the analysis of deficiencies in the existing institutions in order to conclude that no state is able to manage by itself the existing and future challenges to security and therefore prove the need for a strategic integrated allied strategy that includes civilian and military capabilities alike. We are talking once again about a programmatic paper that presumes or wishes to create and maintain a leading role for the transatlantic relation and the existence of NATO.

The methodology uses the trend analysis of the challenges and specific threats, in a global context. It screens the efficiency of the national institutions and NATO and their strategies and proposes ways to adapt and improve those rules and trends in order to meet the new and future security needs and requirements. It assesses the ideas on the type of strategy to be embraced and suggests how this strategy can be implemented.

Prospective studies in Romania

The instruments at hand are the ones offered by the models found in prospective studies. In an article that I've published⁹ I made the assessment of the existing techniques, models and methodologies at the international level and the development of

⁸ Towards a Grand Strategy for an Uncertain World. Renewing Transatlantic Partnership, Noaber Foundation, Lunteren, 2007, http://csis.org/files/media/csis/events/080110_grand_strategy.pdf.

⁹ Iulian Chifu, *Analiză prospectivă. Experiența internațională și o abordare românească* (Prospective analysis. International experience and a Romanian approach), Revista Română de Studii de Intelligence, no. 10, December 2013, Bucharest, ISSN 2067-3353, pp. 167-186.

those studies in Romania. The basic studies in Romania are kept at the level of scenario building and trend assessments.

We've had several activities in the field beginning with our dissertation "**Discontinuity method** in the foreign affairs analysis"¹⁰ where we took Rene Thom's "Theory of catastrophes"¹¹ and identified the "catastrophic leaps" that could lead to unexpected and highly consequential events, trying to get back to the discontinuities superposed that are leading to this major "leap". This theory has been applied, at that time, in the case of the Transnistria Conflict. But it was proved that this approach is a *modus tollens* one, meaning that we can imagine catastrophic scenarios and then reverse engineer the events that could lead to this, and not the other way around, by predicting the approach of the catastrophic event.

The problem of identifying alternative scenarios for an event that proves to be a crisis has also been approached in the methodology that we've developed for the analysis of **Romania's strategic decision in international affairs** that is the main focus of the Analysis Bulletin regarding Strategic Decision Making in Foreign Affairs, a weekly product of the Conflict Prevention and Early Warning Center I founded 12 years ago. The bulletin entered its 8-th year of life and reached 150 pages weekly, covering crises and major conflicts that are happening not only in places where Romania has a strategic interest, according to its own level of ambition, but also evolutions of major crises that could have a global impact on the whole world.

The employed methodology is **following trends in the evolution of ongoing crises** in the short term, and is considering events, context, the significance of the major events and evolutions, the approach from the point of view of Romania, the risks and trends of evolution, as well as recommendations¹². The basic

¹⁰ Iulian Chifu, *Metoda discontinuitatilor în analiza de politica externa* (dissertation paper) SNSPA 1999, Scientific Coordinator Cornel Codita.

¹¹ Rene Thom, *Teoria Catastrofelor*, Didactic and Pedagogical Publishing House, Bucharest, 1986.

¹² The model is original, belongs to us, it uses several elements of content analysis on public sources, as could be seen in Klaus Krippendorff, *Content Analysis. An introduction to its Methodology*, second edition, Sage Publications, London-New Delhi, 2004.

scientific background is based on Crismart (Crisis Management Research and Training program of the Swedish Defence University) methodology of analysing decision making in crisis, a methodology¹³ I've learned¹⁴ and used in an extensive way in Romania¹⁵. It is also the basis of my course at the National University for Political and Administrative Studies Bucharest for the last 10 years.

Thus considering the basics of the decision making in crisis analysis, we've developed the **methodology for analysing ongoing crises** and making prospective studies for short term periods, focus specifically on trends and evolutions and on major risks that some evolutions could create on the short run. Our methodology turns more specifically to the approach that sees the crisis more as a major event that influences the decision and is quality based on the urgency and the pressure, the lack of information, the uncertainty and the threat to basic values that such a crisis is posing, putting pressure on the decision maker to solve it in a short time.

¹³ Eric Stern, *Crisis Decisionmaking*, Stockholm University Press, 2001; Iulian Chifu, Britta Ramberg, *Crisis Management in transitional societies*, Publishing House SNDC CRISMART, Stockholm, 2007; Iulian Chifu, Britta Ramberg, *Managementul Crizelor în societatile în tranziție*, RAO Publishing House, Bucharest, 2007.

¹⁴ Crisis management in transitional societies, International Conference "Crisis Management and Civil Emergency Planning", Swedish National Defense College, Stockholm, Dec 4-8, 2006; Crisis Management in Transitional Societies: The Romanian Case, Conference "Crisis Management in the EU" organized by Swedish National Defense College, Stockholm, 22-24 February 2007; Försvarshögskolan – Swedish National Defence College, conference held, "Crisis management and conflict resolution in the Wider Black Sea Region", Stockholm, June 11, 2013.

¹⁵ It is the result of several international project and books: Iulian Chifu, Oazu Nantoi, Oleksandr Sushko, *The Russian-Georgian War. A cognitive institutional approach of the crisis decisionmaking*, Curtea Veche Publishing House, Bucharest, 2009; Iulian Chifu, Oazu Nantoi, Oleksandr Sushko, "The Breakthrough Crisis" of a quick solution in Transnistria, a cognitive institutional approach of the crisis decision-making, Curtea Veche Publishing House, Bucharest, 2008; Iulian Chifu, Oazu Nantoi, Oleksandr Sushko, *The Russian-Ukrainian Gas Crisis - Institute for Euro-Atlantic Cooperation*, Kyiv, http://www.cpc-ew.ro/pdfs/gaz_book.pdf; Iulian Chifu, Monica Oproiu, Narciz Balasoiu, *Razboiul ruso-georgian. Reactiile decidentilor în criza*, Curtea Veche Publishing House, Bucharest, 2010. It is also the core of the course of Crisis Management that I am presenting to the Master degree of Conflict Analysis I founded in 2006 at the National University of Political and Administrative Studies Bucharest.

So the **prospective part of this model** and methodology is aimed at limiting the strategic surprise and at preparing the flexible instruments adapted to react in the case that such events happen, studying an alternative that helps prevent this event from happening, creating systems of early warning before the event occurs and preparing the decision maker to intervene, based on past experiences, studies, lessons learnt and crises of the same type that already took place. The basic assumption is that 80% of the crises that we are going to face have happened before to us or our neighbours.

II. PROSPECTIVE STUDIES: THE UKRAINE PROJECT

But the basic problem that we have is how to do **prospective studies** in a crisis that is ongoing, and the “depth” of these predictions to cover **6 months – 1 year, 3-5 years, and 10-15 years**. We’ve tried to face this challenge in a project related to prospective studies for the Ukrainian Crisis, financed by the GMF in April 2014¹⁶.

The way to address prospective studies on 3-5 years mid term has been developed as a technique in non public context, for internal purpose of the intelligence institutions. We looked into these experiences and tried to propose a model of analysis of our own, that could be tested and transformed in time in a registered methodology. The original aim of the project was to have suitable tools in order to anticipate the action and the capacity to launch the warning as early as possible. The target is to make prospective studies and not to predict the future (that’s also our approach). The design is used for a mid term evolution, 3-5 years.

The original **technique used** is based on a two session work, a creativity session – a type of professional brainstorming – that identifies all the factors that could influence the existing situation, then selecting, also in an expert framework, the key factors, filtering the plausibility and relevance, but also the impact and

¹⁶ GMF BST Project "Ukraine. A prospective approach".

level of consequences, and finally selecting between all the combination a limited number of scenarios to be played – usually 8, meaning strong signals for 3-6 scenarios, weak signals for 3-6 scenarios, and “wild cards” – elements of major change, that are changing our way of thinking, plausible, consistent but rare in terms of probability.

In applying the technique, the trickiest part is the how select from the enormous number of factors that could influence a process, the ones called **key variables**. In working to make this selection, practitioners used relative certainties (aspects that could most probably be materialised), **crucial uncertainties** (crucial aspects but unpredictable in what concerns the evolution and the impact): and “**tipping points**” (events with a major impact on the issue but with minor chances to be materialised, for which there are no indicators for the moment being but if they are materialised, they would modify fundamentally the basic paradigm). Looking into this classification would offer the possibility to select the **key variables**. It is an expert view, usually one developed behind close doors.

The model has some visible gaps: first, it is done only at an expert level, an added value but also, since it’s developed in groups with the same level of knowledge and the same way of thinking, it’s **exposed to groupthink** and limited ideas or arguments. Second, the technique leaves it up to the experts to find ways of selecting the key variables. Giving the compositions and framework, there’s a big possibility that those key variables are staying at a large respect in a mainstream of the group, and **rejects the less credible, “implausible”, unaccepted scenarios**.

Third, there is the **gap of selection**. Once we have the **key variables**, there’s a third selection made in the same framework, involving the scenarios. In order to avoid playing some thousands scenarios that the combination of all the factors is offering or some hundreds offered by the key variables, there is a selection of the most probable in this three tiers framework. But limitations leave aside some important scenarios that are different from the ones considered in the mainstream analysis.

Forth, why select 3-6 scenarios, for strong and weak signals, and 2-3 for tipping points, **numbers established in a very random way**. In a turbulent world, one would be inclined to play

more the weak signals and tipping points, since they could offer more grounds in avoiding surprises than the strong signals, which could lead to very common and obvious scenarios. Those two points are the most challenging from the point of view of the scientific support of the methodology, as well as the limitation imposed to the number of scenarios.

Our project¹⁷ was less ambitious in terms of proposing and working with PLATO or prospective studies. It was a test case on **bridging the gaps and solving the variables on the technique**, in order to identify what is needed in order to **elaborate a real methodology** in a future project. Moreover, we had to also deal with the fact that we are not beginning with an event well known and assessed, with a common approach assumed, but with a “moving target”, an event in an unstable and unpredictable situation, a real turmoil, with huge debates about the outcome of that evolution: a crisis in motion. In order to **avoid groupthink**, the project has been developed involving NGO representatives, think tanks, academia and students, using only open sources. So the advantage is we avoid groupthink and have inputs with ideas from different specialised milieus, even though we did work only on the basis of common knowledge on the given crisis, the Ukrainian crisis.

The method consists of **two successive iterations** of the same methodology, at a difference of some 45 days, this endeavour being designed in order to limit the effects of the original assessment. By **repeating the assessment twice**, the result of prospective scenarios can be deprived of the variables that the current situation and instability are forcing on the process of scenario building.

Each iteration consisted of an **assessment of the current situation** at the beginning of the analysis, then of an expert evaluation of variables and factors that could influence the evolution of the subject. In order to avoid the random collection of items and factors that are influencing the issue, the future of the Ukrainian crisis, we've created a **system of assessing factors of influence** in three clusters, short term 6 month-1 year, mid term 3-5 years, and long term 10-15 years. Then, we've se-

¹⁷ GMF BST Project "Ukraine. A prospective approach".

lected global level, regional level and local (Ukrainian) level, each with political, military, social and economic factors. With this cluster we've undertaken the general table of the factors that could influence the matter.

At the end of the day, we were confronted with the major issue of **how to select the key variables**, in the PLATO technique, in order to offer a scientific format and one that aims to have all important different scenarios in between themselves in a way that they are worth being considered and developed as such. We've selected the **essential indicators** based on two successive processes:

The first consists in giving answers to the **most important and obvious problems** related to the Russian-Ukrainian war: here we select how the border between Ukraine and Russia, or the West and the Russian World will look like – spiritualised, meaning with transit spaces with double influence, or enforced border, containment type, with weapons on each side, a defended and strong border, with very consistent spaces behind those lines; then which way Ukraine is going to go – West, East or in the middle, a nationalistic or undecided or anarchic Ukraine; and third, how much of Ukraine is there going to be left – full Ukraine, without Crimea, without the East, without Novorossia (the eight eastern and southern regions claimed to be offered in time, in the past, by Russia).

Then, we looked at all the other factors in order to select **those which are consistent with the previous ones** and could provide added value and different scenarios. We've obtain some 8 new essential indicators, each of them being able to be combined with the first three and offer added value. Than we undertook the endeavour to keep the ones that are offering us the minimalist system with different scenarios. Here we used the epistemological approach to the Theory, how to build a theory based on a minimum range of axioms, that have to be un-contradictorily and complete in the sense of explaining the space covered.

Chapter 2

ESSENTIAL INDICATORS DEBATE AND SCENARIO MAKING

Iulian Chifu

The debate on essential indicators began with considering the precedent systems obtained through the rule of consistency and thoroughness. At the same time, we did consider the new type of indicators appeared in our debates, focusing now on the evolutions of Ukraine as a starting point. As we all know, the systems of essential indicators can be different but they are equivalent since the resulting scenarios can be similar or the same.

Ukrainian indicators I

1. Type of border between West and East: Spiritualized/enforced border
2. Orientation of Ukraine: a) East; b) West ; c) ambiguous – nationalism, bi-vectorialism
3. How much Ukraine remains: a) without Crimea; b) Without the East; c) No Novorossia d) Ukraine unchanged – in the West or East
4. Russia's position: a) revisionist; b) Back to the *status-quo* (observing international law);
5. Options of the relations US-Russian Federation: a) confrontation/Cold War; b) *big bargain*

Our second iteration looked into three different systems of essential indicators separated in short (6-12 month), mid (3-5 years) and long (10-15 years) term. Our system are far more refined and allocated on specific time frames. We have the following systems:

Ukrainian indicators II-nd round:

Relevant indicators:

1. Short term (6-12 months)

- i) Russian – Ukrainian relation – negotiation (a) vs. confrontation (b);
- ii) Ukrainian Credibility – reform (a) (concrete actions, sustainability, endurance – IMF, EU, institutional capacity) vs. corruption (b);
- iii) EU/German-Russian relation – sanctions (a) vs. concessions/compromise (b) on both sides;
- iv) Military presence of US/NATO in the eastern part of the Alliance – consolidation (a) (including supporting Ukraine by transfer of weapons) vs. decline / stagnation (b);
- v) Oil price – stagnation/decrease (a) vs. rebound (b).

2. Medium term (3-5 years)

- i) Separatist outbreaks in Ukraine – disappearance (a), enforcement (b), amplification (c), burst of a nationalist outbreak (d);
- ii) Russian – Ukrainian relation – negotiation (a) vs. confrontation (b);
- iii) The situation in Russia – stability (a) vs. instability (b) (both internal – political, social, economic, military procurement program – and in close proximity);
- iv) US-Russian relation – dialogue on major files: IS, Syria, Iran or unforeseen events. US/NATO-Russian relation – “reset 2.0” (a) vs. confrontation (b);
- v) Course of events in the Russian Federation’s southern flank: maintaining “– stan” countries into Russia’s orbit (a) vs. changing the orientation of those countries in central Asia towards China/West (b).

3. Long term (10-15 years)

- i) Russia – reinventing itself (a) (rebalancing towards China; changing the political system) vs. collapse/fragmentation (b);
- ii) Ukraine – stabilization (a) vs. collapse/multi-fragmentation (b);
- iii) Global security architecture: unipolarity (a) vs. multipolarity (b);

iv) The evolution of the global energy market– Increasing dependence on Russian energy resources (a) vs. significantly reducing the dependence on Russian energy (b) (new technologies, alternative energy sources, etc.).

Now, in the third iteration, we proposed to keep the three alternative systems on specific time-frames – short, mid and long term – and to shift our attention in a Ukraine-centric format. For the short term we centered on the main threats to the security of Ukraine, according to the Barry Buzan’s Copenhagen School of security. In that area, **military security** has **war as a possible threat** – classical, hybrid, informational, lawfare. **Economic security** is about the capacity to complete **reforms vs. stagnation** or, alternatively, if there is a breakdown or **default with social unrests** or **reforms, salvation and rehabilitation** of the economy. In terms of **political security**, the main threat is the **cohesion** of the existing power versus the **dissolution of the existing coalition** and political instability. Last but not least, in **social matters**, we are talking about threats coming from the lack of deliverables in symbolic matters like **fighting corruption** and **tolerating the distortion of the rule of law**. Those 5 indicators will be added at our discussion. We added Russia’s options in Ukraine: war/conflict, freezing conflict/federalization or retreat.

For the elaboration of the scenarios, we put a special emphasis on the following separation regarding the indicators and evolutions:

- Relative certainties
- Critical uncertainties
- Tipping points

In that area, we did use the results of the previous debates in Chişinău, as well as a sum of questions debated in Kiev:

I. Critical indicators 1.

Relative certainty:
An enforced border between East and West in Ukraine

Question 1: is there any possibility to return to the spiritualized border (short/mid/long term) between East and West?

Critical uncertainty

1. Ukraine's orientation: a) towards East; b) towards West; c) it remains in the same situation (ambiguity, nationalism etc.)

Relative certainty

– moving politically towards East can't occur on medium and short term.

Question 2: under which conditions the Eastern orientation can occur in the long term?

Critical uncertainty

2. how much of Ukraine remains: a) with East; b) without East; c) without Novorossia (short term – no, medium – debatable, long – yes)

Relative certainty

– Crimean Peninsula – lost in the short / medium term;

Relative certainty

– Ukraine does not lose Novorossia in the short / medium term;

Critical uncertainty

– Ukraine remains without Crimea + the Eastern part of the country / without Crimea and is heading towards East or West;

Question 3: In which conditions, in long term, Ukraine can recover the Crimean Peninsula?

Relative certainty

Russia's position: back to status-quo; formally it accepts the international relations rules of the game.

What are the options for the relation between US and Russia: a) confrontation; b) Cold War; c) big bargain; d) all of the above.

Conclusions:

– indicator 1 – irrelevant (it disappears) – we have only enforced borders;

– indicator 2 – it remains with 2 options: **towards West / ambiguity;**

- indicator 3 – without Crimea + without East or as a whole – towards East or West;
- indicator 4 – one option – status-quo (relative certainty);
- indicator 5 – it remains with 4 options.

II. Relevant indicators 2:

A. Short term (6-12 months)

Relative certainty

i) Ukraine – Russia relation : negotiation vs. confrontation (it subsumes to US – Russia relation);

Question 4: under which conditions the conflict can be solved based on the Russia – Ukraine direct relation without a Minsk/ Normandy format or without using the US – Russia relation?

ii) The credibility of Ukraine: reforms vs. corruption (economic security)

(Relative) certainty

iii) EU/Germany – Russia relation: sanctions

(Relative) certainty

iv) US/NATO military presence on the Eastern flank

Critical uncertainty

– transfer of weapons to Ukraine: it receives weapons vs. it does not receive weapons

Relative certainty

v) Oil price stagnation

Conclusions:

- indicator 1 – irrelevant (it's excluded);
- indicator 2 – it remains with 2 options;
- indicator 3 – sanctions (relative certainty)
- indicator 4 – it remains with 2 options (transfer / no transfer of arms)
- indicator 5 – stagnation (relative certainty)

B. Medium term (3 – 5 years)

i) Separatist outbreaks in Ukraine – disappearance

Question 5: Under which conditions, in the medium term, can encounter separatist movements?

ii) Russia – Ukraine relation: negotiation vs. confrontation (it subsumes the US – Russia relation)

iii) The situation in Russia: stability vs. instability

Relative certainty

iv) **US-Russia relation: freezing & rules of engagement**

Question 6: Under which conditions the US – Russia relation passes, in the medium term, in a phase of reset (2.0) or confrontation?

Conclusions:

- indicator 1 – not relevant;
- indicator 2 – not relevant;
- indicator 3 – it remains with 2 options
- indicator 4 – not relevant.

C. Long term (10 – 15 years)

Critical uncertainty

vi) Russia – reinventing itself (1. Eurasian integration – China; 2. democratization – European integration; 3. economic reforms) vs. collapse / fragmentation

Question 7: In which conditions, in long term, the Russian system can be maintained in the current form?

Critical uncertainty

vii) Ukraine: stability vs. collapse (1. without economic reforms; 2. with economic reforms + social costs) / multi-fragmentation.

Relative certainty

viii) Towards Global governance

ix) The evolution of the global energy market – the indicator disappears.

Conclusions:

- indicator 1 – it remains with 2 options
- indicator 2 – it remains with 2 options
- indicator 3 – it disappears
- indicator 4 – it disappears

III. Package no. 3 (Ukraine – centrism)

Critical uncertainty

1. Security / military threats – Ukraine receives / does not receive weapons (+ training + security sector reform);

Critical uncertainty

2. Reforms vs. stagnation (failure with social unrest vs. reforms / rehabilitation);

Critical uncertainty

3. Social security: i) support for reforms vs. dissatisfaction; ii) fight against corruption; iii) acceptance of the distortions in the rule of law.

Critical uncertainty

4. Politic: coalition cohesion vs. infighting/rift.

The result of the intersection of the system of critical indicators, together with verifying all indicators found (annex 1) led us, after 6 debates, to the following conclusions regarding the system of critical indicators:

Short term – 32 scenarios

1. Ukraine receives / does not receive weapons (military)
2. Coalition cohesion vs. infighting/rift (politic)
3. Reforms vs. stagnation (support vs. collapse) (economic)
4. Social unrest vs. support of the political and economic effort
5. Russia's options: destabilisation vs. federalisation.

Medium term – 24 scenarios

1. Ukraine receives / does not receive weapons (military)
2. Reforms vs. stagnation (support vs. collapse) (economic)
3. The situation in Russia: stability vs. instability
4. Russia's options: offensive vs. destabilization vs. federalization

Long term – 24 scenarios

1. Ukraine receives / does not receive weapons (military)
2. Reforms vs. stagnation (support vs. collapse) (economic)
3. The situation in Russia: instability vs. stability (with three options for reinventing itself: 1. Eurasian integration – China; 2. democratization – European integration; 3. economic reforms vs. collapse / fragmentation)
4. Russia's options: offensive vs. destabilization vs. federalization

To that we are adding the weak signals/black swan event scenarios coming from the situations where the **relative certainties** considered are not taken into account. So we did challenge even those facts established as relative certainties and considered the scenarios where those relative certainties are not in place.

When discussing the questions established above, on the alternative options to the relative certainties, in our trilateral debate we obtain the following scenarios:

Question 1: Is there any possibility to return to the spiritualized border (short/mid/long term) between East and West? How? (**Weak Signal / Black Swan**)

Question 2: In which conditions the Eastern orientation can occur in long term? (**Long term scenario – Weak Signal**)

Question 3: In which conditions, in the long term, Ukraine can recover the Crimean Peninsula? (**Long term scenario**)

Question 4: Russia to take Novorossia (Ukraine to lose Novorossia) (**Medium term, Weak signal**)

Question 5: In which conditions the conflict can be solved based on the Russia – Ukraine direct relation without a Minsk/Normandy format or without using the US – Russia relation? (**Medium to long term**)

Question 6: In which conditions, in the medium term, are we likely to face further separatist movements in Ukraine, in other regions of the country? (**Medium term, Weak signal**) – Ukrainian team

Question 7: In which conditions the US – Russia relation moves on to, in the medium term, a phase of reset (2.0) or confrontation? (**Medium term, Weak signal**)

Question 8: In which conditions, in the long term, the Russian system can be maintained in the current form (economy based on state energy companies run by *siloviki*, militarization and high investments in military industry and procurement)?

Question 9: In which conditions Russia remains formally revisionist? (Black swan)

Question 10: In which conditions the oil price increases or decreases dramatically?

This being said, all our strong signals scenarios considered were observing the critical uncertainties established in each of the systems of essential indicators identified for the short, mid and long term. We also made a study on how a critical uncertainty could shift from a value to the next one or from a situation to the opposite one. This mechanism, debated in Kiev, helped us to substantiate our scenarios.

Also, for a very clear cut on developing our scenarios, we used the theoretical basis to elaborate scenarios and offer our experts the following data for the continuity scenarios (strong signals or weak signals):

Relative certainties becoming in those cases **certainties**, as follows:

1. An enforced border between East and West in Ukraine – short term.

2. Ukraine – moving towards East can't occur in the medium and short term.

3. Crimean Peninsula is lost for Ukraine in the short / medium term.

4. Ukraine does not lose Novorossia in the short / medium term.

5. The conflict can't be solved directly through Russia-Ukraine relations without the Minsk quartet or outside the US-Russia relations development – short to mid term.

6. Separatist outbreaks in Ukraine are disappearing in the short to medium term. (no capacities from Russia, no acceptance by the population after seeing disaster in Donbas).

7. In the medium term, US-Russia relation moves to freezing – no fights and no final peace & establishing the rules of engagement in Eastern Europe, for avoiding direct confrontation. It means that we will not see direct confrontation involving US and Russia in Ukraine, neither a reset 2.0.

8. In the long term, the Russian system and economy can't be maintained in the current situation – economy based on state energy companies run by *siloviki*, militarization and high investments in military industry and procurement.

9. Russia moves formally to respect international norms and its commitments, rejecting accuses of revisionism, even though in reality it avoids the rules and norms, make interpretations and nuances and challenges the situations, being revisionist in deeds and refusing to discuss reversing Crimea occupation and annexation.

10. The price of oil does not increase or decrease dramatically in the short term.

For each of the **critical indicators** we create a data bases with statements pro and against each of the values. This allowed the experts to support each scenario with the arguments pro and identify motifs or actions that are challenging the arguments for the opposite value. Therefore pro and con arguments were at the disposal of each expert.

Finally, for each of the continuity scenarios, the expert had a pre-determined value of the critical indicators, all relative to a critical uncertainty, and everybody had to elaborate the scenario supporting his values of the critical indicators.

So in the end we had:

80 scenarios of continuity – strong signals or weak signals – 32 in the short term, 24 in the medium term and 24 in the long term.

10 scenarios of discontinuity – weak signals and black swan events, all coming from the challenges to our relative certainties. 3 of them in the short term (1, 9, 10), 5 in the short and mid term (2, 3, 4, 5, 6), 1 in the medium term (7) and 1 in the long term (8).

Chapter 3

SHORT, MID AND LONG TERM SCENARIOS FOR THE EVOLUTION OF UKRAINE

A. *DISCONTINUITY SCENARIOS*

This section questions the relative certainties and is aimed at identifying the conditions when those certainties could be challenged. This led us to a list of 10 scenarios of discontinuity responding to the 10 questions that challenge the relative certainties. We rated that on short, mid and long term scenarios as weak signal scenarios or black swan events scenarios.

Question 1: Is there any possibility to return to the spiritualized border (short/mid/long term) between East and West? How? (**Weak Signal / Black Swan**)

Question 2: Under what conditions the Eastern orientation can occur on long term? (**Long term scenario – Weak Signal**)

Question 3: Under what conditions, on long term, Ukraine can recover the Crimean Peninsula? (**Long term scenario – Black Swan**)

Question 4: Russia to take Novorossia (Ukraine to lose Novorossia) (**Medium term, Black Swan event**)

Question 5: Under what conditions the conflict can be solved based on the Russia – Ukraine direct relation without a Minsk/ Normandy format or without using the US – Russia relation? (**Medium to long term – Black Swan event**)

Question 6: Under what conditions, on medium term, we can have separatist movements in Ukraine further, in other regions? (**Medium term, Weak signal**) – Ukrainian team

Question 7: Under what conditions the US – Russia relation passes, on medium term, in a phase of reset (2.0) or confrontation? (**Medium term, Weak signal**)

Question 8: Under what conditions, on the long term, the Russian system can be maintained in the current situation (economy based on state energy companies run by *siloviki*, militarization and high investments in military industry and procurement)? (**long term, Black swan**)

Question 9: Under what conditions Russia remains formally revisionist? (**short /mid term, Black swan**)

Question 10: Under what conditions the oil price increases or decreases dramatically? (**short/mid term, weak signal**)

1. Russia withdraws from the occupied territories in Ukraine, being subject to dramatic internal changes (Oleksii Melnyk, Narciz Bălășoiu)

Question 1: Is there any possibility to return to the spiritualized border (short/mid/long term) between East and West? How? (**Weak Signal / Black Swan**) (mid to long term)

The Iron Curtain separated the Soviet Union dominated bloc from the Western community of democratic and free economy states for more than four decades. The next two decades after the collapse of the Soviet Union were seen by many as the end of history.¹ The very concrete frontier was rapidly – on a historical scale – blurred and then moved indefinitely eastward. The Eastern and Central European countries, three Baltic States have joined the Western camp where they had naturally belonged and forcefully separated from after the WW2.

Back in the 1990s there was a great deal of hope that the Russian Federation slowly but certainly would follow the same path. Not without problems, the Russian-Western cooperation and integration were taking right steps. Russia was received as a great partner by the leading countries and international organisations (NATO, EU, G7). Ideas of creating a Greater Europe

¹ Francis Fukuyama, “*The End of History?*”, The National Interest, Summer 1989.

(“from Lisbon to Vladivostok”) were seen as undoubtedly mutually beneficial format for the future with the national borders but without dividing lines.

Unlike the Baltic States, other former Soviet Republics, first of all Ukraine and Republic of Moldova, have remained in a “transit zone”. They were not willing to join the Russia-led integration projects, but have not reached the level of integration with Europe, which would make Russia to accept the fact of their full political independence from the latter.

First strong signal of “something going wrong” sent by the Kremlin in August 2008 was misinterpreted by the West. The western leaders preferred to accept an illusion, offered by Russia and kept talking about mutual interests and economic interdependence. Even the Russian annexation of Crimea in February-March 2014 failed to force the Western politicians to accept the new reality. The MH17 tragedy in July 2014 and brutal lie of the Russian leader finally played a role of the strategic shock needed for eyes’ opening.

Today, despite some politicians and experts call it a pre-Cold War period², the reality of the new Cold War has become apparent. However, its frontiers have not been established yet and it is still to be seen whether these lines will be drawn along the Western or the Eastern national border of the “border” countries or will become division line cutting their national territories and the societies. So, were the East-West border are to be expected in the mid-term future?

At the moment there is no hope for restoring the old world order and Crimea to “come back home”. For now, this scenario is an illusion as long as Moscow emits many sorts of threats. Moreover, the Kremlin wants reunification with Crimea to become a national day in Russia. The fact is that by remaining into the Russian borders, this new status of Crimea will affect long-term relations between Moscow and the West. Neither Washington nor Brussels will accept the violations of fundamental principles of international law because otherwise it would mean an implicit recognition of degradation of peace and secu-

² Thomas L. Friedman, “*Cold War Without the Fun*”. The New York Times, June 24, 2015.

rity in Europe. The only way to resume the East-West relation is possible after legal regulation of the status of Crimea. This means either returning the peninsula to Ukraine or a Russian-Ukrainian agreement whereby an independent Ukrainian leadership willingly renounce to its claims over this territory. Both cases are illusory, so that Crimea could become in time “the tombstone” of relations between the East and the West.

Returning to “spiritualized border” is only possible after a solution to the conflict East of Ukraine and a type of agreed solution in Crimea for Ukraine. Even Though the West could accept a constructive ambiguity about Crimea, but maintaining the general principles, coming back to business as usual in Ukraine is quasi impossible even on the long run, as long as there are no major changes inside Russia or a real conquest of Ukraine and occupation by Russia, in which case it is not a spiritualised border between East and West but rather an enforced one at the western border of Ukraine that could happen. If there is not the case – and this is a black swan event – nothing can be move on, and the spiritualised border between East and West will never come back in the foreseeable future.

2. European fatigue, bad leadership and costly outcomes of the reforms (Alyona Getmanchuk, Alexandru Voicu)

Question 2: Under what conditions the Eastern orientation can occur on long term? (**Long term scenario – Weak Signal**)

Eastern orientation of Ukraine traditionally happens in Ukraine as a result of the frustration by Western (namely European) integration. But this time Eastern orientation could not happen in short and mid term perspective since Russia became for majority of Ukrainians (71, 8%) an aggressor state³. The patience for the speed of reforms implementation is also higher

³ Bolshinstvo ukraintsev schitayut “DNR” i “LNR” terroristami, a Rossiyu – agressorom, 02/04/2015 <http://www.pravda.com.ua/rus/news/2015/04/2/7063488/?attempt=1>.

than what it was after the Orange revolution when many people expected rapid changes.

Eastern orientation of Ukraine could become a reality under the following conditions:

Firstly, current Ukrainian political elites will split and internal infighting will become a norm. There are some grounds to consider that top Ukrainian politicians, including current President and Prime minister, have learned some lessons from post-Orange revolution period infighting and its consequences for the state. But still it is unclear how they will be able to cooperate if there is no external enemy and less incentives coming from the West.

Secondly, Eastern orientation could become a reality when no significant positive changes will happen in Ukraine under the so called pro-European government. No tangible results of European integration will be available in mid term perspective (except, probably, visa free regime with the EU which could become realistic in 2016 if Ukraine meets all technical criteria). European integration will be associated only with substantially increased prices and high utilities bills which Ukrainian families receive on monthly basis.

It may sound paradoxically, but there is a real risk that European integration will be associated with the regression of living standards instead of improvement of living standards as it is expected. The only outcome that Ukraine might experience approaching the European Union would be higher prices. In other words, Ukrainians loses its patience with the prolonged and incomplete reforms implementation. Only 10% of Ukrainians are ready to tighten their belts and wait as long as needed until reforms are implemented and systemic changes unfold in Ukraine⁴. Another 33%, according to the same opinion poll results, are ready to be patient one year maximum. 30% of Ukrainians consider their financial situation as unbearable.

Thirdly, all areas of Donbas will be reintegrated in Ukraine as a result of Constitutional reform and decentralization process.

⁴ Mayzhe polovina ukrainciv ne gotova terpiti materialini trudnoschi zaradi reform opituvannya, 29/12/2004 http://dt.ua/UKRAINE/mayzhe-polovina-ukrayinciv-ne-gotova-terpiti-materialni-trudnoschi-zaradi-reform-opituvannya-160363_.html.

By reintegrating in Ukraine those areas will affect national agenda significantly given their different stand on Ukraine's foreign policy orientation and relations with Russia. With reconciliation a new inclusive coalition will be formed and a new, more balanced approach to Russia will be developed. A new President also could be elected based on votes from former so called «DPR» and «LPR» republics and there could be somebody more attentive to Russia's expectations.

Fourthly, Russia will destabilize different regions in Ukraine (first of all, in Kharkiv and Odessa) one permanent basis in order to force Ukrainian government to shift their foreign policy orientation as a necessary condition for sustainable peace.

Fifthly, the West turns away from Ukraine and de facto will assume Ukraine as being a failed state. There will be no real support for Ukraine and no clear signals for Ukraine's membership perspectives neither in the EU, nor in NATO. Russian propaganda and pro-Russian forces in Ukraine will obstinately speculate on the idea that Ukraine is not wanted by the West, especially by the EU. It could be also possible if the EU will be forced to focus on internal issues and the US will start another reset with Russia in order to resolve more pressing global issues.

3. Explosion and separatism in badly governed Russia (RM team, Adriana Sauliuc)

Question 3: Under what conditions, on long term, Ukraine can recover the Crimean Peninsula? (long term scenario, Black Swan Event)

Even if Kyiv's European vision and its desire to be part of the Euro-Atlantic structures triggered Kremlin's aggressive policy towards Ukraine, the annexation of the Crimean Peninsula by the Russian Federation in March 2014 represented the moment that sparked one of the biggest crises in Eastern Europe. Thus, Crimea, a territory offered as a "gift" by the Soviet leader Nikita Khrushchev in 1954, has become a hot spot on the map of the old continent.

The history does not abound in examples of situations in which territories were offered as gifts by some leaders to other countries (not the internal transfer to RSS Ukraine inside USSR is here at stake, but the reverse process we analyse). Also, the territorial rapt is not specific for the period we are living, being contrary to fundamental international norms. But for the Russian Federation, which through the permanent member of the UN Security Council status undertakes to comply with the International law, the space which stretches in its geographical proximity obeys to other laws, more precisely, to some rules agreed by the Russian Federation, as the regional power and decider of the fate of the countries located within its “traditional sphere of influence”.

With a history that inextricably connects it with the Russian state, marked by close relations especially during the Soviet era, which is why Kyiv actually received Crimea from Moscow, Ukraine is considered part of the countries that cannot have a total independent evolution, while an association which implies the obtaining of the membership status of the Euro-Atlantic structures (the EU, NATO) is excluded in an exhaustive way today by the Russian Federation. This is the reason why Kyiv had lost the Crimean Peninsula in the spring of 2014. Based on the elements that triggered the crisis in Eastern Europe and the way Russia addresses this issue, arises inevitably the question whether Ukraine will be able to recover the territory it lost in Moscow’s favour? And in the case of a positive answer, in what circumstances?

With a population of 24% of ethnic Ukrainians, 58% Russians and 12% Tatars according to a 2001 census, there is no doubt that the Russian state has been the dominant power in Crimea for most of the past 200 years, starting with 1783, the year of its annexation by the Russians.⁵ With such a past, which connects the history of the Crimean peninsula with Russia, despite the belonging of Crimea to Ukraine for almost 6 decades, Moscow’s intentions are clear: its annexation represented a strong message

⁵ *Why Crimea is so dangerous*, BBC, 11 March 2014, <http://www.bbc.com/news/world-europe-26367786>.

that Kremlin opposes Kyiv's pro-European policy, making the recovery of the lost territory by Ukraine to be excluded, at least in the short and medium term given the crisis development.

So, returning to the questions regarding the possibility of Ukraine to recover the Crimean Peninsula, the conditions of such an evolution are difficult to predict accurately, especially since Moscow has no intention to reverse the situation. This does not mean that in the long term is impossible for Ukraine to take back the lost territory, but for this, there are at least three fundamental conditions there must be met:

1. **Strengthening the institutions of political democracy and rule of law in Ukraine** following the implementation of the provisions of the Association Agreement with the EU and partnership between Ukraine and NATO. The modernization of Ukraine's national economy, the final freeing from the Russian energetic blackmail of Ukraine, to build a society based on the criterion of citizenship and loyalty in relation to the Ukrainian statehood.

2. **The international community (the US, EU, NATO primarily) to maintain their principled position on Ukraine's Crimean peninsula mandatory restitution** and create common front consistently exerting multidimensional pressure on the authoritarian and chauvinistic political regime in Russia.

3. **The authoritarian and chauvinist government in Russia will reach its inability to manage the domestic situation in Russia** and eventually becomes broke. The domestic currency reserves will be exhausted; Russia will be harassed by the separatism phenomenon in different regions (Tatarstan, Tuva, North Caucasus), riots etc. The repressive apparatus of the state will refuse to subordinate the Kremlin administration. The Kremlin will establish a new administration that will appeal to international recognition and aid to avoid irreversible degradation of the state.

The meeting of these three conditions in long term can lead to the reintegration of the Crimean peninsula into Ukrainian territory.

In brief, there are three major actors of whose actions depend the fate of the Crimean peninsula: Ukraine, the victim of the

Russian aggressive policy, which is obliged to make efforts in this direction; the international community (UN / EU / NATO), which, through pressure and measures taken, can influence the evolution of the crisis, and finally, the Russian Federation, the most important actor due to the fact that Moscow is the one that triggered the crisis and can influence its evolution towards settlement or in the opposite direction, which means escalation of the crisis.

For Russia, the possibility to change its position regarding Ukraine is reduced but in the long term, the conditions for reversing the situation in favor of Ukraine can be met. But major changes are needed, both political and economic, within the borders of the Russian Federation, including the change of Putin's regime, and the entering of Russia in a stage marked by economic decline, both with negative effects on Moscow's ability to exercise its power regionally.

4. Russia's internal revolution in isolation: economic boom, technological explosion and military force exponentially increased (Leonid Litra, Alexandru Voicu)

Question 4: Russia to take Novorossia (Ukraine to lose Novorossia) (Medium/long term, Black Swan event)

With the illegal annexation of Crimea in March 2014 and the subsequent wave of protests in the south-eastern regions of Ukraine, the idea of a Russian-loyal territorial belt that would span from Kharkiv to the Republic of Moldova region of Transnistria became popular and an announced target from the side of the Russian-backed separatists. The term of Novorossiya (first used in the czarist era) in the current conflict was coined by Vladimir Putin through its statement⁶ that was gave momentum to the "project Novorossiya". However, as the Russian-backed movements in regions such as Odessa, Kharkiv, Dnipropetrovsk,

⁶ Vladimir Putin priznal Novorossiyyu, 29/08/2014, <http://www.segodnia.ru/content/146247>

etc, failed to gain popular support in most of the regions, the Novorossiia project was declared unsuccessful and postponed.⁷

Notwithstanding the temporary failure of the Novorossiia project, one has to consider that the project resurrection is still possible should the necessary conditions be in place. Certainly, the prospects for Novorossiia project could potentially gain momentum in the mid and long term and despite the fact that the current signals are weak, it has to be considered.

Currently, the public opinion in the targeted regions of Novorossiia, except the occupied territory of parts of Luhansk and Donetsk regions, is broadly supportive of the Ukraine's policy towards Russia. Moreover, a high expectation on reforms and improving of living standards is anticipated. However, the reforms initiated by the Ukrainian incumbent are unlikely to be implemented quickly while the inhabitants will likely not benefit of the reforms results in the short-term. The contraction of the Ukraine's economy that is on the edge of bankruptcy, the huge debt and highly corrupted state structures are not facilitating a sustainable growth and the improvement of the living standards. On the contrary, the level of poverty increased from 22% in 2013 to 33% in 2015, against the 7% which was targeted by the Millennium development goals by 2015.⁸ The worsening of the living conditions combined with the Russian hybrid war and the pressure on Ukraine creates an environment that might give a chance to the Russian narrative that stimulates separatism.

The increasing political divisions and the oligarchic infighting will likely boost the discontent of the population and will further destabilize Ukraine. Moreover, the Russia's networks in the "Novorossiia" region will become active in recruiting new adepts. In certain regions, new movements, such as Peoples Council of Bessarabia, are already created in order to take the lead when needed and the Russian-backed separatists always provide the necessary signs. For instance, the so-called minister of foreign

⁷ Paul Sonne, 'Novorossiia' Falls From Putin's Vocabulary as Ukraine Crisis Drags, 29/05/2015, <http://www.wsj.com/articles/novorossiia-falls-from-putins-vocabulary-as-ukraine-crisis-drags-1432936655>.

⁸ Uroveni bednosti v Ukraine v 2015 godu mojet dostichy 33% – doklad, 06/07/2015, <http://interfax.com.ua/news/economic/276187.html>.

affairs of “Donetsk Peoples Republic” Alexander Kofman said that *we will wait until other regions will stand up and follow our example*.⁹

The highly corrupted local structures of state administration, the military units that have plenty of soldiers that are not loyal to Ukraine and went to the army because of conscription, the lack of patriotism from many people in the regions of “Novorossiya”, the precarious economic situation as well as an increasing confrontation of Russia with the West will create the perfect conditions for reanimation of the Novorossiya project and the subsequent loss of the region. The above-mentioned elements could be also combined with military operations from the side of East (Russia + the militarized self-proclaimed republics), from the North (Russia) from the South (Crimea/Russia) and from the West (Transnistria). This scenario will require significant effort from Russia to hold the ground without having the luxury of a geography barrier and the capture of big cities such as Odessa, Kharkiv, Dnipropetrovsk and Zaporizhiya will pose additional pressure but will also heavily hit Ukraine’s economy.¹⁰ It will require an extremely good step forward internally to refurbish the army and invent locally military technology in order to have the means and the strength to move on with the military operations. On the other hand, it needs the support of the population, which is hardly easy to get when occupying peaces of Ukraine and destroying the life of the pro-Russian supporters in Donbas. Highly unlikely, this scenario requires a lot of discontinuity and Russia to assume huge costs, in an economic environment far better than the existing one today. It will also require that the West is completely disinterested in Ukraine and Easter Europe or occupied with other more important crises elsewhere in the world: Pacific, Middle East, inside US territory.

⁹ Paul Sonne, ‘Novorossiya’ Falls From Putin’s Vocabulary as Ukraine Crisis Drags, 29/05/2015, <http://www.wsj.com/articles/novorossiya-falls-from-putins-vocabulary-as-ukraine-crisis-drags-1432936655>.

¹⁰ Wargaming Russia’s Military Options in Ukraine, 9/03/2015, Stratfor, <https://www.stratfor.com/video/wargaming-russias-military-options-ukraine>.

5. Long war fatigue and lost of interest by the West (Sergiy Solodkyy)

Question 5: Under what conditions the conflict can be solved based on the Russia – Ukraine direct relation without a Minsk/ Normandy format or without using the US – Russia relation? **(Medium to long term, black swan event)**

After the collapse of the USSR, Russia and Ukraine preferred to resolve all the critical issues in their relations on a bilateral basis. It is quite possible that Ukraine will have to abandon mediation of Germany, France, or other international actors to reach a compromise in negotiations with Russia in a *tête-à-tête* way. With a high degree of certainty, one may argue that such a bilateral compromise would be achieved not in a favour of Ukraine¹¹.

History of Ukraine-Russia relations is overloaded by examples when the states handled problems in their relations without involvement of the third parties (even though sometimes arbitrage could be efficient)¹². On the one hand, Kyiv did its best not to tease Russian partners who presumably understood that any mediation would weaken Moscow's negotiating position. On the other hand, corrupted Ukrainian elites were also afraid of rigorous Western attention during the negotiations which could prevent to gain certain illegal benefits (one of the most classical examples is establishment of a nontransparent intermediary company *RosUkrEnergo* which was selling Russian gas to Ukraine)¹³.

Russia was quite reluctant if not skeptical regarding involvement of the international actors into negotiating process after

¹¹ For example, Ukraine lost two gas negotiations in 2006 and 2009 in a bilateral format. Kyiv was also shortsighted allowing Russia to prolong the Black Sea Fleet staying in 2010 (so called Kharkiv Agreement). Ukrainian President believed that the deal will allow to open negotiations about renewed gas contract what has never happened.

¹² *Russia-Ukraine: Who can mediate?*, March 18, 2014. <http://www.lowyinterpreter.org/post/2014/03/18/Russia-Ukraine-Who-can-mediate.aspx>

¹³ There were several exceptions when multilateral approach was enacted in Ukraine-Russia relationship. In the early 1990s, Russia and the US persuaded Ukraine to become a denuclearized state. However, this format was initiated by American administration and it was totally in line with the national interests of Russia. In 1993, Ukraine requested UN Security Council to denounce decision of Russian parliament which proclaimed '*Russian federal status*' of Sevastopol.

annexation of Crimea. However, Ukraine insisted on internationalization of negotiations since face to face model could weaken Kyiv's position¹⁴. In the same time, Russia interpreted participation of the mediators from the Western states as an evidence of intervention into internal affairs of Ukraine (such statements were particularly often in the days of Euromaidan)¹⁵.

There are several symptoms to suggest flowing of the negotiations into the bilateral framework. One of them is private dialogue between the leaderships of two states. It is noteworthy to mention that phone conversations between Vladimir Putin and Petro Poroshenko have been occurring more often than their press services announced¹⁶. Due to the source participating in Ministerial Normandy negotiations Russian Foreign Minister Sergei Lavrov once stressed: "Our leaders better cope with the resolution of these issues than we do."¹⁷ Magazine *Der Spiegel* describing night talks in Minsk in February 2015 reported that Mr. Putin and Mr. Poroshenko stood aside to discuss some issues face to face, away from the German Chancellor and French President¹⁸. "*The personal relationship between the two is a good one and they address each other with the familiar form of 'you'*", the article says.

The resolution of the conflict may happen on a bilateral basis due to two major conditions. **First one** posits on a suggestion that Ukraine and Russia will return to its traditional tactics debating without witnesses. Nowadays this option looks quite irre-

¹⁴ 112 TVChannel. Ukraine podhodit lyuboy format mnogostoronnih peregovorov po konfliktu na vostoce, – Chyalyi (Newsin), <http://112.ua/politika/ukraine-podhodit-lyuboy-format-mnogostoronnih-peregovorov-po-konfliktu-na-vostoce-chalyi-147666.html>.

¹⁵ Russia's Duma calls on West to not Interfere in Ukraine's Internal Affairs/ January 25, 2014. <http://www.globalresearch.ca/russias-duma-calls-on-west-to-not-interfere-in-ukraine-s-internal-affairs/5366232>.

¹⁶ Neprostye razgovoryi I regulyarnyie zvonki Putina – v AP rasskazali o telefonnyih peregovorah s Kremlem. December 16, 2014. <http://www.unian.net/politics/1022400-neprostyie-razgovoryi-i-regulyarnyie-zvonki-putina-v-ap-rasskazali-o-telefonnyih-peregovorah-s-kremlem.html>.

¹⁷ Interview with a Ukrainian diplomat close to the negotiations. June 24, 2015.

¹⁸ Der Spiegel, February 14, 2015. On-line: <http://www.spiegel.de/international/europe/minsk-deal-represents-and-fragile-opportunity-for-peace-in-ukraine-a-1018326.html>.

levant since Ukraine is certainly afraid of being lost in a bilateral format. However in mid or long term it definitely cannot be underestimated. **The second condition** is based on the possibility that the Western governments will lose their interest towards prolonged crises over Ukraine forcing Kyiv to reach agreement as quick as possible at any price. The Western reluctance may be provoked both by insufficient steps of Ukraine to become a modernized state and also by refocusing of priorities in the international agenda (for example, challenge of the Islamic State can be admitted as a more serious danger than the conflict between Russia and Ukraine). The second scenario is quite possible in the midterm perspective and it is even more possible in a long-term period. Choosing between two evils (actor/Russia and non-actor/Islamists) the West may prioritize non-actor since it is less manageable and more unpredictable. There is quite possible a mixture of two above-mentioned pre-conditions. Ukraine will prefer bilateral resolution understanding that procrastinating in the negotiations provokes lower interest from the West. Moreover, bilateral approach could become more attractive for Ukraine when Kyiv will realize the threat of a new reset/deal in the relations between the West and Russia¹⁹. (The logic may be following: It is better to decide own destiny directly with Russia than to allow the West to bargain with Moscow behind Ukrainian leadership's back).

In a long term perspective revolutionary events and regime change in Russia also cannot be excluded and, thus, there will be no obstacle to attempt to negotiate directly to a new leadership. However there will be still a question about the quality of the new authorities in Russia. It is rather possible to expect a softer reflection of Putinism and, therefore, there will be no grounds to foresee favorable perspectives for Ukraine to reach its goals (in particular with regards to Crimea)²⁰.

¹⁹ Konflikt na Donbasse zakonchitsya globalnoy sdelkoy Rossii i SSHA. May 12, 2015. <http://hvylya.net/analytics/politics/konflikt-na-donbasse-zakonchitsya-globalnoy-sdelkoy-rossii-ssha-i-es.html>.

²⁰ Kremly zadeystvuet vse sredstva dlea podryva Ukrainy. February 24, 2015. <http://www.pravda.com.ua/rus/articles/2015/02/24/7059562/>.

6. Bad governance and uninformed, indifferent or exasperated population (Lenoid Litra, Alexandru Voicu)

Question 6: Under what conditions, on medium term, we can have separatist movements in Ukraine further, in other regions? (Medium term, Weak signal)

The prospect for the development of separatist movements in Ukraine in the mid term is quite possible. Despite of Kiev's efforts to keep southeastern regions of Ukraine in its orbit, the soviet legacy, the Russian influence and the growing discontent of people are creating optimal conditions for separatism thriving.

The recent statement of the head of Security Service of Ukraine (SBU) that "*we localized the terrorists on the territory of ATO area, but at the same time, separatism, controlled by Moscow, spread to other regions of Ukraine*"²¹ is an unbeatable proof of expansion of separatist movements in Ukraine. Moreover, he also pointed out that aside from Luhansk and Donetsk regions, the separatist "hot spots" are first of all the regions of Odessa, Kharkiv, Kherson, Mykolaev and Zaporizhe. That means that Ukraine will face a serious competition with the separatist movements for the minds and hearts of Ukrainian citizens.

The probability of separatist expansion in the region is high due to certain elements. The pro-Russian mood is one of the elements that support the separatist movements. In the above-mentioned regions, the "Party of Regions" of Viktor Yanukovich, which traditionally had a Russophile attitude, was always winning elections in this part of Ukraine. Moreover, despite some improvements of pro-Ukraine's positions after the EuroMaidan, the regions largely remained pro-Russian. In certain of these regions (Kharkiv, Zaporizhe), the "Opposition Block", which is broadly the successor of the Yanukovich party, had won parlia-

²¹ V SBU rasskazali gde v Ukraine mozhet rasprostranitsya separatizm, 06/07/2015, http://www.utro.ua/ru/politika/v_sbu_rasskazali_gde_v_ukraine_mozhet_rasprostranitsya_separatizm1436156893.

mentary elections in 2014, while in others (Odessa, Mykolaev, Kherson), it had a significant support.²²

It is not accidental that in the targeted regions terrorist attacks regularly happen and are aimed at destabilizing the situation. Most targeted regions are Odessa and Kharkiv, which are key for territorial integrity of Ukraine and its economic development. Moreover, the Odessa, Kherson and Kharkiv regions are bordering with Russia or proxy territories controlled by Russia (Transnistria, Crimea).

The build-up of separatist movements in Ukraine will likely strengthen due to Russian support (logistic, financial) and media presence. These movements are now aimed at putting higher pressure on Kiev to make concessions in the negotiations with Russia and also to coagulate like-minded people.²³ The creation of separatist movements under coverage of civic organizations such as the “Peoples Council of Bessarabia” in Odessa or the attempts to create similar entities in Kharkiv and Kherson regions represents a demonstration that the future of separatism in Ukraine has a sustainable development.

There are also two particular elements that will strengthen separatist movements. **First**, the high level of indifference in regions such as Kharkiv and Odessa demonstrated by citizens towards the ongoing conflict. According to experts from these regions²⁴, about 20-24% of the population is having a strong pro-Ukrainian stance, about 10-15% a strong pro-Russian option and the rest of them express deep indifference to the conflict, saying that they do not really care about to which country their region is going to belong. This scenario is similar to what happened in Donetsk and Luhansk, where an insignificant separatist movement existed, however, due to the indifference of the majority the people, these became an easy victim of separatists. **Second**, an increasing worsening of the economic situation and the living standards might trigger discontent which will likely result in

²² Interaktivaya karta po rezultatam vyborov v Verhovnuyu Radu, 28/10/2014, <http://obozrevatel.com/politics/68912-rezultaty-vyivorov-narodnyih-deputatov-ukrainyi.htm>.

²³ Stratfor’s Third-Quarter Forecast 2015, 8/07/2015, <https://www.stratfor.com/forecast/stratfors-third-quarter-forecast-2015>.

²⁴ Interviews with experts from Odessa and Kharkiv. 21-22/04/2015, Kyiv.

anti-government and separatist action. Therefore, the separatist movements in Ukraine are likely to develop in the southeastern regions of Ukraine, provided the support from Russia and the ineffectiveness of Ukraine's reforms.

The likelihood of such a project is, however, quite low, since the developments in Donbas created a low level of support for the separatist movements for the pro-Russian and Russian ethnic themselves, who had to pay the costs of the war on their own behalf, losing jobs, houses, incomes, way of leaving. On the other hand, separatism in the West and trying to join EU/NATO or Western countries due to a lack of capacity of the Ukrainian leadership to perform could increase. That's why we are rating this under weak signals scenarios.

7. Abandonment of Ukraine/ Paramount raising stakes and Western interest on Ukraine **(Alyona Getmanchuk, Alexandru Voicu)**

Question 7: Under what conditions the US – Russia relation passes, on medium term, in a phase of reset (2.0) or confrontation? (Medium term, Weak signal)

Reset between the US and Russia

In mid term perspective reset between the US and Russia is possible under the following conditions:

Firstly, much will depend on developments in and around Ukraine. The United States has already conditioned better relations with Russia (in particular, the lifting of sanctions) on *the implementation of the Minsk agreements*²⁵. If the conflict in Donbas will be surmounted or at least frozen, Russia will stop escalating the situation in Eastern Ukraine, Ukraine will cease to dominate the international agenda, the US could start gradually to lift sanctions and Washington and Moscow will gradually establish a dialogue on issues of common interest. Full resto-

²⁵ What next for US-Russia relations in 2015? 07/01/2015 <http://www.russia-direct.org/debates/whats-next-us-russia-relations-2015>.

ration of Ukrainian territorial integrity by returning Crimea to Ukraine could not be, unfortunately for Ukraine, the necessary condition for new reset though the US will continue to strongly condemn the annexation of Crimea as it was the case with occupation of Georgian territories by Russia (the US condemned occupation in 2008 but it didn't become an obstacle to launch a reset with Russia in 2010).

Secondly, the US will be deeply disappointed with the Ukrainian government, especially with its ability to implement reforms and fight corruption. Fight against corruption will be a litmus test for the US government in terms of their perception of Ukrainian government.

Thirdly, the US will need Russia's backing in managing other global issues and the only way to get this support will be through another reset. In other words, Russia will significantly raise the prize for its constructive position on dealing with global issues. The prize will be another reset with the US.

Fourthly, a new American President will try to prove the effectiveness of his/her own approach to Russia on cooperative basis. The US-Russia relations have a cyclic character. Therefore we should not rule out a reset tomorrow even when we have a competitive relation today. Recent history of the US-Russia relations also proved that high level of anti-Russian sentiments in the US and anti-US sentiments in Russia is not a real obstacle for resetting relations. Despite very high level of anti-Americanism in Russia, Russian president's spokesman Dmitriy Peskov *told NBC*²⁶ TV channel that he hopes that after the next American president is elected, there might be a new reset between Russia and the US.

Confrontation between the US and Russia

The confrontation between the US and Russia is possible under the following conditions:

²⁶ Russia hopes new US President will "cure" ties: Putin Aide Peskov <http://www.nbcnews.com/news/world/russia-hopes-new-u-s-president-will-cure-frozen-ties-n355821>.

Firstly, Russia will not abide by the Minsk package implementation and will continue to escalate the situation in Eastern Ukraine by providing arms and fighters to the so called separatist movements. Even more importantly Russia will destabilize the situation in other neighboring states, including some NATO members (e.g. Baltic States).

Secondly, Vladimir Putin will convert the high-level of anti-Americanism into his main electoral argument during his presidential campaign in 2018. He will need to portray America as the main Russia's foe in order to mobilize the electorate and distract the attention from Russia's internal challenges, such as high level of corruption. In this case Putin will simply meet expectations of Russian people who enjoy the highest level of distrust toward the US. Only 13% of respondents viewed U.S. positively, while 81% have negative perception²⁷.

Thirdly, a new American President will become a prisoner of American people's expectations when dealing with Russia. Americans already consider Russia as their main foreign enemy of the United States – 18% (North Korea came in second with 15 percent, followed by China 12% and Iran (9%).²⁸

The biggest pressure will be put on Republican president. Among Americans, Republicans are much more supportive than Democrats of allowing Ukraine to join NATO as well as sending military aid to the Ukrainian government.²⁹ 67% Republicans consider Russia as the main military threat to neighboring countries (compared to 56% among Democrats). Also 69% Republicans think US should use military force to defend a NATO ally from Russia (while only 47% Democrats support this statement).

²⁷ Americans consider Russia their greatest enemy according to new poll http://rbth.co.uk/news/2015/02/17/americans_consider_russia_their_greatest_enemy_according_to_new_poll_and_43791.html.

²⁸ *Ibidem*.

²⁹ <http://www.pewglobal.org/2015/06/10/nato-publics-blame-russia-for-ukrainian-crisis-but-reluctant-to-provide-military-aid/>.

8. Perfect control of internal public discontent in Russia (RM team, Radu Arghir)

Question 8: Under what conditions, on long term, the Russian system can be maintained in the current situation (economy based on state energy companies run by siloviki, militarization and high investments in military industry and procurement)? (long term, Black swan)

Firstly the current economic and political system in the Russian Federation was described as unsustainable and its collapse was predicted many times in the past. More so after the invasion of Ukraine and the economic sanctions that led to a number of crises within the system. Nonetheless it survived and continues to do so. Reform is badly needed but if the current political elite, run by siloviki, considers reforms might undermine its political power, it will do its best to delay them or make them insignificant.

We might see infighting between in the inner circles of power between people who want a change of course and those who want to keep things the same, the conservatives. If the latter are to win they will have a hard time balancing the economy, military spending and funding their own personal pursuits. The crude oil and natural gas exports will provide a steady stream of income, but it alone will not be enough if Russia does not have a real economy. It might work for small countries, but Russia has a population of over 140 million and a huge army that is in dire need of refitting if it is to maintain its relevance.

Essentially the system will have to maintain a strong military without having a strong economy to generate revenue. The only way it can maintain its current power system is if it finds a way **to control internal public discontent**. The current control over the opposition and usage of war to sway public opinion are steps in this direction, but more will be needed if living conditions worsen. Else the leadership might be facing a Maidan just like the one in Ukraine. Some signs are already there, the ruling party is creating a group of determined (almost brainwashed) supporters, is manipulating information in its favor (to create a better image for itself and discredit enemies) and building a

personality cult around Putin similar to that of the early soviet era (Putin himself said he was a nostalgic of the soviet era).

What was described as “Russian fascism”, but might as well be any form of dictatorship, including communism, is slowly being installed – state control over the economy; control of the society by repressive apparatus and manipulated by ideology chauvinist total control over the media and rigid censorship of the Internet. Increasing the presence of this type of repression until it becomes part of daily life and cannot be avoided can offer the leadership a way to be irresponsible and maintain power (going to the extreme, much like in the case of North Korea). At the helm of state there will be a clan consisting of the “siloviki”, which will substitute the decisions of presidential “election” and the State Duma. Russia will become a hyper centralized state; regions will be financed from the “federal” budget and heads of regions and they will be appointed by the ruling clan. Installing this kind of control nationwide will be difficult; however should the current leadership succeed it could be able to hold on to power without changing anything. Not necessarily indefinitely, but for decades to come. And when it comes to foreign policy they will have to stick to the aggressive policy displayed in recent years in order preserve the “besieged fortress” mentality within most of the population.

9. Ukrainian offensive in Donbas and direct Russian involvement on the ground (Diana Bărbuceanu)

Question 9: Under what conditions Russia remains formally revisionist? (short/mid term, Black swan)

There is no longer a secret for anyone that for more than a year now the events that are taking place in Eastern Ukraine are backed up by the Russian Federation, although this is denied in all the mass media and in all the Russian military and diplomatic official reports. Officials at Kiev are saying that Moscow is still providing the Ukrainian Separatists with heavy artillery such as tanks, armored vehicles and anti-air craft defense systems similar to those that took down the Malaysian Airlines Boeing last

year. But then, when they cannot deny any longer, the Russian officials are straining the truth. Only recently it was confirmed by the Russian Army that a small number of soldiers are still in Ukraine as it was part of the Minsk agreement and because it was requested by the officials at Kiev and the OSCE. According to the Russians there is also a joint effort for a Centre for Cooperation and Coordination between them and the Ukrainians which operates under the Minsk agreement and that Russian General Alexandr Ivanovci Lentov is acting as the Russian attaché at this Centre; the General being one of the officials accused of playing a major part in the war in Eastern Ukraine, who is by all means not a pacifist. According to Hannah Thornburn – political analyst for Eurasia – *“is not very clear how the chain of command works’ but Lentov and his team are actually in contact with the other”*.

With all this misleading information, in June this year Ukraine’s Intelligence Service (SBU) came out with a report about the Russian involvement in the conflict at Donbas which was sent to Obama’s Administration, the State Department and the Security Service at Washington. The main topic in the report is held by the fact that there are five Russian Generals that are instigating and orchestrating the Ukrainian Separatists. The 30 page long report is one of the efforts that Ukrainian Security Services took to prove to its allies that they are making progress in taking the Russians out of their soil.

This also includes information about the Russian Soldiers arrested in Ukraine. According to the report, SBU believes that there are approximately 9000 Russian Soldiers in 15 tactical groups inside Ukraine. This information cannot be proven by any independent sources. When asked by Bloomberg for a reply to this report, the Russian Embassy in Washington did not reply. American officials have confirmed that the report is genuine, and mentioned that the information provided is similar to what the American Security Services have on the Russian military in Eastern Ukraine. But it doesn’t stop there: the report is also supplying names of Russian Generals involved in the conflict in Eastern Ukraine: Major General Oleg Mussovici Tsekov with his two brigades of Militia in Lugansk and Major General Valeri Nicolaevici Solodciuck who is being accused of instigating the

separatists in Novorosia, Donetsk. There are other named officials such as Major General Serghei Iurevici Kuzovlev who is believed to be the Chief Commander of the Russian Army in the Lugansk region and Alexei Vladimirovici Zavizion who is the Chief Commander in the Donetsk region.

There is also mention of the so called Security Minister of the Popular Republic of Lugansk, General Major Roman Alexandrovici Sadrin and Colonel Anatioli Constantinovici ex. Minister for the Separatist Republic of South Ossetia who is now acting as Military Advisor in the Popular Republic of Lugansk.³⁰

Mark Geleotti – expert in Russian Security Services at New York University – told Bloomberg that identifying the Russian Generals is a major discovery: *“until now the only thing we’ve seen in Ukraine are Russian Lieutenants, Captains and Majors. But now they’ve started to bring in high grade officials – the Russian Commanders”*. For Galeotti this means that Russia now wants a permanent presence within the Separatist groups in Ukraine: *“it is a matter of ordering and controlling the separatist. Somewhere in Moscow someone decided that this would be a long cold-war”*.³¹

But only a few days ago all International News Channels were broadcasting the news from the Ukrainian National Channel Kanal 24, showing the capture of the Russian Military Advisor, General Anatoli Constantinovici Barankevici in an ambush organized by the Ukrainian Army close to Lugansk. All those that were accompanying Barankevici were killed during shots fired, with the General getting away only with some superficial wounds on his head and arm and being taken to Kiev. The following day an emergency military tribunal is set up during which Barankevici is being persecuted. With his best friend being killed during the Ukrainian operation in Lugansk, a grieving Barankevici decided to talk. A confession to be seen and listened by the whole world as the trial was broadcasted live internationally. The whole World is shocked. For the first time ever, a high ranking Russian Official is publicly accusing the Russian President Vladimir

³⁰ http://adevarul.ro/moldova/actualitate/raport-sbu-cinci-general-rusi-orchestreaza-forteleseparatiste-ucraina-1_55994b40f5eaafab2c44070e/index.html.

³¹ *Idem*.

Putin. During the trial, Barankevici is admitting that the Russian Army is directly involved in the fight that is taking place in the Eastern Ukraine, as it is Kremlin's desire to federalize that part of Ukraine. He is going on then accusing Putin for instigating a type of 'hybrid war', a fratricidal strife, and saying that he is responsible for the death of all the young dead soldiers both Russian and Ukrainian. He is holding Putin accountable for re-starting the Cold War, a worldwide hatred for Russia and mainly for leaving the Russian and Ukrainian people helpless both now and the future. He is confessing crimes that he was forced to commit both in Eastern Ukraine and South Ossetia. For four long hours, Russian General Anatoli Constantinovici Barankevici is answering the Ukrainian Military Jury questions, after which the trial is suspended for next day.

Same evening, Russian President Vladimir Putin convenes at Moscow State Duma and holds a speech with the support of all the Russian Media; a reminder of the events of 18th March 2014. But although Putin is his usual cold and self-assured self, this time he is missing the triumph. If you are looking at him closely you can see a slight resignation that he cannot hide. The speech which lasted approximately 40 minutes was not – as it is accustomed – preceded by the national hymn. Right from the beginning Putin admits that the Great Russian Federation is in a difficult position in its ideological fight with the West. He is denying the accusation Barankevici made that he's instigating a new Cold War; but is saying that it is indeed true that Russia does want to regain its regional power in the East. He is comparing Kremlin's hunger for power in the East with the USA claim to be the leader of the World. Although the USA is pretending that every state has the right to decide for itself, it appears that they are trying to expand their influence in Russia – which is inconceivable. Then there is essentially a conflict between the way USA and Russia are seeing the current world order. Similar to the last big speech he held last year when Russia annexed Crimea, now Putin also spoke about the Russian history saying that he is extremely honored by the fact that he is compared with Ecaterina II and that there is warrior blood running through his veins. How could he stand immovable, looking towards the Ukrainian border how the people was "listening jazz music" while looking to F16 anima-

ting the sky. West's defiance for history and tradition of Russian and Ukrainian peoples were too high.

There has been a lot of talk in the mass media lately about the two sister countries, and even Putin admits that "*without Ukraine, Russia won't be an Empire; with Ukraine it will*" and that "*without Ukraine, Russia could be an Empire but not the same Russia*". And then for him it was only natural to avoid losing Ukraine so that future generations of Russians and even Ukrainians won't blame him for not trying. He hesitated for so long to make this public declaration about the truth in Ukraine for many reasons, but mainly because he believed that both Russian and Ukrainian people were not ready to understand that a Russian Army presence in Ukraine is in the best interest for both sides. And now, finding himself betrayed by one of his Officers, Putin decides to tell the truth.

So Putin denies the direct involvement in Ukraine and his Minister of Foreign Affairs denies that Russia infringed the international law or is revisionist. According to the general propaganda, in Ukraine, ethnic Russians from the East are afraid of the coup in Kiev and fighting the nationalists, opposing the Ukrainisation of the country. And that's the war where a lot of Russian volunteers did arrived including militaries, but in their own personal capacity, not sent by the state or in its responsibility. This means that real revisionism and revanchist attitude of Russia is covered under the credible deniability and apparent respect for the International law. Changing this situation will require a direct and assumed involvement of the Russian troops in Ukraine, meaning when Ukrainian Army would take over and threaten to liquidate pro-Russian separatism. This is a weak signal scenario, with a low probability.

10. *Fall of Saudi Arabia into chaos (Narciz Bălăsoiu)*

Question 10: Under what conditions the oil price increases or decreases dramatically? (short/mid term, weak signal)

The situation in Eastern Ukraine is critical considering the war atmosphere pressing on every aspect of the society. The rest of the country is also under heavy pressure, while the Govern-

ment in Kiev undertakes unpleasing decisions in order to keep the economy balanced. The decision to continue the negotiations with European Union and NATO creates tremendous nervousness in Moscow, thus escalating the war scenario prospects. Even though only three percent of the Ukrainian territory is under siege, there are some specific, and tactical, aspects generating unrest in the entire country. The provinces from the eastern part controlled (partially) by the rebel forces, as Russia's proxy fighters, under the coordination of Russian troops and commanders, are very important mostly due to the border they share with Russia. From this point of view the region can easily become a porous avenue through which Russian troops can flow into Ukraine in a Blitzkrieg scenario.

Beside the complicated context, the Kremlin appetite for violence or full scale war is largely related to its economic health condition. Sustaining the means necessary to wage a war is literally an effort that requires long term preparations and continuous resources. From this point of view Russia's economic state is clearly at its lowest in the last decade.

There are two major factors that have led to the current cvasi-dramatic situation for the budget of the ex-Soviet empire. First of all, the architecture of the Russian economy is still highly dependent on hydrocarbons exports, which makes it very vulnerable to international oil quotation. There is also a specific of the energy market when it comes to gas trade, Russia using a unique system of connecting the gas price with oil quotation. In this respect, it is well known that markets volatility is almost instantly reflecting in its hydrocarbons sale prices.

Another so called axiom of the role played by the energy resources in Russia's profile as a geopolitical actor tells us that for Moscow oil is money, and gas is power. This so called truism became more than obvious in conflict context, each resource playing its own role on the chess board. While fueling the military budget with the money produced by the oil market, the gas has been used as a lever with robust political implications in deterring Ukraine and the West (mostly European Union) to assume tougher actions.

Secondly, the current Russian economy is gradually eroded by the sanctions imposed from US and Canada, to Europe. In the

first place, there were only measures undertaken against the regime leaders or businesses associated to it, consisting of blocking bank accounts and banning the access in the western countries. After a while, considering the lack of proper response from Moscow, the transatlantic community extended the sanctions to strategic level, which affected even sectors such as defense and energy. On the other side, Russia decided to continue its embargo on western goods, shaking several European companies acting in the food market, but even so the Russian citizen proved to be the most affected by common goods scarce.

Considering the economic, political, and social environment the Western allies saw an opportunity to give the masterstroke to Putin's regime. Even though some idealist relevant figures around the world considered the approach rather cynical, for Brussels and Washington became clear that Moscow is not even considering negotiating and compromise as options. In such a context, the United States realized that the mechanism of coercion and blackmail used in a ruthless manner by Kremlin can now be transformed in its *Achilles heel*. The arbitrary imposed prices for natural resources make the most of Russia's budget. Consequently, finding means to dissolve the incomes from oil and gas trade becomes a cardinal matter for the US. Collapsing the oil international quotation has been the main objective of western allies, even though, at a first glance, seems utopian to significantly manipulate such a colossal market.

Considering the OPEC member countries were not eager at all to cooperate, Washington had two ways to meet the objective. First of all, it is well known that in the last couple of years United States has become self sufficient in terms of oil consumption, and even more its shale oil/gas industry made possible the hydrocarbons exports. Pumping in the energy trade system over 5 million barrels per day triggered a relevant shock on the stock market. The prices plunged rapidly, generating a daily loss which has brought Russia's budget on the edge. In less than one year a quotation below 40 dollars/barrel drags the Russian finance in collapse.

But this was not the only sudden and meaningful move the Americans had prepared for their adversary in many parts of the

world. We all knew that Washington and Teheran are very closely to make an historical agreement, that has as consequence (among others) lifting the embargo on Iran oil trade. In such a context, the oil volumes entering the market overheated the stocks around the world deepening the cleavage between demand and supply. Such an overwhelming quantity injected in the energy trade system determined a second wave of price cuts, reaching an historical low of 35 – 40 dollars per barrel.

Another collective actor that eventually accepted to play along due to United States pressure was the so called Gulf States. The interdependences between regional security and policies regarding the oil volumes to be produced have been clearly underlined in the context of MENA turmoil. The Gulf monarchies feel the heat coming from Syria, a country torn into pieces by the Islamic State and several other organizations looking for power and notoriety. This is a vector overleaping the so called Arab Spring, which beheaded many dictatorial regimes from North Africa and Middle East. Considering the incredible low costs for producing oil in the Gulf States (around 4 dollars per barrel) regimes, like the Saudis, agreed to increase production, thus contributing for further price cuts to hydrocarbons. Some of the most relevant OPEC countries are highly dependent on Western, mostly United States, security guarantees, therefore a worsening of the regional landscape would bring those actors into western “pockets”. Each of the previous scenarios can easily become an imperative for the market when it comes to reducing barrel price, but the possibility of overlapping such evolutions generates dramatic outcomes. Russia would see its budget devastated in no time some experts arguing that in less than 6 months Moscow would have to declare bankruptcy.

On the other side there are several factors powerful enough to generate price increase in oil quotation at a global scale. The same conflicts in the Middle East that today are bringing to the negotiations table the Gulf monarchies can prove very perfidious in terms of implications. If the violence and instability are not contained by the global actors, we could witness a powerful degenerative disease consuming the most relevant oil producing actors in the region. Blocking access to hydrocarbons reserves

from countries like Saudi Arabia, Iran, Iraq, United Arab Emirates, and Kuwait would trigger an unprecedented oil crisis. For the moment the balance is leaning towards escalation, therefore a crisis driven scenario has lots of credibility.

United States is maybe the protagonist of the current shift in energy resources paradigm. Despite the economic decline that lowered the global consumption in demand in goods and services, the main responsibility for the flooding with low relatively low price oil stands with Washington. The shale gas industry basically exploded in the recent years propelling USA from a tremendous energy consumer into a net oil exporting country. The revolution of shale gas is close to a peak, thus pushing the offer close and maybe beyond the demand. The problem is that all of the progress made is financially based on loans from commercial banks. Lowering the price too much is double sided coin.

Firstly, the flow of new oil quantities flooding the international market would generate, naturally, a brutal price cut. But, from a certain level the price is not sustainable, so the shale oil/gas companies see their “merchandise” on the market bellow the cost of production. Old school entities from the industry would feed the situation in order to see the biggest shale oil exploiting businesses in collapse. The void created in the aftermath of “killing” the industry sector that made USA self-sufficient will be instantly speculated by producing countries looking for a higher margin. Combined with a conflict scenario, such an evolution could generate a dramatic outcome for the consumer, but a pantagruelian feast for hydrocarbons producing countries, like Russia.

The possibility of a sudden raise or drop of the oil price is rather low, that’s why we are rating this under weak signal scenarios. There are hints like Iran entering the market to alter the price, but not in a dramatic way, since we are already in a period with a low demand and high production. Hoping the price to suddenly rise would mean a real war in the Gulf countries, meaning Muslim Brotherhood taking over the revolution against Saud dynasty or a direct war declared between Iran and Saudi Arabia.

B. CONTINUITY SCENARIOS

I. SHORT TERM SCENARIOS(6-12 MONTH)

On the short term, we succeed in identifying 5 critical indicators with the following values, meaning 32 combined scenarios.

10.i.1.a.i.1. Ukraine receives / does not receive weapons (military)

10.i.1.a.i.2. Internal political coalition cohesion vs. fight/ rift (politic)

10.i.1.a.i.3. Reforms vs. stagnation (support vs. collapse) (economic)

10.i.1.a.i.4. Social unrest vs. support of the effort of reforms

10.i.1.a.i.5. Russia's options in Ukraine: destabilisation vs. federalisation.

1. Manageable future, hope for the best **(RM team, Adriana Sauliuc)**

UA receives weapons + cohesion in coalition + reforms + social unrest + Russia's option – destabilisation (strong signal)

UA receives weapons

In the short-term, Ukraine will receive military support on behalf of the occidental states. This statement is supported by several facts. Firstly, during a press conference held with German Chancellor Angela Merkel at the White House, on 9 February, 2015, U.S. President Barack Obama declared that in case a diplomatic solution fails to be enforced in the context of the Ukrainian crisis, United States will consider other options including providing “lethal defensive weapons” to Ukrainian army.³²

³² *Barack Obama: US could arm Ukraine against Russia*, The Telegraph, February 9, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11400911/Watch-live-Barack-Obama-and-Angela-Merkels-press-conference-on-Ukraine.html>.

Following the escalation of fighting in eastern Ukraine at the beginning of June,³³ a peaceful resolution of the conflict becomes even more unlikely, titling toward the military option. An important step taken towards providing lethal military assistance to Ukraine has constituted the signing into law of the Ukraine Freedom Support Act on December 18, 2014. The Ukraine Freedom Support Act, particularly the article on the increased military assistance for the Government of Ukraine, specifically states: “*The President is authorized to provide defense articles, defense services, and training to the Government of Ukraine for the purpose of countering offensive weapons and reestablishing the sovereignty and territorial integrity of Ukraine, including anti-tank and anti-armor weapons, crew weapons and ammunition, counter-artillery radars to identify and target artillery batteries, fire control, range finder, and optical and guidance and control equipment, tactical troop-operated surveillance drones, and secure command and communications equipment,...*”.³⁴ In addition, the Act authorizes \$100,000,000 billion dollars to be provided as military assistance to Ukraine, an amount made available for expenditure through the end of fiscal year 2018.

An even stronger argument is the majority coalition in the U.S. Congress pleading for a lethal military assistance to Ukraine. In this context, the U.S. House of Representatives passed a resolution with a majority of 348 votes against 48 “*calling on the President to provide Ukraine with military assistance to defend its sovereignty and territorial integrity*”.³⁵ The resolution was voted on March 20, 2015, and it “*strongly urges the President to fully and immediate exercise the authorities provided by Con-*

³³ *Escalation of fighting in East Ukraine leaves ceasefire teetering on the brink*, The Guardian, June 4, 2015, available at: <http://www.theguardian.com/world/2015/jun/04/escalation-fighting-east-ukraine-leaves-ceasefire-tatters-russian-forces>.

³⁴ H. R. 5859 “An act to impose sanctions with respect to the Russian Federation, to provide additional assistance to Ukraine and for the other purposes”, enacted on December 18, 2014, available at: <https://www.govtrack.us/congress/bills/113/hr5859/text>.

³⁵ House of Representatives, *Calling on the President to provide Ukraine with military assistance to defend its sovereignty and territorial integrity*, 114th Congress, 1st Session, March 20, 2015, available at: http://docs.house.gov/billsthisweek/20150323/MAS_087_xml.friday.pdf.

gress to provide Ukraine with lethal defensive weapon system to enhance the ability of the people of Ukraine to defend their sovereign territory from the unprovoked and continuing aggression of the Russian Federation”.³⁶ A similar bill has been introduced in Senate on February 11, 2015, briefly entitled “Defense of Ukraine Act of 2015”. The S.452 bill authorizes the U.S. President “to provide lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine”.³⁷

The documents have been preceded by a support declaration on providing military assistance to Ukraine, made by a group of senators on the Senate Armed Service Committee and a letter addressed to the White House by 30 members of the House of Representatives.³⁸

On the other hand, a growing number of senior U.S. administrative and military officials favor and call on arming Ukraine. The Director of the U.S. National Intelligence Services, James R. Clapper Jr., affirmed that personally he supports providing weapons to Ukrainian forces against the pro-Russian separatists despite the risks of further escalation entailed by such a decision.³⁹ General Martin Dempsey, Chairman of the Joint Chiefs of Staff said that U.S. “should absolutely consider providing lethal aid” to Ukraine.⁴⁰ Gen. Dempsey emphasized that the support

³⁶ *Idem*, p. 4.

³⁷ Senate of the United States, *S. 452 to provide “lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine*, available at: <https://www.congress.gov/bill/114th-congress/senate-bill/452/text>.

³⁸ *Lawmakers to Obama: Arm Ukraine now*, The Hill, May 2, 2015, available at: <http://thehill.com/policy/defense/231874-senators-to-obama-arm-ukraine-now>. *Lawmakers seek \$1B in military aid for Ukraine*, The Hill, February 11, 2015, available at: <http://thehill.com/policy/defense/232475-lawmakers-seek-1b-in-military-aid-for-ukraine>.

³⁹ *Top U.S. intelligence official backs arming Ukraine forces against Russia*, The Washington Post, February 26, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-intelligence-official-backs-arming-ukraine-forces-against-russia/2015/02/26/220e47f0-bdcb-11e4-bdfa-b8e8f594e6ee_story.html.

⁴⁰ *Top U.S. general says it is time to consider arming Ukrainian forces*, March 3, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-general-says-it-is-time-to-consider-arming-ukrainian-forces/2015/03/03/aa68dade-c1d6-11e4-ad5c-3b8ce89f1b89_story.html.

will target the capability gaps which substantially undermine the defense capacity of the Ukrainian forces and it is to be provided in the context of NATO allies.⁴¹ In addition, Ashton Carter, President Obama's nominee for Secretary of Defence, asserted on February 4, 2015, during his Senate confirmation hearing that he was "*very much inclined*" to provide defensive systems to Ukraine.⁴² On June 20, 2015, at a press conference in Kyiv, U.S. Senator John McCain called again on United States to arm Ukraine.⁴³ Secretary of State, John Kerry, has also declared during a private reception in Germany, that he personally favors sending weapons to Ukraine.⁴⁴ Ms. Susan Rise, national security adviser of the U.S. President, who previously opposed sending lethal aid to Ukraine, is ready to reconsider her position according to the declarations made by an official who is familiar with her personal views.⁴⁵

A large number of senior U.S officials have confirmed that General Philip Breedlove, NATO's military commander has changed his position and is now secretly advocating for providing lethal aid to Ukrainian government. Contrary to his previous declarations, General Breedlove now considers that the lethal military assistance provided to Ukraine will significantly increase the costs for Russia in further supplying the pro-Russian separatists in Eastern Ukraine.⁴⁶

Leaving aside the official positions which are dependent, to a certain degree, on the level of public support, it is important to

⁴¹ *Ibidem*.

⁴² *Defense chief nominee Ashton Carter, unlike Obama, backs arming Ukraine*, Los Angeles Time, February 4, 2015, available at: <http://www.latimes.com/nation/nationnow/la-na-nn-defense-nominee-ashton-carter-20150204-story.html#page=1>.

⁴³ *U.S. Senators Call For Arming Ukraine*, Radio Free Europe Radio Liberty, June 20, 2015, available at: <http://www.rferl.org/content/us-senators-call-for-arming-ukraine/27082770.html>.

⁴⁴ *Kerry Tells Lawmakers He's for Arming Ukraine*, Bloomberg View, February 9, 2015, available at: <http://www.bloombergview.com/articles/2015-02-09/kerry-tells-lawmakers-he-s-for-arming-ukraine>.

⁴⁵ *Top NATO Commander Supports Providing Weapons to Defend Ukraine*, Atlantic Council, February 2, 2015, available at: <http://www.atlanticcouncil.org/blogs/natosource/top-nato-commander-supports-providing-weapons-to-defend-ukraine>.

⁴⁶ *U.S. Considers Arming Ukraine to Fight Separatists*, ABC News, February 2, 2015, available at: <http://abcnews.go.com/International/us-considers-arming-ukraine-fight-separatists/story?id=28673187>.

take into consideration that the level of American people support for arming Ukraine and for imposing more drastic economic sanctions on Russia has increased. Despite the fact that more people still oppose than favor the U.S. sending defensive weapons to the Ukrainian government, the percentage of those who would support such a decision has increased from 30% in April 2014 to 41% in February 2015.⁴⁷ Taking into consideration that the fighting continues in Eastern Ukraine, there are no reasons to believe that the public support is decreasing and not increasing.

As about the official position of the European states, although, a majority does not publicly support arming the Ukrainian government, the Ukrainian diplomatic and government officials recognized that Ukraine has been provided with military aid, including lethal aid, by a dozen of Western partners. A public statement that confirms this fact has been made on July 10, 2015 by the Ukrainian ambassador to United States Valeryi Chaly during an interview to *Zerkalo Nedeli* weekly newspaper. Chaly stated that Ukraine gets weapons and nobody is in a position to ban this, as Ukraine is sovereign country.⁴⁸

Coalition cohesion

Due to the war in Donbass and the unilateral annexation of Crimea by Russia, only 423 of the total 450 seats in Parliament were elected in the last four of elections: i) coalition members (305): Poroshenko bloc (150); People's front (82); Self-reliance (32); Radical party (22); Fatherland (19); ii) political groups: Opposition (78); Opposition bloc (40); People's will (20); Revival (18); iii) Non-affiliated (39); iv) Vacancies – 28.

Deputy groups (i.e. People's Will, Revival) consist of non-partisan deputies or representatives of parties that did not pass the 5% election threshold (i.e. Svoboda, Strong Ukraine, others). The People's Will deputy group in previous assembly was

⁴⁷ *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

⁴⁸ *Ambassador Chaly: A dozen European countries arming Ukraine now*, UNIAN Information Agency, July 10, 2015, available at: <http://www.unian.info/politics/1099520-ambassador-chaly-a-dozen-european-countries-arming-ukraine-now.html>.

known as Sovereign European Ukraine. Parties that did not pass the 5% threshold of the 2014 Ukrainian parliamentary elections, Svoboda (7 seats), Right Sector (1 seat), Strong Ukraine (1 seat), Volia (1 seat), and Zastup (1 seat) are part of the non-affiliated.

Thirty percent of the Petro Poroshenko Bloc election list was comprised of members of the Ukrainian Democratic Alliance for Reform (UDAR), which did not participate in the 2014 elections independently. UDAR participated in the 2012 elections, consisting of a faction of 41 deputies in the previous Parliament. People's Front is a September 2014 split from Fatherland; many current members of the People's Front were members of the Fatherland faction of the previous convocation. The Opposition Bloc consists mainly of former members of President Yanukovich Party of Regions, which formed the largest caucus comprised of 185 deputies after the 2012 election. Yet, after the impeachment of Yanukovich and the 2014 Ukrainian revolution, the caucus was left with only 78 members.

*Coalition Agreement has been signed on 27
of November 2014*

Clarifying remark: the hypothesis – “Coalition will function” – does not imply that the current coalition will be kept in power for 10-15 years, but is referred to the creation – through democratic elections, and the well-functioning of political coalitions which will continue the effective implementation of Ukraine's Association Agreement with European Union, will commit to Ukraine's adherence to NATO and will continue to ask, on an international level, for the liberation of Donetsk and Lugansk regions from Russia's occupation, as well as for the returning of Crimea back to Ukraine.

Currently, the Ukrainian society is going through a chaotic transition process, from “population” to “civic nation”, during which more and more inhabitants of Ukraine, including Russian speakers, identify themselves with Ukraine and perceive Russia as an aggressor state. This polarization and, at the same time, consolidation of society, led to *de facto* disappearance of the “Regions' Party” which dominated the political scene during the time Viktor Yanukovich stayed in power. However, despite the

political competition between different players such as Piotr Poroshenko, Arseniy Yatsenyuk, Yulia Tymoshenko etc., the society pressure which asks for the consolidation of a political spectrum which will reject Russia's aggression is so great that the signing of an Agreement⁴⁹ regarding the coalition building was natural and even inevitable. The stability and functionality of the Coalition is determined by the urgent need to strengthen the Ukrainian state against Russia's aggression through reforming Ukraine – a reform primarily oriented towards fighting corruption, democratizing the political process and eliminating the regional oligarchic clans. Meanwhile, President Piotr Poroshenko controls 150 votes within the coalition. Both Piotr Poroshenko (150 votes) as well as Arseniy Yatsenyuk (82 votes) are committed to Ukraine's close collaboration with the U.S., EU, NATO etc. despite the political competition between them.

Ukraine's dependence on the external partners (EU, U.S., NATO, Canada, Poland) who count on the liability of the Ukrainian politicians, works as an accountability mechanism for the Ukrainian politicians despite the fact that the Ukrainian political parties in the Verkhovna Rada are quite heterogeneous and some of them marked by political radicalism. Currently, there is a massive support within the Ukrainian society for a closer cooperation with the EU and NATO. The requirements of implementing the provisions of the Association Agreement⁵⁰ with the EU strengthen and hold accountable the governing coalition.

Maintaining the unity of the current government coalition, on a short term, can have the following consequences:

The undergoing processes in Ukraine require a quick reaction to a variety of challenges. Generally, these reactions require on one hand, operational interventions within the current legal framework and on the other hand, the political will of the country's leadership. For this, it is necessary to have a functional coalition in the Verkhovna Rada and to maintain a constructive dialogue between the legislative and executive power. Sometimes, the situation gets intense after the political parties that entered in the

⁴⁹ http://samopomich.ua/wp-content/uploads/2014/11/Koaliciyna_uhoda_para_fovana_20.11.pdf.

⁵⁰ http://www.kmu.gov.ua/kmu/control/uk/publish/article?art_id=246581344.

Verkhovna Rada using radical messages – reflecting the “society state of mind” in the context of the Russian aggression, are forced to give up to certain approaches and to reach a compromise. In the context of conflict situations, the external partners become involved⁵¹ in the activity of the Verkhovna Rada with the purpose of strengthening Ukraine’s position in relation to Russian Federation. With the external intervention, the coalition is maintained and the following phenomena can be observed: the continuation of the cooperation between the President, Government and Verkhovna Rada, the consolidation of central power control over the Ukrainian regions, the decrease of the role of the oligarchic clans in various regions of Ukraine. The appointment of Mihail Saakaşvili⁵² as the governor of the Odessa region speaks of an existent political commitment to the fight against corruption and the consolidation of the oversight control over Odessa region – a strategic area. The implementation of the reforms meant to contribute to the consolidation of the state and to the fight against corruption implies the continuation of the partnership with the external donors. Also, the fight against corruption and the relative stabilisation of the situation in the anti-terrorist operation zone will ensure the functioning of the radical political parties within the legal framework of the state and the enforcement of control over the paramilitary units with a solid perspective of integrating them in the armed forces of the state or eliminating them. The unilateral compliance of Ukraine with the provisions of the Minsk Agreement will contribute to the conservation of the conflict in Donetsk and Lugansk and to the risk reduction for Ukraine. Moreover, the functioning of the coalition in Ukraine will contribute to strengthening the position of the Ukrainian country at international level, especially after the report publication on the air disaster of July 17, 2014 (MH 17) and the UN debate on the creation of an international tribunal for this case.

⁵¹ http://zn.ua/POLITICS/proekt-izmeneniya-konstitucii-po-statusu-donbassa-prodavila-nuland-deputat-182616_.html.

⁵² <http://www.president.gov.ua/documents/3042015-19082>.

Reforms

According to the official data published on the reforms-dedicated website⁵³, by 1 July 2015 (after 6 month period) the reforms achieved the following level of implementation:

- constitutional reform – 51%
- election legal framework reform – ND
- reform of the state procurements – 40%
- anticorruption reform – 36%
- central public administration' governance reform – 72%
- justice reform – 42%
- deregulation and business sector development – 30%
- decentralization – 55%
- law enforcement reform – 40%⁵⁴
- national security and defence reform – 34%
- health system reform – 51%
- taxes reform – 57%
- energy security program and energy sector reform – 29%
- financial sector reform – 29%
- central public administration reform – 30%
- education sector reform – 48%
- agriculture sector reform – 53%
- program for promoting Ukraine national interest in foreign policy – 56%.

For the short term prospective, the official data does not raise substantial concerns regarding the reforms implementation process. The reforms are in the top of the political agenda and one the main topics of discussions between Ukraine and its partners.

On the reform dedicated website it is mentioned that 11 reforms are implemented according to the approved schedules, 5 reforms are implemented with some insignificant delays, and only one reform (health system) is significantly lagging behind.⁵⁵

On short-term there will be no significant real impact of reforms on the day-to-day life of Ukrainian citizens, as the most

⁵³ <http://reforms.in.ua/>.

⁵⁴ <http://reforms.in.ua/reforms/reforma-pravoohoronnoyi-sistemi>.

⁵⁵ The 9th meeting of the National Council for Reforms, available at: <http://reforms.in.ua/news/devyate-zasidannya-nacionalnoyi-rady-reform-ukrayiny>.

of reforms actions during the first phases are directed toward changes in legal framework, responsibilities, competencies, and organisation. It signifies that on the short-term most of reforms will only start delivering the first results, while their major impact / outcome / effects will not become really visible yet. That would also mean the opposition to reforms should be generally weak and inconsistent. Meanwhile, the initiation of the reforms and the first implementation results will extend and increase the international assistance to Ukraine and will made available important financial assistance instruments, extremely necessary for attenuation of the financial, economic and social crises.

By July 1, 2015, the EU has already mobilised more than 6 billion euro for credits and grants to assist Ukraine. The EU financial support has been conditioned with successful implementation of structural reforms and each of the loan tranches has specific requirements regarding the achieved results in different sectors. The EU officials has stressed repeatedly that the money will be disbursed to Ukraine only if reforms will be implemented in full accordance to the commitments made by the Government. This conditioning might be considered as an expression of concerns regarding the eventual outcomes of external support, but it also means that the level of trust of the international partners in Ukrainian governance, its capabilities and capacities to successfully implement the reforms, are more or less sufficient.

The successful implementation of the reforms on the short-term would also mean that the unity of the coalition for reforms will be maintained.⁵⁶

“...If you listen to Ukrainians tell it, there’s been absolutely no reform within the last year. Their frustration is understandable – they want the positive effects of major change now – but their perception just doesn’t correspond to the facts. The much awaited reform process is actually under way – though quietly and unobtrusively. The Education Ministry and the Ministry of Internal Affairs have led the way with restructuring universities and the police force, probably because they don’t deal directly with

⁵⁶ *Reform supporting forces should keep unity.* <http://korrespondent.net/ukraine/politics/3540863-neobkholdymo-sokhranyt-edynstvo-reformatorskykh-syl-v-ukrayne-nuland>.

high-stakes corruption and the power of the oligarchs. Some personnel cuts have been introduced in the presidential administration and the government bureaucracy; more are forecast. A law (albeit flawed) on lustration has been adopted and has already led to some high-level resignations and prosecutions. An Anti-Corruption Bureau has been approved, and a head is currently being sought... ”⁵⁷.

Social unrest

In 2014, social sphere was a prisoner of the general crisis situation in the country. Military and economic aggression of Russia, the annexation of Crimea, the withdrawal of a considerable amount of foreign companies from Ukraine, and as a result – economic decay, made it actually **impossible for the Government to take measures to improve social and economic condition of the population**.⁵⁸ Social sphere was mostly characterised by negative processes. Major social indicators:

- **average salary** in November 2014 made UAH 3,534 (\$210) vs. UAH 3,268 in November 2013 (\$400), i.e. **almost double fall** in U.S. dollar equivalent;

- throughout the year **debts on salary grew in more than three times** (from UAH 753 mil in January 2014 to UAH 2,367 mil in December);

- the **unemployment level** among people of working age in the III quarter of 2014 reached 9.9% (vs. 6.8% in the same period of 2013);

- according to the official data, **586 thousand citizens of non-retiring age and 514 thousand of working pensioners have lost their work place** during the year;

- according to the data provided by the Federation of Trade Unions of Ukraine, 5 to 7 million of persons of working age are **employed in the informal economy sector**;

- national currency **devaluation** (by the end of the year made 100%) and high level of inflation (almost 25% according to the

⁵⁷ <http://www.worldaffairsjournal.org/blog/alexander-j-motyl/there-economic-reform-ukraine>.

⁵⁸ http://www.uceps.org/upload/1424704722_file.pdf.

official data) discounted people's savings, and in combination with the slump in the prices and tariffs in the sector of "monopoly payments" (transport, energy, utility services, medicines) – drastically reduced purchasing power, which is proven by the reduced retail turnover in almost all regions of the country.

As a result thereof, the level of **public welfare has decreased**. As estimated by the Institute of Demography and Social Research under the National Academy of Science of Ukraine, the poverty level may reach 30% of the population – vs. 24.5% in 2013.

According to the results of the monitoring of financial condition of Ukrainian families carried out by the Sociological Service of the Razumkov Center, in December 2014 (compared to January 2014) the amount of families "**barely making ends meet**" increased from 14 to 19%. Instead, the total amount of families "generally earning enough for living", "living well-off" and who "may afford almost everything" reduced from 46% to 39% respectively.

Since a positive scenario in the conflict with Russia is rather doubtful, "freezing" the situation may result in **militarization of social and political life**, which will terminate and complicate the development of positive tendencies in the society.

The presence of **pressure groups** in political environment that are **not interested in any changes** in the life of the society or the state will complicate the reform process and provoke re-emergence of former corrupt schemes. It can be predicted that leading Ukrainian financial and industrial groups will **attempt to diversify political risks** and realize their ambitions with the help of various authorities and political forces.

The current situation offers **no obvious prerequisites for overcoming the growing** crisis in the economy and, consequently, in the social sphere. Moreover, just as during the past year, in the light of the pressures of problematic social environment; accumulated debts, including the payment of wages and social benefits; growing numbers of internally displaced persons; the shrinking of the domestic labour market; and the rise in prices and tariffs, etc., the Government will be forced to resort to socially unpopular steps.

Under these conditions, **social welfare will further decrease in 2015**, which will affect the vast majority of the population. The public has not yet seen tangible results of the declared fight against corruption, introduction of a strong antitrust and anti-oligarchy policy, and real economy and effective use of budget funds by state agencies.

On the other hand, there is ample evidence of corruption and impunity of criminal offenses, particularly cynical against the backdrop of war and efforts of volunteers and citizens at large to shoulder the challenges facing the military and war refugees. *More than nine-in-ten Ukrainians think their country's economic situation is bad (94%), including 66% who say it is very bad.* Similar percentages gave the economy negative ratings in 2014.⁵⁹

In addition to dissatisfaction with economic conditions, Ukrainians express little faith in some of their country's major institutions. The public is **especially critical of their court system**. Just 11% say the judiciary is having a good influence on their nation. Roughly three-quarters (76%) say its influence is bad; including 45% who think it is *very bad*.

Only about a third (32%) thinks the Government in Kyiv is having a good impact on the nation. Nearly six-in-ten (59%) say the central Government is having a negative influence. Positive views of Kyiv have dropped 15 percentage points in the past 12 months.

Potential consequences:

- economic, financial and political crises;
- low internal and external authority of the governance and political elites;
- inability to submit a bid for membership in UE, discredited EU integration idea;
- rise of regional tensions and discrepancies.

Russia's option – destabilisation

For Ukraine, the Western weapons supply means more than a guarantee that its European path is still supported by the coun-

⁵⁹ <http://www.pewglobal.org/2015/06/10/3-ukrainian-public-opinion-dissatisfied-with-current-conditions-looking-for-an-end-to-the-crisis/>.

tries which offered their help. Also, the weaponry it received and will receive in the next period will contribute, to some extent, to the increase of its capacity to cope with the threats coming from Russia. There is no doubt that, due to the fact that in the current context we talk about military threats coming from Russia, Ukraine is facing the biggest contemporary crisis which tests its capacity to handle a situation in which its existence and its territorial integrity are put to the test while its big neighbor to the East, the Russian Federation, represents a very dangerous enemy.

The weapons received from the West represents indeed a guarantee for Kyiv, an insurance for the Ukrainian state that it is not alone in front of the Russian danger, but it cannot work as an umbrella that will block all the aggressive actions ordered by Moscow. In this regard, Ukraine, in the following period, with all the Western support in the military domain, will remain vulnerable to the threat coming from the Russian state. And this is a fact that Vladimir Putin knows it very well, that's why, in the short time the Russian President will try to turn the situation in its favor, a suitable option in this regard being the destabilization of the Ukrainian state.

Through an destabilized Ukrainian state, possible by specific military actions of the hybrid war, Moscow may tip the balance in its favor: the Western weapons suppliers could be discouraged to arm a country whose future may not be as they desired, so a lower interest for Ukraine of some powerful international actors like the US, EU and NATO, would act in favor of Russia.

In the short term, the Moscow's military actions in Eastern Ukraine will maintain a level of instability in this area, with negative effects over the whole country, so Kremlin's intentions to destabilize the Ukrainian state will have the expected effects. In this regard, preoccupied not to lose the gains obtained so far (the Crimean Peninsula, the slowing of the Kyiv upsurge toward Europe), Moscow will do all it can to continue the measures taken so far (informational war, direct aggression through little green men' actions etc.) in order to maintain Ukraine in a state of instability and uncertainty that prevent Kiev from following the path of the Europeanization.

2. Ukraine under pressure: forced federalization of the country (Narciz Bălășoiu)

UA receives weapons + cohesion in coalition + reforms + social unrest + Russia's option: federalization (strong signal)

The crisis in Ukraine is becoming more complicated, and this is why the West is increasingly concerned by the possibility of escalation. A series of analyses were done regarding the options available to the West in this context, but the aggressive and volatile behavior of the Russian Federation doesn't leave the necessary room for maneuver needed for a diplomatic settlement. This situation shows that the tools, most of them using soft power, of the European powers cannot handle conflict dynamics. On the other hand the international community took note of the shift away from liberal paradigm, in which the system of interdependence seemed to protect the fundamental interests during the interactions between the two geopolitical spaces. After sanctions have not yielded the expected results, and Moscow continues to supply weapons and people to the provinces of eastern Ukraine, it became obvious that the West's answer will have to be adapted in form and intensity to the level of perception of Russia.

The most complex discussions were focused around the issue of arming Ukraine. This was the moment when the United States decided to take control of management of the situation in eastern Ukraine, given that all measures taken until then by the leaders of the old continent were insufficient. The decision to equip the army led by Kiev with lethal arms was made by the White House and the approved by US Congress. The move was met with skepticism by some EU member states, among which Germany and Italy were the most vocal. The main argument presented by them was increasing the risk of escalation and, respectively, the risk of starting a large-scale conflict in Europe, a situation that the US cannot perceive in its full complexity, given that it is a conflict fought by proxy at a great distance from its own territory.

As expected the Russian Federation acted strongly at a declarative level, and tactical maneuvers quickly followed. From the

first moments we witnessed an intensification of violence given the new capabilities deployed by Ukrainian standing army.

On the other hand, for the Russian Federation the need to preserve the already provinces became a matter of military strategy, but also neo-imperialist pride. Therefore Moscow is not willing to take any step back, but in the short term does not start flooding the two regions with soldiers and military equipment. In this context, the border (between the rebels and the army of Kiev) was strengthened, the risk of a large-scale war decreased, but the massing of troops and military equipment on the Russian side of the border indicates a state degenerative tension. Although the two spheres of influence seems to have mapped out their claimed territory, to the detriment of Ukraine, it is very likely that the Russian Federation is preparing for a “stop and go” scenario.

Foreign support is likely to instill optimism and solidarity among ruling coalition, meaning that taking western path, with all aspects involved, will not be an effort they will have to make alone. The perception of a strong external ally decreases appetite of pro-Russian groups for assumption of a prominent position, while fueling the anti-Russian speech. One of the most notable effects of setting up a stable political alliance is its capacity to implement reforms. Continuing on the European path requires implementing a package of reforms designed to strengthen the administrative capacity of the state as well as strengthening the rule of law. Battles between various factions within the scope of the organized crime is intensifying in these moments, something which highlights the vulnerabilities of the system, from police and intelligence services to courthouses. Corruption is a scourge that Ukraine is trying to tackle using the new package of reforms that started in cooperation with the European Union, but the resistance is extremely powerful, given the Soviet bases on which the state apparatus build. On the one hand we can see resilience to change, present in any system, but with external support the Ukrainian government successfully instates loyal people in key positions, which in turn initiate the changes necessary at the base of the pyramid. The level of influence that Russia has within the different state structures of Ukraine is dramatic, and the sanitizing process is extremely difficult and complicated.

On the other hand, the reforms imposed by new ruling majority coalition includes the restructuring economic systemic, from one based on primarily on leeching capital from state structures, to one based on the free market principles. These mutations generate rejection from a segment of society, causing large-scale protests. This kind of economic recovery means unproductive state companies will be shut down, and, subsequent, a significant number of people will be dismissed (fired). In this context the unemployment will increase rapidly, and more and more Ukrainian citizens will withdraw their support for the ruling political party.

The liberalization of the visa regime becomes a very important topic in the discussions with the West, in order to redistribute the social burden created by the large number of people thrown into unemployment. Ukraine's economy does not benefit from major direct foreign investments mostly because large foreign companies are still very cautious regarding the possibility of new escalation in the conflict with Russia.

Reality is divided between the optimism generated by the American military support and the deep discontent triggered by socio-economic reforms. This kind of context does not remain unexploited by Moscow that is trying to highlighting the negative aspects resulting from the rapprochement with the West, compared to the potential support that it's willing to offer. Kremlin pushes for a Federal solution in Ukraine, convinced they will succeed in gathering a critical mass of discontent people in many regions. The confused Ukrainian population oscillates between hatred for Moscow, whose actions led to the disintegration of the nation state, and furious dissatisfaction towards the government that is implementing measures, which areas painful as they are necessary. With the exception of regions already controlled by Moscow, the Ukrainian population remains refractory (reserved) towards the alluring proposals of the Kremlin, which is why the Parliament finds the political support needed to reject the proposed federalization formula. It is true that the Kiev administration is forced to take on the project of decentralization, but it does so in a way that does not distinguish between occupied and free areas and is therefore a unitary state project.

Despite all the difficulties, the citizens continue to support the government in light of the developments in the area of strengthening the rule of law which are hitting the corruption at all levels. The need to export workforce is critical for Kiev, because being unable to absorb and integrate these people can fuel various paramilitary and organized crime groups capable of undermining the national security of the state.

3. Ukraine's internal cohesion and support for a better life in the West (Alyona Getmanchuk, Alexandru Voicu)

UA receive weapons + cohesion in coalition + reforms + support for Government + Russia's option – destabilization (weak signal)

West's decision to supply arms to Ukraine depends on the US readiness to initiate such a process. Certain NATO member states and US allies in the world have already signaled their readiness to send arms to Ukraine but are awaiting the US lead in this process. In the US the pressure on President Obama is increasing from different sides, predominantly from the US Congress. Despite visible reluctance to adopt positive decision on supplying arms to Ukraine President Obama, however, once admitted that "the US is studying the option of supplying lethal defensive arms to Ukraine if diplomacy fails to end the crisis in the east."⁶⁰

He will have more space to act if the Minsk agreement fails and there would be no adequate political option. Presidential campaign is creating additional pressure on President Obama since all the major presidential candidates (including Democratic Party's representatives) are supporting arms supply and criticize President Obama for not doing it. As the date of Presidential elections is approaching there will be more pressure on Obama since major candidates are interested in a decision taken under Obama administration and not during their own administration.⁶¹

⁶⁰ Ukraine crisis: Obama "may supply weapons to Ukraine" – latest, 09/02/2015, <http://www.bbc.com/news/world-europe-31279621>.

⁶¹ The author's interview with former US government representative, 25/06/2015.

In the short term we can witness coalition cohesion on crucial issues even if some personal tensions between main coalition partners will continue to emerge. Political cohesion will be the result of several factors.

Firstly, it will be a result of the pressure coming from Western countries, especially from the US and Germany. German officials admit that for now, their strategy has been reduced to damage control on three main fronts. The first front is Kiev, where Berlin is working to ensure emerging cracks between Ukraine's leaders – President Petro Poroshenko and Prime Minister Arseniy Yatseniuk – are not widening, as they did nearly a decade ago between the previous leadership duo, Viktor Yushchenko and Yulia Tymoshenko.⁶²

The second factor is that both President and prime minister have their lessons learned from the Orange revolution infighting between then President and Prime ministers which lead to the failure of Orange revolution ideas and brought Viktor Yanukovich to the power. Also president Poroshenko at the moment doesn't have the appropriate candidates to replace Prime Minister Yatsenyuk who would be supported both by the Parliament and the West.

Coalition cohesion will enhance Ukrainian government ability to push fresh economic reforms and anti-corruption measures that are key for securing new aid from the West. There is an understanding at the highest political level that reforms are unavoidable. Despite strong pushback from bureaucratic apparatus, permanent pressure on reform implementation goes both from the West and Ukrainian civil society. In terms of the West, the most effective leverage turned out to be pressure from IMF. Ukrainian government had a strong excuse when there were active military actions in Donbas region but after relative ceasefire entered into force they can not use the same excuse for explaining why reforms are not being implemented.

There is also a huge political pressure on Ukrainian government including Prime Minister Yatsenyuk in terms of speed of reforms implementation. President Poroshenko clearly hinted in his annual address to the Parliament that current Government has

⁶² Merkel hits diplomatic dead end with Putin, 25/11/2014 <http://www.euractiv.com/sections/trade-society/merkel-hits-diplomatic-dead-end-putin-310320>.

a deadline until the end of the year for delivering pin-sharp results. The first visible reform has already been initiated. It is the reform of Ukraine's police service which was inaugurated on July, 4.

Effective reforms will secure public support of current Ukrainian government. Despite some unpopular steps which the Ukrainian government is forced to conduct and disappointment caused by the speed of reforms process there is still reasonable trust and solidarity with the current Ukrainian ruling coalition. If the parliamentary election were to be hold, current ruling coalition would gain more than 70% of votes⁶³. This could be more than it gained in the last year election (68%).

The government support will be greatly enhanced through economic stabilization. Ukraine will manage to pass the economic recession, Ukrainians will finally put up with the current rate of national currency and economy will start to grow. According to EBRD analysis Ukraine's economy will grow for 3% in 2016. Raiffeisen Bank International expects 1,5% grow of Ukrainian economy for the next year⁶⁴.

The more successful the Ukrainian government will be in implementing reforms the more aggressive Russian president might become. For Putin, Ukraine's success story would mean political failure of the regime. In a short term perspective Russia will use all the political and financial tools in order to secure pro Russian parties (first of all, Opposition block) convincing victories in some district at local election on October, 25 2015. Russia will encourage pro-Russian political forces, NGOs and civic groups in different regions of Ukraine with the main focus on Eastern and Southern part of Ukraine using as a trigger unbearable socio-economic situation. Already today Opposition block could count on third result at local election (12%) after President Poroshenko block (19%) and "Samopomich" party (13,8%)⁶⁵.

⁶³ Mestnye vybory: vozmozhen li revansh byvshikh soratnikov Yanukovicha?, http://news.liga.net/articles/politics/5430634-mestnye_vybory_vozmozhen_li_revansh_byvshikh_soratnikov_yanukovicha.htm.

⁶⁴ Raiffeisen prognozue padinyaya VVP Ukrainy na 10%, 21/05/2015, <http://www.epravda.com.ua/news/2015/05/21/543373/>.

⁶⁵ Kovo ykraintsy hochyiyuty bachity v mistse v ih organah vladi – opituvannya, 12/06/2015, <http://fakty.ictv.ua/ua/index/read-news/id/1553490>.

Also there will be attempts to dissolve the current coalition using some already existing divisions in the views on Constitutional reforms. Russia is interested in holding new parliamentary election and creating a new coalition with representatives of Opposition block who are loyal to Russia's Prime minister. Russia will do its best in order to implement the same scenarios it was realized under President Yushchenko. Then after the split in Orange team new election were held and President Yushchenko was forced to nominate Yanukovych as a new Prime minister.

Another line of destabilization is throw influential media outlets which deliver messages aimed to undermine credibility toward current Ukrainian government and depict only negative developments in Ukraine. Among those media-outlets are "Inter" TV-channel, "Vesti" newspaper etc.

4. Ukraine manages its own faith, with the capacity of refusing reintegration of Donbas through federalisation (Adina Cincu)

Ukraine receives weapons + cohesion in coalition + reforms + support for the Government + Russia's option: federalisation (strong signal)

In the context of the violent tensions in Eastern Ukraine supported by pro-Russian separatists military backed by the Kremlin who has failed to implement the Minsk protocol key provisions bringing more Russian soldiers and weapons in Ukraine, the fact that the US House of Representatives approved a resolution urging Obama to provide Ukraine lethal weapons to defend itself against Russian aggression, enhance Ukraine's ability to defend its sovereign territory from the unprovoked and continuous aggression of the Russian Federation⁶⁶ that in February 2015, in Abu Dhabi, Poroshenko signed the purchase of Western, mainly

⁶⁶ *US House Urges Obama to Send Lethal Arms to Ukraine*, available at: <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/> accessed on 07.07.2015.

US weapons via United Arab Emirates is of significant importance in the evolution of the Ukrainian crisis. The fact that the Western community decided to go beyond simply offering Ukraine non-lethal military aid such as protective vests, counter-mortar radar system, nonlethal support including medical, logistic, infantry and intelligence capacity building, and provide the most important component against the military capabilities of the Ukrainian separatists supported by Kremlin-lethal weapons (antitank missiles, small arms and ammunition, means of communication and protection systems)—is a remarkable and vital step in the future evolution of the Ukrainian conflict. This US decision underlines the solidarity of the trans-Atlantic powers towards a sovereign state, even with Germany and France's initial opposition⁶⁷ and it represents an acknowledgment of the fact that Ukraine itself cannot militarily defeat Russia backed separatists with its current state of military equipment of the armed forces and that Angela Merkel's strategic patience plan is not a valid one in the context of the permanent Russian disrespect for the Minsk Agreement.

In what regards the government coalition in Ukraine it can be said that there exists a strong cohesion and unity of approaches towards the future path of the Ukrainian state and the best example can be the comprehensive agreement of all the five parties of the ruling coalition that Ukraine's membership to NATO is its major goal⁶⁸ along with its European integration. The cohesion of the governing institutions in Ukraine can be best observed in the common perception of the tensions in Eastern Ukraine as a result of the direct illegal involvement of the Russian Federation in order to destabilize the Ukrainian state by supporting pro-Russian separatists. Both the Ukrainian President Petro Poroshenko and the Prime-Minister have stated that the Ukrainian armed forces must be prepared to defend against a possible full scale invasion from Russia. The coherence of the

⁶⁷ *Germany slams NATO European commander's comments on Ukraine as 'dangerous propaganda'* – Spiegel, available at: <http://rt.com/news/238673-germany-nato-propaganda-ukraine/> accessed on 07.07.2015.

⁶⁸ *New Ukraine Coalition Agreed, Sets NATO As Priority*, available at: <http://www.rferl.org/content/ukraine-parliament-coalition-agreement/26703123.html> accessed on 07.07.2015.

current Ukrainian government coalition can also be illustrated by their agreement to allocate at least 3% of the nation's gross domestic product for defense and create permanent military bases in the country's east to help the armed forces' fight against the pro-Russian insurgency, thus, the presence of an external threat – Russian Federation – keeps the coalition together. On the other side, the fight against the oligarchs and their constant weakening positions can also contribute to a stronger government which can expose a greater influence over all important evolutions.

Ukrainian President Petro Poroshenko has proposed a comprehensive reform program for Ukraine: de-regulation, “de-oligarchization”, de-bureaucratization and de-centralization. The Ukrainian government has improved conditions for business, has improved its financial stability (comprehensive reform of the tax code), advanced on its European path by signing the association agreement with the European Union, improved its national security measures (Ukraine has rebuilt its armed forces) and its overall governance performance in 2014 were extremely welcomed by the Western partners.⁶⁹ According to Premier Yatsenyuk, his government has initiated: “*deep and structural changes in public administration, energy sector, and other spheres.*” He also stressed that: “*Year of 2015 is a year of stabilization, and in 2016 positive economic and social dynamics can start.*”⁷⁰ Important and coherent plans of reform have been also introduced in the gas sector/energy realm (monopolies are being broken) and in what regards the privatization of thousands of state owned businesses, both main areas of corruption have,⁷¹ and promises were also offered for cutting the budget deficit, curb the pensions. The

⁶⁹ *Ukraine's government touts long list of reforms, achievements since February 2014*, available at: <http://www.kyivpost.com/opinion/op-ed/ukraines-government-is-touting-long-list-of-reforms-achievements-since-february-2014-387450.html> accessed on 07.07.2015.

⁷⁰ Anastasia Forina, *Yatsenyuk reiterates commitment to reforms in year-end interview*, Kyiv Post, Feb. 28, 2015, <http://www.kyivpost.com/content/ukraine/yatsenyuk-reiterates-commitment-to-reforms-in-year-end-interview-382168.html> accessed on 07.07.2015.

⁷¹ Greg Satell, *The Beginning Of The End For Putin? Real Reform Begins To Take Hold In Ukraine*. Available at: <http://www.forbes.com/sites/gregsatell/2015/04/28/the-beginning-of-the-end-for-putin-real-reform-begins-to-take-hold-in-ukraine/> accessed on 07.07.2015.

initial visible positive results of the reform program may appear extremely attractive to the Ukrainian people in the Eastern part of the country who can slowly develop a better approach towards Kiev's central government, a positive image that compared to the brutal governing of the separatists may lay the ground for a possible reorientation towards the West and a strong distancing from Russia.

The Ukrainian people support its coalition government that will drive the country through a package of incredibly deep historic reforms, ordinary citizens believe in the ability of the National Reform Council to improve the political, economic and societal situation in the country and to fulfill the goals of the dignity revolution. Prime-minister Yatseniuk has underlined the empathy it has for the people of Ukraine and his stated commitment to listen to the people's concerns and make a better Ukraine for all, has attracted significant support for his government⁷² and almost 90% of the Ukrainian people support Ukraine as a unitary state.

Russia's option for Ukraine is the federalization scenario, a call to create a federal structure that can provide self-governance for the mainly Russian speaking rebel areas in Eastern Ukraine. Putin has expressed his determination during the Ukrainian crisis that there can only be peace through Eastern Ukraine statehood and when each region of Ukraine will have authority over its economics, culture, language, education, foreign economy with neighboring countries.⁷³ Russia wants Ukraine to respect the stipulation of the Minsk Agreement that says decentralisation will begin, taking into account the special features of certain parts of Donetsk and Luhansk regions, agreed with representatives of those regions and also the adoption of permanent laws on the special status of those areas.⁷⁴ Putin's option for the federa-

⁷² Adam Nathan, *PM Yatsenyuk comes out fighting for the people of Ukraine*, available at: <http://uatoday.tv/opinion/pm-yatsenyuk-comes-out-fighting-for-the-people-of-ukraine-424098.html> accessed on 07.07.2015.

⁷³ Paul Roderick Gregory, *Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia*. Available at: <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/> accessed on 07.07.2015.

⁷⁴ *Ukraine ceasefire: New Minsk agreement key points*, available at: <http://www.bbc.com/news/world-europe-31436513> accessed on 07.07.2015.

lization of Ukraine leaves no authority for the central Kiev government, thus putting an end to the unitary Ukrainian state. Such a federalization proposal can offer Russia an important leverage against Kiev through its proxy regional governments in the Eastern part of the country because if the eastern regions could hold referendums, Donetsk and Lugansk can hold a referendum on joining Russia along the lines of the one in Crimea, offering thus a legal base to destroy once again the territorial integrity of Ukraine. The Ukrainian president clearly stated that Ukraine will remain a unitary state, with Ukrainian as its sole official language and although it has accepted decentralization as an important measure to organize the country, Ukraine will remain a unitary state and these changes will not affect defense, national security or the state's foreign policy.⁷⁵ Decentralization is what is probable to be achieved by Kiev who admits that Ukraine's central state apparatus is too large, intrusive, corrupt and inefficient.⁷⁶ Poroshenko is willing to call a referendum on the country's unified status after constitutional changes to devolve power to province, districts, cities, towns and villages under a peace agreement to end the violent conflict with the pro-Russian rebels.

Western arms transfer will create a scenario of an enforced frontier in Ukraine and can help Kiev's armed forces fight against the separatist movements in the Eastern part of the country in order to try to regain control over the breakaway republics that do not recognize Kiev's rule and thus, fight against Russia's aggressive and illegal actions, that are in clear violation of the international law. On short term, Ukrainian military will be able to control Novorossia, the recent military transfer in Ukraine exposing the fact that Kiev is not going to reduce its defense capacity that will continue combat training. Western direct military aid for Ukraine can also lead to an important escalation

⁷⁵ Daryna Krasnolutska; Kateryna Choursina; Volodymyr Verbyany, *Poroshenko Says He's Ready to Call Unified Ukraine Vote*, available at: <http://www.bloomberg.com/news/articles/2015-04-05/ukrainian-truce-challenged-as-car-blasts-kill-government-troops> accessed on 07.07.2015.

⁷⁶ Alexander Motyl, *Why Russia Wants the Federalization of Ukraine*, available at: http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html accessed on 07.07.2015.

of the conflict in the Eastern part of the country, because pro-Russians or even Russians will find themselves under fire from American weapons and that could trigger a dangerous escalation of the conflict, because arming a non-NATO country by the Western partners may increase the death toll rather than reduce it and may include a massive Russian military response.⁷⁷ As a direct response to Western military arms transfer to Ukraine, the Kremlin will enhance its military support for the separatists in the East and it may create some strategies so that these pro-Russian militants could expand their control over other territories in Ukraine, thus contributing to the region's instability. Thus, arming Ukraine may fuel on short term important separatist outbreaks and this would get the US closer to a proxy war with Russia, a tension long sought to avoid.

It is important to take into account that although military arms transfer from the West can help the Ukrainian forces fight the separatist violent expansion tactics, there is no guarantee that US arms would be decisive in the current crisis and the tensions that might result from the decisions of an antagonized Kremlin may not help stabilize the situation in Ukraine, but instead may prolong a conflict from which Kiev might not get out as a winner. The US does not want to completely breakdown its ties and return to a great power competition with Russia, being completely aware of the Kremlin's help on key strategic aspects like the Middle East strong instability, but Western efforts like sending arms to Ukraine may strongly antagonize Putin's Russia that seems willing to continue supporting the conflict, despite the economic difficulties resulted from the sanctions, the price of the oil. As it was shown by the Minsk Agreement, Putin is not willing to stop its support for separatism in Eastern Ukraine and the effort of increasing the military cost for Russia's activity in Ukraine by providing Kiev's military forces with Western lethal weapons is probably not going to convince Kremlin to seek a diplomatic solution and to finally abide by it. Such a Western military help for Ukraine may be perceived by ordinary Russians

⁷⁷ *Germany Again Warns Against Lethal Weaponry for Ukraine*, available at: <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html> accessed on 07.07.2015.

as a direct threat to their own security and thus they may move their attention from the hardships of Putin's policies and Western sanctions to uniting against the West and support Putin in his task of balancing what can be perceived as aggressive expansionism of the US. Regarding the sanctions regime, the US and its European Allies will probably continue apply it in order to pressure Kremlin's economy and determine Putin to stop supporting the separatist movements in Eastern Ukraine, a move that so far has proven successful, Russia's economy entering in recession in 2015 and facing important economic, financial difficulties.

On short term it will be hard to observe the effects of the reforms started by the Yatseniuk government but the steps taken until now are strongly welcomed by the European leaders who appreciate the fight against corruption, increased transparency in the country's tax system, strong fiscal discipline. This significant determined effort of the Ukrainian authorities will contribute to obtaining more international financing and support that should in the end help Ukraine reform and comprehensively develop so that it could rise again from this uncertain and instable situation caused by the war in the East. Strong adherence to reform and a true commitment of the Ukrainian authorities to transform the old, corrupt socio-economic-political environment will only consolidate Ukraine's true path, its devotion to Euro-Atlantic democratic values thus paving the way to a more comprehensive cooperation and negotiation with both the EU and NATO in numerous important fields especially security and defense, economy, fiscal policies, corruption.

The cohesion within the government coalition and its common approach not only to the main threats to Ukraine's security seen as represented by the presence of Russian military troops on Ukrainian soil and its illegal support for pro-Russian separatists, but also their common view on the necessary reforms that Ukraine should undertake, is likely to unite the population, to create a viable solidarity within the Ukrainian society that could then more strongly support the reform efforts. The Ukrainian population might also more strongly support its government when confronted with Russia's aggressive stance towards Ukraine's federalization, because they will not agree to break the state's unity, this step being perceived as a victory for Kremlin

who can then obtain the ability to destroy even more the territorial integrity and stability of Ukraine.

On short term, Russia's economic and financial crisis will deepen due to the new wave of sanctions applied by the West and to the stagnation of the oil prices, but Kremlin's ability to support pro-Russian separatists in Eastern Ukraine will persist. Because the net private capital outflows are expected to hit \$120 billion in 2015 (\$54 billion in 2014), Russia will still be able to financially sustain Crimea and its military efforts in Eastern Ukraine, irrespective of the weapon transfer the West has made to Kiev and because the results of the military reform in Ukraine will be best seen on medium term, it can be stated that Kiev will cannot and will not try to regain Crimea, The peninsula will remain on short term a *fait-accompli*, irrespective of Petro Poroshenko's expressed will that the Ukrainian war will be over when Kiev will regain Crimea, Crimea will not be a part of any new possible negotiated agreement between Ukraine and Russia, Kremlin's leaders considering it a legitimate part of its territory and a massive victory against the West's intentions of bringing Ukraine in its Euro-Atlantic community.

5. Ukrainians take the streets fighting stagnation and bad governance (Carola Frey)

UA receives weapons + cohesion in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

Fearing stalemate, and in an attempt to create a better space for negotiations, allies offered military equipment to the Ukrainian government, with the promise of more to come. The rationale behind the action is still to find a peaceful, political solution, but one where Russia deems that its own military posturing will be too costly and too risky. This policy option has certain advantages, such as breaking the current stalemate and enhancing Ukrainian capabilities to better defend itself against different types of threats. But there are also high risks, such as Russia becoming more directly engaged in the conflict and a further

deterioration of bilateral relations between the suppliers and Russia.

Ukraine is looking to bolster its armed forces, which mostly use aging equipment from the Soviet era, after losing its Crimea region to Russia in March 2014, and then large swaths of its Donetsk and Luhansk regions to pro-Moscow separatists. The fighting has caused havoc in the local weapons industry, which has suffered the loss of some facilities as it tries to maintain production of items (such as armored combat vehicles).

First of all in this case, with the supply of arms and armor (which Ukraine reportedly lost well over half in the conflict), Ukraine will be much better able to protect the territory it has left, and deter further attacks. Moreover, some of the broad strategic goals of Ukraine are translated into objectives. In doing so, primary objectives of this policy option can induce Russia to step back from interference in Ukraine and to observe the rules of international behavior.

Secondly, this option is an attempt to put Russia into a loss-frame through military aid through 2015. The underlying logic is to deter further Russian/separatist attacks in the first instance, and potentially also to enable Ukraine's forces to deal the separatists a strong enough blow so they will come to the negotiating table and agree to cooperate.

The idea is to proportionately increase the quantity and quality of heavy weaponry so that the Ukrainian forces are able to match the arsenal that the rebels have received. Newly rearmed, the Ukrainian government forces will be able to show significantly better capabilities to strike at the rebels. If the military posture does not suffice to induce a change in Russian attitudes, the supplying states can encourage the Ukrainian government to launch a counteroffensive (with defensive implications) until the rebels and Russia show greater cooperation.

On the internal political level the presence of an external threat keeps the coalition together. In addition, the oligarchs are weakened by current conditions (that require a strong intervention by the state authorities in the domestic affairs), meaning the government will have less competition and will hold more influence. This viewpoint implies the fact that the approach of the coalition will be based on "pragmatism", focused on stabilizing

Ukraine's economy. The situation does not worsen, but rather stagnates, with no significant advances. Yet, the cohesion in coalition does not rule out the existence of specific interests of the partners.

Even if from a certain point of view there will be attempts to achieve political and economic reforms the overall situation is that of stagnation. In play there are several factors that could impede these reforms, and according to Petro Poroshenko: “*after spending most of the day looking at military maps and studying the situation on the frontline, it's not easy to switch straight away to addressing the subject of promoting peace. War takes precedence over reforms in Ukraine.*” Therefore, the war effort and the focus on the military activity are clearly consuming a significant part of the energy that could otherwise facilitate democratic development and economic reform.⁷⁸

Stagnation and possible “fake” reforms increase social dissatisfaction of Ukraine's citizens, creating social unrest. Protests and civil disobedience can take place as a result of the government's inability to address the main domestic issues. This may have several implications on a variety of fronts: politically neither the Parliament nor the government will build any trust in society, and the situation with the President will not be better (after the election in 2014, there is a continuous fall of the president rating). Another major implication is the potential effect on the economic sector – creating limitations in space and time and a constant feeling of pressure and urgency.

Social unrest generates additional vulnerability and a general feeling of mistrust. State actions are not supported by the population even if they are directed against insurgents and are constructive in nature. The division between the state and the people leads to a general environment of unease and fear with a strong trend for individualization of problems. This propagates a state of discontent in most of the state structures and institutions leaving room for interpretation of orders and a strong question on loyalty.

⁷⁸ Frank Hofmann, “*War takes precedence over reforms in Ukraine*”, DW, 04.02. 2015, <http://www.dw.com/en/war-takes-precedence-over-reforms-in-ukraine/a-18234907>.

It has a strong psychological effect on the masses, Ukraine being a vulnerable target for psychological warfare techniques. Under these conditions the population can have its value system, belief system, emotions, motives, reasoning, and behavior influenced; or specific attitudes can be induced or reinforced, favorable to the originator's objectives.

Furthermore the combined situation has multiple consequences in causing severe direct losses but also operational challenges to business continuity, cascades of effects on counterparties and the macro-economy in general, and on the capital markets and investment portfolios⁷⁹.

The biggest risk is of escalation, considering the fact that Russia in this case has a destabilization approach and could trigger at least a proxy war. In this situation important to note is the fact that Ukraine has problems with its military beyond the need for better weapons and equipment. There is also poor leadership, inadequate training and a host of other problems. To make up in these areas, the United States and West allies would need more time and spending, thus limiting the immediate impacts of their options.

In doing so, Russia can appear to be attempting to recreate a sphere of influence by seizing a part of Ukraine, maintaining large numbers of forces on its borders, and demanding, as Russian Foreign Minister Sergey Lavrov stated, *that "Ukraine cannot be part of any bloc"*.

According to the U.S. State Department, Russia's "policy of destabilization" consist of: providing more heavy weapons to pro-Russia rebels and deploying additional Russian forces near the border with Ukraine. Thus, the emerging concentration of ethnic Russian and other pro-Russian rebels throughout the Ukraine-Russia border could serve as a justification for open Russian military intervention for the sake of protecting ethnic Russians.

However, before Russia establishes a continuity of operations objectives, the sequence of events in Ukraine fits into the "big picture" of critical Russian destabilization. First, social unrest

⁷⁹ *Millennial Uprising Social Unrest Scenario*, Cambridge Centre for Risk Studies, 2014, p. 4.

works as a facilitator process and multiplier for Russian activities, and can be used to undermine the political system, the credibility it has and the possible rate of successfully implementing change. Second, the overall situation of stagnation keeps the Ukrainian state in a constant position, limiting freedom of movement, impact of measures and the interruption and prevention of the Russian “policy of destabilization”.

6. Putting gas on the flames: de-structuring the state of an unhappy society (Radu Arghir)

UA receives weapons + cohesion in coalition + stagnation + social unrest + Russia’s option: federalisation (strong signal)

Ukraine is still a focal point in world politics almost a year and a half after the Russian invasion. While is true that the conflict has cooled down somewhat and there are a number of certainties that can be identified regarding its evolution, it still remains very volatile and open ended. If we also take into consideration the desire of main international actors to find a sustainable solution quick, or at least stabilise the conflict (as shown by the effort out into negotiated truces and Russia’s offensive carving out a sustainable state for the rebels in the east), it is safe to assume that the remaining important details for the future of Ukraine will be clarified within the next 12 months or less.

An important issue that has been hotly debated at all levels for the last few months is the question of lethal weapons. Despite several negotiated ceasefire agreements the fighting still continues at a reduced intensity.⁸⁰ The US House of Representatives has already overwhelmingly approved sending lethal weapons to Kiev⁸¹. The Pentagon and the Presidency have been mulling

⁸⁰ Radio Free Europe, “One Soldier Killed, 10 Hurt In Eastern Ukraine” July 1, 2015, <http://www.rferl.org/content/soldier-killed-10-wounded-in-ukraine/27104979.html>.

⁸¹ AFP, “US House Urges Obama to Send Lethal Arms to Ukraine”, March 24, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/>.

giving the go ahead ever since⁸². However some other NATO countries have already lost their patience and are already sending lethal weapons to the Ukraine⁸³. Given the large support for sending weapons and the fact that is already happening at a low level coupled with the failure of the agreements signed so far to maintain peace and the presence of Russian troops on the ground (meaning that Moscow is already sending lethal arms to the rebels)⁸⁴ it is just a matter of time before the US and other major countries will start sending lethal arms openly. Furthermore, Ukraine can just buy weapons⁸⁵, meaning that delaying arms shipments will have little effect on the actual fighting. It is also likely to happen soon, as no tangible progress seems to be reached using diplomacy. Additionally Obama's second term is coming to an end; therefore he can't wait more than the beginning of 2016 if he wants to see results during his term.

Arming Ukraine can fuel the conflict, but will also provide the country with the means to defend itself, which will help fortify the de facto border (by stopping the attempts of Russian supported rebels to expand their territory). Once the fighting goes in favour of Kiev or the rebels (with Russian help) will no longer be able to push for territory the conflict will be stabilised and Moscow will be incentivised to "freeze" it (as is the case with so many other conflicts in the ex-soviet space: Abkhazia, Ossetia, Transdnier, Nagorno-Karabakh), which in turn will allow any future truce to be credible (and reaching a credible truce has been the goal of most western countries). This is not a solution in itself, but it will prevent the risk of escalation and allow the parties involved to focus on other important issues with long term effects such as the economy or building a credible

⁸² Sputnik International online, "Pentagon Still Considers Sending Lethal Weapons to Ukraine – Carter", July 7, 2015, <http://sputniknews.com/europe/20150707/1024332005.html>.

⁸³ Russia Today, "Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal", March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

⁸⁴ Mark Urban, "How many Russians are fighting in Ukraine?", March 10, 2015, <http://www.bbc.com/news/world-europe-31794523>.

⁸⁵ Robert Wall and Jams Marson, "Ukraine to Buy 'Defensive' Weapons in U.A.E., President Says", February 24, 2015, <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

democracy in Ukraine, for Western countries, and the federalization of Ukraine, for Russia.

Regarding the political scene in the next 12 months the government is likely to hold, mostly due to its large majority. The ruling coalition controls almost two thirds of the parliament⁸⁶, which means the opposition is very weak and the current coalition will still hold majority if one or more parties leave it. Moreover it enjoys external support, and even though it has budget issues “The International Monetary Fund says it could continue bailout funding for Ukraine even if Kyiv does not reach a debt-restructuring deal with private creditors.”⁸⁷ Furthermore the Ukrainian PM made clear he wants to maintain the current course and will push “tough but necessary reforms” in order to maintain Ukraine “a pro-European state”⁸⁸. There are also other aspects within the country helping government cohesion. Firstly, probably an unplanned side effect of the Russian invasion, the war and the difficult economic conditions has weakened regional power holders, known as oligarchs. They are still present but their fortunes are decreasing and that means the government will have to deal with less competition (or resistance) from them and will hold more influence over Ukraine as a whole.⁸⁹ Secondly, there is the looming threat of war coming from Moscow. It hardly needs explaining but the greater the risk the less likely will a coalition member be likely to leave it, because it can be seen as collaborating with the external threat. And the Ukrainian president has rated the threat as “colossal”⁹⁰; it doesn’t get any clearer than that.

⁸⁶ Radio Free Europe, “New Ukraine Coalition Agreed, Sets NATO As Priority”, November 21, 2014, <http://www.rferl.org/content/ukraine-parliament-coalition-agreement/26703123.html>.

⁸⁷ Radio Free Europe, “IMF Says Can Support Ukraine Without Private Debt Deal”, June 11, 2015, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>

⁸⁸ BBC, “Ukraine’s PM Arseniy Yatsenyuk warns of ‘tough reforms’”, March 2, 2015, <http://www.bbc.com/news/world-europe-31689779>.

⁸⁹ Balazs Jarabik and Yuliya Bila, “And Then There Were Five: The Plight of Ukraine’s Oligarchs”, June 17, 2015, <http://carnegie.ru/eurasiaoutlook/?fa=60429>.

⁹⁰ Radio Free Europe, “Ukraine’s Poroshenko Warns Of ‘Colossal Threat’”, July 10, 2015, <http://www.rferl.org/content/ukraine-poroshenko-warns-colossal-threat/27053203.html>.

Summing all this together it is safe to assume the coalition will hold together in the next 12 months, vital for receiving foreign aid in the form of funds and arms. However political stability does not guarantee economic growth or the implementation of reforms. The economy is struggling under the weight of the war and the state is on the brink of default⁹¹. Reforms were initiated, but progress is slow even if incentives are provided by European states and international organizations.⁹² It is unlikely major progress will be achieved soon (meaning 12 months or less). Much has been done (cut the number of permits and licenses for businesses by 50 percent, targeting food, agriculture, energy and information technology sectors; increased agricultural output in 2014 by 16 percent; reformed the outdated system of energy tariffs, raising natural gas tariffs by 280 percent and heating tariffs by 66 percent; in 2014, received \$9 billion in financial aid while repaying \$14 billion to international creditors; eliminated a number of shadow economic schemes; eliminated the outdated system of privileged pensions for state officials; introduced taxation of high pensions; adopted a package of anti-corruption laws and established a National Anti-Corruption Bureau; entered 400 officials into the lustration register after adoption of a lustration law; eliminated Soviet-style general oversight of the public prosecutor)⁹³ but it will take time before effects on the economy become visible. So far as shown by the current state of the economy that is likely to fair even worse in the future due to bad demographics⁹⁴ and the status of the state budget that is facing default⁹⁵ the perspectives are rather bleak.

⁹¹ David Marples, "Prospects for Ukraine in 2015", December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

⁹² RAF CASERT, "EU offers Ukraine more loans if it makes promised reforms", January 8, 2015, <http://finance.yahoo.com/news/eu-offers-ukraine-2-12-billion-more-sticks-141000417.html>.

⁹³ Mykola Lazarenko, "Ukraine's government touts long list of reforms, achievements since February 2014", *Kyiv Post*, April 30, 2015.

⁹⁴ Mark Adomanis, "Ukraine's Economy Is A Disaster. Its Demography Is Even Worse", May 30, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/30/ukraines-economy-is-a-disaster-its-demography-is-even-worse/>.

⁹⁵ Russia Today, "Ukraine could default in July – finance minister", June 15, 2015, <http://rt.com/business/269623-ukraine-yatsenyuk-sovereign-debt/>.

This will inevitably lead to one other problem, social unrest. It's already present, and there is no sign it will subside. Anything from the soaring cost of private loans⁹⁶ and utility bills⁹⁷ to the lack of reform⁹⁸ and the state budget (for 2015)⁹⁹ has caused protests and living conditions aren't getting any better soon. Moreover critics of the current government, which include Moscow, will no doubt try to capitalize on existing issues¹⁰⁰ and encourage social unrest while organizing their own protest movements.¹⁰¹ Unrest is bound to continue and likely increase in the next 12 months, though given the stable government, is it unlikely to achieve anything in terms of political change (topple the government of determine major shifts in policy). It will just become a part of daily life in Ukraine. An area where its effects can clearly be seen is the approval rating of the Ukrainian president. It has already plummeted since the elections¹⁰² and will probably continue to do so, meaning the government will enjoy very little support from the population. This will not, however, have much of an impact, apart from the aforementioned resistance to certain measures taken by the government and the result of future elections (and only local elections are set to take place in the next 12 months).

Given these four factors (the evolution of the fighting in east Ukraine, of the ruling coalition's cohesion, of the economy and

⁹⁶ Russia Today, "Clashes, tires on fire outside Ukrainian parliament in Kiev", May 21, 2015, <http://rt.com/news/260905-clashes-fire-kyiv-protst/>.

⁹⁷ EuroNews, "Kiev protesters call for more transparency about utility charges", May 14, 2015, <http://www.euronews.com/2015/05/14/kyiv-protesters-call-for-more-transparency-about-utility-charges/>.

⁹⁸ Russia Today, "'Impeach Poroshenko!' Massive anti-govt rally held in central Kiev", June 6, 2015, <http://rt.com/news/265516-kyiv-protst-against-govt/>.

⁹⁹ Kyiv Post, Maxim Tucker, "Ukraine's 2015 budget proposal stirs fresh protests", December 28, 2014, <http://www.kyivpost.com/content/kyiv-post-plus/ukraines-2015-budget-proposal-stirs-fresh-protests-376297.html>.

¹⁰⁰ Leonid Bershidsky, "Ukraine's President Takes on Its Richest Man", April 24, 2015, <http://www.bloombergsview.com/articles/2015-04-24/ukraine-s-president-takes-on-its-richest-man>.

¹⁰¹ OffGuardian, "New anti-US protest in Kiev", April 23, 2015, <http://off-guardian.org/2015/04/23/video-new-anti-us-protest-in-kyiv/>.

¹⁰² Evgen Vorobiov, "One Year of Poroshenko's Presidency: Is the Public Love Gone?", May 26, 2015, <http://euromaidanpress.com/2015/05/26/one-year-of-poroshenkos-presidency-is-the-public-love-gone/>.

of the social movements) is it very likely that the Kremlin will keep pushing for the federalization of Ukraine. The arming of the Ukrainian army means that Moscow will not be able to destabilize the country using its military for much longer for much longer, and the prospect for a full blown war is almost zero in the next 12 months. Also despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow's definition of federalization¹⁰³, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)¹⁰⁴ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get what is aiming for, but it will continue to push nonetheless.

7. People pressing Ukraine Government for real reforms (Oleksii Melnyk, Narciz Bălăsoiu)

UA receives weapons + cohesion in coalition + stagnation + support for the Government + Russia's option – destabilization (weak signal)

The issue of providing or not providing lethal weapons to Ukraine has been discussed widely and energetically in Washington and the European capitals. No consensus has been

¹⁰³ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

¹⁰⁴ Forbes Online, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paulroderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

achieved so far, but there is a positive trend in wording, which gives some hopes. Slowly but steadily the rhetoric has been changing from “lethal-nonlethal” to “defensive”. Also, there is a growing understanding about the possible reasons for provocation of Russia and the effective ways of deterrence. By the way, it is worth to appeal to the recent as well as to more distant historical lessons.

*It [Russia] does not work by fixed plans. It does not take unnecessary risks. Impervious to logic of reason, and it is highly sensitive to logic of force. For this reason it can easily withdraw—and usually does when strong resistance is encountered at any point. Thus, if the adversary has sufficient force and makes clear his readiness to use it, he rarely has to do so. If situations are properly handled there need be no prestige-engaging showdowns.*¹⁰⁵

The opponents believe that providing Ukraine with the lethal weapons will escalate fighting in the Eastern Ukraine for the two main reasons. First, such a decision might provoke the Kremlin to launch a major offence as a preventive measure before the Ukrainian defence capabilities are significantly strengthened. Second, there is a fear that the Ukrainian Government would be encouraged seize an opportunity to attack and regain the occupied territory.

Both assumptions have had a very weak argumentation, not based on the sorrow analysis of the Russian, i.e. President Putin’s decision making. Of course, he may use this precedent as a cause, but the real reason will have nothing to do with the real one. It may also provoke him to take that action earlier, but should not be considered as a provocation for the offensive as such.

In short-term, if there is no large-scale escalation of fighting accompanied by clear evidences of the Russian backup, it is highly unlikely that President Obama or Chancellor Merkel would accept the arguments of Senator McCain¹⁰⁶.

¹⁰⁵ George Kennan’s “Long Telegram” February 1946.

¹⁰⁶ US Senator John McCain: Ukraine can win the war if given weapons to defend itself. UATODAY.TV, 16 March 2015, <http://uatoday.tv/politics/us-senator-john-mccain-ukraine-can-win-the-war-if-given-weapons-to-defend-itself-415533.html>.

In mid-term, the issue of transferring weapons to Ukraine will be not as urgent and sensitive as it has been during the active phase of the conflict. First, Ukrainian Government has already taken necessary decisions to increase the national defence industry capabilities. The National Programme for the Defence Industry Development is to be adopted until the end of 2015. Having relatively strong national design and production capacities, already existing international cooperation, inclusive with the Western partners, Ukraine will be able to fulfil a significant part of its own defence equipment requirements, especially if Ukraine gets an access to modern technologies. In addition to, the US, UK, Canada as well as the other countries are already providing a considerable level of support for Ukraine¹⁰⁷ and it may be expected that they will continue as long as there is no positive change in the Russian international behaviour.

A real progress in the Ukraine's security and defence sector reforms supplemented by the weapons modernisation process will strengthen the national defence capability to the extent, which will provide a strong deterrence against any possible attack from the Russian conventional forces. Despite the overall Russian conventional military superiority over Ukraine, which will remain in a mid-term, the cost of possible attack will deprive the Russian leadership of the easy military victory.

It is likely that in the short-to-mid-term period Russia will have to refocus its attention to other regions like Arctic, Central Asia, and South Caucasus. Therefore, the availability of the Russian regular forces permanently deployed on the "Ukrainian front" will be rather limited.

Since the Minsk-2 Agreement, Russia has taken noteworthy efforts to institutionalise, train and equip the armies of DPR/LPR. It has been reported that the estimated total number has reached about 40 thousand men, but the exact proportion of the locals, mercenaries, and the Russian soldiers is still unknown. According to the Ukrainian authorities, as of July 2015, approximately 9000 Russian servicemen were present in the separatist-controlled region and major command and staff posts were occu-

¹⁰⁷ US to increase military aid to Ukraine including Humvees and drones. The Telegraph, 11 Mar 2015, <http://www.telegraph.co.uk>.

pied by the Russian officers. The number of uniformed personnel in the separatist region is equal to the strength of the Romanian land forces. On one hand, it is a considerable asset. On the other hand, there is a big question of how and for how long the economically unsustainable territory will be able to maintain them. The answer is quite obvious – as long as there is a continuous supply line from the other side of the border. This will be one of the strong indicators of the Kremlin's vision of the final destiny of Novorossia project.

It may be predicted with a great degree of certainty, that the combination of factors (deteriorating Russian economy, aggravating security situation inside Russia and on its Southern borders, increasing effect of sanctions and self-isolation, growing Ukrainian resistance) will gradually decrease any potential benefit of the large-scale military actions against Ukraine in the Russian strategic calculations.

8. Refusing Federalisation for reintegration under public pressure (Diana Bărbuceanu)

UA receives weapons + cohesion in coalition + stagnation + support for the Government + Russia's option: federalisation (strong signal)

The evolution of events occurring on the war theatre in Eastern Ukraine led us to believe lately that the combined efforts of World's leaders to restore peace in this part of Europe seems to show the first signs of victory. Going down the same narrative, the success could have been brought by diplomatic ability and talent of those involved in conflict resolution, especially the US, Germany and France to appease Russian President imperialist ambitions.

Lately, we have seen an unprecedented effort of the West, to explore a revival of the relations with Russia and to try drawing up guidelines designed to prevent any possible escalation of the situation on the Ukrainian front. To this was added the appearance that President Putin has hold back in the meantime, his

revisionist ambitions and has become ultimately a predictable leader. But when no one would have expected such a development in such a short time, the Kremlin leader struck again. NATO officials announced that at the border with Ukraine, Russian Federation ordered the mobilization of more than 20,000 trained soldiers to storm ever new regions of eastern Ukraine.

Facing such a notice, Poroshenko declares he is prepared to introduce martial law. However, he is forced to make a speech to its own people announcing that currently Ukraine is in a “real war” with Russia and that it is necessary for the Ukrainians to be prepared for the Russian offensive. At the same time, Poroshenko stresses that despite the fact that he does not trust his Russian counterpart Vladimir Putin, he has no other option but to negotiate with him. He says he fears that parts of Ukraine could not be taken back from the pro-Russians rebels, only by military means – which means that diplomacy is the only answer. *“I am stating clearly that this is not a battle with separatists backed by the Russians, it is a real war with Russia. The fact that we captured Russian soldiers from the Special Forces is a strong evidence of this”*.

Asked whether he fears a Russian offensive in the immediate future, Poroshenko said that he is not afraid of anything. *“I think they are preparing an offensive, I think we must be prepared and I think we should not give them the slightest chance to attack”* the Ukrainian President continued, adding that *“this will be entirely their responsibility”*. The risks to which Ukraine is subjected to are huge, and its military capabilities at this time are limited. Since the beginning of the conflict, the loss of life suffered after the war in the East is significant, and its military instruments have decreased considerably. In these circumstances, the Ukrainian army has no possibility to face a new battle against the separatists. As a last redoubt, the West is calling on Russia to withdraw all the troops and heavy ammunition from Eastern Ukraine, otherwise international isolation will be unprecedented. But Vladimir Putin denies with the same cynicism with which he has accustomed us that in the conflict zones there are not Russian soldiers. In such circumstances, the US Congress increases the pressure on President Barack Obama regarding the urgent need

to provide Ukraine with lethal weapons in order to defend against a possible escalation of violence.

Eventually, the Obama administration agrees to such a measure, and in no time the Ukrainian army begins the process of equipping the military with new capabilities. Moreover, alongside the US and Canada, Britain also begins supplying offensive weapons to Kiev. Such a measure brings a light of hope to the Ukrainian leaders that have become increasingly desperate and disappointed with the West's ability to truly offer a helping hand. Moreover, the President appeals to people's solidarity and cohesion of the coalition parties asking them to adopt the most effective measures to get the country out of crisis. With the electoral slogan "For a Better Life", from the presidential elections in May last year, President Poroshenko promised reforms and the perspective to join the European Union to its citizens.

Today, more than a year after his victory, his doubt that he will be able to fulfil such a goal grows by the day. Ukraine is torn between bankruptcy and war. Currently, Kiev is negotiating with the IMF to obtain new credits, following that at the end of the year is established the possibility of granting a new loan. Injecting new funding is more than necessary, given that the country is likely to go bankrupt. Since the onset of the crisis, the living standards of the population plunged and economic prognosis indicates that it would continue to decline. Also, the European Union draws attention to the Kiev administration that the reforms are not showing. The sad reality is that Ukrainians are further than ever from a better life.

Regardless of this, the people are aware that they should remain united and support the current government, because otherwise Russia will speculate any vulnerability of the opponent and try to destabilize through any methods the new political and social situation. Lately, a number of analysts frequently spread the idea that the expansionist plans of Russian President Vladimir Putin are not confined to Eastern Ukraine, but also Black Sea control and energetic domination are mentioned as possible scenarios. More and more voices accuse that the annexation of Crimea and the support for the separatist conflict in Eastern Ukraine are only the first bridgeheads of the neo-imperialist

strategy of the Kremlin leader. Recently, the commander of NATO forces in Europe has made it clear that “*we have no reason to believe that Putin’s ambitions are limited to eastern Ukraine*”.

If until now, these claims were interpreted rather as a warning that Putin will not be content until he controls the entire Ukraine, analysts draw attention now that his plans are more ambitious and not new at all. The reason that the Russian President hasn’t annexed the eastern regions until now is that his country no longer has the financial ability to support the huge financial burden annexation would require.

Of the approximately eight million people in the Eastern region, more than 30% are pensioners, while another 20% are public employees. In other words, half of the new citizens that Russia would gain after annexation should be paid from the state budget. Already having the Crimean experience, where, despite the promises of Moscow, the standard of living has declined significantly after joining Russia, Russians are now more aware, and reserved regarding the huge costs such a move would imply. However, after taking “a breath of oxygen” Moscow will not deviate from its initial plans, regardless of the costs that this algorithm will sum up.

But until then, the Kremlin has no other option than to continue what it started, and in Eastern Ukraine the fighting restarts. Under these conditions, diplomacy as a solution to end the violence seems to have failed, since the Minsk Agreement has become almost useless. But while everyone is watching astonished at the intensity of the fighting on the ground, Russia puts on the table “a way out of the woods”. It reiterates the theme of Ukraine’s federalization, as the only solution to end the conflict in the East. A favourable scenario for Vladimir Putin, which if materialized would ensure that through the means of some Russophile republics, every gesture of Ukraine to join the European Union or NATO would be blocked. Although, in first instance, the offer submitted by Moscow is categorically denied by the Ukrainian leaders, it still leaves room for interpretation. Some officials give rise to real debate on such a possibility being taken into account. So the idea of Ukraine’s federalization, as the only solution to end the conflict in the East begins to get more and more crystallized in the minds of the Ukrainian people.

9. Long and painful road towards a strong democratic state in Ukraine (Adrian Barbu)

UA receives weapons + fight in coalition + reforms + social unrest + Russia's option: destabilization (strong signal)

Relating to the latest developments of the dynamics in Ukraine, we can notice the fact that president Poroshenko and the Ukrainian government will receive weapons of different types from various states or organizations. News and information about the arming of Ukraine by various entities have been revealed since February this year. For example, at the end of February 2015, Ukrainian officials have met with Frank Kendall, the Pentagon's acquisition executive. Kendall, in an interview, said he will be bringing a message of support from the United States. Kendall told *Defense One* a few hours before the meeting. "We're limited at this point in time in terms of what we're able to provide them, but where we can be supportive, we want to be."¹⁰⁸ This means that the United States is committed to help the Ukrainian forces, even if this will not happen right now, but it could happen in a few months. After this meeting, Ukraine has signed multi-million dollar contracts on exports and imports of weapons, and the majority contracts have been reached with US companies.¹⁰⁹

The Ukrainian ruling coalition is going strong, and we can support this statement by revealing a series of facts and data. First of all, the coalition holds a broad majority in Ukrainian Rada. Second, the IMF could continue lending financial support for the Ukrainian government. "The IMF has a policy called lending into arrears that allows us to continue lending to a country when it has arrears to private creditors and other condi-

¹⁰⁸ Marcus Weisgerber, *Pentagon's Weapons Chief to Meet with Ukrainians*, <http://www.defenseone.com/management/2015/02/pentagon-weapons-chief-meet-ukrainians/105819/>, accessed on 01.07.2015.

¹⁰⁹ Eric Zuesse, *What's Behind Ukraine's Secret Weapon Deal with UAE*, <http://www.washingtonsblog.com/2015/02/whats-behind-ukraines-secret-weapons-deal-uae.html>, accessed on 01.07.2015.

tions of the policy are met,”¹¹⁰ Garry Rice, IMF spokesman, said. Third, the threat that can befall from the pro-Russian rebels and Russian forces over Ukraine is strengthening the ruling coalition. For example, we can take into account what Petro Poroshenko told to the MPs on June 4th, when he said that the military forces should prepare for a large-scale invasion from Russia.¹¹¹

The reforms in the Ukrainian state are moving towards a good perspective, and this is the opinion and the belief of the Ukrainian and most important the European officials. Jean-Claude Juncker talked at the end of April about the future of the Reforms in Ukraine and he said: *“Important steps have already been taken, such as launch of the work of constitutional commission, progress in the decentralisation process, adoption of a new gas market law and progress in reducing regulatory and licensing requirements to facilitate business. An anti-corruption package has also been adopted – it is now imperative to implement it swiftly and efficiently. And the work in many areas across the board – constitutional reform, decentralisation, justice and civil sector reform, energy sector reform, improving business climate – must continue.”*¹¹²

Russia will continue the destabilization of Ukraine as it did so far. Since the fight began, in April 2014, Russia is arming the rebels and is sending troops in eastern Ukraine. John Kerry talked at the end of February about the situation in Ukraine and he said that Vladimir Putin “has empowered, encouraged, and facilitated directly land grabs in order to try to destabilize Ukraine itself.”¹¹³ Moreover, in a joint statement issued after meeting in Turkey on May 13th 2015, NATO and Ukraine’s foreign ministers condemn

¹¹⁰ Radio Free Europe, *IMF Says Can Support Ukraine Without Private Debt Deal*, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>, accessed on 01.07.2015.

¹¹¹ BBC, *Ukraine’s Poroshenko warns of ‘full-scale’ Russia invasion*, <http://www.bbc.com/news/world-europe-33003237>, accessed on 01.07.2015.

¹¹² European Commission, *EU reaffirms support in Ukraine at Kyiv Conference*, http://europa.eu/rapid/press-release_IP-15-4890_en.htm, accessed on 01.07.2015.

¹¹³ Business Insider, *Kerry: Putin’s policies violate all the international norms*, <http://www.businessinsider.com/afp-putin-destabilizing-ukraine-kerry-says-2015-2>, accessed on 01.07.2015.

Russia's "ongoing and wide-ranging military build-up in Crimea," which was annexed by Moscow in March 201.¹¹⁴

The general status among the Ukrainian population is characterized by social unrest, because the citizens are not satisfied with the real situation that developed in the recent months. What seems to be a war without end has filled the hearts of many in Ukraine with anger. The national currency, the hryvnia, continues to collapse and the average salary in this European country has melted down. Many doubt their lives will improve any time soon, and many, mad as hell, are taking to the streets. Waves of protests have erupted from Lviv in the staunchly nationalist west to, importantly, Donetsk in the insurgent east.¹¹⁵ *The Ukrainians do not trust anymore the government, the president, or the parliament, and they are completely dissatisfied with the manner that the reforms are evolving and how these reforms are implemented.*

Now, with all these indicators and elements explained, we think that several things could happen in the evolution of these situations on short-term. First of all, the attempts of Russia Federation to destabilize more and more the socio-political sphere in Ukraine will continue, and this could be a high-level threat for the regional stability. NATO's Secretary-General, Jens Stoltenberg, said that Russia's effort to build-up its military presence in the Black Sea could have further implications for the regional stability.¹¹⁶ On short-term, it is expected that the Russians will try to continue the destabilization of the eastern part of the Ukraine, but without making any faulty bustle in other parts of the Ukrainian territory. Otherwise this could provoke a strong reaction, even a military one from the Ukrainian forces with the powerful Western support.

¹¹⁴ Radio Free Europe, *NATO, Ukraine Urge Russia to Stop Destabilizing Eastern Ukraine*, <http://www.rferl.org/content/ukraine-nato-urge-russia-to-stop-destabilizing/27014356.html>, accessed on 01.07.2015.

¹¹⁵ Anna Nemtsova, *Peace Protests Erupts in East Ukraine While Unrest rises in the West*, <http://www.thedailybeast.com/articles/2015/06/17/peace-protests-erupt-in-east-ukraine-while-unrest-rises-in-the-west.html>, accessed on 01.07.2015.

¹¹⁶ Radio Free Europe, *op. cit.*, *NATO, Ukraine Urge Russia to Stop Destabilizing Eastern Ukraine*.

President Petro Poroshenko had some statements in February and March when he said that the war in Ukraine will be over when Kiev will regain Crimea. Even if other Ukrainian officials have stated this things, it is hard to believe how could this happen. The Moscow made crucial efforts to objectify the annexation of Crimea, and submitted a lot of financial support to achieve the annexation in March last year. We showed that Ukraine receives weapons from the Western states, especially from the US companies, but this is not enough, if we consider that the rebels have support from Russia. The situation on short-term will also remain the same regarding the self-proclaimed people's republics of Donetsk and Luhansk. We will assist at an unstable conflict, in the sense of prolonged but without an effective ceasefire and separation of forces agreement. The separatists set conditions for their ceasefire and announced that they will cease fire if the Ukrainians will do the same. In effect, the separatists would defend the territory they control by force of arms.

The most aggressive scenario might see Moscow attempting to re-establish control of the historical Novorossiia region in modern-day southern Ukraine. This would create a land bridge between Russia and Crimea – eventually linking up with the Russian-backed Transnistria, a breakaway region of Moldova. This would be no easy undertaking and would require the capture of the heavily defended cities of Mariupol and Odessa, Ukraine's tenth-largest and third-largest cities, respectively.¹¹⁷ This scenario of regaining the historical Novorossiia by Moscow is quite impossible. The Russian Federation's economy found in recession, the slow collapse of ruble and the low price of oil are all factors which determine a limitation in the Russian finances, and it would be almost impossible to support a fight for the control of Novorossiia, especially on short-term.

Considering that the internal condition will be characterized by social unrest, even if the administration from Kiev is trying to implement some reforms that aim to improve the life of the Ukrainian people, and also taking into account the continuous

¹¹⁷ Luke Coffey, *Will Putin bite off more than he can chew?*, <http://www.aljazeera.com/indepth/opinion/2015/01/will-putin-bite-off-more-than-he-20151745338179641.html>, accessed on 01.07.2015.

attempts of the Russians to destabilize the eastern region, we assume that there will be a resumption of sporadic hostilities on short-term. The separatists will try to gain full control of eastern provinces. The ruling coalition will consider procuring more and more weapons from Western countries to assure a minimum level of security and to create an enforced frontier in the East of the Ukraine.

Regarding Russia, the fall of oil price in 2014, its stagnation until now and the continuation of this situation on short-term will make the economic problems of Moscow even deeper. The current Russian finance minister, Anton Siluanov, told the International Financial and Economic Forum in November 2014 that his country is “losing around \$40bn a year due to Western sanctions”, but that these were “not as critical to the economy as lower oil prices” – a determinant which adds \$90-100bn to Russian losses, according to Siluanov.¹¹⁸ Thus, the full image of the evolution of dynamics in Ukraine will also be influenced by the economic power of the Russian Federation. If this continues to be in a decline as it is right now, we will probably be witnesses to the preservation of the current status-quo on short-term.

10. Federalization imposed to block reforms and create a heavy and hard agenda for Ukrainian Government (RM team, Adriana Sauliuc)

UA receives weapons + fight / rift in coalition + reforms + social unrest + Russia’s option – federalisation (strong signal)

UA receives weapons

On short-term, Ukraine will receive military support on behalf of the occidental states. This statement is supported by several facts. Firstly, during a press conference held with German Chancellor Angela Merkel at the White House, on 9 Fe-

¹¹⁸ Fraser Tennant, *Superpowered stagnation: what next for the Russian economy*, <http://www.financierworldwide.com/superpowered-stagnation-what-next-for-the-russian-economy/#.VZQD7EbifDc>, accessed on 01.07.2015.

bruary, 2015, U.S. President Barack Obama declared that in case a diplomatic solution fails to be enforced in the context of the Ukrainian crisis, United States will consider other options including providing “lethal defensive weapons” to Ukrainian army.¹¹⁹ Following the escalation of fighting in eastern Ukraine at the beginning of June¹²⁰, a peaceful resolution of the conflict becomes even more unlikely, titling toward the military option. An important step taken towards providing lethal military assistance to Ukraine has constituted the signing into law of the Ukraine Freedom Support Act on December 18, 2014. The Ukraine Freedom Support Act, particularly the article on the increased military assistance for the Government of Ukraine, specifically states: “*The President is authorized to provide defense articles, defense services, and training to the Government of Ukraine for the purpose of countering offensive weapons and reestablishing the sovereignty and territorial integrity of Ukraine, including anti-tank and anti-armor weapons, crew weapons and ammunition, counter-artillery radars to identify and target artillery batteries, fire control, range finder, and optical and guidance and control equipment, tactical troop-operated surveillance drones, and secure command and communications equipment,...*”.¹²¹ In addition, the Act authorizes \$100,000,000 billion dollars to be provided as military assistance to Ukraine, an amount made available for expenditure through the end of fiscal year 2018.

An even stronger argument is the majority coalition in the U.S. Congress pleading for a lethal military assistance to Ukraine. In this context, the U.S. House of Representatives passed a resolution with a majority of 348 votes against 48 “*calling on the President to provide Ukraine with military assis-*

¹¹⁹ *Barack Obama:US could arm Ukraine against Russia*, The Telegraph, February 9, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11400911/Watch-live-Barack-Obama-and-Angela-Merkels-press-conference-on-Ukraine.html>.

¹²⁰ *Escalation of fighting in East Ukraine leaves ceasefire teetering on the brink*, The Guardian, June 4, 2015, available at: <http://www.theguardian.com/world/2015/jun/04/escalation-fighting-east-ukraine-leaves-ceasefire-tatters-russian-forces>.

¹²¹ H. R. 5859 “An act to impose sanctions with respect to the Russian Federation, to provide additional assistance to Ukraine and for the other purposes”, enacted on December 18, 2014, available at: <https://www.govtrack.us/congress/bills/113/hr/5859/text>.

tance to defend its sovereignty and territorial integrity".¹²² The resolution was voted on March 20, 2015, and it "*strongly urges the President to fully and immediately exercise the authorities provided by Congress to provide Ukraine with lethal defensive weapon systems to enhance the ability of the people of Ukraine to defend their sovereign territory from the unprovoked and continuing aggression of the Russian Federation*".¹²³ A similar bill has been introduced in Senate on February 11, 2015, briefly entitled "Defense of Ukraine Act of 2015". The S.452 bill authorizes the U.S. President "*to provide lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine*".¹²⁴

The documents have been preceded by a support declaration on providing military assistance to Ukraine, made by a group of senators on the Senate Armed Service Committee and a letter addressed to the White House by 30 members of the House of Representatives.¹²⁵

On the other hand, a growing number of senior U.S. administrative and military officials favor and call on arming Ukraine. The Director of the U.S. National Intelligence Services, James R. Clapper Jr., affirmed that personally he supports providing weapons to Ukrainian forces against the pro-Russian separatists despite the risks of further escalation entailed by such a decision.¹²⁶ General Martin Dempsey, Chairman of the Joint

¹²² House of Representatives, *Calling on the President to provide Ukraine with military assistance to defend its sovereignty and territorial integrity*, 114th Congress, 1st Session, March 20, 2015, available at: http://docs.house.gov/billsthisweek/20150323/MAS_087_xml.friday.pdf.

¹²³ *Idem*, p. 4.

¹²⁴ Senate of the United States, *S. 452 to provide "lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine*, available at: <https://www.congress.gov/bill/114th-congress/senate-bill/452/text>.

¹²⁵ *Lawmakers to Obama: Arm Ukraine now*, The Hill, May 2, 2015, available at: <http://thehill.com/policy/defense/231874-senators-to-obama-arm-ukraine-now>. *Lawmakers seek \$1B in military aid for Ukraine*, The Hill, February 11, 2015, available at: <http://thehill.com/policy/defense/232475-lawmakers-seek-1b-in-military-aid-for-ukraine>.

¹²⁶ *Top U.S. intelligence official backs arming Ukraine forces against Russia*, The Washington Post, February 26, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-intelligence-official-backs-arming-ukraine-forces-against-russia/2015/02/26/220e47f0-bdcb-11e4-bdfa-b8e8f594e6ee_story.html.

Chiefs of Staff said that U.S. “*should absolutely consider providing lethal aid*” to Ukraine.¹²⁷ Gen. Dempsey emphasized that the support will target the capability gaps which substantially undermine the defense capacity of the Ukrainian forces and it is to be provided in the context of NATO allies.¹²⁸ In addition, Ashton Carter, President Obama’s nominee for Secretary of Defence, asserted on February 4, 2015, during his Senate confirmation hearing that he was “*very much inclined*” to provide defensive systems to Ukraine.¹²⁹ On June 20, 2015, at a press conference in Kyiv, U.S. Senator John McCain called again on United States to arm Ukraine.¹³⁰ Secretary of State, John Kerry, has also declared during a private reception in Germany, that he personally favors sending weapons to Ukraine.¹³¹ Ms. Susan Rise, national security adviser of the U.S. President, who previously opposed sending lethal aid to Ukraine, is ready to reconsider her position according to the declarations made by an official who is familiar with her personal views.¹³²

A large number of senior U.S officials have confirmed that General Philip Breedlove, NATO’s military commander has changed his position and is now secretly advocating for providing lethal aid to Ukrainian government. Contrary to his previous declarations, General Breedlove now considers that the lethal military assistance provided to Ukraine will significantly

¹²⁷ *Top U.S. general says it is time to consider arming Ukrainian forces*, March 3, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-general-says-it-is-time-to-consider-arming-ukrainian-forces/2015/03/03/aa68dade-c1d6-11e4-ad5c-3b8ce89f1b89_story.html.

¹²⁸ *Ibidem*.

¹²⁹ *Defense chief nominee Ashton Carter, unlike Obama, backs arming Ukraine*, Los Angeles Time, February 4, 2015, available at: <http://www.latimes.com/nation/nationnow/la-na-nn-defense-nominee-ashton-carter-20150204-story.html#page=1>.

¹³⁰ *U.S. Senators Call For Arming Ukraine*, Radio Free Europe Radio Liberty, June 20, 2015, available at: <http://www.rferl.org/content/us-senators-call-for-arming-ukraine/27082770.html>.

¹³¹ *Kerry Tells Lawmakers He’s for Arming Ukraine*, Bloomberg View, February 9, 2015, available at: <http://www.bloombergvew.com/articles/2015-02-09/kerry-tells-lawmakers-he-s-for-arming-ukraine>.

¹³² *Top NATO Commander Supports Providing Weapons to Defend Ukraine*, Atlantic Council, February 2, 2015, available at: <http://www.atlanticcouncil.org/blogs/natosource/top-nato-commander-supports-providing-weapons-to-defend-ukraine>.

increase the costs for Russia in further supplying the pro-Russian separatists in Eastern Ukraine.¹³³

Leaving aside the official positions which are dependent, to a certain degree, on the level of public support, it is important to take into consideration that the level of American people support for arming Ukraine and for imposing more drastic economic sanctions on Russia has increased. Despite the fact that more people still oppose than favor the U.S. sending defensive weapons to the Ukrainian government, the percentage of those who would support such a decision has increased from 30% in April 2014 to 41% in February 2015.¹³⁴ Taking into consideration that the fighting continues in Eastern Ukraine, there are no reasons to believe that the public support is decreasing and not increasing.

As about the official position of the European states, although, a majority does not publicly support arming the Ukrainian government, the Ukrainian diplomatic and government officials recognized that Ukraine has been provided with military aid, including lethal aid, by a dozen of Western partners. A public statement that confirms this fact has been made on July 10, 2015 by the Ukrainian ambassador to United States Valeryi Chaly during an interview to Zerkalo Nedeli weekly newspaper. Chaly stated that Ukraine gets weapons and nobody is in a position to ban this, as Ukraine is sovereign country.¹³⁵

Fight/rift in coalition

The Election campaign (from October 26, 2014) in the Verkhovna Rada was held in the context of a “hybrid war” triggered by Russia. Radical changes have taken place with regard to the

¹³³ *U.S. Considers Arming Ukraine to Fight Separatists*, ABC News, February 2, 2015, available at: <http://abcnews.go.com/International/us-considers-arming-ukraine-fight-separatists/story?id=28673187>.

¹³⁴ *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

¹³⁵ *Ambassador Chaly: A dozen European countries arming Ukraine now*, UNIAN Information Agency, July 10, 2015, available at: <http://www.unian.info/politics/1099520-ambassador-chaly-a-dozen-european-countries-arming-ukraine-now.html>.

dominant parties on the political spectrum. On one hand, the Party of Regions, strongly associated with Victor Yanukovich governance, has disappeared. Yulia Tymoshenko re-entered on the political arena after a period of detention (2011-2014). The events in the Maidan have brought to the forefront political parties promoting radical nationalist messages. The election campaign was also dominated by the political rivalry between Petro Poroshenko and Arseniy Yaţeniuk. Petro Poroshenko failed to win the parliamentary election, which made him dependent on the populist parties present in the Verkhovna Rada. All political parties unequivocally identify themselves with their leader's personality and are dominated by personal and group interests.

Facing permanent challenges from Russia and also as a result of the informational warfare, the parliamentary factions did not prove their responsibility. Verkhovna Rada started to adopt populist laws¹³⁶, which strongly undermined the partnership between the Verkhovna Rada, the Government and the President. Consequently, the establishment of the Coalition Agreement will not ensure its proper operation and, after a phase of imitating the existence of the Coalition, it's splitting will become inevitable. The political rivalry between Petro Poroshenko (the President) and Arseniy Yatsenyuk (the Prime-minister) being artificially supported by Russia through the instruments of the information warfare will lead to the demoralization of the society, especially of the adherents of the European perspective. *It will replicate the situation after the "orange revolution", when the rivalry between Viktor Yushchenko – elected President, and Yulia Tymoshenko, whom Yushchenko was forced to propose as Prime Minister; determined the demoralization of the "Orange Revolution" adherents, preparing, by these means, the rematch of Viktor Yanukovich and his "Party of Regions".*

As a result, Ukraine will lose its credibility in front of its external partners (Germany, EU, U.S., and NATO) who have made considerable efforts to stop Russia's open aggression and to obtain the signing of the Minsk Agreements.¹³⁷ Ukraine will

¹³⁶ <http://korrespondent.net/ukraine/politics/3534937-rada-podderzhala-restruktury-zatsyuyi-valuitnykh-kredytov>.

¹³⁷ <http://gordonua.com/news/politics/CHto-podpisali-v-Minske-po-Donbassu-Polnyy-tekst-dokumentov-66263.html>.

not succeed¹³⁸ to achieve coherent and consolidated policies for fighting corruption and for reforming the national economy. The weakening of the central Government will lead to a dramatic decline in the rating of President Petro Poroshenko, a fact that will be used by regional clans and oligarchs. The political crises, the Government failure to fight corruption, the loss of confidence from the U.S., EU and NATO, the on-going information warfare, will determine the demoralization of the Ukrainian military, especially the personnel engaged in the Anti-Terrorist Operation. Russia, with the help of its Secret Services, will be able to trigger a series of terrorist acts in various regions of Ukraine. The national currency, Hryvna, will depreciate dramatically, and consequently Ukraine will become a failed state in several respects.

Reforms

According to the official data published on the reforms-dedicated website¹³⁹, by 1 July 2015 (after 6 month period) the reforms achieved the following level of implementation:

- constitutional reform – 51%
- election legal framework reform – ND
- reform of the state procurements – 40%
- anticorruption reform – 36%
- central public administration' governance reform – 72%
- justice reform – 42%
- deregulation and business sector development – 30%
- decentralization – 55%
- law enforcement reform – 40%¹⁴⁰
- national security and defence reform – 34%
- health system reform – 51%
- taxes reform – 57%
- energy security program and energy sector reform – 29%
- financial sector reform – 29%

¹³⁸ http://nr2.com.ua/News/Ukraine_and_Europe/Ukraine-napomnili-Voyna-na-Donbasse-bolshe-ne-mozhet-byt-opravdaniem-tormozheniya-reform-101931.html.

¹³⁹ <http://reforms.in.ua/>.

¹⁴⁰ <http://reforms.in.ua/reforms/reforma-pravoohoronnoyi-sistemi>.

- central public administration reform – 30%
- education sector reform – 48%
- agriculture sector reform – 53%
- program for promoting Ukraine national interest in foreign policy – 56%.

For the short term prospective, the official data does not raise substantial concerns regarding the reforms implementation process. The reforms are in the top of the political agenda and one the main topics of discussions between Ukraine and its partners.

On the reform dedicated website it is mentioned that 11 reforms are implemented according to the approved schedules, 5 reforms are implemented with some insignificant delays, and only one reform (health system) is significantly lagging behind.¹⁴¹

On short-term there will be no significant real impact of reforms on the day-to-day life of Ukrainian citizens, as the most of reforms actions during the first phases are directed toward changes in legal framework, responsibilities, competencies, and organisation. It signifies that on the short-term most of reforms will only start delivering the first results, while their major impact / outcome / effects will not become really visible yet. That would also mean the opposition to reforms should be generally weak and inconsistent. Meanwhile, the initiation of the reforms and the first implementation results will extend and increase the international assistance to Ukraine and will made available important financial assistance instruments, extremely necessary for attenuation of the financial, economic and social crises.

By July 1, 2015, the EU has already mobilised more than 6 billion euro for credits and grants to assist Ukraine. The EU financial support has been conditioned with successful implementation of structural reforms and each of the loan tranches has specific requirements regarding the achieved results in different sectors. The EU officials has stressed repeatedly that the money will be disbursed to Ukraine only if reforms will be implemented in full accordance to the commitments made by the Government. This conditioning might be considered as an expression of concerns regarding the eventual outcomes of external support, but it

¹⁴¹ The 9th meeting of the National Council for Reforms, available at: <http://reforms.in.ua/news/devyate-zasidannya-nacionalnoyi-rady-reform-ukrayiny>.

also means that the level of trust of the international partners in Ukrainian governance, its capabilities and capacities to successfully implement the reforms, are more or less sufficient.

The successful implementation of the reforms on the short-term would also mean that the unity of the coalition for reforms will be maintained.¹⁴²

*“...If you listen to Ukrainians tell it, there’s been absolutely no reform within the last year. Their frustration is understandable – they want the positive effects of major change now – but their perception just doesn’t correspond to the facts. The much awaited reform process is actually under way – though quietly and unobtrusively. The Education Ministry and the Ministry of Internal Affairs have led the way with restructuring universities and the police force, probably because they don’t deal directly with high-stakes corruption and the power of the oligarchs. Some personnel cuts have been introduced in the presidential administration and the government bureaucracy; more are forecast. A law (albeit flawed) on lustration has been adopted and has already led to some high-level resignations and prosecutions. An Anti-Corruption Bureau has been approved, and a head is currently being sought....”*¹⁴³

Social unrest

In 2014, social sphere was a prisoner of the general crisis situation in the country. Military and economic aggression of Russia, the annexation of Crimea, the withdrawal of a considerable amount of foreign companies from Ukraine, and as a result – economic decay, made it actually *impossible for the Government to take measures to improve social and economic condition of the population.*¹⁴⁴ Social sphere was mostly characterised by negative processes. Major social indicators:

¹⁴² *Reform supporting forces should keep unity.* <http://korrespondent.net/ukraine/politics/3540863-neobkhodymo-sokhranyt-edynstvo-reformatorskykh-syl-v-ukrayne-nuland>.

¹⁴³ <http://www.worldaffairsjournal.org/blog/alexander-j-motyl/there-economic-reform-ukraine>.

¹⁴⁴ http://www.uceps.org/upload/1424704722_file.pdf.

- **average salary** in November 2014 made UAH 3,534 (\$210) vs. UAH 3,268 in November 2013 (\$400), i.e. **almost double fall** in U.S. dollar equivalent;

- throughout the year **debts on salary grew in more than three times** (from UAH 753 mil in January 2014 to UAH 2,367 mil in December);

- the **unemployment level** among people of working age in the III quarter of 2014 reached 9.9% (vs. 6.8% in the same period of 2013);

- according to the official data, **586 thousand citizens of non-retiring age and 514 thousand of working pensioners have lost their work place** during the year;

- according to the data provided by the Federation of Trade Unions of Ukraine, 5 to 7 million of persons of working age are **employed in the informal economy sector**;

- national currency **devaluation** (by the end of the year made 100%) and high level of inflation (almost 25% according to the official data) discounted people's savings, and in combination with the slump in the prices and tariffs in the sector of "monopoly payments" (transport, energy, utility services, medicines) – drastically reduced purchasing power, which is proven by the reduced retail turnover in almost all regions of the country.

As a result thereof, the level of **public welfare has decreased**. As estimated by the Institute of Demography and Social Research under the National Academy of Science of Ukraine, the poverty level may reach 30% of the population – vs. 24.5% in 2013.

According to the results of the monitoring of financial condition of Ukrainian families carried out by the Sociological Service of the Razumkov Center, in December 2014 (compared to January 2014) the amount of families "**barely making ends meet**" increased from 14 to 19%. Instead, the total amount of families "generally earning enough for living", "living well-off" and who "may afford almost everything" reduced from 46% to 39% respectively.

Since a positive scenario in the conflict with Russia is rather doubtful, "freezing" the situation may result in **militarization of social and political life**, which will terminate and complicate the development of positive tendencies in the society.

The presence of **pressure groups** in political environment that are **not interested in any changes** in the life of the society or the state will complicate the reform process and provoke re-emergence of former corrupt schemes. It can be predicted that leading Ukrainian financial and industrial groups will **attempt to diversify political risks** and realize their ambitions with the help of various authorities and political forces.

The current situation offers **no obvious prerequisites for overcoming the growing** crisis in the economy and, consequently, in the social sphere. Moreover, just as during the past year, in the light of the pressures of problematic social environment; accumulated debts, including the payment of wages and social benefits; growing numbers of internally displaced persons; the shrinking of the domestic labour market; and the rise in prices and tariffs, etc., the Government will be forced to resort to socially unpopular steps.

Under these conditions, **social welfare will further decrease in 2015**, which will affect the vast majority of the population. The public has not yet seen tangible results of the declared fight against corruption, introduction of a strong antitrust and anti-oligarchy policy, and real economy and effective use of budget funds by state agencies.

On the other hand, there is ample evidence of corruption and impunity of criminal offenses, particularly cynical against the backdrop of war and efforts of volunteers and citizens at large to shoulder the challenges facing the military and war refugees. *More than nine-in-ten Ukrainians think their country's economic situation is bad (94%), including 66% who say it is very bad.* Similar percentages gave the economy negative ratings in 2014.¹⁴⁵

In addition to dissatisfaction with economic conditions, Ukrainians express little faith in some of their country's major institutions. The public is **especially critical of their court system**. Just 11% say the judiciary is having a good influence on their nation. Roughly three-quarters (76%) say its influence is bad; including 45% who think it is *very bad*.

Only about a third (32%) thinks the Government in Kyiv is having a good impact on the nation. Nearly six-in-ten (59%) say

¹⁴⁵ <http://www.pewglobal.org/2015/06/10/3-ukrainian-public-opinion-dissatisfied-with-current-conditions-looking-for-an-end-to-the-crisis/>.

the central Government is having a negative influence. Positive views of Kyiv have dropped 15 percentage points in the past 12 months.

Potential consequences:

- economic, financial and political crises;
- low internal and external authority of the governance and political elites;
- inability to submit a bid for membership in UE, discredited EU integration idea;
- rise of regional tensions and discrepancies.

Russia's option: federalisation

In such a scenario, in which Ukraine as a result of receiving military support and due to the reforms achieved exceeded the critical point in which any Russian action could dramatically affect its evolution, Moscow's short-time options are limited. Kyiv's capacity to deal with threats coming from outside its territory due to the weapons received from the West and due to the diplomatic support, put Russia in front of a less favorable situations: either gives up Ukraine and allows it to escape from its area of influence, no longer having the ability to constrain Kyiv economically and politically in order to keep Ukraine close, either Moscow finds a less costly way in terms of price that Kremlin must pay for its aggressive policy regarding Kyiv, including at the level of its image, which therefore may improve.

One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence in relation to Kyiv, but with lower costs. For Russia, the federalization means near-independence, more precisely a code for eventual secession¹⁴⁶, a success which, as a result of the Minsk agreements failures and subsequent developments, Moscow might get. Even if in a short term scenario the effects of the federalization of Ukraine will not be so visible, the process itself not having enough time to complete, such an

¹⁴⁶ Alexander Motyl, Why Russia Wants the Federalization of Ukraine, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

evolution will definitely be in favor of Russia, which powerless to exercise full control over Ukraine, will have the opportunity to maintain a lever to influence over the neighboring country.

So, the federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine and later, if the evolution of the events will allow it, to adopt a more aggressively policy towards Kyiv. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin's ability to impose a greater control so, as stated by Yulia Tymoshenko, "*federalisation is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*".¹⁴⁷

Russia's success in influencing the evolution of Ukraine into a country with such a form of organization, more easily controlled by Kremlin is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered available option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, "*to solve the current crisis in Ukraine, the country should become decentralized and federalized*".¹⁴⁸ Also an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, "*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*".¹⁴⁹

In such a situation, Moscow's efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements, share the same view regarding what Kyiv should

¹⁴⁷ John Reed, Neil Buckley, Russian push to 'federalise' Ukraine stirs resentment, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bee-ba7c-11e3-a905-00144feabdc0.html#axzz3frCGqEp6>.

¹⁴⁸ EU chief calls for decentralization and federalization of Ukraine, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-eu-federalization-ukraine/>.

¹⁴⁹ Merkel supports Ukraine power decentralization, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiev/>.

do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

11. Internal political instability delaying needed reforms (Diana Bărbuceanu)

UA receives weapons + fight in coalition + reforms + support for the Government + Russia's option: destabilisation (weak signal)

In the current security context, Ukraine remains a fireball and Eastern Ukraine the buffer zone between democracy and prosperity from Europe and Russian autocracy. The new reality requires a need for accountability and awareness that this threat involves not only peace in Ukraine, but also throughout Europe. This was the reason why, in a joint effort, “the princes of Europe” were quick to reiterate to Putin that if a compromise cannot be reached, the war will be the natural outcome. In such circumstances, German Chancellor Angela Merkel and French President Francois Hollande personally went to Moscow to deliver this message to Putin, reflecting the imperative need for solutions.

So, the most important European Union leaders are now using, on good reason, their influence, trying to persuade the Kremlin leader to abandon his extremely dangerous revisionist policy. This is the second time the two leaders personally visit Vladimir Putin at his home in a desperate attempt to find a solution. In February this year, Angela Merkel and Francois Hollande travelled to Moscow for talks with Russian President, the three having a dialogue behind closed doors. And then, as now such an urgently convened meeting was considered a last effort to prevent escalation of tensions with the Kremlin leader regarding the Ukrainian crisis.

This time the discussions are more vocal and the warnings that the European leaders' transmitted to Putin are much stronger. So, the two EU officials now give Russian President an ultimatum. If the Minsk Agreement will continue to be violated, and Russia will not withdraw all its troops from Eastern Ukraine, the West is ready to start delivering weapons to the Ukrainian army. Simultaneously, the two leaders acknowledge in front of

the Russian president that European governments will continue to preach the same non-intervention policy and that they hope that between Europe and Russia can still exist that spiritualized border born after the collapse of the Soviet empire.

But if Moscow is not anymore willing to accept this, the West cannot watch passively as large territories in Eastern Ukraine turn into ruin with the help of Russia, which does not hesitate to violate nonchalantly the international law. The stake is very high and impatience grows on both sides of the warring parties. Everyone is aware that, when it comes to orientation and alignment it is difficult to take into account if Ukraine is able to decide alone whether to go to the West or to the East, or remain where it is. Also, we all know that Russia is the problem. And we also know now that if diplomacy suffers another defeat in obtaining the result sought, arming Ukraine will be an irreversible act that will have to be assumed by the entire West. The whole world awaits with bewilderment a response from Vladimir Putin, who is watching proudly as world peace depends only on him. It is not known what the reply of the Kremlin “tsar” to this proposal is, but the visible displeasure from the two European leaders’ faces after the conclusion of talks speaks a lot.

At approximately two weeks after the event, fighting restarts in the Donbas region to an unprecedented level. It seems that Vladimir Putin finally gave an answer: he cannot give up Eastern Ukraine, even at the risk of assuming the consequences that will follow. Faced with such a situation, Merkel and Hollande look disappointed as all diplomatic efforts upon which they have relied until the last moment were in vain. Now they are more confident than ever that the only solution to the Ukrainian crisis is delivering lethal weapons to Kiev. So, alongside the US and Canada also Germany and France intervene on the procedure for arming of the Ukrainian army with offensive weapons. The West knows that time is no longer on Ukraine side, neither in economic, nor in military or human terms, and without solid support from them the country soon will not be able to face Russia. No doubt that the West by taking such a firm and unilateral stance, such as providing lethal weapons, Putin now feels more discouraged, after he proved what he had to prove. Through the expansionist march from eastern Ukraine, Russia has shown its mili-

tary superiority and revealed that a new type of war is quite possible. Certainly, if not discouraged in time, he will continue its military advance and advance to Odessa, Transnistria and Moldova, ripping Ukraine into pieces. So, the only way to be stopped was arming Ukraine.

Of course the risks implied are very high, and this approach would be the impetus that would kick off an open war between Russia and the West. On the other hand, this will lead to a stabilization of the front, but will also involve more loss of life, which is not desirable, not even by Putin. But without a doubt, the West supplying offensive weaponry affects Russian plans. In such a situation, we see that time is passing also for the Russian side. The Kremlin leader is aware of this, and taking into account that when the Ukrainians will soon be properly armed, the situation will be completely different in the field, and the rebels could be even defeated. But until the new weapons reach the hands of the Ukrainian military, Putin is asking the Eastern separatist leaders to generate new destabilization as long as they still have time. Putin transmits a signal that the stake is the Mariupol port city from The Sea of Azov. For Moscow, the strategic importance of Mariupol is very high, given that the city could provide a corridor for Russia to Crimea, which is 300 km away. Since state economy is in a collapse and the Russian people do not support Russia's the expansionist policy in Ukraine, Putin cannot afford a clear declaration of war. So Kremlin leadership can only fuel the hybrid war with "little green men" without signs and advanced assault technique, as long as it can. So, after previously having been the target of separatists' attacks in the winter this year, turbulences in Mariupol restart and it is shaken by powerful explosions.

From the Pro-Russians rebel camp GRAD rockets were launched on a civilian populated area. A total of 100 people were killed and 100 others have been injured. This act is the bloodiest, insurgent forces have launched in Mariupol after the signing of the Minsk truce. Also, using GRAD missile systems confirms that the new violence manifested in Mariupol is backed by a significant logistical support. Facing the new violence in the East, between members of the coalition in Kiev appear a number of disagreements. Many of them still claim that the Western powers

arming Ukraine might not be the best solution. Russia anyway would have ceased at some point its military advances due to its worsening economic situation more impoverished after Western sanctions. And such a decision will only worsen the situation and lead to new destabilization. On the other hand, pro-Western leaders, headed by Prime Minister Arseniy Yatsenyuk accused them of indecision, corruption and possible ties with Russia. He appeals to stop the new wave of criticism and discontent of some of the country's politicians and sustains that arming is the only chance to stop Russian expansionism and a possible scenario where East conflict will turn in the near future in a real frozen conflict. Also, Yatsenyuk is asking that Kiev officials continue the reforms that were initiated because their success would turn into a very important weapon against Russia. But unlike their leaders, the Ukrainian people are the only ones aware of the risks of such a political cleavage produces and that it can lead to a new destabilization. They are aware that they must remain united and support the current government, because otherwise Russia will speculate any vulnerability of the opponent and try through new subversive methods to destabilize the political and social situation. Going back to the situation on the Eastern front, the Ukrainian militaries now equipped with weapons and Western equipment of last generation are ready to recover their control over Mariupol and to end the violence in Donbas, at least for a while.

***12. Ups and downs in the political support
for reforms, under Russian pressure for a weaker
Ukrainian state (Eveline Mărășoiu)***

**UA Receives weapons + fight in coalition + reforms +
support for the Government + Russian's option: federalisation
(strong signal)**

UA receives weapons

While the US has not made yet a concrete decision on the overall weaponry to be sent to the administration in Kiev, it is

very likely that lethal aid will be provided should Putin continue injecting troops and heavy weaponry in Eastern Ukraine. Presently, Washington is providing non-lethal military assistance to Ukraine, which includes military trainers, armoured Humvees and surveillance drones. Likewise, the United Kingdom provides training and non-lethal equipment to Ukraine, including helmets, laptops and first aid kits.

Ukrainian Ambassador to the US Valeriy Chaly has declared July 10th that its country receives lethal and non-lethal military equipment from no less than 10 European countries. *“We get weapons, including lethal, and nobody could ban this as Ukraine is a sovereign country. Another thing that is not customary to announce the list of countries, but it is more than ten countries from Europe. We have different level of military-technical cooperation, and at this stage it is developing,”* stated Chaly for the Ukrainian weekly Zerkalo Nedeli. His statement came in a bid to convince more Western nations, particularly the United States of America, to provide weapons to Kiev, in light of renewed tensions on the Eastern Ukrainian flank.¹⁵⁰ Another indicator of the likelihood of increased military assistance is the fact that the US military budget for 2016 provides for the transfer of military equipment, small arms, rocket-propelled grenades to third countries, including Ukraine. Moreover, both the Senate and the House have passed legislation calling upon the government to provide appropriate (lethal) aid to Kiev.¹⁵¹ This is further emphasised by Stoltenberg’s declaration that NATO members *“are responding by making sure that NATO also in the future is an alliance which provides deterrence and protection for all allies against threat.”*¹⁵²

Canada as well considers allowing export of lethal weapons to the European country.¹⁵³ The administration in Ottawa has engaged in public consultations on the introduction of Ukraine to

¹⁵⁰ <http://news.rin.ru/eng/news///119103/>.

¹⁵¹ <http://blogs.reuters.com/great-debate/2015/07/02/want-to-escalate-u-s-russia-tension-arm-ukraine/>.

¹⁵² <http://www.reuters.com/article/2015/06/16/us-russia-nuclear-putin-idUSKBN0OW17X20150616>.

¹⁵³ <http://www.bloomberg.com/news/articles/2015-06-29/canada-considers-allowing-export-of-lethal-weapons-to-ukraine>.

Canada's Automatic Firearms Country Control List, suggesting the executive's intention to supply weapons, even in the short time.

What is more, Ukraine has an alternative, namely purchasing lethal equipment from the East. In this regard, president Poroshenko's speech of February 21st is illustrative. The head of state had stated that Ukraine would buy defensive weapons from the United Arab Emirates, aimed at protecting the territorial integrity of Ukraine. It remained, however, unconfirmed by the U.A.E. whether such a deal was struck.¹⁵⁴

If Ukraine is armed, then the following consequences will likely occur. The most probable one is that Putin will further the level of engagement in Donbass, thus escalating the conflict. However, on the medium and long term, this may have a destabilizing effect on Russia due to high prices paid by the Russian citizens. Therefore, arming Ukraine is likely to have a negative impact on the short term, but a positive effect on the medium and long run. As US Army Europe Commander Ben Hodges has aptly put it, "*when [Russian] mothers start seeing sons come home dead, when that price goes up, then that domestic support begins to shrink.*"¹⁵⁵

An alternative course of action that could potentially be adopted by the Kremlin is engaging in aggression against another state. Putin's imperialistic aspirations are threatened by Western's military engagement in his backyard and he is likely to respond by attacking another country in NATO's backyard or invade further Ukraine. As the Russian Deputy Defence Minister Anatoly Antonov has put it, "*the feeling is that our colleagues from NATO countries are pushing us into an arms race,*" indicating that Moscow will respond militarily should Ukraine receive heavy weaponry from the West.¹⁵⁶

Another potential reaction from Russia could take place in other areas of the world. Moscow had already announced its in-

¹⁵⁴ <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

¹⁵⁵ <http://rt.com/usa/237601-ukraine-lethal-aid-dempsey/>.

¹⁵⁶ <http://www.reuters.com/article/2015/06/16/us-russia-nuclear-putin-idUSKBN00W17X20150616>.

tention to offer Iran advanced surface-to-air S-300 missiles “*in the near future*.”¹⁵⁷ Similarly, Kremlin can engage in Cold-War style techniques in Central and South America, aimed at undermining Washington’s overall influence and interests in the area.

Fight in coalition

The coalition, although united by the fight against a common enemy, has several vulnerabilities. The severe debt crises faced by the government is likely to generate internal fights and loss of popular support.

Furthermore, the longer the armed conflict in the East is prolonged, the higher the costs for the Kiev administration and the more chances of disagreement within the ruling coalition. In this regard, it is relevant to analyse the different attitudes adopted by the president and by the prime-minister towards Russia. During the last October elections, PM Yatsenyuk has indicated a predisposition for a confrontational position, while Poroshenko’s actions suggest he is willing to accept a compromise. Such disagreements on major issues are likely to undermine the coalition’s unity.

Furthermore, the failure to make substantial reforms represents another vulnerability. As Petro Symonenko, the First Secretary of the Central Committee of the Communist Party of Ukraine has remarked, “*no amendments are made to the Constitution. Law on elections has been submitted only now. Elections are due in October but the law has not yet been considered.*” This, combined with the failure of the Minsk talks – “*no disarmament of illegal armed group and stockpiling weapons along the borders [...] seriously exacerbate struggle inside the ruling coalition.*”¹⁵⁸

Therefore, fight in the coalition is likely to occur, thus jeopardising the success prospects of reforms and the political stability of the country. Nonetheless, the positive consequences should not be undermined. An environment of contradiction has its role in providing incentives for creative solutions that satisfy all par-

¹⁵⁷ <http://blogs.reuters.com/great-debate/2015/07/02/want-to-escalate-u-s-russia-tension-arm-ukraine/>.

¹⁵⁸ <http://tass.ru/en/world/803040>.

ties. Such a setting stimulates debate and competition for popular support. From this perspective, it is likely that substantial reforms will be adopted even if there is internal fight within the coalition.

Reforms

Ukraine's government is in a situation where adopting reforms is fundamental in order to avoid default. The \$40 billion bailout programme offered by IMF and other creditors is conditional upon fighting corruption and restructuring core economic mechanisms. While Kiev has received the first tranche of \$5 billion from the Fund, the second payment (\$1.7 bn.) will be provided in August only subsequent to the adoption of certain measures, including legislative changes to the banking system and energy sector.¹⁵⁹ Other measures adopted already by the government are key reforms to the gas sector and privatization of state-owned business, both elements closely connected to corruption. While these reforms may take 3-5 years to have a visible impact, other changes that include the transformation of the traffic police will have an immediate effect on the average Ukrainian citizen.¹⁶⁰

Poroshenko's programme seems to be committed to changing the country and align it to Western standards, both to receive financial assistance and to smoothen the way for enhanced cooperation (and potential integration) with (in) NATO and the EU. This is reflected in the composition of the government which has unprecedented features. Thus, it is comprised of 14 ministers who do not have previous experience in this capacity. Seven of the 22 members cabinet are professional experts rather than experienced politicians and three members are foreign nationals that received Ukrainian nationality prior to appointment. Such an impressive array of technocrats sends a strong message that Poroshenko is determined to implement real change in Ukraine

¹⁵⁹ <http://www.reuters.com/article/2015/07/09/ukraine-crisis-imf-idUSL8N0ZP34320150709>.

¹⁶⁰ <http://www.forbes.com/sites/gregsatell/2015/04/28/the-beginning-of-the-end-for-putin-real-reform-begins-to-take-hold-in-ukraine/>.

and step away from corruption and administrative mismanagement.

Support for Government

The Ukrainian people are likely to support the government if it considers that the internal fights are a sign of a healthy pluralistic society and if it accepts the reforms implemented by the Government. In light of the ongoing aggression in Eastern Ukraine, the people are more inclined to accept austerity measures and other constraints imposed by the government in order to effectively deal with the crises. The most important element for maintaining a high level of support is to present itself as a credible, corruption-free executive, strongly committed to halting the conflict and to transform the Ukrainian society

Furthermore, the executive has also adopted popular measures, such as the increase of the spending on social assistance programmes with 30% from 2014 and a 15% rise of the social benefits. Additionally, assistance with energy bills had quadrupled in just one year from \$6 bn. to \$24 bn.

Russia's option: federalisation

France and Germany are pressuring Poroshenko's administration to confer more autonomous rights to the occupied territories. The President's office has declared that the Ukrainian head of state had July 10th a phone conference with Merkel and Hollande, whereby the latter two have "*recommended*" to pursue constitutional amendments and have "*placed especial stress that the draft Constitution of Ukraine reflects special self-rule for certain districts.*"¹⁶¹ A regime of special self-rule could be considered a first step towards federalisation. While it is unlikely that France and Germany would press for this administrative transformation, Russia is likely to settle with no less. Furthermore, the Kremlin aims at implementing an administrative regime that would confer the pro-Russian regions an effective right to veto any attempt of Kiev to join the EU or NATO.¹⁶²

¹⁶¹ <http://www.rferl.org/content/ukraine-france-germany-constitutional-reforms-poroshenko/27121137.html>.

¹⁶² <http://www.themoscowtimes.com/opinion/article/putin-s-federalization-card-in-ukraine/497680.html>.

Russia is arguing the need of federalization by pointing out that Ukraine has failed to consolidate a unitary state in 20 years and it lacks a common identity or a common history.¹⁶³ Thus, the Kremlin is claiming that there are no Ukrainian people, but that there are more peoples on the Ukrainian territory, all being in need of exercising their right to self-determination. Moscow argues amongst others that the current system of appointing governors is both unpopular and unjust, thus pressing for federalisation as the only acceptable solution.

**13. Highway to hell: Russia takes profit
of internal destabilisation and lack of cohesion
(Diana Bărbuceanu)**

UA receives weapons + fight in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

We are much more inclined to admit today that the situation in eastern Ukraine has exceeded the phase of a local conflict and it can be resolved only through a concerted international mobilization. Although the fighting is taking place on the Ukrainian land, the confrontation is in fact a Russian-Western one rather than a Russian-Ukrainian one. However, there are voices stating that despite the momentum and aggressiveness of Russia's strategy, it is still a strategy of the weakest, hidden behind the curtain and afraid to admit a full-fledged war in Ukraine.

Behind the propaganda, Russia's long-term strategy is to break up Ukraine as a state and the EU as a whole and to put the stamp of decadence and corruption on the Western civilization. Timothy Snyder publicist and professor of history at Yale University in the USA recently declared that *"the invasion of Ukraine was Russia's enormous strategic mistake. It might even be one of the greatest errors in the history of Russian foreign policy from modern era. I think Russia will lose this war, but no one will win. This will put the Russian regime in a bad position:*

¹⁶³ <http://www.themoscowtimes.com/opinion/article/putin-s-federalization-card-in-ukraine/497680.html>.

they will not be able to say that they lost to the United States but would have to declare that they were beaten by Ukraine and such a declaration is unthinkable for today's Russian leaders ". Thus, the danger of war in the eastern separatist region of Ukraine is higher than ever.

The same opinion is shared by Vadym Prystaiko, Ukraine's deputy foreign minister who recently said: "*we don't want to scare everybody, but we are preparing for full-scale war*", warns Prystaiko— *telling CBC during a stunning interview that "what we expect from the world is that the world will stiffen up in the spine a little"*. Demanding that the West provide lethal weapons Prystaiko rages "*everybody is afraid of fighting with a nuclear state. We are not anymore*". Also Prystaiko concludes, "*we would like [The West] to send lethal weapons to Ukraine... weapons to allow us to defend ourselves*". Ukrainian official's statement occurs in the context of an alarmingly increase of violence in eastern Ukraine, together with a considerable increase in the number of soldiers without identification signs on their equipment but equipped with sophisticated Russian military weapons. So, facing the threats of resuming large-scale battles, we admit that the US made an important step on the situation in Ukraine, and eventually, the Obama Administration decided to send defensive weapons and equipment to the Ukrainian forces. Until now, the White House has limited support to non-lethal aid, which included bulletproof vests, medical equipment and radars to detect mortar barrages. But now, Obama Administration goes ahead with an effort to arm Ukraine argue that he must make the point that flagrant violations of international order perpetrated by Putin in Ukraine are unacceptable. No one thinks \$ 1 billion a year in arms (the amount proposed by the former officials) would be sufficient to defeat a full-on attack. But it is enough to significantly increase the danger for Putin, who has gone to great lengths to hide Russia's actions from its people.

US officials now believe that success lies in not defeat Russia militarily, but to increase the cost of the war to the point that Putin will give up. In White House acceptance, only hard times would lead Moscow to withdraw troops from Ukraine and to end the expansionist policy of Vladimir Putin. Considering the urgent needs of the Ukrainian army, Washington is sending for the

beginning to Kiev counter-battery radars for locating long-range missiles, unmanned aerial vehicles (UAVs), electronic equipment to counter Russian UAVs, secure communications capabilities, Humvee armored vehicles and medical support equipment. US does not fear anymore the repercussions that would attract for itself the decision to send arms Ukraine, given that, anyway, Vladimir Putin has long complained that the Ukrainian army “*is not an army, but a foreign legion, in this case, NATO’s foreign legion*”.

Meanwhile, the situation in the east is not the only crisis that Ukraine feels. The problems of the Ukrainian people worsens fast, majority of people being now divided into two categories: Ukrainians who are dying on the eastern front and Ukrainians who reach the limit of subsistence. Galloping inflation and massive increase in electricity and gas prices led to an almost viral impoverishment among citizens. Electricity price increased by 40% as of March 1st 2015 and heating costs will also rise soon by 60%. The gas price will also be increased massively, by 280%, as announced by head of the Central Bank. Impact of new price increases will have a stunning effect among Ukrainians, who expects a new avalanche of crisis. While initially, the executive in Kiev expected 13 percent annual inflation, meanwhile, the figure was doubled, the new inflation being calculated around 26%. In addition, the government will also reduce social benefits. Unfortunately, at present, no one can make a prognosis to estimate how long this economic bleeding will last. However, since the end of 2013, Ukraine is on the verge of bankruptcy, but the situation has worsened dramatically after the change of power and the beginning of the armed conflict in the east. In these circumstances, no investor will take the risk of making a step forward towards a country in the midst of war and whose currency loses value daily. So, framed in a morbid landscape created more than a year ago, Ukraine battle on two fronts: militarily – against pro-Russian separatists and economic – against state bankruptcy. Amid such circumstances, social tensions among citizens are growing increasingly. In these circumstances, “the dignity revolution” started in the Independence Square has apparently not reached even half of the goals. People are giving signs that patience has come to an end because the new political

class does not seem also to have the ability to provide that “face changing” which Ukraine needs. According to some opinion polls, only a third of Ukrainians claim that they would be able to bear the burden for another year. The condition would be, however, that people to foresee the changes that are made are for the better. Otherwise, who could guarantee anything? Or who could stop the disaster? And as the war in the east, along with economic collapse would not be enough, Ukraine is faced now with new political convulsions.

The fighting in the coalition overshadows the country’s new political landscape and reveals that Ukraine remains a country ruled by oligarchs. Also, people started to be dissatisfied by the current president, given that neither his past cannot be buried. Although he doesn’t have any business in the oil field, Poroshenko remains ultimately an oligarch. During last year’s presidential campaign, he promised to sell his chocolate factory which ensured his business success over time, but until now “a buyer could not be found for it”.

While the separation of the politicians is increasing every day in Kiev, the pro-Russians separatists are plotting a revival of tensions near the town of Mariupol. This shows that Putin is preparing himself, and the port city on the Black Sea could eventually become the next target of separatists. Russia can control Crimea on acceptable terms only by creating a land corridor between what the Kremlin calls “New Russia” and Crimea. So, Mariupol, as strategic point, is in clear danger. But this is not the only city concerned by the proximity of new destabilization. Recently, in Odessa it was founded “People’s Rada of Bessarabia”, a pro-Russian organization, which the Ukrainian authorities already designated as a separatist one. According to the founders, the new organization brings together Bessarabia seven main communities: Bulgarians, Gagauz, Russians, Ukrainians, Gypsies, Moldavians and Poles. The Ukrainian Information Services reveals that People’s Rada is a result of the Russian’s secret services hard work, aimed at destabilizing the situation in the Odessa region. So, in the invisible war in which Vladimir Putin has harnessed more than a year, Russia is pushing new levers through which they are trying to destabilize slowly but surely, Ukraine. The very invention of the new organization “People

Rada of Bessarabia” reveals the involvement of Russia in Odessa, by all means and methods in the fight to thwart the loss of Ukraine from Russian’s influence. It is an example that Russian intelligence services are operating on the territory of Ukraine, doing their duty in line with the wishes of the leadership from Kremlin.

But systematic degradation of Ukraine both political but mostly economic and military does not stop here. For a new destabilization of the situation in Ukraine, the Kremlin implements a new plan. So, this time, integrity and social security of citizens appears to be the new concern of the Ukrainians, after assassinations have become the latest method of sowing terror among the population. The victims targeted by attackers have Russian citizenship or clear pro-Russian affinities. Moscow is quickly speculating these events and the press close to Kremlin find an opportunity for lamentation that this is the Ukrainian democracy the West wants to see. Moreover, after a series of Kremlin’s close people are killed, the Russian propaganda spreads misinformation, that the movements of the kind shown by the Ukrainian ultra-nationalist Stepan Bandera returned to power in Ukraine. The acceptance of Russian propaganda is that these murders demonstrates the amplification of the wave of political terror in Ukraine, therefore, making these killings a new subject of manipulation. So, given all subversions that Russian secret services are orchestrating on the territory of their neighboring country, is increasingly apparent that Vladimir Putin will never give up to Ukraine.

14. Ukraine internal perfect storm: a weak state made by internal means (Diana Bărbuceanu)

UA receives weapons + fight in coalition + stagnation + social unrest + Russia’s option: federalisation (strong signal)

In early July, the Ukrainian Minister of Defense said that the West should not let the guard down in regards with Ukraine, saying that strengthening Russian forces supporting Donbass separatists shows that the Russian president wants to take control

of the country. Stepan Poltorak made this statement in the context of the visit of Canadian Minister of Defense, Jason Kennedy, while, despite the ceasefire in force, Ukrainian military commanders have reported an increased number of separatist attacks in the east of the country. *“The threat still exists as military groups and Russian troops continue to consolidate forces, bringing additional equipment and ammunition, and of course that their plans are not peaceful”* said Poltorak. *“We must not be naive and think that Putin gave up his plans to conquer Ukraine, to destabilize the situation in Ukraine. He just changes his tactics and strategies, but its purpose remains the same: to conquer Ukraine”* added the Ukrainian Minister of Defense. In the same time, Poltorak added that separatists have launched more than 5,000 bombardments targeting Ukrainian forces since the cease fire was signed in February in Minsk. Taking in considerations such circumstances and the increasing risk of a full scale war, the US along with Canada and Britain finally decided to provide lethal weapons to Ukraine.

At first glance, such a move could lead to the most serious East-West confrontation of the Cold War and the beginning of a new and unpredictable stage. However, facing Western sanctions and a drained economy, Russia cannot prepare itself in a very short time for starting a large-scale war with Ukraine and implicitly with the West. Of course there is no guarantee that the supply of sophisticated American weapons is a decisive step which puts an end to the expansionist ambitions of Vladimir Putin but, for now, Russia cannot afford the possibility of a public declaration of war. Therefore, on short term, Kremlin can only continue in eastern Ukraine what they already begun one year ago, only this time at a much higher intensity. Unmarked Russian soldiers storm Ukrainian territories, this time with overwhelming force and equipped with more advanced military equipment. Less than 48 hours after the Ukraine announcement that the West is providing them lethal weapons, the city of Azov, Mariupol is rocked by a series of explosions. As a result of a GRAD rockets attack from a Pro-Russian rebel camp, hundreds of people are losing their life and other hundreds are injured. This action is the bloodiest insurgent forces launched in Mariupol. It is quite clear now that the attack in Mariupol is not only an intensification of fighting between separatists and the

Ukrainian army, but he is the strongest warning signal sent by Russia. Using Grad missile systems confirms once again that the action was a planned one with a significant logistic support. By conquering Mariupol, Russia could provide a geographic structure to support Crimea as the city is at a distance of less than 300 km of former Ukrainian peninsula. Now, more than ever, Ukraine feels threatened by a veritable war. It remains only a matter of time before Russia would assume these acts.

Moreover, using different destabilization techniques, the Russian Federation emphasizes military successes along the contact line in eastern Ukraine and, at the same time, is intensifying its subversive activities on Ukrainian soil. Faking a pacifism that does not characterize him, he appeals to diplomacy and never stop to accuse the decadent West for the decision to send lethal weapons to Ukraine. He invoke the same argument that was used for the annexation of Crimea namely, the need to defend Russian nationals from the region by the fascists Ukrainians and Westerners who are killing the Russian population. Delivering the most diverse threats, Russia knows it cannot allow things to proceed in such a manner and the traditional enemy, NATO, to provoke her more than ever. Moscow promise itself the revenge that the West “deserves”, but they must gather forces in order for the hit to be a spectacular one. In turn, Russian propaganda is constantly working and reporting about “fascists Ukrainians and Westerners” are running non-stop on Russian TV channels.

Meanwhile, tensions in the coalition in Kiev are starting to appear. The economic collapse in which the tensions rise and the conflict in the East causes a split in the power dividing the political class between pro-European and pro-Russians. Fighting between the Premier and the President are more and more visible, and the current coalition is endangered. Prime Minister Arseniy Yatsenyuk complains that the only way that Ukraine has to embrace is the European and Euro-Atlantic one, while Petro Poroshenko seems to hesitate. It is clear that within the coalition a wave of tension and accusations started. We cannot predict yet how big is the desire to change the direction of the current government, but what is becoming increasingly evident it is that in Kiev seems that would have started a new fight for power.

Finally, the big loser in all this drama remains the Ukrainian people, because on the background of an increasingly tense po-

litical situation and the economic fall, social status of the people becomes deplorable. Economists point out that the Ukrainian state GDP declined in the first quarter of this year by 17.6 per cent, and for the next two quarters similar results are expected. In the same time, the Kiev Central Bank expects an inflation of 48% for this year, while the EU and the IMF are not rushing anymore with more billions to help. On its part, the government in Kiev makes preparations for a potential default of payment at the end of July and the results of the reforms are not showing up. Of course, the problems that Ukraine faces are many, and some of them, as the war in the east – are not its fault. However, a good foreign policy is related with a good internal policy and at this chapter Ukraine is once again behind others. If the developments will be as the specialists are foreseeing, Ukrainian state seems to be under the curse of a lamentable political class. According to the latest polls, the Popular Front party seems to be the most affected in image. The party of the Prime Minister Arseni Iateniuk suffered a major hit, falling from first place (over 22% on the elections of October 2014) to very close of the electoral threshold of 5%. Not the same thing seems to happen in Poroshenko's alliance, ranked second in the last election. According to the same statistics, they will be the winner of the vote, with 16 percent, if new elections were held now. Local elections will take place in Ukraine in autumn. Let us hope that the alliance government in Kiev will last until then.

But Ukraine's internal problems have and will be exploited by Russia. Any breach in the unity of the Kiev's leadership is a good opportunity for Moscow to place critics to the "fascism" which came into power in Ukraine. And as Russia speculates every mistake made by the opponent, a split of the Ukrainian political class might allow Moscow to infiltrate key positions that would lead to major changes in various sectors of security, ordered directly from the Kremlin. Also, as social-economic and political situation in Ukraine might degrade increasingly amid the drop in living standards, the flourishing of corruption, nepotism and lack of reforms, the result of the autumn local elections could record a shift in the political map. This situation can be extremely convenient for Russia who will not miss the opportunity to try to strengthen its influence not only in the Donbass, but also in the Ukraine, by supporting favorable political forces. Meanwhile,

taking into consideration the violence from the battlefield and the current political situation, Russia come back with the proposal of federalization of Ukraine as the only solution to end the conflict.

In support of this plan, Russian officials invoked the argument that today Ukraine is not a viable state and that is on the verge of disintegration. But this is not a new idea, at least not in Kiev, where the Communist Party together with some factions of the presidential-party “Party of Regions” supports for many years the idea of a possible federalization. Today, more than a year after the “dignity revolution” seems that the Ukrainian society is returning to the same old bad habits. What is new this time in the idea launched by the Kremlin is that the federalization of Ukraine would allow regions in the east of the country to integrate into the Customs Union of Russia-Belarus-Kazakhstan and for the Western regions of Ukraine to pursue integration into European economic space. Moscow also alleges that economic, cultural and personal ties between eastern and western regions of Ukraine are weaker today than the ties between eastern regions of Ukraine and Russia or the ties between western regions of Ukraine and the EU. The ideas expressed by Russian officials begin to stir uproar and debates among citizens and even among leaders in Kiev. More than this, going on this narrative, taking into account the profound break ups in Ukrainian politics and society, this proposal is turning very quickly into a political program in Kiev.

15. Struggle for finding a way out to reforms and prosperity (Adriana Sauliuc)

UA receives weapons + fight in coalition + stagnation + support for the Government + Russia’s option: destabilisation (weak signal)

Ukraine receives weapons

In the short term and because of the certainty that Ukraine, at least in the short and medium term, will not change its position

regarding the preference for a pro-Western direction, Kyiv will receive external support in the military domain. The subject regarding sending weapons to Ukraine had generated extensive discussions in the capitals of the countries who have the capacity and the interest to send weaponry to Kyiv, for the Ukrainian Army, either because they are interested in this topic following their belonging to an organisation directly concerned by Europe's fate and, therefore, by the developments in the Eastern part of the continent (ex. UK, Germany, France etc.), either because of their status that puts the countries in the situation to have a position regarding the events in the Eastern part of Ukraine (ex. USA).

But whether we are talking about countries situated in Europe or across the Atlantic, there is no doubt that their decision to supply weapons to Ukraine is linked of the way they perceive the Ukrainian crisis. More specifically, supporting Kyiv, even if it is one of their options, is seen as a necessity given the fact that the Russian aggression cannot be neutralized through other direct means. In this context, supporting Ukraine, the direct victim of Kremlin's hard power, both with weapons and training, will be preferred by the countries involved in resolving the crisis in the Eastern part of Europe, so, in the short term, Kyiv will benefit from external support in the military field. It has already received assistance in this sensitive area, Ukraine's decision to go towards West being one of the main elements that led to Western countries' decision to help Ukraine in the military field, by supplying arms and providing training in this domain.

Therefore, the first 10 US military Humvees have been delivered to Ukraine in March 2015, while Washington didn't resumed its support at this delivery, another 100 armoured Humvees being sent to Ukraine. And this is only a part of the military support for Ukraine from the USA. This military equipment was only a part of a broader assistance package to Ukrainian leadership and the border guard service.¹⁶⁴

Washington also provided support for the military personnel of the Ukrainian army. As Ben Hodges, US Army Europe

¹⁶⁴ *US pledges Ukraine to deliver 100 more armored Humvees in July*, UT Ukraine Today, June 26, 2015, <http://uatoday.tv/news/us-pledges-ukraine-to-deliver-100-more-armored-humvees-in-july-445974.html>.

commander announced in February 2015, the US military will train Kiev troops fighting against militias in southeast Ukraine: “we’ll train them in security tasks, medical [tasks], how to operate in an environment where the Russians are jamming [communications] and how to protect [themselves] from Russian and rebel artillery”.¹⁶⁵

The White House wasn’t the only one who understood that a political support for Kyiv is not enough in the current situation, the leadership in London, a close ally of the US, assumed that Ukraine needs military support. Even if Prime Minister David Cameron announced in February 2015 that Britain will not supply Kyiv with lethal weaponry, he assured that UK troops will support Ukrainians with tactical intelligence, training and logistics. In other words, the British support given “*well away from the area of conflict*”, as Prime Minister has said, will help the Ukrainian Army to improve Ukraine’s tactical advantage.¹⁶⁶

In the short term, Ukraine will receive other types of weaponry, so in the next period, Kyiv will be in the position to confront its enemy – Russia, and to take action in order to cancel the effects of the Moscow’s action in the Eastern part of the country.

But if the support already received has been substantial both in terms of usefulness and significance for Ukraine, the possibility to obtain lethal weapons will change the perspective of Kyiv in relation to Moscow’s actions. And the signals coming from Washington are positive, in March 2015, for the first time, the chairman of the Joint Chiefs of Staff, Gen. Martin E. Dempsey, has spoken out in favour of supplying Kyiv troops with American weapons. “*I think we should absolutely consider lethal aid and it ought to be in the context of NATO allies because [Russian President Vladimir] Putin’s ultimate objective is to fracture NATO,*” AFP cited Dempsey, speaking to the Senate Armed Services Committee.¹⁶⁷

¹⁶⁵ *US military to train Kiev troops fighting in E. Ukraine – US Army commander*, February 11, 2015, <http://rt.com/news/231439-ukraine-us-army-training/>.

¹⁶⁶ *Cameron commits troops & ‘non-lethal aid’ to Ukraine*, February 24, 2015, <http://rt.com/uk/235183-cameron-aid-ukraine-pledge/>.

¹⁶⁷ *‘We should absolutely consider lethal aid’ to Ukraine – US Gen. Martin Dempsey*, 04 March 2015, <http://rt.com/usa/237601-ukraine-lethal-aid-dempsey/>.

The formal assumption of such views came amid the debate regarding this topic, the US being among the states that have considered the supply of military equipment, including lethal, to Ukraine, a position that has sparked pros and cons.

Receiving weapons means a lot for Ukraine, but it also has some meanings regarding the decision to supply them by the Western countries. Thus, it is connected with the opinion of the states which are helping Kyiv with weaponry that there is no other way in dealing with Kremlin. At least not at this point when Moscow is determined to redraw the European borders in its favor. The dice have been thrown and the US, EU and NATO know very well that the situation cannot be reversed. It is not the first time when they are dealing with Russia and it's not the first time when Kremlin has an aggressive behavior (Georgia 2008), so they know that returning to *business as usual* like they did before is rather a wrong approach than a good one. Also, they are aware that they have few levers in the case of the Ukrainian crisis, and their direct involvement is not one of them. They do not want to risk a conflict with Russia, so helping Ukraine by sending weapons and training its soldiers seems to be, in the short term, the best option for the US and its allies.

Fight in coalition

Even if Ukraine managed to obtain, as a result of its situation, external support in an extremely sensitive area in the current context, internally, Ukraine seems to have problems. Thereby, in the short-term, internal political problems that Kyiv is facing will maintain (sometimes), a relative high level of tension within the ruling coalition. The coalition – the Petro Poroshenko Bloc, the Popular Front, Samopomich (Self-Rule), the Radical Party, and Batkivshchyna (Fatherland), has to manage a number of issues that can put into question its ability to act and rule the country, but also its near future. The elements that generate tense situations and can influence the evolution towards a rift of the coalition in power in the next period are multiple and complex. Among them, one of the more problematic is the differences between the President, Petro Poroshenko and the Head of Government, Arseniy Yatsenyuk, the president of Front of Change.

From the beginning, there was a question: will they be able to work together and help the Ukrainian state to overcome the major crisis in which Ukraine is deepening? Concerning this situation there are no surprises and this because there are some clear evidence regarding their relation: on Oct. 29, 2014, both top winners of the election presented competing drafts of an agreement to unite forces into a ruling coalition: Poroshenko's version of the coalition agreement was a 50-page document that outlined plans across the spectrum, everything from battling corruption to pension reform, while Yatsenyuk presented a plan of just 2.5 pages, called the European Ukraine, and implies that the plan is basically to fulfil the nation's commitments to change that came with the signing of the Association Agreement, a comprehensive trade-and-political pact with the European Union. In addition, Yatsenyuk presented a list of 36 laws that need to be adopted.¹⁶⁸ And this is only an example, more others being relevant in highlighting the major differences between the two. However, given the context, even if their positions and strategies are different on punctual subjects, situation which causes a lack of cohesion inside the ruling coalition, both of them will choose, in the short term, to support the political structure and this because they both know that the fall of one, may well bring down the other, such is the fragility of the coalition.¹⁶⁹

Other problems that will keep, in the short term, a climate rather tense than cooperative and competitive in Ukraine's ruling coalition, completes the list that gather together the items that generate rather fight and different positions within the coalition than cohesion and cooperation among its parties. And these are: the economic problems; the lack of capacity to manage, more efficiently, the problems caused by Moscow's action; the existing corruption, which, along with the oligarchs and the financial instability, maintain Ukraine in a critical situation.

¹⁶⁸ *Friends For Now: Can Poroshenko, Yatsenyuk work together?*, Kyiv Post, October 30, 2014, <http://www.kyivpost.com/content/ukraine/can-poroshenko-yatsenyuk-work-together-370145.html>.

¹⁶⁹ David Marples, *PROSPECTS FOR UKRAINE IN 2015*, Byukraineanalysis / December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

All these, in a period in which the two most important persons in the country appear to act individually rather than jointly, for the common good of Ukraine, situation that will be reflected in negative terms in the coming period.

Stagnation

The lack of cohesion in coalition, plus the major economic and financial issues caused by the ongoing war in the Eastern part of Ukraine, which swallows a lot of money despite Kyiv's low possibilities to finance the fights in the East, to which is added a major change of perspective: Ukraine cannot rely on loans or support from Russia¹⁷⁰, as it did before, put the Ukrainian state in an extremely difficult situation. Without immediate perspectives, only with promises from IMF, who signaled a willingness to let Ukraine restructure debts to lenders at its own pace, and announced that soon is expected to decide about the next tranche of Ukraine's multibillion-dollar loan package¹⁷¹, the Ukrainian leadership has so little options. And this because the most important achievement of the regime in Kyiv from the moment it took power is the adoption of the law "On Ensuring the Right for Fair Trial" (the "judiciary law").¹⁷²

But the biggest problem for Ukraine is that this situation will continue on short term because it cannot be solved. Why? The answer is simple: the unprecedented challenges Ukraine is facing today, like a declining economy, rising fiscal and quasi-fiscal deficits, a significantly devalued currency, pressures in the banking sector, dwindling reserves, huge financing needs and a conflict in the East aren't the result of the current situation and the annexation of the Crimea Peninsula by the Russians. Some of them are stem from the lack of reforms in the country in the past two decades while the conflict in the East has disrupted industrial production and exports and has imposed broad indirect costs by undermining consumer and investor confidence, and has

¹⁷⁰ David Marples, *op. cit.*

¹⁷¹ *Ukraine May Freeze Debt Payments To Fund War...*

¹⁷² *7 Pitfalls For Political Reforms In Ukraine*, VoxUkraine, March 19, 2015, http://voxukraine.org/2015/03/19/7-pitfalls-for-political-reforms-in-ukraine/#_ftn1.

made the economic crisis much worse.¹⁷³ Due to this fact, the stagnation in Ukraine is somehow understood, while the options of the leadership are minimal on short term because of the lack of money, political will and strength. This means that in these circumstances, on short term, Ukraine will remain in a phase of stagnation, with all the negative consequences this situation has.

Support for Government

In the short term, the Ukrainian people will continue to maintain its support for Government, understanding the particular situation that Kyiv is facing. Their preference for the actual coalition is linked to the position of international community, in general, and certain countries, individually, who expressed their support (including in the military field) for Ukraine following the onset of the crisis in this country. We are talking about international actors such as the US, UK, EU, NATO and the UN, whose attitude towards Kyiv indicate, at least for now, an acceptance of the current leadership. And this situation influences, inevitably, the perception of the population regarding the regime, especially of the Ukrainians with pro-Western visions, but only due to the fact that the population believes that in the current context, meaning a war situation, to manage the problems of the country is much more difficult, thus providing the necessary credit for the Ukrainian regime in the tasks that he has assumed.

On the other side, understanding the risk of losing people's support, the Government announced a series of measures that will ensure, at least in the short term, the public support. Between them, the government has taken steps to address the most vulnerable. Total spending on social assistance programs will reach 4.1 percent of GDP this year, an increase of 30 percent from 2014. Assistance with energy bill will in fact quadruple from 6 billion hryvnia in 2014 to 24 billion hryvnia in 2015. Meanwhile, unemployment benefits will rise 15 percent. All this

¹⁷³ Remarks by Qimiao Fan at the Ukraine International Support Conference in Kyiv, Qimiao Fan, World Bank Director for Belarus, Moldova and Ukraine, The World Bank, April 28, 2015, <http://www.worldbank.org/en/news/speech/2015/04/28/remarks-by-qimiao-fan-at-the-ukraine-international-support-conference-in-kyiv>.

is essential, but at the end of the day it will be sustained and equitable growth that will be most beneficial to the Ukrainian people.¹⁷⁴

So, people's support for the Government is more like a necessity in Ukraine given the fact that, at least in the short term, the war cannot be resolved. In this situation the Ukrainians know that their country do not need another crisis, this time political, so in the following period they will show their support for the regime in Kyiv. Also, the acceptance of the coalition is related to its direction towards West, a totally opposite change of its visions being able to determine the lost of the support.

Russia's option: destabilisation

Meanwhile, in Moscow, the main actor responsible for the crisis in Ukraine as a result of the revisionist policy (re)activated by Kremlin, the stance regarding the developments in the region is a clear one. The gain achieved to date should be valorised so a continuation of the previous behaviour, which led to the illegal annexation of the Crimean Peninsula, is considered to be appropriate by Moscow. Moreover, the external support obtained by Ukraine, including in the military field will attract, in the following period, Kremlin's growing interest to amplify the destabilization of its neighbour in its attempt to eliminate the advantage gained by Kyiv through the weapons it received.

In the short term, Moscow will enforce the same measures as before in order to maintain Ukraine in a situation which raises major problems for its security. Thus the destabilization of Ukraine through provocative actions will have direct effect in the following period upon Kyiv, despite the support it received from the outside. Continuing by the Kremlin of the so-called "policy of destabilization" in Eastern Ukraine includes providing more heavy weapons to pro-Russia rebels and deploying additional Russian forces near the border with Ukraine¹⁷⁵, as it happened

174 David Lipton, The Case for Supporting Ukrainian Economic Reforms, Peterson Institute, April 7, 2015, <http://www.imf.org/external/np/speeches/2015/040715.htm>.

175 Terry Atlas, *Russia Continues Trying to Destabilize Ukraine, U.S. Says*, Bloomberg, July 15, 2014, <http://www.bloomberg.com/news/articles/2014-07-15/russia-continues-trying-to-destabilize-ukraine-u-s-says>.

before. Now, Moscow, with all the attention focused on it and the pressure from the state and non-state actors, which accuse Kremlin of aggression against a sovereign state, has few options regarding Ukraine and maintaining it within its sphere of influence, and among the most effective ones are those involving actions to destabilize Eastern Ukraine. This even if Moscow continues to claim that it has “no influence” on the separatists and provocateurs rampaging in eastern and southern Ukraine.¹⁷⁶

In the short term, Russia’s aggression in Ukraine will continue to produce direct effects over Kyiv and its possibility to restore the state of stability within its borders, so that in the period ahead, Moscow is unlikely to give up its aggressive policy towards the Western neighbour who is guilty, in Kremlin’s opinion, to have dared to look towards West.

Also, Moscow has no other option than to continue what it started. It invested money and energy in this conflict losing more than it won both economically and in terms of its image. So it must continue its actions in Ukraine trying to reduce through possible future gains the losses suffered. It can also carry on because it is unwilling to add another failure in front of the USA, its traditional enemy.

16. Crowded agenda with tough choices for an unstable Ukrainian Government (RM team, Adriana Sauliuc)

UA receives weapons + fight / rift in coalition + stagnation (collapse) + support for the Government + Russia’s option – federalization (weak signal)

UA receives weapons

On short-term, Ukraine will receive military support on behalf of the occidental states. This statement is supported by se-

¹⁷⁶ Russia’s Destabilization of Ukraine, Testimony, Victoria Nuland, Assistant Secretary, Bureau of European and Eurasian Affairs, Statement Before the House Foreign Affairs Committee, Washington, DC, May 8, 2014, <http://www.state.gov/p/eur/rls/rm/2014/may/225773.htm>.

veral facts. Firstly, during a press conference held with German Chancellor Angela Merkel at the White House, on 9 February, 2015, U.S. President Barack Obama declared that in case a diplomatic solution fails to be enforced in the context of the Ukrainian crisis, United States will consider other options including providing “lethal defensive weapons” to Ukrainian army.¹⁷⁷ Following the escalation of fighting in eastern Ukraine at the beginning of June¹⁷⁸, a peaceful resolution of the conflict becomes even more unlikely, titling toward the military option. An important step taken towards providing lethal military assistance to Ukraine has constituted the signing into law of the Ukraine Freedom Support Act on December 18, 2014. The Ukraine Freedom Support Act, particularly the article on the increased military assistance for the Government of Ukraine, specifically states: “*The President is authorized to provide defense articles, defense services, and training to the Government of Ukraine for the purpose of countering offensive weapons and reestablishing the sovereignty and territorial integrity of Ukraine, including anti-tank and anti-armor weapons, crew weapons and ammunition, counter-artillery radars to identify and target artillery batteries, fire control, range finder, and optical and guidance and control equipment, tactical troop-operated surveillance drones, and secure command and communications equipment,...*”.¹⁷⁹ In addition, the Act authorizes \$100,000,000 billion dollars to be provided as military assistance to Ukraine, an amount made available for expenditure through the end of fiscal year 2018.

An even stronger argument is the majority coalition in the U.S. Congress pleading for a lethal military assistance to Ukraine.

¹⁷⁷ *Barack Obama:US could arm Ukraine against Russia*, The Telegraph, February 9, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11400911/Watch-live-Barack-Obama-and-Angela-Merkels-press-conference-on-Ukraine.html>.

¹⁷⁸ *Escalation of fighting in East Ukraine leaves ceasefire teetering on the brink*, The Guardian, June 4, 2015, available at: <http://www.theguardian.com/world/2015/jun/04/escalation-fighting-east-ukraine-leaves-ceasefire-tatters-russian-forces>.

¹⁷⁹ H. R. 5859 “An act to impose sanctions with respect to the Russian Federation, to provide additional assistance to Ukraine and for the other purposes”, enacted on December 18, 2014, available at: <https://www.govtrack.us/congress/bills/113/hr/5859/text>.

In this context, the U.S. House of Representatives passed a resolution with a majority of 348 votes against 48 “*calling on the President to provide Ukraine with military assistance to defend its sovereignty and territorial integrity*”.¹⁸⁰ The resolution was voted on March 20, 2015, and it “*strongly urges the President to fully and immediate exercise the authorities provided by Congress to provide Ukraine with lethal defensive weapon system to enhance the ability of the people of Ukraine to defend their sovereign territory from the unprovoked and continuing aggression of the Russian Federation*”.¹⁸¹ A similar bill has been introduced in Senate on February 11, 2015, briefly entitled “*Defense of Ukraine Act of 2015*”. The S.452 bill authorizes the U.S. President “*to provide lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine*”.¹⁸²

The documents have been preceded by a support declaration on providing military assistance to Ukraine, made by a group of senators on the Senate Armed Service Committee and a letter addressed to the White House by 30 members of the House of Representatives.¹⁸³

On the other hand, a growing number of senior U.S. administrative and military officials favor and call on arming Ukraine. The Director of the U.S. National Intelligence Services, James R. Clapper Jr., affirmed that personally he supports providing weapons to Ukrainian forces against the pro-Russian separatists despite the risks of further escalation entailed by such a

¹⁸⁰ House of Representatives, *Calling on the President to provide Ukraine with military assistance to defend its sovereignty and territorial integrity*, 114th Congress, 1st Session, March 20, 2015, available at: http://docs.house.gov/billsthisweek/20150323/MAS_087_xml.friday.pdf.

¹⁸¹ *Idem*, p. 4.

¹⁸² Senate of the United States, *S. 452 to provide “lethal weapons to the Government of Ukraine in order to defend itself against Russian-backed rebel separatists in eastern Ukraine*, available at: <https://www.congress.gov/bill/114th-congress/senate-bill/452/text>.

¹⁸³ *Lawmakers to Obama: Arm Ukraine now*, The Hill, May 2, 2015, available at: <http://thehill.com/policy/defense/231874-senators-to-obama-arm-ukraine-now>. *Lawmakers seek \$1B in military aid for Ukraine*, The Hill, February 11, 2015, available at: <http://thehill.com/policy/defense/232475-lawmakers-seek-1b-in-military-aid-for-ukraine>.

decision.¹⁸⁴ General Martin Dempsey, Chairman of the Joint Chiefs of Staff said that U.S. “*should absolutely consider providing lethal aid*” to Ukraine.¹⁸⁵ Gen. Dempsey emphasized that the support will target the capability gaps which substantially undermine the defense capacity of the Ukrainian forces and it is to be provided in the context of NATO allies.¹⁸⁶ In addition, Ashton Carter, President Obama’s nominee for Secretary of Defense, asserted on February 4, 2015, during his Senate confirmation hearing that he was “*very much inclined*” to provide defensive systems to Ukraine.¹⁸⁷ On June 20, 2015, at a press conference in Kyiv, U.S. Senator John McCain called again on United States to arm Ukraine.¹⁸⁸ Secretary of State, John Kerry, has also declared during a private reception in Germany, that he personally favors sending weapons to Ukraine.¹⁸⁹ Ms. Susan Rise, national security adviser of the U.S. President, who previously opposed sending lethal aid to Ukraine, is ready to reconsider her position according to the declarations made by an official who is familiar with her personal views.¹⁹⁰

A large number of senior U.S officials have confirmed that General Philip Breedlove, NATO’s military commander has

¹⁸⁴ *Top U.S. intelligence official backs arming Ukraine forces against Russia*, The Washington Post, February 26, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-intelligence-official-backs-arming-ukraine-forces-against-russia/2015/02/26/220e47f0-bdcb-11e4-bdfa-b8e8f594e6ee_story.html.

¹⁸⁵ *Top U.S. general says it is time to consider arming Ukrainian forces*, March 3, 2015, available at: https://www.washingtonpost.com/world/national-security/top-us-general-says-it-is-time-to-consider-arming-ukrainian-forces/2015/03/03/aa68dade-c1d6-11e4-ad5c-3b8ce89f1b89_story.html.

¹⁸⁶ *Ibidem*.

¹⁸⁷ *Defense chief nominee Ashton Carter, unlike Obama, backs arming Ukraine*, Los Angeles Time, February 4, 2015, available at: <http://www.latimes.com/nation/nationnow/la-na-nn-defense-nominee-ashton-carter-20150204-story.html#page=1>.

¹⁸⁸ *U.S. Senators Call For Arming Ukraine*, Radio Free Europe Radio Liberty, June 20, 2015, available at: <http://www.rferl.org/content/us-senators-call-for-arming-ukraine/27082770.html>.

¹⁸⁹ *Kerry Tells Lawmakers He’s for Arming Ukraine*, Bloomberg View, February 9, 2015, available at: <http://www.bloombergvew.com/articles/2015-02-09/kerry-tells-lawmakers-he-s-for-arming-ukraine>.

¹⁹⁰ *Top NATO Commander Supports Providing Weapons to Defend Ukraine*, Atlantic Council, February 2, 2015, available at: <http://www.atlanticcouncil.org/blogs/natosource/top-nato-commander-supports-providing-weapons-to-defend-ukraine>.

changed his position and is now secretly advocating for providing lethal aid to Ukrainian government. Contrary to his previous declarations, General Breedlove now considers that the lethal military assistance provided to Ukraine will significantly increase the costs for Russia in further supplying the pro-Russian separatists in Eastern Ukraine.¹⁹¹

Leaving aside the official positions which are dependent, to a certain degree, on the level of public support, it is important to take into consideration that the level of American people support for arming Ukraine and for imposing more drastic economic sanctions on Russia has increased. Despite the fact that more people still oppose than favor the U.S. sending defensive weapons to the Ukrainian government, the percentage of those who would support such a decision has increased from 30% in April 2014 to 41% in February 2015.¹⁹² Taking into consideration that the fighting continues in Eastern Ukraine, there are no reasons to believe that the public support is decreasing and not increasing.

As about the official position of the European states, although, a majority does not publicly support arming the Ukrainian government, the Ukrainian diplomatic and government officials recognized that Ukraine has been provided with military aid, including lethal aid, by a dozen of Western partners. A public statement that confirms this fact has been made on July 10, 2015 by the Ukrainian ambassador to United States Valeryi Chaly during an interview to Zerkalo Nedeli weekly newspaper. Chaly stated that Ukraine gets weapons and nobody is in a position to ban this, as Ukraine is sovereign country.¹⁹³

¹⁹¹ *U.S. Considers Arming Ukraine to Fight Separatists*, ABC News, February 2, 2015, available at: <http://abcnews.go.com/International/us-considers-arming-ukraine-fight-separatists/story?id=28673187>.

¹⁹² *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

¹⁹³ *Ambassador Chaly: A dozen European countries arming Ukraine now*, UNIAN Information Agency, July 10, 2015, available at: <http://www.unian.info/politics/1099520-ambassador-chaly-a-dozen-european-countries-arming-ukraine-now.html>.

Fight/rift in coalition

The Election campaign (from October 26, 2014) in the Verkhovna Rada was held in the context of a “hybrid war” triggered by Russia. Radical changes have taken place with regard to the dominant parties on the political spectrum. On one hand, the Party of Regions, strongly associated with Victor Yanukovich governance, has disappeared. Yulia Tymoshenko re-entered on the political arena after a period of detention (2011-2014). The events in the Maidan have brought to the forefront political parties promoting radical nationalist messages. The election campaign was also dominated by the political rivalry between Petro Poroshenko and Arseniy Yaŕeniuk. Petro Poroshenko failed to win the parliamentary election, which made him dependent on the populist parties present in the Verkhovna Rada. All political parties unequivocally identify themselves with their leader’s personality and are dominated by personal and group interests.

Facing permanent challenges from Russia and also as a result of the informational warfare, the parliamentary factions did not prove their responsibility. Verkhovna Rada started to adopt populist laws¹⁹⁴, which strongly undermined the partnership between the Verkhovna Rada, the Government and the President. Consequently, the establishment of the Coalition Agreement will not ensure its proper operation and, after a phase of imitating the existence of the Coalition, it’s splitting will become inevitable. The political rivalry between Petro Poroshenko (the President) and Arseniy Yatsenyuk (the Prime-minister) being artificially supported by Russia through the instruments of the information warfare will lead to the demoralization of the society, especially of the adherents of the European perspective. *It will replicate the situation after the “orange revolution”, when the rivalry between Viktor Yushchenko – elected President, and Yulia Tymoshenko, whom Yushchenko was forced to propose as Prime Minister, determined the demoralization of the “Orange Revolution” adherents, preparing, by these means, the rematch of Viktor Yanukovych and his “Party of Regions”.*

¹⁹⁴ <http://korrespondent.net/ukraine/politics/3534937-rada-podderzhala-restruktury-zatsyui-valuitnykh-kredytov>.

As a result, Ukraine will lose its credibility in front of its external partners (Germany, EU, U.S., and NATO) who have made considerable efforts to stop Russia's open aggression and to obtain the signing of the Minsk Agreements.¹⁹⁵ Ukraine will not succeed¹⁹⁶ to achieve coherent and consolidated policies for fighting corruption and for reforming the national economy. The weakening of the central Government will lead to a dramatic decline in the rating of President Petro Poroshenko, a fact that will be used by regional clans and oligarchs. The political crises, the Government failure to fight corruption, the loss of confidence from the U.S., EU and NATO, the on-going information warfare, will determine the demoralization of the Ukrainian military, especially the personnel engaged in the Anti-Terrorist Operation. Russia, with the help of its Secret Services, will be able to trigger a series of terrorist acts in various regions of Ukraine. The national currency, Hryvna, will depreciate dramatically, and consequently Ukraine will become a failed state in several respects.

Stagnation (collapse)

There are many unfavourable indicators and estimations regarding the prospective of reforms that might be grouped in several categories: political unity and will, reforms leaders, reforms content and management.

The recent spate of dismissals or resignations of high-ranking officials in Ukraine is a sign that the country's reform drive is stalling. The ruling coalition in Parliament contends that the officials failed to carry out major reforms and combat corruption. The most recent firing was Ecology and Natural Resources Minister Ihor Shevchenko, Health Minister Oleksandr Kvitashvili and SBU Head Valentyn Nalyvaichenko.

Though Kvitashvili did carry out a successful reform in his native country from 2008 to 2010, he failed to repeat the feat in

¹⁹⁵ <http://gordonua.com/news/politics/CHto-podpisali-v-Minske-po-Donbassu-Polnyy-tekst-dokumentov-.66263.html>.

¹⁹⁶ http://nr2.com.ua/News/Ukraine_and_Europe/Ukraine-napomnili-Voyna-na-Donbasse-bolshe-ne-mozhet-byt-opravdaniem-tormozheniya-reform-101931.html.

Ukraine. Critics say that since he was appointed in December 2014, he has dragged his feet on eliminating rampant corruption in drug procurement and submitting bills on healthcare reform. Kvitashvili had met fierce resistance from vested interests and lobbying groups linked to the ministry and the pharmaceutical industry: *“there’s an iceberg there – the minister and ministry are on the surface, but the main problems are underwater”*, *“the ministry is rife with problems of corruption, and there are various ‘landmines’ that may explode”*. A similar situation has emerged at the Security Service of Ukraine, which has been accused of doing little to crack down on corruption in its own ranks.¹⁹⁷

In Saakashvili’s opinion, *“it’s high time to say honestly that the system resists reform. It’s not enough to be honest. You must also act aggressively”*.¹⁹⁸

The failure scenario is also linked with the Ukrainian President, his real political will and integrity. *“Poroshenko is himself an Oligarch, how can we be expected to believe he is truly willing to take from himself the power he and the other Oligarchs have...For each passing month I feel stronger and stronger that Poroshenko, Yatsenyuk and all the other lawmakers are taking the West and their own people for a ride... Change, true democracy and getting rid of corruption would hurt each one of them more than most others”*.¹⁹⁹

The **quality of the reform plan** is another element of the reforms failure. The reform plan has received mixed reviews from a team of Ukraine experts affiliated with the policy discussion website VoxUkraine. According to the analysis only 3 sections of reforms out of 17 have been granted with a PASS, and CONDITIONAL PASS to 6 sections out of 17. The analyses have revealed that *“the draft does not have a coherent ideology and that many sections advocate Soviet style command economy approach to reforms, while only few sections address the structural causes of the problems in Ukraine”*.

¹⁹⁷ <http://www.kyivpost.com/content/kyiv-post-plus/heads-roll-as-ukraines-reforms-falter-392569.html>.

¹⁹⁸ <http://www.aljazeera.com/indepth/features/2015/06/georgians-guide-ukraine-reforms-path-russia-150604103847612.html>.

¹⁹⁹ *Idem.*

The good news is that the team has rated three of 17 sections as excellent, six as subject to improvement, five as “water” (or boilerplate), and only four as bad. That’s nine of 17 that are at least good enough include law enforcement, national security, and energy independence (pass) as well as anticorruption, decentralization, regulation and competition policy, infrastructure and transportation, electoral reform, and ecology (conditional pass).

*“The bad news is that eight of 17 don’t pass muster, and, worse, these include such key sectors as judicial and financial reform (“water”) and agricultural, constitutional, and economic-growth reform (fail). If you believe that judicial reform underpins all the other reforms, then none of the reforms will take off without a fundamental restructuring of the courts. If, alternatively, you believe that economic growth is the sine qua non of many of the other reforms, then you’re likely to view the bad news as really, really bad.”*²⁰⁰

Unlike the VoxUkraine team, Anders Aslund from the Washington-based Peterson Institute for International Economics believes the entire document is a disaster: *“the draft coalition agreement even reminded me of reading Leonid Brezhnev’s speech at the 26th Party Congress of the Communist Party of the Soviet Union in 1981. This is not a reform program but an old-style bureaucratic Soviet document for the preservation of the old system. Such a conservative document will never bring reform. There is no declaration of will or strategy. The document does not even start with a set of goals but with a bureaucratic laundry list”*.²⁰¹

Support for Government

It should be mentioned that at such negative social and economic background ***Ukrainian society does not only keep public peace in general, but even shows active support, including financial, to the Ukrainian Army, volunteer battalions, volunteer movements supporting refugees from Crimea and Donbass.*** It

²⁰⁰ <http://www.worldaffairsjournal.org/blog/alexander-j-moty1/does-ukraine%E2%80%99s-reform-plan-measure>.

²⁰¹ *Idem.*

proves that the citizens are conscious of the critical situation in the country existing at the moment, and are ready not only to save money, but to provide possible **support to the state (Government) efforts to achieve peace and to lay prerequisites for the social and economic development of the country**²⁰².

At the same time, there are reasons to count on **creation of the progressive “core”** from some representatives of political elite and civil society, who realize not only the depth of the problem but also the extent of their responsibility. Afterwards, for the first time Ukraine has the possibility to implement unpopular but necessary reforms in partnership between authorities and civil society.

The process of **involving some civil society activists and institutions in political life** will continue. It will have three different forms:

- membership in political parties or their adding to electoral lists;
- appointment as advisers to the President, members of the Cabinet of Ministers and heads of local government;
- participation in local elections.

In the meantime, the **impact of civil society institutions will strengthen** gradually. It concerns not only participation of independent experts in state policy formation on different levels, but also pressure of civil society institutions on the authorities. It is obvious that competition between civil society institutions in terms of presenting the ideas and projects on certain issues will grow, which can be estimated as a positive tendency. Intensification of this process on the regional level shall be expected as well.

In case of implementation of the declared reform of social assistance (unconditional implementation of the targeting approach, monetisation of some of the benefits, revision of the list of benefits and categories of beneficiaries), the most severe consequences of the frugal policy for socially vulnerable groups may be mitigated to an acceptable degree.

In carrying out social reform, it should be borne in mind that **in the current situation, the absence of significant manifes-**

²⁰² http://www.uceps.org/upload/1424704722_file.pdf.

tations of social discontent is mainly due to a sufficiently high level of patriotism among Ukrainian citizens. However, the authorities should be aware that, firstly, the extent of public patience is not limitless and, secondly, exploiting the factor of the public dissatisfaction is one of the tactics of the “hybrid war” being waged against Ukraine.²⁰³

Potential consequences:

- high internal and external authority of the governance and political elites;
- high resistance to Russian propaganda;
- high level of self-confidence of the nation, governance, civil society, business etc.;
- boosted economic, political, social development;
- increased internal capacities in all sectors;
- public confidence in political elites, governing institutions and political leaders.

Russia's option: federalisation

In such a scenario, in which Ukraine as a result of receiving military support and due to the reforms achieved exceeded the critical point in which any Russian action could dramatically affect its evolution, Moscow's short-time options are limited. Kyiv's capacity to deal with threats coming from outside its territory due to the weapons received from the West and due to the diplomatic support, put Russia in front of a less favorable situations: either gives up Ukraine and allows it to escape from its area of influence, no longer having the ability to constrain Kyiv economically and politically in order to keep Ukraine close, either Moscow finds a less costly way in terms of price that Kremlin must pay for its aggressive policy regarding Kyiv, including at the level of its image, which therefore may improve.

One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence in relation to Kyiv, but with lower costs. For Russia, the federalization means near-independence,

²⁰³ *Idem.*

more precisely a code for eventual secession²⁰⁴, a success which, as a result of the Minsk agreements failures and subsequent developments, Moscow might get. Even if in a short term scenario the effects of the federalization of Ukraine will not be so visible, the process itself not having enough time to complete, such an evolution will definitely be in favor of Russia, which powerless to exercise full control over Ukraine, will have the opportunity to maintain a lever to influence over the neighboring country.

So, the federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine and later, if the evolution of the events will allow it, to adopt a more aggressively policy towards Kyiv. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin's ability to impose a greater control so, as stated by Yulia Tymoshenko, "*federalisation is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*".²⁰⁵

Russia's success in influencing the evolution of Ukraine into a country with such a form of organization, more easily controlled by Kremlin is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered available option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, "*to solve the current crisis in Ukraine, the country should become decentralized and federalized*".²⁰⁶ Also an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, "*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*".²⁰⁷

²⁰⁴ Alexander Motyl, Why Russia Wants the Federalization of Ukraine, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

²⁰⁵ John Reed, Neil Buckley, Russian push to 'federalise' Ukraine stirs resentment, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bec-ba7c-11e3-a905-00144feabdc0.html#axzz3frCGqEp6>.

²⁰⁶ EU chief calls for decentralization and federalization of Ukraine, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-cu-federalization-ukraine/>.

²⁰⁷ Merkel supports Ukraine power decentralization, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiev/>.

In such a situation, Moscow's efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements, share the same view regarding what Kyiv should do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

***17. Tough fight for Western option,
under military pressure (Alexandru Voicu)***

Ukraine does not receive weapons; cohesion in coalition; reforms; social unrest; Russia's option: destabilisation (strong signal)

The following scenario will focus on the short term of the Ukrainian volatile situation. It will encompass several indicators that will guide the development and conceptualization of the scenario. The scenario will be built on the premise that Ukraine will not receive any weapons from Western powers. It will also be assumed that the coalition will persist and it will not crumble. Reforms will be applied extensively; however they will be received with discontent by the citizens. Last but not least, the scenario will be based on the assumption that Russia will continue destabilizing Ukraine through several bellicose actions.

A scenario that encompasses all the indicators presented above could happen in the short term. It is highly likely that the European countries will shift attention from the Ukrainian crisis to the Greek crisis. The stalemate between Greece and European Union is conceived as being more stringent and more consequential for Europe than the Ukrainian crisis on the short term. Therefore, the relevant European powers will rather focus on the issues within the EU rather than further being enmeshed outside their perimeter. As long as Russia will pursue actions of destabilization, without a full range invasion, the EU will put the Ukrainian crisis in the background as was shown recently.²⁰⁸

²⁰⁸ John Bruton, 'Ukraine and Greece: Has Europe set its priorities right?', Wilfried Martens Centre for European Studies, 15/06/2015, <http://www.martenscentre.eu/blog/ukraine-and-greece-has-europe-set-its-priorities-right>.

This outcome will most probably mean that the European countries will exclude in the short term sending weapons to Ukraine.²⁰⁹ Therefore, as long as Russia will choose a return to status-quo and will try to destabilize Ukraine through minor aggressive acts, EU will opt-out from sending weapons.

There is a certain probability that United States will send weapons to Ukraine, however it is low. United States looks more concerned to enforce the credibility of NATO and to deter Russia to conduct aggressive action against the Eastern European states. United States explores the possibility to send weapons to Ukraine but as the situation develops Washington would rather solidify NATO's Eastern flank. This intention could easily be seen through the Pentagon's decision to pre-position tanks, artillery and other military equipment in eastern and central Europe.²¹⁰

Even if there are small chances for a more straightforward intervention of the West through sending weapons in Ukraine, it is highly likely to see a cohesive coalition in the short term. The main political actors have several key elements that bond them together. The conflict with Russia, the commitment towards reforms and the international support are the basis for a cohesive coalition. Having said this one could assume that the government together with other relevant political actors will continue to apply wide-ranging reforms in the short term. Petro Poroshenko said that his country is making significant efforts to implement tough reforms in the present and it will struggle to do so in the future as well.²¹¹ One clear sign that shows the commitment toward reforms of the Ukrainian decision-makers could be seen

²⁰⁹ Isabela Cocoli, 'Poll: Many in NATO Nations Reluctant to Give Military Aid to Ukraine', VOA, 10/06/2015, <http://www.voanews.com/content/nato-nations-reluctance-military-aid-ukraine/2816333.html>. For further details also see. Alex Barker, 'Poll highlights divisions among public on tackling Ukraine crisis', Financial Times, 10/06/2015, <http://www.ft.com/intl/cms/s/0/b28f38ae-0ec3-11e5-848e-00144feabdc0.html#slide0>.

²¹⁰ Phil Stewart and David Mardiste, 'U.S. to pre-position tanks, artillery in Baltics, Eastern Europe', Reuters, 23/06/2015, <http://www.reuters.com/article/2015/06/23/us-usa-europe-defense-idUSKBN0P315620150623>.

²¹¹ Laurence Norman and Nick Shchetko, 'EU, Ukraine Meet but Remain At Odds on a Number of Issues', WSJ, 27/04/2015, <http://www.wsj.com/articles/ukraine-president-petro-poroshenko-eu-officials-discuss-reforms-in-kiev-1430132684>.

in the privatization plan issued on 12th of June. This new plan includes a number of big state assets.²¹²

Even if the coalition cohesion might happen to materialize in the future there are several challenges which are going to interfere in short term. Russia will pursue a policy of destabilization. As President Poroshenko stated, Moscow will attempt to undermine stability in Ukraine from within.²¹³ Therefore there is a certain probability to have coalition cohesion but it will be regularly challenged by the Russian policy of destabilization. Thus, this certain assumption brings more persuasive weight for the scenario. There will be reforms and coalition cohesion but the Russian destabilization will continue by undermining the very stability of the political actors.

One more element that can be of utmost importance is the popular reaction to the reforms conducted by the government. The reforms decided by the Ukrainian government together with IMF can bring hardship. Ukraine has received around 1, 7 billion euro from the IMF, but it has to initiate a series of reforms that will probably determine a strong caustic reaction from the population. The accord between Ukraine and IMF envisages many measures that will restrain spending and will reduce fiscal deficit. Among the measures decided, one could mention: suspension of unaffordable wage and pension increases, public employment reduction through attrition, rationalization of social assistance spending.²¹⁴

Taking into account all the economic measures which will be conducted by the Ukrainian there could be expected social unrest. Nine-in-ten Ukrainians think their country's economic situation is bad (94%), including 66% who say it is very bad,

²¹² 'Ukraine schedules massive privatization for 2015', Concorde Capital, 12/06/2015, ²¹³ Mikhail Palinchak, 'Poroshenko says Russia will try to undermine Ukraine's stability from within', Kyiv Post, 12/06/2015, <http://www.kyivpost.com/content/ukraine/poroshenko-says-russia-will-try-to-undermine-ukraines-stability-from-within-390917.html>.

²¹³ Mikhail Palinchak, 'Poroshenko says Russia will try to undermine Ukraine's stability from within', Kyiv Post, 12/06/2015, <http://www.kyivpost.com/content/ukraine/poroshenko-says-russia-will-try-to-undermine-ukraines-stability-from-within-390917.html>.

²¹⁴ 'Ukraine Unveils Reform Program with IMF Support', IMF, 30/04/2015, <http://www.imf.org/external/pubs/ft/survey/so/2014/new043014a.htm>.

according to Pew Research Center.²¹⁵ On others accounts the recent polls suggest that three-quarters of the Ukrainians (76%) say judiciary's influence is bad, about a third (32%) thinks the government in Kyiv is having a good impact on the nation and six-in-ten (59%) say the central government is having a negative influence.²¹⁶ These numbers clearly show the discontent of the population with the government and the reforms initiated in recent months.

Therefore, the scenario emphasizes that the government will be cohesive and will apply several reforms but it will have to manage two important challenges. First, without a capable and strong army, Ukraine will be weak and permeable in face of the Russian actions of destabilization. As long as the West will choose not to send weapons to Ukraine, Kiev will not have the means to stop Russia's aggressive actions. Secondly, the government will have to manage the social unrest. From the present data it seems that on the short term the population will be suffering from the hardship of the war and the tough economic reforms which bring more poverty. An event which clearly shows the problems that the government will have to deal with in the next couple of months happened on 28th of December 2014. Back in 2014, thousands of protestors gathered against Natalie Jaresko's budget proposal for 2015.²¹⁷ Thus, Russia's destabilization and social unrest will probably be the most challenging situations which the government will have to manage. It will receive support from the IMF and the other Western nations. However, the form of support received from the West will probably not consist in weapons.

²¹⁵ Katie Simmons, Bruce Stokes and Jacob Poushter, 'Ukrainian Public Opinion: Dissatisfied with Current Conditions, Looking for an End to the Crisis', Pew Research Center, 10/06/2015, <http://www.pewglobal.org/2015/06/10/3-ukrainian-public-opinion-dissatisfied-with-current-conditions-looking-for-an-end-to-the-crisis/>.

²¹⁶ *Ibidem*.

²¹⁷ Anastasia Vlasova, 'Ukraine's 2015 budget proposal stirs fresh protests', Kyiv Post, 28/12/2014, <http://www.kyivpost.com/content/kyiv-post-plus/ukraines-2015-budget-proposal-stirs-fresh-protests-376297.html>.

18. Military and diplomatic Russian pressure to derail Western Ukrainian option (Diana Bărbuceanu)

UA does not receive weapons + cohesion in coalition + reforms + social unrest + Russia's option: federalisation (strong signal)

In eastern Ukraine, violence continues to maintain the same intensity, so that every day there are casualties. To this is added the humanitarian crisis in the separatist controlled areas where the life of an ordinary man came to become a nightmare. In most of the Donbass region stores were closed and no longer work after half the businesses were destroyed. The entire infrastructure has become a ruin and drinking water has almost become a luxury. In such circumstances more and more US officials plead with White House to provide military aid to Ukraine. Those who advocate such a measure stresses that President Vladimir Putin has reached the point where international order is violated in a flagrant way. Moreover, if none will take any action in this regard, Russia will be able to dismember Ukraine, and afterwards it will be encouraged to undermine the security order in other European countries also. However, the Obama administration insists that Western sanctions are already a painful cost for Vladimir Putin's moves. Furthermore, the White House decides it is not a good time providing lethal armament to Ukraine, at a time when the Kremlin is becoming more hostile and shows to West that is always ready to turn hostility into confrontation. Therefore, the US acceptance of supplying weapons is that this measure will not deter Putin. Moreover, such a step would not only be inappropriate, but would also be dangerous because Washington would go in a direction whose consequences are enormous. US President's decision is supported by Germany and France, which opposed this variant repeatedly. German Chancellor Angela Merkel was the one who said several times that *"I am firmly convinced that the conflict can not be resolved by military means"*. German official believes that the Russian leader would not be intimidated if the United States decided to send arms Ukraine. *"I can not imagine a situation that improved equipment for the Ukrainian army would impress on President*

*Putin*²¹⁸”. On the other hand, the arrival in Ukraine of hundreds of American soldiers, Canadians and British in the spring of 2015 in order to provide the Ukrainian army training seems to be effective. When the West decided not to provide lethal weapons to Kyiv, it took into account the new military capabilities of Ukrainians, this time far better trained by foreign instructors. In turn, in front of the US decision not to send offensive weapons, Moscow begins to soften its aggressive rhetoric, claiming that the only solution to end the conflict is the federalization of the Ukraine. Such a proposal coming from Russia is not new. Since last spring, Kremlin officials have advanced such a scenario and tried to settle the idea that this is the only saving solution. But Kyiv once again rejects such a possibility and considers that the federalization of Ukraine is Moscow’s target, as a way to dismember the country. The same opinion is shared by former Ukrainian President Leonid Kuchma who said in early June that *“when Moscow demands that Ukraine would be transformed into a federation is quite obvious that it not seeks the welfare and interest of our people, but building a foundation that would lead to the disintegration of Ukraine, its transformation into a powerless state, amorphous”*²¹⁹. In this regard, Leonid Kuchma claims that national identity is the cornerstone of survival of any country, including Ukraine, which regained its independence after having been part of the Russian Empire for over 300 years. *“It is necessary to form and strengthen Ukrainian civil nation. Our task is to save and build a united and prosper Ukraine. For this reason, federalization is not for us”*. Also the current president, Petro Poroshenko said that *“it will not be allowed any federation. And issues like national defense, security issues, public policy, external relations, key issues that maintain the integrity and the vertical of power in the state, will hold exclusive competence power states. (...) Nobody consider to go head to found republics of Donetsk, Lugansk, Kharkov, Bessarabia and others”*, Ukrainian president stressed, warning that *“[the per-*

²¹⁸ <http://news.yahoo.com/merkel-says-ukraine-conflict-cant-solved-military-004859634.html>.

²¹⁹ <http://www.mediafax.ro/externe/kucima-avertizeaza-rusia-vrea-sa-dezmembreze-ucraina-prin-federalizare-14361240>.

son] who will try to do so will get an immediate reaction, stipulated in the Constitution".²²⁰ The views expressed by the two presidents Ukrainians are shared by the entire political class in Kiev, since no one considers the solution offered by Moscow. At the same time, the Ukrainian leadership believes that the most important weapon against Moscow is the Ukrainians fight for state unity by implementing reforms as soon as possible, but also by the coalition cohesion. In any case reforms in Ukraine appear to be on track, since the results began to appear. After the resignation of several ministers accused of corruption, to the head of some key ministries are appointed now new people, more competent, and whose past is not linked by oligarchic connections. Moreover, Ukraine has assumed the new security strategy of the country, where it can be found the reform and development of intelligence, counterintelligence service, public administration reform and stepping up the fight against corruption. It seems that in more than six months after stipulating these objectives, the results are beginning to appear. In these circumstances, Ukraine is moving towards normalization and administrative capacity is exercised with consistency. Moreover, the political class in Kyiv has coalesced around the new package of measures aimed at strengthening the state, this attitude being reflection of public desire. In a context so fragile, politicians have realized it is not recommended to antagonize public opinion. However, the economy has yet to be resuscitated, and amid the growing unemployment, rising prices and the growing impoverishment of the population, the Ukrainians are beginning to show more vehement dissatisfaction. Also, they begin to doubt the ability of the West to financially help this decomposed economy. To these is added also the cost of war in eastern part of the country. Ukraine's war with pro-Russian separatists is costing Kyiv between 5 to 7 million Euros per day. In August 2014, President Petro Poroshenko said \$6 million was being spent per day on the military operation, which prompted Prime Minister Arseny Yatsenyuk to promise more for the defense budget. The deepening vulnerability posture in the economy and subsequently in the Ukrainian society becomes a fertile ground for the Russian Fede-

²²⁰ *Idem.*

ration to recall the federalization project. The same context is speculated by Kremlin to weaken the positions of the Ukrainian government under the economic and social oppression. Moscow back into the debate the prepay gas bills and a number of other obligations of the bilateral economic relationship. All these elements are transformed by Russia in negotiation topics as a way to force Kiev to transfer the autonomy to the targeted regions as a first step in forming a federative project.

19. Russian military destabilisation – the unique option (RM team, Adriana Sauliuc)

UA does not receive weapons + cohesion in coalition + reforms + support for the Government + Russia’s option – destabilisation (strong signal)

Ukraine does not receive weapons

On the short term, Ukraine will not be armed mainly because the European allies, particularly Germany and France, strongly oppose to a military solution for the crisis and favor instead the pursuance of a diplomatic solution. Both countries have argued that arming Ukraine will only lead to the escalation of the conflict. In this context, President of France Francois Hollande emphasized: *“if we don’t manage to find not just a compromise, but a lasting peace agreement, we know perfectly well what the scenario will be. It has a name, it is called war”*.²²¹ An almost similar explanation has been offered by Angela Merkel: *“I cannot imagine any situation in which improved equipment for the Ukrainian army leads to President Putin being so impressed that he believes he will lose militarily. I have to put it that bluntly”*.²²²

²²¹ *Merkel rules out arming Ukraine government but unsure peace push will work*, Reuters, February 7, 2015, available at: <http://www.reuters.com/article/2015/02/07/us-ukraine-crisis-merkel-idUSKBN0LB0G220150207>.

²²² *Ukraine crisis: Do not try to scare Putin, warns Merkel*, The telegraph, February 7, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11397900/Ukraine-crisis-Do-not-try-to-scare-Putin-warns-Merkel.html>.

As about the military aid that could be offered instead by the United States, regardless of the bipartisan coalition formed within the Congress in favor of arming Ukraine and the legislation formulated in support of providing lethal weapons, the U.S. President Barack Obama has not acted on it. And while the bill authorizes the President to offer lethal military assistance to Ukraine, it cannot oblige the administration to act upon it. In addition, despite the declaration made by Barack Obama in February 2015, according to which other options for solving the Ukrainian crisis will be considered in case a diplomatic solution fails; the escalation of fighting in eastern Ukraine, in June 2015, and thus, the violation of the Minsk 2 Agreement, has not yet determined the U.S. Administration to reconsider other options for the resolution of the conflict, including the military one. In support of Obama's Administration reluctance to provide lethal aid to Ukraine, is the declaration made by Samantha Power, the United States ambassador to the United Nations, in Kyiv, on June 11, 2015. Although, highly critical of Russia's actions in relation to Ukraine, Samantha Power has avoided mentioning arming Ukraine as an option.²²³

While there is a group of lawmakers which lobby for sending lethal weapons to Ukraine, there is another group which strongly opposes to it, invoking such arguments which also resonate with the position of Western partners and namely that:

1. any military assistance offered by the Western partners will only lead to the escalation of the Ukrainian crisis and not to its resolution. No amount of lethal aid provided by Western partners and particularly by the United States could help Ukraine win a war against Russia. Although, the sole purpose of providing lethal aid to Ukraine is to inflict significant damage upon Russia in order to determine its withdrawal from eastern Ukraine, there is no solid evidence that Russia will not assume those costs as it did in the case of economic sanctions.²²⁴

²²³ *Remarks at the October Palace in Kyiv, Ukraine*, United States Mission to the United Nations, June 11, 2015, available at: <http://usun.state.gov/briefing/statements/243583.htm>.

²²⁴ *Western Nations Split on Arming Kiev Forces*, The New York Times, February 7, 2015, available at: http://www.nytimes.com/2015/02/08/world/europe/divisions-on-display-over-western-response-to-ukraine-at-security-conference.html?_r=0.

On the other hand, the probabilities that Ukrainian army is properly trained to make use of the lethal aid provided by the United States without the assistance of the U.S. military personnel are rather small. Leading to another opposing argument and namely not to involve the American military personnel in a military conflict that does not affect United States' strategic interests. In this sense, many unanswered questions have been raised, such as: "who will train an army mostly equipped with Soviet-era gear to use American weaponry and technology? Would that require U.S. personnel on the ground? Wouldn't that provoke Russia further? And would it not then raise the stakes of the crisis as well as the specter of a proxy war that many Americans would not want?"²²⁵

2. the sale of lethal arms by the U.S. to Ukraine will transform U.S. into a belligerent party in the context of a proxy war with Russia, the only country which retains the capabilities to destroy the United States of America. John J. Mearsheimer, a professor of political science at the University of Chicago and a strong opponent of the U.S. arming Ukraine, emphasizes that certain administrative and military staff may underestimate the behavior of a nuclear state when its vital strategic interests are undermined or "at stake". Also, he points to the fact that it is not within the nature of states to be indifferent when distant rival states are interfering in the domestic affairs of their "immediate neighborhood" – as the Russian Federation defines the former Soviet Union space. Crimea, for Mearsheimer, is a clear example of the consequences of "West's attempt to march NATO and the European Union up to Russia's doorstep," indicating on the necessity to end the imprudent policy before more damage is done.²²⁶

Furthermore, on the long term, Ukraine's integration into the Western democratic institutional structures will pose a threat to Russia's political regime stability. On the short term, is already

²²⁵ 3 *Reasons the U.S. should not arm Ukraine*, The Washington Post, February 11, 2015, available at: <https://www.washingtonpost.com/blogs/worldviews/wp/2015/02/11/3-reasons-why-u-s-should-not-arm-ukraine/>.

²²⁶ *Don't arm Ukraine*, John J. Mearsheimer, The New York Times, February 8, 2015, available at: <http://www.nytimes.com/2015/02/09/opinion/dont-arm-ukraine.html>.

believed to pose a threat to the alternative project against European Union proposed by Russian Federation and namely, the Eurasian Customs Union.

3. a lethal defensive system offered by the United States to Ukraine will significantly hamper on one hand, the already fragile relations between the West and Russia and on the other hand, between the United States and the European allies. In the latter case, especially counting on the consensus reached between the Western partners and United States related to the sanctions imposed to Russia and to be renewed in July. If the United States decide to arm Ukraine and thus abandon the diplomatic solution pursued by the European allies, and if consequently, this will trigger the escalation of the conflict on a larger scale and more bloodshed, the only one to blame will be the United States. In result, the only one responsible for the resolution of a significantly intensified Russian military aggression against Ukraine will be the United States. In this context, no White House Administration is ready to assume the counter-escalation costs of a proxy war with Russia.

The certainty of a transatlantic split, in the case Washington decides to militarily assist Ukraine, was clearly substantiated by the European Defence Ministers at the NATO Headquarters, in Brussels, on 5 February 2015. In this context, Dutch Defence Minister Jeanine Hennis-Plasschaert underlined: “*most allies, but in particular the Netherlands, will insist on non-lethal support to Ukraine. Political dialogue is the only way out of the crisis*”.²²⁷ Italian Defence Minister Roberta Pinotti added that “*Rome opposed to the supply of lethal weapons to Ukraine.*” “*We need to lower the temperature of the crisis, not to raise it,*”²²⁸ she told during a news conference. On the other side, national security adviser Susan Rice emphasized that a step towards arming Ukraine would be taken only “*in close consultation and in coordination with our partners (European allies), whose unity on this issue with us thus far has been a core element of our strength*

²²⁷ *European defence ministers oppose sending weapons to Ukraine*, Reuters, February 5, 2015, available at: <http://www.reuters.com/article/2015/02/05/us-ukraine-crisis-nato-weapons-idUSKBN0L91SR20150205>.

²²⁸ *Ibidem*.

in responding to Russia's aggression".²²⁹ US Secretary of State John Kerry clarified that no divisions or splits have been registered between the EU and US over the policy towards the Ukrainian crisis.²³⁰ In conclusion, for the near and distant future, there are no signs to indicate that the European partners are willing to reconsider their position on the issue. Thus, U.S. arming Ukraine in coordination with the European partners is not a reliable scenario.

4. moreover, in the face of the threat posed by the Islamic State of Iraq and Syria (ISIS), the United States is not interested to expand the number of its adversaries, but to orient their efforts against the counteraction of the same type of threats. Any military involvement of the United States in Ukraine, in addition to the opposition it will meet at Russia's state level, it will also intensify the anti-imperialist sentiments of Russian citizens against United States.

Although, certain top Ukrainian officials have declared that military assistance, including lethal weapons, has already been provided to Ukraine by a dozen of Western partners, no solid evidences of their significance, kind or origin of provenience have been provided. The sole purpose of the declarations made by high-level officials is to influence the internal debate within the United States and ultimately, the decision of Barack Obama, in favor of providing lethal support to Ukraine. Given the fact that coordination is sought between the United States and European allies, Ukrainian leaders attempt to contradict the official statements made by European states in accordance to which the conflict in the eastern Ukraine cannot be solved through military means.

Another argument related to the fact that on the short term the United States will not send lethal defensive weapons to Ukraine is the negative perception of the American public about this

²²⁹ *Ukraine crisis: Obama looking at all options for resolving the problem with Russia*, CBC News, February 9, 2015, available at: <http://www.cbc.ca/news/world/ukraine-crisis-obama-looking-at-all-options-for-resolving-problem-with-russia-1.2949947>.

²³⁰ *Angela Merkel warns Ukraine peace plan may fail, but worth the effort*, Financial Times, February 8, 2015, available at: <http://www.ft.com/intl/cms/s/0/d85d4c94-aeb3-11e4-b371-00144feab7de.html#slide0>.

aspect, very often compared with the U.S. intervention in Afghanistan and Iraq. Although the level of American public support for arming Ukraine has increased from April 2014 to February 2015, it is still lower than the total percentage of those who oppose U.S. sending arms (53% compared to 41%).²³¹

Coalition cohesion

Currently, the Ukrainian society is going through a chaotic transition process, from “population” to “civic nation”, during which more and more inhabitants of Ukraine, including Russian speakers, identify themselves with Ukraine and perceive Russia as an aggressor state. This polarization and, at the same time, consolidation of society, led to *de facto* disappearance of the “Regions’ Party” which dominated the political scene during the time Viktor Yanukovych stayed in power. However, despite the political competition between different players such as Piotr Poroshenko, Arseniy Yatsenyuk, Yulia Tymoshenko etc., the society pressure which asks for the consolidation of a political spectrum which will reject Russia’s aggression is so great that the signing of an Agreement²³² regarding the coalition building was natural and even inevitable. The stability and functionality of the Coalition is determined by the urgent need to strengthen the Ukrainian state against Russia’s aggression through reforming Ukraine – a reform primarily oriented towards fighting corruption, democratizing the political process and eliminating the regional oligarchic clans. Meanwhile, President Piotr Poroshenko controls 150 votes within the coalition. Both Piotr Poroshenko (150 votes) as well as Arseniy Yatsenyuk (82 votes) are committed to Ukraine’s close collaboration with the U.S., EU, NATO etc. despite the political competition between them.

Ukraine’s dependence on the external partners (EU, U.S., NATO, Canada, Poland) who count on the liability of the Ukrai-

²³¹ *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

²³² http://samopomich.ua/wp-content/uploads/2014/11/Koalicyjna_uhoda_parafovana_20.11.pdf.

nian politicians, works as an accountability mechanism for the Ukrainian politicians despite the fact that the Ukrainian political parties in the Verkhovna Rada are quite heterogeneous and some of them marked by political radicalism. Currently, there is a massive support within the Ukrainian society for a closer cooperation with the EU and NATO. The requirements of implementing the provisions of the Association Agreement²³³ with the EU strengthen and hold accountable the governing coalition.

Maintaining the unity of the current government coalition, on a short term, can have the following consequences:

The undergoing processes in Ukraine require a quick reaction to a variety of challenges. Generally, these reactions require on one hand, operational interventions within the current legal framework and on the other hand, the political will of the country's leadership. For this, it is necessary to have a functional coalition in the Verkhovna Rada and to maintain a constructive dialogue between the legislative and executive power. Sometimes, the situation gets intense after the political parties that entered in the Verkhovna Rada using radical messages – reflecting the “society state of mind” in the context of the Russian aggression, are forced to give up to certain approaches and to reach a compromise. In the context of conflict situations, the external partners become involved²³⁴ in the activity of the Verkhovna Rada with the purpose of strengthening Ukraine's position in relation to Russian Federation. With the external intervention, the coalition is maintained and the following phenomena can be observed: the continuation of the cooperation between the President, Government and Verkhovna Rada, the consolidation of central power control over the Ukrainian regions, the decrease of the role of the oligarchic clans in various regions of Ukraine. The appointment of Mihail Saakaşvili²³⁵ as the governor of the Odessa region speaks of an existent political commitment to the fight against corruption and the consolidation of the oversight control over Odessa region – a strategic area. The implemen-

²³³ http://www.kmu.gov.ua/kmu/control/uk/publish/article?art_id=246581344.

²³⁴ http://zn.ua/POLITICS/proekt-izmeneniya-konstitucii-po-statusu-donbassa-prodavila-nuland-deputat-182616_.html.

²³⁵ <http://www.president.gov.ua/documents/3042015-19082>.

tation of the reforms meant to contribute to the consolidation of the state and to the fight against corruption implies the continuation of the partnership with the external donors. Also, the fight against corruption and the relative stabilisation of the situation in the anti-terrorist operation zone will ensure the functioning of the radical political parties within the legal framework of the state and the enforcement of control over the paramilitary units with a solid perspective of integrating them in the armed forces of the state or eliminating them. The unilateral compliance of Ukraine with the provisions of the Minsk Agreement will contribute to the conservation of the conflict in Donetsk and Lugansk and to the risk reduction for Ukraine. Moreover, the functioning of the coalition in Ukraine will contribute to strengthening the position of the Ukrainian country at international level, especially after the report publication on the air disaster of July 17, 2014 (MH 17) and the UN debate on the creation of an international tribunal for this case.

Reforms

According to the official data published on the reforms-dedicated website²³⁶, by 1 July 2015 (after 6 month period) the reforms achieved the following level of implementation:

- constitutional reform – 51%
- election legal framework reform – ND
- reform of the state procurements – 40%
- anticorruption reform – 36%
- central public administration' governance reform – 72%
- justice reform – 42%
- deregulation and business sector development – 30%
- decentralization – 55%
- law enforcement reform – 40%²³⁷
- national security and defence reform – 34%
- health system reform – 51%
- taxes reform – 57%
- energy security program and energy sector reform – 29%

²³⁶ <http://reforms.in.ua/>.

²³⁷ <http://reforms.in.ua/reforms/reforma-pravoohoronnoyi-sistemi>.

- financial sector reform – 29%
- central public administration reform – 30%
- education sector reform – 48%
- agriculture sector reform – 53%
- program for promoting Ukraine national interest in foreign policy – 56%.

For the short term prospective, the official data does not raise substantial concerns regarding the reforms implementation process. The reforms are in the top of the political agenda and one the main topics of discussions between Ukraine and its partners.

On the reform dedicated website it is mentioned that 11 reforms are implemented according to the approved schedules, 5 reforms are implemented with some insignificant delays, and only one reform (health system) is significantly lagging behind.²³⁸

On short-term there will be no significant real impact of reforms on the day-to-day life of Ukrainian citizens, as the most of reforms actions during the first phases are directed toward changes in legal framework, responsibilities, competencies, and organisation. It signifies that on the short-term most of reforms will only start delivering the first results, while their major impact / outcome / effects will not become really visible yet. That would also mean the opposition to reforms should be generally weak and inconsistent. Meanwhile, the initiation of the reforms and the first implementation results will extend and increase the international assistance to Ukraine and will made available important financial assistance instruments, extremely necessary for attenuation of the financial, economic and social crises.

By July 1, 2015, the EU has already mobilised more than 6 billion euro for credits and grants to assist Ukraine. The EU financial support has been conditioned with successful implementation of structural reforms and each of the loan tranches has specific requirements regarding the achieved results in different sectors. The EU officials has stressed repeatedly that the money will be disbursed to Ukraine only if reforms will be implemented in full accordance to the commitments made by the Government. This conditioning might be considered as an expression of

²³⁸ The 9th meeting of the National Council for Reforms, available at: <http://reforms.in.ua/news/devyate-zasidannya-nacionalnoyi-rady-reform-ukrayiny>.

concerns regarding the eventual outcomes of external support, but it also means that the level of trust of the international partners in Ukrainian governance, its capabilities and capacities to successfully implement the reforms, are more or less sufficient.

The successful implementation of the reforms on the short-term would also mean that the unity of the coalition for reforms will be maintained.²³⁹

“...If you listen to Ukrainians tell it, there’s been absolutely no reform within the last year. Their frustration is understandable – they want the positive effects of major change now – but their perception just doesn’t correspond to the facts. The much awaited reform process is actually under way – though quietly and unobtrusively. The Education Ministry and the Ministry of Internal Affairs have led the way with restructuring universities and the police force, probably because they don’t deal directly with high-stakes corruption and the power of the oligarchs. Some personnel cuts have been introduced in the presidential administration and the government bureaucracy; more are forecast. A law (albeit flawed) on lustration has been adopted and has already led to some high-level resignations and prosecutions. An Anti-Corruption Bureau has been approved, and a head is currently being sought....”²⁴⁰

Support for Government

It should be mentioned that at such negative social and economic background *Ukrainian society does not only keep public peace in general, but even shows active support, including financial, to the Ukrainian Army, volunteer battalions, volunteer movements supporting refugees from Crimea and Donbass*. It proves that the citizens are conscious of the critical situation in the country existing at the moment, and are ready not only to save money, but to provide possible support to the state (*Govern-*

²³⁹ *Reform supporting forces should keep unity.* <http://korrespondent.net/ukraine/politics/3540863-neobkhodymo-sokhranyt-edynstvo-reformatorskykh-syl-v-ukrayne-nuland>.

²⁴⁰ <http://www.worldaffairsjournal.org/blog/alexander-j-motyl/there-economic-reform-ukraine>.

ment) efforts to achieve peace and to lay prerequisites for the social and economic development of the country.²⁴¹

At the same time, there are reasons to count on **creation of the progressive “core”** from some representatives of political elite and civil society, who realize not only the depth of the problem but also the extent of their responsibility. Afterwards, for the first time Ukraine has the possibility to implement unpopular but necessary reforms in partnership between authorities and civil society.

The process of **involving some civil society activists and institutions in political life** will continue. It will have three different forms:

- membership in political parties or their adding to electoral lists;
- appointment as advisers to the President, members of the Cabinet of Ministers and heads of local government;
- participation in local elections.

In the meantime, the **impact of civil society institutions will strengthen** gradually. It concerns not only participation of independent experts in state policy formation on different levels, but also pressure of civil society institutions on the authorities. It is obvious that competition between civil society institutions in terms of presenting the ideas and projects on certain issues will grow, which can be estimated as a positive tendency. Intensification of this process on the regional level shall be expected as well.

In case of implementation of the declared reform of social assistance (unconditional implementation of the targeting approach, monetisation of some of the benefits, revision of the list of benefits and categories of beneficiaries), the most severe consequences of the frugal policy for socially vulnerable groups may be mitigated to an acceptable degree.

In carrying out social reform, it should be borne in mind that **in the current situation, the absence of significant manifestations of social discontent is mainly due to a sufficiently high level of patriotism among Ukrainian citizens**. However, the authorities should be aware that, firstly, the extent of public

²⁴¹ http://www.uceps.org/upload/1424704722_file.pdf.

patience is not limitless and, secondly, exploiting the factor of the public dissatisfaction is one of the tactics of the “hybrid war” being waged against Ukraine.²⁴²

Potential consequences:

- high internal and external authority of the governance and political elites;
- high resistance to Russian propaganda;
- high level of self-confidence of the nation, governance, civil society, business etc.;
- boosted economic, political, social development;
- increased internal capacities in all sectors;
- public confidence in political elites, governing institutions and political leaders.

Russia's option – destabilisation

For Kyiv, Western countries' decision not to supply weapons represents a very worrying aspect regarding the evolution of the crisis in Ukraine. Also, the (lethal) weaponry it did not receive despite the ample debates in this regard in capitals like Washington, Brussels, Berlin and Paris, represents for Moscow an important element that will influence its actions in the future.

There is no doubt that, due to the fact that in the current context we talk about military threats coming from Russia, Ukraine is facing the biggest contemporary crisis who tests its capacity to handle a situation in which its existence and its territorial integrity are put to the test while its bigger neighbor to the East, the Russian Federation, represents a very dangerous enemy.

An enemy that understands that the consequences of the West's decision not to supply lethal weapons to Ukraine is in its favor: the Ukrainian state is weak, it cannot handle by itself the political-military crisis Kyiv is going through, while the diplomatic support from the Western international actors is not enough to save Ukraine from the Russian danger. In this regard, Ukraine, in the following period, despite the Western support in the diplomatic domain, but with little interest in the terms of involvement in supporting Kyiv militarily, will remain vulnera-

²⁴² *Idem.*

ble to the threat coming from the Russian state. And this is a fact that Vladimir Putin knows it very well, that's why, in the short time the Russian President will try to turn the situation in its favor, a suitable option in this regard being the destabilization of the Ukrainian state.

Through an destabilized Ukrainian state, possible by specific military actions of the hybrid war, Moscow may tip the balance in its favor: the Western countries could be discouraged to arm / support a country whose future may not be as they desired, so a lower interest for Ukraine of some powerful international actors like the US, EU and NATO, would act in favor of Russia.

In the short term, Moscow's military actions in Eastern Ukraine will maintain a level of instability in this area, with negative effects over the whole country, so Kremlin's intentions to destabilize the Ukrainian state will have the expected effects. In this regard, preoccupied not to lose the gains obtained so far (the Crimean Peninsula, the slowing of the Kyiv upsurge toward Europe), Moscow will do all it can to continue the measures taken so far (informational war, direct aggression through little green men' actions, other types of actions specific of the hybrid warfare) in order to maintain Ukraine in a state of instability and uncertainty that prevent Kiev from following the path of the Europeanization.

20. Facing multiple military and diplomatic pressure on the way to reforms and joining the West **(Adriana Sauliuc)**

UA does not receive weapons + cohesion in coalition + reforms + support for Government + Russia's option: federalisation (strong signal)

UA does not receive weapons

Even if at European level and in the USA the situation in which Ukraine, largely the result of a closer relationship with the Euro-Atlantic structures, is known, the countries which could

deliver lethal weapons to Ukraine, refuse to do it. Among the main reasons for such a decision is their concerns that, if the Ukrainian state will receive lethal weapons, Russia – the country that supports by military means the separatist who fight in the Eastern part of Ukraine, could take into consideration the cancellation of the advantage obtained by the Ukrainian Army, and the most efficient measure in this regard would be the providing of the same type of technology to pro-Russians separatists who fight in Ukraine. In such a situation, things could become even more complicated, especially since the developments on the ground, highlighted in the period marked by struggle and instability that the conflict in Ukraine is not “played” by the “rules of the game”.

At least not by the aggressor country, given the fact that the Ukrainian Army must face a war marked rather by a flagrant asymmetry, in which the enemy’s actions are not “formally assumed”, a situation which inevitably lead at waging a war outside the rules of the international law.

Also, another aspect that underlies the decision of the countries who are on Ukraine’s side in this war not to provide lethal weapons to Kiev in the following periods related to the fears of these countries regarding the possible entry of such weapons in the possession of those on the other side of the barricade, situation that would put Ukraine in a bad position, while for the so-called “provider” states of such technology, things would become extremely complicated.

Given this situation, the decision of some countries like the US, Great Britain and other NATO member countries to provide technical and military assistance to Ukraine was limited to types of weapons that are not part of the lethal category. In September 2014, after some discussions between officials from NATO and representatives of Kiev, Brussels sent a clear message: NATO officials say they have no plans to send lethal assistance to non-NATO member Ukraine, but that member states may do so.²⁴³

If NATO’s position regarding this subject was clear, the EU members expressed of the same opinion, while some countries

²⁴³ *Nato members 'start arms deliveries to Ukraine'*, BBC News, September 14, 2014, <http://www.bbc.com/news/world-europe-29198497>.

are very vocal regarding this subject. Among them is Germany, which has a firm position regarding the matter, Berlin disagreeing with the provision of lethal weapons to Ukraine. Moreover, during a visit in Washington in May 2015, German Foreign Minister highlighted the danger that such a decision can generate. In his opinion, giving such weapons to Ukraine could send the ongoing conflict spinning “out of control”, because such a move could trigger a “dangerous, permanent escalation” of the crisis facing Kyiv and Moscow.²⁴⁴ Also, France announced in April 2015 that has no intention of providing lethal hardware to Kyiv “at this time”, declaration made in a period in which Obama has come under increasing pressure from the U.S. Congress to bolster the vastly overmatched Ukrainian army with lethal defensive weaponry.²⁴⁵

In such a context, despite talks on the possibility of Kyiv to receive lethal weapons and some positions expressed in favor of such an option, Ukraine will not receive in the short-term lethal weapons for the Ukrainian army who is fighting against pro-Russian separatists in the Eastern part of Ukraine.

Cohesion in coalition

Currently Ukraine is in a special situation, it has to defend a part of the country and manage a situation in which a part of its territory – Crimea, was illegally annexed by the more powerful neighbor – the Russian Federation. This is also the context in which the current coalition was formed, making it clear that the tasks which it assumed are some of the highest importance.

In such a tense context and amid the instability in the East, the governing coalition will cross in the short time a period during which, because of the need to put in common all the forces for saving Ukraine, the cohesion will characterize its evolution. This does not mean that the coalition in Kyiv will be kept united only because of the problems it has in the sensitive field of security,

²⁴⁴ *Germany Again Warns Against Lethal Weaponry for Ukraine*, Voice of America, March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

²⁴⁵ *Ibidem*.

several elements supporting this development in the period ahead. Thus, the five pro-Western parties that passed the 5 percent threshold in the parliamentary elections control a total of 288 seats in 421-seat parliament.²⁴⁶ Also, the new government appointed in Ukraine on December 2, 2014, is made up of 5 coalition partners, all embarking on a staunch pro-reform and anti-corruption trek.²⁴⁷

Even if we consider the conflict in Ukraine as an episode with negative consequences for Ukraine and the entire region, we can say without reservation that it has (very) few positive effects. These include the cohesion it generates at both social and especially the political level. In the case of the current ruling coalition, the threat felt by Ukraine as a result of Moscow's aggressive policy in the period ahead, will work as a binder for the five factions forming the coalition, so preoccupied with finding a way out of the conflict in which Ukraine is stuck, the coalition will seek to avoid focusing on issues of lesser importance, which may act as a factor of political tension inside the political construction.

Reforms

In a country where reforms and good governance have not found their place before, the dramatic changes that have led to the replacement of the former President, Viktor Yanukovych with the current one—Petro Poroshenko, known for his pro-Western visions, have created a favorable framework for the debate of this topic. Moreover, Kyiv's intention to become part of some international organizations such as the EU and NATO, has highlighted the need for Ukraine to implement reforms in key areas, in other words, to create the necessary conditions for the fulfillment of the membership of the structures mentioned above.

²⁴⁶ *New Ukraine Coalition Agreed, Sets NATO As Priority*, Radio Free Europe, November 21, 2014, <http://www.rferl.org/content/ukraine-parliament-coalition-agreement/26703123.html>.

²⁴⁷ UKRAINE APPOINTS NEW COALITION GOVERNMENT, U.S.-Ukraine Business Council (USUBC), Washington, D.C., Wednesday, December 3, 2014, <http://www.usubc.org/site/member-news/ukraine-appoints-new-coalition-government>.

Thus, once acknowledged that reforming Ukraine in areas of maximum importance is more than necessary, the next step for Kyiv was to identify those measures which must be implemented to bring the country in terms of political, economic, military etc., at the level that a candidate for the EU and /or NATO membership must reach. In this regard, in the short term, Ukraine will continue the reform process which started a relative short time ago.

At the political level, both the President and the Head of Government declared themselves determined to give Ukraine a chance to recover and to look towards Europe with the confidence that it can stay alongside other EU members considering their equal. In May 2015, President Poroshenko declared: *“in November 2013, Ukraine firmly declared its European choice with millions of people who came to the European Maidan. Today, we work hard to implement all the reforms declared in the Agreement”*.²⁴⁸ For his part, Prime Minister Arseniy Yatsenyuk declared that his Government is committed for wide-ranging reforms. According to Premier Yatsenyuk, his Government will initiate: *“deep and structural changes in public administration, energy sector, and other spheres.”* He also stressed that: *“year of 2015 is a year of stabilization, and in 2016 positive economic and social dynamics can start.”*²⁴⁹

In such a context, in the short term, will be more visible a growing interest of Kyiv regarding the fulfillment of the tasks undertaken in front of the Ukrainian people, including identifying those key areas where reforms are more than necessary. Making an assessment of the situation from the moment of the change of the former president and automatically of the direction of Kyiv, with a leader with a pro-Western orientation, a number of factors can be identified which indicate that the speed of political reforms in Ukraine is increasing. There are clear signs that Ukraine has made a significant progress in the economic and

²⁴⁸ Poroshenko: Ukraine undergoes reform to become “true European state”. Read more on UNIAN: <http://www.unian.info/politics/1078719-poroshenko-ukraine-undergoes-reform-to-become-true-european-state.html>.

²⁴⁹ Anastasia Forina, “Yatsenyuk reiterates commitment to reforms in year-end interview”, Kyiv Post, Feb. 28, 2015, <http://www.kyivpost.com/content/ukraine/yatsenyuk-reiterates-commitment-to-reforms-in-year-end-interview-382168.html>.

rule of law reforms, important measures being taken in the areas of business, finance, European integration, national security or good governance. Even so, it has a long road of further reforms ahead, so in the short term, is expected from Ukraine to continue the reform process so as to reach a level that enables and justifying its candidate status at the Euro-Atlantic structures.

Continuing in the next period of the process begun after the validation of the current Government will be also encouraged from the outside by countries or international organizations, including the EU and NATO, which are directly interested by the events in Ukraine. And the message sent by Jean-Claude Juncker, who currently heads the European Commission at the EU-Ukraine summit in Kiev (April 2015), is more than encouraging: “*Reform must continue. It must be credible. It must be swift, it must be sustained. You keep reforming and we keep supporting. That is the contract we make with you*”.²⁵⁰ With such guarantees, Ukraine’s choice must be the following: to continue the reform process started, thus ensuring, if the case of a success, deserved place in the European family.

Support for Government

Given the conditions mentioned above, in which the governing coalition is, following the events in Ukraine, united in the same goal, namely to end the war and the implementation of the necessary reforms, the population (especially the pro-Western one) is on the Government side. Thus, whether the reforms will require measures more or less harsh, the regime in Kyiv will not face, in the short-term, objections regarding its policy, will not have to manage situations in which dissatisfied crowds protest in the streets, for the simple reason that the Government enjoys popular support. Moreover, due to the situation, Ukrainians understand that the measures adopted by the authorities in the immediate future can have huge costs because of the implementation of the necessary reforms, but the stakes are high—the future

²⁵⁰ Lisa Bryant, *EU Calls for More Reforms in Ukraine*, Voice of America, April 28, 2015, <http://www.voanews.com/content/eu-calls-for-more-reforms-in-ukraine/2739480.html>.

of the Ukrainian state, a future that is inextricably linked to a closer relationship with the EU and NATO.

We are in a moment when it is probably clear to all Ukrainians, or at least it should be, that Ukraine faced and is still facing a stage of its evolution marked by confrontation and war, one of the country's biggest challenges. Thus, Ukraine has to recover in front of some other countries' major lacking, a situation possible only by taking measures more or less harsh for the population. No doubt, for the Ukrainians it follows a difficult period, while they will have to assume the costs of the reforms and Kyiv's policy, briefly it is about an expansive and complex reform effort, that it will take time and effort to achieve. So, the question is: will the agenda continue to have the support of the Ukrainian people, particularly those who have been hardest hit by the crisis?²⁵¹ The answer is "yes", because the Ukrainians know that this is a sacrifice that must be done for a better future.

Also, the Ukrainian President is positive regarding this situation (people's support) for the next period. And this because, as he affirmed in April 2015, decentralization won't affect defense, national security, or foreign policy, and central government powers in these areas will even be strengthened, Poroshenko considers Ukraine "*was, is, and I'm convinced, will remain a unitary state,*" as some 90 percent of the public supports this.²⁵²

Russia's option: federalization

In such a scenario, Ukraine, as a result of not receiving military support from the Western countries is in a problematic situation, making Kyiv's capacity to deal with threats coming from outside its territory a very difficult job. In such a context, not supported in the military domain, Ukraine seems to have only one option: to resist, more or less on its own, the danger and threat coming from Russia, especially since the Western's refusal to send (lethal) weapons to Ukraine it can be interpreted by

²⁵¹ David Lipton, *op. cit.*

²⁵² Daryna Krasnolutska/Kateryna Choursina/Volodymyr Verbyany, Poroshenko Says He's Ready to Call Unified Ukraine Vote, BloombergBusiness, April 5, 2015, <http://www.bloomberg.com/news/articles/2015-04-05/ukrainian-truce-challenged-as-car-blasts-kill-government-troops>.

Kremlin as an invitation to “keep” the Ukrainian state in the “traditional, Russian, sphere of influence”.

But the costs Moscow must pay in the hybrid warfare against Ukraine are high, so Kremlin might look for a way to escape this situation while keeping Kyiv under its control. One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence in relation to Kyiv, but with lower costs. For Russia federalization means near-independence, more precisely a code for eventual secession²⁵³, a success which in the medium term, as a result of the Minsk agreements failures and subsequent developments, Moscow might get.

The federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine without letting it slip through its fingers in favor of the West. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin’s ability to impose a greater control in the short time as the international pressure is still high. In such a context, as stated by Yulia Tymoshenko, “*federalization is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*”²⁵⁴, so the federalization could be in the next months Moscow’s preferred option.

Russia’s success in influencing the evolution of Ukraine into a state with such a form of organization, more easily controlled by a Russian state is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered a viable option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, “*to solve the current crisis in Ukraine, the country should become decentralized and federalized*”.²⁵⁵ Also

²⁵³ Alexander Motyl, *Why Russia Wants the Federalization of Ukraine*, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

²⁵⁴ John Reed, Neil Buckley, *Russian push to ‘federalise’ Ukraine stirs resentment*, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bee-ba7c-11e3-a905-00144feabdc0.html#axzz3frCGqEp6>.

²⁵⁵ *EU chief calls for decentralization and federalization of Ukraine*, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-eu-federalization-ukraine/>.

an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, “*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*”.²⁵⁶

In such a situation, Moscow’s efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements share the same view regarding what Kyiv should do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

21. Multiple vulnerabilities of Ukraine, opportunity for Russian destabilisation under military pressure (Alexandru Voicu)

Ukraine does not receive weapons + cohesion in coalition + stagnation + social unrest + Russia’s option: destabilisation (strong signal)

The following scenario maintains that on the short term Ukraine will have political cohesion, thus the government will stay united. However it will not succeed in delivering expected outcomes in the economic, rule of law, judiciary, and administrative fields. Therefore Ukraine will witness a period of prolonged stagnation which will not be received well by the population. Russia will continue to destabilize Ukraine but Moscow would stop short of a military invasion *per se*. Russia will only try to impede progress and stability stemming in Ukraine. Kiev will receive support from the Western countries, however sending weapons is excluded on the short term.

Ukraine is passing through a dire economic situation of low growth and structural weaknesses. However at the beginning of

²⁵⁶ *Merkel supports Ukraine power decentralization*, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiiev/>.

2015 Kiev signed an agreement with the IMF. The international body will assure a 40 billion dollars bailout to Ukraine for the next 4 years.²⁵⁷ This bailout automatically includes a certain economic package of reforms. On the top of the list will be the processes of cutting budget spending and raising taxes.²⁵⁸ Another stringent process for the short term is the debt negotiation. Ukraine has to negotiate a restructuring of its 70 billion dollars sovereign debt. This certain process will decide whether the interest rates will be sustainable or not and if Ukraine can have a healthy growth.

Both processes, spending cuts and debt restructuring, bring stagnation in the Ukrainian economy. Until now the negotiation for restructuring the debt was acrimonious. As the IMF suggests Ukraine's creditors are not looking ready to take a step back and accept a restructuring of the debt.²⁵⁹ Maintaining the debt at the present level will mean low growth for Ukraine in the next couple of months. Spending cuts is another process which will keep the economy in knees. It is well-known the IMF practice in which it requests tough spending cuts in exchange for a bailout.²⁶⁰ In the short term these processes will bring low growth and a surge in unemployment. Moreover, as the most recent statistics show, spending cuts process also affected the pensions. The government has cut the cost of Ukraine's pension system from 18% to 14% of GDP.²⁶¹

Another field where the government will probably fail to improve the situation in the short term is tax collection. 60 % of

²⁵⁷ Shawn Donnan, 'IMF to stand by \$40bn Ukraine bailout', *Financial Times*, 12/06/2015, <http://www.ft.com/intl/cms/s/0/5f0d3918-1140-11e5-9bf8-00144feabdc0.html#axzz3ewNxBzBT>.

²⁵⁸ Vessela Tcherneva, 'Ukraine's Reform Crossroads', *European Council on Foreign Relations*, 29/04/2015, http://www.ecfr.eu/article/ukraines_reform_crossroads_3014.

²⁵⁹ Shawn Donnan, 'IMF to stand by \$40bn Ukraine bailout', *Financial Times*, 12/06/2015, <http://www.ft.com/intl/cms/s/0/5f0d3918-1140-11e5-9bf8-00144feabdc0.html#axzz3ewNxBzBT>.

²⁶⁰ Paul Krugman, 'The austerity delusion', *The Guardian*, 29/04/2015, <http://www.theguardian.com/business/ng-interactive/2015/apr/29/the-austerity-delusion>.

²⁶¹ 'War-torn reform', *The Economist*, 23/05/2015, <http://www.economist.com/news/finance-and-economics/21651844-ukraines-government-making-some-progress-much-more-needs-be>.

businesses in Ukraine are not paying taxes.²⁶² However the sign of stagnation were also noticed by the governing coalition in many other domains. The ruling coalition concluded that throughout the last and present years there were officials who failed to carry out major reforms and combat corruption.²⁶³ Transparency International has ranked Ukraine on 142nd on the list of the world's most corrupt states – little better than the Central African Republic.²⁶⁴ That is why Prime Minister Arseniy Yatsenyuk fired many ministers in the last couple of months. Among the ministers and officials who were dismissed one could recall: Ecology and Natural Resources Minister Ihor Shevchenko, Health Minister Oleksandr Kvitashvili, and Valentyn Nalyvaychenko the head of the SBU.²⁶⁵

The government shows from the portrait of the recent months a static environment when it comes to reforms. Moreover the economic dynamic which will unfold in the next several months prepare the path for more stagnation. Budget cuts coupled with a refusal to restructure the debt determine no economic growth, unemployment and possible public unrest. The gap between the public's expectations and the reality will be starker.²⁶⁶ Ukrainian citizens will expect a rapid recovery after one and a half year of hardship and frugality but the economic reconstruction and stabilization is yet to begin.

The government cohesion might be affected by the stagnation of reforms. Its instability will certainly be fuelled by the unfriendly actions conducted by Russia. Moscow will probably not be staying idle when the Ukrainian government faces turmoil but

²⁶² VesselaTcherneva, 'Ukraine's Reform Crossroads', European Council on Foreign Relations, 29/04/2015, http://www.ecfr.eu/article/ukraines_reform_crossroads_3014.

²⁶³ Oleg Sukhov, 'Heads roll as Ukraine's reforms falter', Kyiv Post, 02/07/2015, <http://www.kyivpost.com/content/kyiv-post-plus/heads-roll-as-ukraines-reforms-falter-392569.html>.

²⁶⁴ 'War-torn reform', The Economist, 23/05/2015, <http://www.economist.com/news/finance-and-economics/21651844-ukraines-government-making-some-progress-much-more-needs-be>.

²⁶⁵ *Ibidem*.

²⁶⁶ VesselaTcherneva, 'Ukraine's Reform Crossroads', European Council on Foreign Relations, 29/04/2015, http://www.ecfr.eu/article/ukraines_reform_crossroads_3014.

it will try to augment this process. Moscow will undermine the Ukrainian government whom it considers NATO-backed and anti-Jewish.²⁶⁷

Therefore this scenario envisages a tough situation for Ukraine. The government will have to deal with social unrest and a bellicose Russia that will try to destabilize Ukraine through various means. However, in the short term the coalition might keep its unity. The cohesion of the coalition will not come from ideological affinities but a commitment to stay united in times of war. As long as Russia will continue to identify as an enemy and will be aggressive in the eastern border, the coalition will have a common cause and it will maintain its cohesion. It will succeed in surmounting different animosities on the short term even if the economic and social conditions will be difficult and hard to manage.

The coalition cohesion will also be reinforced by the Western support. For example, The European Commission was straightforward when it committed to make sure that Ukraine has all the support it needs, in the short and long term, to undertake the political and economic reforms.²⁶⁸ Since March last year, the EU and European Financial Institutions committed 11 billion euro in support of Ukraine's political, economic and financial stabilisation, a further package of Macro-financial assistance worth 1.8 billion euro was proposed on 8 January 2015 and a 70 million euro in support of private sector development and early economic recovery is yet to be transferred.²⁶⁹

The United States augments the support assured by the European Union through individual means. In 2014, United States signed a 1 billion dollars loan guarantee to help Ukraine meet its financial obligations.²⁷⁰ Also, John Kerry announced in Fe-

²⁶⁷ Josh Rogin, 'Europeans Laugh as Lavrov Talks Ukraine', Bloomberg, 07/02/2015, <http://www.bloombergview.com/articles/2015-02-08/lavrov-s-comedy-routine-on-ukraine-isn-t-funny-to-europe>.

²⁶⁸ 'European Commission support for Ukraine', The European Commission, 25/01/2015, http://europa.eu/rapid/press-release_MEMO-15-3920_en.htm.

²⁶⁹ 'How the EU is supporting Ukraine', The European Commission, 22/05/2015, http://europa.eu/rapid/press-release_MEMO-15-5035_en.htm.

²⁷⁰ 'FACT SHEET: U.S. Crisis Support Package for Ukraine', The White House, 21/04/2014, <https://www.whitehouse.gov/the-press-office/2014/04/21/fact-sheet-us-crisis-support-package-ukraine>.

bruary 2015 that the United States intends to provide 16.4 million dollars in new humanitarian assistance to help Ukrainians affected by the violence in the Donbas.²⁷¹ Moreover, the United States is a significant actor in the IMF. Washington is the main actor that lobbies the Ukrainian cause in the international financial institution. Actually one could say that without the major influence of the United States in the IMF, Ukraine would not have received as much as support it received until now.

Even if the Ukrainian government will have a tough time with the social unrest and Russian destabilization, on the short term it will be effectively supported by the West. It will not receive weapons, but the support will be mainly economic and humanitarian. As the most recent actions of the West show military support through weapons transfer is excluded whereas economic support is the one that matters.

***22. Struggle for political survival
of Ukraine's Government, at Russia's mercy
(RM team, Adriana Sauliuc)***

UA does not receive weapons + cohesion in coalition + stagnation + social unrest + Russia's option – federalisation (strong signal)

Ukraine does not receive weapons

On the short term, Ukraine will not be armed mainly because the European allies, particularly Germany and France, strongly oppose to a military solution for the crisis and favor instead the pursuance of a diplomatic solution. Both countries have argued that arming Ukraine will only lead to the escalation of the conflict. In this context, President of France Francois Hollande emphasized: “*if we don't manage to find not just a compromise, but a lasting peace agreement, we know perfectly*

²⁷¹ “U.S. Assistance for Vulnerable Populations in Ukraine”, The White House, 05/02/2015, <http://www.state.gov/r/pa/prs/ps/2015/02/237203.htm>.

well what the scenario will be. It has a name, it is called war".²⁷² An almost similar explanation has been offered by Angela Merkel: "*I cannot imagine any situation in which improved equipment for the Ukrainian army leads to President Putin being so impressed that he believes he will lose militarily. I have to put it that bluntly*".²⁷³

As about the military aid that could be offered instead by the United States, regardless of the bipartisan coalition formed within the Congress in favor of arming Ukraine and the legislation formulated in support of providing lethal weapons, the U.S. President Barack Obama has not acted on it. And while the bill authorizes the President to offer lethal military assistance to Ukraine, it cannot oblige the administration to act upon it. In addition, despite the declaration made by Barack Obama in February 2015, according to which other options for solving the Ukrainian crisis will be considered in case a diplomatic solution fails; the escalation of fighting in eastern Ukraine, in June 2015, and thus, the violation of the Minsk 2 Agreement, has not yet determined the U.S. Administration to reconsider other options for the resolution of the conflict, including the military one. In support of Obama's Administration reluctance to provide lethal aid to Ukraine, is the declaration made by Samantha Power, the United States ambassador to the United Nations, in Kyiv, on June 11, 2015. Although, highly critical of Russia's actions in relation to Ukraine, Samantha Power has avoided mentioning arming Ukraine as an option.²⁷⁴

While there is a group of lawmakers which lobby for sending lethal weapons to Ukraine, there is another group which strongly opposes to it, invoking such arguments which also resonate with the position of Western partners and namely that:

²⁷² *Merkel rules out arming Ukraine government but unsure peace push will work*, Reuters, February 7, 2015, available at: <http://www.reuters.com/article/2015/02/07/us-ukraine-crisis-merkel-idUSKBN0LBOG220150207>.

²⁷³ *Ukraine crisis: Do not try to scare Putin, warns Merkel*, The telegraph, February 7, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11397900/Ukraine-crisis-Do-not-try-to-scare-Putin-warns-Merkel.html>.

²⁷⁴ *Remarks at the October Palace in Kyiv, Ukraine*, United States Mission to the United Nations, June 11, 2015, available at: <http://usun.state.gov/briefing/statements/243583.htm>.

1. any military assistance offered by the Western partners will only lead to the escalation of the Ukrainian crisis and not to its resolution. No amount of lethal aid provided by Western partners and particularly by the United States could help Ukraine win a war against Russia. Although, the sole purpose of providing lethal aid to Ukraine is to inflict significant damage upon Russia in order to determine its withdrawal from eastern Ukraine, there is no solid evidence that Russia will not assume those costs as it did in the case of economic sanctions.²⁷⁵

On the other hand, the probabilities that Ukrainian army is properly trained to make use of the lethal aid provided by the United States without the assistance of the U.S. military personnel are rather small. Leading to another opposing argument and namely not to involve the American military personnel in a military conflict that does not affect United States' strategic interests. In this sense, many unanswered questions have been raised, such as: "who will train an army mostly equipped with Soviet-era gear to use American weaponry and technology? Would that require U.S. personnel on the ground? Wouldn't that provoke Russia further? And would it not then raise the stakes of the crisis as well as the specter of a proxy war that many Americans would not want?"²⁷⁶

2. the sale of lethal arms by the U.S. to Ukraine will transform U.S. into a belligerent party in the context of a proxy war with Russia, the only country which retains the capabilities to destroy the United States of America. John J. Mearsheimer, a professor of political science at the University of Chicago and a strong opponent of the U.S. arming Ukraine, emphasizes that certain administrative and military staff may underestimate the behavior of a nuclear state when its vital strategic interests are undermined or "at stake". Also, he points to the fact that it is not within the nature of states to be indifferent when distant rival states are interfering in the domestic affairs of their "immediate neigh-

²⁷⁵ *Western Nations Split on Arming Kiev Forces*, The New York Times, February 7, 2015, available at: http://www.nytimes.com/2015/02/08/world/europe/divisions-on-display-over-western-response-to-ukraine-at-security-conference.html?_r=0.

²⁷⁶ *3 Reasons the U.S. should not arm Ukraine*, The Washington Post, February 11, 2015, available at: <https://www.washingtonpost.com/blogs/worldviews/wp/2015/02/11/3-reasons-why-u-s-should-not-arm-ukraine/>.

borhood” – as the Russian Federation defines the former Soviet Union space. Crimea, for Mearsheimer, is a clear example of the consequences of “West’s attempt to march NATO and the European Union up to Russia’s doorstep,” indicating on the necessity to end the imprudent policy before more damage is done.²⁷⁷

Furthermore, on the long term, Ukraine’s integration into the Western democratic institutional structures will pose a threat to Russia’s political regime stability. On the short term, is already believed to pose a threat to the alternative project against European Union proposed by Russian Federation and namely, the Eurasian Customs Union.

3. a lethal defensive system offered by the United States to Ukraine will significantly hamper on one hand, the already fragile relations between the West and Russia and on the other hand, between the United States and the European allies. In the latter case, especially counting on the consensus reached between the Western partners and United States related to the sanctions imposed to Russia and to be renewed in July. If the United States decide to arm Ukraine and thus abandon the diplomatic solution pursued by the European allies, and if consequently, this will trigger the escalation of the conflict on a larger scale and more bloodshed, the only one to blame will be the United States. In result, the only one responsible for the resolution of a significantly intensified Russian military aggression against Ukraine will be the United States. In this context, no White House Administration is ready to assume the counter-escalation costs of a proxy war with Russia.

The certainty of a transatlantic split, in the case Washington decides to militarily assist Ukraine, was clearly substantiated by the European Defence Ministers at the NATO Headquarters, in Brussels, on 5 February 2015. In this context, Dutch Defence Minister Jeanine Hennis-Plasschaert underlined: “*most allies, but in particular the Netherlands, will insist on non-lethal support to Ukraine. Political dialogue is the only way out of the crisis*”.²⁷⁸

²⁷⁷ *Don’t arm Ukraine*, John J. Mearsheimer, The New York Times, February 8, 2015, available at: <http://www.nytimes.com/2015/02/09/opinion/dont-arm-ukraine.html>.

²⁷⁸ *European defence ministers oppose sending weapons to Ukraine*, Reuters, February 5, 2015, available at: <http://www.reuters.com/article/2015/02/05/us-ukraine-crisis-nato-weapons-idUSKBN0L91SR20150205>.

Italian Defence Minister Roberta Pinotti added that “*Rome opposed to the supply of lethal weapons to Ukraine.*” “*We need to lower the temperature of the crisis, not to raise it,*”²⁷⁹ she told during a news conference. On the other side, national security adviser Susan Rice emphasized that a step towards arming Ukraine would be taken only “*in close consultation and in coordination with our partners (European allies), whose unity on this issue with us thus far has been a core element of our strength in responding to Russia’s aggression*”.²⁸⁰ US Secretary of State John Kerry clarified that no divisions or splits have been registered between the EU and US over the policy towards the Ukrainian crisis.²⁸¹ In conclusion, for the near and distant future, there are no signs to indicate that the European partners are willing to reconsider their position on the issue. Thus, U.S. arming Ukraine in coordination with the European partners is not a reliable scenario.

4. moreover, in the face of the threat posed by the Islamic State of Iraq and Syria (ISIS), the United States is not interested to expand the number of its adversaries, but to orient their efforts against the counteraction of the same type of threats. Any military involvement of the United States in Ukraine, in addition to the opposition it will meet at Russia’s state level, it will also intensify the anti-imperialist sentiments of Russian citizens against United States.

Although, certain top Ukrainian officials have declared that military assistance, including lethal weapons, has already been provided to Ukraine by a dozen of Western partners, no solid evidences of their significance, kind or origin of provenience have been provided. The sole purpose of the declarations made by high-level officials is to influence the internal debate within the United States and ultimately, the decision of Barack Obama,

²⁷⁹ *Ibidem*

²⁸⁰ *Ukraine crisis: Obama looking at all options for resolving the problem with Russia*, CBC News, February 9, 2015, available at: <http://www.cbc.ca/news/world/ukraine-crisis-obama-looking-at-all-options-for-resolving-problem-with-russia-1.2949947>.

²⁸¹ *Angela Merkel warns Ukraine peace plan may fail, but worth the effort*, Financial Times, February 8, 2015, available at: <http://www.ft.com/intl/cms/s/0/d85d4c94-aeb3-11e4-b371-00144feab7de.html#slide0>.

in favor of providing lethal support to Ukraine. Given the fact that coordination is sought between the United States and European allies, Ukrainian leaders attempt to contradict the official statements made by European states in accordance to which the conflict in the eastern Ukraine cannot be solved through military means.

Another argument related to the fact that on the short term the United States will not send lethal defensive weapons to Ukraine is the negative perception of the American public about this aspect, very often compared with the U.S. intervention in Afghanistan and Iraq. Although the level of American public support for arming Ukraine has increased from April 2014 to February 2015, it is still lower than the total percentage of those who oppose U.S. sending arms (53% compared to 41%).²⁸²

Coalition Cohesion

Currently, the Ukrainian society is going through a chaotic transition process, from “population” to “civic nation”, during which more and more inhabitants of Ukraine, including Russian speakers, identify themselves with Ukraine and perceive Russia as an aggressor state. This polarization and, at the same time, consolidation of society, led to *de facto* disappearance of the “Regions’ Party” which dominated the political scene during the time Viktor Yanukovich stayed in power. However, despite the political competition between different players such as Piotr Poroshenko, Arseniy Yatsenyuk, Yulia Tymoshenko etc., the society pressure which asks for the consolidation of a political spectrum which will reject Russia’s aggression is so great that the signing of an Agreement²⁸³ regarding the coalition building was natural and even inevitable. The stability and functionality of the Coalition is determined by the urgent need to strengthen the Ukrainian state against Russia’s aggression through reforming Ukraine – a reform primarily oriented towards fighting

²⁸² *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

²⁸³ http://samopomich.ua/wp-content/uploads/2014/11/Koaliciyna_uhoda_parafovana_20.11.pdf.

corruption, democratizing the political process and eliminating the regional oligarchic clans. Meanwhile, President Piotr Poroshenko controls 150 votes within the coalition. Both Piotr Poroshenko (150 votes) as well as Arseniy Yatsenyuk (82 votes) are committed to Ukraine's close collaboration with the U.S., EU, NATO etc. despite the political competition between them.

Ukraine's dependence on the external partners (EU, U.S., NATO, Canada, Poland) who count on the liability of the Ukrainian politicians, works as an accountability mechanism for the Ukrainian politicians despite the fact that the Ukrainian political parties in the Verkhovna Rada are quite heterogeneous and some of them marked by political radicalism. Currently, there is a massive support within the Ukrainian society for a closer cooperation with the EU and NATO. The requirements of implementing the provisions of the Association Agreement²⁸⁴ with the EU strengthen and hold accountable the governing coalition.

Maintaining the unity of the current government coalition, on a short term, can have the following consequences:

The undergoing processes in Ukraine require a quick reaction to a variety of challenges. Generally, these reactions require on one hand, operational interventions within the current legal framework and on the other hand, the political will of the country's leadership. For this, it is necessary to have a functional coalition in the Verkhovna Rada and to maintain a constructive dialogue between the legislative and executive power. Sometimes, the situation gets intense after the political parties that entered in the Verkhovna Rada using radical messages – reflecting the “society state of mind” in the context of the Russian aggression, are forced to give up to certain approaches and to reach a compromise. In the context of conflict situations, the external partners become involved²⁸⁵ in the activity of the Verkhovna Rada with the purpose of strengthening Ukraine's position in relation to Russian Federation. With the external intervention, the coalition is maintained and the following phenomena can be observed: the continuation of the cooperation between the Pre-

²⁸⁴ http://www.kmu.gov.ua/kmu/control/uk/publish/article?art_id=246581344.

²⁸⁵ http://zn.ua/POLITICS/proekt-izmeneniya-konstitucii-po-statusu-donbassa-prodavila-nuland-deputat-182616_.html.

sident, Government and Verkhovna Rada, the consolidation of central power control over the Ukrainian regions, the decrease of the role of the oligarchic clans in various regions of Ukraine. The appointment of Mihail Saakaşvili²⁸⁶ as the governor of the Odessa region speaks of an existent political commitment to the fight against corruption and the consolidation of the oversight control over Odessa region – a strategic area. The implementation of the reforms meant to contribute to the consolidation of the state and to the fight against corruption implies the continuation of the partnership with the external donors. Also, the fight against corruption and the relative stabilisation of the situation in the anti-terrorist operation zone will ensure the functioning of the radical political parties within the legal framework of the state and the enforcement of control over the paramilitary units with a solid perspective of integrating them in the armed forces of the state or eliminating them. The unilateral compliance of Ukraine with the provisions of the Minsk Agreement will contribute to the conservation of the conflict in Donetsk and Lugansk and to the risk reduction for Ukraine. Moreover, the functioning of the coalition in Ukraine will contribute to strengthening the position of the Ukrainian country at international level, especially after the report publication on the air disaster of July 17, 2014 (MH 17) and the UN debate on the creation of an international tribunal for this case.

Stagnation

There are many unfavourable indicators and estimations regarding the prospective of reforms that might be grouped in several categories: political unity and will, reforms leaders, reforms content and management.

The recent spate of dismissals or resignations of high-ranking officials in Ukraine is a sign that the country's reform drive is stalling. The ruling coalition in Parliament contends that the officials failed to carry out major reforms and combat corruption. The most recent firing was Ecology and Natural Resources Minister Ihor Shevchenko, Health Minister Oleksandr Kvitashvili and SBU Head Valentyn Nalyvaichenko.

²⁸⁶ <http://www.president.gov.ua/documents/3042015-19082>.

Though Kvitashvili did carry out a successful reform in his native country from 2008 to 2010, he failed to repeat the feat in Ukraine. Critics say that since he was appointed in December 2014, he has dragged his feet on eliminating rampant corruption in drug procurement and submitting bills on healthcare reform. Kvitashvili had met fierce resistance from vested interests and lobbying groups linked to the ministry and the pharmaceutical industry: “*there’s an iceberg there – the minister and ministry are on the surface, but the main problems are underwater*”, “*the ministry is rife with problems of corruption, and there are various ‘landmines’ that may explode*”. A similar situation has emerged at the Security Service of Ukraine, which has been accused of doing little to crack down on corruption in its own ranks.²⁸⁷

In Saakashvili’s opinion, “*it’s high time to say honestly that the system resists reform. It’s not enough to be honest. You must also act aggressively*”.²⁸⁸

The failure scenario is also linked with the Ukrainian President, his real political will and integrity. “*Poroshenko is himself an Oligarch, how can we be expected to believe he is truly willing to take from himself the power he and the other Oligarchs have...For each passing month I feel stronger and stronger that Poroshenko, Yatsenyuk and all the other lawmakers are taking the West and their own people for a ride... Change, true democracy and getting rid of corruption would hurt each one of them more than most others*”.²⁸⁹

The **quality of the reform plan** is another element of the reforms failure. The reform plan has received mixed reviews from a team of Ukraine experts affiliated with the policy discussion website *VoxUkraine*. According to the analysis only 3 sections of reforms out of 17 have been granted with a PASS, and CONDITIONAL PASS to 6 sections out of 17. The analyses have revealed that “*the draft does not have a coherent ideology and that many sections advocate Soviet style command economy*

²⁸⁷ <http://www.kyivpost.com/content/kyiv-post-plus/heads-roll-as-ukraines-reforms-falter-392569.html>.

²⁸⁸ <http://www.aljazeera.com/indepth/features/2015/06/georgians-guide-ukraine-reforms-path-russia-150604103847612.html>.

²⁸⁹ *Idem*.

approach to reforms, while only few sections address the structural causes of the problems in Ukraine”.

The good news is that the team has rated three of 17 sections as excellent, six as subject to improvement, five as “water” (or boilerplate), and only four as bad. That’s nine of 17 that are at least good enough include law enforcement, national security, and energy independence (pass) as well as anticorruption, decentralization, regulation and competition policy, infrastructure and transportation, electoral reform, and ecology (conditional pass).

*“The bad news is that eight of 17 don’t pass muster, and, worse, these include such key sectors as judicial and financial reform (“water”) and agricultural, constitutional, and economic-growth reform (fail). **If you believe that judicial reform underpins all the other reforms, then none of the reforms will take off without a fundamental restructuring of the courts. If, alternatively, you believe that economic growth is the sine qua non of many of the other reforms, then you’re likely to view the bad news as really, really bad.**”*²⁹⁰

Unlike the VoxUkraine team, Anders Aslund from the Washington-based Peterson Institute for International Economics believes the entire document is a disaster: *“the draft coalition agreement even reminded me of reading Leonid Brezhnev’s speech at the 26th Party Congress of the Communist Party of the Soviet Union in 1981. This is not a reform program but an old-style bureaucratic Soviet document for the preservation of the old system. Such a conservative document will never bring reform. There is no declaration of will or strategy. The document does not even start with a set of goals but with a bureaucratic laundry list”*.²⁹¹

Social unrest

In 2014, social sphere was a prisoner of the general crisis situation in the country. Military and economic aggression of Russia, the annexation of Crimea, the withdrawal of a considerable

²⁹⁰ <http://www.worldaffairsjournal.org/blog/alexander-j-moty1/does-ukraine%E2%80%99s-reform-plan-measure>.

²⁹¹ *Idem.*

rable amount of foreign companies from Ukraine, and as a result – economic decay, made it actually *impossible for the Government to take measures to improve social and economic condition of the population*.²⁹² Social sphere was mostly characterised by negative processes. Major social indicators:

- **average salary** in November 2014 made UAH 3,534 (\$210) vs. UAH 3,268 in November 2013 (\$400), i.e. **almost double fall** in U.S. dollar equivalent;

- throughout the year **debts on salary grew in more than three times** (from UAH 753 mil in January 2014 to UAH 2,367 mil in December);

- the **unemployment level** among people of working age in the III quarter of 2014 reached 9.9% (vs. 6.8% in the same period of 2013);

- according to the official data, **586 thousand citizens of non-retiring age and 514 thousand of working pensioners have lost their work place** during the year;

- according to the data provided by the Federation of Trade Unions of Ukraine, 5 to 7 million of persons of working age are **employed in the informal economy sector**;

- national currency **devaluation** (by the end of the year made 100%) and high level of inflation (almost 25% according to the official data) discounted people's savings, and in combination with the slump in the prices and tariffs in the sector of “monopoly payments” (transport, energy, utility services, medicines) – drastically reduced purchasing power, which is proven by the reduced retail turnover in almost all regions of the country.

As a result thereof, the level of **public welfare has decreased**. As estimated by the Institute of Demography and Social Research under the National Academy of Science of Ukraine, the poverty level may reach 30% of the population – vs. 24.5% in 2013.

According to the results of the monitoring of financial condition of Ukrainian families carried out by the Sociological Service of the Razumkov Center, in December 2014 (compared to January 2014) the amount of families “**barely making ends meet**” increased from 14 to 19%. Instead, the total amount of

²⁹² http://www.uceps.org/upload/1424704722_file.pdf.

families “generally earning enough for living”, “living well-off” and who “may afford almost everything” reduced from 46% to 39% respectively.

Since a positive scenario in the conflict with Russia is rather doubtful, “freezing” the situation may result **in militarization of social and political life**, which will terminate and complicate the development of positive tendencies in the society.

The presence of **pressure groups** in political environment that are **not interested in any changes** in the life of the society or the state will complicate the reform process and provoke re-emergence of former corrupt schemes. It can be predicted that leading Ukrainian financial and industrial groups will **attempt to diversify political risks** and realize their ambitions with the help of various authorities and political forces.

The current situation offers **no obvious prerequisites for overcoming the growing** crisis in the economy and, consequently, in the social sphere. Moreover, just as during the past year, in the light of the pressures of problematic social environment; accumulated debts, including the payment of wages and social benefits; growing numbers of internally displaced persons; the shrinking of the domestic labour market; and the rise in prices and tariffs, etc., the Government will be forced to resort to socially unpopular steps.

Under these conditions, **social welfare will further decrease in 2015**, which will affect the vast majority of the population. The public has not yet seen tangible results of the declared fight against corruption, introduction of a strong antitrust and anti-oligarchy policy, and real economy and effective use of budget funds by state agencies.

On the other hand, there is ample evidence of corruption and impunity of criminal offenses, particularly cynical against the backdrop of war and efforts of volunteers and citizens at large to shoulder the challenges facing the military and war refugees. *More than nine-in-ten Ukrainians think their country’s economic situation is bad (94%), including 66% who say it is very bad.* Similar percentages gave the economy negative ratings in 2014.²⁹³

293 <http://www.pewglobal.org/2015/06/10/3-ukrainian-public-opinion-dissatisfied-with-current-conditions-looking-for-an-end-to-the-crisis/>.

In addition to dissatisfaction with economic conditions, Ukrainians express little faith in some of their country's major institutions. The public is **especially critical of their court system**. Just 11% say the judiciary is having a good influence on their nation. Roughly three-quarters (76%) say its influence is bad; including 45% who think it is *very* bad.

Only about a third (32%) thinks the Government in Kyiv is having a good impact on the nation. Nearly six-in-ten (59%) say the central Government is having a negative influence. Positive views of Kyiv have dropped 15 percentage points in the past 12 months.

Russia's option: federalization

In such a scenario, Ukraine, as a result of not receiving military support from the Western countries is in a problematic situation, making Kyiv's capacity to deal with threats coming from outside its territory a very difficult job. In such a context, not supported in the military domain, Ukraine seems to have only one option: to resist, more or less on its own, the danger and threat coming from Russia, especially since the Western's refuse to send (lethal) weapons to Ukraine it can be interpreted by Kremlin as an invitation to "keep" the Ukrainian state in the "traditional, Russian, sphere of influence".

But the costs Moscow must pay in the hybrid warfare against Ukraine are high, so Kremlin might look for a way to escape this situation while keeping Kyiv under its control. One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence in relation to Kyiv, but with lower costs. For Russia federalization means near-independence, more precisely a code for eventual secession²⁹⁴, a success which in the medium term, as a result of the Minsk agreements failures and subsequent developments, Moscow might get.

The federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine without

²⁹⁴ Alexander Motyl, *Why Russia Wants the Federalization of Ukraine*, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

letting it slip through its fingers in favor of the West. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin's ability to impose a greater control in the short time as the international pressure is still high. In such a context, as stated by Yulia Tymoshenko, "*federalization is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*"²⁹⁵, so the federalization could be in the next months Moscow's preferred option.

Russia's success in influencing the evolution of Ukraine into a state with such a form of organization, more easily controlled by a Russian state is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered a viable option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, "*to solve the current crisis in Ukraine, the country should become decentralized and federalized*".²⁹⁶ Also an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, "*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*".²⁹⁷

In such a situation, Moscow's efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements share the same view regarding what Kyiv should do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

²⁹⁵ John Reed, Neil Buckley, *Russian push to 'federalise' Ukraine stirs resentment*, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bee-ba7c-11e3-a905-00144feabdc0.html#axzz3frCGqEp6>.

²⁹⁶ *EU chief calls for decentralization and federalization of Ukraine*, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-eu-federalization-ukraine/>.

²⁹⁷ *Merkel supports Ukraine power decentralization*, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiev/>.

23. *Internal cohesion as the only asset of Ukraine, facing the enemy: military polarisation in view* (Sergiy Solodkyy, Narciz Bălășoiu)

UA does not receive weapons + cohesion in coalition + stagnation + support for the Government + Russia's option – destabilization (weak signal)

Official statements from the Western capitals prove there is a lack of desire to supply Ukraine with lethal weapons. There are several reasons why the West abstains from more decisive support of Kyiv: (1) fear being dragged into a bilateral military conflict provoking Russia to tougher response; (2) Ukraine's inability to control the situation entirely; the weapons may occur in the hands of enemy because of irresponsibility of Ukraine's army; (3) public in Germany or in France are not supportive of supplying the weapons to Ukraine. Due to Pew Research Center, the strongest opposition to support Ukraine with arms is expressed in Germany (77 per cent), Spain (66 per cent), and Italy (65 per cent)²⁹⁸.

This non-providing moment can also be explained by the dominating trend in international relations of the last years when the concept of 'non-intervention' seems to be most applied. The U.S. President even entitled his approach in foreign policy as an 'Obama doctrine'²⁹⁹ preferring '*engagement*' but not a military intrusion.

Such impunity allows Russian President to provide its expansionist policy further. In the same time, Russia is afraid of open military intervention choosing hidden, hybrid forms since the rhetoric and actions of the West might be changed once the actions of Moscow will be manifested in a more impertinent way. In February, 2015, President Obama stated: 'If, in fact, diplo-

²⁹⁸ *NATO Public Opinion*. June 10, 2015. <http://www.pewglobal.org/2015/06/10/1-nato-public-opinion-wary-of-russia-leary-of-action-on-ukraine/>.

²⁹⁹ *Iran and the Obama Doctrine*. April 5, 2015. http://www.nytimes.com/2015/04/06/opinion/thomas-friedman-the-obama-doctrine-and-iran-interview.html?ref=opinion&_r=1.300.

macy fails, what I've asked my team to do is to look at all options', adding that offering lethal arms was only one of the options under consideration³⁰⁰. Open and large-scale aggression undoubtedly will be interpreted as failure of diplomacy and, thus, Ukraine may gain more decisive support from the Western states. Thus, it is more obvious to see Russia in a short-term period exploiting covert forms of aggression.

The Russian destabilizing activities will be as much aggressive as situation in Ukraine will allow. Strong support from the West, successful reforms, united political elites, consolidation of the society would definitely leave Russia without a fertile ground for its destructive campaign. The scarcity of even a minor element will multiply the effectiveness of Russia destabilizing efforts. Analyzing the possibility of above-mentioned variables in the short-term, it is quite logic to predict coherent coalition because of the following reasons: (1) any conflict will eliminate the chances of ruling parties to stay in the power since they will lose public support; (2) the Western governments will stop its assistance as soon as Ukrainian politicians will start shortsighted intrigues expecting the EU unity in the same time³⁰¹.

There are more than enough facts proving that the reformist process in Ukraine will be stagnating in a short-term period. New leaders appeared to be unable to modernize the state. Being in power more than a year, authorities developed certain legislation but it was insufficient to evaluate changes in the country positively. Both experts and ordinary citizens acknowledge lack of political will of authorities to improve the state system although this demand was among the first ones in a priority list during the Revolution of Dignity. Minor legislative changes happened in Ukraine not because of consistent politics treated by the government but because of the pressure from the side of international stakeholders (namely IMF).

³⁰⁰ *Ukraine conflict: US 'may supply arms to Ukraine'*. February 9, 2015. <http://www.bbc.com/news/world-europe-31279621>.

³⁰¹ *Razrushenie soyuza Yatseniuka i Poroshenko ne odobrid Zapad – Fesenko / Ruining of the Union between Yatsenyuk and Poroshenko will not be Supported by the West – Fesenko*. March 31, 2015, <http://glavcom.ua/news/282722.html>.

Meantime even stagnation of reforms does not necessarily lead to the public distrust towards the authorities³⁰². Moreover there is a certain trend: more aggressive politics from Russia stimulate more solid and consolidating society. Thus, there are less visible dividing lines within society with regards to foreign orientation of Ukraine (for example, 67 per cent of the Ukrainians support the European integration)³⁰³. Citizens are less in favor of any massive protests understanding this will undermine the shaky stability in the state. Taking into account that Russia will not stop its destabilizing activities it is quite possible to predict greater societal consolidation in Ukraine.

In the same time, there is a sort of interconnection between consolidation in Ukraine and Russian aggression; Ukrainians strengthen its resilience when Russia apply its aggression; Russia apply aggression because of this consolidation attempting to undermine such a unity (in particular through information warfare, discredit of Ukrainian authorities). However, this is right only for short-term perspective; in a longer perspective appearance of apathy and protesting moods cannot be excluded and, thus, Russian destabilizing machine may start to reap the fruits.

24. Nationalism as Ukraine's option (Diana Bărbuceanu)

UA does not receive weapons + cohesion in coalition + stagnation + support for the Government + Russia's option: federalisation (strong signal)

The Ukrainian crisis in getting prolonged and the opinion of experts is that Russia is the one to win. The separatists in Eastern Ukraine, supported substantially by Russian troops equipped

³⁰² *Prezident Poroshenko poblagadaril Rossiyu za konsolidatsiyu ukrainskoi natsii / President Poroshenko Thanked Russia for Consolidation of the Ukrainian Nation*. October 26, 2014, http://joinfo.ua/politic/1038806_Prezident-Poroshenko-poblagodaril-Rossiyu.html.

³⁰³ *NATO Publics Blame Russia for Ukrainian Crisis, but Reluctant to Provide Military Aid*. June 10, 2015, <http://www.pewglobal.org/2015/06/10/nato-publics-blame-russia-for-ukrainian-crisis-but-reluctant-to-provide-military-aid/>.

with modern fighting techniques are gaining ground. Russian President Vladimir Putin does not seem to be affected by the economic sanctions of the West, nor does he give any signs that he would make important concessions, even if the costs for the Ukrainian conflict would increase. He has a strategic plan, and to achieve it, he must not show weakness or sentiment. He also knows the West is not “singing in the same voice”. The leaders of the Western European powers do not share the same view with Washington when it comes to the ways to resolve the Ukrainian crisis but especially about supplying the necessary weapons on the Eastern Front. Americans have used the last weeks to transmit in all the ways possible that arming Ukraine is the essential step in this stage of the conflict. The supreme commander of NATO military forces, Philip Breedlove has already ruled in favour of arming Ukraine, while John Kerry – US Secretary of State said he is open to talks. It’s easy to understand why the United States show enormous interest in Ukraine’s retaining of the Eastern territory which now becomes secessionist.

Munich Security Conference highlighted increasingly remote positions between the US and the European Union on the resolving of the crisis in Ukraine, because the Europeans, led by Angela Merkel flatly oppose supplying Ukraine with arms. If American interest in Russian-Ukrainian border is a strategic one, instead, the one of the West – Europeans, especially those who depend on Russian gas, is par excellence an economic one. Moreover, Merkel has clearly warned Americans not to try to scare Putin. However, Russian President’s belief is that his country’s fundamental strategic interests are jeopardized in Ukraine. Then it is unlikely that Russia will take a step back, even if it means to bear a huge cost. Putin knows that giving up control from separatist Eastern would bring irreparable losses to his strategic plan in the conflict.

All in the same key, French President Francois Hollande, also opposes supplying Ukraine with arms. Another prominent voice in the European Union which refuses the US proposal is Britain. Phillip Hammond, minister of foreign affairs in London warned that arming Ukraine will lead to further escalation. Such a step is dangerous, especially because Russia has thousands of nuclear weapons, and is trying to defend a vital strategic interest.

So, after long discussions between US officials and leaders of major Western European powers, the latter argument convinced. It was put forth the hypothesis that after receiving weapons, “even with huge support from the West, Ukraine’s army will still fail to stop a strong attack of the Russian army”. In short, the US cannot achieve victory in an arms race with Russia in Ukraine and will not come out victorious on the front. The only way to solve the crisis is diplomatic, not military. The attention of the entire planet is now focused at the outcome in Eastern Ukraine.

Meanwhile in Kiev, President Poroshenko and the other officials receive the news from Washington that after consultations with Western European allies, the US considers that is neither in favour of Ukraine nor of world’s peace to continue sending weapons on the Eastern Front.

The risk of losing control of the situation would become too great. The political scene in Kiev and even a large part of the population in the centre and Western country receive the US decision with great disappointment and regret. Ukraine must change its strategic plan accordingly and President Poroshenko summons Verkhovna Rada. In his televised speech he appeals from the rostrum of the Parliament, to the people’s solidarity, and from the coalition parties he asks for cohesion in adopting the most effective measures to get the country out of the crisis. He expresses his conviction that Ukraine has not been abandoned by the Western powers, and that the decision to no longer supply weapons may still be for the benefit of the Ukrainian people. Throwing in battle US arsenal would have sparked surely the hell in the region.

The fighting would be intensified and the state of war and chaos would be extended. Eastern fratricidal fighting must cease immediately, because there die young soldiers but also locals, elderly and innocent children. Dialogue must replace cannons. For the country to regain peace there should be initiated direct meetings between representatives of the regime in Kiev and the separatist leaders, with whom first have to be signed a peace agreement. Only in such a situation, the government, supported by all coalition parties will be able to adopt the most effective popular measures. The spectrum of hunger and cold which is

round the corner must disappear. At the risk of delaying for some time the social reforms, first of all people have to be saved during the country's economy collapse. For this, Ukraine will still need Western support, and why not, even Russian. To achieve its strategic targets, Moscow will support Ukraine, opening the retail market for it. It would be otherwise necessary for both countries economic recovery, reciprocal opening of the markets. For this, however, Russia wants guarantees, not only from the West, but precisely from the leaders in Kiev. Let us not forget that the goal of Russia as an alternative to unfreezing the conflict in the separatist Eastern Ukraine is its federalization. Does President Poroshenko and the coalition in Kiev have an alternative?

Political analysts and military strategists now come and launch the most optimal theories, to bring reconciliation in the area, and even in the world. A first opinion says that it is essential for Russia to help end the fighting in Eastern Ukraine, and for Kiev authorities to take control of the region in conflict. Only that this solution does not smile to Moscow, and if so, Donetsk and Lugansk provinces would need broad autonomy and a priority should be the measures to protect the Russian language. The errors should not be repeated. According to the same opinions for Ukraine, Crimea, is lost for good, it is being a victim of the West's attempt to bring NATO and the European Union at the gates of Russia. It is recommended to the West that it would be appropriate to put an end to reckless policies before they cause more damage – both to Ukraine and to the relations between Russia and the West.

From Moscow, President Putin transmits to Western leaders that in order to save Ukraine and for their countries to rebuild relations with Moscow they should accept and support the federalization of Ukraine. Simultaneously, they should explicitly give up the EU enlargement and NATO, and demonstrate that the goal is a misaligned Ukraine, which does not threaten Russia. In addition, to save the Ukrainian economy, a goal that is clearly in the interest of all, the US and its allies should cooperate with the Kremlin. It would be the way for Putin to feel satisfied. He moved well on the chessboard and even if he risked he won.

25. Heroic fight for reforms and Western support desperately needed (Eveline Mărășoiu)

UA does NOT receive weapons + fight in the coalition + reforms + social unrest + Russia's option: destabilization (strong signal)

UA does not receive weapons

Although Ukraine receives some form of military assistance, the US will not provide lethal equipment to Ukraine. The White House Press Secretary Josh Ernest has declared that *providing additional offensive military capabilities to Ukraine, in the mind of the president, would only further escalate a situation that must be resolved diplomatically.*³⁰⁴ The statement comes in addition to Obama's reluctance so far to provide lethal defensive weapons to Ukraine, despite a bill that allows the US to do so, provided that it does not exceed a \$300 million budget.

Germany has vehemently opposed arming Kiev, arguing that such an action could generate a "*dangerous, permanent escalation*" of the crisis.³⁰⁵ Berlin is opposing such a move due to the predictable consequences that it could trigger, including a potential massive Russian military response against Ukraine or against another state in the region. While Merkel's position on the matter is fixed, France has adopted a more nuanced position. Defence Minister Jean-Yves Le Drian has declared that his country has no intention to provide lethal equipment "*at this time.*"³⁰⁶

Another reason that stands against arming Ukraine is the lack of effectiveness of such an approach. This is because of Russia's military power and level of engagement in Eastern Ukraine. As such, it appears implausible that western military equipment (no

³⁰⁴ <http://www.unian.info/politics/1086571-white-house-no-us-supplies-of-offensive-weapons-to-ukraine.html>.

³⁰⁵ <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

³⁰⁶ <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

matter how large the volume provided) is able to deter a concerted Russian incursion.³⁰⁷

Furthermore, there is reason to question whether the military hardware will be handled by the right beneficiaries. While the main problem is not the legitimacy of the executive, many fear that several pro-governmental armed groups could actually turn arms against Kiev would the living conditions in Ukraine not improve.³⁰⁸

In addition, the United States has accumulated a history of negative experiences with providing military equipment to conflict zones. Examples include arming the Afghan mujahedeen in 1980s with hardware that had reportedly ended up as far afield as Iran, North Korea and Libya³⁰⁹ and has allegedly been used by Al Qaeda.³¹⁰ Moreover, the Islamic State has also purportedly seized American weapons from Syria and Iraq. Therefore, the White House has a wide array of instances in which military equipment provided by it had eventually reached the wrong hands. This is one strong disincentive for arming Kiev.

This is likely to result in a prolonged period of destabilisation in Eastern Ukraine. Furthermore, it will leave the aggressed country vulnerable and undefended against a volatile and unpredictable Russia that could further its invasion in Ukraine at any time without significant additional costs.

Fight in coalition

Fight in the coalition is likely to occur in the short run, primarily due to increased pressure posed by the people concerning the ongoing conflict in the East. In this regard, the different positions adopted by the president and by the prime minister are of concern, with the former having a more pacifist and compromise

³⁰⁷ <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

³⁰⁸ <http://blogs.reuters.com/great-debate/2015/07/02/want-to-escalate-u-s-russia-tension-arm-ukraine/>.

³⁰⁹ <http://www.commondreams.org/views/2013/06/22/stung-stingers>.

³¹⁰ https://www.dailykos.com/part/story/as_full?mode=unpublished&story_id=269211.

oriented attitude and the latter adopting a more confrontational stance.

Furthermore, unpopular austerity measures are likely to alienate public support and increase in-fight within the coalition. The economic debt crisis threatens the already fragile coalition and it becomes increasingly difficult to reach consensus on the best course of action that should be adopted.

In addition, if the government enjoyed initially the unrestricted support of the Parliament, now corruption seems to have a greater impact on intra- and inter-institutional relations than foreign aggression has. To put it differently, while at the beginning of the crisis, everybody's interest was the national one, now the situation has change and many politicians pursuit their private interest in the detriment of the greater societal good.

The ruling coalition is likely to collapse in face of another risk, namely terrorism. While pro-Russian or Russian rebels have not yet carried any significant terrorist attack, this is a risk that must not be overlooked. Such an event could occur at any time and, if it materializes, the government will be even more scrutinized over its ability to protect the Ukrainian people. This, in turn, will generate more infighting.

Reforms

In the given circumstances, it is unlikely that substantial reforms occur in the short run. Although some, such as the traffic transformation, is likely to have visible effects in the upcoming six months, their impact will rather be limited and will not compensate for other structural and aggravating problems.

Furthermore, high level of corruption and fighting within the coalition is likely to burden the process of reforming the war-thorn country. What is more, despite efforts aimed at innovation, the former soviet state is still dominated by a legacy of bureaucracy. Thus, even if there are reforms, they are likely to be ineffective on the short term or be formal changes rather than substantial ones.

In addition, the IMF loan conditionality requires the government to adopt a set of restructuring measures that will have an unpopular effect among the population. In this context, the re-

forms will likely have a negative short term impact on the population and a positive outcome in the medium and long term.

Social Unrest

There have been several instances where the Ukrainian people have demonstrated against the government. One such instance is a massive march that took place in Kiev against the policies adopted by the executive. The event held June 6th gathered over 3000 people and the main complaint was the government's inability to implement substantive reforms and failure to solve the conflict in the East.³¹¹ Furthermore the debt crisis amplifies the people's frustration and is therefore likely to encourage further social unrest.

Furthermore, the threat of criminal violence is constantly increasing, generating new situations of insecurity. Alongside the risk of terrorism perpetrated by pro-Russian separatists, law enforcement agencies have a difficult task in ensuring safety and security. In this regard, president Poroshenko has declared that "*the level of guerrilla and terrorist threats in the regions outside the zone (of conflict) has significantly risen*".³¹²

In turn, unpopular support for the government undermines the basis of the ruling coalition. As such, fight in the government is likely to be enhanced, despite efforts to reform the country.

Russia's option: destabilization

Russia is likely to pursue a policy of destabilization by persuading the Ukrainian people that its government is unable to protect them. The primary instrument for doing this is to fuel the ongoing conflict in Ukraine, a policy that Putin will most likely continue to implement. Another method is to fuel criminal and terrorist activities in the rest of the Ukrainian territory.

Thus the Kremlin tries to delegitimize the current administration and it is probable that it will instigate further social uprising

³¹¹ <http://rt.com/news/265516-kiev-protest-against-government/>.

³¹² <http://www.reuters.com/article/2015/07/10/us-ukraine-crisis-poroshenko-idUSKCN0PKOLQ20150710>.

against the executive. The main means for achieving this is inserting certain persons with high influence in communities and continuing the information war through propaganda. Another instrument is raising gas prices as it already happens: Gazprom has recently increased the price of gas deliveries to Ukraine to the highest level paid by any country to the company. Similarly, Moscow is putting pressure on Kiev to pay back all energy bills and loans, thus allowing for little space of manoeuvre for the ruling coalition.³¹³

What is more, as mentioned beforehand, a fragile government, tormented by infighting and poor reforms, is not likely to generate public support. On the contrary, these elements are likely to breed social unrest. Therefore, Russia is likely to engage in policies aimed at creating tensions between the governing factions.

26. Reforms as the only way out of chaos **(Diana Bărbuceanu)**

UA does not receive weapons + fight in coalition + reforms + social unrest + Russia's option: federalisation (strong signal)

Despite increasingly vocal signals about a large scale resumption of hostilities on the ground, in front of the public opinion, the Ukrainian officials try to pretend that the country still has the necessary power to win the battle with the Russian separatists. They want to show that Ukraine still has capacity. But in Moscow, Vladimir Putin seems to be pressed on the brake again. Now, the bloodshed in eastern Ukraine risks escalating because a ceasefire agreement is steadily unraveling. This time the strategic city of Mariupol is most certainly the next target of the Russian-backed separatist rebels. The mobilization of thousands of new troops and artillery equipment at the boundary demarcation of the border strengthens tension. In such circumstances, the Ukrainians have to expect an attack at any time. In turn, West continues to call for dialogue with Russia. Also,

³¹³ http://www.ecfr.eu/article/commentary_putins_plan249.

European Union leaders meeting in Brussels said that they would not lift economic and political sanctions against Russia until the truce signed in Minsk will be fully implemented. Suspicions are major, and the possibility that Russia will continue to control regions of the neighboring state is growing. Confronted with such a situation, interventionist officials believe that the only solution to deter expansionist policy of Russian President Vladimir Putin is arming Ukraine. There is no doubt that the Ukrainian army is overwhelmed by the separatists, whom Russia is always provided weapons and personnel. Given that the balance of power clearly favors Moscow, Washington and other world powers should send large amounts of equipment for Ukrainian soldiers to have a chance on the battlefield. However, Western governments decide that it is not favorable supply of lethal weapons, in a time when the Kremlin is becoming more hostile and show the West that is always ready to turn hostility into confrontation. World leaders involved in Ukrainian conflict resolution, notably the US and Germany alleges that taking such a step in Ukraine involves the risk of an escalation unwanted. Not only would intensify the fighting, but it might extend to other areas. For Ukraine, which already faces economic and social problems, the consequences would be disastrous. Nor Britain supports Ukraine's supply of arms. Often, Phillip Hammond, minister of foreign affairs in London warned that arming Ukraine will lead to escalation of the conflict. *"At this stage we do not believe that providing arms would be a positive contribution. And as long as there which roughly resembles a military roadblock, attention should be directed towards finding a political solution to resolve it"*, Hammond says this spring. But the West's refusal to send weapons Ukraine raises a genuine discontent among some politicians in Kiev. They accuse the West for being too naive accepting Moscow's misleading statements. Moreover they criticize some of the European chancelleries because it was given bigger importance on gas price than to European unity. On the other hand, convinced pro-Western leaders in Kiev condemn this attitude of hostility towards the West. New disagreements aroused among Ukrainian leaders give rise to a real cleavage among coalition, and tensions between Prime Minister Arseniy Yatsenyuk and the President Petro Poroshenko are at an unre-

cedented level. The damage due to the continuing war in the east and the inability to end it, determine Poroshenko recalibrate its discourse and send signals increasingly hostile to the West. He is among those who think that just the arming Ukraine could end Russian expansionism. In turn, Arseniy Yatsenyuk condemns such attitudes and joins the West decision, recognizing that enraging a nuclear-armed Russia means to play with fire. But the biggest loser in all this vortex remain the Ukrainian people, because as a consequence of increasingly tense political situation, social status becomes deplorable and state of the economy alarming. In Independence Square in Kiev, a few dozen disgruntled citizens start to protest, chanting inability of the new political class to redress the state's economy. But they omit the high cost that it involves the implementation of real reforms that the country needs. So far the results of reforms began to appear, given that there was a consolidation of Western support towards Ukraine. Both the US and the EU have sent Kiev a series of injections of several billion dollars cash and the promise of a top advanced when needed. Moreover, Ukraine tried now the country's energy sector reform that could lead to lower dependence on Russia. Meanwhile, on the eastern front, the violence continues with growing intensity. According to a report of the OSCE observer mission in the conflict zone, the security situation in eastern Ukraine is deteriorating every day. Against this background, world leaders involved in conflict resolution are on the table for us resettles negotiations. Trying their perpetual search for a Ukrainian settlement determines a real proof that diplomacy and its instruments are used at the moment to the full by the Western community. But despite the West's diplomatic efforts to end the violence, NATO warns that the number of Russian troops and weapons along the border with Ukraine is growing. In turn, Moscow cynically deny the obvious implications of which demonstrates. It also insists that the only solution to end the violence is for Ukraine to adopt a form of federative system, providing nearly unrestricted authority regions. In proposing such a measure, Russia shall ensure that neither the EU nor NATO will rush to take Ukraine with its structural problems. In those circumstances, having the support of Russia, separatists are leaving now threatens all forms of negotiating peace, and

threaten that war will continue until Kiev administration will implement a constitutional reform that would include federalization of the country and recognition of Russian as an official language.

27. Ukrainian Society pushes for reforms going West (RM team, Adriana Sauliuc)

UA does not receive weapons + fight / rift in the coalition + reforms + support for the Government + Russia's option – destabilization (weak signal)

Ukraine does not receive weapons

On the short term, Ukraine will not be armed mainly because the European allies, particularly Germany and France, strongly oppose to a military solution for the crisis and favor instead the pursuance of a diplomatic solution. Both countries have argued that arming Ukraine will only lead to the escalation of the conflict. In this context, President of France Francois Hollande emphasized: *“if we don't manage to find not just a compromise, but a lasting peace agreement, we know perfectly well what the scenario will be. It has a name, it is called war”*.³¹⁴ An almost similar explanation has been offered by Angela Merkel: *“I cannot imagine any situation in which improved equipment for the Ukrainian army leads to President Putin being so impressed that he believes he will lose militarily. I have to put it that bluntly”*.³¹⁵

As about the military aid that could be offered instead by the United States, regardless of the bipartisan coalition formed within the Congress in favor of arming Ukraine and the legislation formulated in support of providing lethal weapons, the U.S. President Barack Obama has not acted on it. And while the bill

³¹⁴ *Merkel rules out arming Ukraine government but unsure peace push will work*, Reuters, February 7, 2015, available at: <http://www.reuters.com/article/2015/02/07/us-ukraine-crisis-merkel-idUSKBN0LB0G220150207>.

³¹⁵ *Ukraine crisis: Do not try to scare Putin, warns Merkel*, The telegraph, February 7, 2015, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11397900/Ukraine-crisis-Do-not-try-to-scare-Putin-warns-Merkel.html>.

authorizes the President to offer lethal military assistance to Ukraine, it cannot oblige the administration to act upon it. In addition, despite the declaration made by Barack Obama in February 2015, according to which other options for solving the Ukrainian crisis will be considered in case a diplomatic solution fails; the escalation of fighting in eastern Ukraine, in June 2015, and thus, the violation of the Minsk 2 Agreement, has not yet determined the U.S. Administration to reconsider other options for the resolution of the conflict, including the military one. In support of Obama's Administration reluctance to provide lethal aid to Ukraine, is the declaration made by Samantha Power, the United States ambassador to the United Nations, in Kyiv, on June 11, 2015. Although, highly critical of Russia's actions in relation to Ukraine, Samantha Power has avoided mentioning arming Ukraine as an option.³¹⁶

While there is a group of lawmakers which lobby for sending lethal weapons to Ukraine, there is another group which strongly opposes to it, invoking such arguments which also resonate with the position of Western partners and namely that:

1. any military assistance offered by the Western partners will only lead to the escalation of the Ukrainian crisis and not to its resolution. No amount of lethal aid provided by Western partners and particularly by the United States could help Ukraine win a war against Russia. Although, the sole purpose of providing lethal aid to Ukraine is to inflict significant damage upon Russia in order to determine its withdrawal from eastern Ukraine, there is no solid evidence that Russia will not assume those costs as it did in the case of economic sanctions.³¹⁷

On the other hand, the probabilities that Ukrainian army is proper trained to make use of the lethal aid provided by the United States without the assistance of the U.S. military personnel are rather small. Leading to another opposing argument and namely not to involve the American military personnel in a mi-

³¹⁶ *Remarks at the October Palace in Kyiv, Ukraine*, United States Mission to the United Nations, June 11, 2015, available at: <http://usun.state.gov/briefing/statements/243583.htm>.

³¹⁷ *Western Nations Split on Arming Kiev Forces*, The New York Times, February 7, 2015, available at: http://www.nytimes.com/2015/02/08/world/europe/divisions-on-display-over-western-response-to-ukraine-at-security-conference.html?_r=0.

litary conflict that does not affect United States' strategic interests. In this sense, many unanswered questions have been raised, such as: "who will train an army mostly equipped with Soviet-era gear to use American weaponry and technology? Would that require U.S. personnel on the ground? Wouldn't that provoke Russia further? And would it not then raise the stakes of the crisis as well as the specter of a proxy war that many Americans would not want?"³¹⁸

2. the sale of lethal arms by the U.S. to Ukraine will transform U.S. into a belligerent party in the context of a proxy war with Russia, the only country which detains the capabilities to destroy the United States of America. John J. Mearsheimer, a professor of political science at the University of Chicago and a strong opponent of the U.S. arming Ukraine, emphasizes that certain administrative and military staff may underestimate the behavior of a nuclear state when its vital strategic interests are undermined or "at stake". Also, he points to the fact that it is not within the nature of states to be indifferent when distant rival states are interfering in the domestic affairs of their "immediate neighborhood" – as the Russian Federation defines the former Soviet Union space. Crimea, for Mearsheimer, is a clear example of the consequences of "West's attempt to march NATO and the European Union up to Russia's doorstep," indicating on the necessity to end the imprudent policy before more damage is done.³¹⁹

Furthermore, on the long term, Ukraine's integration into the Western democratic institutional structures will pose a threat to Russia's political regime stability. On the short term, is already believed to pose a threat to the alternative project against European Union proposed by Russian Federation and namely, the Eurasian Customs Union.

3. a lethal defensive system offered by the United States to Ukraine will significantly hamper on one hand, the already fragile relations between the West and Russia and on the other hand,

³¹⁸ *3 Reasons the U.S. should not arm Ukraine*, The Washington Post, February 11, 2015, available at: <https://www.washingtonpost.com/blogs/worldviews/wp/2015/02/11/3-reasons-why-u-s-should-not-arm-ukraine/>.

³¹⁹ *Don't arm Ukraine*, John J. Mearsheimer, The New York Times, February 8, 2015, available at: <http://www.nytimes.com/2015/02/09/opinion/dont-arm-ukraine.html>.

between the United States and the European allies. In the latter case, especially counting on the consensus reached between the Western partners and United States related to the sanctions imposed to Russia and to be renewed in July. If the United States decide to arm Ukraine and thus abandon the diplomatic solution pursued by the European allies, and if consequently, this will trigger the escalation of the conflict on a larger scale and more bloodshed, the only one to blame will be the United States. In result, the only one responsible for the resolution of a significantly intensified Russian military aggression against Ukraine will be the United States. In this context, no White House Administration is ready to assume the counter-escalation costs of a proxy war with Russia.

The certainty of a transatlantic split, in the case Washington decides to militarily assist Ukraine, was clearly substantiated by the European Defence Ministers at the NATO Headquarters, in Brussels, on 5 February 2015. In this context, Dutch Defence Minister Jeanine Hennis-Plasschaert underlined: “*most allies, but in particular the Netherlands, will insist on non-lethal support to Ukraine. Political dialogue is the only way out of the crisis*”.³²⁰ Italian Defence Minister Roberta Pinotti added that “*Rome opposed to the supply of lethal weapons to Ukraine.*” “*We need to lower the temperature of the crisis, not to raise it,*”³²¹ she told during a news conference. On the other side, national security adviser Susan Rice emphasized that a step towards arming Ukraine would be taken only “*in close consultation and in coordination with our partners (European allies), whose unity on this issue with us thus far has been a core element of our strength in responding to Russia’s aggression*”.³²² US Secretary of State John Kerry clarified that no divisions or splits have been registered between the EU and US over the policy towards the

³²⁰ *European defence ministers oppose sending weapons to Ukraine*, Reuters, February 5, 2015, available at: <http://www.reuters.com/article/2015/02/05/us-ukraine-crisis-nato-weapons-idUSKBN0L91SR20150205>.

³²¹ *Ibidem*.

³²² *Ukraine crisis: Obama looking at all options for resolving the problem with Russia*, CBC News, February 9, 2015, available at: <http://www.cbc.ca/news/world/ukraine-crisis-obama-looking-at-all-options-for-resolving-problem-with-russia-1.2949947>.

Ukrainian crisis.³²³ In conclusion, for the near and distant future, there are no signs to indicate that the European partners are willing to reconsider their position on the issue. Thus, U.S. arming Ukraine in coordination with the European partners is not a reliable scenario.

4. moreover, in the face of the threat posed by the Islamic State of Iraq and Syria (ISIS), the United States is not interested to expand the number of its adversaries, but to orient their efforts against the counteraction of the same type of threats. Any military involvement of the United States in Ukraine, in addition to the opposition it will meet at Russia's state level, it will also intensify the anti-imperialist sentiments of Russian citizens against United States.

Although, certain top Ukrainian officials have declared that military assistance, including lethal weapons, has already been provided to Ukraine by a dozen of Western partners, no solid evidences of their significance, kind or origin of provenience have been provided. The sole purpose of the declarations made by high-level officials is to influence the internal debate within the United States and ultimately, the decision of Barack Obama, in favor of providing lethal support to Ukraine. Given the fact that coordination is sought between the United States and European allies, Ukrainian leaders attempt to contradict the official statements made by European states in accordance to which the conflict in the eastern Ukraine cannot be solved through military means.

Another argument related to the fact that on the short term the United States will not send lethal defensive weapons to Ukraine is the negative perception of the American public about this aspect, very often compared with the U.S. intervention in Afghanistan and Iraq. Although the level of American public support for arming Ukraine has increased from April 2014 to February 2015, it is still lower than the total percentage of those who oppose U.S. sending arms (53% compared to 41%).³²⁴

³²³ *Angela Merkel warns Ukraine peace plan may fail, but worth the effort*, Financial Times, February 8, 2015, available at: <http://www.ft.com/intl/cms/s/0/d85d4c94-aeb3-11e4-b371-00144feab7de.html#slide0>.

³²⁴ *Increased Public Support for the U.S. Arming Ukraine*, Pew Research Center, February 23, 2015, available at: <http://www.people-press.org/2015/02/23/increased-public-support-for-the-u-s-arming-ukraine/>.

Fight/rift in coalition

The Election campaign (from October 26, 2014) in the Verkhovna Rada was held in the context of a “hybrid war” triggered by Russia. Radical changes have taken place with regard to the dominant parties on the political spectrum. On one hand, the Party of Regions, strongly associated with Victor Yanukovich governance, has disappeared. Yulia Tymoshenko re-entered on the political arena after a period of detention (2011-2014). The events in the Maidan have brought to the forefront political parties promoting radical nationalist messages. The election campaign was also dominated by the political rivalry between Petro Poroshenko and Arseniy Yaŕeniuk. Petro Poroshenko failed to win the parliamentary election, which made him dependent on the populist parties present in the Verkhovna Rada. All political parties unequivocally identify themselves with their leader’s personality and are dominated by personal and group interests.

Facing permanent challenges from Russia and also as a result of the informational warfare, the parliamentary factions did not prove their responsibility. Verkhovna Rada started to adopt populist laws³²⁵, which strongly undermined the partnership between the Verkhovna Rada, the Government and the President. Consequently, the establishment of the Coalition Agreement will not ensure its proper operation and, after a phase of imitating the existence of the Coalition, it’s splitting will become inevitable. The political rivalry between Petro Poroshenko (the President) and Arseniy Yatsenyuk (the Prime-minister) being artificially supported by Russia through the instruments of the information warfare will lead to the demoralization of the society, especially of the adherents of the European perspective. *It will replicate the situation after the “orange revolution”, when the rivalry between Viktor Yushchenko – elected President, and Yulia Tymoshenko, whom Yushchenko was forced to propose as Prime Minister, determined the demoralization of the “Orange Revolution” adherents, preparing, by these means, the rematch of Viktor Yanukovych and his “Party of Regions”.*

³²⁵ <http://korrespondent.net/ukraine/politics/3534937-rada-podderzhala-restrukturyzatsiyui-valuitnykh-kredytov>.

As a result, Ukraine will lose its credibility in front of its external partners (Germany, EU, U.S., and NATO) who have made considerable efforts to stop Russia's open aggression and to obtain the signing of the Minsk Agreements.³²⁶ Ukraine will not succeed³²⁷ to achieve coherent and consolidated policies for fighting corruption and for reforming the national economy. The weakening of the central Government will lead to a dramatic decline in the rating of President Petro Poroshenko, a fact that will be used by regional clans and oligarchs. The political crises, the Government failure to fight corruption, the loss of confidence from the U.S., EU and NATO, the on-going information warfare, will determine the demoralization of the Ukrainian military, especially the personnel engaged in the Anti-Terrorist Operation. Russia, with the help of its Secret Services, will be able to trigger a series of terrorist acts in various regions of Ukraine. The national currency, Hryvna, will depreciate dramatically, and consequently Ukraine will become a failed state in several respects.

Reforms

According to the official data published on the reforms-dedicated website³²⁸, by 1 July 2015 (after 6 month period) the reforms achieved the following level of implementation:

- constitutional reform – 51%
- election legal framework reform – ND
- reform of the state procurements – 40%
- anticorruption reform – 36%
- central public administration' governance reform – 72%
- justice reform – 42%
- deregulation and business sector development – 30%
- decentralization – 55%
- law enforcement reform – 40%³²⁹

³²⁶ <http://gordonua.com/news/politics/CHto-podpisali-v-Minske-po-Donbassu-Polnyy-tekst-dokumentov-66263.html>.

³²⁷ <http://nr2.com.ua/News/Ukraine- napomnili-Voyna-na-Donbasse-bolshe-ne-mozhet-byt-opravdaniem-tormozheniya-reform-101931.html>.

³²⁸ <http://reforms.in.ua/>.

³²⁹ <http://reforms.in.ua/reforms/reforma-pravoohoronnoyi-sistemi>.

- national security and defence reform – 34%
- health system reform – 51%
- taxes reform – 57%
- energy security program and energy sector reform – 29%
- financial sector reform – 29%
- central public administration reform – 30%
- education sector reform – 48%
- agriculture sector reform – 53%
- program for promoting Ukraine national interest in foreign policy – 56%.

For the short term prospective, the official data does not raise substantial concerns regarding the reforms implementation process. The reforms are in the top of the political agenda and one of the main topics of discussions between Ukraine and its partners.

On the reform dedicated website it is mentioned that 11 reforms are implemented according to the approved schedules, 5 reforms are implemented with some insignificant delays, and only one reform (health system) is significantly lagging behind.³³⁰

On short-term there will be no significant real impact of reforms on the day-to-day life of Ukrainian citizens, as the most of reforms actions during the first phases are directed toward changes in legal framework, responsibilities, competencies, and organisation. It signifies that on the short-term most of reforms will only start delivering the first results, while their major impact / outcome / effects will not become really visible yet. That would also mean the opposition to reforms should be generally weak and inconsistent. Meanwhile, the initiation of the reforms and the first implementation results will extend and increase the international assistance to Ukraine and will made available important financial assistance instruments, extremely necessary for attenuation of the financial, economic and social crises.

By July 1, 2015, the EU has already mobilised more than 6 billion euro for credits and grants to assist Ukraine. The EU financial support has been conditioned with successful implementation of structural reforms and each of the loan tranches has specific requirements regarding the achieved results in different

³³⁰ The 9th meeting of the National Council for Reforms, available at: <http://reforms.in.ua/news/devyate-zasidannya-nacionalnoyi-rady-reform-ukrayiny>.

sectors. The EU officials has stressed repeatedly that the money will be disbursed to Ukraine only if reforms will be implemented in full accordance to the commitments made by the Government. This conditioning might be considered as an expression of concerns regarding the eventual outcomes of external support, but it also means that the level of trust of the international partners in Ukrainian governance, its capabilities and capacities to successfully implement the reforms, are more or less sufficient.

The successful implementation of the reforms on the short-term would also mean that the unity of the coalition for reforms will be maintained.³³¹

*“...If you listen to Ukrainians tell it, there’s been absolutely no reform within the last year. Their frustration is understandable – they want the positive effects of major change now – but their perception just doesn’t correspond to the facts. The much awaited reform process is actually under way – though quietly and unobtrusively. The Education Ministry and the Ministry of Internal Affairs have led the way with restructuring universities and the police force, probably because they don’t deal directly with high-stakes corruption and the power of the oligarchs. Some personnel cuts have been introduced in the presidential administration and the government bureaucracy; more are forecast. A law (albeit flawed) on lustration has been adopted and has already led to some high-level resignations and prosecutions. An Anti-Corruption Bureau has been approved, and a head is currently being sought....”*³³²

Support for Government

It should be mentioned that at such negative social and economic background *Ukrainian society does not only keep public peace in general, but even shows active support, including financial, to the Ukrainian Army, volunteer battalions, volunteer*

³³¹ *Reform supporting forces should keep unity.* <http://korrespondent.net/ukraine/politics/3540863-neobkhodymo-sokhranyt-edynstvo-reformatorskykh-syl-v-ukrayne-nuland>.

³³² <http://www.worldaffairsjournal.org/blog/alexander-j-motyl/there-economic-reform-ukraine>.

movements supporting refugees from Crimea and Donbass. It proves that the citizens are conscious of the critical situation in the country existing at the moment, and are ready not only to save money, but to provide possible *support to the state (Government) efforts to achieve peace and to lay prerequisites for the social and economic development of the country*.³³³

At the same time, there are reasons to count on **creation of the progressive “core”** from some representatives of political elite and civil society, who realize not only the depth of the problem but also the extent of their responsibility. Afterwards, for the first time Ukraine has the possibility to implement unpopular but necessary reforms in partnership between authorities and civil society.

The process of **involving some civil society activists and institutions in political life** will continue. It will have three different forms:

- membership in political parties or their adding to electoral lists;
- appointment as advisers to the President, members of the Cabinet of Ministers and heads of local government;
- participation in local elections.

In the meantime, the **impact of civil society institutions will strengthen** gradually. It concerns not only participation of independent experts in state policy formation on different levels, but also pressure of civil society institutions on the authorities. It is obvious that competition between civil society institutions in terms of presenting the ideas and projects on certain issues will grow, which can be estimated as a positive tendency. Intensification of this process on the regional level shall be expected as well.

In case of implementation of the declared reform of social assistance (unconditional implementation of the targeting approach, monetisation of some of the benefits, revision of the list of benefits and categories of beneficiaries), the most severe consequences of the frugal policy for socially vulnerable groups may be mitigated to an acceptable degree.

³³³ http://www.uceps.org/upload/1424704722_file.pdf.

In carrying out social reform, it should be borne in mind that **in the current situation, the absence of significant manifestations of social discontent is mainly due to a sufficiently high level of patriotism among Ukrainian citizens.** However, the authorities should be aware that, firstly, the extent of public patience is not limitless and, secondly, exploiting the factor of the public dissatisfaction is one of the tactics of the “hybrid war” being waged against Ukraine.³³⁴

Potential consequences:

- high internal and external authority of the governance and political elites;
- high resistance to Russian propaganda;
- high level of self-confidence of the nation, governance, civil society, business etc.;
- boosted economic, political, social development;
- increased internal capacities in all sectors;
- public confidence in political elites, governing institutions and political leaders.

Russia's option – destabilisation

For Kyiv, Western countries' decision not to supply weapons represents a very worrying aspect regarding the evolution of the crisis in Ukraine. Also, the (lethal) weaponry it did not receive despite the ample debates in this regard in capitals like Washington, Brussels, Berlin and Paris, represents for Moscow an important element that will influence its actions in the future.

There is no doubt that, due to the fact that in the current context we talk about military threats coming from Russia, Ukraine is facing the biggest contemporary crisis who tests its capacity to handle a situation in which its existence and its territorial integrity are put to the test while its bigger neighbor to the East, the Russian Federation, represents a very dangerous enemy.

An enemy that understands that the consequences of the West's decision not to supply lethal weapons to Ukraine is in its favor: the Ukrainian state is weak, it cannot handle by itself the political-military crisis Kyiv is going through, while the diplo-

³³⁴ *Idem.*

matic support from the Western international actors is not enough to save Ukraine from the Russian danger. In this regard, Ukraine, in the following period, despite the Western support in the diplomatic domain, but with little interest in the terms of involvement in supporting Kyiv militarily, will remain vulnerable to the threat coming from the Russian state. And this is a fact that Vladimir Putin knows it very well, that's why, in the short time the Russian President will try to turn the situation in its favor, a suitable option in this regard being the destabilization of the Ukrainian state.

Through an destabilized Ukrainian state, possible by specific military actions of the hybrid war, Moscow may tip the balance in its favor: the Western countries could be discouraged to arm / support a country whose future may not be as they desired, so a lower interest for Ukraine of some powerful international actors like the US, EU and NATO, would act in favor of Russia.

In the short term, Moscow's military actions in Eastern Ukraine will maintain a level of instability in this area, with negative effects over the whole country, so Kremlin's intentions to destabilize the Ukrainian state will have the expected effects. In this regard, preoccupied not to lose the gains obtained so far (the Crimean Peninsula, the slowing of the Kyiv upsurge toward Europe), Moscow will do all it can to continue the measures taken so far (informational war, direct aggression through little green men' actions, other types of actions specific of the hybrid warfare) in order to maintain Ukraine in a state of instability and uncertainty that prevent Kiev from following the path of the Europeanization.

28. Ukrainian people fights for reforms over reintegration (Radu Arghir)

UA does not receive weapons + fight in coalition + reforms + support for the Government + Russia's option: federalisation (weak signal)

Ukraine is still a focal point in world politics almost a year and a half after the Russian invasion. While is true that the con-

flict has cooled down somewhat and there are a number of certainties that can be identified regarding its evolution, it still remains very volatile and open ended. If we also take into consideration the desire of main international actors to find a sustainable solution quick, or at least stabilise the conflict (as shown by the effort out into negotiated truces and Russia's offensive carving out a sustainable state for the rebels in the east), it is safe to assume that the remaining important details for the future of Ukraine will be clarified within the next 12 months or less.

An important issue that has been hotly debated at all levels for the last few months is the question of lethal weapons. Despite several negotiated ceasefire agreements the fighting still continues at a reduced intensity.³³⁵ The US House of Representatives has already overwhelmingly approved sending lethal weapons to Kiev³³⁶. The Pentagon and the Presidency have been mulling giving the go ahead ever since³³⁷. However some other NATO countries have already lost their patience and are already sending lethal weapons to the Ukraine³³⁸, but under the cover of anonymity. There is a large support for sending weapons mostly because of the presence of Russian troops on the ground (meaning that Moscow is already sending lethal arms to the rebels)³³⁹. However some NATO countries still oppose directly aiding the Ukrainian National Army with lethal arms. For example Germany has been a firm critic of this tactic³⁴⁰. And the

³³⁵ Radio Free Europe, "One Soldier Killed, 10 Hurt In Eastern Ukraine" July 1, 2015, <http://www.rferl.org/content/soldier-killed-10-wounded-in-ukraine/27104979.html>.

³³⁶ AFP, "US House Urges Obama to Send Lethal Arms to Ukraine", March 24, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/>.

³³⁷ Sputnik International online, "Pentagon Still Considers Sending Lethal Weapons to Ukraine – Carter", July 7, 2015, <http://sputniknews.com/europe/20150707/1024332005.html>.

³³⁸ Russia Today, "Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal", March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

³³⁹ Mark Urban, "How many Russians are fighting in Ukraine?", March 10, 2015, <http://www.bbc.com/news/world-europe-31794523>.

³⁴⁰ Voice of America, "Germany Again Warns Against Lethal Weaponry for Ukraine", March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

Pentagon's indecision seems to confirm there are major risks involved.

Furthermore, Ukraine can just buy weapons³⁴¹, meaning that delaying arms shipments will have little effect on the actual fighting. It is not really about the weapons themselves (as the Ukrainian army is undergoing modernisation anyway) but more about the risk of turning the front in Ukraine into a proxy war where NATO and Russian weaponry meet. This can easily create major tensions between NATO and Russia. Since some lethal arms can be provided by other means (Ukraine can buy from neutral countries) it is very likely the US and most of its allies will play safe and not assist the Ukrainian Army in this matter. Also President Obama's term will end in less than two years and will probably try to stay away from controversial actions that can spiral out of control and leave a black mark on his legacy. The next president can take this risk if he wishes to. Overall this means that in the near future (the next 12 months) Kiev will not receive direct shipments of lethal arms from most NATO countries.

Not arming Ukraine will not fuel the conflict, but will also increase the risk of Russia putting pressure on Ukraine using military means (by helping rebels plan and execute offensives). However in the short term there is little risk of a new offensive and in long term the costs of supporting the rebel army will increase gradually. It is very likely that at some point Russia will want to just the de facto border and "freeze" the conflict (as is the case with so many other conflicts in the ex-soviet space: Abkhazia, Ossetia, Transdnister, Nagorno-Karabakh), which in turn will allow any future truce to be credible (and reaching a credible truce has been the goal of most western countries). This is not a solution in itself, but it will prevent the risk of escalation and allow the parties involved to focus on other important issues with long term effects such as the economy or building a credible democracy in Ukraine, for Western countries, and the federalization of Ukraine, for Russia.

³⁴¹ Robert Wall and Jams Marson, "Ukraine to Buy 'Defensive' Weapons in U.A.E., President Says", February 24, 2015, <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

Regarding the political scene in the next 12 months the government is not likely to hold, mostly due the large number of problems it is facing. The ruling coalition controls almost two thirds of the parliament³⁴², a very comfortable majority, and faces a rather weak opposition, but is dependent on two key figures: President Petro Poroshenko and Prime Minister Arseniy Yatsenyuk. They don't always see eye to eye, even on very important issues, such as how to deal with Russia³⁴³, and the fall of one of them may very well bring down the other³⁴⁴. To start with the credibility of the president has plummeted in the last months³⁴⁵, and this can make the PM abandon ship while he still has support. In fact the local elections scheduled for this year can be the tipping point that will lead to a coalition breakup. The government is also facing a real risk of default³⁴⁶, and this kind of budget problems (even if it doesn't happen) can easily lead to infighting.

While this unfolds Moscow will not just sit and watch and it will do its best to help this government fail. From terrorism³⁴⁷ to fermenting social unrest³⁴⁸ Moscow will go to any lengths to sabotage the current government. As shown by the President's approval rating it's doing a good job. On top of all this there is also the problem of foreign officials present in the administra-

³⁴² Radio Free Europe, "New Ukraine Coalition Agreed, Sets NATO As Priority", November 21, 2014, <http://www.rferl.org/content/ukraine-parliament-coalition-agreement/26703123.html>.

³⁴³ David Marples, "Ethnic and social composition of Ukraine's regions and voting patterns", March 11, 2015, <https://ukraineanalysis.wordpress.com/2015/03/11/ethnic-and-social-composition-of-ukraines-regions-and-voting-patterns/>.

³⁴⁴ David Marples, "Prospects for Ukraine in 2015", December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

³⁴⁵ Evgen Vorobiov, "One Year of Poroshenko's Presidency: Is the Public Love Gone?", May 26, 2015, <http://euromaidanpress.com/2015/05/26/one-year-of-poroshenkos-presidency-is-the-public-love-gone/>.

³⁴⁶ Russia Today online, "Ukraine could default in July – finance minister", June 25, 2015, <http://rt.com/business/269623-ukraine-yatsenyuk-sovereign-debt/>.

³⁴⁷ Paul Goble, "Moscow-Backed Terrorism Likely to Spread Across Ukraine", June 9, 2015, [http://www.jamestown.org/regions/europe/single/?tx_ttnews\[pointer\]=1&tx_ttnews\[tt_news\]=44011&tx_ttnews\[backPid\]=51&cHash=4540df5748e050ea3c821484372f0370#.VYzdSVJkDdE](http://www.jamestown.org/regions/europe/single/?tx_ttnews[pointer]=1&tx_ttnews[tt_news]=44011&tx_ttnews[backPid]=51&cHash=4540df5748e050ea3c821484372f0370#.VYzdSVJkDdE).

³⁴⁸ Off-guardian, "New anti-US protest in Kiev", April 23, 2015, <http://off-guardian.org/2015/04/23/video-new-anti-us-protest-in-kiev/>.

tion, which is seen at the very least as a controversial issue³⁴⁹. It may very well undermine the domestic credibility of the government and lead to infighting. In this context the government also has to fight with the regional power holders, known as oligarchs. They are weakened³⁵⁰ but still very much present and able to take on the government³⁵¹. Opportunities for conflicts will no doubt arise within the tense political climate in Ukraine³⁵², more so in the contexts of rapidly approaching local elections. It is therefore improbable that the ruling coalition will last until the end of the year. This, however, will not change the Western course of Ukraine as there is no alternative (it has poor relations with Russia and pro-Russian political parties are too weak to form a governing coalition even with the help of neutral parties).

Summing all this together it is safe to assume the coalition will not hold together in the next 12 months. However political instability does will not necessarily lead to economic collapse and unrest. While it is true that the economy is struggling under the weight of the war and the state is on the brink of default³⁵³, many reforms were implemented (cut the number of permits and licenses for businesses by 50 percent, targeting food, agriculture, energy and information technology sectors; increased agricultural output in 2014 by 16 percent; reformed the outdated system of energy tariffs, raising natural gas tariffs by 280 percent and heating tariffs by 66 percent; in 2014, received \$9 billion in financial aid while repaying \$14 billion to international creditors; eliminated a number of shadow economic schemes; elimi-

349 Radio Free Europe, "Mixed Feelings In Odesa Over Saakashvili As Governor", June 1, 2015, <http://www.rferl.org/content/mixed-feelings-in-odesa-over-saakashvilis-appointment-as-governor/27047944.html>.

350 Balazs Jarabik and Yuliya Bila, "And Then There Were Five: The Plight of Ukraine's Oligarchs", June 17, 2015, <http://carnegie.ru/eurasiaoutlook/?fa=60429>.

351 Leonid Bershidsky, "Ukraine's President Takes on Its Richest Man", April 24, 2015, <http://www.bloombergview.com/articles/2015-04-24/ukraine-s-president-takes-on-its-richest-man>.

352 Oleg Varfolomeyev, "Ukrainian President Replaces Governor of War-Torn Donetsk Province", June 16, 2015, [http://www.jamestown.org/regions/europe/single/?tx_ttnews\[pointer\]=1&tx_ttnews\[tt_news\]=44041&tx_ttnews\[backPid\]=51&cHash=3fb02c4a99f72ae3644d9eef3f8d9582#.VZ6F9bWDHE1](http://www.jamestown.org/regions/europe/single/?tx_ttnews[pointer]=1&tx_ttnews[tt_news]=44041&tx_ttnews[backPid]=51&cHash=3fb02c4a99f72ae3644d9eef3f8d9582#.VZ6F9bWDHE1).

353 Russia Today, "Ukraine could default in July – finance minister", June 15, 2015, <http://rt.com/business/269623-ukraine-yatsenyuk-sovereign-debt/>.

nated the outdated system of privileged pensions for state officials; introduced taxation of high pensions; adopted a package of anti-corruption laws and established a National Anti-Corruption Bureau; entered 400 officials into the lustration register after adoption of a lustration law; eliminated Soviet-style general oversight of the public prosecutor)³⁵⁴, and incentives are provided by European states and international organizations if further progress is made.³⁵⁵ Moreover some help is offered even if reforms fail³⁵⁶. This is not likely to be the case, however, since even countries with a more balanced approach³⁵⁷ and international institutions³⁵⁸ have recognized the impressive progress made by Ukraine. Given the current path of Kiev and its commitment, it is very likely we will see some economic growth soon (in the next 12 months).

This will help with another major problem, social unrest. In the recent months anything from the soaring cost of private loans³⁵⁹ and utility bills³⁶⁰ to the insufficient pace of reform³⁶¹ and the state budget (for 2015)³⁶² has caused protests. But this does not indicate animosity towards the entire government, some

³⁵⁴ Mykola Lazarenko, "Ukraine's government touts long list of reforms, achievements since February 2014", *Kyiv Post*, April 30, 2015.

³⁵⁵ RAF CASERT, "EU offers Ukraine more loans if it makes promised reforms", January 8, 2015, <http://finance.yahoo.com/news/eu-offers-ukraine-2-12-billion-more-sticks-141000417.html>.

³⁵⁶ Radio Free Europe, "IMF Says Can Support Ukraine Without Private Debt Deal", June 11, 2015, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>.

³⁵⁷ Xinhua, "Merkel recognizes Ukraine's reform, pledges further aid", April 2, 2015, http://www.chinadaily.com.cn/world/2015-04/02/content_19979843.htm.

³⁵⁸ EBRD Press Office, "EBRD President praises Ukraine's reforms", June 9, 2015, <http://www.ebrd.com/news/2015/ebrd-president-praises-ukraines-reforms.html>.

³⁵⁹ Russia Today, "Clashes, tires on fire outside Ukrainian parliament in Kiev", May 21, 2015, <http://rt.com/news/260905-clashes-fire-kyiv-protest/>.

³⁶⁰ EuroNews, "Kiev protesters call for more transparency about utility charges", May 14, 2015, <http://www.euronews.com/2015/05/14/kyiv-protesters-call-for-more-transparency-about-utility-charges/>.

³⁶¹ Russia Today, "'Impeach Poroshenko!' Massive anti-govt rally held in central Kiev", June 6, 2015, <http://rt.com/news/265516-kyiv-protest-against-government/>.

³⁶² *Kyiv Post*, Maxim Tucker, "Ukraine's 2015 budget proposal stirs fresh protests", December 28, 2014, <http://www.kyivpost.com/content/kyiv-post-plus/ukraines-2015-budget-proposal-stirs-fresh-protests-376297.html>.

parts of it have been lauded by the civil society, but rather that expectations are very high³⁶³. These are trying times and any leadership will be hard pressed to maintain a very high approval rating. No doubt the opposition and Moscow (in close cooperation) will try encourage social unrest and, if all else fails, will organize their own protest movements.³⁶⁴ There will always be people that are not happy with a policy or a certain leadership but Ukrainians have chosen the pro-Western course and will support any coalition that stays on that course. This will not change in the next 12 months and unrest will only be a minor issue. Last but not least, after the revolution protests have become somewhat popular and their and are seen an important part of the democratic decision making process. On the short term the lack of protests regarding public policies will indicate a loss of faith in the government.

Given these four factors (the evolution of the fighting in east Ukraine, of the ruling coalition's cohesion, of the economy and of the social movements) is it very likely that the will keep pushing for the federalization of Ukraine. "Freezing" the conflict means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is almost zero in the next 12 months. Also despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow's definition of federalization³⁶⁵, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as

³⁶³ Vox Ukraine, "The First Perception of the Ukrainian Government: First 100 Days in the Office", March 12, 2015, <http://voxukraine.org/2015/03/12/the-first-perception-of-the-ukrainian-government-first-100-days-in-the-office/>.

³⁶⁴ OffGuardian, "New anti-US protest in Kiev", April 23, 2015, <http://off-guardian.org/2015/04/23/video-new-anti-us-protest-in-kiev/>. Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

³⁶⁵ Forbes Online, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

in the case of Siberia)³⁶⁶ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get what is aiming for, but it will continue to push nonetheless.

29. The perfect storm: at Russia's mercy **(Carola Frey)**

UA does not receive weapons + fight in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

The decision not to supply weapons to Ukraine is mainly motivated by the idea that the diplomatic and political efforts that are underway should not be tempered and affected by a possible arms race or perceived threat. From this perspective additional arms would only fuel a military escalation and could spark a wider proxy war with Russia.

However, even if Ukraine does not receive weapons, U.S. defense leaders have laid out an array of military options the Obama administration could consider for aiding Ukraine. These options range from small arms to more sophisticated weapons that would take longer to arrive and require extensive training.

Supplying Ukraine with lethal weaponry in its fight against pro-Russian separatists could trigger a dangerous situation and escalation of the conflict. Apart from this, the costs of maintaining an ever-heightened military presence combined with constant arm supplies, together with border control/patrolling

³⁶⁶ Forbes Online, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

and anti-terrorist elements will continue to severely strain the budget/economy of Ukraine. Furthermore, the decision not to send weapons could set Ukraine into a framework with similar characteristics as the before Minsk II period.

On the political level the lack of political consensus within and between the coalition, the volatile structure of their military and political leadership will prevent the Ukraine government from merging into a single unit with a cohesive political perspective. Continuous “purges” and power struggles between group leaders will lead to further political fragmentation and criminalization, prompted by an accruing need for alternative solutions. However, given the presence of EU, together with other monitoring bodies and external implications, a possible political crisis is likely to remain under control (at least for the time being).

Moreover, the Government is facing a debt crisis, *“Ukraine’s economy is on the brink of default, with massive debts, a collapsing currency, and dwindling foreign reserves”* and the presence of foreign (controversial) figures may undermine popular support. Ukraine is thus saddled with the massive political, social and economic costs of reconstruction. Having a crippled economy, all of Kiev’s focus and energy is spent on simply maintaining and rebuilding a semblance of stability. Additionally, the weakened economic state makes any proposed reforms to the economy and legal sector, key demands of further European integration, beyond reach.

The real struggle for Ukraine is represented by the internal stagnation and the limited effects of the economic reforms. High defense payments (\$5-10 million/day), low tax revenues, extremely low energy efficiency, high debt servicing expenses, social payments, and housing for over 850,000 internally displaced persons are a major strain on the Ukrainian budget. The strategy to cut budget spending and restructure debt may help, but the government needs additional money to support the endeavor.

Even if there is a constant state of stagnation, Ukraine has made some progress in economic and rule of law reforms but it has a long road of further reforms ahead. From February 2014 until 2015 there were wide-ranging reforms that were initiated by the Yatsenuk government. Among these: the reforms elimi-

nated a number of shadow economic schemes, they eliminated the outdated system of privileged pensions for state officials, introduced taxation of high pensions, adopted a package of anti-corruption laws and established a National Anti-Corruption Bureau.

Prime Minister Arseniy Yatsenyuk declared that his government is committed to implement tough reform. According to Premier Yatsenyuk, his government will initiate: *“deep and structural changes in public administration, energy sector, and other spheres.”* He also stressed that: *“Year of 2015 is a year of stabilization and in 2016 positive economic and social dynamics can start.”*³⁶⁷

Political instability, the loss of credibility of state institutions, alongside economic stagnation and slow reforms increased social dissatisfaction of Ukraine’s citizens. Reforms without results, in the perspective of threats from the east erode government support and create a tense social situation. Moreover, even with or without the supply of weaponry there will be an extra cost for defense and internal order, which would need to be covered from foreign loans or from other sectors of the economy.

Social unrest is thus caused by a large number of factors (the need for fair and justified prices for Ukrainian gas and utility tariffs for household, a reliable state control over the observance of labor legislation and undertake decisive actions to overcome illegal employment and “shadow” wages, the necessity of social rights and social guarantees, etc.) and causes an overall situation of instability and vulnerability.

In this context Russia’s tactic implies destabilization, gradually supporting the rebels with military expertise, troops and equipment. Also Russia is engaged in the build-up of a regional political basis that fuels dissent and instability from within. The internal problems that Ukraine is facing represent a fertile ground for Russian actions. The fight in coalition works to destabilize the political sector, while the economic recovery, that proved slow and troublesome, continues to partake to the failure

³⁶⁷ Anastasia Forina, “Yatsenyuk reiterates commitment to reforms in year-end interview”, Kyiv Post, Feb. 28, 2015, <http://www.kyivpost.com/content/ukraine/yatsenyuk-reiterates-commitment-to-reforms-in-year-end-interview-382168.html>.

to address the most basic needs, including health and infrastructure. This context facilitates the rift between the authorities and the populations they claim to represent, on the background of overall social unrest.

An additional step in Russian strategy may be directed towards the Ukrainian borders with NATO states and Moldova. Given the Ukrainian domestic state of affairs, citizens located near the borders may be even more driven to engaging in contraband at a greater scale. Such activities have been going for decades which led to an increased presence of criminal persons who due to situational development can be used as a destabilizing factor, possibly raising tensions in the area. This would not be used as primary means of penetrating the neighboring state but as a way of exporting loss of credibility in local authorities and a state of unrest among the residents.

Another strategy may involve reheating a frozen conflict, Transnistria, or opening a new one, Gagauzia, and all the way down to Odessa. They are directly linked since Odessa was one major supply route for the Russian troops stationed in Transnistria. The prolonged threat of conflict with so many chances of sparking and spreading would achieve, at least, a perception change: the idea of new conflicts would start to crystallize into an “understandable state of affairs” which may lead to down-sizing their importance, slowed reaction of the Ukrainian government (“let’s wait and see” game), therefore weakening the state in yet another part of the territory.

Moscow aims at expanding its own area of influence, or at least to strategically sustain an arch of instability through unresolved territorial disputes. Russia keeps an advantageous posture without being directly exposed following two steps. First of all, Russia provides an operational support in order to create and maintain a state on uncertainty, thereby maintaining (if not enhancing) leverage without the costs of direct involvement. Also, in the event of Kiev’s attempts at uncomfortable policies, Moscow has a readymade conflict that is easily ignited and leveraged. This provides Moscow with an additional and easily leveraged mechanism to influence Kiev.

Secondly, Moscow implicitly forces Ukraine to acknowledge the possible threat and force reforms and actions. Ukraine con-

tinues to be geopolitically unstable, while the effects of the crisis lay out the ground for steady re-militarization and significant measures in neighboring states.

Russia's policy also depends on the limited involvement of the west in supporting Ukraine financially and politically. Without remarkable financial support from western countries and International Financial Institutions (IMF), Ukraine would be unable to resist Russian pressure as the dire economic situation becomes untenable. Thus, in this scenario the willingness of the west to support Ukraine becomes crucial.

30 .Multiple choices for Russia to weaken Ukrainian state: war, internal destabilisation, weakening the state (Adrian Barbu)

UA does not receive weapons + fight in coalition + stagnation + social unrest + Russia's option: federalisation (strong signal)

The balance of power in eastern Ukraine decisively favours Moscow, because the separatists have Russian troops and weapons on their side, and Ukraine's military is relatively out-gunned. The US president, Barack Obama decided not to supply lethal weaponry to Kiev and he said that is the best decision if we want to have good prospects of realization of the Minsk II ceasefire agreement. The German officials also said that sending weapons to Ukraine would be a mistake. "Sending weapons is fanning the flame of this conflict and also actually grist to the mill for the Ukrainian government, which is doing everything it can to drag the United States and West further into this dispute,"³⁶⁸ said Otfried Nassauer, head of the Berlin Information Centre for Transatlantic Security.

The Ukrainian ruling coalition is stout and will continue its internal strengthening. The coalition holds a broad majority in

³⁶⁸ Timothy Heritage, Richard Balmforth, *Sending arms to Kiev would be a big gamble for U.S.*, <http://www.reuters.com/article/2015/02/03/us-ukraine-crisis-arms-idUSKBN0L725E20150203>, accessed on 02.07.2015.

Ukrainian Rada and it would be a big mistake trying to form another majority. The existing coalition could maintain its majority in Ukrainian Rada even if one of the parties would leave the coalition, of course except Petro Poroshenko Bloc and People's Front, the parties whose highest representatives are filling the president and prime-minister incumbencies. We do not have to forget that in November last year was signed an agreement between the parties that form the coalition and trying to follow the points mentioned in that agreement will ensure the survival of the coalition and its strengthening. The Ukrainian leaders also have the support of the IMF and the coalition is congealing because of the Russian threat.

It seems that the several attempts to reform different sectors of Ukrainian society were not really successful and there were generated a series of socio-economic problems. The exchange rate of the currency against the dollar has fallen by almost 400%, from 8 to the dollar at the start of 2014, to almost 24 to the dollar. (On the black market, the figure is 27-28 hryvnia to the dollar.) The National Bank's reserves have fallen from \$20.4 billion to \$6.4 billion in the same period.³⁶⁹ Likewise, the problems related to corruption are influencing the stall of the reforms in Ukraine. The local oligarchs control whole sectors of the economy. They influence parliamentary deputies, judges and civil servants, and formulate public consensus through the media.³⁷⁰

There is a difficult social and economic situation in Ukraine and the numerous complaints of the citizens are referring to the way that the government is conducting anti-social policies. Protests and social unrest state that is present among the Ukrainian population is strongly related to the way that the leaders of this country understood to handle the aspects associated with the reforms in various domains. *The Ukrainians do not trust anymore the government, the president, or the parliament, and they are completely dissatisfied with the manner that the reforms are evolving and how these reforms are implemented.*

³⁶⁹ Andrii Ianiitskyi, *What has gone wrong with reform in Ukraine*, <https://www.opendemocracy.net/od-russia/andrii-ianitskyi/what-has-gone-wrong-with-reform-in-ukraine>, accessed on 02.07.2015.

³⁷⁰ *Ibidem*.

It is not for the first time when the Russian president, Vladimir Putin and the Moscow administration are creating a destabilizing environment. Just in the last seven years Russia invaded Georgia in 2008, then annexed Crimea in 2014, and now Moscow is concentrating its efforts to destabilize eastern Ukraine. But Putin needs Ukraine to give his project economic and geopolitical heft. That requires preventing Ukraine from joining the European Union and NATO. By annexing Crimea and provoking secessionists in eastern Ukraine, Putin accomplishes two things. He pressures Ukraine. And he creates the kind of territorial dispute with Russia that will make European states loath to accept Ukraine as a member of NATO or the EU.³⁷¹

Considering the five indicators mentioned above, in this scenario, the worst thing that might happen, would be a social revolution started by the Ukrainian people. We cannot affirm that the Ukrainian population is characterized by homogeneity, a significant factor for the break out of a popular revolution, but there are some cases that showed us that the discontent of the population towards the government actions can bring together a divided society. Such a case happened in Former Yugoslavian Republic of Macedonia, where Albanians, Macedonians, and other ethnic factions, who were not very friendly with each other, protested and still protest against the Macedonian Government led by Nikola Gruevski. Whether the situation of social unrest will continue to worsen, there is a risky case in which we could assist at increasing mass protests that may materialize in a revolution throughout the Ukrainian territories. Besides, taking into consideration the activation of the new oligarchic elites in Ukraine following the Maidan events, and both populist propagandas (Russian imperialistic and Ukrainian nationalist-patriotic) the population will try to find a more socially oriented and united perspective and then they could form a possible revolution.

³⁷¹ Stephen Hadley, *Russia should be punished for destabilizing Ukraine – but not isolated*, http://www.washingtonpost.com/opinions/stephen-hadley-russia-should-be-punished-for-destabilizing-ukraine—but-not-isolated/2014/07/22/3f509e80-1123-11e4-9285-4243a40ddc97_story.html, accessed on 02.07.2015.

In case of this scenario, it is almost 100% that Ukraine won't go towards east. This cannot happen because for now the Ukrainian state is too closely linked to the Western countries. The support of the IMF, the support of the international community, even if they do not deliver weapons to Ukraine, various discussions and dialogues held with the European officials, are all signs that set the future of Ukraine on short-term far away from Moscow and east. The turmoil and distrust implemented in the collective mentality of the Ukrainians by Russia's action of annexation of Crimea will contribute to the position in which Ukraine will stay away from Moscow on short and mid-term.

Talking about Russia's role in the Ukrainian crisis on short-term, there are a few elements that deserve to be taken into account. The stagnation of oil price will deepen the economic problems of Moscow. If the western states will intensify the sanctions, Russia will be in a much more vulnerable position than before the currency crisis. GDP growth prospects for 2015 are markedly weaker. Escalated sanctions would hurt already weak and fragile market confidence and worsen capital flight, putting even more pressure on the ruble. In the first three quarters of 2014, net private capital outflows totaled USD 85 billion compared to USD 54 billion in 2013. The central bank expects outflows to hit USD 120 billion in 2015.³⁷² According to this main scenario, despite the financial turmoil and sanctions, Russia has financial muscles that will provide a short-term buffer for the financial system, at least during 2015. Therefore, we should strongly consider the fact that Moscow can still deliver financial back-up for the pro-Russian rebels in the eastern region, at least on short-term. This support granted by Russia, in conjunction with the fact that Ukraine does not receive weapons from the Western countries, may give signals of strong opposition from the rebels, also on short-term, as long as they receive support from the Russian Federation.

Also related to the Moscow, the Crimea will remain part of the Russian Federation for two main reasons:

³⁷² Skandinaviska Eskilda Banken, *Russia risk scenario: Deep recession in 2015 if oil price fail to recover*, http://sebgroupp.com/siteassets/press/attachments/other/ei_russia_scenario_1501.pdf, accessed 02.07.2015.

- Ukraine will not receive weapons and thus it won't be able to organize an intense military action, able to strike the Achilles heel of the Russian troops and to regain Crimea.

- The domestic stagnation that generated social unrest among the Ukrainian population will hinder the development of military forces in such a manner that Ukrainian troops will not be physically able to plan the retrieving of Crimea.

In conclusion, this scenario outlines the risk of a possible social revolution, because of the stagnation of reforms and social unrest. We also exclude the idea of regaining Crimea by the Ukrainians. Another important thing in short-term is the stagnation of oil price which probably will deepen the economic problems of the Russia Federation and will reduce the support offered to the pro-Russian rebels. Moreover, Russia chooses to go for a pressure for federalization which enlarges even more its options for crumbling Ukrainian state and take it over.

31. Call for the people to save the Ukrainian falling state, under Russian pressure (Leonard Litra, Alexandru Voicu)

UA does not receive weapons + fight/rift in coalition + stagnation + support for the Government + Russia's option – destabilization (Black Swan Event)

The general feeling in Kiev is that in the long term, Ukraine will become a modern country with a powerful economy. However, the short-term realities look grimmer. The mobilization of the West in helping Ukraine is slow and incremental, depending on Russia's actions and Ukraine's performance.

Despite the call of Ukraine to the West to provide lethal weapons and an active discussion in the US and Europe on the issue, no consensus was reached. The mainstream idea among decision-makers in the Euro-Atlantic community is that the supply of lethal weapons could spark a more harsh reaction of Moscow, up to new open military attacks on Ukraine. Also, the US and the EU is not willing get back on a new Cold War setting

since it needs Russia for key strategic issues such as nuclear talks with Iran, fighting ISIS and manage chaos in Middle East and Afghanistan.³⁷³ Thus, the supply of the weapons by the West to Ukraine seems unlikely in the short-term and all sides will have to resort to other instruments to hold peace in the region.

Unlike in the external dialogue in which there is a broad consensus of Ukrainian political elite on main foreign policy and security options, the harmony of internal cooperation is more difficult. The bitter experience of the governance model in the period of post-Orange revolution taught a lesson for Ukraine's politicians. The prolonged scandal between President Viktor Yushchenko and Prime Minister Yulia Tymoshenko is believed to be the major cause of governance inefficiency. Despite the recent lesson of post-Orange revolution, the animosities in the ruling coalition excels, as there is an increasing division among key political and economic players. The coalition infighting is not a purely political act focused on competences of certain state positions or a competition of policies and strategies. It is widely reflecting the fight between the oligarchic groups who are associated with political forces. It is not common in Ukraine and the post-Soviet region that the disputes are resolved by applying the "win-win" model. The recent dispute between the president Poroshenko and Ihor Kolomoisky, when the latter had to step down from governor of Dnipropetrovsk oblast' as a result of a disagreement between the two is illustrative. The fight against the oligarchs is an expected move by the international lenders though it will pose a risk since the oligarchs are powerful in their regions and can cause a trouble with their wealth and influence.³⁷⁴ The same happens with other oligarchs such as Dmitri Firtash, who now moves close to Kolomoyskiy.³⁷⁵ Overall, the rapid

³⁷³ Stephen Collinson, What will Putin do if U.S. arms Ukraine?, 6/02/2015, <http://edition.cnn.com/2015/02/05/politics/putin-russia-us-ukraine-arming-rebels/>.

³⁷⁴ Poroshenko sends shot across oligarchs' bow by sacking Kolomoisky, 25/03/2015, <http://www.kyivpost.com/content/kyiv-post-plus/poroshenko-sends-shot-across-oligarchs-bow-by-sacking-kolomoisky-384407.html>.

³⁷⁵ A trial of strength in Ukrainian politics after the head of the special services resigns, 24/06/2015, <http://www.osw.waw.pl/en/publikacje/analyses/2015-06-24/a-trial-strength-ukrainian-politics-after-head-special-services>.

deterioration of relations between the incumbent, on the one hand, and the oligarchs, on the other hand, will lead to the wobble of the coalition with a high potential for break-up and call of early parliamentary elections in 2016, but not before the local elections scheduled for October 2015.³⁷⁶

The problems in the coalition, which is getting more and more difficult to find the necessary votes in the parliament for passing new laws, spills-over on the process of reforms. It is highly unlikely that the current government will be able to show results of reforms in the short run. However the coalition will survive. It will have the support it needs to complete its mandate. The lack of alternatives will pose Ukrainian with a difficult task: whether to support the coalition or to choose an unpredictable path by voting for other parties or group of parties. Sensing the threats residing to their borders the Ukrainian will rather be inclined to privilege predictability and stability. They will avoid heavy political shifts and will support the government even if its policies are not the expected ones. As the Economist brightly emphasizes, the Ukrainian government is faltering but it is legit.³⁷⁷

The stagnation in reforms is also triggered by the destabilization of the country managed by the Russian-backed separatists. The Minsk II agreements do not provide a roadmap to the settlement. It is rather a mechanism to buy time for both sides: Kyiv and Moscow. Moreover, the Minsk agreements, even if implemented, are not capable more than of creating another frozen conflict.³⁷⁸ Consequently, Russia will continue to destabilize Ukraine through its proxy instruments and by continuous poisoning of media environment and diplomatic offensive.

³⁷⁶ Ukraina: pravyaschuyu koalitsiyu sotryasayut razdoryi, 9/06/2015, <http://obozrevatel.com/politics/92346-ukraina-pravyaschuyu-koalitsiyu-sotryasayut-razdoryi.htm>.

³⁷⁷ Faltering, but fully legit, 25/04/2015, <http://www.economist.com/blogs/easternapproaches/2014/04/ukraines-government>.

³⁷⁸ Jean-Pierre Chevènement, No need for this cold war, <http://mondediplo.com/2015/07/07chevenement>.

32. Internal Ukrainian implosion, facing society and citizens' will to resist (Adina Cincu)

Ukraine does not receive weapons + fight in coalition + stagnation + support for the Government + Russia's option: federalization (Black Swan event)

The West and especially the Obama administration have decided not to send lethal military aid to Ukraine to help its armed forces fight against the pro-Russian separatist military backed by Kremlin despite the strong calls of the Ukrainian President Petro Poroshenko.³⁷⁹ Although Western powers have sent until now non-lethal military weapons and support for the Ukrainian military to help them regain control over the separatist regions of Donetsk and Lugansk and to contain and resist the permanent violent attacks of the pro-Russian and Russian militants, the recent decision on not arming the Ukrainian armed forces is extremely important and has a lot of repercussions. The Western states decision was probably motivated by Kremlin's clear warning that any military weapons aid sent to Ukraine will determine the authorization of Russian precautionary troops on the Ukrainian territory until the socio-political situation will be stabilized, in order to protect Russian compatriots from what Putin has labelled as the NATO legion. Western leaders have decided not to risk strongly antagonizing Russia's leader aware that irrespective of the military aid it would have offered Ukraine, Kiev's military forces would not have been ever capable to fight and win a direct confrontation against Russia military backed separatists, such a situation leading to a greater loss of human lives in Eastern Ukraine and heightened tensions between Kremlin and Washington – “a bad peace is better than a good war”. Angela Merkel warned that: „*the Ukrainian conflict cannot be resolved with military means*”.³⁸⁰

³⁷⁹ Nicolai Petro, *Main legitimacy concern: Ukrainian parties opposed to 'Euro-maidan' faced restrictions*, available at: <http://rt.com/op-edge/199999-ukraine-elections-legitimacy-human-rights/> accessed on 07.07.2015.

³⁸⁰ Tom Parfitt, *Ukraine crisis: Do not try to scare Putin, warns Merkel*, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11397900/Ukraine-crisis-Do-not-try-to-scare-Putin-warns-Merkel.html> accessed on 07.07.2015.

At the local elections in 2014, the voters unexpectedly put Mr. Yatsenyuk, People's Front first in coalition a move that represented a hard blow for Poroshenko, creating at that time two centers of power with numerous disagreements and tensions. „*Poroshenko and Yatseniuk have never been close; Ukraine's Western allies are working hard to keep them together*”.³⁸¹ Although Poroshenko has offered his backing for Yatseniuk for a new term as prime-minister, power sharing problems between the two leaders appeared regarding the way the reform program should evolve, how the de-centralisation, de-bureaucratization and “de-oligarchization” processes should happen. A conflict of personalities rather than an ideological divide between the president and the prime-minister appeared because Yatseniuk tried to be overly-ambitious in transforming Ukraine on its Euro-Atlantic path and he didn't allow Poroshenko to equally influence and present and support his clear mandate.³⁸²

Tensions aroused in the context of the Western decision of not supplying Ukraine with weapons, regarding the decision of Yatsenyuk of heavily funding the military campaign in the East, the degree of support offered for the Minsk peace accords, the pace of eliminating oligarchs from Ukraine's political and economic system. Thus if the prime-minister decides to halt Ukraine's debt payments to fund its campaign against Russian backed separatist in eastern Ukraine then such a decision may spark important tensions over the priority of the reform programs. There may also appear a split in the coalition between hardliners and those who advocate a softer approach towards a compromise with Moscow's control over Crimea, Donetsk and Lugansk.³⁸³ Because coalition governments in Ukraine tend to be fragile, this pro-European coalition will face important economic pressures from the Kremlin (gas crisis), and the fragility

³⁸¹ *Ukraine's government. Tragedy and farce*, available at: <http://www.economist.com/news/europe/21635029-tensions-between-president-and-prime-minister-may-further-derail-ukraine-tragedy-and-farce> accessed on 07.07.2015.

³⁸² Nicolai Petro, *Main legitimacy concern: Ukrainian parties opposed to 'Euro-maidan' faced restrictions*, available at: <http://rt.com/op-edge/199999-ukraine-elections-legitimacy-human-rights/> accessed on 07.07.2015.

³⁸³ Naja Bentzen, *Ukraine: political parties and the EU*, available at: <http://epthinktank.eu/2015/01/13/ukraine-political-parties-and-the-eu/> accessed on 07.07.2015.

of the ruling coalition can be seen also by competing regional priorities: policy paralysis is highly likely in regard to tax and social spending as the government moves toward decentralising power. Thus competing regional interests increase the probability of splits in the governing coalition concerning any deal with IMF requirements, EU progression.³⁸⁴

There exists a strong stagnation of the comprehensive program of reforms in Ukraine, the Kiev government has not managed to reach the imagined economic stability, and it is incapable of advancing its higher goals of economic development. With the conflict still devastating Eastern parts of the country, with huge amount of financial support offered for the training and arming of its military forces so that they can confront the pro-Russian and Russian supporters, all the other important reforms have received less attention (Ukraine may freeze debt payments to fund war³⁸⁵).

The conflict in the East has been exacerbated by the costs of warfare: casualties, refugees, loss of important territories, industrial areas and without Western weapons, Ukraine has seen itself in the position of allocating important financial resources for securing the rest of its country. Thus priorities initial designated as vital: reducing the levels of endemic corruption in the central administration, privatisation of state owned companies, energy independence – were given less attention. Such stagnation and even a collapse of the entire reform program may have grave implications: the prime-minister can be severely criticised by the president and other members of the government for his poor managerial skills in such turbulent times and new political tensions can arise that can undermine the state's ability to coherently work towards its goals. It may also attract strong negative remarks from Ukraine's partners, thus making it very difficult to obtain more loans from the international financial institutions. The IMF and other international actors will only help Ukraine if

³⁸⁴ IHS Global Insight, *Ukraine's fragile coalition government likely to face internal conflicts, reducing prospect of effective reforms*, available at: <http://www.globalinsight.net/SDA/SDADetail47323.htm> accessed on 07.07.2015.

³⁸⁵ Radio Free Europe, *Ukraine May Freeze Debt Payments To Fund War*, available at: <http://www.rferl.org/content/ukraine-debt-payments-freeze/27069518.html> accessed on 07.07.2015.

it proves that it can radically reform from inside and quickly adopt the Western democratic and liberal principles and values.

The risk of government instability in Ukraine is reflected in the difficult task of identifying a viable form of devolution of powers that should satisfy regional electorates and because the Maidan protests have created significant expectations, it will be extremely difficult for the central government to achieve all the promised reforms quickly enough to satisfy the voters demands and such a negative scenario could lead to tensions within the coalition.

Although the Eastern part of the country will still continue to be ravaged by the separatist violence acts against the legal government forces, significant fights and possible factions will appear within the governing coalition which will struggle to get out of the deep stagnation in which it finds itself, the popular support for the government will still persist. This may underline that the people of Ukraine strongly continue to reject the Eastern option of rapprochement, ordinary citizens being convinced that no matter how difficult a period may be under the guidance of the instable Kiev pro-Western government it will always be better that under the authoritarian leadership of Putin.

On the short term, Russia's option for Ukraine is federalization, thus wanting to obtain self governance for the Russian speaking rebel areas in Eastern Ukraine (Donetsk, Lugansk) that could in the event of a decentralization process initiated by Kiev, conduct referendums on joining Russia offering Kremlin an extremely important leverage in its relations with Ukraine and strongly affecting Ukraine's territorial integrity and sovereignty. Such a scenario may happen in the context of an internal political instability, the lack of cohesion within the coalition government regarding the collapse of its reform program and its difficulties in assuring the compliance with the Western partners' criteria and may determine Ukrainian leaders, under pressure from Kremlin, to abide by the Minsk Agreement and modify the constitution to give a special status to the two separatist regions in order to end the violent devastating conflict, a step that will definitely be used by Kremlin as a tool in manipulating Ukraine's future international path. In such a turbulent internal environment, in the short term, the problem of returning Crimea to Ukraine is not a matter of discussion: Ukraine's military forces

are outnumbered and weakly trained and without Western lethal military aid and a coherent and unitary vision in the government about the national interests of the country, Kiev will not try to regain Crimea by force. Thus, Crimea will continue to be considered by Moscow *a fait accompli*, a legal annexation of the Russian speaking population who in Kremlin's opinion has freely expressed its will to become part of Russia and irrespective of the recession in which has entered its economy, Russia will still be able to bare the costs of financing Crimea.³⁸⁶

The Western decision of not sending lethal military aid/weapons to Ukraine may be a wise decision because it can avoid a violent and probable escalation of the conflict, because Russia has thousands of nuclear weapons and wants to defend its vital strategic interest.³⁸⁷ Because the West has decided not to arm Ukraine, thus not antagonizing Putin that considers Ukraine a place where its strategic interests are at stake, on the short term, using skilful diplomatic tactics, Western leaders may convince the Russian President to come again to the negotiating table alongside the pro-Russian separatists and the legitimate Kiev government and try to find a new and long term solution to the conflict that has devastated the country. If this is not possible, tougher rounds of sanctions may be applied by Western countries to Russia in an effort to show the Russian economy and society the consequences of acting against the international law and violating the sovereignty of other states.

On the other hand, the fact that the Western countries, especially the US don't want to send weapons to Kiev in what the Ukrainian people already perceive as a difficult internal security situation, might spark some popular grievances. It will seem that although the West has been generally benevolent toward Ukraine, its rhetoric was more prevalent than direct military aid, thus underlining some type of false empathy towards Ukraine, because they do not want to take such a drastic measure that will antagonize Putin³⁸⁸. Irrespective of the political tensions existent

³⁸⁶ John Mearsheimer, *Don't Arm Ukraine*, available at: http://www.nytimes.com/2015/02/09/opinion/dont-arm-ukraine.html?_r=0 accessed on 07.07.2015.

³⁸⁷ *Ibidem*.

³⁸⁸ David Marples, *Prospects for Ukraine in 2015*, available at: <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/> accessed on 07.07.2015.

in the governing coalition and the fact that the West is reluctant to send weapons, the orientation of Ukraine's leaders will remain in general, on short term, a pro-European one and every effort will be made in the attempt to overcome these obstacles and prove that Ukraine deserves the full support of its partners.

II. MEDIUM TERM SCENARIOS (3-5 YEARS)

We are looking at the following critical indicators, with the following values, that are offering us, in a combined manner, 24 mid term scenarios:

1. Ukraine receives / does not receive weapons in the initial stages

2. Reforms vs. stagnation (support vs. collapse) a choice also undertaken initially

3. The situation in Russia: stability vs. instability

4. Russia's options: military offensive vs. destabilization vs. federalization

1. Confrontation at the new East-West border (Oleksii Melnyk, Narciz Bălăşoiu)

**UA receives weapons + reforms + stability in Russia +
Russia's option – offensive (weak signal)**

The on-going Russian-Ukrainian conflict is still on a stage of development. The Minsk-2 provided neither the steadfast plan of the conflict resolution nor even any ground for enduring ceasefire. The level of armed violence between the warring parties and the number of casualties categorise the current state of affairs as “a war”.³⁸⁹

³⁸⁹ The Uppsala Conflict Data Program defines a state-based conflict that has incurred at least 25 battle-related deaths during a calendar year as a minor state-based conflict and any with at least 1000 battle-related deaths during a calendar year as a war in that year. SIPRI Yearbook 2014, Armaments, Disarmament and International Security, p.89, www.sipriyearbook.org.

It is hard to determine whether it has reached its culmination. There is also no ground to talk about any reliable way-out. President Putin has not achieved one of the main objectives of this war – to establish solid control over Ukraine.

The Kremlin's interest in maintaining control over Ukraine's internal and foreign policy has two main dimensions. First, it is an economic interest for the country's industrial and energy transit capacities as well as its human capital. The second one is a geopolitical and security interest to establish the Western frontier of the Russian "sphere of influence" on the Ukraine-EU border.

Putin has failed to achieve these objectives by force (using both conventional and "hybrid war" tools) due to the unexpected level of Ukraine's resistance and the Western reaction to the Russian aggressive behaviour. Any major offensive campaign might create an unbearable cost for Russia in terms of human casualties and political and economic consequences for the Putin's regime. However, such a scenario cannot be ruled out due to already noticed unpredictable and illogical rationale of the Russian actions since February 2014.

The probability of a major offensive can be considered as low but possible, and any disengagement of Russia from Ukraine in the short-to-mid-term period is unrealistic. The current tactics of the low-intensity fighting, using stealthily the Russian military and threatening by possible reinforcement or direct use of troops deployed near the conflict region. This kind of threat is aimed to prevent Ukrainian state from the prospects of reforms and positive socio-economic development. Also, it allows Russia to continue official rhetoric's of denying its direct military involvement in the conflict.

Most likely, the Kremlin will concentrate efforts to achieve the above mentioned objectives in Ukraine politically. Deteriorating economic situation, absence of real reforms may critically undermine the authority of the pro-European political forces in Ukraine especially in its Eastern and Southern regions vulnerable for the Russian propaganda. Thus, Russia is likely to invest comprehensively into the friendly political forces, social acti-

vists and businessmen to bring them into power in a democratic way – through local and parliamentary elections.³⁹⁰

If Ukraine fails, it will not only mark the “great victory” of Putin, but also will encourage his regime – led by Putin himself or his possible successors – to repeat the same scenario again in the future.³⁹¹ It is both in Ukrainian and in the Western interests not to allow the current Russian political course to succeed. That is why the West has and will support Ukraine politically, economically and militarily – to some extent depending on circumstances and leadership.

The Western countries were repeatedly accused by Kremlin for involvement in Russian internal affairs, thus supporting the opposition currents emerging more aggressively during the elections period. This also led to banning USAID from Russia’s territory as long with many other NGO’s and associations known for their commitment towards civil rights and liberties. It seems that Vladimir Putin knows his people better than anybody else and therefore succeeded in manipulating the public image of the West, depicted as the great “capitalist” enemy. The nationalistic ego was also resurrected triggering the older generation sympathy and electoral support for several neo-imperial and anachronistic goals, thus distracting people’s attention from the authentic internal agenda.

It is well known in history the Russians stoicism, mainly their capacity to make a strong wall around the leader if the times are harsh and the national interest claims for it. The sanctions imposed by westerners as well as the oil low prices generated an economic collapse that many considered to be the tombstone of Putin’s regime. Escalating the war in eastern Ukraine doubled by USA an EU military support for Kiev created the image of an obscure coalition fighting via Ukraine against Moscow legitimate entitled purposes. There is, however, a younger generation more reluctant and sometimes extremely vocal against such

³⁹⁰ Ukrainskiy vyziv dlea Rossii: rabocheaya tetr. Nr. 24/2015 [gl. Red. I. S. Ivanov]; Rossyiskiy sovet po mejdunarodnym delam (RSMD). – M.: Spetskniha, 2015. – 48 s www.russiancouncil.ru.

³⁹¹ The Russian Challenge. Chatham House Report, June 2015. http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20150605RussianChallengeGilesHansonLyneNixeySherrWoodUpdate.pdf.

manipulation practices, that we've seen at the last presidential campaign. The internal reality in Russia is very fluid, but on short and medium term nothing dramatic is expected to be triggered from inside.

2. Ukraine fights internal subversion inspired by Russia (RM team, Adriana Sauliuc)

UA receives weapons + reforms + stability in Russia + Russia's option – destabilization (strong signal)

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not reliable on the medium term because of the reasons that triggered it in the first place, namely the deliberate internal destabilization of Ukraine by the Russian Federation in order to prevent it from associating (on the long term: integrating) to the European Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the former Soviet Union countries and the desire to maintain them in its sphere of influence. Although, it is less possible that on the long term Russian Federation will still be led by Vladimir Putin, it is also less possible that its national interests will be redefined/reconfigured. And according to the definition provided in the strategic documents, the former Soviet republics are defined as "Russia's immediate neighborhood" and as one of vital strategic importance to Russian Federation.

Putin prefers internal destabilization of the entire Ukraine over the military victory over a part of Ukraine. This has been evident from the fact that he twice transformed a military victory into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However, a collapsed Ukraine, controlled by Putin's regime and provider of insecurity is clear not in the interest of European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of the European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) to prevent any direct confrontation between the European states (the majority of them are also NATO members) and the Russian Federation. Unofficial data about the delivery of lethal military supply on behalf of the Western states would still be made public by open sources.

Besides, the future administration of the United States will most probably be pressured by top military and administrative officials to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia's aggressive behavior and to maintain a buffer zone between the borders of the European Union and the borders of the Russian Federation. It is clear that Russia's aggressive attitude will not stop to Ukraine. A solid argument in this sense is provided by Russia's recent actions in Georgia, namely pushing the demarcate border territory of the breakaway region of South Ossetia hundred kilometers deeper into Georgia.³⁹² Russia's aggressive behavior towards sovereign neighboring states and its violation of international law would determine the United States to impose higher costs upon Russia and to appease its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the

³⁹² *Georgia accuses Russia of violating international law over South Ossetia*, The Guardian, July 14, 2015, available at: <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own “nuclear deterrent” in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia’s sphere of influence.

Instead, the internal political and economic destabilization of Russian Federation would offer a whole new picture. Taking into consideration the internal challenges, the Russian government will focus on their counteraction and will abandon the military assistance provided to the Russian-backed separatists from eastern Ukraine. In result, an empowered Ukrainian army with Western lethal weaponry will use its advantages to regain the occupied territories.

Reforms

Most of reforms have been oriented toward long term effects and the most important outcomes are expected in 5-10 years. It means that in the medium term most of the reform results will only start to become really visible.³⁹³ For example, according to

³⁹³ <http://korrespondent.net/ukraine/politics/3542991-vydymyi-rezultat-ot-reform-sleduet-ozhydat-cherez-3-5-let-apu>.

the deputy head of the presidential administration, Police reform started with recent approval of new Law on Police, the new organisation of Police will become fully operational by the end of 2015, but for completing police reform 5 to 10 years would be needed.³⁹⁴

This opinion is commonly shared by the political leaders and international partners. Despite some deficiencies in the pace of reforms and reform implementation in different area, the reforms will remain the main political issue, on the top of political agenda and the major driver for positive changes in political life, economy, public administration, taxes, justice, etc.

The successful medium term scenario would mean that:

- the relations between Ukraine and its international partners will remain stable and positive;
- the EU will maintain its interest for Ukraine on the highest level of its political agenda and will be able to mobilise necessary funds for assisting reforms in Ukraine;
- the Ukrainian Governance (President, Rada and Government) will be able to keep the unity regarding the EU integration as Ukraine main strategic objective;
- the Governance (President, Rada and Government) will be able to maintain adequate control over reform implementation and unity regarding reform objectives, necessary actions and efforts to ensure the implementation process;
- no significant political disputes/crises between President, Rada and Government will occur;
- the reforms in different sectors will start to deliver the expected results;
- the technical management of the reforms implementation process will remain effective, the national council for reform will be successful in reforms control, monitoring, evaluation and continuous adjustment;
- the internal sectoral systemic resistance will be successfully managed.

The successful medium term scenario would also mean that the successes of reforms will be internally and externally recog-

³⁹⁴ Deputy Minister of Internal Affairs. Interview to the *Ukrainskaia Pravda*. <http://korrespondent.net/ukraine/3536782-mvd-ne-khvatyt-hoda-na-reformu-sovetnyk-avakova>.

nised and serve as basis for continuous support to the governance.

The positive midterm scenario will open and made available other possibilities and important financial assistance instruments, so necessary for Ukraine.

Stability in Russia

Despite the negative predictions foretelling a deterioration within the borders of the Russian state, the regime in Moscow will manage to identify those internal measures which, once implemented, they will not only ensure its survival but also its continuity. Thus, if initially they heralded the fall of Russia in a state of instability, marked by an economy suffocated by the sanctions adopted by some countries and non-state international actors against Russia, as a result of its actions in Ukraine, Moscow will manage to juggle the elements that could lead to a regress, reducing the negative effects that both the political class and the population have felt initially.

Implementing measures primarily in the economic field (shifting the focus towards new markets for the Russian energy resources, and /or keeping some business partners, including the European countries, due to their failure to identify alternative sources of energy), produced effects on short-term, thus ensuring for Russia the comfort of an internal stability for the period following, meaning medium term, from 3 to 5 years. In the medium term, a high level of stability in Russia could be translated into a viable economy that can sustain services for the population (jobs, support for those who need help financial support for the areas dependent on Kremlin, etc.). If Russia manage to obtain a success in ensuring an economic stability, such a situation will immediately have effects on the population, reducing the level of social unrest one of the consequences that a positive state of economy will generate in the medium term.

In such a context, the regime in Moscow will ensure its political continuity, while a stable Russian state, which is getting stronger internally, will show its fangs at the regional level, especially in relation with the Ukrainian state.

Russia's option – destabilisation

For Kyiv, Western countries' decision not to supply weapons represents a very worrying aspect regarding the evolution of the crisis in Ukraine. Also, the (lethal) weaponry it did not receive despite the ample debates in this regard in capitals like Washington, Brussels, Berlin and Paris, represents for Moscow an important element that will influence its actions in the future.

There is no doubt that, due to the fact that in the current context we talk about military threats coming from Russia, Ukraine is facing the biggest contemporary crisis who tests its capacity to handle a situation in which its existence and its territorial integrity are put to the test while its bigger neighbor to the East, the Russian Federation, represents a very dangerous enemy.

An enemy that understands that the consequences of the West's decision not to supply lethal weapons to Ukraine is in its favour: the Ukrainian state is weak, it cannot handle by itself the political-military crisis Kyiv is going through, while the diplomatic support from the Western international actors is not enough to save Ukraine from the Russian danger. In this regard, Ukraine, in the following period, despite the Western support in the diplomatic domain, but with little interest in the terms of involvement in supporting Kyiv militarily, will remain vulnerable to the threat coming from the Russian state. And this is a fact that Vladimir Putin knows it very well, that's why, in the short time the Russian President will try to turn the situation in its favour, a suitable option in this regard being the destabilization of the Ukrainian state.

Through an destabilized Ukrainian state, possible by specific military actions of the hybrid war, Moscow may tip the balance in its favour: the Western countries could be discouraged to arm / support a country whose future may not be as they desired, so a lower interest for Ukraine of some powerful international actors like the US, EU and NATO, would act in favour of Russia.

In the short term, Moscow's military actions in Eastern Ukraine will maintain a level of instability in this area, with negative effects over the whole country, so Kremlin's intentions to destabilize the Ukrainian state will have the expected effects. In this regard, preoccupied not to lose the gains obtained so far

(the Crimean Peninsula, the slowing of the Kyiv upsurge toward Europe), Moscow will do all it can to continue the measures taken so far (informational war, direct aggression through little green men' actions, other types of actions specific of the hybrid warfare) in order to maintain Ukraine in a state of instability and uncertainty that prevent Kiev from following the path of the Europeanization.

3. Russia pushes federalisation for controlling Ukraine's path towards West (Narciz Bălăsoiu)

UA receives weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

We are increasingly tended to accept today that the situation in Eastern Ukraine has long passes the stage of a local conflict and will only be reduced through a thorough international mobilisation. Even though the fighting occurs on Ukrainian territory, in reality the confrontation is not Russian-Ukrainian, but rather between Russia and the West. Nonetheless, there are voices that assert that despite the advantages gained by Moscow and the aggressiveness displayed by it, Kremlin's strategy is characterized by numerous weaknesses, hidden and afraid to admit that it is carrying an actual war in Ukraine. Beneath its propagandistic approach, Russia's long term strategy is to break Ukraine as a state and the EU as an entity, but also to embed the West with an image of a depraved and corrupt society.

Now more than ever Ukraine feels threatened by a proper war. After a relative period of stillness in the conflict areas, when the Minsk Agreement seemed to finally starting being truly respected, the separatists engage in unprecedented violence. This time, their attacks are directed against the port-city Mariupol, a strategic point, long targeted by the rebels and, thus, by Moscow itself. After this large offensive, a large proportion of the city remains a ruin, while Kiev and Western leaders are passively watching; they are mourning and they lack any sign of hope that the current situation could be rehabilitated through dialogue. However, the war led by the Kremlin Tsar does not instil only

fear to the Ukrainian people, but also anger against the pro-Russian fighters and all those who support them. Equally, in the hearts of the heroes that defend the country, the conflict in Eastern Ukraine seals the mark of determination and unity of the Ukrainian people against the violence perpetrated by the aggressors. Until now, President Petro Poroshenko has shown parsimony, although it has strongly condemned each time Russia's interference in the Eastern part of its country. Subsequent to the Mariupol's attack it is increasingly believed that Moscow had set new objectives. The importance of this city lays in its potential function as a corridor towards Crimea, a utility of utmost importance for the Russian leaders that would sustain the continuation of the revisionist march. Whatever the evolutions that will take place in Ukraine, it is certain that Europe now faces unpleasant realities after all diplomatic efforts have proved futile. Perhaps we are used already to the state of war in Eastern Ukraine, but the people in that part of Europe needs now more than ever a clear signal from the West. Lately, the internet has been filled by videos revealing the cruel, barbaric and inhumane treatment the Ukrainian prisoners are being subjected to by the pro-Russian separatists. Thus, the degrading treatment that the terrorists are applying to the captured military represents a blatant breach of the Hague Conventions of 1899 and 1907, but also of the Geneva Conventions of 1929 and 1949 concerning the states of the prisoners of war. Presently, the conflict on the Eastern flank becomes increasingly dark and the barrel with gunpowder is ready to explode at any time. Therefore, in light of the new threats that lay ahead, the West, ahead with the US, decides that only an armed Ukraine could discourage and deter the Russian leaders from conducting new military incursions. Hence, in the shortest time possible, the West starts the process of consolidating the military system – a soviet apparatus, physically and psychologically down. In its turn, the Kiev receives the long-awaited military aid with enthusiasm and trust and President Poroshenko publicly declares that Russia should be afraid because now Ukraine has become an even opponent. Perhaps Russia would have proper reasons to fear because, besides the new weaponry, Ukraine now starts feeling the first positive effects of the reforms implemented thus far. Thus, a year after the

beginning of the crisis in the Eastern side of the country, the political and economic situation starts signalling a u-turn and now everything could turn against Putin. The new government, with a Western political orientation, has fought for maintaining sovereignty and stability and now the positive consequences of that long process are emerging. Thus, the country now seems to be on the right way, especially given that the Iateniuk Government is primarily formed of technocrats, some of them of foreign origin and others from the business environment. At the same time, progress achieved in the past months is highlighted and the stabilization package negotiated with IMD, worth \$17.5 billion, could reach the total sum of \$40 billion, with contributions from the US and EU.

Moscow needs a bridge end to project inflation towards other regions from the outer limit of EU and NATO. Consequently, the federalization of Ukraine is the most suitable option for Kremlin's ambitions plans. In this regard, Russia is making use of all the instruments available to it in order to exercise pressure over the administration in Kiev in light of starting a robust process of decentralization as antechamber for federalization. Even though Kiev vehemently rejects federal principles, it has understood that a power transfer towards regions can be achieved in the boundaries of a national legitimate decentralization project. Such a status quo can have a dual interpretation. Thus, the Kiev administration makes a concession against mounting pressure, but the limits remain those of a process implemented by sovereign and independent state based on legitimate and objective reasons.

As a consequence of the hazardous incursions in eastern Ukrainian provinces, Russia is now sliding into a major economic decline. Based on all calculations, analyses and predictions, Vladimir Putin's Russia is on brink of economic collapse. The sanctions imposed by the West due to its involvement in the Ukrainian crisis, the embargo on food imports, and a national currency which is in freefall have generated a snowball effect that is rapidly moving towards in bankruptcy. The hasty predictive analyses of the Kremlin determined by its imperialistic ambitions have provoked, as it was expected, a high inflation rate in Russia, the most affected being the food price. In turn, a

series of Russian officials have expressed their concern towards the increasingly high price of food products that are, in fact, bringing the Russian people on the edge of desperation. At the end of the previous year, the Kremlin leader has tasked the Executive to have a close look at this problem and even treat directly with producers to ensure that the prices will not go over the roof. According to preliminary information obtained by the statistic federal service, inflation has went up last year more than 11% and the food price increased by over 15% due to a substantial fall of the ruble. Predictions for the current year are even more worrisome since the ruble has fallen another 10% since the beginning of 2015, primarily due to increasingly lower oil prices. Inflation will also drop towards 9.2%.

Among the first measures to stop the economic bleeding and slow the price increase, the Ministry of Agriculture has started to diminish the cereal export in order to protect the bread price. In turn, to cover the decrease caused by the import ban, the Russian government has started to offer bonuses and subsidies for agriculture, especially for milk producers. Until now, the Russian leaders have not been confronted with major protests, although Russia is in the midst of an economic decline and it has almost reached the rock-bottom. Even though the State treasury is getting emptier, Putin's popularity remains at the same record level because the Russian people are still granting him the trust he needs to conduct an aggressive foreign policy. However, critics believe that his popularity will start shaking and the president risks to face a wave of protests, particularly if the price had risen in the upcoming months. Even though it admits it only partially, Russia is breathing with increased difficulty and this hampers the path towards getting out of the dark. In light of such a situation, Russia needs time from the West if it were to implement its anti-crisis governmental plan. Any measure adopted by the western alliances will irremediably jeopardize its fragile socio-economic equilibrium. Nevertheless, Russia's relation with the West is crossing again watershed moments. Even though for the westerners, the symptoms described above seem to contribute to the perfect storm, whose result is a change of regime, the Russian people place the danger of the external enemy above any other imperatives. Thus, even it is rather difficult to believe that

public frustration generated by the rubble devalue, a high inflation rate and the inaccessibility of some basic products can be overcome, the reality shows a stable country, highly resilient to the vicissitudes induced by the exogenous environment.

The revisionist nature of Russia wouldn't awaken so much worry if the Kremlin Tsar would stop only at the eastern side of Ukraine. Recently the commander of the American army in Europe, Lieutenant General Ben Hodges, declared that Russia could start multiple military actions in the following years without a massive mobilization. And how Russia is already enlarging the military capacity, is not to ignore that this aims to kickoff and backup more similar conflicts as in Ukraine, in different other European countries. According to the American Lieutenant General, the actions of Moscow does not represent any immediate threat, but in the future they could become bigger and bigger. The progress of Russian army will offer Vladimir Putin the possibility to have up to three simultaneous operations without having to mobilize his entire military force. Today, more and more analysts consider that the Balkans are risking becoming Putin's new target for all his plans.

Up to date, Vladimir Putin proved us that he is capable of anything, even more of disciplining the West and breaking the fragile unity of the European Union, on the economic sanctions against Russia. And for this, Moscow has many instruments with which he can destabilize the Balkan states. To start with, in the Mephistophelian minds of the Kremlin leaders, Russia could abandon Eastern Ukraine in an apparent attempt to improve its relationship with the West. Competent voices state that this would represent a first move conducted by Putin. This will result in a mounting pressure among European leaders and an outright division due to different perspectives regarding the maintenance of economic sanctions imposed on Russia. If Russia seeks to increase the strain on Europe, it will also act beyond the space of the former Soviet Union and the Balkans is the breeding ground. Herein, Putin could quite easily handle the reins that could destabilize the region. Starting from the business environment that detains close relationships with Russia, and continuing with Russian companies, that, if they will withdraw their money from the banks in the Balkan region, the economy in this sector will

collapse. In such situation, Russia will become once again an important player. Moreover, the Balkan states are largely dependent on Moscow's gas distribution, and any misunderstanding could determine a profound destabilization of the region. A controlled crisis in the Balkans will offer Russia a bargaining chip and will oblige many European governments to switch their attention from Ukraine. Moreover, it will make it almost impossible for the European Union to maintain even an appearance of unity in the area of security and this will open a rift between the south and north of Europe.

4. Russia uses military push in Ukraine for internal political purposes (Narciz Bălășoiu)

UA receives weapons + reforms + instability in Russia + Russia's option – offensive (weak signal)

The situation in Eastern Ukraine remains extremely complicated while several recent factors catalyze the road to escalation. The action unfolds concurrently on multiple plans, the most relevant being the situation in Russia and the intensity of confrontation in the Eastern flank of Ukraine. The reports coming from both Kiev authorities and Western entities denounce an aggressive stance of Russian Federation, whose involvement in the conflict as a “full time actor” has become an indisputable fact. Despite the heavy sanctions imposed by European Union and United States, Moscow remains extremely inflexible, even though the costs of its attitude may bring dramatic effects – which can't be reversed overnight. As we speak, companies considered to have connections with Russian political oligarchs, bank accounts, private persons were all banned to operate in the West or declared undesirables in the attempt to reduce Vladimir Putin's (and its apparatus) appetite for military confrontation. On the short term the results were quite far from what the westerners envisaged, but after several years the civil society started to react in front of the multiple deprivations, as for the oligarchs they lost patience, thus beginning the erosion of Russian president power. The resilience of Russian citizens and political class cohesion in

such complicated times is well known – as Russia history several times shown to us – but the lack of democracy doubled by the war effort that very few understands, began to erode the top pyramid legitimacy. In this context western leaders understood that only a joint effort framed to last will bring the systemic change that can ultimately adjust the power architecture in Moscow.

One of the biggest dilemmas for both Europe and United States was to decide if they support Ukraine military with equipment and lethal weapons. Two trends emerged among western decision makers related to this matter. For Washington was a good opportunity to set a new red line for Russia, considering that a heavily armed Ukraine will represent a strong deterrent for any major military actions. In the same time Europeans accused USA of cynicism, arguing that flooding the region with arms will trigger a large scale war, thus risking blowing up the entire continent, while the United State is safe on the left shore of the Atlantic. On the other hand, the Eastern European countries and their close allies understood that a “shy” response leave the entire continent vulnerable. It will be only a matter of time until Russia will approach the next country capable to hinder its strategic goals – whatever that might be. After long negotiations and heated disputes the European Union and the USA decide to deliver lethal weapon to Ukraine in order to defend its territory from the so called separatists backed by regular Russian troops.

In this context the Ukrainian society and political class understood that reforming the system is a mandatory process in order to eliminate the vulnerabilities which Russia will never seize to speculate as part of an ambiguous and obscure dispute called the **Hybrid War**. With help from Brussels, the Kiev officials launch a full scale war on corruption that is a *sine qua non* condition for the market economy to function, if not entirely properly, at least to a viable level. The measures undertaken by the Ukrainian authorities generated a robust recoil from the “system” considering the fact that the Russian secret services penetration was extremely deep, thus catalyzing the reluctance towards any kind of restructuring and modernization process. The state economy was heavily dependent on state owned companies which represented real black holes in the Ukrainian economy and ultimately,

in the national budget. This phenomenon was associated with the concept of parasite economy, describing a wide palette of private companies controlled by siloviki and all sorts of oligarchs prospering by doing business with the state, detrimental to the state. Extremely important in this entire process was the population support, and more than that, pressure for completing the anti-corruption war. Of course, there were some negative effects leading (on short term) to poverty and unemployment, but on medium and long run, the effort created the path for a healthy economy and a state obeying the rule of law.

In the same time, after years of economic confrontation with the West, Russia's system began to crumble. The social polarization is at its highest considering the uneven perception regarding Moscow policies on Ukraine with significant economic implications, gradually absorbed in the Russian citizens' living standards. The major rift in the society consists of accommodating the view of the rural nationalists with the urban progressive-minded. Of course Vladimir Putin regime relies on the support of the nationalists who still believe in the external enemy – most likely the “Western imperialism” – while the young and well educated generation pose a real threat to the anachronistic system. The 2018 presidential elections represented a real litmus paper for the state of mind in the Russian society. With so many people unhappy with Kremlin's aggressive approach in its foreign policy, which also altered the domestic life standards, the president faced a massive challenge resulted in massive street protests. The West hoped that such a robust mobilization from regime opponents would determine Vladimir Putin to stand down and clear the way for a democratic era, which, of course, is not at all an easy task for Russian society. With the help of the militarized institutions Putin managed to preserve the power, but unlike previous elections, the riots and general turmoil lasted much more, tending to transform into a Russian *colored revolution* with its own “Maidan” scenario. Defying the odds, Vladimir Putin opted to play its last card; meaning that he needed a smoke screen behind one could hide the harsh internal realities. This was the fatidic moment when Russian political “elite” decided to unleash a large scale military operation in Ukraine which led to chaos, massive life loss and humanitarian disaster. The confron-

tation was very hard from the first instant considering that Ukraine benefited from United States and EU countries logistical and military support. Equipping Ukraine with new generation weapons represented without a doubt a strong reason for resisting in front of the Russian aggression, but the fire power it was still unmatched. Moscow army fast forwarded in the eastern provinces but was blocked on the line that until today was considered a spiritualized border. The new frontier becomes a heavy militarized secant that both sides struggled to control and to expand. The future of this conflict is extremely volatile but on short and medium term is hard to believe that Ukraine can stand up by itself.

5. Ukraine's focus on reforms, internal support and fighting subversive destabilisation from Russia (Adina Cincu)

Ukraine receives weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

The US House of Representatives approved a resolution urging Obama to provide Ukraine lethal weapons to defend itself against the Russian aggression³⁹⁵ and Ukraine received Western, mainly US weapons via United Arab Emirates³⁹⁶ to help its efforts of fighting against the pro-Russian separatists in Eastern Ukraine, Western countries being perfectly aware that the Ukrainian military forces are outnumbered and surpassed in their military capabilities and can not have a reasonable chance of winning in rejecting Russian supported violence. The decision was taken due to the fact that the Russian Federation has failed to implement its part stipulated in the Minsk Agreement and has

³⁹⁵ Agence France Presse, *US House Urges Obama to Send Lethal Arms to Ukraine*, available at: <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/> accessed on 07.07.2015.

³⁹⁶ *The Wall Street Journal*, *Ukraine to Buy 'Defensive' Weapons in U.A.E., President Says*, available at: <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248> accessed on 07.07.2015.

brought even more Russian soldiers and weapons in Ukraine³⁹⁷ deepening the tensions and violence in Eastern Ukraine and fueling the separatist movement.

Thus admitting that Ukraine cannot totally defeat Russia backed separatists in a direct confrontation in its Eastern part of the country the Western states have acknowledged that Angela Merkel's strategic patience plan is not proving efficient.³⁹⁸ What is more important is that on medium term, all this support will represent not only an important way of combating the separatist movements, in order to try and regain control over the breakaway republics because they will increase the preciseness and efficiency of the Ukrainian weapons but it will also lay the ground for enhancing important technical cooperation for future bolstering of Ukraine's arms industry, finally modernizing its armed forces and developing a viable self defense capability.

With the help of its Western partners and with a strong determination, the results of the comprehensive program of reforms the Ukrainian government has undertaken defined as: de-regulation, "de-oligarchization", de-bureaucratization and de-centralization are best seen on medium term. The process of eliminating the nihilistic elite of the oligarchs has had some important achievements, the civil service underwent a transformation for eliminating the corrupt elements that pervaded it and was radically down-sized, regulation were simplified, local government empowered, there has been a restructuring of Ukraine's armed forces and defense reforms are still underway, the ruined financial system has been stabilized and a reform on tax code has been launched, large scale privatizations have occurred and monopolies in the energy sector are still trying to be broken.³⁹⁹

³⁹⁷ Obama: Vladimir Putin trying to 'recreate Soviet empire', available at: <http://www.theweek.co.uk/vladimir-putin/62458/obama-vladimir-putin-trying-to-recreate-soviet-empire> accessed on 07.07.2015.

³⁹⁸ Jose Ignacio Torreblanca, *Strategic patience with Russia will pay off*, http://www.ecfr.eu/article/commentary_strategic_patience_with_russia_will_pay_off378 accessed on 07.07.2015.

³⁹⁹ Mikheil Saakashvili, *Poroshenko's First Year Has Set Ukraine On The Road to Reform*, available at: <http://www.newsweek.com/poroshenkos-first-year-has-set-ukraine-road-reform-340061> accessed on 07.07.2015. _ Andrei Kolesnikov, *The Russian Middle Class in a Besieged Fortress*, available at: <http://carnegie.ru/2015/04/06/russian-middle-class-in-besieged-fortress/i5nh> accessed on 07.07.2015.

The internal situation in Russia may be described as one of economic, political and social instability with important effects on the Ukrainian crisis. From an economic point of view, Russia's economy is in steep decline, the recession caused by the sanctions applied by the Western countries, together with the low oil prices and the low degree of Western investments (the Russian investment environment has become unattractive and the country's productive potential leans on the injection of massive amounts of capital investment), the massive capital flight and the volatile ruble have caused great budget deficit and the economy has contracted and shrunk again. Because the inflation has skyrocketed, the prices have risen faster becoming one of the most acute problem of the Russian society and also the buying power dropped, thus impeding an economic recovery and a rapid economic growth after the Western sanctions crippled important parts of Russian economy, energy, banking, financial system.

Thus more Russian people have found themselves below the poverty threshold, unemployment has also risen, labor force has shrunk, Russia is not attractive even to migrants⁴⁰⁰, regional governments have begun lowering pension payouts and Russia is not able to begin in this difficult context, its long-delayed re-industrialization, it cannot become a Saudi Arabia with snow, it is not able to build a modern economy especially when the brain drain phenomena exists, famous economists are leaving Russia because due to their opposition to Kremlin's policies have been called undesirable.⁴⁰¹ The tensions result thus from Russia's inability to reform issues of governance and transparency, to build an impartial judiciary, evenhanded enforcement of tax laws and environmental regulations, to offer guarantees of private property and minority shareholder rights and to remove bureaucratic hurdles for business startups, to create a well-regulated banking system.⁴⁰² *The fact that Putin established as vital goal the mili-*

⁴⁰⁰ Andrei Kolesnikov, *The Russian Middle Class in a Besieged Fortress*, available at: <http://carnegie.ru/2015/04/06/russian-middle-class-in-besieged-fortress/i5nh> accessed on 07.07.2015.

⁴⁰¹ Pavel Koshkin, *Why Russia won't be able to modernize economy in times of crisis*, available at: <http://www.russia-direct.org/qa/why-russia-wont-be-able-modernize-economy-times-crisis>) accessed on 07.07.2015.

⁴⁰² *Putin Offers Little Change at Russia's Top Economic Forum*, available at: <http://russialist.org/putin-offers-little-change-at-russias-top-economic-forum/> accessed on 07.07.2015.

tary modernization, and Russia planned to construct and introduce into service 12 new ballistic missile submarines by 2020, has created a difficult situation in which Kremlin has developed its military but has put significant strains on other portions of its economy, being a tradition that social services, such as health and education suffer to the benefit of the defense budget.⁴⁰³

With the economic instability that has pervaded Russia after the sanctions regime applied by the West, on medium term, in 3-5 years, the social unrest will also rise, Russia will enter a new era of revolt provoked by the economic slump and the deepening conflict in Ukraine. It remains to see if the Russian opposition united in the Democratic Coalition, will offer a strong and clear alternative to Putin's policies and if they will manage to attract the Russian population's support. As a growing number of Russians begin to view Kremlin's politicians as usurpers, the vacuum of legitimacy may be filled by the Russian opposition, once the Putin fatigue⁴⁰⁴ is amplified. The political instability results from the fact that the worsening economic situation could force some regional leaders to break with Kremlin's strategies, and increasingly dissatisfied populations and business leaders are pressuring regional heads, and the regional governments are probably going to reject paying extraordinary high taxes to the central power and this kind of fragmentation can lead to government contestation.⁴⁰⁵

Another problem for Putin is the loyalty of a few key groups keeping him in power and if the view among the Russian elites will be that Putin is no longer an asset but a danger, Putin's position may be in danger.⁴⁰⁶ *On the other hand, on medium term although in Russia there is economic and political insta-*

⁴⁰³ Jeremy Bender, *Putin: Russia's military strength is unmatched*, available at: <http://www.businessinsider.com/putin-russias-military-strength-is-unmatchable-2015-2#ixzz3e6VsDFmg> accessed on 07.07.2015.

⁴⁰⁴ Free Russia, *Is Putin really that popular and what is next after Nemtsov's murder?* available at: <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/> accessed on 07.07.2015.

⁴⁰⁵ Stratfor, *Amid an Economic Crisis, Russia Contains Dissent*, available at: <https://www.stratfor.com/analysis/amid-economic-crisis-russia-contains-dissent> accessed on 07.07.2015.

⁴⁰⁶ Amanda Taub, *How Putin could lose power*, available at: <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power> accessed on 07.07.2015.

bility there is a high chance that the social unrest may not be so visible and strong. It is probable that the Russian population, irrespective of the difficult economic conditions due to Kremlin's decision to allocate more finances to the war in Ukraine, will continue to perceive Western pressure and sanctions aimed not at Putin but at Russia's citizens, and although many may have strongly opposed the annexation of Crimea and the war in Eastern Ukraine, because of the difficult obstacles of surviving in everyday life, they can resent the West more than Putin. Because the Western pressure on Russia's economy will be perceived as a greater evil than Putin's regime Kremlin's policies will not be so strongly criticized and people will most probably try to opt for strategies of survival and perseverance than with protests and renewed calls for regime change and they will probably not be able to articulate a political agenda that could truly challenge the Russian government,⁴⁰⁷ the Russian population is not strong enough and confident enough in its future well-being to formulate a comprehensive political view and because of its perceived self low bargaining power⁴⁰⁸ it will probably not challenge the Kremlin government.

On the other hand the Russian people may rebel against the Putin regime because they may understand that the Western sanctions are directed towards Kremlin's illegal actions in Ukraine and thus they could pressure Putin through significant protests to stop the war in Ukraine and focus on recovering of the national economy. Also tensions can arise from the Crimean population who may protest in front of Putin's negligence and indifference towards their needs and some may come to doubt that the Russian annexation of Crimea was the best thing, and Putin's popularity will inevitably fall as it happened after the Georgian war in 2008. The spiritual propaganda and the indoctrination of the Russian Orthodox Church and the selective application of repressive laws will not manage to fully stabilize the internal situation and the perceived corruption in Putin's

⁴⁰⁷ Andrei Kolesnikov, *The Russian Middle Class in a Besieged Fortress*, available at: <http://carnegie.ru/2015/04/06/russian-middle-class-in-besieged-fortress/i5nh#> accessed on 07.07.2015.

⁴⁰⁸ Andrei Kolesnikov, *Putin Thrives on Russian Passivity*, available at: <http://www.newsweek.com/putin-thrives-russian-passivity-321066> accessed on 07.07.2015.

government and his ruthless clampdown on dissent who oppose his authoritarian regime may coagulate leading to a gradual erosion of support for the government and create a political alternative.

Because of the Western decision to military support Ukraine, Russia's approach to Kiev continues to be one of destabilization by continuing to supply the pro-Russian separatists with military (heavy weapons, tanks, armored vehicles, rocket launchers, air defense systems) and financial aid and even armed forces, thus in clear violation of the Minsk Protocol. Also, contrary to its commitments, Russia will maintain and even deploy additional Russian troops near the border with Ukraine, allow militants to enter Ukraine freely and thus Russia sets the ground for a substantial escalation of the fighting in eastern Ukraine.⁴⁰⁹ Russia will officially continue to deny any implication in the Ukrainian conflict and try to posit itself as an impartial mediator in solving the crisis that has affected Ukraine. Russia tries through its tactics of destabilizing in Eastern Ukraine to block the country's euro-Atlantic path, Russian officials clearly stating that Kremlin will not let Ukraine be part of any military bloc. Also, sending arms to Ukraine may encourage Putin to even try to conquer, indirect, through its proxy militants, other territories, maybe Novorossiia but such a move will be countered by the Ukrainian armed forces that have been rebuilt and trained by the Western partners and thus Ukraine is most likely to maintain control over Novorossiia on medium term.

Sending arms to Ukraine could offer Putin a pretext to send Russian troops in Ukraine in order to accomplish what Kremlin' leaders call the protection of ethnic Russian compatriots from the attacks perpetrated by the Ukrainian army and what Putin already calls the NATO legion.⁴¹⁰ Russian officials have warned that such a Western lethal military aid to Ukraine will „*determine the authorization of the Russian President to send precautionary Russian troops on the territory of Ukraine*” and due to the fact

⁴⁰⁹ Terry Atlas, Russia Continues Trying to Destabilize Ukraine, U.S. Says, available at: <http://www.bloomberg.com/news/articles/2014-07-15/russia-continues-trying-to-destabilize-ukraine-u-s-says> accessed on 07.07.2015.

⁴¹⁰ Simon Saradzhyan, *Weapons Won't End the Conflict*, available at: http://belfercenter.ksg.harvard.edu/publication/25056/weapons_wont_end_the_conflict.html accessed on 07.07.2015.

that in Ukraine there are almost 9 000 Russian military personnel, the tensions could escalate quickly and could lead to the worst East-West confrontation since the Cold War era.⁴¹¹ Western/US lethal military aid to Ukraine will be perceived by Russia as a threat to its own security, Moscow has repeatedly warned that considers such a lethal assistance as a provocation that requires a forceful response⁴¹² and has tried through its nuclear exercises (will add 40 intercontinental ballistic missiles to its nuclear arsenal in 2015⁴¹³) and patrols to signal clearly to Washington what grave results such a step would have.

On medium term, the Russian strategy towards the Ukrainian conflict, that of destabilization, will receive a counter reaction from Kiev who has prepared with the help of its Euro-Atlantic partners its military forces to defend against what has perceived since the annexation of Crimea as a colossal threat. Ukraine's international orientation on medium term remains a pro-European one, and as long as the reform process is successful and the cohesion is strong within the coalition of government regarding the strategic Euro-Atlantic interests of Ukraine, public support will just consolidate Ukraine's image of a stable and trustworthy European partner. The pro-European position of the Government, the rapid and visible results of the reform process and its overall governance performance – improved conditions for business, financial stability, diminishing corruption, comprehensive reform of the tax code, national security measures, breaking energy monopolies, privatization of state owned companies – will be strongly welcomed by the Western partners and will allow Ukraine to present its real commitment to the Euro-Atlantic economic and security structures and can thus receive more help and financial aid/stabilization package and establish a solid cooperation with the international institutions that could result in

⁴¹¹ Stephen Collinson, *What will Putin do if U.S. arms Ukraine?* available at: <http://edition.cnn.com/2015/02/05/politics/putin-russia-us-ukraine-arming-rebels/> accessed on 07.07.2015.

⁴¹² Loren Thompson, *Arming Ukraine: Dubious Logic, Dangerous Consequences*, available at: <http://www.forbes.com/sites/lorenthompson/2015/02/12/arming-ukraine-dubious-logic-dangerous-consequences/> accessed on 07.07.2015.

⁴¹³ *Putin says Russia to add 40 missiles to its nuclear arsenal*, available at: <http://en.delfi.lt/central-eastern-europe/putin-says-russia-to-add-40-missiles-to-its-nuclear-arsenal.d?id=68265902>, accessed on 07.07.2015.

a better alignment of Ukraine with the Western governance and democratic principles.

As long as Russia continues to destabilize Eastern Ukraine, Kiev leaders will probably not be willing to offer in accordance to the Minsk Agreement, special status to the pro-Russian separatist areas, completely aware that in the situation in which Russia doesn't back down on its fueling of tensions on Ukrainian territory, to make special concessions to the separatist may present further loses of territory and instability for the country. It is possible that the good performance of the Ukrainian government together with the strong economic difficulties in Russia and its decision to continue its military support for the separatist movements thus contributing to the destruction of the villages and cities in Eastern Ukraine (hard conditions for people to live in) may determine even pro-Russian supporters to adopt a more balanced approach towards the Kiev central government, emphasizing a type of strong distancing from Russia.

Thus it is possible that by arming Ukraine, the US and its Western partners show Russia, which struggles with deep internal instability, the costs of continuing this kind of war and may bring all the parties to the negotiating table, separatist leaders being more willing to communicate with Kiev's government in a situation in which they are clearly surpassed by the well prepared and armed Ukrainian forces, irrespective of the military aid the Russian Federation may keep providing them. Thus the Eastern part of Ukraine on medium term is possible to remain out of the central government area of control and we may witness a protracted conflict with periods of escalations of fighting and ceasefires, and Russia will not admit its direct involvement in the Ukrainian conflict but it will still want to be part of the negotiating format. Russia, although internally weakened, will remain an important part of the solution of significant global problems and the West will have to cooperate with the Kremlin on issues like Syria.

On medium term, Ukraine's energy reform might erode Russia's leverage⁴¹⁴, will help break the link between energy and

⁴¹⁴ Keith Johnson, Ukraine's 'Courageous' Energy Reforms Meant to Erode Russia's Leverage, available at: <http://foreignpolicy.com/2015/03/10/ukraines-courageous-energy-reforms-meant-to-erode-russias-leverage/> accessed on 07.07.2015.

corruption that has affected Ukrainian politics for years and it may reduce natural gas consumption and thus its strong dependence on Russia. Fixing skewed pricing system will impose a number of difficulties to buy gas at artificially low prices and resell it at a higher rate pocketing billions of dollars, and thus it will break the circle for corrupt middlemen that buy low. Bringing gas tariffs back to something resembling market prices will also curb energy consumption and provide more incentives for Ukraine to produce its own natural gas.

The frontier remains somehow enforced, Russia's continuing destabilization tactics and its internal tensions can pave the way for Western consolidation of the sanctions regime targeted at Putin's regime and additional military aid will be offered in the support of the Ukrainian military forces against the separatist movements.

The sanctions regime intended to put more pressure on the already instable government of Putin may not have the desired outcome because as argued above, the Russian population may resort to survival techniques than open confrontation with the Kremlin, thus adaptation and not direct challenge of the government, irrespective of the difficult internal conditions, may be the result. On the other hand, all the internal Russian economic, social pressure and the fact that the Western powers offered Ukraine weapons to fight against the pro-Russian separatists can be a possible move that could mobilize ordinary citizens against the Putin regime, thus opposing that their fellow compatriots keep dying in the Ukrainian war. It is possible to witness to the formation of an anti-war group movement that could pressure Putin in trying to diminish his geopolitical ambitions in order to save the lives of their Russian compatriots fighting in Eastern Ukraine and also to refocus Kremlin attention from over financing the defense budget to helping the educational, social systems strongly affected since the Crimean annexation, but it is less likely that Putin will accept popular directions in his foreign policy. The problem of Crimea on medium term will not come back as a theme of negotiating between Russia-Ukraine and Kremlin is still going to consider it a legitimate part of its state, and even if the economic burden of Crimea and Putin's lack of reaction and financial help may pose serious problems to Putin's

credibility and popularity inside the country and on the peninsula, the Russian president will most likely not renounce the territorial gains made in 2014, a symbolic victory against the Western intentions of attracting Ukraine in its orbit. Moscow will probably support the pro-Russian separatists to expand their territorial gains and try to obtain control over the historical Novorossiya region that would create a land bridge between Russia and Crimea, and could in the end establish a link with the breakaway region of Transnistria. But Kremlin's economic and politic/social instability on medium term makes such an enormous effort of capturing Mariupol and Odessa from the well prepared Ukrainian military forces a difficult task to financially sustain.

6. Ukraine road towards the West, with Russia's constant blockages (Adriana Sauliuc)

UA receives weapons + reforms + the situation in Russia: instability + Russia's option: federalisation (strong signal)

The passage of more than a year after the annexation of the Crimea Peninsula by the Russian Federation shed more light on the crisis in Europe. Thus, it became evident that Ukraine was the victim of Moscow's aggressive policy, a situation that has positioned the Ukrainian state in the middle of an imaginary axis which divided the world and its options in two different parts: West, with the pro-Euro-Atlantic option and East, if Kyiv would chose to serve Kremlin's interests. Although Ukraine was put in front of two options, we are in a time when Kiev's position is clear and leaves no room for interpretation, being obviously a pro-Western one.

Ukraine's decision to go towards West represented one of the main elements that led to the decision of Western countries to support the Ukrainian state in the military field, by supplying arms and providing training in the field. The decision to provide arms to Kyiv was not easy to take, the topic being discussed a period of time, finding supporters in countries, but also opponents, for example Germany. In the first case, among the states which were in favour of arming Ukraine we can mention the

United States, which did not exclude the supply of lethal weapons to Ukraine. After extensive debate on this subject, in March 2015, for the first time, the chairman of the Joint Chiefs of Staff, Gen. Martin E. Dempsey, has spoken out in favour of supplying Kyiv troops with American weapons.

“I think we should absolutely consider lethal aid and it ought to be in the context of NATO allies because [Russian President Vladimir] Putin’s ultimate objective is to fracture NATO,” AFP cited Dempsey, speaking to the Senate Armed Services Committee.⁴¹⁵

The formal assumption of such views came amid the debate in this regard, the US being among the states that have considered the supply of military equipment, including lethal, to Ukraine, which became certainty after the Ukrainian state received weapons. Thus, the first 10 US military Humvees have been delivered to Ukraine in March 2015, while Washington didn’t resume its support at this delivery, another 100 armoured Humvees being sent to Ukraine. And this is only a part of the military support for Ukraine from the USA. This military equipment was only a part of a broader assistance package to Ukrainian leadership and the border guard service.⁴¹⁶

Washington also provided support for the military personnel of the Ukrainian Army. As Ben Hodges, US Army Europe commander announced in February 2015, the US military will train Kiev troops fighting against militias in southeast Ukraine: *we’ll train them in security tasks, medical [tasks], how to operate in an environment where the Russians are jamming [communications] and how to protect [themselves] from Russian and rebel artillery”*.⁴¹⁷

The White House wasn’t the only one who understood that a political support for Kyiv is not enough in the current situation, the leadership in London, a close ally of the US, assumed that

⁴¹⁵ *‘We should absolutely consider lethal aid’ to Ukraine – US Gen. Martin Dempsey*, 04 March 2015, <http://rt.com/usa/237601-ukraine-lethal-aid-dempsey/>.

⁴¹⁶ *US pledges Ukraine to deliver 100 more armored Humvees in July*, UT Ukraine Today, June 26, 2015, <http://uatoday.tv/news/us-pledges-ukraine-to-deliver-100-more-armored-humvees-in-july-445974.html>

⁴¹⁷ *US military to train Kiev troops fighting in E. Ukraine – US Army commander*, February 11, 2015, <http://rt.com/news/231439-ukraine-us-army-training/>.

Ukraine needed military support. Even if Prime Minister David Cameron announced in February 2015 that Britain will not supply Kyiv with lethal weaponry, he assured that UK troops will support Ukrainians with tactical intelligence, training and logistics. In other words, the British support given “*well away from the area of conflict*”, as Prime Minister has said, will help the Ukrainian Army to improve Ukraine’s tactical advantage.⁴¹⁸

Reforms

The achievement by the regime in Kyiv of the necessary reforms in order to bring Ukraine to a level where its membership in the Euro-Atlantic structures to be ensured, represented for the Ukrainian leadership a goal in itself. This because, in the situation it was after the crisis in 2014, Kyiv has understood that its only option is the path towards the EU/ NATO, so once these target was assumed, Ukraine had to travel a difficult road, but at the end of which would reach the point where it wanted to be – in the middle of the great European family.

The Ukrainian Government started a plan to reform the country since 2015, immediately after its installation in power, supported in this initiative by President Petro Poroshenko. The situation was not easy, especially since Ukraine was known for the lack of such initiatives during previous regimes and many things were to be achieved in all key sectors.

Even if the reforming of Ukraine began less accelerated, the Government made important progress. It negotiated a \$17.5 billion stabilization package from the IMF, a loan program that included an immediate \$5 billion disbursement, to help the former Soviet republic stave off default amid a conflict with pro-Russia rebels.⁴¹⁹ Also, Ukraine received positive signals from the European Union and the US regarding the fact that Kyiv will be assisted on the long journey that has started and which will

⁴¹⁸ *Cameron commits troops & 'non-lethal aid' to Ukraine*, February 24, 2015, <http://rt.com/uk/235183cameron-aid-ukraine-pledge/>.

⁴¹⁹ *Andrew Mayeda*, IMF Approves Ukraine Aid Package of About \$17.5 Billion, BloombergBusiness, March 11, 2015, <http://www.bloomberg.com/news/articles/2015-03-11/ukraine-wins-imf-approval-for-17-5-billion-to-rescue-economy>.

lead Ukraine closer to the Euro-Atlantic structures. And the results of the measures taken by the Ukrainian Government can already be identified, giving hope that the success of implementing reforms in important sectors will bring the benefits the Ukrainians want to see – a stable country, both politically and economically, able to decide for itself which path will follow.

Thus, with obvious results in terms of the positive effects of the measures taken by the regime right after the Ukrainian government took its office in Kyiv, Ukraine will continue on the medium term (3-5 years) the reforms in areas not covered until then. Continuing the process will be encouraged also by the international actors interested in the fate of Ukraine (USA, EU, NATO, UN), which provided support immediately after the onset of the crisis in Ukraine, but asking Kyiv, as through the results it will get, to demonstrate that it is in good faith.

The lack of the reforms during previous regimes and the difficult situation in which Ukraine was put because of the onset of the crisis amid Moscow's aggressive policy have generated negative effects on the internal situation in Ukraine, so in all sectors were identified measures necessary to be implemented. The reforms started immediately after the installation of Yatsenyuk's Government (December 2014), in some cases with results already visible, will continue in the medium term (3-5 years), a situation that will lead to the stabilization of Ukraine in economic and political fields, situation that will help Ukraine to get closer to the euro-Atlantic structures.

The situation in Russia: instability

The war triggered by the Russian Federation aggression against Ukraine, even if initially not assumed by this, as a response of Kremlin regarding Kyiv's desire to move closer to the EU/NATO and move away from Moscow, generated immediate reactions. Even if initially, negative effects of Russia's aggressive policy against the Ukrainian state were absorbed by the population without causing major problems at the society level, the sanctions imposed by the international community and the loss of the economic benefits, put Russia in a delicate situation.

It should be considered also the fact that Moscow's decision to punish Ukraine for daring to look westward and the involvement in the war which followed came in a time when Russia was experiencing a period marked by some problems. Among these: the absence of spare industrial capacity (in the 2000s the economy could grow quickly by turning on Soviet-era plants); the lack of labor mobility in Russia (old Soviet 'mono-towns' are propped up by the state); an ageing population; the falling rate of private sector investment.⁴²⁰ At the existing problems in Russia at the moment the crisis in Ukraine appeared and then the war in the Eastern part of Ukraine, in which Russia was on the side of the pro-Russian separatists, supported the militarily and financially, is added the negative effects caused by the international sanctions and the pressure from international community on Russia.

The freefall in oil and the tanking of the ruble has reduced the average salary in Russia by over 50 percent. Also, Russia's economy is expected to contract by 4.8 percent in 2015, by their own estimates. Political and social instability likely rears its head.⁴²¹ Keeping the sanctions imposed to Moscow and the lack of the levers to reduce negative effects on the Russian economy have caused damage to Russia's internal situation, and these changes can be seen including at the population level. Moreover, the period ahead will be marked also by economic problems that will have a major impact on Russian society, a situation that will be reflected also in the political field, specifically regarding the population's support for Putin.

2018 is an electoral year for Russia, presidential elections will beheld, of course, if Putin's regime will survive until then. For

⁴²⁰ Charles Grant, Putin's Russia: Stability and stagnation, Center for European Reform, August 2, 2013, <http://www.cer.org.uk/insights/putins-russia-stability-and-stagnation>.

⁴²¹ 2015 Predictions: Social Instability in Russia, Iran Achieves Nuclear "Break-Out" Capability, Virtual Reality Comes Into Its Own, The Internet of Things Becomes The Internet of Threats, Quantum Computing And Artificial Intelligence, Fortuna's Corner, December 30, 2014, <http://fortunascorner.com/2014/12/30/2015-predictions-social-instability-in-russia-iran-achieves-nuclear-break-out-capability-virtual-reality-comes-into-its-own-the-internet-of-things-becomes-the-internet-of-threats-quantum-comp/>.

this during the period ahead will have to manage an extremely delicate situation from all points of view. From an economic perspective, the situation in Russia is very problematic. Dependent on the revenues obtained from the energy sector (oil and gas), the forecasts for the coming period are not positive. The World Bank projects a negative growth outlook for Russia in 2015-2016, with the economy expected to contract by 3.8 percent in 2015 and modestly decline by 0.3 percent in 2016. It also consider that the weak investment demand resulting from deep structural problems in the Russian economy was an important cause of the slowing Russian growth in 2014, and this was compounded by the terms of trade shock, geopolitical uncertainties, and the economic sanctions later in the year.⁴²² All this in a context already problematic for Russia, in 2015, its second recession in six years, the country's economic and financial hardships are starting to weigh on the Russian people and regional governments. The Russian economy is slipping in a serious recession, while the population is starting to feel the pressure because of the food price inflation (a result of Russia's ban on importing food from the European Union and the United States). Also, the economic pressure is affecting the country's job market.⁴²³

All these issues will affect Russia's internal situation in the period ahead adversely affecting the image of the current President which, for the elections in 2018, will have to recover at least a part of the support lost in order to get the votes of the Russians for another term. And this in the condition in which, in the next period, taking into account Russia's economic situation which puts great pressure on the population, the predictions are negative for Putin's regime: Russia could enter into a new era of revolt provoked by the economic slump and the deepening conflict in Ukraine, while discontent at tightening political controls

⁴²² Russia Economic Report 33: The Dawn of a New Economic Era?, The World Bank, April 1, 2015, <http://www.worldbank.org/en/news/press-release/2015/04/01/russia-economic-report-33>.

⁴²³ Amid an Economic Crisis, Russia Contains Dissent, Stratfor, Global Intelligence, April 3, 2015, https://www.stratfor.com/analysis/amid-economic-crisis-russia-contains-dissent?utm_source=freelist-f&utm_medium=email&utm_term=article&utm_campaign=20150409&mc_cid=de14ce5b52&mc_eid=b7a10e356a.

at a time of worsening economic hardship may boil over by the next parliamentary elections at the end of 2016.⁴²⁴

With a negative development in all relevant sectors (economic, political, and social) in the medium term (3-5 years), Russia will have to manage a difficult situation. Continuing the conflict in Ukraine, which will maintain and even enhance the international community's sanctions and pressure against Russia will generate effects on the economy on short term, medium and even long term, situation that will be reflected on population status.

If Vladimir Putin will lead his mandate to the end, he will have to find a way to reduce the level of social instability caused by the growing problems Russia will face as a result of the people's dissatisfaction affected by the negative consequences of the Ukrainian crisis over the Russian economy. The 2018 Presidential elections (if no high-level political change will occur in Russia and they will be held on time) would therefore be marked by a difficult economic and political situation. The candidates, to have success, will have to address the electorate in an attractive manner, given that its standard of living will be tough amid negative developments in Russia in the next period. Also, the current and future president of Russia will have to find a way to temper the population that feel more and more strongly the weight fallen on its shoulders because Kremlin's ambitions for regional power and the lack of the levers that could be used to alleviate the economic and social problems.

In the medium term (3-5 years) instability within the borders of the Russian state may follow an increasing trend, Moscow being unlikely, under the current president or even another appointed before the 2018 election, to be able to reduce the pressure generated by the Russian aggression over the political establishment in Kremlin, over the Russian state economy and society. And all these elements added together are influencing the increased instability in Russia, which will become weaker both in relation to domestic issues, but especially in the external developments.

⁴²⁴ Henry MeyerIlya Arkhipov, *Putin Risks New Unrest, Says Economist Who Saw '11 Unrest*, BloombergBusiness, February 5, 2015, <http://www.bloomberg.com/news/articles/2015-02-05/putin-risks-new-unrest-says-economist-who-forecast-2011->

Russia's option: federalization

In such a scenario, Ukraine, as a result of not receiving military support from the Western countries is in a problematic situation, making Kyiv's capacity to deal with threats coming from outside its territory a very difficult job. In such a context, not supported in the military domain, Ukraine seems to have only one option: to resist, more or less on its own, the danger and threat coming from Russia, especially since the Western's refuse to send (lethal) weapons to Ukraine it can be interpreted by Kremlin as an invitation to "keep" the Ukrainian state in the "traditional, Russian, sphere of influence".

But the costs Moscow must pay in the hybrid warfare against Ukraine are high, so Kremlin might look for a way to escape this situation while keeping Kyiv under its control. One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence in relation to Kyiv, but with lower costs. For Russia federalization means near-independence, more precisely a code for eventual secession⁴²⁵, a success which in the medium term, as a result of the Minsk agreements failures and subsequent developments, Moscow might get.

The federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine without letting it slip through its fingers in favor of the West. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin's ability to impose a greater control in the short time as the international pressure is still high. In such a context, as stated by Yulia Tymoshenko, "*federalization is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*"⁴²⁶, so the federalization could be in the next months Moscow's preferred option.

⁴²⁵ Alexander Motyl, *Why Russia Wants the Federalization of Ukraine*, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁴²⁶ John Reed, Neil Buckley, *Russian push to 'federalise' Ukraine stirs resentment*, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bec-ba7c-11e3-a905-00144feabdc0.html#axzz3frCGqEp6>.

Russia's success in influencing the evolution of Ukraine into a state with such a form of organization, more easily controlled by a Russian state is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered a viable option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, "*to solve the current crisis in Ukraine, the country should become decentralized and federalized*".⁴²⁷ Also an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, "*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*".⁴²⁸

In such a situation, Moscow's efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements share the same view regarding what Kyiv should do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

7. Ukraine's singularity at the Eastern Border of the Western world (RM team, Adriana Sauliuc)

UA receives weapons + stagnation + stability in Russia + Russia's option – offensive (strong signal)

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not reliable on the medium term because of the reasons that triggered

⁴²⁷ *EU chief calls for decentralization and federalization of Ukraine*, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-eu-federalization-ukraine/>.

⁴²⁸ *Merkel supports Ukraine power decentralization*, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiev/>.

it in the first place, namely the deliberate internal destabilization of Ukraine by the Russian Federation in order to prevent it from associating (on the long term: integrating) to the European Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the former Soviet Union countries and the desire to maintain them in its sphere of influence. Although, it is less possible that on the long term Russian Federation will still be led by Vladimir Putin, it is also less possible that its national interests will be redefined/reconfigured. And according to the definition provided in the strategic documents, the former Soviet republics are defined as "Russia's immediate neighborhood" and as one of vital strategic importance to Russian Federation.

Putin prefers internal destabilization of the entire Ukraine over the military victory over a part of Ukraine. This has been evident from the fact that he twice transformed a military victory into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However, a collapsed Ukraine, controlled by Putin's regime and provider of insecurity is clear not in the interest of European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of the European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) to prevent any direct confrontation between the European states (the majority of them are also NATO members) and the Russian Federation. Unofficial data about the delivery of lethal military supply on

behalf of the Western states would still be made public by open sources.

Besides, the future administration of the United States will most probably be pressured by top military and administrative officials to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia's aggressive behavior and to maintain a buffer zone between the borders of the European Union and the borders of the Russian Federation. It is clear that Russia's aggressive attitude will not stop to Ukraine. A solid argument in this sense is provided by Russia's recent actions in Georgia, namely pushing the demarcate border territory of the breakaway region of South Ossetia hundred kilometers deeper into Georgia.⁴²⁹ Russia's aggressive behavior towards sovereign neighboring states and its violation of international law would determine the United States to impose higher costs upon Russia and to appease its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own "nuclear deterrent" in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further

⁴²⁹ *Georgia accuses Russia of violating international law over South Ossetia*, The Guardian, July 14, 2015, available at: <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia's sphere of influence.

Instead, the internal political and economic destabilization of Russian Federation would offer a whole new picture. Taking into consideration the internal challenges, the Russian government will focus on their counteraction and will abandon the military assistance provided to the Russian-backed separatists from eastern Ukraine. In result, an empowered Ukrainian army with Western lethal weaponry will use its advantages to regain the occupied territories.

Stagnation

The unsuccessful midterm scenario might have numerous causes and reasons that might be grouped in different categories: political unity and will, reforms leaders, their capabilities and integrity, reforms management and outcomes, etc.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It might be explained by chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and lack of democratic traditions. It would mean that the tensions and conflicts inevitable for reforms and affecting different area of political interest will not be attenuated under commonly sheared idea, but used mainly for political and electoral dividends.

Ukraine's sluggish action on reforms will increase the EU and partners disillusion regarding the real prospective of reforms, political will and capabilities of the Ukrainian authorities to effectively use the offered assistance and achieve desired results.

Ukraine's sluggish action on reforms will delay the loans receiving of the loans and will undermine the successful midterm scenario. Ukraine's Finance Minister Natalie Jaresko has disclosed that the government failed to get \$3 billion in loans from the

International Monetary Fund and the World Bank because it has not complied with their demands for reform. In a posting on Facebook, Jaresko said the Ukrainian parliament delayed action on four legal reforms that must be passed to obtain a \$1.7 billion loan instalment from the IMF and another \$1.3 billion from the World Bank: “*this week, our country might have complied with the conditions necessary for further progress*” she wrote, but none of the reforms was adopted.⁴³⁰

The head of the European Bank for Reconstruction and Development (EBRD) has said it plans to invest up to \$1bn (£642m) in Ukraine in 2015, including in the gas sector, provided real reforms are implemented. Kiev has met long-standing requests from the International Monetary Fund (IMF) and other organisations to raise energy tariffs, as well as prune the banking sector, but has not moved quickly enough on issues such as overhauling debt-laden Naftogaz, the state-owned gas company, and cleaning up the judiciary and law enforcement. The EBRD pumped a record \$1.2bn into Ukrainian projects in 2014, but has held off investing this year until more reforms are seen.⁴³¹

Another factor that might lead to midterm and long term unsuccessful scenario are the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine. The Mukachevo events in July 2015, when armed military groups of “Pravii Sektor”, fought with armed private groups and state militia have been a sort of “warning signal” that revealed the real situation with radicalisation of the society, weakness of state administration and effectiveness of state power captured by clans and oligarch in some regions of Ukraine.⁴³²

Midterm and long term unsuccessful scenario will have similar consequences:

- economic, financial, political and social crises;
- low internal and external authority of the governance, political elites and political parties;

⁴³⁰ By RFE/RL July 04, 2015, <http://www.worldaffairsjournal.org/blog/elisabeth-braw/ukraine-no-reform-no-investment>.

⁴³¹ July 3, 2015 17:06 BST <http://www.ibtimes.co.uk/ukraine-ebd-invest-1bn-2015-if-reforms-are-made-1509225>.

⁴³² <http://rus.newsru.ua/press/13jul2015/mykachevo.html>.

- low level of self-confidence of the nation, governance, civil society, business;
- weakened internal capacities in all sectors;
- inability to submit a bid for membership in UE;
- discredited EU integration idea.

Stability in Russia

Despite the negative predictions foretelling a deterioration within the borders of the Russian state, the regime in Moscow will manage to identify those internal measures which, once implemented, they will not only ensure its survival but also its continuity. Thus, if initially they heralded the fall of Russia in a state of instability, marked by an economy suffocated by the sanctions adopted by some countries and non-state international actors against Russia, as a result of its actions in Ukraine, Moscow will manage to juggle the elements that could lead to a regress, reducing the negative effects that both the political class and the population have felt initially.

Implementing measures primarily in the economic field (shifting the focus towards new markets for the Russian energy resources, and /or keeping some business partners, including the European countries, due to their failure to identify alternative sources of energy), produced effects on short-term, thus ensuring for Russia the comfort of an internal stability for the period following, meaning medium term, from 3 to 5 years. In the medium term, a high level of stability in Russia could be translated into a viable economy that can sustain services for the population (jobs, support for those who need help financial support for the areas dependent on Kremlin, etc.). If Russia manage to obtain a success in ensuring an economic stability, such a situation will immediately have effects on the population, reducing the level of social unrest one of the consequences that a positive state of economy will generate in the medium term.

In such a context, the regime in Moscow will ensure its political continuity, while a stable Russian state, which is getting stronger internally, will show its fangs at the regional level, especially in relation with the Ukrainian state.

Russia's option: offensive

Even if at the public opinion level there is a common belief that a weak Russia is an incisive and aggressive one the opposite cannot be contradicted, especially when history has given us over time a number of examples that have shown us that Moscow is not afraid to confront its opponents whether it is strong or not. One possible explanation is that Moscow could want to hide its internal problems exactly through an aggressive stance in the region. In the present case, a stable state within the borders of the Russian country indicates a situation in which the regime is protected from the elements such as a falling economy, followed inevitably by social instability, which can raise major issues for the leadership in Moscow. Thus, feeling stable and strong enough, Russia can afford to treat the Ukrainian state with a hostile attitude. This because in the logic of such a scenario Ukraine is not in the best stage of its evolution after the onset of the crisis in this country and the stagnation it will experience in the medium term.

Without significant (lethal)military support in the first phase of its crisis from the countries that offered their help for Kyiv right after the outbreak of the war in the Eastern part of Ukraine, to which is added the difficult internal situation marked by a stagnation caused by the failure of the reforms announced initially by Kyiv, failure which attracted, inevitably, the limitation of the interest of the countries and international organizations to further support Ukraine, the Ukrainian state is somewhat left to fend on its own.

Of course, this does not mean that the international community will no longer show any interest in the crisis in the Eastern Europe, but without a real interest of Kyiv to overcome the difficult situation in which it happens to be, or, on the contrary, due to a reduced ability of the countries/international organizations to financially / military support state located on the periphery of their area of interest, Kyiv could be left to take care of himself. In such a context, an offensive attitude of Moscow will immediately find space for its manifestation, thus predicting a trend in the medium term (3-5 years) which will generate ample difficulties of the regime in Kyiv.

This means that, in the situation of a decrease of Russia's implication in the conflict in Eastern Ukraine due to the pressure of the international community and/ or economic problems faced by Moscow, but successfully overcome, in the medium is expected a returning of Kremlin's aggressiveness in relation with its neighbor.

Thus, the reactivation of some separatist elements in Eastern Europe will generate new tensions at regional level, especially in Ukraine and the Eastern part of the country, whose options of response (without external sustained support for Ukraine, in a situation of economic stagnation) will be reduced. Kiev will try to draw attention to the danger in which the country will be put again but its messages will no longer be received with the same great interest by the outside as before, especially by the countries which have pumped money in Ukrainian reform plan which later proved to be ineffective also due to the policies of the regime in power.

8. Russia push for destabilising the vulnerable unreformed Ukraine through demoralization of the population (Carola Frey)

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: destabilisation (strong signal)

Fearing stalemate, and in an attempt to create a better space for negotiations, allies offered military equipment to the Ukrainian government, with the promise of more to come. The rationale behind the action is still to find a peaceful, political solution, but one where Russia deems that its own military posturing will be too costly and too risky. This policy option has certain advantages, such as breaking the current stalemate and enhancing Ukrainian capabilities to better defend itself against different types of threats. But there are also high risks, such as Russia becoming more directly engaged in the conflict and a further deterioration of bilateral relations between the suppliers and Russia.

In order to match the amount of heavy weaponry that the rebels have, Ukrainian government forces receives weapons that are able to defend and respond to Grad missiles, tanks, armored personnel carriers, artillery and advanced anti-aircraft systems (including Buk SAMs). That is, part of the aid must include light anti-armor missiles given the presence of Russian armored vehicles. Additional non-lethal aid is also to be included, more specifically counter-battery radars (that detect and locate the origin of multiple launch rocket system), unmanned aerial vehicles (UAVs), electronic counter-measures for use against opposing UAVs, secure communications capabilities, armored Humvees and medical support equipment.

The arm supply option depends on little real progress in settlement to the crisis. The ceasefire agreement will remain fragile, as there are reported violations of the agreement, in particular referring to artillery shelling and build-up of military forces. If there is also no progress in dialogue, which is currently the case, the stalemate will become increasingly entrenched. Stalemate provides an important reasoning why the United States may wish to take an initiative. The success of the “weapon aid” (that is justified by the need of defense and assuring internal order) also depends on Ukrainian forces being able to make adequate use of the new systems, through proper training.

Supply of weapons can be double-edged. With weapons flowing into Ukraine from various sources to assist the Ukrainian armed forces in battling pro-Russian elements as well as to Russian forces in Ukraine, criminal enterprises can take advantage of the conflict to smuggle weapons into the country for other uses. Several issues arise through the proliferation of an already arms control problem in Ukraine becoming not only a weapons hub but a centre for transnational criminal organizations.

With a continuing stalemate in Ukraine, Ukraine’s grassroots population becomes restless and starts to seek an end to the conflict that transcends the Ukrainian military and the politico-military norms of the conflict. With the increased shipment of arms into the area as a result of a continuous Russian destabilizations policy and an increase in criminal activity that affects the population, a non-state actor can form – a militarized group of

autonomous criminal oligarchs that seek to exploit the situation for their own end.

In the event of cease fire leading to truce and followed by a conclusion of conflict and should Russia decide to exploit the gun problem situation two things may happen: either Russia supports gun smuggling therefore maintaining smoldering remnants of conflict via criminal activity or should Russia find beneficial to abruptly reignite the conflict, shots can be fired from the Ukrainian side into Russia against military or civilian targets. Exercising tight arm control can be achieved only by accurately drafting the peace agreement between the Ukrainian government and the rebels.

The general chaos and lawlessness of the fighting in eastern Ukraine presents an opportunity for many arms control procedures to be overlooked. Ironically, even an end to the fighting may exacerbate the problem, as demobilized and under-supervised militia fighters fail to return their weapons and instead keep or sell them.

From another perspective, a development in this direction can be linked with Ukraine recently expressing interest in hosting a missile defense system to protect against Russia's aggressive military posture. Providing a missile defense system to Ukraine through a bilateral deal in which a short-range missile defense system is established is one potential policy option to be explored by the United States with regard to Russia. The response would send a loud and clear message to Russia regarding the United States' commitment to the sovereignty and safety of Ukraine and would also work to change the Russian calculus with regard to destabilization in Ukraine. A U.S.-Ukraine agreement on missile defense would require the majority of funding and the entirety of the equipment itself to come from the United States. The established system would provide protection to Ukraine from the types of short-range ballistic missiles (SRBMs) that have already been suspected of being launched by Russia.

However, direct U.S. involvement in Ukraine's fight against Russia – especially the provision of missile defense systems to which Russia is highly sensitive about – would have the certain effect of further deteriorating U.S.-Russia relations as well as potentially escalating the conflict and inciting more reckless

behavior from Moscow. The strategy would be highly susceptible to Russian propagandism and would serve as a new rallying point for anti-Western/anti-U.S. rhetoric and policy in Russia and other like-minded countries.

Needless to say that with the new supply of arms and armor (which Ukraine reportedly lost well over half in the conflict), Ukraine will be much better able to protect the territory it has left, and deter further attacks.

On medium term, Ukraine can receive the much needed non-lethal aid, which includes, but is not limited to: petroleum products, intelligence sharing, information security expertise, foodstuffs, and counterintelligence. Petroleum products are an important element of the dynamic. Since the conflict began, Ukraine's petrochemical and refining industry has had significant difficulties in sourcing feedstock (previously most feedstock came from Russia). Furthermore, most of Ukraine's refined product export was oriented to the Russian market thus impacting overall firm profitability and access to more expensive feedstock from outside the FSU. Having said this, Ukraine's economy is highly dependent upon fuel and cannot make large sacrifices for the "war effort". Yet, Ukraine's military requires fuel, spare parts, and maintenance facilities etc. in order to optimally position forces for strategic advantage.

Another key point is intelligence sharing. Although Ukraine inherited the high capabilities Human Intelligence (HUMINT) capabilities of their KGB forefathers, they have limited other intelligence capabilities. The country's Signals Intelligence (SIGINT) sector specifically is largely under developed, though they likely retain some capacity to manage RF. The country would also greatly benefit from Measurement and Signature Intelligence (MASINT) for tracking Russian and rebel force deployment trends. The USA and EU could form an agreement to provide tear line material for the Ukrainian planners. Just as Ukraine inherited a well developed HUMINT network, so too did Russia and the latter has had a much greater degree of experience developing their tactics, techniques, and procedures (TTP). As such, Ukraine may benefit from the wide array of CI tools at the disposal of developed EU countries and the USA.

Apart from these elements, in time Ukraine has repeatedly fell victim to public cyber attacks, and the amount of unpublicized information breaches is likely notable as well. The USA and EU have sufficient expertise to provide aid to secure Ukrainian information systems without sacrificing substantial levels of indigenous capabilities.

Another problem that can appear is the possible “terrorist” threat. Russia has a choice to target all of Ukraine – via terrorism. Terrorism can demoralize people and destabilize the country by undermining security, causing migration and producing internally-displaced persons (IDPs), jamming cooperation, and fostering fear within Ukrainian society.

Overall spending on armament and the military sector comes at the expense of other sectors. For Ukraine, new weapons and military capabilities generate extra costs that must be covered from external loans or from other sectors of the economy. This will further apply pressure to Ukraine’s domestic situation and economic stagnation.

While enjoying internal stability, Russia has the option for demoralization and destabilization. Demoralization implies ideological subversion – a long term process which is aimed at demoralizing Ukrainian society. However, the main idea is to get the process under way. According to former KGB agents, Soviet Union heavily invested into ideological subversion. In case of Russia, such ideological subversion will involve creating the fascist/Russian dichotomy, perception that the Ukrainian government is corrupt and following the orders of powerful secret groups.

Psychological warfare will be a characteristic of Russian actions. The goal is to change the perception of reality of ordinary Ukrainians, namely to create confusion in the population which can later serve as a good way to penetrate with destabilization elements. Such confusion can be created, for example, by creating a perception that the government cannot be trusted (loss of credibility, social unrest, and general instability).

Russian style demoralization on the medium term presumes gaining access to prominent individuals, individuals who are instrumental in creating public opinion, such as publishers, editors, journalists, actors, educationalists, professors of political

science, members of Parliament, and representatives of business circles should be approached and influenced/bribed/blackmailed into helping the Russian interests. KGB used to enjoy recruiting powerful individuals who lacked moral principles.

According to the U.S. State Department, Russia's "policy of destabilization" consist of: providing more heavy weapons to pro-Russia rebels and deploying additional Russian forces near the border with Ukraine. Thus, the emerging concentration of ethnic Russian and other pro-Russian rebels throughout the Ukraine-Russia border could serve as a justification for open Russian military intervention for the sake of protecting ethnic Russians. However this is a limited way of defining Russian performance.

Once demoralization has settled into the mind of the society, destabilization completes the process. Russia can, for example, promote or criminalize demonstrations. Demonstrations are a good way of creating a sense of unhappiness and frustration in the society, which often has the beneficial effect of recruiting more people toward causes that benefit the Russia and pro-Russian politicians and banning those that don't (i.e., Viktor Yanukovich's criminalization of demonstrations). Terrorist attacks can be conducted as a last step, after there is some certainty established that Ukrainian government counter-terrorism operations will affect the links that Russia has already established in the steps above. That is, many Ukrainians will have lost faith in their government and might be seen to support change. Attacks can target anyone, but should be primarily focused on political and military figures of Ukraine, as affecting ordinary people too much can alienate Russia from the general population.

The exploitation of weak points will be an important part of the policy, along with overwhelming Ukraine (Isolate/Promote Psyche of Isolation). With Crimea under Russian control, Russia has successfully turned Donbas into an active conflict zone but it has expanded by making further claims and supporting separatists in separatist-held Luhansk and Kharkiv, and discursively targeting southern Ukraine (Novorossiya). This could lead to further isolating "core" Ukraine, and splitting the remains into pro-West and "core". Ethnic Russia's in Odessa Oblast and Za-

karpattia (between Slovakia/Hungary and Ukraine) gives Russia the opportunity to encircle Ukraine.

This outcome is highly dependent on Russia's standing as a regional, if not a global power and its internal stability. If Russian economy falters, then Russia might have to consider abandoning this policy option. Funding covert operations can be very costly, especially if the operatives are under a great risk of getting caught. In order to fail, Russia has to be caught. Naturally, Russia would deny any involvement.

9. Tolerated unreformed Ukraine survives due to its strategic value at the border of the Western world **(Diana Bărbuceanu)**

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: federalisation (strong signal)

After a long period of time, in which the conflict in Eastern Ukraine failed to be resolved, swinging between rare moments of truce, followed by genuine military offensive by the separatists, it came to the state of a frozen conflict.

A situation as unfortunate as possible for Ukraine, which in medium and long term finds itself blocked as far as her aspirations for European and Euro-Atlantic integration are concerned. Neither with Russia nor with the EU, has Kiev feared that if such situation would continue for long, the country will experience a long period of political and economic turbulence and a lack notable success in foreign policy. Under these conditions, the administration in Kiev again requests from the West to be supplied with lethal weapons in order to regain state unity, and as the only form of prevention from the Russian expansionism. So, due to the conflict violence intensification, the West is forced to open the subject regarding Ukraine's rearmament. The West measures the risks and admits that such an act could increase Russian aggression, but also it admits that in the end this is the only way to discourage Kremlin.

Western foreign offices, including the US, Canada, UK and Lithuania agree that Russia would be more tempted to attack a

weak Ukraine than an armed Ukraine and start the supply procedure. Out of all, Washington commits into offering the biggest part of the necessary requested by Kiev, which announces that among others it needs anti-tank weapons, military electronics, radars against battery and communication systems. This decision is taken, also due to the pressure of the Ukrainian Prime Minister Arseniy Yatsenyuk, who went especially for a visit in the US, where he emphasizes the importance of the delivery of weapons by Ukraine's Western partners, underlining that the weapons are needed for the defense of the EU borders. This is a decision that over time, sparked extensive debate and discontent among Republicans and Democrats in Washington. This is considered a victory for Republicans having in mind how often US Senator John McCain said that he is ashamed that President Barack Obama did not offer enough help to support Kiev in the midst of a crisis that is still going on in Eastern Ukraine. This decision of the West greatly infuriates Kremlin officials who are accusing the unprecedented situation and the provocative initiative that is favoring escalation of the conflict. Although at verbal level Moscow's aggression increases, it becomes increasingly clear that Ukraine's military strengthening, decreases Russian aspiration of resorting to the means of force. In this context, forced by the circumstances, Moscow cannot afford to officially start a large-scale offensive in a neighboring country, but neither can it accept, due to vanity and pride, to lose face in front of the advance of the West. So, the only thing left is to support the separatists more than ever, using the same techniques that we got used to. In eastern Ukraine is deployed an unprecedented number of "little green men" (unmarked Russian soldiers), equipped with large-scale military equipment. The fighting is resumed with great intensity and Eastern Ukrainian now resembles a real theater of war. Western governments are calling for diplomacy again, but nobody is listening to them, after which the Minsk Agreement is almost terminated. Facing the provocation of the West which is supplying the Ukrainian army with offensive weapons, the rebels provoke other separatist outbreaks in other areas of the country and the regions concerned are now Dnepropetrovsk, Zaporozhye, including Odessa. The threats regarding Russia's desire to take control over Odessa region are not new at all. Vladimir

Putin has often been suspected that he wants to create a corridor to Transdnistria through Odessa. In the fall of 2014, Ukrainian Prime Minister Arseniy Yatsenyuk said that “*the first step was the annexation of Crimea, the second was creating a frozen conflict in the Donbas region and the third will be a corridor towards Transnistria via Odessa*”.⁴³³ After about a month of intense fighting the separatists are about to take control of the port city of Mariupol. Using Grad missile systems confirms once again that the operation is backed by a significant logistical support. The strategic importance of this city is great, since it could provide a corridor for Russia towards the Crimean peninsula, which is 300 km away. In the face of Russian forces’ military advancement, the Ukrainian army is at a disadvantage and the losses are significant, while pro-Russians separatists are getting closer to capturing Mariupol. Before giving the final blow and taking control of the city Eastern separatists’ leaders make an offer to Kiev. They claim to be able to leave Mariupol city under the control of the government in exchange of the federalization of Donbas region, which includes Donetsk and Lugansk. In practice, this is Moscow’s veiled response to the decision of the West to equip Ukrainian army with lethal weapons. Russia knows better than anyone that a federal Ukraine, in which Donetsk and Lugansk are autonomous, will be difficult to govern and that the crucial foreign policy decisions will be really hard to adopt. A new constitution would require Kiev making continuously compromises with the new “federal republics”. In such situation, Kremlin would be the big winner because it would have finally gained total control over Eastern Ukraine, without paying itself too big of a price. In Kiev, the proposal of such a scenario by separatist forces caused a real hysteria among nationalists and an extensive debate in the political circles. Facing the situation, the Ukrainian leaders will have to make a decision. They can no longer afford to continue the war in the East for too long, since the casualties suffered so far are enormous. The costs for maintaining the conflict are also to be added.

⁴³³ <http://www.mediafax.ro/externe/premierul-ucrainean-putin-vrea-sa-creeze-un-coridor-catre-transnistria-prin-odesa-13276117>.

Experts claim that the war in East costs Ukraine between 5 and 7 million / day. In front of such a situation, people are being increasingly discontent, because in addition to the physical and mental wear that conflict in Donbas inflicts on Ukrainians, there is the urgent need to revive the economy and also the inability of the authorities to provide real reforms matching the country's needs. Authorities argue that the success of the reforms in Ukraine will be possible only when the war will end in the East. Forced to provide an explanation to his citizens, Poroshenko says that "the key priority not only for Ukraine but also for the entire world is discouraging Russia and stopping the war. This is a prerequisite for further reforms. If we can stop the war, if we can discourage Russia, we have a chance to attract international investors, since you know how difficult it is to draw them when artillery and Russian tanks are in our country (and how difficult it is) to restore confidence in local investors and focus on the positive reforms that our country needs." In the face of this deadlock, in Kiev, together with the authorities, more and more people sustain that the idea of Ukraine's federalization is the only compromise that could end the crisis suffered for so long. In turn, Vladimir Putin smiles satisfied from Kremlin. It seems that the economic sanctions, the antagonizing relations with the West and the economic crisis in which he led his country, were totally worth it. After nearly three years of "work", the results are beginning to appear, because Putin has the feeling that in the shortest time, Eastern Ukraine will speak Russian as an official language.

10. *Vulnerable unreformed Ukraine faces aggressive Russia under internal pressure* (Alyona Getmanchuk, Alexandru Voicu)

UA receives weapons + stagnation + instability in Russia + Russia's option – offensive (strong signal)

There are a few factors which are supporting the scenario of a full-scale offensive conducted by Russia in Ukraine on a mid-

term. Among those factors is accumulation of Russian military forces at the border with Ukraine and regular supply of weapons to self-proclaimed “Donetsk People’s Republic” and “Lugansk People’s Republic”. There are several possible reasons for further offensive of Russian troops, for example, for creating a land corridor to Crimea or to Transnistria, destabilization of Ukraine and occupation of the entire territory of Ukraine. Recent statements of NATO officials concerning the violation of the Minsk agreements by Russia and its arms deliveries to Donbas confirm this scenario in the future⁴³⁴. In particular, according to the Alliance, pro-Russian fighters in the east of Ukraine have more armament than before signing of Minsk agreements. In this trend of increasing weapons transfer and sustained military training of Russian army NATO see signs that Putin’s plans concerning this region are not completed. On April 30th at the opening meeting of the Committee of Armed Services of the US Senate Commander of NATO military forces, General Philippe Breedlove said that Russia probably use the truce for further offence at the East of Ukraine⁴³⁵.

The West considers a full-scale offensive in Ukraine as one of the options of developments. Therefore statements about possibility of providing lethal weapons to Ukraine in case of escalation of the conflict and in order to strengthen the defense capabilities of Ukraine were repeatedly proclaimed. Thus, US Senator John McCain called the policy of the current White House administration of not providing weapons to Ukraine as one of the most shameful things in the history of the United States. This may indicate the mood of the American elite to provide weapons to Ukraine, especially in the case of further escalation of the conflict with Russia⁴³⁶. The Minister of Defense of Ukraine Stepan Poltorak mentioned that NATO condemned Russia’s

⁴³⁴ NATO zvinovatilo rosiyu v porushenni miskih ugod i postavkah zbroiy v Donbas http://dt.ua/POLITICS/nato-zvinuvatilo-rosiyu-v-porushenni-miskih-ugod-i-postavkah-zbroiy-v-donbas-169643_.html.

⁴³⁵ NATO: Putin ne pide z Donbasu: <http://fakty.ictv.ua/ua/index/read-news/id/1554592>.

⁴³⁶ Failure to provide weapons to Ukraine is one of the most shameful chapters in American history – McCain: <http://en.censor.net.ua/n340330>.

violation of Minsk agreements and confirmed the possibility of reviewing the issue of providing lethal weapons to Ukraine if the Minsk agreements will be violated in the future⁴³⁷. In addition, during the trilateral meeting of Lithuania-Poland-Ukraine areas further cooperation, establishment of joint military brigade LITPOLUKRBRIG and defined terms of signing Technical Agreement on its practical functioning in Ukraine was discussed.

The most prominent indicator that the West will provide weapons to Ukraine in the medium term is the adoption of the US Senate of a draft law, which envisages the provision of military assistance to Ukraine of \$ 300 million for protection against Russian aggression. Among it, providing real-time intelligence, supply of counter-artillery radars, lethal defense weapons, unmanned aerial vehicles, secure communications systems, and staff training. This document has already passed the voting in the lower house of Congress, and now it has to be accepted by legislators for further submission to the President of the USA⁴³⁸. It is clear that the issue of providing weapons to Ukraine will sound more urgent in the case of escalation of the conflict. Today the US is ready to give Ukraine weapons only in a case of large military operation of Russia⁴³⁹. In accordance, former head of the Foreign Intelligence claims that US intelligence agencies currently constrained to enter the peace process. However if Russia violates all agreements and begins large-scale military operation, the US will provide Ukraine with precision weapons and it will be applied.

Besides external factors that affect the situation in eastern Ukraine on the medium term such as providing weapons by the West, offensive in Ukraine by Russia, an implementation of

⁴³⁷ Ministr oborony rozpoviv koly Zahid nadast ukrajini: http://galnet.org/new_sticker/302493-ministr-oborony-rozpoviv-koly-zahid-nadast-ukrajini-letalnu-zbroyu.

⁴³⁸ Senat SSHA priyneav zakonoproekt, sho dozvoleae nadaty zbroiyu Ukraini: http://www.ukrinform.ua/ukr/news/senat_ssha_hoche_nadati_ukraiini_viyskovoi_do_pomogi_na_300 mln_2065643.

⁴³⁹ Eks-golova Sluzhbi zovnishni oirozvidkivpevnieni, sho SSHA gotovina dati Ukraini is borutilki u vipad kuvelikoybyi viisikovoi operatsii RF: http://dt.ua/UKRAINE/obama-nadast-zbroyu-lishe-u-vipadku-vidkritogo-nastupu-rf-malomuzh-163582_.htm.

reforms have a key influence. Thus, a number of indicators today show that the reforms in Ukraine will stagnate. There are objective reasons that are hampering reforms, such as the lack of time, insufficient conditions in society, war, crisis, corruption, distrust of the people, lack of political will, inability to unite allies and so on⁴⁴⁰. These elements characterize the political situation in Ukraine in recent years, so probably they will stay unchanged in the medium term and will negatively affect the reform process.

Minister of Economic Development and Trade of Ukraine Aivaras Abromavychus described the economic situation in the country as difficult, because of the failures not only in the previous government, but also the complete lack of reform since Ukraine became independent⁴⁴¹. Moreover the European Bank for Reconstruction and Development (EBRD) has downgraded its forecast for falling Ukrainian GDP in 2015 to 7.5%, which will be a limiting factor for the implementation of reforms in the near future⁴⁴². Considering this inert and difficult situation in the economy, the debts of Ukraine and the probability of default, there are tough conditions for reforms. Among the external factors that affect and will continue affecting the reform process in Ukraine, the condition of the gas sector can be mentioned. In this sector, Ukraine applies the requirements of the European Union and tries to bring prices for households to market level. American financier George Soros believes this factor is the cornerstone and suggests that if EU is completing its present course, Ukrainian reforms could come to naught, causing another wave of financial crisis⁴⁴³.

⁴⁴⁰ Chomu reformi v Ukraine Galymuyuty?: <http://www.pravda.com.ua/articles/2015/02/12/7058346/>.

⁴⁴¹ Abromavichus skazav shchto vryatue Ukrainiu vid stagnatsiii: http://www.ukrinform.ua/ukr/news/abromavichus_skazav_shcho_vryatue_ukrainiu_vid_stagnatsii_2029567.

⁴⁴² YEBRR pogirshiv prognoz padinnya ukrayinskoyi ekonomiki u 2015 roci do 7,5%: http://dt.ua/ECONOMICS/yebrr-pogirshiv-prognoz-padinnya-ukrayinskoyi-ekonomiki-u-2015-roci-do-7-5-172642_.html.

⁴⁴³ YES provaliv reformi v Ukraini: <http://fakty.ictv.ua/ua/index/read-news/id/1554389/lang/ua>.

Among the factors which could lead to the disruption of the reform process in Ukraine, Senior Fellow of The Peterson Institute for International Economics Anders Aslund names Russia's influence, lack of financial support of the West and economic situation in the country⁴⁴⁴.

Finally, most researchers often discuss about the possible instability in the coming years, which would radically affect the situation in Eastern Ukraine. For example, George Soros said that with oil prices significantly below \$ 100 per barrel, Putin's regime cannot survive another two or three years because it will cause instability in all spheres of Russian society⁴⁴⁵. Moreover, the researcher highlights the necessity of sanctions against Russia even if they cause harm to European economy. Already now there are numerous indicators confirming the existence of serious problems in Russia. Rating agency Standard & Poor's in June 2015 announced that many Russian regions are already at risk of stating technical default. This means establishment of limitations in education, health, housing sectors in the nearest future, which will affect first the population of these regions⁴⁴⁶.

Nevertheless the main factor in the mid-term which will affect the stability of Russia is imposing of sanctions against it. On June 22, The European Council officially approved the continuation of economic sanctions against Russia in response to its destabilizing role in eastern Ukraine. It confirms sustainability of EU positions at its support of Ukraine and imposing of sanctions against Russia in the medium term.

⁴⁴⁴ Cherez nedofinansuvannia reformy v Ukraini mozhut buty zirvani ekonomisty: <http://www.5.ua/ekonomika/Cherez-nedofinansuvannia-reformy-v-Ukraini-mozhut-buty-zirvani--ekonomisty-77240.html>.

⁴⁴⁵ The future of Europe: an interview with George Soros: http://www.irf.ua/en/knowledgebase/news/the_future_of_europe_an_interview_with_george_soros/.

⁴⁴⁶ Financial Instability in Russia's Regions Already 'Worse than Default,' Zubarevich Says: <http://windowoneurasia2.blogspot.com/2015/06/financial-instability-in-russias.html>.

11. Unconvincing internal destabilisation of Ukraine by a weak Russia, looking for a victory to be used in internal politics (Alexandru Voicu)

Ukraine receives weapons; stagnation in reforms; the situation in Russia: instability; Russia's option: destabilization (strong signal)

The dynamic of the following scenario will be founded on the premise that the European Union and the United States will find a common ground on the issue regarding sending weapons to Ukraine. Therefore, Western states will be able to put together a common strategy regarding sending weapons to Ukraine in order to put a stop to Russia's destabilization. The scenario asserts that throughout the time Russia will be offensive towards Ukraine, however the West will stay behind Kiev and it will help through sending weapons. Because of the prolonged nature of the Russian destabilization in Ukraine, the government in Kiev will not be able to apply comprehensive reforms. Its main focus will be on containing Russian destabilization, whereas reforms will be downgraded in the background. Thus one could assert that Ukraine will stay for a longer period of time into a state of stagnation. Fighting and containing Russia will be more important than making deep reforms. However because of the Western support Ukraine will maintain a cohesive state and there won't be any other separatist outbreaks in the medium term.

Because of the antagonistic nature of the relations between Russia and the West, Moscow will not be able to put its economy on a trend of growth. Without good relations with the West, Russia is not able to grow sustainably. Therefore, Kremlin's power will be challenged and the struggle in the top echelons of power will be tough and lasting. Internal instability will translate into external recklessness. Moscow will face popular agitation and widespread protests but these turbulent events will not stop it from acting aggressively against neighboring states.

Actually Russia will keep on acting aggressive towards Ukraine in order uplift legitimacy within. Sustaining a war-like situation in Ukraine will be the only resource of legitimacy for the regime in Kremlin on the medium term. However there will

be instability in Russia because of the lack of economic refresh and reform. The Russian economy will take a long time to recover after the Western sanctions. It badly needs structural reforms that it is unlikely to get.⁴⁴⁷ The continued flow of gas and oil money has removed the incentive to undertake serious economic reforms.⁴⁴⁸ China will not save the Russian regime with a high demand of energy on medium term. China will grow, but it will be lower than in the 90's and 2000's. Therefore its needs for resources and energy will not be that high and a strong relation with Russia can be said to be excluded. China will seek to diversify its suppliers. Russia will be an important supplier of China, but it will be one among others.

On the medium term Russia might face a decline in oil and gas demand. Therefore its economy will suffer and the regime will most likely be unstable. The EU will explore diverse ways to multiply its energy sources. As it is underlined in the beginning, the EU and United States will have a strong relationship. They will succeed in delivering weapons to Ukraine and will also build strong energy relations. According to a report published in June 2015, Europe is set to become a major importer of Liquefied Natural Gas (LNG) and large parts of it imports is expected to come from Australia and the United States.⁴⁴⁹ Therefore, United States will export more LNG to Europe, whereas Russia will be disadvantaged by a lower demand from Europe. One more element that will lower the demand of energy of Europe from Russia is the probable formation of the Energy Union. This project can help at distributing more efficiently the energy within the European Union. It will bring supply energy, a fully integrated internal energy market, energy efficiency and emissions reduction.⁴⁵⁰ Consequently Russia's unreformed

⁴⁴⁷ 'Russia's battered economy: Hardly tottering by', *The Economist*, 17/06/2015, <http://www.economist.com/news/europe/21639557-russian-economy-will-take-long-time-recover-it-badly-needs-structural-reforms-it>.

⁴⁴⁸ 'The Russian economy: Will Russia ever catch up?' European Parliament Think Tank, 11/03/2015, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_IDA\(2015\)551320](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_IDA(2015)551320).

⁴⁴⁹ 'Europe's LNG imports set to double by 2020, IEA says', *Euractiv*, 04/06/2015, <http://www.euractiv.com/sections/energy/europes-Ing-imports-set-double-2020-iea-says-315138>.

⁴⁵⁰ 'Energy Union Making energy more secure, affordable and sustainable', European Commission, http://ec.europa.eu/priorities/energy-union/index_en.htm.

economy will have a major impact on the Russian political stability.

The dynamic of the present scenario suggests that Ukraine will have a closer relation with the Western states. Even if an EU or NATO integration are not feasible on the medium term. The bond between the two sides will be strong. Therefore one could suggest that Ukraine will gradually be closer to the West even if it will not have the capacity to apply decisive reforms. It is highly likely to see a special relationship between the Western states and Ukraine. Kiev will be supported in the reconstruction process through loans with small interest rates, know-how, technology and other elements helpful for the post-conflict reconstruction. Ukraine will try to emulate accurately the economic and political Western model; however this process will have many gaps.

Ukraine's situation will be highly dependent on the relations between Russia and the United States. As the indicators of the present scenario show, Russia will be unstable; therefore its relations with United States will be thoroughly inconsistent. As long as Moscow will have a contested leadership its external posture might be hardly predictable and impulsive. Having underlined these conditions it would be highly likely to see frozen relations between Russia and the United States. It would be out of the question a framework of rules of engagement between United States and Russia.

The stalemate between the two powers will have a negative impact on Ukraine. Even though the government in Kiev will choose to apply reforms they will be obstructed by Russia's reckless and dangerous destabilization. Russia will not give up on Ukraine in the medium term. The status-quo will be challenged several times by Russia. However, because of its instability Russia will not succeed in being decisive.

Russia's actions conducted in order to change the status-quo will be blocked by a concerted endeavor of United States, European Union and Ukraine. The Western states have to objectives when helping Ukraine. First, they wish to help Ukraine to keep the state structure efficient and stable, as the United States Ambassador to the United Nations Samantha Power declared: "the United States will continue to apply pressure until Ukraine

is a stable democracy and gets territorial integrity and sovereignty".⁴⁵¹ Secondly the West will be more devoted to help Ukraine in order to contain Russia's instability. As long as Russia will be unstable and unpredictable, the West will rather try to contain the spill-over in other areas in its vicinity.

However, as this scenario is developed it can be asserted that Russia will not be able to sustain for long a climate of instability and conduct action of destabilization on Ukraine. It will have to initiate a wide range of reforms in order to keep the state efficient. For the medium term Moscow might be able to continue in a climate of instability, but longer would be impossible. Therefore, Moscow would be unstable and bellicose towards Ukraine, and it might also be competitive with the West but this scenario would not last long. It can be sustainable for one or two years, but a period of time longer than this would not be sustainable.

12. Diplomatic push for a desperate victory in Ukraine to be sell in internal Russian politics (RM team, Adriana Sauliuc)

**UA receives weapons + stagnation + instability in Russia +
Russia's option – federalization (strong signals)**

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not reliable on the medium term because of the reasons that triggered it in the first place, namely the deliberate internal destabilization of Ukraine the Russian Federation in order to prevent it from associating (on the long term: integrating) to the European Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the

⁴⁵¹ 'Amb.Power at U.N. Security Council Meeting on Ukraine', 05/05/2015, <http://iipdigital.usembassy.gov/st/english/texttrans/2015/06/20150605315908.html?C.P.rss=true#axzz3fCzZMV1b>.

former Soviet Union countries and the desire to maintain them in its sphere of influence. Although, it is less possible that on the long term Russian Federation will still be led by Vladimir Putin, it is also less possible that its national interests will be redefined/reconfigured. And according to the definition provided in the strategic documents, the former Soviet republics are defined as “Russia’s immediate neighborhood” and as one of vital strategic importance to Russian Federation.

Putin prefers internal destabilization of the entire Ukraine over the military victory over a part of Ukraine. This has been evident from the fact that he twice transformed a military victory into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However, a collapsed Ukraine, controlled by Putin’s regime and provider of insecurity is clear not in the interest of European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) prevent any direct confrontation between European states (the majority of them are also NATO members) and Russian Federation. Unofficial data about the delivery of lethal military supply on behalf of the Western states would still be made public by open sources.

Besides, the future administration of United States will most probably be pressured by top military and administrative officials to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia’s aggressive behavior and to maintain a buffer zone between the borders of the

European Union and the borders of the Russian Federation. It is clear that Russia's aggressive attitude will not stop to Ukraine. A solid argument in this sense is provided by Russia's recent actions in Georgia, namely pushing the demarcate border territory of the breakaway region of South Ossetia hundred kilometers deeper into Georgia.⁴⁵² Russia's aggressive behavior towards sovereign neighboring states and its violation of international law would determine the United States to impose higher costs upon Russia and to appease its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own "nuclear deterrent" in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia's sphere of influence.

Instead, the internal political and economic destabilization of Russian Federation would offer a whole new picture. Taking into

⁴⁵² *Georgia accuses Russia of violating international law over South Ossetia*, The Guardian, July 14, 2015, available at: <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

consideration the internal challenges, the Russian government will focus on their counteraction and will abandon the military assistance provided to the Russian-backed separatists from eastern Ukraine. In result, an empowered Ukrainian army with Western lethal weaponry will use its advantages to regain the occupied territories.

Stagnation

The unsuccessful midterm scenario might have numerous causes and reasons that might be grouped in different categories: political unity and will, reforms leaders, their capabilities and integrity, reforms management and outcomes etc.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It might be explained by chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and lack of democratic traditions. It would mean that the tensions and conflicts inevitable for reforms and affecting different area of political interest will not be attenuated under commonly sheared idea, but used mainly for political and electoral dividends.

Ukraine's sluggish action on reforms will increase the EU and partners disillusion regarding the real prospective of reforms, political will and capabilities of the Ukrainian authorities to effectively use the offered assistance and achieve desired results.

Ukraine's sluggish action on reforms will delay the loans receiving of the loans and will undermine the successful midterm scenario. Ukraine's Finance Minister Natalie Jaresko has disclosed that the government failed to get \$3 billion in loans from the International Monetary Fund and the World Bank because it has not complied with their demands for reform. In a posting on Facebook, Jaresko said the Ukrainian parliament delayed action on four legal reforms that must be passed to obtain a \$1.7 billion loan instalment from the IMF and another \$1.3 billion from the World Bank: *"this week, our country might have complied with*

the conditions necessary for further progress” she wrote, but none of the reforms was adopted.⁴⁵³

The head of the European Bank for Reconstruction and Development (EBRD) has said it plans to invest up to \$1bn (£642m) in Ukraine in 015, including in the gas sector, provided real reforms are implemented. Kiev has met long-standing requests from the International Monetary Fund (IMF) and other organisations to raise energy tariffs, as well as prune the banking sector, but has not moved quickly enough on issues such as overhauling debt-laden Naftogaz, the state-owned gas company, and cleaning up the judiciary and law enforcement. The EBRD pumped a record \$1.2bn into Ukrainian projects in 2014, but has held off investing this year until more reforms are seen.⁴⁵⁴

Another factor that might lead to midterm and long term unsuccessful scenario are the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine. The Mukachevo events in July 2015, when armed military groups of “Pravii Sector”, fought with armed private groups and state militia have been a sort of “warning signal” that revealed the real situation with radicalisation of the society, weakness of state administration and effectiveness of state power captured by clans and oligarch in some regions of Ukraine.⁴⁵⁵

Midterm and long term unsuccessful scenario will have similar consequences:

- economic, financial, political and social crises;
- low internal and external authority of the governance, political elites and political parties;
- low level of self-confidence of the nation, governance, civil society, business;
- weakened internal capacities in all sectors;
- inability to submit a bid for membership in UE;
- discredited EU integration idea.

⁴⁵³ By RFE/RL July 04, 2015, <http://www.worldaffairsjournal.org/blog/elisabethbraw/ukraine-no-reform-no-investment>.

⁴⁵⁴ July 3, 2015 17:06 BST <http://www.ibtimes.co.uk/ukraine-ebrd-invest-1bn-2015-if-reforms-are-made-1509225>.

⁴⁵⁵ <http://rus.newsru.ua/press/13jul2015/mykachevo.html>.

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which the Russian President, Vladimir Putin, has assumed in the past; dramatic increase of the population living below the poverty line etc. Or, as long as the regime controlled by Vladimir Putin manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Vladimir Putin, who live their lives according to the following principle: "we steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages on Putin's address for "moderating" the regime's behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran's financial and oil sanctions and for entering in the nearest future on the international market of crude exports, which will be followed by a decrease in the oil price. Accordingly, this factor will amplify the effect of sanctions imposed against Russia.

Besides the direct impact of sanctions, Putin's regime has realized that the international community (the EU, USA, NATO etc.) is not going to "forgive" Putin's annexation of Crimea, as comparing to what happened in 2008 in the case of aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistriization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually in the "negotiations' process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Russia's option: federalization

In such a scenario, Ukraine, as a result of not receiving military support from the Western countries is in a problematic situation, making Kyiv's capacity to deal with threats coming from outside its territory a very difficult job. In such a context, not supported in the military domain, Ukraine seems to have only one option: to resist, more or less on its own, the danger and threat coming from Russia, especially since the Western's refuse to send (lethal) weapons to Ukraine it can be interpreted by Kremlin as an invitation to "keep" the Ukrainian state in the "traditional, Russian, sphere of influence".

But the costs Moscow must pay in the hybrid warfare against Ukraine are high, so Kremlin might look for a way to escape this situation while keeping Kyiv under its control. One option in this regard would be the federalization of Ukraine that could give Moscow the opportunity to maintain a certain level of influence

in relation to Kyiv, but with lower costs. For Russia federalization means near-independence, more precisely a code for eventual secession⁴⁵⁶, a success which in the medium term, as a result of the Minsk agreements failures and subsequent developments, Moscow might get.

The federalization of the Ukrainian state could mean for Moscow a way to maintain its influence over Ukraine without letting it slip through its fingers in favor of the West. Moreover, the federalization of Ukraine may be preferred due to a lack of Kremlin's ability to impose a greater control in the short time as the international pressure is still high. In such a context, as stated by Yulia Tymoshenko, "*federalization is basically a way to create a dozen more Crimeas in Ukraine, opening the way for Putin to annex southern and eastern regions, in the same way as Crimea*"⁴⁵⁷, so the federalization could be in the next months Moscow's preferred option.

Russia's success in influencing the evolution of Ukraine into a state with such a form of organization, more easily controlled by a Russian state is supported even by the European opponents of the aggressive policy of Moscow in the region. Specifically, the federalization of Ukraine is considered a viable option for the future of Ukrainian state by important officials in Brussels, like Herman Van Rompuy, the president of the European Council, in which opinion, "*to solve the current crisis in Ukraine, the country should become decentralized and federalized*".⁴⁵⁸ Also an important country in the European political spectrum that supports the federalization of Ukraine is Germany. According to the German Chancellor Angela Merkel, "*what we [in Germany] mean by federalism is called decentralization in Ukraine. And that is what President [Petro Poroshenko] wants*".⁴⁵⁹

⁴⁵⁶ Alexander Motyl, *Why Russia Wants the Federalization of Ukraine*, The Worldpost, August 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁴⁵⁷ John Reed, Neil Buckley, *Russian push to 'federalise' Ukraine stirs resentment*, Financial Times, April 2, 2014, <http://www.ft.com/intl/cms/s/0/8c495bee-ba7c-11e3-a905-00144feabd0c.html>

⁴⁵⁸ #axzz3frCGqEp6. *EU chief calls for decentralization and federalization of Ukraine*, RT, 27 Nov, 2014, <http://www.rt.com/news/209539-rompuy-eu-federalization-ukraine/>.

⁴⁵⁹ *Merkel supports Ukraine power decentralization*, 23 Aug, 2014, RT, <http://www.rt.com/news/182356-merkel-visit-poroshenko-kiev/>.

In such a situation, Moscow's efforts to obtain an evolution of the Ukrainian state toward federalization, or in a different cast, toward decentralization, but with the same consequences are likely to bear fruit since the Europeans with whom the Kremlin is negotiating the fate of Ukraine in formulas like the Minsk Agreements share the same view regarding what Kyiv should do, with the country considered aggressive and responsible for destabilizing the Ukrainian state.

13. Russia continues the long war in Western Ukraine, for blocking Ukraine's way to the West (Carola Frey)

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: offensive (strong signal)

Economically, Ukraine has made a significant progress and on a medium term achieved several pertinent reforms. The reforms initiated by the Yatsenuk government were constructive in nature and made the foundation for future measures. Among the reforms between 2014 and 2015, some became highly relevant and conducted Ukraine on a stable course.

Even if limits of the initial reforms were emphasized, no progress can be achieved in Ukraine unless there is a certain degree of stability. It is rather difficult to talk about reforms when facing dangers of becoming a failed state. However, Ukraine was already struggling with a multitude of deficiencies even before the heavy-handed Russian meddling began. Just because the world's attention is on Ukraine, it does not mean that the inherent problems with the Ukrainian state have gone away. Thus this issue should continue to be separately addressed under any and all circumstances, as long as the West continues to be closely involved with Ukraine.

Reforms should target all critical institutions in Ukraine. This should be done with one goal in mind – irreversible (as much as possible) modernization and democratization of Ukraine. Modernization should be made in terms of reforming Ukraine's economy, industry, and agriculture to meet the international standards, so that it can smoothly integrate itself into Western-style free market economy and compete globally.

Democratization is understood in terms of combating the wide-spread corruption, ensuring healthy judicial framework and independence, high degree of national democratic governance, empowering the civil society institutions, safeguarding the independence of the media, and transparent election processes. Five years of financial aid tied to these conditions for reform, as well as providing the tools and the guidance necessary to meet these terms, will ensure that by 2020 Ukraine will have aligned itself with the EU, and that its citizens have no desire to turn to Russia or let radical nationalism and anarchy be spread. Due to its close linkage to and leverage on Ukraine, the EU, more than any other international institution, is attractive and powerful enough to offer incentives to Ukraine to accept these conditions.

The Association Agreement was a big step forward in this sense, but the next milestone the EU should be offering to Ukraine is membership candidacy status by 2020 (not actual EU accession). This is an important incentive that Ukrainians have already shown they will fight for very hard, and will be motivated by in the long term. Given the right tools and assistance from the West, Ukraine's closer alignment with the EU can safeguard its progress towards democracy and can help it avoid anarchy.

Apart from this perspective, on medium term the amount of USD available in the country can increase in order to create an economic dependence towards American goods and services. The immediate consequences will be: showing all Ukrainians, especially those living in the Donbas region that positive economic prospects are inexistent outside of the western sphere, naming and shaming Russia for only being capable of destroying the economic infrastructure and offering limited options.

The American element present in the reforms can create the seeds for economic growth in Ukraine, which will also attract European businesses to increase their involvement in Ukraine. The West presence of the Ukrainian economy will act as a guarantee for foreign investors and represent a pull-factor towards the European and US economies. By attracting the Ukrainian economy towards the west and deepening the economic ties with the Ukrainian side, Russia might be slowly isolated from the Ukrainian economic scene.

This outcome can be achieved very quickly as these economic networks are already strong between the US administration and business, and with the Ukrainian administration and economic elite. On a short term Ukrainian businesses will benefit from this inflow of cash and new sectors will be capable of providing new employment opportunities and the Kiev government will be reinforced. This policy will highlight the weaknesses of Russian policy. Russia would be seen as only capable of destruction and war, rather than long term economic reconstruction and project developments. The US would keep the upper hand in European affairs. Only its initiative would push Europe to intervene more in the Ukrainian economy as economic prospects will rise.

This strategy however does not address the political and military problem between Russia and Ukraine. As Russia would notice the polarization of the Ukrainian territory and its isolation, Moscow could use the rebels to achieve a small push westwards, which eventually would create enough panic among foreign investors to withdraw their investments from Ukraine, creating an economic crisis and a void that Russia could potentially step in to fill. Plus, still heavily relying on Russian gas, European could suffer Russian economic retaliation.

Another option for successful reform is China's decision to take a more active stance, offering substantial economic support to Ukraine in the form of a credit line and a wave of investments in the agricultural and energy sector. China is already Ukraine's second-largest trading partner – after Russia and had already strong relations with Ukraine under Yanukovich.

On the down side, most of those ties were lost with the internal turmoil. As a consequence, China would be attentive of playing a strong political role in Ukraine. China is still holding a geo-economic attitude at international level even in crisis areas and it would change its mind in a few cases only, where and when its interest at stake would be great and direct (for instance, think to its supply routes). Support for Ukraine could open a new chapter in China's emergence as a global player. Ukraine has a crucially important strategic location, which Beijing doesn't seem to underestimate. It could hold a key to central and southern Europe and it is a cornerstone of an "unallied block" that includes Belarus, Moldova and, in economic terms, Turkey.

Regardless of how Ukraine's reforms play out, dealing with Russia will be an important element in the overall equation. While Ukraine is the primary victim of Russian aggression, Russia's political maneuvering isn't as much about Ukraine as it is about establishing regional hegemony, reviving the imperial Russia, and countering the EU and the US strategic interests in the post-communist Eurasia region.

The offensive behavior of Russia transpires from the announcement that Moscow will declare war if the United States arms Ukraine. The Russian stance and aggressive behavior, mixed with its internal stability is one cause that led to the decision of not supplying weapons to Ukraine. Another reason behind this choice is the idea that the diplomatic and political efforts should not be tempered and affected by a possible arms race or perceived threat. Additional arms would only fuel a military escalation and could spark a wider proxy war with Russia.

Arms aid to Ukraine would further trigger a dangerous situation. Apart from this, the costs of maintaining an ever-heightened military presence combined with constant arm supplies, together with border control/patrolling and anti-terrorist elements will continue to severely strain the budget/economy of Ukraine. Furthermore, the decision not to send weapons could promote a different type of approach and support can be manifested in other ways.

However, any offensive military action against the government in Kiev will start to rally the international community to further isolate Russia. Russia on its part would miscalculate the response from Ukraine and the international community led by US and EU members would agree to take concrete steps to limit economic ties with Russia. However, this will not stop Russia from providing Ukrainian separatists with heavy weapons, artillery, training, and personnel.

Nevertheless, Russia's determination to try to forestall any westward drift and the West's determination to punish Moscow for its meddling underline one basic point: Ukraine matters – as a trapped prisoner between the two.

14. Fighting for reforming and stabilising Ukraine, under military pressure (RM team, Radu Arghir)

UA does not receive weapons + reforms + stability in Russia + Russia's option – destabilisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a *de facto* border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear deterrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration

will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia’s sphere of influence.

Medium terms successful reforms scenario

Most of reforms have been oriented toward long term effects and the most important outcomes are expected in 5-10 years. It means that in the medium term most of the reform results will only start to become really visible.⁴⁶⁰ For example, according to the deputy head of the presidential administration, Police reform started with recent approval of new Law on Police, the new organisation of Police will become fully operational by the end of 2015, but for completing police reform 5 to 10 years would be needed.⁴⁶¹

This opinion is commonly shared by political leaders and international partners. Despite some deficiencies in the pace of reforms and reform implementation in different area, the reforms will remain the main political issue, on the top of political agenda and the major driver for positive changes in political life, economy, public administration, taxes, justice, etc.

⁴⁶⁰ Korrespondent, “Visible results from the reforms should be expected in 3-5 years”, July 23, 2015, <http://korrespondent.net/ukraine/politics/3542991-vydymyi-rezultat-ot-reform-sleduet-ozhydat-cherez-3-5-let-apu>

⁴⁶¹ Korrespondent, “Minister of Internal Affairs doesn’t have enough years for reform, deputy Avakova”, July 8, 2015, <http://korrespondent.net/ukraine/3536782-mvd-ne-khvatyt-hoda-na-reformu-sovetnyk-avakova>.

The successful medium term scenario would mean that:

- the relations between Ukraine and its international partners will remain stable and positive.

- EU will maintain its interest of Ukraine on the highest level of its political agenda and will be able to mobilise necessary funds for assisting reforms in Ukraine.

- Ukrainian Governance (President, Rada and Government) will be able to keep the unity regarding EU integration as Ukraine main strategic objective;

- The Governance (President, Rada and Government) will be able to maintain adequate control over reform implementation and unity regarding reform objectives, necessary actions and efforts to ensure the implementation process.

- no significant political disputes/crises between President, Rada and Government will occur;

- the reforms in different sectors will start to deliver the expected results;

- the technical management of the reforms implementation process will remain effective, the national council for reform will be successful in reforms control, monitoring, evaluation and continuous adjustment;

- the internal systemic resistance to reforms will be successfully managed.

The successful medium term scenario would also mean that the successes of reforms will be internally and externally recognised and serve as basis for continuous support to the governance.

The positive midterm scenario will open and made available other possibilities and important financial assistance instruments, so necessary for Ukraine.

Russia

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many

analysts predicted his demise⁴⁶², and the collapse of the Russian economy.⁴⁶³ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁴⁶⁴. However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion o Crimea)⁴⁶⁵ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition. Even if he is replaced by somebody who is current an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁴⁶⁶. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁴⁶⁷ but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current heading. The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical changes are to be expected in Russia's policies and therefore

⁴⁶² Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁴⁶³ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁴⁶⁴ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁴⁶⁵ Vladimir Milor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁴⁶⁶ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁴⁶⁷ Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

the current state of affairs will remain to a large extent still in place.

Nevertheless if Russia is to avoid an economic collapse in the long term it must break from the current isolation. It has two options either head east or return to west, both with advantages and disadvantages. It can try to rebuild its relations with the EU, but it will need to compromise on topics such as human rights and democratic oversight of the administration on top of backing down, at least partially, from Ukraine.⁴⁶⁸ Alternately it can choose to lean towards a closer relation with China. Moscow and Beijing share common interests and Russia will not have to stop trying to influence ex-soviet states or undergo reform. The two states did collaborate before⁴⁶⁹ when they shared common views. However, Russia-China bilateral relations are by no means free of conflicting geopolitical interests. Russian economy is significantly smaller than the Chinese one, thus Moscow will lose its lead role in the region (this is already happening inside the Shanghai Cooperation Organization, which is dominated by China). Also Russia might have to back down from some military contracts in Asia. Russia is currently serving as a primary source of arms for India and Vietnam — two countries with which China continues to actively wrangle over territorial issues.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. However it will face stiff opposition, especially given Moscow's definition of federalization⁴⁷⁰. It will continue to ask for the federalization of Ukraine, but if its endeavors yield no results it will likely resort to a "stop and go" strategy. This means it will reignite the conflict in the eastern Ukraine in order to constantly destabilize the state. On top of that it will use any available tools in order to

⁴⁶⁸ European External Action Service – EU relations with Russia, http://eeas.europa.eu/russia/about/index_en.htm.

⁴⁶⁹ Gilbert Rozman, "Why Chinese-Russian Friendship Is Here To Stay", October 29, 2014, <https://www.foreignaffairs.com/articles/east-asia/2014-10-29/asia-asians>.

⁴⁷⁰ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

destabilize the state, from supporting the opposition and social unrest to using terrorism⁴⁷¹. Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, as was the case in 2008 with the aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations' process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

15. Ukraine's reforms under pressure by weakening the state (Radu Arghir)

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

Ukraine is still a focal point in world politics almost a year and a half after the Russian invasion. While it is true that the conflict has cooled down somewhat and there are a number of certainties that can be identified regarding its evolution, it still remains very volatile and open ended. The problem is there are no quick fixes and it will take time before any sustainable progress can be made. Also the developments within the Russian Federation in the medium (up to five years) and long term (up to fifteen years) will play a very important role for the evolution of the crisis in Ukraine. The rebels depend on the help coming from Moscow, without its assistance it's just a matter of time before the Eastern provinces are reintegrated into Ukraine.

An important issue that has been hotly debated at all levels for the last few months is the question of lethal weapons. Despite several negotiated ceasefire agreements the fighting still continues at a reduced intensity.⁴⁷² The US House of Representa-

⁴⁷¹ Radio Free Europe, "Poroshenko Warns Of Rising Terrorist Threat In Ukraine", July 10, 2015, <http://www.rferl.org/content/ukraine-poroshenko-/27120003.html>.

⁴⁷² Radio Free Europe, "One Soldier Killed, 10 Hurt In Eastern Ukraine" July 1, 2015, <http://www.rferl.org/content/soldier-killed-10-wounded-in-ukraine/27104979.html>.

tives has already overwhelmingly approved sending lethal weapons to Kiev⁴⁷³. The Pentagon and the Presidency have been mulling giving the go ahead ever since⁴⁷⁴. However some other NATO countries have already lost their patience and are already sending lethal weapons to the Ukraine⁴⁷⁵, but under the cover of anonymity. There is a large support for sending weapons mostly because of the presence of Russian troops on the ground (meaning that Moscow is already sending lethal arms to the rebels)⁴⁷⁶. However some NATO countries still oppose directly aiding the Ukrainian National Army with lethal arms. For example Germany has been a firm critic of this tactic⁴⁷⁷. And the Pentagon's indecision seems to confirm there are major risks involved. Furthermore, Ukraine can just buy weapons⁴⁷⁸, meaning that delaying arms shipments will have little effect on the actual fighting. It is not really about the weapons themselves (as the Ukrainian army is undergoing modernisation anyway) but more about the risk of turning the front in Ukraine into a proxy war where NATO and Russian weaponry meet. This can easily create major tensions between NATO and Russia. Since some lethal arms can be provided by other means (Ukraine can buy from neutral countries) it is very likely the US and most of its allies will play safe and not assist the Ukrainian Army in this matter. Also President Obama's term will end in less than two years and will probably try to stay away from controversial

⁴⁷³ AFP, "US House Urges Obama to Send Lethal Arms to Ukraine", March 24, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/>.

⁴⁷⁴ Sputnik International online, "Pentagon Still Considers Sending Lethal Weapons to Ukraine – Carter", July 7, 2015, <http://sputniknews.com/europe/20150707/1024332005.html>.

⁴⁷⁵ Russia Today, "Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal", March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

⁴⁷⁶ Mark Urban, "How many Russians are fighting in Ukraine?", March 10, 2015, <http://www.bbc.com/news/world-europe-31794523>.

⁴⁷⁷ Voice of America, "Germany Again Warns Against Lethal Weaponry for Ukraine", March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

⁴⁷⁸ Robert Wall and Jams Marson, "Ukraine to Buy 'Defensive' Weapons in U.A.E., President Says", February 24, 2015, <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

actions that can spiral out of control and leave a black mark on his legacy. The next president can take this risk if he wishes to. The issue here is that NATO decisions are adopted by consensus, thus, since some members are strongly objecting arming Kiev, it is highly unlikely it will ever happen openly. Given that the Ukraine Crisis is a NATO responsibility and not a US vital interest, the US will probably follow the same logic.

Not arming Ukraine will not fuel the conflict, but will also increase the risk of Russia putting pressure on Ukraine using military means (by helping rebels plan and execute offensives). However in the short term there is little risk of a new offensive and in long term the costs of supporting the rebel army will increase gradually. It is very likely that at some point Russia will want to just the de facto border and “freeze” the conflict (as is the case with so many other conflicts in the ex-soviet space: Abkhazia, Ossetia, Transdnister, Nagorno-Karabakh), which in turn will allow any future truce to be credible (and reaching a credible truce has been the goal of most western countries). This is not a solution in itself, but it will prevent the risk of escalation and allow the parties involved to focus on other important issues with long term effects such as the economy or building a credible democracy in Ukraine, for Western countries, and the federalization of Ukraine, for Russia.

While it is true that the economy is struggling under the weight of the war and the state is on the brink of default⁴⁷⁹, many reforms were implemented (cut the number of permits and licenses for businesses by 50 percent, targeting food, agriculture, energy and information technology sectors; increased agricultural output in 2014 by 16 percent; reformed the outdated system of energy tariffs, raising natural gas tariffs by 280 percent and heating tariffs by 66 percent; in 2014, received \$9 billion in financial aid while repaying \$14 billion to international creditors; eliminated a number of shadow economic schemes; eliminated the outdated system of privileged pensions for state officials; introduced taxation of high pensions; adopted a package of anti-corruption laws and established a National Anti-Corruption

⁴⁷⁹ David Marples, “Prospects for Ukraine in 2015”, December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

Bureau; entered 400 officials into the lustration register after adoption of a lustration law; eliminated Soviet-style general oversight of the public prosecutor)⁴⁸⁰, and incentives are provided by European states and international organizations if further progress is made.⁴⁸¹ Moreover some help is offered even if reforms fail⁴⁸². This is not likely to be the case, however, since even countries with a more balanced approach⁴⁸³ and international institutions⁴⁸⁴ have recognized the impressive progress made by Ukraine. Given the current path of Kiev and its commitment⁴⁸⁵, it is very likely we will see some economic growth and change before the next parliamentary and presidential elections. The reform process will also be helped by another development. Probably an unplanned side effect of the Russian invasion, the war and the difficult economic conditions has weakened regional power holders, known as oligarchs. They are still present but their fortunes are decreasing, and will continue to do so, and that means the government will have to deal with less competition (or resistance) from them and will hold more influence over Ukraine as a whole.⁴⁸⁶

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many

⁴⁸⁰ Mykola Lazarenko, "Ukraine's government touts long list of reforms, achievements since February 2014", *Kyiv Post*, April 30, 2015.

⁴⁸¹ RAF CASERT, "EU offers Ukraine more loans if it makes promised reforms", January 8, 2015, <http://finance.yahoo.com/news/eu-offers-ukraine-2-12-billion-more-sticks-141000417.html>.

⁴⁸² Radio Free Europe, "IMF Says Can Support Ukraine Without Private Debt Deal", June 11, 2015, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>.

⁴⁸³ Xinhua, "Merkel recognizes Ukraine's reform, pledges further aid", April 2, 2015, http://www.chinadaily.com.cn/world/2015-04/02/content_19979843.htm.

⁴⁸⁴ EBRD Press Office, "EBRD President praises Ukraine's reforms", June 9, 2015, <http://www.ebrd.com/news/2015/ebrd-president-praises-ukraines-reforms.html>.

⁴⁸⁵ BBC, "Ukraine's PM Arseniy Yatsenyuk warns of 'tough reforms'", March 2, 2015, <http://www.bbc.com/news/world-europe-31689779>.

⁴⁸⁶ Balazs Jarabik and Yuliya Bila, "And Then There Were Five: The Plight of Ukraine's Oligarchs", June 17, 2015, <http://carnegie.ru/eurasiaoutlook/?fa=60429>.

analysts predicted his demise⁴⁸⁷, and the collapse of the Russian economy.⁴⁸⁸ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁴⁸⁹. However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion o Crimea)⁴⁹⁰ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition. Even if he is replaced by somebody who is currently an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁴⁹¹. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁴⁹² but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current heading. The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical changes are to be expected in Russia's policies and therefore the current state of affairs will remain to a large extent still in place.

⁴⁸⁷ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁴⁸⁸ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁴⁸⁹ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>

⁴⁹⁰ Vladimir Milor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁴⁹¹ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁴⁹² Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) is it very likely that the Kremlin will keep pushing for the federalization of Ukraine. "Freezing" the conflict means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow's definition of federalization⁴⁹³, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁴⁹⁴ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

16. Russia's instability leads to military pressure on Ukraine (Adrian Barbu)

UA does not receive weapons + reforms + the situation in Russia: instability + Russia's option: offensive (weak signal)

Moscow has a better prospect regarding the balance of power in eastern Ukraine, because the separatists have Russian troops and weapons on their side, and Ukraine's military is relatively

⁴⁹³ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁴⁹⁴ Paul Roderick Gregory, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

outgunned. The American administration and the European states have decided not to supply lethal weaponry to Kiev and they tried to explain the fact that this would be the best decision to have good prospects of realization of the Minsk II ceasefire agreement. The German officials also said that sending weapons to Ukraine would be a mistake. “Sending weapons is fanning the flame of this conflict and also actually grist to the mill for the Ukrainian government, which is doing everything it can to drag the United States and West further into this dispute,”⁴⁹⁵ said Otfried Nassauer, head of the Berlin Information Centre for Transatlantic Security.

In the last year and a half, a lot of things happened in Ukraine and the dynamics were pretty fast: a political revolution, two elections (one presidential, one parliamentary), an economic collapse and a Russian invasion resulting in a “hybrid war” that has ravaged the country. Yet for all his efforts, real reform appears to be starting to take hold in Ukraine. *The Financial Times* recently reported that the country is on “the right road.” Prime Minister Yatsenyuk has brought in an impressive array of technocrats, including foreigners and experienced business executives, such as the former General Manager of Microsoft Ukraine, to help make some much needed changes.⁴⁹⁶ The reforms in the Ukrainian state are moving towards a good perspective, and this is the opinion and the belief of the Ukrainian and most important the European officials. Jean-Claude Juncker talked at the end of April about the future of the Reforms in Ukraine and he said the important steps have been made for the progress and development of the state.⁴⁹⁷

Moreover, significant partner such as World Bank is involved in the reforms started in Ukraine and has responded quickly to help reduce the impact of the crisis and restore growth in the

⁴⁹⁵ Timothy Heritage, Richard Balmforth, *Sending arms to Kiev would be a big gamble for U.S.*, <http://www.reuters.com/article/2015/02/03/us-ukraine-crisis-arms-idUSKBN0L725E20150203>, accessed on 02.07.2015.

⁴⁹⁶ Greg Satell, *The Beginning of the End for Putin? Real Reforms Begin to Take Hold in Ukraine*, <http://www.forbes.com/sites/gregsatell/2015/04/28/the-beginning-of-the-end-for-putin-real-reform-begins-to-take-hold-in-ukraine/>, accessed on 04.07.2015.

⁴⁹⁷ European Commission, *EU reaffirms support in Ukraine at Kyiv Conference*, http://europa.eu/rapid/press-release_IP-15-4890_en.htm, accessed on 02.07.2015.

country through substantial financial support, policy advice and technical assistance. The Bank is supporting the authorities with formulating and implementing critical reforms to: fight corruption, protect the poor, stabilize the banking sector; restructure the gas sector; and improve the business environment to reinvigorate private sector-led growth.⁴⁹⁸

Economic, social and political instability it is what characterizes the Russian Federation and this will have serious implications on medium term in the context of the Ukrainian crisis. The economic situation is worsening in many of the regions and this determined Moscow to call “socio-economic” meetings between Putin and many of the regional heads. During the first two months of 2015, Putin has met with the heads of the Kursk, Karelia, Astrakhan, Moscow, Tula, Irkutsk and Kaliningrad regions, and the republics of North Ossetia and Khakassia. Most of the Russian regional governments are not able to handle this economic instability and incertitude. For example, 63 of the 83 regional governments are at risk of defaulting on their debt or going bankrupt in the next few years.⁴⁹⁹ Over a half of Russian population lives at the limit of poverty. The evolution or involution of welfare in any state of the world can determine mass-protests and social unrest. This is what happened at the beginning of this year and sequentially until now in Russia.⁵⁰⁰ If we talk about to the instability from the political point of view we should refer to a series of events like the murder of opposition politician Boris Nemstov in late February, and a power struggle between the Federal Security Service intelligence agency and Chechen warlord-politician Ramzan Kadyrov. Also, the economic problem seems to generate problems in all fields and Moscow increasingly struggles to cope as the economy enters a deep recession.

⁴⁹⁸ The World Bank Group, *Reforms are the Best Antidotes to Exogenous Shocks Confronting Ukraine*, <http://www.worldbank.org/en/news/press-release/2015/04/29/reforms-are-the-best-antidote-to-exogenous-shocks-confronting-ukraine-says-world-bank>, accessed on 04.07.2015.

⁴⁹⁹ Stratfor, *Amid an Economic Crisis, Russia Contains Dissent*, <https://www.stratfor.com/analysis/amid-economic-crisis-russia-contains-dissent>, accessed on 04.07.2015.

⁵⁰⁰ Reid Standish, *How Russia's Sinking Economy Could Provoke Unrest on Its Doorstep*, <http://foreignpolicy.com/2015/01/12/how-russias-sinking-economy-could-provoke-unrest-on-its-doorstep/>, accessed on 04.07.2015.

Russia's aggression towards Ukraine is not finished. Calm should not be taken for granted: as long as Russia sticks to a limited and (officially) undisclosed war, it needs breaks between different phases of fighting. Russia cannot leave its units in the Donbas for very long, because disproportionate losses in the battalions would be hard to hide. So, it is rotating its brigades and battalions in the Donbas. Russia still wants to enforce its rule over Kyiv. If the war were just about the Donbas, Russia would probably have recognised the "people's republics" as independent states. This would give Russia the opportunity to openly display its presence in the "brother-states" and consolidate its gains. However on several occasions Moscow declined to do so, indicating that the war is just another tool to force Kyiv into submission and hence will continue.⁵⁰¹

Thus, on medium term, respectively 3-5 years, the situation may evolve in several directions. The evolutions of the dynamics, in this context and connected to the indicators mentioned above, could be the following:

• *Arise of an opportunistic revisionist alliance (Russia – Hungary – other revisionist states)* – on the revisionist path opened by Russia over the borders of Central and Eastern Europe other opportunistic states line up too. An alliance of this type could be formed given that other countries have strong revisionist impulses, especially Hungary. The Hungarian government, led by Viktor Orban and supported by a Parliamentary majority dominated by Fidesz (conservative party) had a few disagreements with the European Union and Western countries. Hungary can distance itself more and more from EU policies and the Budapest government can demand the exit from the European organization. We need to consider the good relationship between Moscow and Hungary, especially in the context of energetic issues. Moreover, the situation may complicate even deeper if other states appear to join the revisionist alliance. Other states with such a prospective could be Bulgaria, Serbia and Albania. Furthermore, this situation will also strengthen regional cooperation inside the EU.

⁵⁰¹ Gustav Gressel, *Russia's military options in Ukraine*, http://www.ecfr.eu/article/commentary_russias_military_options_in_ukraine3010, accessed on 04.07.2015.

- *Collapse and inability of Russia to promote its interests in Eastern Europe* – Ukraine will not receive weapons and this aspect generates an offensive approach of Moscow towards Ukraine, but also the stagnation of oil price and the economic, social and political instability of Russia will generate challenges for its interests. The Russian leaders, headed by president Putin, revealed their interests in a few cases regarding the historical revisionism. Russia will force the issue and try to focus all efforts to promote revisionist interests in Eastern Europe. However, the lack of stability and a consistent internally balance and economic problems that will grind the Russian state will do nothing but lead to its collapse in a grandiose desire, which most likely will never materialize.

- *A frozen conflict in eastern region of Ukraine* – the reforms that are made by the Ukrainian ruling coalition will raise the confidence among the population and thereby the leaders of Ukraine will gain more confidence. Also, the offensive foreign policy and attitude promoted from Kremlin in conjunction with the internal lack of equilibrium and the social unrest in Russia will make very hard the shoring of the offensive behavior, and mostly the military part of it. Thus, we may assist at the freezing of the conflict, but with the prospect of reoccurrence of the fight on the Ukrainian territory on long term.

- Maintenance of the current status quo– it could look similar to the previous trend of evolution proposed, but in contrast with that, there is needed an entire absence of interest from both sides.

17. Russia exports instability in neighbour Ukraine (Eveline Mărășoiu)

UA does not receive weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

UA does not receive weapons

It is likely that the Ukrainian government will not receive lethal weaponry from the West in the medium term provided that the situation in the Eastern region will not significantly worsen.

Although the United States and other countries have left the option of arming Ukraine open, this will only occur as a last resort, in the event of a serious escalation of the conflict. This conclusion is drawn on the basis of previous experience, whereas providing heavy weaponry to Kiev was declined despite breaches of the Minsk agreements, including a deterioration of the situation to its current level or worse. If lethal military equipment was not provided until now, it is fairly unlikely it will be supplied in the medium term unless the situation will deteriorate to a larger degree. A substantial degradation of the situation is unlikely to occur in the medium term, especially if the West adopts a more soft position. Refusal to offer weaponry to Kiev is one of the key elements of maintaining a stable situation and not provoking a further escalation of the conflict.

However, not arming Ukraine will result in Russia being comfortable with inserting military equipment and personnel in the Eastern territories because the costs will remain steady. Therefore, while the situation on the ground is unlikely to worsen, it is also very unlikely to improve.

Reforms

Reforming the country is a condition *sine qua non* for saving Ukraine from the debt and military crises it currently faces. Without having adequate military equipment to fight the foreign aggression and put a halt to the rebel movement, Kiev must fight through soft means. The primary problem that has and still is eroding a proper administration of the country is endemic corruption. Poroshenko's administration is making huge efforts to combat the phenomenon, including designing a cabinet which comprises foreign experts, renowned for their previous activities in similar circumstances. In addition, transformation of the society is required in order to steer the country towards a Western path. The direction is given by Ukraine's strategic interests, but proper reforms are also needed to gain the population's support and avoid further separatist movements starting elsewhere.

Furthermore, foreign creditors put high pressure on the current administration to adopt substantial reforms. This conditionality acts as a stimulus for the ruling coalition to set aside differences

and work together to put in place real reforms that will satisfy both the criteria for receiving financial assistance and the Ukrainian people, who need to entrust their government. Thus, reforms are not limited to austerity measures, but also to other more popular changes that would attract public support for the ongoing administration.

A point of concern is the constitutional reform, especially regarding the status of the occupied territories. The Minsk agreement provides for a period of 3 years of self-rule for those districts and Germany and France are pushing for inserting such a provision in the state's organic law. The draft changes proposed so far by Poroshenko only make reference to an existing piece of legislation that already provides for an interim period of self-rule, which is much easier to abrogate.⁵⁰² If Kiev declines inserting such a provision in the new Constitution, it is likely that we will be confronted with a negative response from Moscow, which could lead to a deterioration of the situation on the theatre of operations and/or in the economic situation of the fragile Ukraine (raising gas prices, demanding immediate payment of debt). If, on the contrary, such a change will be passed, it is likely that the situation will remain constant on the medium term; although on the long term the separatists will have a stronger claim to federalisation or to external self-determination.

Instability in Russia

Instability in Russia in the medium term is generated by several aspects, the most important being the economic sanctions and the high human costs of sustaining the Ukraine conflict. Whereas the Russian people have not yet felt the real consequences of the sanctions imposed by the West, this is because Kremlin has relied on its reserves. Nonetheless, the Russian economy is getting hurt and this will have visible consequences in the upcoming period.

First of all, there is a massive capital flight, which amounted to \$160 billion in 2014 and it is estimated that subsequent \$80

⁵⁰² http://en.tengrinews.kz/politics_sub/German-French-leaders-press-Poroshenko-on-Ukraine-truce-261200/.

billion were withdrawn in 2015. The rubble was depreciated with 40% of its value in the last quarter of 2014, thus a high level of inflation. In addition, Russia has a likely federal budget deficit of \$45 billion and a regional debt of approximately \$250 billion.⁵⁰³

Although the overall debt amounts to approximately 14% of Russia's GDP, the problem is that the largest part of it is concentrated in the regional governments, which lack proper debt reduction mechanisms. In this context, regions are facing increasingly dissatisfied populations and business leaders. Even members of the Communist Party had engaged in protests against regional government's low pension pay-outs. Furthermore, the federal government is putting increased pressure on the regions to ensure that the latter continue paying their (high) taxes. About 63% of the taxes and revenues generated in regions are offered to the central governments, whereas regional governments may get back another 20% of those revenues in the form of subsidies.⁵⁰⁴

At the same time, Russia is boosting its overall defence expenditure notwithstanding economic hardship. It must be pointed out that this is unfeasible, as the Russian Finance Minister Anton Siluanov had expressed even since October 2014: *"when we are adopting the defence program, the forecasts for the economy and budget revenues were completely different. Right now, we just cannot afford it."*⁵⁰⁵

In order to compensate for the budget deficit, Putin is likely to cut the budget for social services, an action that historically had a destabilizing effect and resulted in the loss of support for the administration.

Secondly, the high number of Russian casualties in Eastern Ukraine is a strong disincentive for the Russians to support a conflict across border. Those that fight in the neighbouring country do not receive any recognition, nor compensation and they are treated as deserters if they refuse to serve therein. Although the total number of casualties is unknown, the number is expected to be quite high. Furthermore, many troops have started

⁵⁰³ <http://stratfor.com/analysis/amid-economic-crsis-russia-contains-dissent/>.

⁵⁰⁴ <http://stratfor.com/analysis/amid-economic-crsis-russia-contains-dissent/>.

⁵⁰⁵ <http://www.bucinessinsider.com/putin=russias=military-strength-is-unmatchable-2015-2#ixzz3e6VsDFmg/>.

fleeing their units after being pressured to *volunteer* to fight across border. Several of them are now standing trial. As rightly pointed by opposition politician Alexei Navalny, “*the number of witnesses of this state crime (illegally sending soldiers to participate in an undeclared war) is already such that it is impossible to conceal them*”.⁵⁰⁶

All these issues together with tightening political control and increasing restriction on political freedom in Russia are elements that are likely to generate instability in the Federation on the medium and long term.

Russia's option: destabilisation

Russia will continue to aim at destabilizing Ukraine. Such actions include fuelling contradictory perspectives, designed to undermine the government's credibility and unity. The information warfare together with other elements – aggressive actions in the Eastern territories and economic hits, offers a wide array of instruments that Moscow has at its disposal to destabilize the already fragile administration in Kiev.

With regards to propaganda, Putin engages in a massive campaign of misinformation. US congressman Ed Royce has declared that this “*may be more dangerous than any military, because no artillery can stop their lies from spreading and undermining US security interests in Europe*”.⁵⁰⁷ Kremlin's intention is to shape public opinion in the Baltic states (Lithuania, Latvia and Estonia), where it aims to strengthen Russian nationalism among the Russian ethnic living therein and, thus, erode support in those countries for NATO and the EU. Furthermore, threatening messages, such as those stating that Romania and Poland could easily be military targets due to the positioning of the NATO anti-ballistic missile defence shield are directed towards the local population in those countries.⁵⁰⁸ The purpose is to persuade the

⁵⁰⁶ <http://www.defensenews.com/story/defense/2015/07/11/russia-ukraine/30012235/>

⁵⁰⁷ <http://www.theguardian.com/world/2015/apr/25/us-set-to-revive-propaganda-war-as-putin-pr-machine-undermines-baltic-states>.

⁵⁰⁸ <http://europe.newsweek.com/us-missile-deployment-makes-poland-romania-targets-says-russia-329228>.

masses to exercise pressure on their governments in order to adopt a more pro-Russian (or at least neutral) stance.

Concerning aggressive actions in Ukraine, the recent events purporting Russian soldiers that are obliged to volunteer for the war stand as proof that Kremlin is still fomenting the conflict as means for destabilizing the Kiev administration.⁵⁰⁹

A destabilized Ukraine means that its path the Euro-Atlantic integration will be long and difficult, with a real chance that it will, in fact, not occur at all. In fact, Russia still hopes to bring Ukraine closer to the East and integrate it in the Eurasian Union as a pivotal member.

18. Russia creates international pressure for federalisation in order to derail Ukraine's reforms (RM team, Radu Arghir)

UA does not receive weapons + reforms + instability in Russia + Russia's option – federalisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a de facto border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty

⁵⁰⁹ <http://www.defensenews.com/story/defense/2015/07/11/russia-ukraine/30012235/>.

and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear deterrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia's sphere of influence.

Further more, if we consider the possible internal destabilization of the Russian Federation, such a scenario does not even require arming Ukraine for a positive evolution of the situation on the ground. In this case, the de facto border between the Western and Eastern Ukraine will be enforced without the military opposition from the Russian Federation given the fact that Russia will be focused on the internal challenges faced by the

political regime. In consequence, Ukraine will work on the consolidation of a democratic regime and the successful implementation of the Association Agreement with European Union.

Medium terms successful reforms scenario

Most of reforms have been oriented toward long term effects and the most important outcomes are expected in 5-10 years. It means that in the medium term most of the reform results will only start to become really visible.⁵¹⁰ For example, according to the deputy head of the presidential administration, Police reform started with recent approval of new Law on Police, the new organisation of Police will become fully operational by the end of 2015, but for completing police reform 5 to 10 years would be needed.⁵¹¹

This opinion is commonly shared by political leaders and international partners. Despite some deficiencies in the pace of reforms and reform implementation in different area, the reforms will remain the main political issue, on the top of political agenda and the major driver for positive changes in political life, economy, public administration, taxes, justice, etc.

The successful medium term scenario would mean that:

- the relations between Ukraine and its international partners will remain stable and positive.
- EU will maintain its interest of Ukraine on the highest level of its political agenda and will be able to mobilise necessary funds for assisting reforms in Ukraine.
- Ukrainian Governance (President, Rada and Government) will be able to keep the unity regarding EU integration as Ukraine main strategic objective;
- The Governance (President, Rada and Government) will be able to maintain adequate control over reform implementation

⁵¹⁰ Korrespondent, “Visible results from the reforms should be expected in 3-5 years”, July 23, 2015, <http://korrespondent.net/ukraine/politics/3542991-vydymy-rezultat-ot-reform-sleduet-ozhydat-cherez-3-5-let-apu>.

⁵¹¹ Korrespondent, “Minister of Internal Affairs doesn’t have enough years for reform, deputy Avakova”, July 8, 2015, <http://korrespondent.net/ukraine/3536782-mvd-ne-khvatyt-hoda-na-reformu-sovetnyk-avakova>.

and unity regarding reform objectives, necessary actions and efforts to ensure the implementation process.

– no significant political disputes/crises between President, Rada and Government will occur;

– the reforms in different sectors will start to deliver the expected results;

– the technical management of the reforms implementation process will remain effective, the national council for reform will be successful in reforms control, monitoring, evaluation and continuous adjustment;

– the internal systemic resistance to reforms will be successfully managed.

The successful medium term scenario would also mean that the successes of reforms will be internally and externally recognised and serve as basis for continuous support to the governance.

The positive midterm scenario will open and made available other possibilities and important financial assistance instruments, so necessary for Ukraine.

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues, etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which Russian President Vladimir Putin has assumed in the past; dramatic increase of the population living below the poverty line, etc. Or, as long as the regime controlled by Vladimir Putin, manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the

distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Mr. Putin, who live their lives according to the following principle: "We steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages to Putin for "moderating" the regime's behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran's financial and oil sanctions and for its entrance in the nearest future on the international market of crude oil exports, which will be followed by a decrease in the oil price. Thus, this factor will amplify the effect of sanctions imposed against Russia.

On top of the direct impact of sanctions, Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, compared to what happened in 2008 in the case of aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations' process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the deve-

lopments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. The “transnistriation” of the conflict in eastern Ukraine means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country’s western course. As a result its best chance to influence Ukraine’s policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow’s definition of federalization⁵¹², but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁵¹³ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can’t become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

19. Russia’s military option towards a weak hopeless Ukraine (Adriana Sauliuc)

UA does not receive weapons + stagnation + the situation in Russia: stability + Russia’s option: offensive (strong signal)

UA does not receive weapons

Even if at European level and in the USA, the situation in which Ukraine, largely the result of a closer relationship with the Euro-Atlantic structures, is known, the countries which could

⁵¹² Alexander Motyl, “Why Russia Wants the Federalization of Ukraine”, October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁵¹³ Paul Roderick Gregory, “Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia”, September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

deliver lethal weapons to Ukraine, refuse to do it. Among the main reasons for such a decision is their concerns that, if the Ukrainian state will receive lethal weapons, Russia – the country that supports by military means the separatist who fight in the Eastern part of Ukraine, could take into consideration the cancellation of the advantage obtained by the Ukrainian Army, and the most efficient measure in this regard would be the providing of the same type of technology to pro-Russians separatists who fight in Ukraine. In such a situation, things could become even more complicated, especially since the developments on the ground, highlighted in the period marked by struggle and instability that the conflict in Ukraine is not “played” by the “rules of the game”.

At least not by the aggressor country given the fact that the Ukrainian Army must face a war marked rather by a flagrant asymmetry, in which the enemy’s actions are not “formally assumed”, a situation which inevitably lead at waging a war outside the rules of the international law.

Also, another aspect that underlies the decision of the countries who are on Ukraine’s side in this war not to provide lethal weapons to Kiev in the following period is related to the fears of these countries regarding the possible entry of such weapons in the possession of those on the other side of the barricade, situation that would put Ukraine in a bad position, while for the so-called “provider” states of such technology, things would become extremely complicated.

Given this situation, the decision of some countries like the US, Great Britain and other NATO member countries to provide technical and military assistance to Ukraine was limited to types of weapons that are not part of the lethal category. In September 2014, after some discussions between officials from NATO and representatives of Kiev, Brussels sent a clear message: NATO officials say they have no plans to send lethal assistance to non-NATO member Ukraine, but that member states may do so.⁵¹⁴

If NATO’s position regarding this subject was clear, the EU members expressed of the same opinion, while some countries

⁵¹⁴ *Nato members 'start arms deliveries to Ukraine'*, BBC Nesw, September 14, 2014, <http://www.bbc.com/news/world-europe-29198497>.

are very vocal regarding this subject. Among them is Germany, which has a firm position regarding the matter, Berlin disagreeing with the provision of lethal weapons to Ukraine. Moreover, during a visit in Washington in May 2015, German Foreign Minister highlighted the danger that such a decision can generate. In his opinion, giving such weapons to Ukraine could send the ongoing conflict spinning “out of control”, because such a move could trigger a “dangerous, permanent escalation” of the crisis facing Kyiv and Moscow.⁵¹⁵ Also, France announced in April 2015 that has no intention of providing lethal hardware to Kyiv “at this time”, declaration made in a period in which Obama has come under increasing pressure from the U.S. Congress to bolster the vastly overmatched Ukrainian army with lethal defensive weaponry.⁵¹⁶

In such a context, despite talks on the possibility of Kyiv to receive lethal weapons and some positions expressed in favor of such an option, Ukraine will not receive in the short-term lethal weapons for the Ukrainian army who is fighting against pro-Russian separatists in Eastern part of Ukraine.

Stagnation

Immediately after the installation of the Government (2014) in power, aware that keeping its position will depend largely on how it will act, so public support should be obtained by demonstrating its ability to manage both internal and external challenges the Ukrainian state is facing and will face in the following period, Kiev immediately took a number of measures in this regard. Thus, the debate in Ukraine on reforms necessary to be implemented and a number of measures which have proved their effective have generated a positive mood in the Ukrainian capital. At the same time, state and non-state international actors (the US, EU, UN) showed immediate their willingness to financially support Ukraine, especially as the effects of the measures began to emerge in a relatively short time, at least on paper.

⁵¹⁵ *Germany Again Warns Against Lethal Weaponry for Ukraine*, Voice of America, March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

⁵¹⁶ *Ibidem*.

But the enthusiasm of the political class in Kiev has been affected by the low level of success which the announced reforms and implemented to a certain point had, a situation which inevitably affected also the availability of the creditors who originally announced their intention to financially support the Ukrainian state, to pump money into a country that has failed despite the support, to follow the path of reforms. Thus, if in the short term the measures implemented by Government have given hope that Ukraine, through reforms and sustained efforts can be saved from the situation it entered when the crisis broke out and subsequently(2013-2014), the lack of the support for the reform agenda through a coherent policy, lack seconded by the problems that Kiev has had and continues to have with corruption, which could not be eradicated despite reducing its effects, have generated a situation that in the medium term will lead to a stagnation in Ukraine.

The stagnation in the medium term (3-5 years) will be determined by the fact that the countries and international organizations that were initially actively involved in supporting Ukraine, offering large amounts of money will beat a retreat, losing their interest to investing in a country which, milled by war, corruption and lack of political stability, will significantly reduce their support for Ukraine.

The situation in Russia: stability

Despite the negative predictions foretelling a deterioration within the borders of the Russian state, the regime in Moscow will manage to identify those internal measures which, once implemented, they will not only ensure its survival but also its continuity. Thus, if initially they heralded the fall of Russia in a state of instability, marked by an economy suffocated by the sanctions adopted by some countries and non-state international actors against Russia, as a result of its actions in Ukraine, Moscow will manage to juggle the elements that could lead to a regress, reducing the negative effects that both the political class and the population have felt initially.

Implementing measures primarily in the economic field (shifting the focus towards new markets for the Russian energy re-

sources, and /or keeping some business partners, including the European countries, due to their failure to identify alternative sources of energy), produced effects on short-term, thus ensuring for Russia the comfort of an internal stability for the period following, meaning medium term, from 3 to 5 years. In the medium term, a high level of stability in Russia could be translated into a viable economy that can sustain services for the population (jobs, support for those who need help financial support for the areas dependent on Kremlin, etc.). If Russia manage to obtain a success in ensuring an economic stability, such a situation will immediately have effects on the population, reducing the level of social unrest one of the consequences that a positive state of economy will generate in the medium term.

In such a context, the regime in Moscow will ensure its political continuity, while a stable Russian state, which is getting stronger internally, will show its fangs at the regional level, especially in relation with the Ukrainian state.

Russia's option: offensive

Even if at the public opinion level there is a common belief that a weak Russia is an incisive and aggressive one the opposite cannot be contradicted, especially when history has given us over time a number of examples that have shown us that Moscow is not afraid to confront its opponents whether it is strong or not. One possible explanation is that Moscow could want to hide its internal problems exactly through an aggressive stance in the region. In the present case, a stable state within the borders of the Russian country indicates a situation in which the regime is protected from the elements such as a falling economy, followed inevitably by social instability, which can raise major issues for the leadership in Moscow. Thus, feeling stable and strong enough, Russia can afford to treat the Ukrainian state with a hostile attitude. This because in the logic of such a scenario Ukraine is not in the best stage of its evolution after the onset of the crisis in this country and the stagnation it will experience in the medium term.

Without significant (lethal)military support in the first phase of its crisis from the countries that offered their help for Kyiv

right after the outbreak of the war in the Eastern part of Ukraine, to which is added the difficult internal situation marked by a stagnation caused by the failure of the reforms announced initially by Kyiv, failure which attracted, inevitably, the limitation of the interest of the countries and international organizations to further support Ukraine, the Ukrainian state is somewhat left to fend on its own.

Of course, this does not mean that the international community will no longer show any interest in the crisis in the Eastern Europe, but without a real interest of Kyiv to overcome the difficult situation in which it happens to be, or, on the contrary, due to a reduced ability of the countries/international organizations to financially / military support state located on the periphery of their area of interest, Kyiv could be left to take care of himself. In such a context, an offensive attitude of Moscow will immediately find space for its manifestation, thus predicting a trend in the medium term (3-5 years) which will generate ample difficulties of the regime in Kyiv.

This means that, in the situation of a decrease of Russia's implication in the conflict in Eastern Ukraine due to the pressure of the international community and/ or economic problems faced by Moscow, but successfully overcome, in the medium is expected a returning of Kremlin's aggressiveness in relation with its neighbor.

Thus, the reactivation of some separatist elements in Eastern Europe will generate new tensions at regional level, especially in Ukraine and the Eastern part of the country, whose options of response(without external sustained support for Ukraine, in a situation of economic stagnation) will be reduced. Kiev will try to draw attention to the danger in which the country will be put again but its messages will no longer be received with the same great interest by the outside as before, especially by the countries which have pumped money in Ukrainian reform plan which later proved to be ineffective also due to the policies of the regime in power.

20. *Perfect storm: Ukraine at Russia's mercy* (Sergiy Solodkyy, Narciz Bălășoiu)

UA does not receive weapons + stagnation + stability in Russia + Russia's option – destabilization (strong signal)

In a mid-term, it is quite possible to foresee the lack of will from the side of the Western countries to provide Ukraine with lethal weapon. On the one hand, the fear to be involved in someone else's conflict works out, on the other hand, distrust towards the weak Ukrainian Government is present since weapon might be caught by enemy or, moreover, to be sold to the third countries. These reasons have been stated as major ones since the very beginning of the conflict. Stagnation of the reformist process will definitely hurt the remnants of the Western support. Such a fact will hardly help Ukraine to convince the partners that the lethal weapon will be properly used and will stay under governmental control⁵¹⁷.

The distrust towards the Ukrainian authorities caused by the absence of reforms appears to be more and more obvious. Neither citizens of Ukraine nor Western partners believe in the promises about transformative processes anymore⁵¹⁸. Under such circumstances pertinacious signals of Russian propaganda about Ukraine as a *failed state* may dominate not only the discourse of *Russia Today*, but more credible sources and in particular the experts who are usually designated to the camp of Ukraine's friends⁵¹⁹.

On this background it is rather grounded to foresee strengthening of those voices in France, Germany, or Italy to renew

⁵¹⁷ *Arm Ukraine and You Risk Another Black Hawk Down*. February 3, 2015, <http://carnegieendowment.org/2015/02/03/arm-ukraine-and-you-risk-another-black-hawk-down>; *West weighs risks as it considers arming Ukraine*. February 5, 2015, <http://www.theguardian.com/world/2015/feb/05/west-arming-ukraine-risks>.

⁵¹⁸ *Exclusive: West holds off on Ukraine aid pledges, seeking reforms*. March 26, 2015, <http://www.reuters.com/article/2015/03/26/us-ukraine-crisis-eu-donors-exclusive-idUSKBN0MM1ZD20150326>.

⁵¹⁹ *Pifer: Ukraine to be internationally ashamed if it loses the chance to reform*. December 1, 2014, http://mw.ua/WORLD/ukraine-to-be-internationally-ashamed-if-it-loses-the-chance-to-reform-pifer-571_.html.

cooperation with Russia. One of the main arguments might be: ‘We do not have to waste time anymore, to lose our earnings for the country which is not capable to be a responsible partner’. If the situation is multiplied by corruption scandals (and in particular under suspicion of inappropriate spending money of the lenders) there will be blocked all channels for financial support of Ukraine. This may lead to default, to inability of Ukraine to provide any sort of the stability inside since it will be impossible to execute necessary budgetary functions. Months of debts to retirees, doctors, and teachers will definitely reinforce social tensions attracting Russia to be more active with its destabilizing efforts and distracting the Western elites to support even more. Ukraine may appear on the verge of a new revolutionary wave.

Inability of Ukraine to gain sound support from the global partners may spur reconsideration of the responsibility for the conflict resolution in the state. Russia applies all the efforts to put the responsibility for the prolonged conflict on Ukraine and this tactic may succeed. As a result the Western countries can end up sectoral sanctions against Russia; only so-called blacklists of a narrow circle of persons involved in the annexation of the Crimea may remain, but they are of no importance for the Russian elite (among them there are mainly odious figures from the Crimea like Sergey Aksyonov, Vladimir Konstantinov, and some others.). It is also quite possible to expect increase of oil prices helping the budget of Russia revive its sustainability and, thus, strengthening consolidation within the society. ‘Oil is a finite resource that we are using at an increasing rate, and as long as that situation remains, the laws of supply and demand mean that the price must recover’, analysts say⁵²⁰. Stopping the sanctions regime will allow Russia to return to the global financial markets. Officially Western countries may underscore their support of ‘an integrated and sovereign Ukraine’, but *de facto* that will not prevent democratic leaders to communicate with the Russian authorities ‘*as-if-nothing-wrong-happened*’.

Under such circumstances it is rather possible to expect the revival of talking to develop a new architecture of security

⁵²⁰ *Here's What Will Send Oil Prices Back Up Again*. March 1, 2015, <http://oilprice.com/Energy/Oil-Prices/Heres-What-Will-Send-Oil-Prices-Back-Up-Again.html>.

engaging Russia. The negotiations about the establishment of the stability belt from Vancouver to Vladivostok might be pushed forward. This is the major goal of Russian expansionism expressed by Kremlin even publicly ('We need to collect bit by bit what we still have left and somehow based on the reconfirmation of the Helsinki principles to negotiate *a new security system*', stated Russian Foreign Minister Sergey Lavrov in the beginning of 2015)⁵²¹. Within the process, as Russia expects, all the key global actors will have to admit the status quo towards the issues of sovereignty, non-interference in the internal affairs, accepting the border lines shaped on the date of the negotiations. In particular, it may mean legitimating the annexation of Crimean by Russia. As a consequence redistribution of spheres of influence (a sort of "Yalta-2") may take place⁵²².

This will create the fertile ground for Russia to continue its policy destabilizing situation in Ukraine left without any balancing support from the West. Russian mass media will carry on inciting Ukrainians to anti-governmental protests. Special subversive groups from Russia will strengthen and intensify their operations in Ukraine. Russia-backed militants of the so-called "DNR" and "LNR" may enlarge the occupation zone reviving the Kremlin's idea of Novorossia.

21. Russia's option to tear apart Ukrainian state (Leonid Litra)

UA does not receive weapons + stagnation + stability in Russia + Russia's option – federalization (strong signal)

The prospects for weapons supply by the West in the mid term are slim. It is not only the opposition of the American president and the EU leaders that drives this policy, it also highly related

⁵²¹ *Speech of the Russian Foreign Minister Sergey Lavrov at Munich Security Conference*, 2015. http://www.mid.ru/brp_4.nsf/0/4E7CDDD252FDEF1F43257DE60031E493.

⁵²² *Stanislav Belkovskii "Tsely Putina – Yalta 2" / Stanislav Belkovskiy: 'Putin's Goals is Yalta-2'*. June 1, 2015. <http://www.svoboda.org/content/transcript/27047314.html>.

to the Russian behavior vis-à-vis Ukraine, which means the observance of the Minsk II agreement and the cessation of supply of weapons and military equipment to separatists in Donbas.⁵²³ Moreover, the supply of weapons by the West to Ukraine is crucial precisely for short-term and not necessarily for mid-term. Certainly, in the mid term the provision of arms is still important, however, by then Ukrainian defense industry, which is a powerful one since the times of Soviet Union, is likely to be able to produce its own weapons for its needs especially if it will be able to attract foreign investments. That would have a double effect. On the one hand, it will provide the needed weapons for Ukraine and thus avoiding an angry response of Russia, on the other hand, it will create new jobs and a contribution to the country's sustainable development.⁵²⁴

The focus on the defense sector is an absolute priority and might bring certain results. However, the sustainability of Ukraine and depends very much on the ability to implement reforms. The prospects for successful reforms are gloomy. Three issues will hamper the reform process that will likely lead to the failure of reform implementation: oligarchic infighting, political division and precarious Russian increasing pressure and destabilization. The combined result of the above-mentioned factors is likely to increase the leverage of Russia on the political process in Ukraine and thus shift the priorities towards a more neutral foreign policy and a comeback to the typical political window dressing. Also, the poor economic situation is likely to give a greater consideration to the populist and leftist messages that usually advocate for a rapprochement with Russia.⁵²⁵

At the same time, Russia is likely to get back on the way of economic growth after the cancelation of sanctions and a renewed dialogue and cooperation with the West. The failure of reforms in Ukraine and the West's re-establishment of cooperation

⁵²³ State Department still discusses issue on weapon supplies to Ukraine, 15/06/2015, http://www.ukrinform.ua/eng/news/state_department_still_discusses_issue_on_weapon_supplies_to_ukraine_332278.

⁵²⁴ Leonid Bershidsky, Help Ukraine to Arm Itself, 25/03/2015, <http://www.bloombergvew.com/articles/2015-03-26/help-ukraine-to-arm-itself>.

⁵²⁵ Ukraina na perekrestke Revolyutsii: itogi Revolyutsii dostoinstva, <http://forbes.ua/selfeducation/reports/1384676-ukraina-na-perekrestke-itogi-revolyucii-dostoinstva>.

with Russia will create the necessary conditions for political stability in Russia. The Putin team will demonstrate that all their calculations were correct and they are irreplaceable in the mid-term.

The stability and strength of Russia and its influence on Ukraine will have implications over the outcome of the conflict. Despite the fact that in the short-term no sustainable solution is possible for the settlement of the conflict in Donbas (not to mention Crimea), the mid-term offers greater the possibilities. Given a significant number of Russian supporters in Ukraine and the understanding that without engaging Russia, the conflict in Donbas is not going to be settled, the Ukraine will be under the internal pressure and the pressure of the West and Kremlin to accept a compromise solution for Ukraine. The most likely bargain between the three actors will result in the federalization of Ukraine, despite the fact that the idea lacks popular support. Therefore, it will be a top-down approach and a high-level political decision to restore peace in the region.⁵²⁶ The main challenge for those who will negotiate Ukraine's federalization will be the competences offered to the regional authorities and to what extent these will be able to block strategic decisions at the central level.

22. Chaos and war in Europe's East (Adina Cincu)

Ukraine does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: offensive (strong signal)

Despite Ukrainian President Petro Poroshenko's strong calls addressed to the Western community to arm Ukraine⁵²⁷, the West and especially the Obama administration have decided not to send lethal military aid to a non-NATO country, probably aware

⁵²⁶ Vladimir Pastuhov, Scenarii ukrainskogo Apokalipsisa: mejdu Pervoj gibridnoj i Tretiej mirovoj, 22/02/2015, <https://openrussia.org/post/view/2873/>.

⁵²⁷ *Main Legitimacy concern: Ukrainian parties opposed to Euromaidan faced restrictions*, <http://rt.com/op-edge/199999-ukraine-elections-legitimacy-human-rights/> accessed on 07.07.2015.

that irrespective of the difficulties of the Ukrainian armed forces in countering separatist violence in the East, a direct military involvement of the US will not bring peace but it would rather amplify the conflict and antagonize Russia. The Kremlin has clearly stated that any military transfer to Ukraine will determine and authorize direct Russian military intervention with precautionary troops in order to protect the Russian speaking compatriots from the attacks of the Kiev armed forces, the so-called NATO legion.⁵²⁸

The strong stagnation in the process of reform implementation in Ukraine has important negative effects. The West has growing concerns regarding Ukraine's sovereign debt given the depreciation of the currency and the important contraction in GDP, Ukrainian foreign currency reserve are not enough, the inflation has grown, the economic deficit has also risen and Ukraine has problems with finding additional money to cover its financial gaps. Reforming the economy included changes in the tax laws and implementing anti-corruption measures that posed major challenges to Ukraine's political stability, because important oligarchs were still dominating areas of the socio-economical and political system. Because the West has not supplied Ukraine's military forces with lethal military aid, the government has decided to take important amounts of financial support from other important sectors like economy, social security and invest it into the modernization of the army, freezing for example debt payments.

Due to the stagnation of the reform process and the fact that Ukraine has not been able to reform from the inside in order to comply with the Western standards of democratic rule of law, the Kiev has not obtained sufficient loans from the international financial institutions in order to redress its economy. Poroshenko has submitted a bill for the parliament to change the constitution and allow decentralisation, and the process of devolving power from the center to the regions all at once has started. But important problems like the low capacity of regional and local gover-

⁵²⁸ Simon Saradzhyan, *Weapons won't end the conflict*, Belfer Center for Science and International Affairs, http://belfercenter.ksg.harvard.edu/publication/25056/weapons_wont_end_the_conflict.html accessed on 07.07.2015.

ning authorities, and this redistribution of power has worsened the already tensioned situation in Ukraine. The decentralising resulted in a limited participation of Kiev in decision making at regional and local level, thus, allowed the oligarchs to continue controlling their areas of operation and not respecting the interests of the local communities.

In Russia there is an acute economic, social and political instability. Russia's economy has strongly been affected by the Western sanctions applied after the Crimean annexation, the recession together with low oil prices and the decrease of foreign investments, the massive capital outflow and the volatile ruble have created a budget deficit. Crimea has become on medium term a net cost for Russia and the difficulties to support its economic system and supply all the necessary aid may antagonize the Crimean population who may start to express their grievances against Kremlin's elites. The economic hardships are strongly affecting ordinary Russian citizens who become more and more frustrated with the super presidential, corrupt and authoritarian perceived regime of Kremlin. Political tensions have arose between opposing factions with regard to the best way of taking the country out of the acute socio-economic instability, and some may oppose the idea of continuing to strengthen the army and ignoring social security and may thus oppose the idea of a military offensive against Ukraine.

Although there are strong political, economic and social tensions in Russia, Kremlin's strategy for the Ukrainian crisis is that of a direct offensive, and irrespective of the political factions that oppose the war in Ukraine, the Kremlin leaders still appear to control the power and take whatever decisions they prefer. At least 9 000 Russian soldiers were operating in the separatist controlled areas in Eastern Ukraine, and on medium term, the Russian leadership will bring more Russian soldiers and will military, financially support the separatists in their goals of conquering more territories within Ukraine, thus in achieving their plan to create a corridor that would connect Crimea to Eastern Ukraine, an area controlled by Kremlin. Although Russia is confronted on medium term with strong economic difficulties due to the Western sanctions and its own failed policy approaches, Kremlin leaders will support the military insurgency in the

East to expand and intensify the attack against the Ukrainian security forces in order to further undermine Kiev's legitimacy and stability.

Kremlin, in order to gain more support from its alienated population, will probably try to continue its propaganda about the justice of its war in Ukraine and will try to obtain through an offensive approach, the recognition of Lugansk and Donetsk's People Republics as independent entities, separated from the Kiev government, trying thus to show Ukraine and the rest of the Western community that it can still frustrate its Euro-Atlantic path. Russia, even if it has internal economic problems, will fully support the separatist regions because the Kiev government, without the military aid from its Western partners and confronted with strong economic difficulties has decided to stop any financial support for its Eastern separatists controlled areas. Kiev's decision to cut social and pension payments for the separatists and not awarding the separatist regions the special status accepted by Kiev in the Minsk Protocols will increase tensions in Eastern Ukraine and create more complications in the decentralisation process and block the overall purpose of the reform program.

Because Russia is facing internal instability in the face of continuing Western sanctions and because its solid reorientation towards East/China it's not viable on medium term, Kremlin will try to divide the European states and maybe create a coalition with other actors perceived as revisionist like Hungary. Dividing Europe by starting with the Budapest government may be an important step and energy cooperation may be achieved with the specific aim of proving Europe that Russia can still continue even with the sanction regime that affected its vital institutions.

European states and the US will continue to politically support Ukraine but they will become extremely radical with regard to the slow pace of its internal reforms and it is probable that Kiev may not be able to obtain the whole financial package from the international institutions that it needs to overcome its obstacles in fulfilling its reform program and thus align itself with the Euro-Atlantic structures. The shifting power dynamics among Ukraine's oligarchs, the rising influence of certain oligarchs threaten the cohesion of the government and all its efforts

to obtain more financial support from Western international institutions.⁵²⁹

There may appear tensions within the ruling coalition with regard to the priorities of the state, and if some politicians may support the restructuring of the army in order to confront the Russian direct offensive, some may put a more significant accent on the economic and social reforms. Although the general orientation of the Ukrainian government on medium term will still be a pro-European one, there is a high possibility that some nationalistic parties may arise and try to gain the unsatisfied people's support and promote a more state oriented policy, denouncing the Western path as an illusion in the context of its clear refusal to military support Ukraine in confronting the Russian backed separatism. Thus, NATO not clearly offering Ukraine a future membership prospect and only resuming to political support may help some nationalist factions challenge the pro-European Kiev government and try to reorient Ukraine on a more nationalist path. Not receiving arms from its Western partners, Ukraine will continue by its own to rebuild and strengthen its military in order to defend against a possible full invasion from Russia and the leaders of Kiev will fear the colossal threat⁵³⁰ of a possible expansion of the pro-Russian separatist control. This may cause important social unrest in Ukraine, because although the Ukrainian people may still consider the war against the illegal actions of the Russian Federation as a just war, the economic difficulties in their ordinary lives may determine them to protest and cause instability within the political spectrum. Not arming Ukraine will make it extremely difficult for Kiev's military forces to resist and contain the pro-Russian separatist who are fully supported by Kremlin.

Because of the difficult internal situation and the fact that Kremlin has decided to continue improving its military forces in order to continue its offensive in Ukraine, strongly neglecting other vital sectors of the socio-political realm, the Russian elites

⁵²⁹ *Crisis in Ukraine shifts some oligarchs Fates*, Stratfor, <https://www.stratfor.com/analysis/crisis-ukraine-shifts-some-oligarchs-fates> accessed on 07.07.2015.

⁵³⁰ *Ukraine's Poroshenko warns of "full-scale" Russia invasion*, BBC, <http://www.bbc.com/news/world-europe-33003237> accessed on 07.07.2015.

may be confronted with possible social unrest; Russia may enter a new era of revolt. The Russian people may oppose against Kremlin's policies because they understand that all the Western sanctions were directed not against them but against the illegal actions of their leaders and thus can try to pressure the ruling elite to stop the war in Ukraine and resume the economic reform process. But because the highly presidential system still continues to dominate, Kremlin's top elites will have the final word and Moscow will allow the movement of large amounts of heavy weapons to the separatists in order to fulfil their revisionist plans. But due to the strong recession and contraction of the economy, Russia's revisionist goals may not fully be achieved and important obstacles will thus arise in the task of supplying all the military and financial aid needed by the separatist movements in order to expand their control and challenge the Kiev regime.

Thus although it will support the pro-Russian separatist offensive in order to obtain control over Novorossiia, this will not be an easy task and on medium term in the event of really expanding its control over Ukrainian territories, Kremlin leaders will find it extremely difficult to financially support these regions. Thus although the status-quo may change on medium term and Russia may expand its control through an offensive over Ukrainian territories, made possible because of the internal instability in Ukraine and the fact that Western community has not military armed Kiev's army, Kremlin will have important difficulties in order to maintain a sort of balance of power inclined in its favour.

In the context of its continuing offensive, Western states will still sanction Kremlin's illegal actions and that will further put pressure on its already hard economic situation. On medium term a strong reorientation of Russia towards China will not happen, but a certain type of cooperation will take place, they will enhance their naval exercises as a reaction to the US global missile defense architecture considered a systematic containment of Russia and China and a strategy of disrupting strategic stability.

Although Petro Poroshenko stated that the war will not be over until Crimea will be reunited with Ukraine, in the context of the strong instability and only political support from its Western

partners and a continued offensive of Kremlin backed separatists, Crimea will not reach the negotiating agenda and it will still remain on medium term part of the Russian Federation with the costs it brings. For Kremlin Crimea will remain a vital victory in front of the Western powers that do not want to recognize its great power status and Kiev's government not even with restructured and trained military forces will be able to regain control of the peninsula and they will probably not even try a military confrontation in order to re-establish Kiev's control.

23. A weak aggressive Russia exports instability in Ukraine (Narciz Bălăsoiu)

UA does not receive weapons + stagnation +the situation in Russia: instability + Russia's option: destabilisation (strong signal)

The development of the Ukrainian conflict has shocked the entire world through the intensity of the actions employed by de invading forces, through the unpredictable tactics conducted, and moreover through the unconcealed cynicism exposed by Russia's leaders who stated that the war is non-existent. After a year from its inception, the Ukrainian conflict has triggered the steady collapse of the world security architecture. It has devised the international community between 'wolves and lambs' specifically the actors who request Ukrainian arming, being confident that this would be the only viable solution for solving the situation and the actors who have blind trust in the mirage of diplomacy. The European Union continues to be reluctant towards the prospects of sending offensive weapons to Ukraine. The development of the conflict from the Eastern part of Ukraine has brought to light the major cleavages between the United States and the European Union regarding the resolution of the crisis in Ukraine. Whereas the Americans used the latest weeks to warn that sending weapons to Ukraine is the proper solution in this certain phase of the war, the European led by Angela Merkel are refusing such a conduct. Moreover, Angela Merkel has firmly warned the Americans on not try to scare Putin. "*I cannot ima-*

gine a situation in which sending superior military equipment to Ukrainian army would impress so much president Putin as to determine him to believe that he will be losing a military confrontation” Merkel said. Then she underlined that a conflict can be solved differently than through military means or the American intervention. “*I was born and raised in East Germany. I saw the Wall. The Americans have not intervened when the Wall was built, but in the end we have triumphed*”. In the same vein, the French president Hollande opposes any action of arming Ukraine. Another prominent voice within the European Union that opposes the American proposal is Great Britain. Phillip Hammond, the minister of Foreign Affairs has warned that sending weapons would lead to further escalation. “*In this moment we do not believe that sending weapons would represent a viable solution. And as long as there is a military stalemate, all the attention has to be pointed toward finding a political solution to this crisis*”. This certain position has been severely criticized by the American delegates. The American senators John McCain and Lyndsey Graham have criticized Angela Merkel. “*At the end of the day, you can go to Moscow until you will be blue (referring to the meeting between Merkel-Hollande-Putin from Moscow from this year spring). The important thing is to rise up and confront what certainly is a lie and a danger*” Graham said. “*The Ukrainians are slaughtered and we send those blankets and food. Blankets are not that helpful against tanks*”. McCain declared. “*For too many times Putin promised peace but all he did was to deliver tanks, soldiers and weapons*” Vice-president Biden declared admitting his openness to sending weapons to Ukraine. However, after assessing the risks and possible scenarios that such a decision would trigger, the Obama administration decided that sending lethal weapons to Ukraine would be too risky and it could lead to further escalation. Therefore, the White House has announced that it will continue to support Kiev through non-lethal means which includes Kevlar, medical equipment and radars for the detection of mortars. But Western’s refusal to send arms to Ukraine frustrates and angers many Ukrainian politicians. They accuse the West for accepting with nativity the deceptive declarations coming from Moscow, and some European states value Russian natural gases over European unity.

But the new criticism aimed at the West make no sense when the present leaders from Kiev have to deal with many grievances stemming from their own people. After the Maidan revolution from Kiev, the Ukrainians have requested a change of the political class, whereas the new comers promised a sustained fight for dignity and auto-determination. But today, after a year from assuming the implementation of the reforms required for the integration in the European and Euro-Atlantic communities, the effects can hardly be seen. Throughout this period the problems of the Ukrainian people have sharply worsen many of them being distributed in two categories: Ukrainians who die on the Eastern front and the Ukrainians who arrived at the bottom level of subsistence. The rising inflation and the growing prices of the electricity and gas prices have brought more poverty and misery. Beginning with 1st of March electricity price increased with 40%, and the cost for heath will further increase with 60%. The gas prices will be massively increased as well with 280% as the chief of central Bank announced. The impact of the growing prices will have a significant impact on the Ukrainians who wait petrified a new avalanche of the crisis. Initially the executive predicted an annual inflation of 13%, but meantime the data has been reviewed and doubled, the new inflation being predicted at 26%. Moreover, the government plans to further cut the social benefits. Unfortunately in this moment no one can accurately predict for how long this crisis will last. In these conditions no investor would take the risk to make a step towards a country which fights a war and has a currency consistently devalued. In this morbid landscape Ukraine fights on two fronts: military – against the pro-Russian separatists and economic – against bankruptcy.

Therefore the trigger of the EuroMaidan from Kiev which developed into a revolution for dignity has never expected a conclusion in which the country would gradually collapse. An important purpose of the Independence revolution was to contain and stop the destructive power of the Ukrainian billionaires. However some of them are currently leading the country and they are looking like are returning to the old habits. Throughout this period the reforms stagnate, the people starts to riot and the European Union is looking more and more disappointed by the

Ukrainian political and economic landscape. Only Moscow is satisfied by the gradual collapse of the Ukrainian state. Because of Russia today a good part of the Eastern part of the country affected by war is a ruin and more than one million Ukrainians have become refugees and live in temporary shelters. Moreover it is alleged that the military advancement of Putin is so big that many military specialists believe that in the following years Russia takes into consideration a Donbass scenario for the South of Bessarabia (Bugeac). Located in the South-West of Odessa, Bugeac has Black Sea at East, Moldova at West and Romania at South. Stretching along the Nordic shore of Danube, the region is near an economic collapse. “*A scenario of military and financial support would give the opportunity for a perfect destabilization*” Anatoli Baronin says, an analyst specialized in the region’s dynamic. In these conditions after many other lives which can be taken and the region would be devastated Russia’s dream to reach the Danube’s shores would become reality. The scenario feasibility is real taking into consideration that the significant number of Russian-speaking people in this region. Among them there are many nostalgic people after the Soviet Union who consider that in the past was better.

However the repetition of the Donbass or Crimea scenario in Bugeac would encounter some boundaries because of the ethnic diversity. According to the census conducted in 2001, the total population of Bugeac is 617.200. In this historic region, together with a Ukrainian relative majority of 246.900 persons live 129.000 Bulgarians, 124.500 Russians and 78300 Romanians and Moldavians. Therefore, Romanians, Russians and Bulgarians make up barely equal group, thus the Russians would have to manage a more complex situation in comparison with the Eastern Ukraine. Moscow would not find in Bugeac the same masses of retired people of the political and military nomenclature which would welcome them with flowers. The future is still volatile in this last boundary of Europe, one of the least known regions which belonged to the Romanian state. The discussions about a Popular Republic of Bessarabia became to unfold last spring during the riots in Kiev. Throughout this period excepting Donetsk and Lugansk the Ukrainian authorities have succeeded to control the other zones of the country such as

Bessarabia, Kharkov and Odessa. But some analysts from the Ukrainian center Da Vinci AG began to warn in the autumn of 2014 on the risks of other phenomena of auto-proclamation if a new separatist region in the South-West of Ukraine in Bugeac region which would action as a leverage for the destabilization of Republic of Moldova and a support position in case of an offensive on Odessa. 'It is discussed this option in which this republic to be extended on the Republic of Moldova's territory, and this would provoke the destabilization of two countries which find themselves on the interest zone of Kremlin' stated the experts of the center. In their acceptance the first step towards the destabilization of Republic of Moldova would start with Gagauzia in the counties Basarabeasca and Taraclia, but also Transnistria. *"Initially the emphasis will be on Gagauzia's independence which might claim parts of Republic of Moldova's territory and the Ukrainian one. Today Gagauzia is the main activity center of Kremlin in the region"* they said. The scenario would be feasible in certain conditions in which we admit that in the context of Western sanctions' effects on the Russian economy and the low oil prices would lead to Vladimir Putin loss of popularity. In the spring the Russian workers began riots and strikes because the salaries were not paid at time. The grievances of the working class began to expand in almost all the regions touching all the working activities, these tough moments were a good opportunity for the citizens to signal to president Putin the hardship they are passing through: *"Dear Putin, VV – four months without pay"*. Of course, in this moment it would be inappropriate to conclude that Red Square from Moscow would emulate the EuroMaidan. However in the context of Russian adventurism in the Eastern Ukraine the Russian economy will further erode and the risks for the Russian political establishment will be enormous. We could expect a certain moment in the future in which the Russian president will be judged by his own people, and no matter the judgment, it might be said that he was knocked-out by his own strategy and vanity. And then, for recovering his glory he will try to use new military offensives in Ukraine (maybe Bugeac) to persuade the Russian people to reconsider him, the man of the present and future Russia.

24. Ukraine falls under Russia's multiple pressure instruments (RM team, Radu Arghir)

UA does not receive weapons + stagnation + instability in Russia + Russia's option – federalisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a de facto border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear deterrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration

will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia's sphere of influence.

Further more, if we consider the possible internal destabilization of the Russian Federation, such a scenario does not even require arming Ukraine for a positive evolution of the situation on the ground. In this case, the de facto border between the Western and Eastern Ukraine will be enforced without the military opposition from the Russian Federation given the fact that Russia will be focused on the internal challenges faced by the political regime. In consequence, Ukraine will work on the consolidation of a democratic regime and the successful implementation of the Association Agreement with European Union.

Midterm unsuccessful reforms scenario

The unsuccessful reforms midterm scenario might have numerous causes and reasons that can be grouped in different categories: political unity and will, reform leaders, their capabilities and integrity, reform management and outcome, etc.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It could be explained by the chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and

lack of democratic traditions. It would mean that the tensions and conflicts that come inevitable with reforms and affect different areas of political interest will not be attenuated under a commonly sheared idea, but will instead be used mainly for political and electoral gains.

Ukraine's sluggish reforms will increase the discontent of the EU and its partners regarding the real prospective of reforms, political will and capabilities of Ukrainian authorities to effectively use the offered assistance and achieve the desired results.

Ukraine's slow progress when it comes to reforms will delay the lending of loans and undermine the successful midterm scenario. Ukraine's Finance Minister Natalie Jaresko has disclosed that the government failed to get \$3 billion in loans from the International Monetary Fund and World Bank in July 2015 because it has not complied with their demands for reform. In a posting on Facebook, Jaresko said the Ukrainian parliament delayed action on four legal reforms that must be passed to obtain a \$1.7 billion loan instalment from the IMF and another \$1.3 billion from the World Bank. "This week, our country might have complied with the conditions necessary for further progress," she wrote, but none of the reforms had passed.⁵³¹

The head of the European Bank for Reconstruction and Development (EBRD) said it plans to invest up to \$1 bil (£642m) in Ukraine this year, including in the gas sector, provided real reforms are implemented. Kiev has met long-standing requests from the International Monetary Fund (IMF) and other organisations to raise energy tariffs, as well as prune the banking sector, but has not moved quickly enough on issues such as overhauling debt-laden Naftogaz, the state-owned gas company, and cleaning up the judiciary and the law enforcement agencies. The EBRD pumped a record \$1.2 bil into Ukrainian projects in 2014, but has held off investing in 2015 until more reforms become visible.⁵³²

⁵³¹ Elisabeth Braw, "In Ukraine: No Reform, No Investment", March 5, 2015, <http://www.worldaffairsjournal.org/blog/elisabeth-braw/ukraine-no-reform-no-investment>.

⁵³² Adam Justice, "Ukraine: EBRD to invest up to \$1bn in 2015 if reforms are made", July 3, 2015, <http://www.ibtimes.co.uk/ukraine-ebrd-invest-1bn-2015-if-reforms-are-made-1509225>.

Another factor that might lead to midterm and long term unsuccessful reforms scenario is the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine. The Mukachevo events in July 2015, when armed military groups of “Pravii Sector” fought with armed private groups and state militia have been a sort of ‘warning signal’ that revealed the real degree of radicalisation of the society, weakness of state administration and effectiveness of state power captured by clans and oligarch in some regions of Ukraine.⁵³³

Midterm and long term unsuccessful reform scenarios will have similar consequences:

- economic, financial, political and social crises;
- low internal and external authority of the governance, political elites and political parties;
- low level of self-confidence of the nation, governance, civil society, businesses;
- weakened internal capacities in all sectors;
- inability to submit a bid for EU membership and discredited EU integration idea.

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues, etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which Russian President Vladimir Putin has assumed in the past; dramatic increase of the population living below the poverty line, etc. Or, as long as the regime controlled by Vladimir Putin, manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate

⁵³³ Newsru, “Press review.Slaughterhousein Mukachevo: versions andpolitical consequences”, July 13, 2015, <http://rus.newsru.ua/press/13jul2015/mykachevo.html>.

and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Mr. Putin, who live their lives according to the following principle: "We steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages to Putin for "moderating" the regime's behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran's financial and oil sanctions and for its entrance in the nearest future on the international market of crude oil exports, which will be followed by a decrease in the oil price. Thus, this factor will amplify the effect of sanctions imposed against Russia.

On top of the direct impact of sanctions, Putin's regime has realized that the international community (EU, USA, NATO,

etc.) is not going to “forgive” Putin’s annexation of Crimea, compared to what happened in 2008 in the case of aggression against Georgia. Therefore, it could be assumed that Putin’s regime will attempt the “transnistrianization” of Donetsk and Lugansk regimes, trying to present them as “part of the conflict” with Ukraine and eventually use them in the “negotiations’ process” with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev’s economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. The “transnistrianization” of the conflict in eastern Ukraine means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country’s western course. As a result its best chance to influence Ukraine’s policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow’s definition of federalization⁵³⁴, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁵³⁵ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can’t become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

⁵³⁴ Alexander Motyl, “Why Russia Wants the Federalization of Ukraine”, October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁵³⁵ Paul Roderick Gregory, “Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia”, September 1, 2014, <http://www.forbes.com/sites/paulroderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

III. LONG TERM SCENARIOS: 10-15 YEARS

We've identified four critical indicators with the following values. Combined they create 24 scenarios, as follows:

1. Ukraine receives / does not receive weapons in the initial stage
2. Reforms vs. stagnation (support of reforms vs. collapse, in population terms), also on constant evolution
3. The situation in Russia: instability vs. stability. Here we detailed a complex option for reinventing itself: 1. Eurasian integration – China; 2. democratization – European integration; 3. economic reforms, all three alternatives ensuring stability, vs. collapse / fragmentation of the Russian state.
4. Russia's options in Ukraine: offensive vs. destabilization vs. federalization

1. Continuous fight and long war at the border between East and East (RM team, Radu Arghir)

UA receives weapons + reforms + stability in Russia (re-inventing itself) + Russia's option – offensive (weak signal)

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not viable on the medium term because of the reasons that triggered it in the first place, namely the deliberate internal destabilization of Ukraine by the Russian Federation in order to prevent it from cooperating (on the long term: integrating) with the European Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the former Soviet Union countries and the desire to maintain Kiev in its sphere of influence. Although, it is unlikely that in the long term Russian Federation will still be led by Vladimir Putin, it is even less likely that its national interests will be redefined/re-

configured. And according to the definition provided by the strategic documents, the former Soviet republics are defined as “Russia’s immediate neighbourhood” and as one of vital strategic importance to the Russian Federation.

Putin prefers the internal destabilization of the entire Ukraine over a military victory against a part of Ukraine. This has been evident from the fact that he twice transformed a military victory into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However a collapsed Ukraine, controlled by Putin’s regime and provider of insecurity, is clearly not in the interest of the European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled, but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) prevent any direct confrontation between European states (the majority of them are also NATO members) and Russian Federation. Unofficial data about the delivery of lethal military supply on behalf of the Western states would still be made public using open sources.

Besides, the future administration of United States will most probably be pressured by top military and administrative officials to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia’s aggressive behaviour and to maintain a buffer zone between the borders of the European Union and the borders of the Russian Federation. It is clear that Russia’s aggressive attitude will not stop with Ukraine. A solid argument in this sense is provided by Russia’s recent actions in Georgia, namely pushing the border of the

breakaway region of South Ossetia several hundred metres deeper into Georgia.⁵³⁶ Russia's aggressive behaviour towards sovereign neighbouring states and its violation of international law would determine the United States to impose higher costs upon Russia and to counter its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries, being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own "nuclear deterrent" in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia's sphere of influence.

Instead, the internal political and economic destabilization of the Russian Federation would offer a whole new picture. Taking into consideration the internal challenges, the Russian government will focus on their survival and will abandon the military assistance provided to the Russian-backed separatists from eas-

⁵³⁶ The Guardian, "Georgia accuses Russia of violating international law over South Ossetia", July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

tern Ukraine. As a result, an empowered Ukrainian army with Western weaponry will use its advantages to regain the occupied territories.

Long term successful reforms scenario

The successful reforms long term scenario has to include the fact that by 2020 Ukraine will bid for the membership of the European Union.

The successful long term scenario would mean that Ukraine will maintain its strategic objectives and EU will maintain Ukraine on the top of its political agenda and will be able to mobilise the necessary funds for assisting reforms in Ukraine. The reforms will be successful if:

- the Governance (President, Rada and Government) will keep the unity on main political issues and strategic objectives;
- no significant political disputes/crises between President, Rada and Government will occur;
- the reforms in different sectors will deliver the expected results and expected outcomes;
- the Governance will be able to maintain adequate control of reform implementation and continuity regarding the reform objectives, achieved results and necessary efforts to finish the implementation process;
- the technical management of the reforms implementation process will remain effective and will be successful in reforms control, monitoring, evaluation and continuous adjustment.
- the relations between Ukraine and its international partners will remain stable and showcase mutual trust.

As a result we will see boosted economic, political, and social development in Ukraine while the governance and political elites will gain a high internal and external authority. Also the level of self-confidence of the nation, governance, civil society and business sector will increase leading to the same evolution of internal capacities in all sectors.

Russia

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name

and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many analysts predicted his demise⁵³⁷, and the collapse of the Russian economy.⁵³⁸ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁵³⁹. However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion of Crimea)⁵⁴⁰ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition. Even if he is replaced by somebody who is currently an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁵⁴¹. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁵⁴² but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current

⁵³⁷ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁵³⁸ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁵³⁹ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁵⁴⁰ Valdimir Milor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁵⁴¹ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁵⁴² Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

heading. The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical changes are to be expected in Russia's policies and therefore the current state of affairs will remain to a large extent still in place.

Nevertheless if Russia is to avoid an economic collapse in the long term it must break from the current isolation. It has two options either head east or return to west, both with advantages and disadvantages. It can try to rebuild its relations with the EU, but it will need to compromise on topics such as human rights and democratic oversight of the administration on top of backing down, at least partially, from Ukraine.⁵⁴³ Alternately it can choose to lean towards a closer relation with China. Moscow and Beijing share common interests and Russia will not have to stop trying to influence ex-soviet states or undergo reform. The two states did collaborate before⁵⁴⁴ when they shared common views. However, Russia-China bilateral relations are by no means free of conflicting geopolitical interests. Russian economy is significantly smaller than the Chinese one, thus Moscow will lose its lead role in the region (this is already happening inside the Shanghai Cooperation Organization, which is dominated by China). Also Russia might have to back down from some military contracts in Asia. Russia is currently serving as a primary source of arms for India and Vietnam — two countries with which China continues to actively wrangle over territorial issues.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is not very likely that the Kremlin will keep pushing for the federalization of Ukraine. It will continue to ask for the federalization of Ukraine, but if its endeavors yield no results it will likely resort to a "stop and go" strategy. This means it will reignite the conflict in the eastern Ukraine in order to constantly destabilize the state. On top of that it will use a "salami slice" tactic to slowly push the border of the eastern territories towards west, as if cutting slices from salami (the salami being the rest of Ukraine, or free Ukraine). A solid argument

⁵⁴³ European External Action Service – EU relations with Russia, http://eeas.europa.eu/russia/about/index_en.htm.

⁵⁴⁴ Gilbert Rozman, "Why Chinese-Russian Friendship Is Here To Stay", October 29, 2014, <https://www.foreignaffairs.com/articles/east-asia/2014-10-29/asia-asians>.

in this sense is provided by Russia's recent actions in Georgia, namely pushing the border of the breakaway region of South Ossetia several hundred metres deeper into Georgia⁵⁴⁵ a strategy it can also easily use in Ukraine.

Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, as was the case in 2008 with the aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistriization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations" process" with Ukraine, as well as in the "slicing" process. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

2. Hopeless attempts to destabilise a reformed and strong Ukrainian state (Leonid Litra)

UA receives weapons + reforms + stability in Russia (reinventing itself) + Russia's option – destabilization (Black Swan scenario)

Many factors indicate that the West in the long run will provide weapons to Ukraine. Among them are the statements of US Senator John McCain⁵⁴⁶ and former head of the Foreign Intelligence⁵⁴⁷ but also the fact that diplomacy is undermined and the likely real deterrence of Ukraine from Russia might take place only when Kiev will have military equipment capable to hold

⁵⁴⁵ The Guardian, " Georgia accuses Russia of violating international law over South Ossetia", July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

⁵⁴⁶ Makkeyn: Nenadannya zbroii ukraiini nauygan ebnisha storinka istoriii SSHA: http://www.ukrinform.ua/ukr/news/print/makkeyn_nenadannya_zbroii_ukraiini_nayganebnisha_storinka_istoriii_ssha_2064517.

⁵⁴⁷ Eks-golova Sluzhbi zo vnishnyoi rozvidki v pevnenni, sho SSHA gotovi nadati Ukraini zbroyu tilki u vipadku velikoy viisykovoi operatsii RF: <http://dt.ua/UKRAINE/obama-nadast-zbroyu-lishe-u-vipadku-vidkritogo-nastupu-rf-malomuzh-163582.htm>.

Moscow's aggression. In addition, the US Senate passed a bill on providing military assistance to Ukraine of \$ 300 million, so that Kiev could already build-up its defense from Russian aggression. And if at the moment the law on providing lethal weapons to Ukraine is not likely to be signed by president Obama, then the chances for the review of its positions and acceptance in the long run are very possible, given the fact that Obama is not going to be the president in 10 years time.

However, the West is most interested in the fact that Kiev would build resilience inside Ukraine by implementing all planned reforms, especially the one that refer to European integration process. The EU High Representative for Foreign Affairs and Security Policy Federica Mogherini underlined that for Ukraine and Europe it is important to stabilize the situation in Ukraine and its success in conducting reforms.⁵⁴⁸ The 2020 Sustainable Development Strategy of Ukraine defines the objectives, priorities of the country, as well as indicators of achievement of these goals. The goals of reforms are aimed at to achieve European standards of living and a decent place for Ukraine in the world, which largely converge with the Association Agreement between EU and Ukraine. Many of these reforms are already implemented and first results are observed. Thus, the establishing of the National Reform Council, the creation of the National Anti-Corruption Bureau and the ongoing constitutional reform that will focus on three priorities – decentralization, justice reform and human rights.⁵⁴⁹ The success of reforms in Ukraine is highly appreciated by European officials. Thus, EC President Jean-Claude Juncker said that the reform process in Ukraine moves successfully and joint efforts of Ukraine and the European Union will achieve the desired results⁵⁵⁰, especially that in

⁵⁴⁸ Dlya Evropi vkray vagliviy uspih reform v Ukraini - Mogerini, 15/04/2015, http://www.ukrinform.ua/ukr/news/dlya_e_vropi_vkray_vagliviy_uspih_reform_v_ukraini_mogerini_2043630.

⁵⁴⁹ Konstitueijna reforma? Dochekaemos?: <http://www.pravda.org.ua/ua/publikaciyi/konstitucijna-reforma/165-konstitucijna-reforma-dochekaemos.html>.

⁵⁵⁰ Protses reform v Ukraini rukhaietsia uspishno, spilnymy zusylliamy my spodivaiemosia dosiahty bazhanoho, – Yunker: <http://ua.112.ua/golovni-novyni/protses-reform-v-ukraini-rukhaietsia-uspishno-spilnymy-zusylliamy-my-spodivaiemosia-dosiahty-bazhanoho-yunker-224596.html>.

ten years time the reforms in Ukraine will have a real impact on the Ukraine's development.

However, no matter how efficiently and rapidly Ukraine will implement reforms, there are external factors that in the long run will prevent Ukraine from joining the EU and NATO. It is widely accepted that a successful Ukraine might be an example for Russia and thus a problem for President Putin since the latter might face internal difficulties. It is precisely the reason why Vladimir Putin started his offensive in Ukraine.⁵⁵¹ Therefore, Russia will continue the destabilization of Ukraine. Today, there are already signs of “freezing” the conflict in eastern Ukraine following the example of Transnistria, South Ossetia and Abkhazia. This development is steered by Russia for its own benefit. If the breakaway territories of the “people’s republics” will remain a part of Ukraine, then the latter will have to assume the economic burden of reconstruction of destroyed areas of Donbas. However, despite the physical presence of these territories in Ukraine, these areas will operate under the control of Kremlin, through which Moscow will continue to destabilize Kyiv. In addition, this development will drive the West to abandon sanctions against Russia, which in turn will contribute to economic growth. After all, Ukraine will remain an unattractive country for foreign investment because of the “frozen” conflicts in its territory, which will also destabilize Ukraine’s economy.⁵⁵²

Together with the lifting of sanctions, the beginning of the restoration of economic ties and the flow of new investment, Russia will become an attractive economic center and will focus on the development of the Eurasian Economic Union as a tool of gravity for the post-Soviet space. The possibilities for military actions will be more limited since after the conflict in Ukraine the NATO has reinvented itself and a focus of world powers on the region has been set. Therefore, Russia will pursue an aggressive policy of economic blackmail in its best tradition and will try to influence its neighbors though non-military means.

⁵⁵¹ Putin boitsya, chto uspeshnaya Ukraina stanet primerom dlya Rossii – Ogryzko, 18/06/2014, <http://ru.slovoidilo.ua/news/3270/2014-06-18/putin-boitsya-chto-uspeshnaya-ukraina-stanet-primerom-dlya-rossii---ogryzko.html>.

⁵⁵² Pyat stsenariyiv dlya ukrayino-rosiyskih vidnosin: http://gazeta.dt.ua/internal/p-yat-scenariyiv-dlya-ukrayino-rosiyskih-vidnosin-_.html.

3. *Russia is trying to take profit on Ukraine's will to reintegrate the country* (Narciz Bălășoiu)

UA receives weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (weak signal)

The international community is divided regarding the possibility of Ukraine receiving lethal arms on top of the logistical support and information assistance received up to that time. This, although they have weighed the risks resulting from a hesitant attitude, as opposed to a forceful, robust position. In this context the United States imposes its views and the Pentagon fully supports strengthening the Ukrainian army that is run-down and incapable, except for a few special structures, in order prepare it to effectively face the Russian threat. This decision was the cornerstone of an upward road for Ukraine which has found a lasting refuge in the arms of the US.

Ukraine's appetite for reforms was not higher than that of any other country which was fresh out of the domination of former Soviet empire. The generalized confusion generated by the sudden change of regime has left a power and expertise vacuum in many areas vital for the proper functioning of the society. The reform and, subsequently, modernization process of the state is progressing at a very low speed, proportional with the animosity systems show in relation to change. Several fields were engaged in this effort including the administrative and economic systems, as they are cardinal for the whole system architecture. The need to renew the decision-making environment suffered several functional problems, including the apolitical solidarity of illegitimate networks that hijack state power and the lack of new personnel sufficiently prepared to implement the new set of objectives. Ukraine faces in this area a conglomerate that is held together by corruption. A Soviet-style system, where the high ranking positions were the exclusive preserve of those connected to political power circles, could be reshuffled within a very short time. Also the area of interests fueled by the "siloviki" nursery is notorious, which later turned out to be infiltrated by Moscow up to the highest level.

The experience of neighboring states shows that these kinds of transgressions require at least a decade, if not a change of generations. Many of these changes were included in the effort of instituting the rule of law, where justice and the prevalence of law are not negotiable. The fact that some prominent figures had to face justice has mitigated some of the popular discontent against the unpleasant effects of the whole reform process, which generated the most painful effects at the economic level.

The government's attempt to reorganize the economic system was one of the most difficult steps it had to take in terms of tolerance in relation to the population. The restructuring of mono-industrial centers and large industrial mastodons were challenges that could not be overcome without unpleasant side effects for the population. The need to limit the damage caused by these industrial giants, big consumers of budgetary resources, was achieved, among others, through the dismissal of a significant number of employees. In the most serious cases it led to shutting down entire facilities which led to major social tensions that were exploited to the fullest by the Russian Federation. The adverse effects of the economic and administrative reforms gradually decreased in intensity, while Ukrainians understood that a solid and predictable system requires a prior disinfection. As a result Ukraine manages to earn a permanent place as part of the European economy, being also helped by other European institutions to consolidate segments that show potential.

During the same time period the Russian Federation manages to stabilize itself despite all the hardships that have befallen on it as a result of the incursion in eastern Ukraine. In response to aggression against Kiev, manifested most brazenly through the annexation of Crimea, the West has taken the decision to impose sanctions at several levels – from a travel ban for certain persons inside the borders of the EU to the interruption of relations (including trade) with strategic implications: energy and weapons. The West's strategy basically aimed to subvert the power from within as it's a widely accepted fact that shortcomings in satisfying the needs found at the base of Maslow's pyramid can suddenly lead to the overthrow of a leadership. Russian citizens, however, have shown extraordinary resilience, a resolve which historians have found in similar circumstances throughout his-

tory. Although the embargo on the import of food from the West and even the attack on the ruble, which led to a severe devaluation of the national currency, have generated excitement or anger among certain segments of the population, it was later discovered that Russian citizens are willing to compromise their own interest to defend the country against a common enemy (if this foe is real or not is a debate thesis in itself). To the West's surprise, after several years of austerity and even limited access to consumer goods, the Moscow administration enjoys strong popular support, centered on the biased image of the United States it presents.

Ukraine's close economic ties with the EU and close military ties with the US mean that within a decade since the begging of the crisis we will come across a well established state, fortified in all respects. Faced with this fortress the Russian Federation avoids initiating a large-scale military offensive, but employs all other means available. This is important because Moscow's overt plan to control Ukraine gives way to the concept of federalization of Ukraine. In a desperate attempt to hold on to this foothold at the edge of the European Union and NATO border Russia tries to push a series of transitional sovereignty transfer formulas that would transfer power from Kiev to separatist regions. The administration in Kiev rejects Moscow's proposals, with the exception of a wide range of measures that are absolutely legitimate given the new economic, political and administrative reality.

From this point of view the situation is relatively confusing given that Russia gains increased power in the two eastern provinces it controls, while a federative system plan does not find enough followers in parliament of Kiev. Keeping Russia at bay is an inexorable goal on the path towards the EU and NATO. New initiatives that speak about the possibility of rearming Ukraine with nuclear weapons emerge in this 10 year timeframe. This is considered a gesture of natural and consistent compensation for the Budapest Memorandum where Kiev received firm guarantees from those who have subsequently annexed its territories. A return to Status Quo Ante is a risky step for regional stability, but a democratic nuclear armed Ukraine can become an unwavering bastion of the western world.

4. *A weak Russia is an offensive Russia: military skirmishes at the East-West enforced border*
(Sergiy Solodkyy, Narciz Bălășoiu)

UA receives weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – offensive (strong signal)

In a long term, the West may start to realize that without providing a comprehensive military support to Ukraine Russian aggression will not be stemmed. Numerous criticism on the falsity of the diplomatic approach in the European capitals (“The EU doesn’t see any other alternative but diplomatic resolution of the conflict”) will lead to reconsideration. Presumably the Western countries provided Ukraine with the weapons even in 2014 when the conflict only started but those supplies were carried out in a confidential way. There were reports confirming Ukraine signed 11 agreements with foreign partners with regards to weapons supplies (including lethal ones)⁵⁵³.

Confidentiality can be explained by the reasonable desire of certain countries not to be involved in the Russian-Ukrainian conflict. However some of the states even declared publicly its willingness to supply weapons to Ukraine (among the first ones was Lithuania). It cannot be excluded that the U.S. will change its approach after a new president comes into office (however it is likely that even Mr. Obama will sign a decree in the last days of his Presidency). In particular it may happen if Ukraine demonstrates its ability to resist properly Russian provocation on the ground⁵⁵⁴.

Under the pressure of the Western governments and civil society, Ukrainian authorities are likely to demonstrate new quality of activeness to implement reforms. The first results of the reforms which were initiated in 2014-2015 may be more obvious

⁵⁵³ Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal. March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

⁵⁵⁴ Walker, E. *US policy toward Ukraine in the remaining years of the Obama presidency*. October, 25, 2015, <http://eurasiangeopolitics.com/2014/10/25/us-policy-toward-ukraine-in-the-remaining-years-of-the-obama-presidency/>.

and tangible for ordinary Ukrainians. In a long-term perspective, Anti-Corruption Bureau may show its effectiveness holding comprehensive cleansing of the governmental institutions (of course, it depends on the transparency and accuracy of the establishment of the Bureau). The forecast is based on the experience of Romania which demonstrated tangible results of fighting corruption not at once after the relevant structure was created but in several years which were necessary to arrange proper procedures (National Anticorruption Directorate in Romania was created in 2002; but the acceleration of its activities took place at least ten years later⁵⁵⁵). Performed deregulation, judicial reform, and reform of the prosecutor office will definitely give raise for multibillion investments inflows in Ukraine⁵⁵⁶. Foreign business will presumably not fear the armed conflict in the East of Ukraine if Ukrainian army strengthens itself to suppress, cope with the separatists' offensives.

This scenario is likely to make Russian elites desperate since Ukraine strengthens its position through economic progress, modernized army, consolidated society, and large-scale support from the Western countries. Kremlin's plan to pursue the hybrid warfare will be disrupted by efficient resistance of Ukraine: the pro-Russian propaganda becomes less and less influential even on the occupied territory since it will be difficult to hide advantages of Ukraine.

Russian leadership may face difficulties to control domestic stability since citizens may start to question elites why Ukraine is more successful than Russia. This raise of demands from the society may force Kremlin to use already exploited tactic launching a new phase of massive offensive against Ukraine. The expectation will be to mobilize and to consolidate Russian people as it happened as a result of Crimea annexation in March, 2015.

⁵⁵⁵ Brett, D., *Corruption and anti-corruption in Romania. Finally turning the corner?* April 14, 2015, <http://blogs.lse.ac.uk/lsee/2015/04/14/corruption-and-anti-corruption-in-romania-finally-turning-the-corner/>

⁵⁵⁶ *Sistemnye zapadye investitsii v Ukraine: dinamika i budushee / Systemic Western Investments in Ukraine: Dynamic and Future.* June 12, 2015. <http://politcom.org.ua/posts/9542>.

Putin's calculation appears to be correct, but only partially. The nationalist rhetoric of the government may get positive reaction not everywhere⁵⁵⁷. The militarist hysteria of recent years, which was focused on the concept of "Russkiy Mir" ("Russian World"), may provoke the protesting moods. On the one hand, more than half of Russian citizens will still support the expansionist policy. On the other hand, this Russians-dominating ideology may provoke ethnic tensions: national and religious minorities are likely to start speaking out against oppression by the Slavic Orthodox majority. The most aggressive actions accompanied by the pogroms, terrorist attacks may sweep through the North Caucasus. Tatarstan is likely to claim for a larger autonomy⁵⁵⁸. Russia will be forced to roll back the military adventure in Ukraine calling the international community to reaffirm the respect to the sovereignty and state integrity of the Russian Federation.

5. Russia tries destabilisation for derailing Ukraine's successful road to the West (Carola Frey)

UA receives weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

Leaders in Russia and the West increasingly realize that neither diplomatic nor military solutions to the Ukraine crisis are at hand. The reason for this is that neither party can give in without compromising domestic influence, international credibility or even the national security of states bordering Ukraine. The most feasible option then becomes to manage the conflict via arms supply and diplomatic initiatives. Just enough arms are supplied to uphold the image of self-defense for Kiev, and Russia supplies just enough to keep the separatists going but won't commit to

⁵⁵⁷ Khodarkovsky, M. *Putin's Disunited Russia*. May, 19, 2015, http://www.nytimes.com/2015/05/20/opinion/putins-disunited-nation.html?_r=0.

⁵⁵⁸ *Forecast of Russia's fragmentation*. February 2, 2015. <http://www.strategyinternational.org/index.php/el-GR/sectors/global-strategies/global-diplomacy/leader-ship/global-strategies/360-forecast-of-russia-s-fragmentation>.

anything more. More than this, diplomacy is used to hide the arms initiatives.

Various attempts to pacify Ukraine have failed, with the Franco-German initiative Minsk II being the latest example. After a rather brief but heated exchange about the removal of heavy weapons from East Ukraine, a new reality emerges: there is not only war in Europe, but a perpetual state of confusion. This war brings back the memory of the Cold War era.

Despite extensive casualties on the Ukrainian side and economic repercussions for Moscow, neither side is willing nor – from the perspective of power politics – able to deescalate their involvement on the ground. At the same time, no side is willing to engage the other in a conventional military battle. Moscow and Kiev both calculate that ramping up military forces to a degree required to defeat the enemy and extend their line of control is neither wise nor likely to work. The conflict would instead escalate, violence within Ukraine would increase, and the risk of hostilities spilling over to Moldova, Belarus or even Poland would become more plausible.

The German position is that the conflict cannot be resolved militarily, which is correct. This position, however, leaves Russian foreign policy and the gains Putin made out of the picture. The annexation of Crimea boosted Putin's popularity at home to record highs and enlarged Russian territory. A retreat would put these territorial gains at risk and make Putin look weak. Furthermore, as long as the conflict rages, Russia upholds the image of an indispensable world power as it influences to large extent debates and policies in countries like the U.S., Germany and France. Giving up on Ukraine would leave Russia considerably less international leverage.

Likewise, it is not viable for Western actors to abandon the situation. Giving in would embolden Moscow further and backfire sooner or later to hit Ukraine's neighbors. In order to manage the situation in the most feasible manner a middle path is chosen aimed to balance the power relations. The Ukrainian forces are supplied with arms and diplomatic instruments are used to cover for indecisiveness, but not so much as to 'provoke' Russia into arming the separatists to a degree that would give them the upper-hand. Equally, Russia is unlikely to win the conflict wit-

hout committing officially. Sending conscripts would have the potential to raise serious opposition in the streets of Moscow, because Russians perceive that a price too high to be paid. A stalemate ensues in which no decisive victory becomes possible.

The minor but steady flow of arms to both sides will have led to a situation in which small-scale skirmishes over presumably insignificant territory will have been fought over. Although these skirmishes took mainly place in the eastern region, the central government in Kiev is weaker on the long run because it has not been able to prevent these skirmishes and, due to the focus on the armed conflict, neglected other regions of the country. As such, regional authorities and law enforcement weakened, which leave Ukraine a much weaker and chaotic state. Crimes like armed hold-ups and corruption are a daily routine as guns infiltrate the country, without law enforcement and governing authorities unable to put a stop to this state.

In this broader scenario Russia and China are strengthening their relations and Ukraine is a decisive moment in developing even further the links between those countries.

The principle of non-intervention is not only a guiding principle in Chinese foreign policy; it has also been a cornerstone in Sino-Russian “convergence” since the nineties. For this reason the Chinese are displeased with the Russian *de facto* annexation of Crimea, but, at the same time, there is a high degree of understanding for Russian reasoning and actions in connection with the crisis in Ukraine. The historical ties between Crimea and Russia are accepted as relevant and legitimate reasons for Russia’s actions by the Chinese. However, Russia needs China far more than China needs Russia.

The Chinese perspective over Ukraine is underpinned mainly by two main points: their narrative on the expansionist “Western hand” reaching into Russia’s near abroad (connections with the South China Sea here are clear); and the view on “color revolutions” in the former Soviet Union (2003-06) considered greatly influenced by the West. Both this points are, of course, shared with the Russian. In Ukraine, specifically, the Chinese sees that the lack of respect for the sovereign government of Yanukovych (February 2014) is a key reason for the escalation of the crises. From this perspective, the lack of respect for Ukrainian sove-

reignty expressed in the de facto annexation of Crimea (March 2014) is merely a response.

Nevertheless despite the “neutral” stance, there are a lot of benefits that accrue to Beijing – good enough for it to stay involved in the Ukraine crisis even though at the sideline: it distracts US’s focus on Asia re-balance strategy, it offers access to cheap energy from Russia especially as a result of U.S. sanctions and facilitates access to the Russian produce market.

On the other side, even if China desire to have good relations with Russia (President Xi Jinping’s first foreign visit as head of state was to Russia and Xi made developing closer relations with Russia a foreign policy priority) it also has a strong interest in not seeing the resurgence of a Russian empire.

In this context Ukraine finds itself dependent on foreign powers in the same way it has been during its history, especially since the end of the Orange revolution, with Russia determinant in its political life. The major difference being that now Russia has a destabilization approach (with political stability considering the economic backing of China) and the West engaged in its internal reforms and evolution.

6. Last pushes of Russia to obtain some control in Ukrainian reform state (Radu Arghir)

UA receives weapons + reforms + the situation in Russia: instability +Russia’s option: federalisation (strong signal)

Ukraine is still a focal point in world politics almost a year and a half after the Russian invasion. While is true that the conflict has cooled down somewhat and there are a number of certainties that can be identified regarding its evolution, it still remains very volatile and open ended. The problem is there are no quick fixes and it will take time before any sustainable progress can be made. Also the developments within the Russian Federation in the medium (up to five years) and long term (up to fifteen years) will play a very important role for the evolution of the crisis in Ukraine. The rebels depend on the help coming from Moscow, without its assistance it’s just a matter of time before the Eastern provinces are reintegrated into Ukraine.

An important issue that has been hotly debated at all levels for the last few months is the question of lethal weapons. Despite several negotiated ceasefire agreements the fighting still continues at a reduced intensity.⁵⁵⁹ The US House of Representatives has already overwhelmingly approved sending lethal weapons to Kiev⁵⁶⁰. The Pentagon and the Presidency have been mulling giving the go ahead ever since⁵⁶¹. However some other NATO countries have already lost their patience and are already sending lethal weapons to the Ukraine⁵⁶². Given the large support for sending weapons and the fact that is already happening at a low level coupled with the failure of the agreements signed so far to maintain peace and the presence of Russian troops on the ground (meaning that Moscow is already sending lethal arms to the rebels)⁵⁶³ it is just a matter of time before the US and other major countries will start sending lethal arms openly. Furthermore, Ukraine can just buy weapons⁵⁶⁴, meaning that delaying arms shipments will have little effect on the actual fighting. It is also likely to happen soon, as no tangible progress seems to be reached using diplomacy. Should Obama chose to avoid possible complications and not sent lethal arms, his successor will very likely do so.

Arming Ukraine can fuel the conflict, but will also provide the country with the means to defend itself, which will help fortify the de facto border (by stopping the attempts of Russian

⁵⁵⁹ Radio Free Europe, “One Soldier Killed, 10 Hurt In Eastern Ukraine” July 1, 2015, <http://www.rferl.org/content/soldier-killed-10-wounded-in-ukraine/27104979.html>.

⁵⁶⁰ AFP, “US House Urges Obama to Send Lethal Arms to Ukraine”, March 24, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/>.

⁵⁶¹ Sputnik International online, “Pentagon Still Considers Sending Lethal Weapons to Ukraine – Carter”, July 7, 2015, <http://sputniknews.com/europe/20150707/1024332005.html>.

⁵⁶² Russia Today, “Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal”, March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

⁵⁶³ Mark Urban, “How many Russians are fighting in Ukraine?”, March 10, 2015, <http://www.bbc.com/news/world-europe-31794523>.

⁵⁶⁴ Robert Wall and Jams Marson, “Ukraine to Buy ‘Defensive’ Weapons in U.A.E., President Says”, February 24, 2015, <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

supported rebels to expand their territory). Once the fighting goes in favour of Kiev or the rebels (with Russian help) will no longer be able to push for territory the conflict will be stabilised and Moscow will be incentivised to “freeze” it (as is the case with so many other conflicts in the ex-soviet space: Abkhazia, Ossetia, Transdnier, Nagorno-Karabakh), which in turn will allow any future truce to be credible (and reaching a credible truce has been the goal of most western countries). This is not a solution in itself, but it will prevent the risk of escalation and allow the parties involved to focus on other important issues with long term effects such as the economy or building a credible democracy in Ukraine, for Western countries, and the federalization of Ukraine, for Russia.

While it is true that the economy is struggling under the weight of the war and the state is on the brink of default⁵⁶⁵, many reforms were implemented (cut the number of permits and licenses for businesses by 50 percent, targeting food, agriculture, energy and information technology sectors; increased agricultural output in 2014 by 16 percent; reformed the outdated system of energy tariffs, raising natural gas tariffs by 280 percent and heating tariffs by 66 percent; in 2014, received \$9 billion in financial aid while repaying \$14 billion to international creditors; eliminated a number of shadow economic schemes; eliminated the outdated system of privileged pensions for state officials; introduced taxation of high pensions; adopted a package of anti-corruption laws and established a National Anti-Corruption Bureau; entered 400 officials into the lustration register after adoption of a lustration law; eliminated Soviet-style general oversight of the public prosecutor)⁵⁶⁶, and incentives are provided by European states and international organizations if further progress is made.⁵⁶⁷

⁵⁶⁵ David Marples, “Prospects for Ukraine in 2015”, December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

⁵⁶⁶ Mykola Lazarenko, “Ukraine’s government touts long list of reforms, achievements since February 2014”, *Kyiv Post*, April 30, 2015.

⁵⁶⁷ RAF CASERT, “EU offers Ukraine more loans if it makes promised reforms”, January 8, 2015, <http://finance.yahoo.com/news/eu-offers-ukraine-2-12-billion-more-sticks-141000417.html>.

Moreover some help is offered even if reforms fail⁵⁶⁸. This is not likely to be the case, however, since even countries with a more balanced approach⁵⁶⁹ and international institutions⁵⁷⁰ have recognized the impressive progress made by Ukraine. Given the current path of Kiev and its commitment⁵⁷¹, it is very likely we will see some economic growth and change before the next parliamentary and presidential elections. The reform process will also be helped by another development. Probably an unplanned side effect of the Russian invasion, the war and the difficult economic conditions has weakened regional power holders, known as oligarchs. They are still present but their fortunes are decreasing, and will continue to do so, and that means the government will have to deal with less competition (or resistance) from them and will hold more influence over Ukraine as a whole.⁵⁷²

On the other side of the conflict we see a different story. The invasion of Ukraine has become synonymous with Putin's name and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many analysts predicted his demise⁵⁷³, and the collapse of the Russian economy.⁵⁷⁴

⁵⁶⁸ Radio Free Europe, "IMF Says Can Support Ukraine Without Private Debt Deal", June 11, 2015, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>.

⁵⁶⁹ Xinhua, "Merkel recognizes Ukraine's reform, pledges further aid", April 2, 2015, http://www.chinadaily.com.cn/world/2015-04/02/content_19979843.htm.

⁵⁷⁰ EBRD Press Office, "EBRD President praises Ukraine's reforms", June 9, 2015, <http://www.ebrd.com/news/2015/ebrd-president-praises-ukraines-reforms.html>.

⁵⁷¹ BBC, "Ukraine's PM Arseniy Yatsenyuk warns of 'tough reforms'", March 2, 2015, <http://www.bbc.com/news/world-europe-31689779>.

⁵⁷² Balazs Jarabik and Yuliya Bila, "And Then There Were Five: The Plight of Ukraine's Oligarchs", June 17, 2015, <http://carnegie.ru/eurasiaoutlook/?fa=60429>.

⁵⁷³ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁵⁷⁴ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁵⁷⁵. This will take time, and probably not happen anytime soon⁵⁷⁶, however in ten to fifteen years, if no reforms take place in Russia, we may witness the collapse of the state. Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion of Crimea)⁵⁷⁷ and he may very well face increasing hostility until the 2018 election. If he doesn't find a new enemy soon his reign may be coming to an end. The problem here is that his replacement will not necessarily bring change to the Russian Federation. Since the opposition in Russia is very weak he is most likely to be replaced by somebody who is currently an ally of his, which means not much will change.

On the other hand, unlike leadership, you cannot replace the economy. Just like Putin's popularity the economy is very unstable and fluctuates a lot, showing signs of shrinkage.⁵⁷⁸ We are not to expect an immediate collapse, but its two main resources that kept it afloat are being depleted. Firstly its oil revenue, even if it's not expected to decrease, even in the long term is compensating for an ever increasing part of the economy. The non-oil sector has been shrinking and the oil industry can only compensate for so much. In the long term the oil revenue will not be able to compensate for the decline in the rest of the economy. Also it will become very vulnerable in the face of oil price fluctuations. Secondly Moscow's impressive foreign currency reserves have allowed it to weather even major economic downfalls (like the 2008 crisis) fairly well. However these reserves are depleted every time problems appear. Russia's central bank recently

⁵⁷⁵ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁵⁷⁶ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁵⁷⁷ ValdimirMilor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁵⁷⁸ Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

(December 2014) had to tap into this resource when the “value of the ruble dropped as much as 19 percent in one day”⁵⁷⁹ (it bought rubles to prop up the exchange rate of the currency). A prolonged crisis like the one caused by sanctions can deplete the foreign currency reserves faster than they are replenished. Again it will be a slow process, but in 10-15 years this resource will also be insufficient to keep the economy afloat. As a result of the resilience of the political class and the slow collapse of the economy it is just a matter of time before the current strong state apparatus is torn apart. Without a strong central state Russia will be divided between oligarchs (very much like Ukraine today) and will lose a lot of its international standing.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev’s economy as well as the developments in Russia) is it very likely that the Kremlin will keep pushing for the federalization of Ukraine. “Freezing” the conflict means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country’s western course. As a result its best chance to influence Ukraine’s policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow’s definition of federalization⁵⁸⁰, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁵⁸¹ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their

⁵⁷⁹ Cristina Silva, “Russia Ruble Crisis 2014: Potential Economic Collapse, Panic Over Future Of Banking System Follows Currency Tumble”, December 16, 2014, <http://www.ibtimes.com/russia-ruble-crisis-2014-potential-economic-collapse-panic-over-future-banking-system-1760125>.

⁵⁸⁰ Alexander Motyl, “Why Russia Wants the Federalization of Ukraine”, October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁵⁸¹ Paul Roderick Gregory, “Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia”, September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless. In fact, in the long term, if Russia is to crumble and Ukraine is to rebuild itself recovering east Ukraine becomes feasible. Without support from Moscow the rebels will not last long, especially against a strong Ukrainian state.

7. War in Eastern Europe, with renewed strength (RM team, Radu Arghir)

UA receives weapons + stagnation + stability in Russia (reinventing itself) + Russia's option – offensive (Black Swan scenario)

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not viable on the medium term because of the reasons that triggered it in the first place, namely the deliberate internal destabilization of Ukraine by the Russian Federation in order to prevent it from cooperating (on the long term: integrating) with the European Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the former Soviet Union countries and the desire to maintain Kiev in its sphere of influence. Although, it is unlikely that in the long term Russian Federation will still be led by Vladimir Putin, it is even less likely that its national interests will be redefined/ re-configured. And according to the definition provided by the strategic documents, the former Soviet republics are defined as "Russia's immediate neighbourhood" and as one of vital strategic importance to the Russian Federation.

Putin prefers the internal destabilization of the entire Ukraine over a military victory against a part of Ukraine. This has been evident from the fact that he twice transformed a military victory

into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However a collapsed Ukraine, controlled by Putin's regime and provider of insecurity, is clearly not in the interest of the European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled, but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) prevent any direct confrontation between European states (the majority of them are also NATO members) and Russian Federation. Unofficial data about the delivery of lethal military supply on behalf of the Western states would still be made public using open sources.

Besides, the future administration of United States will most probably be pressured by top military and administrative officials to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia's aggressive behaviour and to maintain a buffer zone between the borders of the European Union and the borders of the Russian Federation. It is clear that Russia's aggressive attitude will not stop with Ukraine. A solid argument in this sense is provided by Russia's recent actions in Georgia, namely pushing the border of the breakaway region of South Ossetia several hundred metres deeper into Georgia.⁵⁸² Russia's aggressive behaviour towards sovereign neighbouring states and its violation of international law would determine the United States to impose higher costs

⁵⁸² The Guardian, "Georgia accuses Russia of violating international law over South Ossetia", July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

upon Russia and to counter its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries, being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own “nuclear deterrent” in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia’s sphere of influence.

Instead, the internal political and economic destabilization of the Russian Federation would offer a whole new picture. Taking into consideration the internal challenges, the Russian government will focus on their survival and will abandon the military assistance provided to the Russian-backed separatists from eastern Ukraine. As a result, an empowered Ukrainian army with Western weaponry will use its advantages to regain the occupied territories.

Long-term unsuccessful reforms scenario

The long term unsuccessful reforms scenario might have the following causes: lack of /failed political unity and will, lack of/failed reform leaders.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It could be explained by the chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and lack of democratic traditions. It would mean that the tensions and conflicts that come inevitable with reforms and affect different areas of political interest will not be attenuated under a commonly sheared idea, but will instead be used mainly for political and electoral gains.

Ukraine's sluggish reforms will increase the discontent of the EU and its partners regarding the real prospective of reforms, political will and capabilities of Ukrainian authorities to effectively use the offered assistance and achieve the desired results. Ukraine's slow progress when it comes to reforms will delay the lending of loans and undermine the successful long term scenario. Also it is very unlikely that EU will be able to support Ukrainian reforms while facing important internal challenges and processes.

Another factor that might lead to midterm and long term unsuccessful reforms scenario is the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine.

The consequences of failed reforms will hit Ukraine hard and might include economic, financial, political and social crises, low internal and external authority of the governance, political elites and political parties, and low level of self-confidence of the nation, governance, civil society, business. The most important effects of reforms failure will be the inability to submit a bid for EU membership and the undermining of the EU integration idea

Russia

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which

caused further harm to the Russian economy and society) many analysts predicted his demise⁵⁸³, and the collapse of the Russian economy.⁵⁸⁴ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁵⁸⁵. However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion of Crimea)⁵⁸⁶ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition. Even if he is replaced by somebody who is current an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁵⁸⁷. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁵⁸⁸ but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current heading. The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical

⁵⁸³ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁵⁸⁴ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁵⁸⁵ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁵⁸⁶ ValdimirMilor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁵⁸⁷ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁵⁸⁸ Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

changes are to be expected in Russia's policies and therefore the current state of affairs will remain to a large extent still in place.

Nevertheless if Russia is to avoid an economic collapse in the long term it must break from the current isolation. It has two options either head east or return to west, both with advantages and disadvantages. It can try to rebuild its relations with the EU, but it will need to compromise on topics such as human rights and democratic oversight of the administration on top of backing down, at least partially, from Ukraine.⁵⁸⁹ Alternately it can choose to lean towards a closer relation with China. Moscow and Beijing share common interests and Russia will not have to stop trying to influence ex-soviet states or undergo reform. The two states did collaborate before⁵⁹⁰ when they shared common views. However, Russia-China bilateral relations are by no means free of conflicting geopolitical interests. Russian economy is significantly smaller than the Chinese one, thus Moscow will lose its lead role in the region (this is already happening inside the Shanghai Cooperation Organization, which is dominated by China). Also Russia might have to back down from some military contracts in Asia. Russia is currently serving as a primary source of arms for India and Vietnam — two countries with which China continues to actively wrangle over territorial issues.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is not very likely that the Kremlin will keep pushing for the federalization of Ukraine. It will continue to ask for the federalization of Ukraine, but if its endeavors yield no results it will likely resort to a "stop and go" strategy. This means it will reignite the conflict in the eastern Ukraine in order to constantly destabilize the state. On top of that it will use a "salami slice" tactic to slowly push the border of the eastern territories towards west, as if cutting slices from salami (the salami being the rest of Ukraine, or free Ukraine). A solid argument in this sense is provided by Russia's recent actions in Georgia,

⁵⁸⁹ European External Action Service – EU relations with Russia, http://eeas.europa.eu/russia/about/index_en.htm.

⁵⁹⁰ Gilbert Rozman, "Why Chinese-Russian Friendship Is Here To Stay", October 29, 2014, <https://www.foreignaffairs.com/articles/east-asia/2014-10-29/asia-asians>.

namely pushing the border of the breakaway region of South Ossetia several hundred metres deeper into Georgia⁵⁹¹ a strategy it can also easily use in Ukraine.

Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, as was the case in 2008 with the aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations" process" with Ukraine, as well as in the "slicing" process. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

8. Russia's long term subversion in Ukraine (Alexandru Voicu)

Ukraine receives weapons + stagnation + the situation in Russia: stability + Russia's option: destabilisation (strong signal)

The following scenario will focus on the long term events and processes in Ukraine. Its main indicators emphasize the fact that Russia will be stable internally and the autocratic regime in Moscow will be resilient. There will not be any major events that will disturb the power from Kremlin. Rather the same leadership style and political regime will be preserved. However Russia will continue to be a point of anxiousness and destabilization for Ukraine. Kiev will stagnate, the changes will not be outstanding and Russia will keep on impeding changes through destabilizing economic, military, energy, social and covert actions. Russia's bellicose actions will be determined on the long term by a major structural change that is Western decision to send weapons to Ukraine.

⁵⁹¹ The Guardian, "Georgia accuses Russia of violating international law over South Ossetia", July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

Sending weapons to Ukraine would have major consequences also in the long term. Even if the transfer of weapons would have a greater impact on the short and medium term, one could point out that sending weapons would be a moment of structural change in the relations between Russia and Ukraine and United States and Russia. Therefore a scenario built on the long term is heavily influenced by the transfer of weapons. It has long-lasting consequences, clearly demarcating the sides. The polarization will consist of Russia on one side and United States, European Union and Ukraine on the other side.

According to International Institute for Strategic Studies (IISS), any US weapons supplied to Ukraine would be more than matched by an increase in Russian arms supplied to the separatists.⁵⁹² Foreign ministry spokesman Alexander Lukashevich declared on the issue of weapons transfer to Ukraine that such action would cause “colossal damage” to ties between Russia and United States.⁵⁹³ According to Lukashevich: “*this would not only threaten to escalate the situation in the southeast of Ukraine but also cause colossal damage to US-Russian relations*”.⁵⁹⁴ Therefore, as we can see, sending weapons to Ukraine would definitely change the game on the short and medium term and will decisively influence it on the long term.

In the long term the significance of sending weapons to Ukraine would be deep and wide-ranging. The relations between Russia and United States would be Cold War-like. One could expect major non-military clashes between the two and an antagonistic competition on the main international issues. The border between Ukraine and Russia will most probably be enforced with many incursions (covert or overt) conducted by Moscow in order to destabilize Ukraine.

⁵⁹² Richard Norton-Taylor, ‘US weapons to Ukraine would be matched by Russian arms to rebels’, The Guardian, 11/02/2015, <http://www.theguardian.com/world/2015/feb/11/us-weapons-to-ukraine-would-be-matched-by-russian-arms-to-rebels>.

⁵⁹³ “Russia warns US arms to Ukraine will cause ‘colossal damage’ to ties”, AFP, 05/02/2015, <http://news.yahoo.com/russia-warns-us-arms-kiev-cause-colossal-damage-004307353.html>.

⁵⁹⁴ *Ibidem*.

However, Russia might be able to maintain stability at home even if the competitive international environment will diminish its capacity to offer prosperity. In the long term, China will need to sustain growth through higher amounts of energy and Russia will supply the oil and gas it needs. Therefore, Russia will be stable internally because of the energy sector which will bring most of the funds from China's demand. China has passed the United States to become the world's biggest energy consumer in 2010.⁵⁹⁵ China's demand of oil is growing at an average annual rate of 3.8 % during the period 1996-2020, increasing consumption from 3.5 million barrels per day (mb/d) to 8.8 mb/d in 2020 and 12.2mb/d in 2035.⁵⁹⁶ Natural gas demand is expected to grow from just 25 Bcm in 2000 to 144 Bcm in 2012 – an average annual growth rate of 15.9%, to reach a level of 420 Bcm in 2020.⁵⁹⁷ Thus Russia might be able to sustain a competitive policy with the West as long as it will engage in strong energy relations with China. One could expect Moscow not to make economic reforms but to keep the same structure based on energy coupled with a strong demand from China.

Because of the protracted Russian destabilization Ukraine will not be able to develop a competitive and efficient economy on the long term. Even if the West and several international financial institutions will endeavour to help Ukraine get on the right track, Russia will impede this process materialize. Therefore Ukraine will find itself in a state of prolonged stagnation. Even if it will be clearly attached to the European values, it will not succeed in making a breakthrough in reforms. Moreover it is highly likely that Ukraine will also not be part of the European Union and NATO on the long term. Stagnation will impede Ukraine to make decisive steps toward integration in these two Western institutions.

⁵⁹⁵ Spencer Swartz and Shai Oster, 'China Tops U.S. in Energy Use', *Washingtong Post*, 18/07/2010, <http://www.wsj.com/articles/SB10001424052748703720504575376712353150310>.

⁵⁹⁶ David Robinson, "China's growing energy needs: International implications", *The Oxford Institute for Energy Studies*, 17/10/2013, <http://www.nog.se/wp-content/uploads/2013/10/David-Robinson-NOG-2013-10-17.pdf>.

⁵⁹⁷ "China forecast to consume 420 Bcm of gas in 2020", *Gastech News*, 06/05/2014, <http://www.gastechnews.com/lng/china-forecast-to-consume-420-bcm-of-gas-in-2020/>.

As it is underlined above sending weapons would constitute an important element, not only for Ukraine but also in the relations between Russia and the West. If the West will send weapons to Ukraine it will commit to support Ukraine militarily also on the long term. Kiev would have a stronger army but also a firmer commitment from Western countries. United States and the European Union will not be just economic supporters but they will interfere in the military field. This certain bond between the two actors will determine a stronger Ukraine. However Ukraine will not be strong enough in order to stop Russian destabilization. But its forces will be sufficiently well equipped in order to make a full scale invasion from Russia too costly. Therefore, Russia will not opt for a full scale offensive operation but it will rather choose to destabilize Ukraine on a long period of time. Kiev will be able to deter a Russian invasion on the long term, but it will not succeed in appease its destabilization actions.

This scenario emphasizes a straightforward situation on the long term. Ukraine will maintain good relations with the West but it also face stagnation because of the continuous policy of destabilization conducted by Russia. Western countries will support through various means Ukraine among which one could expect military, economic and technological support. However, Russia will not be settled with Ukraine being part of the West and will try on several times to destabilize it. Moreover, Moscow will have competitive relations with the West, especially with United States. Russia will be able to continue an antagonistic policy toward Ukraine and the Western nations through an economy dependent on energy sales to China. Also China will be the main actor who will assure regime stability in Moscow on the long run. As long as the demand from Beijing will get bigger year by year, Kremlin will be able to keep its grip on power and maintain stability. One element seems clear from this scenario, Russia will not try to reform its economy on long term, but rather it will choose to keep pragmatic but profitable relations with China. With the United States, Russia will have non-military confrontational relations. Therefore, Ukraine will be a constant field of dispute and confrontation between the great powers. Of course, such an outcome will probably assure stagnation on the long term in Ukraine.

Even if the acrimony between Western states and Russia will be deep and long-lasting, they might be able to establish several rules of engagement. Because the competition will be tough and the stakes high, the relevant actors will seek to form certain patterns of interactions in order to avoid miscalculation and unnecessary aggressive actions. The existence of the rules of engagement will not impede the outset of tensions and competition. Ukraine will be one of the fields of the competitive actions initiated by both sides. However competitiveness will be extended in other parts of the region, such as Belarus, Moldova, Georgia, and Finland.

9. Russia's attempted control of Ukraine via federalisation (Adrian Barbu)

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: federalisation (strong signal)

Starting from February this year, Ukraine receives supplies of lethal weapons from abroad, first Deputy Secretary of the National Security and Defense Council of Ukraine Oleh Hladkovskiy said at a briefing on 27.02.2015. "We work with the whole world, and, without revealing any state secrets, we receive lethal weapons from certain countries," he said.⁵⁹⁸ Hladkovskiy would not say what type of weapons Ukraine had already received or from which countries they had been sent. The Ukrainian government was scared about the threat that came from the pro-Russian rebels, and the leaders from Kiev began a series of negotiations with the western states. Also in February 2015, John Kerry said he is "open to new discussions about providing lethal assistance," along with General Martin Dempsey, the chairman of the Joint Chiefs of Staff and outgoing Defense Secretary Chuck Hagel. According to a report by the Atlantic Council, the Brookings Institution, and the Chicago Council on Global Affairs,

⁵⁹⁸ UNIAN Information Agency, *NSDC: Ukraine already receives lethal weapons from some countries*, <http://www.unian.info/war/1049597-nsdc-ukraine-already-receives-lethal-weapons-from-some-countries.html>, accessed on 09.07.2015.

America and other NATO countries need “to provide \$3 billion in military assistance to Ukraine in the next three years.”⁵⁹⁹ The European and American officials considered that supplying the Ukrainian state with weapons is the best way to deter Russia from supporting rebels in taking more territory and from boosting the conflict inside the Ukrainian frontier.

If you listen to Ukrainians, there has been absolutely no reform within the last year. Their frustration is understandable. They want the positive effects of major change *as soon as possible*, and their perception is absolutely justifiable related to the real facts of the Ukrainian society. The reforms are not implemented by the Ukrainian ruling coalition, and there are no positive changes, and ultimately the population is suffering, national economy and business is suffering, every aspect of the social, economic and political life is suffering.⁶⁰⁰ Likewise, the problems related to corruption are influencing the stall of the reforms in Ukraine. The local oligarchs control whole sectors of the economy. They influence parliamentary deputies, judges and civil servants, and formulate public consensus through the media.⁶⁰¹

Likewise, in case of this scenario we will assume that Russia’s economic, social and political sector is defined by stability and that’s how the situation will remain on long term, meaning 10 to 15 years. In this case, we can also argue that the oil price will stabilize and the economic problems of Russia are going to disappear. Withal, the economic stability will generate the support of Russian population for its government, so there won’t be social unrest anymore and mass protests throughout the Russian territory. The social and economic balance should also engender the same equilibrium in the political sphere. Therefore, we are dealing with a strong, stable and vigorous Russian state.

Federalization was one of the key demands made by pro-Russia rebels at the start of the conflict last April as it would give

⁵⁹⁹ Mary Chastain, *NATO Chief Calls for US to Provide Weapons to Ukrainian Army*, <http://www.breitbart.com/national-security/2015/02/02/nato-chief-calls-for-us-to-provide-weapons-to-ukrainian-army/>, accessed on 09.07.2015.

⁶⁰⁰ Oleksandra Vakulina, *No reform, no reconstruction: Firtash’s grim view of today’s Ukraine*, <http://www.euronews.com/2015/02/27/no-reform-no-reconstruction-oligarch-firtashs-grim-view-of-post-yanukovich/>, accessed on 06.07.2015.

⁶⁰¹ *Ibidem*.

largely Russian-speaking Donetsk and Luhansk in eastern Ukraine a great degree of autonomy from the central government.⁶⁰² For Russia, the option of federalization in the Donbas means near-independence. The Russian and pro-Russian proxies in eastern Ukraine generally mean the same thing, and that is what they want to achieve on long-term, so we will assume that this would remain the Russian option and we'll try to explain later how this influences the dynamics in Ukraine on long-term, meaning 10 to 15 years.

Analyzing the four indicators that are defining this scenario, and considering that many determinant factors can change in 10-15 years, and also there may appear various issues that could influence the situation, we are considering the following possibilities:

- *Intermittent offensive actions of pro-Russian rebels to weaken the Ukrainian government* – in the spotlight of the indicators mentioned above, this would be an option to reach on mid-term the federalization in Ukraine. As a result we could assist on long term to annexation of other eastern territories of Ukraine by the Russian Federation. Even if the Ukrainian troops are receiving assistance from the western states in terms of weaponry, the prolonged insurgent actions of the rebels, backed-up by Russian military resources, would weaken step by step every sector of the Ukrainian society. This scenario could also determine a new orientation of the Ukrainian leaders, which forced by the circumstances could decide to go on the eastern path, mainly if the rebels will endeavor at the integrity of Novorossia region. Therefore, such a scenario would result in loss of eastern territories and the threat of a total occupation of the Ukrainian state.

- *A long-drawn Ukrainian civil war* –the Minsk agreement did not and could not solve the key Ukrainian problems. Thus, it was from the start considered by both side of the Ukrainian conflict as a pause, which should be used to strengthen their positions and increase their military potential. In the long term the suppression of southeastern Ukraine would not resolve the

⁶⁰² Alec Luhn, *Poroshenko endorses referendum on federalization of Ukraine*, <http://www.theguardian.com/world/2015/apr/06/poroshenko-endorses-referendum-on-federalisation-of-ukraine>, accessed on 09.07.2015.

country's problems, neither domestic, nor external or economic. On the contrary, Kiev, if it wins, would have to establish an occupation regime in these regions, which would only create new problems, lead to major expenditures, increase public discontent and encourage separatism, potentially even in the form of a guerilla war. If the military support received by the Ukrainian Army to defend its territories will be continuous and enough to resist in front of pro-Russian rebels offensive supplied on the strength of a stable situation in Russia, we could witness a prolonged civil war that would maintain a total instability of Ukraine. This would also stop any possibility of internal development as it is explained by the experts of the World Bank Group in case of any civil war.

- Federalization similar to Dayton Agreement – there will be created a state composed of two entities with two administrations and a collective presidency. The Ukrainian forces will be able to stop somewhat the rebels violent actions in eastern part of the state, and also that the military support from Moscow will still be delivered to the rebels. This evolution of the situation characterized by prolonged crisis in Ukraine will probably deepen the negotiations between East and West, regarding the future of the Ukrainian crisis. The inability of the rebels to conquer any other territories because of the Ukrainian strong military opposition will generate a closer relationship between Russia and West from two main reasons. First, Russia will realize that invested a lot of resources and was sanctioned by the western states and the results are not so auspicious because there are no real benefits. The support of the insurgency actions is too expensive on long term. Second, the Ukrainian state will not benefit from a perpetual conflict situation and the government will realize that the military assistance delivered by the western states is enough just to resist in front of the rebels, but not to achieve a peaceful situation.

- *Freezing the conflict in Donbas region or broader* – the possible scenario in which the Ukrainian conflict could freeze, would not be the first that was determined by Moscow's actions and influence, and we should remember about what happened in early 1990's in Georgia with Abkhazia and South Ossetia. With pro-Russian separatists' gains over Donetsk and Luhansk, trying

to acquire more Ukrainian territories, but not in progressive way, we could think that Kremlin's strategy is to seize as much territory as possible and then freeze the conflict. We will also assume that as long as there is internal stability in Russia, Vladimir Putin will still be one of the leaders of Moscow either as president or as prime-minister. Therefore, this could be a good strategy for him on long term, because thereby he will generate the cripple of Ukrainian economy and the Kiev government and the military forces will hardly succeed in such circumstances. More than that, if we take into account the lack of reforms, alongside with the social instability generated by the destabilization of the national economy, we could also be witnesses, on long term, at a popular revolution caused by the massive social discontent.

10. *Military suicidal Russian option in Ukraine* **(Diana Bărbuceanu)**

UA receives weapons + stagnation + the situation in Russia: instability + Russia's option: offensive (Black Swan scenario)

More than a year passes since the Great Western Powers imposed economic and political sanctions upon Russian Federation. However, the situation has not changed at all, Putin is little impressed by the measures announced. It's also true that at EU countries leaders' level there is no cohesion and solidarity in the firm application of the measures. Countries like Germany, Czech Republic, Hungary, and Austria tone their voices down, making a step back. They justify the adoption of such position by their economic dependence on Russian gas. This way Kremlin feels the weakness of its opponent, continuing unhindered with its strategic plan. Yes, Putin's aim is to freeze the conflict in Eastern Ukraine – a country positioned at the edge of the European Union but still within Europe, geographically. However, to achieve its goal, Russia should strive from all points of view, with economic, social and human repercussions. Firstly, the isolation from the West leads to losing markets, even acquisition markets. On one hand, the population begins to grow poor and

the purchasing power is decreasing, and on the other, youngsters die on the front in Eastern Ukraine where Russian army sent incognito combatants. Without Russia sending weapons, military equipment and soldiers to support the Ukrainian separatists fighting, they would not resist the Ukrainian army's assault. But under these conditions, the small Ukrainian army is not coping in the clashes with the separatists mixed with Russian fighters.

The issue for the agenda of the political circles of the Western powers is whether or not to send weapons to Ukraine, in order to increase its offensive force on the battlefield. But their opinions, even among decision makers from the same country diverge. Recently, the former British Defence Minister expressed publicly that it was time for Britain to arm Ukraine. Thus, Liam Fox said that Britain should deliver armament to Ukraine, in order to counter the pro-Russians separatist attacks more effectively. In the same time, Liam Fox called for the Western allies to wake up to reality in front of Moscow's plan to dominate Europe. In his view, European states should equip the Ukrainian army with anti-tank weapons, surveillance drones and coded technology. He believes that the West should not address a too pacifist policy with Putin, given the fact that the Russian president seems indifferent to the suffering of the citizens, following sanctions affecting Russian economy. But Fox's opinion is not shared by the Secretary of State William Hague, who states that Britain will not send weapons in Ukraine. "London did not have in recent years a foreign policy of sending arms to conflict zones. I can say that Britain does not intend to send weapons in Ukraine", said British Secretary of State, William Hague, for BBC.

However, beyond the ocean, in Washington, talks on arming the Ukrainian army began with Kiev officials. During the visit that Andrei Parubi, vice-president of Kiev's Parliament, conducted recently in the United States, he presented a list of weapons needed by Ukraine. According to him, the list contains both lethal and non-lethal weapons. Then, the Obama administration would only have to consider the possibility of delivering weapons and defensive equipment to Kiev. In this respect, supreme commander of NATO military forces, Philip Breedlove has already ruled in favour of arming Ukraine, while John Kerry –

US Secretary of State said he is open to talks. At the same time, the trilateral Merkel – Putin – Hollande highlighted the more and more distant positions between the US and the EU on solving the Ukrainian crisis. If Americans have used the last weeks to send in all the ways that arming Ukraine is the essential step in this stage of the conflict, the Europeans, led by Angela Merkel strongly oppose this measure. In Kiev, the entire political scene has a common goal: quickly receiving arms from the Americans. No one has patience. From all the speeches in the Verkhovna Rada (Supreme Council of Ukraine), or on the television and the radio, the watchword is receiving military equipment with which the Ukrainian army will chase away across the border “the Russian military ghosts”. Then defeating the rebels would be a formality. Unfortunately, this obsessive problem alienates the Kiev decision makers from essential aspects of social life.

Projects related to social reform remain like a memory. The spectre of poverty and hunger which are to be stalking the population in the near future are completely forgotten. Nobody talks anymore about eradicating the endemic corruption, about the annihilating power of the oligarchs who still dominate and dictate country’s social life. The weapons received from the Americans will bring peace and prosperity in Ukraine – is the obsessive idea in Ukrainians mind.

Despite the Europeans opposition, the Americans decide to deliver weapons and combat equipment to Ukraine. For several days, Kharkov and Dnepropetrovsk city airports – neighbouring the separatist East– are down and launch ramps for the US military planes, which have continually carried weapons and combat equipment. They are stranded including American instructors and combat technique specialists. Hope and confidence are read on the faces of all Ukrainians – from parliamentarians to the men in the street.

Beyond the border, in Russia’s mother land until recently, confidence among the population began to decline, for a year now. Taking over Crimea means a huge financial effort for the Russian economy. At the end of last year, due to the depreciation of the rouble by more than 40% the first social convulsions start to appear. Several hundred Russian citizens with foreign currency loans, which rates skyrocketed after the collapse of the

rouble rally in central Moscow. This is a few days before, over 5,000 Russian protested in the capital and other cities against health reforms, which could lead to massive layoffs and hospitals closing. Russian Oil prices continue to fall dramatically. Also, towards the end of last year, in a more than confident statement, President Vladimir Putin spoke of Russia's economic solidity. More circumspect, Economy Minister Aleksei Vedved is saying, however, that "elements of structural and geopolitical instability" affect Russian economy, mentioning as key factor the low oil price. The Ministry of Finance warns that there will big spending cuts to the budget to cope with losses from the decline in oil prices. Embargoes for vegetables and fruits that Russia in turn has imposed on European countries have resulted in rising prices, which pushed inflation to record highs. According to estimates that are being made since last year Russia's economy is in a collapse, many institutions have closed their doors, sending employees home. Others have not paid them for several months.

Russian banks gather foreign debt of nearly 200 billion dollars, and the collapse of the rouble against the dollar has made the situation of banks, which are unable to pay these debts, even more difficult. Moscow's foreign exchange reserves, estimated last year to about 700 billion dollars are on the verge of depletion. President Putin going into panic, appealed to Russian capitalists to repatriate dollars and Euros from abroad. But they are not taking chances, and the country seems to have no solution. The population is taken to the streets chanting discontent against Vladimir Putin.

The President is declaring a state of emergency and is summoning the Duma. He presents to the country the disastrous situation which has been reached. In a speech with rough and menacing tone, Putin directs his accusations towards the West, which has joined forces to undermine Russia. Ukraine is also accused – politicians and ordinary people – ungrateful and treacherous, hooked by the mirage of the West has turned their backs to Russia, bringing now in its back, missiles and American soldiers. The affront is too large, and Russia cannot tolerate this situation and its response must be firm and immediate. As a consequence, the Russian army must go to offensive and pass the land border with Ukraine, to recover Russophile and Russian-

speaking Eastern Ukraine. This old Russian territory, these days runs the risk to fall on foreign hands of the tradition and the cult of the Great Kievan Russia. Therefore, President Putin asked the State Duma parliamentarians to legislate the order for the Russian troops to attack Ukraine. Promptly, in the evening of the same day, the President's request is submitted to a parliamentary vote. The Russian army has institutionalized the order to trigger the very next day the offensive in eastern Ukraine.

The planet is in shock. In Kiev, President Poroshenko enacts in the same evening belligerence and calls in turn Verkhovna Rada. Threatened to turn into a few hours in theatre of war, the American combat equipment and weapons starts to be drawn back from the separatist East. Also the army draws back. Many civilians have fled their homes in a hurry. Angela Merkel phones Vladimir Putin, but due to the late time, he does not respond.

11. Destabilising unreformed Ukraine (Eveline Mărașoiu)

UA receives weapons + stagnation + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

UA receives weapons

The situation in eastern Ukraine is likely to continue in the long term. Russia's actions so far indicate that it will not give up its imperialistic quest of having Ukraine in its side of influence and will do everything necessarily to achieve this.

In the event of a worsening situation in Ukraine, the West is likely to provide lethal defensive equipment. Even if such a trigger will be missing (thus, the situation on the battlefield will remain steady on a longer period of time), heavy military equipment could start flowing into Ukraine because of Russia's actions elsewhere. By way of illustration, if Russia sends more military or seeks to destabilize further Moldova, then it is possible that the West will respond by arming Kiev.

Alternatively, the influx of lethal military equipment could be caused simply by one state's decision to send arms to Ukraine. If

the United States of America will eventually decide that arming Ukraine is the best means to increase the costs for Russia and thus determine Moscow to decrease its engagement in the conflict, it is very likely that other Western countries will follow swiftly.

If such weaponry is provided to Ukraine, it is very likely that on the long run it will have a positive impact on conflict resolution. It will offer the Ukrainian army a real chance to defend itself against the pro-Russian rebels.

On the other hand, it is very likely to result in increased Russian military presence in Ukraine, at least in the period subsequent to the provision of lethal equipment. However, due to Russia's own domestic problems and because of increased costs of sustaining such a military endeavour, Russia is unlikely to fuel the conflict on the long run if Ukraine were provided with defensive equipment.

Stagnation

At the same time, significant transformation of Ukraine is unlikely on the long run if the fight in the East will continue. If the government is focusing on the fight against the rebels, it won't be able to engage properly in substantial reforms that will put the country on the right track.

Failure to halt the military conflict in the East will most likely result in the government's inability to stabilize economy (due to high costs of the conflict, including humanitarian assistance and defense expenditure, but also because of the economic pressure exercised by Russia through high gas prices and requests of debt payment). Strict conditionality imposed by IMF and other foreign creditors may have negative consequences on Ukraine on the long term. Western nations and institutions must understand that Ukraine is not Greece and not Puerto Rico and must ease the conditionality imposed therein.

Furthermore, fight in the ruling coalition is likely to occur, primarily due to poor economic improvement and, subsequently, lack of popular support. This, in turn, will result in lack of consensus and difficulty in adopting new legislation.

On the other hand, the Kiev administration will still struggle to end the endemic corruption the country is currently facing. This inheritance is rather difficult to halt at once and it takes time and effort to change the current status quo. Furthermore, the fight against corruption is likely to alienate many businessmen – oligarchs that had so far supported the current administration.

Instability in Russia

Russia will be facing a serious economic crisis, even with oil and gas prices getting back to previous value. This will primarily occur due to the overall federal and regional government debt and poor mechanisms for addressing this issue. As such, sixty-three out of eighty-three regional governments are at risk of defaulting on their debt or going bankrupt in the next few years. Regions have to give the federal government 63% of its revenues from taxes and other income, while receiving back maximum 20% in the form of subsidies.

Under these circumstances, regional governments are likely to come under pressure from local oligarchs and business leaders, but also from the federal government (in order to avoid free riding). In light of increased economic and social pressure, it is likely that Moscow will have to deal with regional uprising. Such an event already occurred and it was conducted by members of the Communist Party, people that were supposed to approve and promote Putin's regime and not demonstrate against it.

Furthermore, due to the economic crisis Russia is currently facing (a situation that will likely continue in the long run unless the conflict in Ukraine will cease), the Kremlin will be forced to cut the budget for social services. This will generate dissatisfaction with a large majority of the Russian population, a grave threat to Putin's regime.

Continuing the fight in Ukraine will have higher costs for Russia, especially with the pro-government military being adequately equipped. This will have a significant impact on the people's perception of Kremlin's foreign policy and is likely to result in lack of popular support and even protests, thus instability. This will further be augmented by Putin's crack down of opposition and diminished political freedoms.

Russia's option: destabilisation

Moscow will likely pursue a policy of destabilization towards its neighbour. While Putin's imperialistic aspirations may be undermined by internal instability, he will still consider NATO and EU's increased influence in the bordering area a threat to its national security. Therefore, the Kremlin will continue to do whatever possible to prevent Ukraine (and other states) from joining NATO and the European Union. What seems to be the most effective instrument is to destabilize the respective country to such an extent that it is impossible to join any Euro-Atlantic structure.

Nonetheless, Putin's administration will face increased scrutiny over its actions in the bordering state. A strong nationalism and an imperialistic foreign policy will receive popular support if and only if the Russian people will not feel the negative consequences generated by Western economic sanctions, low oil and gas prices and a strong decline in foreign investments. These negative effects can be countered only by serious economic reforms in Russia and by a restructuring of the market, both unlikely to occur if Putin will continue to consolidate its position of power and undermine democratic progress.

12. *Chaos and attempt to turn Ukraine into a weak state* (RM team, Radu Arghir)

UA receives weapons + stagnation + instability in Russia (collapse / fragmentation) + Russia's option –federalization (strong signal)

UA receives weapons

The resolution of the conflict in the Eastern Ukraine is not viable on the medium term because of the reasons that triggered it in the first place, namely the deliberate internal destabilization of Ukraine by the Russian Federation in order to prevent it from cooperating (on the long term: integrating) with the European

Union. And despite the fact that Ukraine has already signed the Association Agreement with European Union, the European integration process will be significantly hampered. Russia's actions were driven by its neo-imperial tendencies towards the former Soviet Union countries and the desire to maintain Kiev in its sphere of influence. Although, it is unlikely that in the long term Russian Federation will still be led by Vladimir Putin, it is even less likely that its national interests will be redefined/ re-configured. And according to the definition provided by the strategic documents, the former Soviet republics are defined as "Russia's immediate neighbourhood" and as one of vital strategic importance to the Russian Federation.

Putin prefers the internal destabilization of the entire Ukraine over a military victory against a part of Ukraine. This has been evident from the fact that he twice transformed a military victory into a cease-fire that recognized the situation on the ground without calling off the first-mover advantages. However a collapsed Ukraine, controlled by Putin's regime and provider of insecurity, is clearly not in the interest of the European allies, which is why any effort, including military, will be taken to enforce the security in the region.

Thus, on a medium and long term, taking into consideration that the Ukrainian crisis will not be settled, but rather transformed into a frozen conflict in the Eastern Ukraine, Ukraine will receive lethal military aid from an increased number of Western countries, although, the member states of European Union will not acknowledge publicly their lethal military support to Ukraine. Rather, the European Union member states will adopt the same official rhetoric that Russia does in the context of the Ukrainian crisis which is that Russian Federation is not involved in the Ukrainian conflict. Such a type of rhetoric will be adopted by the European states for two reasons: 1) not to contribute/determine the escalation of the Ukrainian conflict, 2) prevent any direct confrontation between European states (the majority of them are also NATO members) and Russian Federation. Unofficial data about the delivery of lethal military supply on behalf of the Western states would still be made public using open sources.

Besides, the future administration of United States will most probably be pressured by top military and administrative offi-

cial to provide lethal military assistance to the Ukrainian army in order to impose significant costs on Russia's aggressive behaviour and to maintain a buffer zone between the borders of the European Union and the borders of the Russian Federation. It is clear that Russia's aggressive attitude will not stop with Ukraine. A solid argument in this sense is provided by Russia's recent actions in Georgia, namely pushing the border of the breakaway region of South Ossetia several hundred metres deeper into Georgia.⁶⁰³ Russia's aggressive behaviour towards sovereign neighbouring states and its violation of international law would determine the United States to impose higher costs upon Russia and to counter its neo-imperial tendencies, including through military means.

In addition, on the medium and long term, it will be increasingly costly for the Western partners to defend themselves against the threat posed by a victorious Putin regime after the collapse of Ukraine than it is to arm Ukraine now while it is still alive. The Western countries, being aware of the consequences, will not only send lethal weapons to Ukraine, but will also provide the necessary equipment in order for Ukraine to develop its own "nuclear deterrent" in the face of any future Russian military aggressions.

Consequently, a Ukrainian government assisted by the West with lethal military weapons, will have more resources oriented towards the establishment of a functional democracy with a reformed market economy. This will serve as a counter-productive example for the Russian aggressive propaganda against the West.

The evolutions mentioned above will only work if a functional pro-Western Ukrainian government is in place. Otherwise, arming Ukraine in the context of an unstable future coalition would trigger a series of negative consequences such as: further escalation on the background of internal political and social destabilization, the incapacity of the Ukrainian army to use modern weaponry, the lethal weapons end up in the hands of the pro-Russian separatists, and ultimately, Ukraine is drugged back in Russia's sphere of influence.

⁶⁰³ The Guardian, "Georgia accuses Russia of violating international law over South Ossetia", July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/georgia-accuses-russia-of-violating-international-law-over-south-ossetia>.

Instead, the internal political and economic destabilization of the Russian Federation would offer a whole new picture. Taking into consideration the internal challenges, the Russian government will focus on their survival and will abandon the military assistance provided to the Russian-backed separatists from eastern Ukraine. As a result, an empowered Ukrainian army with Western weaponry will use its advantages to regain the occupied territories.

Long-term unsuccessful reforms scenario

The long term unsuccessful reforms scenario might have the following causes: lack of /failed political unity and will, lack of/failed reform leaders.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It could be explained by the chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and lack of democratic traditions. It would mean that the tensions and conflicts that come inevitable with reforms and affect different areas of political interest will not be attenuated under a commonly sheared idea, but will instead be used mainly for political and electoral gains.

Ukraine's sluggish reforms will increase the discontent of the EU and its partners regarding the real prospective of reforms, political will and capabilities of Ukrainian authorities to effectively use the offered assistance and achieve the desired results. Ukraine's slow progress when it comes to reforms will delay the lending of loans and undermine the successful long term scenario. Also it is very unlikely that EU will be able to support Ukrainian reforms while facing important internal challenges and processes.

Another factor that might lead to midterm and long term unsuccessful reforms scenario is the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine.

The consequences of failed reforms will hit Ukraine hard and might include economic, financial, political and social crises, low internal and external authority of the governance, political elites and political parties, and low level of self-confidence of the nation, governance, civil society, business. The most important effects of reforms failure will be the inability to submit a bid for EU membership and the undermining of the EU integration idea

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues, etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which Russian President Vladimir Putin has assumed in the past; dramatic increase of the population living below the poverty line, etc. Or, as long as the regime controlled by Vladimir Putin, manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Mr. Putin, who live their lives according to the following principle: "We steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages to Putin for "moderating" the regime's behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran's financial and oil sanctions and for its entrance in the nearest future on the international market of crude oil exports, which will be followed by a decrease in the oil price. Thus, this factor will amplify the effect of sanctions imposed against Russia.

On top of the direct impact of sanctions, Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, compared to what happened in 2008 in the case of aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations' process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. The "transnistrianization" of the conflict in eastern Ukraine means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for

federalization. It will face stiff opposition, especially given Moscow's definition of federalization⁶⁰⁴, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁶⁰⁵ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

13. Russian military offensive towards Ukrainian reformist state, abandoned by the West **(Alexandru Voicu)**

Ukraine does not receive weapons + reforms + the situation in Russia: stability + Russia's option: offensive (weak signal)

The present scenario will emphasize a long term dynamic regarding the situation in Ukraine. One of the first elements that need to be emphasized is the fact that Ukraine will be rather on its own, managing the tough and offensive policies initiated by Russia against it. Ukraine will not receive military help from the West through weapons transfer, whereas Russia will witness a period of internal stability and will conduct offensive actions against Ukraine. Kiev will struggle to apply several reforms throughout the time. This reform prone stance fuelled by Ukraine emphasizes its commitment for constituting a more stable and

⁶⁰⁴ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁶⁰⁵ Paul Roderick Gregory, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

powerful state and an inclination to differentiate itself from its aggressive neighbour, Russia.

This scenario is built around a central assumption that links two indicators. As long as Ukraine will not receive weapons and the situation in Russia is stable it will be asserted that the West is divided on the issue concerning Ukraine. Therefore, on the long term there might be Western states which support Ukraine through various non-military measures, but there are other states which conduct business-as-usual relations with Russia. Having Western states which have good relations with Russia on the long term it would be highly likely to offer stability and prosperity to Russia. Actually Moscow is able to assure stability within as long as it has predictable and fruitful relations with the West or/and China. This scenario is founded on the assumption that the West will be divided on the long term; therefore there will be states that will ignore the Russian offensive in Ukraine for pragmatic but profitable relations with Moscow. This scenario does not maintain that the EU will collapse or disappear; in fact it asserts that the EU will present deep cleavages on the Russian-Ukrainian issue. This state of affairs will impede the formation of a firm response toward Russian offensive through a decision to send weapons to Ukraine and Moscow will profit from this situation by exploiting some Western states through fruitful businesses.

It is not a surprise that in the EU one could find several states who would like to change as soon as possible the relations with Russia. Hungary, Greece, Italy, Slovakia and Bulgaria would be very much inclined to restart the relations with Russia. Not to mention that Hungary signed an accord with Russia for the next 20 years.⁶⁰⁶ Through this accord Russia has committed to build two nuclear reactors at Paks. Thus on the long term the EU will probably have many dissident states within which will try to have better relations with Russia, even if Moscow breaks several international norms.

⁶⁰⁶ “Hungary says EU authorised its nuclear fuel supply deal with Russia”, Euractiv, 26/03/2015, <http://www.euractiv.com/sections/energy/hungary-says-eu-authorized-its-nuclear-fuel-supply-deal-russia-313273>.

The United States will also choose not to help Ukraine. Washington might be in a tougher and strategically significant situation in Asia Pacific region. In 10 or 15 years China will be a formidable challenger to United States' rules, institutions and alliances in Asia. According to the Economist, China would overtake America as early as 2019 in terms of GDP.⁶⁰⁷ Also, according to RAND, China's economy will grow at an average annual rate of 5 % through 2025 and between 2003 and 2025, in dollar terms Chinese military expenditures on procurement and research and development are projected to more than double.⁶⁰⁸ Therefore, Washington will be more focused on China and will try not to involve resolutely in Ukraine. It might help Ukraine through some non-military means, but it will not supply weapons in order to block Russia's offensives.

The West will not send weapons because its cleavages, but this situation will give a free hand to Russia. Moscow will not be content with the status-quo and will try to take advantage from the Western reticence and lack of firmness. Therefore it will pursue an offensive strategy. This strategy will be similar to a prolonged salami-slice strategy. There will be periods in which Russia will stop from being offensive and will look stagnant and other periods in which it will overtly initiated a full-scale offensive against Ukraine. However this salami-slice strategy will be successfully contained by Ukraine. It will succeed in keeping at bay the offensive advancement of Russia.

Even if Ukraine will have many problematic situations determined by the Russian offensive, it will be able to apply reforms. On the long term Ukraine will privilege reforms over other paths. The government in Kiev will already be engaged on dynamic that will bring it closer to the European values. Therefore Ukraine will apply reforms as a way of identification with the West and differentiation from Russia.

However a more pragmatic reason that could stay at the basis of Ukrainian reforms on the long term is its increasing debt. As

⁶⁰⁷ "Chinese and American GDP forecasts: Catching the eagle", The Economist, 22/08/2014, <http://www.economist.com/blogs/graphicdetail/2014/08/chinese-and-american-gdp-forecasts>.

⁶⁰⁸ "Forecasting China's Military Spending Through 2025", RAND, http://www.rand.org/pubs/research_briefs/RB162/index1.html.

Christine Lagarde declared on 12 February 2015 Ukraine will receive: “a total financing package of around \$40 billion over the four year period. In short, this new program offers an important opportunity for Ukraine to move its economy forward at a critical moment in the country’s history”.⁶⁰⁹ The accord between Ukraine and IMF of \$40 billion in the next 4 years will probably have several consequences on the medium term but it is highly likely to have a greater impact on the long term as well. The Ukrainian debt will get bigger in the next ten years therefore Kiev will be obliged to pay it back through reforms and adjustments to its fiscal deficit. Whether it wants it or not, Ukraine will have to apply reforms in order to pay its debts. The war in the Eastern Ukraine has left many deaths and a widespread humanitarian issue. However it will leave Ukraine with the hard task of reconstruction. Kiev will have to reconstruct its security sector, administrative sector, the economy, and so on. All of these will require money, debts and prolonged reforms.

14. Ukraine faces alone destabilisation from Russia (RM team, Radu Arghir)

UA does not receive weapons + reforms + stability in Russia + Russia’s option – destabilisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a de facto border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with

⁶⁰⁹ “Statement by IMF Managing Director Christine Lagarde on Ukraine”, IMF, 12/02/2015, <https://www.imf.org/external/np/sec/pr/2015/pr1550.htm>.

its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear deterrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia's sphere of influence.

Long term successful reforms scenario

The successful reforms long term scenario has to include the fact that by 2020 Ukraine will bid for the membership of the European Union.

The successful long term scenario would mean that Ukraine will maintain its strategic objectives and EU will maintain Ukraine on the top of its political agenda and will be able to mobilise the necessary funds for assisting reforms in Ukraine. The reforms will be successful if:

- the Governance (President, Rada and Government) will keep the unity on main political issues and strategic objectives;
- no significant political disputes/crises between President, Rada and Government will occur;
- the reforms in different sectors will deliver the expected results and expected outcomes;
- the Governance will be able to maintain adequate control of reform implementation and continuity regarding the reform objectives, achieved results and necessary efforts to finish the implementation process;
- the technical management of the reforms implementation process will remain effective and will be successful in reforms control, monitoring, evaluation and continuous adjustment.
- the relations between Ukraine and its international partners will remain stable and showcase mutual trust.

As a result we will see boosted economic, political, and social development in Ukraine while the governance and political elites will gain a high internal and external authority. Also the level of self-confidence of the nation, governance, civil society and business sector will increase leading to the same evolution of internal capacities in all sectors.

Russia

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many

analysts predicted his demise⁶¹⁰, and the collapse of the Russian economy.⁶¹¹ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁶¹². However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion of Crimea)⁶¹³ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition. Even if he is replaced by somebody who is currently an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁶¹⁴. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁶¹⁵ but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current heading. The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical changes are to be expected in Russia's policies and therefore

⁶¹⁰ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁶¹¹ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁶¹² Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁶¹³ Valdimir Milor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁶¹⁴ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁶¹⁵ Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

the current state of affairs will remain to a large extent still in place.

Nevertheless if Russia is to avoid an economic collapse in the long term it must break from the current isolation. It has two options either head east or return to west, both with advantages and disadvantages. It can try to rebuild its relations with the EU, but it will need to compromise on topics such as human rights and democratic oversight of the administration on top of backing down, at least partially, from Ukraine.⁶¹⁶ Alternately it can choose to lean towards a closer relation with China. Moscow and Beijing share common interests and Russia will not have to stop trying to influence ex-soviet states or undergo reform. The two states did collaborate before⁶¹⁷ when they shared common views. However, Russia-China bilateral relations are by no means free of conflicting geopolitical interests. Russian economy is significantly smaller than the Chinese one, thus Moscow will lose its lead role in the region (this is already happening inside the Shanghai Cooperation Organization, which is dominated by China). Also Russia might have to back down from some military contracts in Asia. Russia is currently serving as a primary source of arms for India and Vietnam — two countries with which China continues to actively wrangle over territorial issues.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. However it will face stiff opposition, especially given Moscow's definition of federalization⁶¹⁸. It will continue to ask for the federalization of Ukraine, but if its endeavors yield no results it will likely resort to a "stop and go" strategy. This means it will reignite the conflict in the eastern Ukraine in order to constantly destabilize the state. On top of that it will use any available tools in order to

⁶¹⁶ European External Action Service – EU relations with Russia, http://eeas.europa.eu/russia/about/index_en.htm.

⁶¹⁷ Gilbert Rozman, "Why Chinese-Russian Friendship Is Here To Stay", October 29, 2014, <https://www.foreignaffairs.com/articles/east-asia/2014-10-29/asia-asians>.

⁶¹⁸ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

destabilize the state, from supporting the opposition and social unrest to using terrorism⁶¹⁹. Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, as was the case in 2008 with the aggression against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiation process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

15. Russia wants to stop through federalisation Ukraine's way towards EU (Radu Arghir)

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

Ukraine is still a focal point in world politics almost a year and a half after the Russian invasion. While it is true that the conflict has cooled down somewhat and there are a number of certainties that can be identified regarding its evolution, it still remains very volatile and open ended. The problem is there are no quick fixes and it will take time before any sustainable progress can be made. Also the developments within the Russian Federation in the medium (up to five years) and long term (up to fifteen years) will play a very important role for the evolution of the crisis in Ukraine. The rebels depend on the help coming from Moscow, without its assistance it's just a matter of time before the Eastern provinces are reintegrated into Ukraine.

An important issue that has been hotly debated at all levels for the last few months is the question of lethal weapons. Despite several negotiated ceasefire agreements the fighting still conti-

⁶¹⁹ Radio Free Europe, "Poroshenko Warns Of Rising Terrorist Threat In Ukraine", July 10, 2015, <http://www.rferl.org/content/ukraine-poroshenko-/27120003.html>.

nues at a reduced intensity.⁶²⁰ The US House of Representatives has already overwhelmingly approved sending lethal weapons to Kiev⁶²¹. The Pentagon and the Presidency have been mulling giving the go ahead ever since⁶²². However some other NATO countries have already lost their patience and are already sending lethal weapons to the Ukraine⁶²³, but under the cover of anonymity. There is a large support for sending weapons mostly because of the presence of Russian troops on the ground (meaning that Moscow is already sending lethal arms to the rebels)⁶²⁴. However some NATO countries still oppose directly aiding the Ukrainian National Army with lethal arms. For example Germany has been a firm critic of this tactic⁶²⁵. And the Pentagon's indecision seems to confirm there are major risks involved. Furthermore, Ukraine can just buy weapons⁶²⁶, meaning that delaying arms shipments will have little effect on the actual fighting. It is not really about the weapons themselves (as the Ukrainian army is undergoing modernisation anyway) but more about the risk of turning the front in Ukraine into a proxy war where NATO and Russian weaponry meet. This can easily create major tensions between NATO and Russia. Since some lethal arms can be provided by other means (Ukraine can buy from neutral countries)

⁶²⁰ Radio Free Europe, "One Soldier Killed, 10 Hurt In Eastern Ukraine" July 1, 2015, <http://www.rferl.org/content/soldier-killed-10-wounded-in-ukraine/27104979.html>.

⁶²¹ AFP, "US House Urges Obama to Send Lethal Arms to Ukraine", March 24, 2015, <http://www.defensenews.com/story/defense/land/weapons/2015/03/24/us-house-urges-obama-to-send-lethal-arms-to-ukraine/70369946/>.

⁶²² Sputnik International online, "Pentagon Still Considers Sending Lethal Weapons to Ukraine – Carter", July 7, 2015, <http://sputniknews.com/europe/20150707/1024332005.html>.

⁶²³ Russia Today, "Poroshenko: 11 EU states struck deal with Ukraine to deliver weapons, including lethal", March 14, 2015, <http://rt.com/news/240705-ukraine-poroshenko-weapons-europe/>.

⁶²⁴ Mark Urban, "How many Russians are fighting in Ukraine?", March 10, 2015, <http://www.bbc.com/news/world-europe-31794523>.

⁶²⁵ Voice of America, "Germany Again Warns Against Lethal Weaponry for Ukraine", March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

⁶²⁶ Robert Wall and Jams Marson, "Ukraine to Buy 'Defensive' Weapons in U.A.E., President Says", February 24, 2015, <http://www.wsj.com/articles/ukraine-president-meets-u-a-e-officials-to-secure-weapons-purchase-1424788248>.

it is very likely the US and most of its allies will play safe and not assist the Ukrainian Army in this matter. Also President Obama's term will end in less than two years and will probably try to stay away from controversial actions that can spiral out of control and leave a black mark on his legacy. The next president can take this risk if he wishes to. The issue here is that NATO decisions are adopted by consensus, thus, since some members are strongly objecting arming Kiev, it is highly unlikely it will ever happen openly. Given that the Ukraine Crisis is a NATO responsibility and not a US vital interest, the US will probably follow the same logic.

Not arming Ukraine will not fuel the conflict, but will also increase the risk of Russia putting pressure on Ukraine using military means (by helping rebels plan and execute offensives). However in the short term there is little risk of a new offensive and in long term the costs of supporting the rebel army will increase gradually. It is very likely that at some point Russia will want to just the de facto border and "freeze" the conflict (as is the case with so many other conflicts in the ex-soviet space: Abkhazia, Ossetia, Transdnister, Nagorno-Karabakh), which in turn will allow any future truce to be credible (and reaching a credible truce has been the goal of most western countries). This is not a solution in itself, but it will prevent the risk of escalation and allow the parties involved to focus on other important issues with long term effects such as the economy or building a credible democracy in Ukraine, for Western countries, and the federalization of Ukraine, for Russia.

While it is true that the economy is struggling under the weight of the war and the state is on the brink of default⁶²⁷, many reforms were implemented (cut the number of permits and licenses for businesses by 50 percent, targeting food, agriculture, energy and information technology sectors; increased agricultural output in 2014 by 16 percent; reformed the outdated system of energy tariffs, raising natural gas tariffs by 280 percent and heating tariffs by 66 percent; in 2014, received \$9 billion in financial aid while repaying \$14 billion to international credi-

⁶²⁷ David Marples, "Prospects for Ukraine in 2015", December 16, 2014, <https://ukraineanalysis.wordpress.com/2014/12/16/prospects-for-ukraine-in-2015/>.

tors; eliminated a number of shadow economic schemes; eliminated the outdated system of privileged pensions for state officials; introduced taxation of high pensions; adopted a package of anti-corruption laws and established a National Anti-Corruption Bureau; entered 400 officials into the lustration register after adoption of a lustration law; Eliminated Soviet-style general oversight of the public prosecutor)⁶²⁸, and incentives are provided by European states and international organizations if further progress is made.⁶²⁹ Moreover some help is offered even if reforms fail⁶³⁰. This is not likely to be the case, however, since even countries with a more balanced approach⁶³¹ and international institutions⁶³² have recognized the impressive progress made by Ukraine. Given the current path of Kiev and its commitment⁶³³, it is very likely we will see some economic growth and change before the next parliamentary and presidential elections. The reform process will also be helped by another development. Probably an unplanned side effect of the Russian invasion, the war and the difficult economic conditions has weakened regional power holders, known as oligarchs. They are still present but their fortunes are decreasing, and will continue to do so, and that means the government will have to deal with less competition (or resistance) from them and will hold more influence over Ukraine as a whole.⁶³⁴

On the other side of the conflict we see a similar story. The invasion of Ukraine has become synonymous with Putin's name

⁶²⁸ Mykola Lazarenko, "Ukraine's government touts long list of reforms, achievements since February 2014", *Kyiv Post*, April 30, 2015.

⁶²⁹ RAF CASERT, "EU offers Ukraine more loans if it makes promised reforms", January 8, 2015, <http://finance.yahoo.com/news/eu-offers-ukraine-2-12-billion-more-sticks-141000417.html>.

⁶³⁰ Radio Free Europe, "IMF Says Can Support Ukraine Without Private Debt Deal", June 11, 2015, <http://www.rferl.org/content/ukraine-imf-funding-private-debt/27067485.html>.

⁶³¹ Xinhua, "Merkel recognizes Ukraine's reform, pledges further aid", April 2, 2015, http://www.chinadaily.com.cn/world/2015-04/02/content_19979843.htm.

⁶³² EBRD Press Office, "EBRD President praises Ukraine's reforms", June 9, 2015, <http://www.ebrd.com/news/2015/ebrd-president-praises-ukraines-reforms.html>.

⁶³³ BBC, "Ukraine's PM Arseniy Yatsenyuk warns of 'tough reforms'", March 2, 2015, <http://www.bbc.com/news/world-europe-31689779>.

⁶³⁴ Balazs Jarabik and Yuliya Bila, "And Then There Were Five: The Plight of Ukraine's Oligarchs", June 17, 2015, <http://carnegie.ru/eurasiaoutlook/?fa=60429>.

and after the economic sanctions imposed by the West and the retaliatory measure adopted by the Russian government (which caused further harm to the Russian economy and society) many analysts predicted his demise⁶³⁵, and the collapse of the Russian economy.⁶³⁶ Even the Russian leadership seems to be aware of the worsening domestic environment and is preparing for the worst⁶³⁷. However the two are not necessarily linked. While Putin approval rating has fluctuated significantly in the last few years (with a spike right after the invasion of Crimea)⁶³⁸ and he may very well face increasing hostility until the 2018 election, it should also be noted that so far he has no credible opposition.

Even if he is replaced by somebody who is currently an ally of his, this will not automatically mean a change of course for Moscow's foreign policy. This is especially true given the fact that the Russian economy is very resilient and while it may be far from perfect and facing a second year of recession in 2016 it is also far from the verge of collapse⁶³⁹. Just like Putin's popularity the economy is very unstable and fluctuates a lot⁶⁴⁰ but since no dramatic decline is visible there is no reason to assume we will see a total meltdown. Trying times indeed are ahead for Russia but there is no reason to predict a radical change. If anything change will be slow and will not drastically affect its current heading.

⁶³⁵ Amanda Taub, "How Putin could lose power", March 30, 2015, <http://www.vox.com/2015/1/5/7482441/how-putin-lose-power>.

⁶³⁶ Sam Skove, "Russia's Middle Class Won't Return to Pre-Crisis Spending", June 19, 2015, <http://russialist.org/russias-middle-class-wont-return-to-pre-crisis-spending-report/>, and Anastasia Bazenkova and Peter Hobson, "Putin-Era Prosperity Fades as More Russians Slip Into Poverty", June 11, 2015, <http://russialist.org/putin-era-prosperity-fades-as-more-russians-slip-into-poverty/>.

⁶³⁷ Tom Balmforth, "Election Shifts Show Kremlin Wary Of Fallout From Recession", June 01, 2015, <http://www.rferl.org/content/russia-election-shift-shows-kremlin-wary-of-recession-fallout/27048085.html>.

⁶³⁸ Valdimir Milor, "Is Putin really that popular and what is next after Nemtsov's murder?", March 19, 2015 <http://www.4freerussia.org/is-putin-really-that-popular-and-what-is-next-after-nemtsovs-murder/>.

⁶³⁹ Mark Adomanis, "Why Russia's Economy Isn't Going To Collapse", January 7, 2013, <http://www.forbes.com/sites/markadomanis/2013/01/07/why-russias-economy-isnt-going-to-collapse/>.

⁶⁴⁰ Mark Adomanis, "Russian Industrial Production Unexpectedly Tanked In April", May 20, 2015, <http://www.forbes.com/sites/markadomanis/2015/05/20/russian-industrial-production-unexpectedly-tanked-in-april/>.

The same can be said about the economy that is indeed shrinking, but not collapsing. Thus in the next 6 years no radical changes are to be expected in Russia's policies and therefore the current state of affairs will remain to a large extent still in place.

Nevertheless if Russia is to avoid an economic collapse in the long term it must break from the current isolation. It has two options either head east or return to west, both with advantages and disadvantages. It can try to rebuild its relations with the EU, but it will need to compromise on topics such as human rights and democratic oversight of the administration on top of backing down, at least partially, from Ukraine.⁶⁴¹ Alternately it can choose to lean towards a closer relation with China. Moscow and Beijing share common interests and Russia will not have to stop trying to influence ex-soviet states or undergo reform. The two states did collaborate before⁶⁴² when they shared common views. However, Russia-China bilateral relations are by no means free of conflicting geopolitical interests. Russian economy is significantly smaller than the Chinese one, thus Moscow will lose its lead role in the region (this is already happening inside the Shanghai Cooperation Organization, which is dominated by China). Also Russia might have to back down from some military contracts in Asia. Russia is currently serving as a primary source of arms for India and Vietnam — two countries with which China continues to actively wrangle over territorial issues.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) is it very likely that the Kremlin will keep pushing for the federalization of Ukraine. "Freezing" the conflict means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for federalization. It will face stiff oppo-

⁶⁴¹ European External Action Service – EU relations with Russia, http://eeas.europa.eu/russia/about/index_en.htm.

⁶⁴² Gilbert Rozman, "Why Chinese-Russian Friendship Is Here To Stay", October 29, 2014, <https://www.foreignaffairs.com/articles/east-asia/2014-10-29/asia-asians>.

sition, especially given Moscow's definition of federalization⁶⁴³, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁶⁴⁴ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

16. Military option of a weak Russia towards a Western integrated Ukraine (Narciz Bălășoiu)

UA does not receive weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – offensive (Black swan scenario)

After almost two years of crisis in Ukraine the stability of this region of Europe tends to become increasingly volatile. Day by day, OSCE observers charged with monitoring the Russian-Ukrainian border situation are reporting the flagrant violations of the provisions stipulated in the truce by the Russian military troops, so the "Minsk 2" agreements are in process of dissolution. In Donbass the pro-Russian separatist are still receiving weekly military equipment from Moscow, transported in the form of so-called "humanitarian aid". Pavlo Klimkin, Ukraine's foreign minister said in an interview that "the terrorists have been given the most modern weapons by the Russian and are trained by Russians and guided by Russians. (...) We badly need

⁶⁴³ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁶⁴⁴ Paul Roderick Gregory, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

communications equipment, jamming equipment – not just things considered lethal.” Moreover, the intensity of violence in Donetsk and Lugansk has led to the eruption of new outbreaks in other eastern regions of the country, which until now were known as the last bastions against pro-Russian forces. While the separatist are gaining positions on the battlefield, Western governments are desperately trying to find a solution. So far, US President Barack Obama has avoided giving lethal arms to Ukraine in order not to provide additional reasons for other Russian military intervention. In turn, Germany, along with France and Britain calls for same non-interventionist vision, considering that diplomacy remains the ultimate solution to this crisis. After a series of negotiations, high-level US and European officials decide that providing lethal weapons to Kyiv is not a viable solution. As long as the balance of power clearly leans in favor of Russia, it would require to West to send massive amounts of weapons to give Ukraine a chance in this conflict. However, the conflict is not going to end here. Moscow will escalate tensions, countering and minimizing any temporary advantage that Kyiv might gain from this external support. Many reports of various think-tanks which over time have pleaded for arming Ukraine noted now that even with the support of the West, the Ukrainian state will not be able to withstand a large scale attack of the Russian army. But the country is waging a war on two fronts, one against separatist in the east and one against corruption and financial collapse. For many years, the major obstacle to economic reform was represented by oligarchs influence in state policies. According to some estimates, Ukrainian oligarchs controls up to 70% of the economy. But following pressure from civil society to the performance of the new government, things begin to change. Through a program financed by the US, Kyiv is now trying to eradicate corruption. Among the main sectors which urgently need to be reformed is the Police sector – known as a powerful resource of corruption.

Dismantling the oligarchs system has became one of the most relevant claims during the Maidan protests, which led to president Viktor Yanukovics’ resignation, after he was accused of power abuse and obscure connections with organized crime structures. Two years after the Kiev independence revolution the

reforms started to take shape. Prime-minister Yatsenyuk assembled a team of technocrats, including foreigners and company managers with undisputable experience. International media quotes that Ukrainian government has successfully negotiated the financial support package with IMF granting access to almost 2 billion dollars for critical budgetary spending, while complementary deals with USA and European Union can extend the aid up to 40 billion dollars. At the same time, Kiev has introduced serious reforms in the natural gas sector, one of the most sensitive topics for population considering the vast grants received every year, and which might be cut under the new circumstances. Also, the government aims to privatize hundred of state owned companies that also might lead to serious unemployment due to restructuring need and modernization.

Despite all the impediments and painful measures assumed by the Ukraine administration, the economy registered an upward-sloping curve, as the direct result of the “sanitizing” process. On the other hand, Russia’s recent evolutions disclose a whole different reality in terms of economy health. Despite Vladimir Putin’s’ declarations and its well known state propaganda, is pretty visible that western sanctions combined with the oil low prices and dropping foreign direct investments started to put pressure on Russian economy and state’s budget. With a gloomy economy on sight thousands of Russian citizens flee the country in the recent months looking for job opportunities outside. The situation is becoming even worst taking into account the unemployment growing rate, which is known to be one of the critical factors in triggering riots. Looking deep in Russia’s history has become notorious the population resilience towards different kind of crises. Even so, the new generation endurance has dramatically decreased, mostly because it’s hard for “the many” to understand the reasoning behind all this East-West confrontation. Too all this a food crisis is adding up mainly generated by the embargo placed by Moscow upon western goods. This was the moment when the rural population became equally confuse and worried with the urban one. Growing discontent has reached critical levels and the spectre of poverty opens a one-way path extremely dangerous for Kremlin administration. The context is dramatically influenced by Russia’s decision to speed up its

actions in Ukraine, which can lead to an unavoidable outcome for Moscow establishment. It has been said that those who cultivate the wind will reap the storm, thus we can reasonably expect that Vladimir Putin will be judged one day by its own people, while Moscow's Red Square will become the new Euro-aidan. Knowing the unpredictable temper of Vladimir Putin – and almost irrational some would say – we can aspect a full scale war in Eastern Ukraine as the last resort in the attempt to restore its glory figure in front of Russian population. The manipulation manual states that finding an external actor to be transformed in the national enemy is an excellent technique to coagulate the population around the leader, and also to distract attention away from critical and genuine topics. This might just not work for Vladimir Putin this time, as we are not living in the soviet era. As Mihail Hodorkovski said: “*Putin lives in a different reality. Not economical or political, but a religious one. He thinks of himself as a post American world leader. If Vladimir Putin will consider that power preservation requires war...than war it is!*”

Once a large scale conflict was triggered, Ukraine is just one of the fronts that can draw into chaos several actors from Baltic region or Middle East.

17. Hopeless attempt to destabilise reformed strong Ukraine (Eveline Mărășoiu)

UA does not receive weapons + Reforms + Instability in Russia + Russia's option: destabilization (strong signal)

UA does not receive weapons

Provided that the Ukrainian crisis will not significantly change in the upcoming future, there is a slim chance that the West will arm Ukraine. A substantial transformation is unlikely because of much higher costs involved for Moscow (if it were to inject more military equipment and personnel in Eastern Ukraine) and because Putin shows no signs of giving up his goal of not allowing Ukraine to join the West.

There is a too high risk of escalating the conflict would Ukraine be armed. This is the primary reason why states are reluctant to provide heavy weaponry to the Kiev administration. Furthermore, the Obama administration has shown that it is rather reluctant to engage in an aggressive foreign policy and was much more restrictive than Bush. Berlin has exploited this and has asserted a much more active role in Europe, in particular in the Ukrainian crisis. In this regard, Merkel has engaged in persuading the United States of America and other European States not to provide lethal equipment to Kiev. So far, it was successful in its action, although it is worth pointing out that France has declared it will not arm Ukraine *for now*. Both France, the US and other Western countries have left open the option of delivering lethal military equipment to Ukraine, would the conflict become more acute.

Another possibility entails that Ukraine will be able to expand its defence industry and enhance its military equipment in collaboration with other states. Bulgaria is perhaps the most likely partner, given the similarity of the technical features of their military equipment.

Reforms

If Ukraine does not receive lethal equipment, the government will have to commit all its resources to transforming Ukraine in a viable candidate for membership in the European Union and NATO. Therefore, failure on the military battlefield will determine the ruling coalition to strive for successes in other areas, both to gain popular support and to defend the country against further foreign aggression.

What is more, foreign creditors push for sustained reforms in order to continue providing Ukraine with financial aid. This is a very strong incentive for the executive to transform the country and avoid default. The executive has proved committed to fulfil the creditor's requests and implement the necessary changes.

Furthermore, European countries, especially Germany and France are pushing for reforms that will also help reduce the conflict. One such measure includes the inclusion of the special self-rule provision in the Constitutional changes. Failure to act

towards stabilisation of the conflict may be seen as an act of *mala fide* of the government, which will subsequently result in a drop of popular support. Thus, reform in this area is likely to have a positive (although limited) effect on transforming the conflict.

It must also be noted that Poroshenko has made substantial efforts to eradicate corruption and implement real reforms. These include the appointment of foreign nationals in key executive positions. Although the move received some domestic criticism, the technocrats are likely to achieve important results in the medium and long term.

Instability in Russia

On the long run, instability in Russia is likely to increase. The high inflation rate is currently affecting the Russian people, but its effects are likely to substantially increase in the medium and long term. Even if the oil price goes up again, economic sanctions and the food import ban will not have a positive consequence on the inflation rate. This is important because inflation has been rated by Russians as Russia's most serious problem.⁶⁴⁵

Maintaining the current status quo in Ukraine is sufficiently costly without a further escalation of the conflict. As such, ongoing economic sanctions, an oligarchic market system and a sharp decrease in foreign investment, all these elements have a negative impact on the overall life standard. The situation is worsened by the overall debt and the lack of adequate mechanisms for reducing the regional governments' debt. The situation will likely result in a cut of the social services' budget, which will amplify the people's discontent.

Furthermore, information concerning the obligation of the military personnel to join the fight in Ukraine, harsh sentences for those who disobey and increased censorship of freedom of speech generates tension among the average population and among the intellectual class.

⁶⁴⁵ <http://www.forbes.com/sites/markadomanis/2014/09/16/russian-inflation-is-increasing-and-that-could-be-a-huge-problem-for-the-kremlin/>.

Russia's option: destabilization

If Ukraine is not being armed, then Russia will continue to pursue a policy of destabilization without paying a significantly higher price than it already does. Although the costs are sufficiently high even without arming Kiev, it is unlikely that Russia will abandon its quest for bringing back Ukraine within its sphere of influence.

Through its actions, the Russian Federation is trying to coerce Ukraine to renounce its Westernization ambitions. Putin will continue to destabilize the administration in Kiev by fuelling the ongoing conflict and generate an anti-government feeling. The hybrid warfare is likely to continue in the long term and particular attention should be granted to information warfare and to lawfare. As noted with regards to Crimea (and not only), the Kremlin has been using legal arguments to persuade other states and the people of the rightness of annexing the region. In order to combat such an approach, scholars and politicians should point out to the abuse of the right to self-determination and the inconsistency of Moscow's interpretation of international law. A case in point is the fact that Russia has not recognized Kosovo's independence, whereas the Crimean declaration of independence (accepted by Russia and incorporated into national legislation) makes explicit reference to Kosovo's independence as a precedent for lawful external self-determination.

Propaganda warfare is closely linked to the former and it is spread not only in Russia and Ukraine, but it is intended to have visible effects in other Western states as well. The purpose is to distort the people's perception over Kremlin's actions and intent in Ukraine and the other states in the region, but also to generate a negative attitude towards NATO and even the EU.

Furthermore, Putin will continue to exert economic pressure over Kiev through high gas prices and strict requests on debt payment. In addition, military engagement is likely to continue, without necessarily seeing an escalation of the armed conflict.

18. Strong reformed Ukraine faces challenges of reintegration versus a weak federalised controlled state (RM team, Radu Arghir)

UA does not receive weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – federalisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a de facto border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear deterrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The

argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia's sphere of influence.

Further more, if we consider the possible internal destabilization of the Russian Federation, such a scenario does not even require arming Ukraine for a positive evolution of the situation on the ground. In this case, the de facto border between the Western and Eastern Ukraine will be enforced without the military opposition from the Russian Federation given the fact that Russia will be focused on the internal challenges faced by the political regime. In consequence, Ukraine will work on the consolidation of a democratic regime and the successful implementation of the Association Agreement with European Union.

Long term successful reforms scenario

The successful reforms long term scenario has to include the fact that by 2020 Ukraine will bid for the membership of the European Union.

The successful long term scenario would mean that Ukraine will maintain its strategic objectives and EU will maintain Ukraine on the top of its political agenda and will be able to mobilise the necessary funds for assisting reforms in Ukraine. The reforms will be successful if:

- the Governance (President, Rada and Government) will keep the unity on main political issues and strategic objectives;
- no significant political disputes/crises between President, Rada and Government will occur;
- the reforms in different sectors will deliver the expected results and expected outcomes;
- the Governance will be able to maintain adequate control of reform implementation and continuity regarding the reform objectives, achieved results and necessary efforts to finish the implementation process;
- the technical management of the reforms implementation process will remain effective and will be successful in reforms control, monitoring, evaluation and continuous adjustment.
- the relations between Ukraine and its international partners will remain stable and showcase mutual trust.

As a result we will see boosted economic, political, and social development in Ukraine while the governance and political elites will gain a high internal and external authority. Also the level of self-confidence of the nation, governance, civil society and business sector will increase leading to the same evolution of internal capacities in all sectors.

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues, etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which Russian President Vladimir Putin has assumed in the past; dramatic increase of the population living below the poverty line, etc. Or, as long as the regime controlled by Vladimir Putin, manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and

enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Mr. Putin, who live their lives according to the following principle: "We steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages to Putin for "moderating" the regime's behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran's financial and oil sanctions and for its entrance in the nearest future on the international market of crude oil exports, which will be followed by a decrease in the oil price. Thus, this factor will amplify the effect of sanctions imposed against Russia.

On top of the direct impact of sanctions, Putin's regime has realized that the international community (EU, USA, NATO, etc.) is not going to "forgive" Putin's annexation of Crimea, compared to what happened in 2008 in the case of aggression

against Georgia. Therefore, it could be assumed that Putin's regime will attempt the "transnistrianization" of Donetsk and Lugansk regimes, trying to present them as "part of the conflict" with Ukraine and eventually use them in the "negotiations' process" with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev's economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. The "transnistrianization" of the conflict in eastern Ukraine means that Moscow it will not be able to destabilize the country using its military for much longer, and the prospect for a full blown war is very low. Also, despite having some influence over the Ukrainian civil society it cannot affect the country's western course. As a result its best chance to influence Ukraine's policies is to continue to push for federalization. It will face stiff opposition, especially given Moscow's definition of federalization⁶⁴⁶, but this will not stop it demanding it. It has done so until now despite its duplicity on the matter (as in the case of Siberia)⁶⁴⁷ and it is very likely it will not change its course.

This means it will continue to exert pressure on the government of Ukraine in order to convince it to negotiate with the rebels in control of Eastern provinces (therefore confirming their status as a valid party in negotiations) and modify the constitution (Ukraine can't become a federal state without changing the constitution). It is doubtful Moscow will ever get exactly what is aiming for, but it will continue to push nonetheless.

⁶⁴⁶ Alexander Motyl, "Why Russia Wants the Federalization of Ukraine", October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

⁶⁴⁷ Paul Roderick Gregory, "Putin Demands Federalization For Ukraine, But Declares It Off-Limits For Siberia", September 1, 2014, <http://www.forbes.com/sites/paul-roderickgregory/2014/09/01/putin-demands-federalization-for-ukraine-but-declares-it-off-limits-for-siberia/>.

19. *Russia's military option towards defenceless weak Ukraine* (Adrian Barbu)

UA does not receive weapons + stagnation + the situation in Russia: stability + Russia's option: offensive (Black Swan scenario)

The Obama Administration may be loath to sell weapons to Ukraine, but it's looking increasingly eager to prevent the next domino from falling to Russian forces, and willing to provide weapons to countries willing to help keep that from happening. Selling weapons into a war zone isn't a necessarily prudent. We consider that there will not be contracts to be won in Ukraine (rebuilding its air force, for example, which has been decimated by the war), and we should not expect to see significant arms sales to Ukraine until fighting has practically ceased.⁶⁴⁸ The US and the European states have realized that would be a big mistake to supply Ukrainians with lethal weaponry, otherwise the conflict will be escalated, so this will not happen for now. This prospect may also be seen as an advantage for the pro-Russian rebels, because they are backed-up by Moscow and receive financial and military support.⁶⁴⁹

If you listen to Ukrainians, there has been absolutely no reform within the last year. Their frustration is understandable. They want the positive effects of major change *as soon as possible*, and their perception is absolutely justifiable related to the real facts of the Ukrainian society. The reforms are not implemented by the Ukrainian ruling coalition, and there are no positive changes, and ultimately the population is suffering, national economy and business is suffering, every aspect of the social, economic and political life is suffering.⁶⁵⁰ Likewise, the

⁶⁴⁸ Rich Smith, *US Says No Weapons for Ukraine*, <http://www.fool.com/investing/general/2015/03/01/us-says-no-weapons-for-ukraine-but-here-slovakia-h.aspx>, accessed on 06.07.2015.

⁶⁴⁹ Jessica Winch, *Ukrainian crisis: 'Obama may supply weapons to Ukraine'*, <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11399687/Ukraine-crisis-talks-latest.html>, accessed on 06.07.2015.

⁶⁵⁰ Oleksandra Vakulina, *No reform, no reconstruction: Firtash's grim view of today's Ukraine*, <http://www.euronews.com/2015/02/27/no-reform-no-reconstruction-oligarch-firtashs-grim-view-of-post-yanukovich/>, accessed on 06.07.2015.

problems related to corruption are influencing the stall of the reforms in Ukraine. The local oligarchs control whole sectors of the economy. They influence parliamentary deputies, judges and civil servants, and formulate public consensus through the media.⁶⁵¹

At least 9,000 Russian soldiers are operating in separatist-controlled areas, explained Ukrainian president Petro Poroshenko. Russia continues to deny any involvement in Ukraine, despite mounting evidence. Monitors with the Organization for Security and Cooperation in Europe reported “the movement of a large amount of heavy weapons” in separatist-held areas of Donetsk in eastern Ukraine moving toward Marinka before and during the fighting.⁶⁵² Warnings about a possible new Russian-led offensive were made by Wesley Clark, the former head of US and NATO forces in Europe. “This assessment is based on geographic imperatives, the ongoing pattern of Russian activity, and an analysis of Russian actions, statements, and Putin’s psychology to date.”⁶⁵³ added the retired American general.

Likewise, in case of this scenario we will assume that Russia’s economic, social and political sector is defined by stability and that’s how the situation will remain on long term, meaning 10 to 15 years. In this case, we can also argue that the oil price will stabilize and the economic problems of Russia are going to disappear. Withal, the economic stability will generate the support of Russian population for its government, so there won’t be social unrest anymore and mass protests throughout the Russian territory. The social and economic balance should also engender the same equilibrium in the political sphere. Therefore, we are dealing with a strong, stable and vigorous Russian state.

Analyzing the four indicators that are defining this scenario, and considering that many determinant factors can change in 10-15 years, and also there may appear various issues that could in-

⁶⁵¹ *Ibidem*.

⁶⁵² Oren Dorell, *Ukraine, Russia trade barbs amid signs of new offensive*, <http://www.usatoday.com/story/news/world/2015/06/04/ukraine-poroshenko-warns-of-escalation-by-russia/28463419/>, accessed on 06.07.2015.

⁶⁵³ Jeremy Bender, *Former NATO commander: a new Russian offensive in eastern Ukraine is 'imminent'*, <http://www.businessinsider.com/new-russian-offensive-in-ukraine-is-imminent-2015-4>, accessed on 06.07.2015.

fluence the situation, we are considering the following possibilities:

- *Strong offensive strategy of Moscow against Kiev* – with Ukraine weakened by lack of reforms, which often generates discontent of the population and with the lack of support in terms of weaponry, the situation can strongly swing in favor of Moscow when it comes to longer terms. More than that, we talk about a strong Russian state, stable from many points of view, and also with an offensive strategy against Kiev. It is pretty hard to foresee what would happen if Russia deploys consistent military forces in Ukraine, but probably will dominate very easy the Ukrainian territories, especially in the context of the fact that Ukraine does not receive weapons and military support from other entities.

- *Ukraine accepts the domination of Russia and goes towards east* – the Ukrainian leaders will realize that the Russian pressure it's sultry, and will accept that without help and support from the West, in conjunction with a strong Russian Federation, there no other option than going towards east. In this situation, we can also predict an alternative in which the facts could easier, in case of Chinese involvement, which would facilitate Russian interests of directing Kiev on the eastern path.

- *Russian limited offensive to facilitate recognition of independence for Donetsk and Luhansk* – neither the Luhansk People's Republic (LPR) or the Donetsk People's Republic (DPR), nor these two republics combined, will be able to come to a level close to self-sufficiency without Russian assistance. Moscow will have to assume direct support of these regions, which contradicts the Kremlin's interests and seems hard going under the pressure of sanctions. But the domestic stability and the support of Russian population for its government will boost the confidence of the leaders from Kremlin, and the success is guaranteed. However, Moscow will need to take from time to time a careful look at its domestic issues and solve the possible problems, because internal elements are those that build the stability and the self-confidence of the Russian state.

- *Arise of an opportunistic revisionist alliance (Russia – Hungary – other revisionist states)* – on the revisionist path opened

by Russia over the borders of Central and Eastern Europe other opportunistic states line up too. An alliance of this type could be formed given that other countries have strong revisionist impulses, especially Hungary. The Hungarian government, led by Viktor Orban and supported by a Parliamentary majority dominated by Fidesz (conservative party) had a few disagreements with the European Union and Western countries. Hungary can distance itself more and more from EU policies and the Budapest government can demand the exit from the European organization. We need to consider the good relationship between Moscow and Hungary, especially in the context of energetic issues. Moreover, the situation may complicate even deeper if other states appear to join the revisionist alliance. Other states with such a prospective could be Bulgaria, Serbia and Albania. Furthermore, this situation will also strengthen regional cooperation inside the EU, and from this point any reckless move from Moscow and its allies could generate a large scale conflict in the world.

- *Step by step destabilization and demolition of Ukrainian government* – the authorities in Kyiv could accept the status quo in Donbas and Crimea, but reach a temporary ceasefire with Russia and the separatists, but without giving up on its Western orientation. In effect the result would be a frozen conflict scenario, akin to that in Abkhazia, South Ossetia or even Nagorno-Karabakh or Northern Cyprus. The government in Kiev will probably try to reach somehow a minimal reconstruction of the economy, and delivering on the IMF reform agenda. We should as well state that this also assumes that Moscow chooses not to further escalate, and will try and probably will succeed in making life even more difficult for the Ukrainian government. Moscow will try to ensure the failure of the Maidan administration and the re-orientation of Ukraine back eastwards. The assumption has to be that Russia will still go out of its way to strongly destabilize the Ukrainian society via trade disruptions, sanctions, blockades, and using the energy as pressure tool.

20. *Ukraine at Russia's mercy through internal subversion (Alyona Getmanchuk, Alexandru Voicu)*

UA does not receive weapons + stagnation + stability in Russia (reinventing itself) + Russia's option – destabilization (strong signal)

Despite the support from the West and pressure from the civil society on the current political elites there is a risk that Ukrainian government will not be able to implement comprehensive reforms. Comprehensive systematic changes will not happen due to lack of political will, permanent destabilization by Russia, fear to lose electorate support, deeply rooted corruption schemes on different levels and oligarchic interests. The West will provide financial and technical support but only to that extent which will allow Ukraine not to collapse economically since the level of fighting with corruption will be insufficient.

The lack of credibility and disappointment with Ukraine's government will become a severe obstacle to adopting a decision on supplying arms to Ukraine. The West will be highly disappointed by the unsuccessful reforms in Ukrainian security and defense sector. Armed forces will be still weak and not trained enough for operating modern sophisticated weapons.

Besides corrupted and unreformed Ukrainian armed forces other factors will influence the decision on arms supply. Firstly, no Western leaders will take responsibility on adopting a decision on lethal arms supply to Ukraine. Promoters of arms supply to Ukraine will fail to find a convincing argument and persuade the world leaders that this step will help to stabilize the region and deter Russian aggression.

Secondly, there will be no consensus on this issue between major NATO allies. Even if a new American President will be ready to take such decision, he will engage in undermining transatlantic unity by doing that and especially to openly oppose Germany. No matter who will become next chancellor of Germany that is almost obviously that he/she will not support military solution in Ukraine.

Thirdly, NAT countries' citizens will be opposing to idea of Ukraine's military support. Only 41% of NATO publics support

military aid to Ukraine⁶⁵⁴. Even in Poland there is no majority supporting such a decision. In Germany only 19% are in favor of military aid to Ukraine. There are no grounds to consider that this number will increase on long term due to pacifist mood in many NATO member states.

With stagnant reforms in Ukraine and fatigue in the West, Russia will have more maneuvering space for destabilization in Ukraine. For destabilization, Russia will use traditional channels – political parties, civic groups, media, and its agents in security service and law enforcement system. Living standards of ordinary Ukrainian will decrease significantly and Russia will use that in order to involve more Ukrainians in different civic coalitions and networks aimed to discredit reformist agenda. Russia will not be perceived as an aggressor anymore, because there will be too much time from the annexation of Crimea and aggression in Donbas. A new generation who will not perceive Russia as aggressor emerges and will be more perceptive to alternative to pro-European ideas.

In a long term perspective new political forces in civic movements more loyal to Russia will appear in Ukraine due to high level of disappointment by pro European government. Ukrainians, especially in Eastern and Southern parts of Ukraine, will have political alternatives to Opposition block for which they could vote on election. Russia will support such parties not necessarily openly.

While distancing from the West, Russia will invest large parts of its resources and energy in Eurasian integration project. Attractiveness of Eurasian integration will be dependent strongly on how European integration project will develop after Greek crisis, referendum in Great Britain, increased role of far right political forces in some EU countries and other developments which are able to undermine the EU. Contrasted with stagnation and loss of attractiveness in European integration project Eurasian integration project could become more and more attractive, including among Ukrainians. Russia will push Ukraine's involvement in the Eurasian union because without it, the Eurasian

⁶⁵⁴ NATO publics blame Russia for Ukrainian crisis but reluctant to provide military aid. <http://www.pewglobal.org/2015/06/10/nato-publics-blame-russia-for-ukrainian-crisis-but-reluctant-to-provide-military-aid/>.

Union would become a tool for the “Asianisation” of Russia, which a significant part of the Russian electorate does not want.⁶⁵⁵ 45% of Russians still want Ukraine to become a member of Eurasian Union and only 14% of them support Ukraine’s integration to the EU⁶⁵⁶.

With the stagnation in reforms Ukraine won’t be able successfully implement Association Agreement (AA) with the EU including Deep and Comprehensive Free Trade Agreement (DCFTA). There will be no tangible benefits from economic integration in short and mid term perspective. Not earlier than after 10 years of DCFTA implementation it could increase people “s welfare from 4,8% to 11,3%.”⁶⁵⁷.

Ukrainian business won’t be able to get access to European market due to lack of investment for modernization and low ability to compete. Different political forces in Ukraine would push the idea of failed European integration and will call to Eurasian option for Ukraine.

Visa-free regime will have only temporarily and mainly symbolic effect since not many Ukrainians will be able to travel to the EU countries due to poor economic conditions. Ukraine will call for membership perspective in the EU but without any positive reaction from European side.

21. Russia’s control of a submissive weak Ukraine (Sergiy Solodky, Narciz Bălăşoiu)

**UA does not receive weapons + stagnation + stability in
Russia (reinventing itself) + Russia’s option – federalization
(strong signal)**

In the long-term, it is quite possible to predict that the West does not provide the weapons to Ukraine since it is afraid of being dragged into open military conflict with Russia. US Pre-

⁶⁵⁵ Russia’s pivot to Eurasia, ECFR, May, 2014. http://www.ecfr.eu/page/-/ECFR103_RUSSIA_COLLECTION_290514_AW.pdf.

⁶⁵⁶ Rossiyane dovereyut Putinu i ne liubyat Merkely s Obamoy, 23/06/2015. <http://expert.ru/2015/06/23/rossiyane-uvazhayut-putina-no-ne-uvazhayut-merkel-i-obamu/>.

⁶⁵⁷ Sho dast i Ukraini ta ukraintseam vilyna torgivlea z ES?. http://www.bbc.com/ukrainian/business/2013/09/130930_free_trade_ukraine_eu_az.

sident's Administration stated that American supply of the weapons may only instigate the conflict⁶⁵⁸. Presumably the Western governments will stay in a waiting position for several years connecting possible supply of weapons with the success of reforms in Ukraine. If Ukraine demonstrates great achievements in its transformation (in particular, in security sphere) there would be no obstacles to support the state even with lethal technologies. Meantime, in a long-term perspective it might appear that Ukraine will collapse to reach any visible results to strengthen itself both domestically and externally.

In five or ten years period it might be clear that Ukrainian authorities will have not met the public demands and expectations put onto the agenda by the Revolution of Dignity. If corruption stays on the same level, judicial system becomes totally discredited, political elites are perceived by the society as irresponsible and not accountable, quite apathetic moods within the society would be spread. Unbearably expensive utility bills, increase of the price for minimal living necessities, high level of unemployment may provoke extreme degree of the societal turbulence. A year after new president came into office public survey has demonstrated growing negative feelings among Ukrainians. Thus, 70 per cent of citizens believed that the situation in the state was developing in the wrong direction⁶⁵⁹. The negative dynamic is more than obvious since in the end of 2014 this indicator was almost 10 per cent less (58 per cent). Moreover, two years earlier 52 per of Ukrainians felt upset because of the wrongness of the state's development⁶⁶⁰. Taking into account this rate of growth one may argue that desperation will reach threatening level in a long-term perspective leading to the most undesirable consequences (from regular protests up to the new revolutionary events).

⁶⁵⁸ Rechnik Bilogo domu zayaviv pro vidmovu postachati letalnuiu zbroiu Ukraini / Spokesperson from the White House informed about refusal to supply weapons to Ukraine. http://ipress.ua/news/u_bilomu_domi_zayavyly_pro_vidmovu_postachaty_letalnu_zbroiu_ukraini_114395.html.

⁶⁵⁹ Rezulytati sotsiologichnogo doslidjeniya "Otsinka gromadeanami situatsii v Ukraini ta stanu provedennya reform" / June 11, 2015. http://www.razumkov.org.ua/ukr/news.php?news_id=635.

⁶⁶⁰ Rezulytati sotsiologichnogo doslidjenia "Gromadsyka dumka: pidsumki 2014 roku" / December 29, 2014. http://www.razumkov.org.ua/ukr/news.php?news_id=573.

The Government might be delegitimized, the vertical of power can be destabilized whereas local authorities usurp and practice more autonomous rights which are close to being interpreted as the reflection of separatism. Auto nominalization on the local level multiplied by protesting moods of the citizens may lead to the federalization of Ukraine *de facto* (if not *de jure*). Losing any credibility central Government may lose any capability to control some of the local administrations. Neighboring actors presumably can encourage local ethnical communities to expand their autonomies. Thus, Ukrainian citizens of Russian origin can demand broadening of their rights (idea of *Novorossiya* may appear again on the agenda), Ukrainian Romanians (in particular living in Bukovina) and Ukrainian Hungarians (Trans Carpathian region) may appeal to their *motherlands* to protect them copying the logic of *Novorossiya* protagonists⁶⁶¹. There are also possible some separatism signs even in the regions with the domination of ethnical Ukrainian population (such as Halychyna).⁶⁶² Majority of Ukrainian citizens who could prefer earlier pro-Western orientation of Ukraine may in a long term perspective dive into the deepest apathy not playing the same integrative role demonstrated in 2014.

A wave of federalization may manufacture new political players who will represent Russian-speaking regions primarily. These politicians will be staying on the position of restoring the partnership with Russia. Majority of Ukrainians of the democratic, pro-Western attitudes will find themselves in an abstaining stance embracing the idea ‘we do not support anybody’ (‘against-everyone/*protivysikhy*’ which was a widespread informal movement symbolizing the failure of the Orange revolution^{663, 664}).

⁶⁶¹ Ukrainskie vengry i rumyny mechtajut ob otdelenii / Ukrainian Hungarians and Romanians are Dreaming about Separation. January 28, 2015, <http://vesti-ukr.com/odessa/34822-ukrainskie-vengry-i-rumyny-mechtajut-ob-otdelenii>.

⁶⁶² Prizraki galitskogo separatizma i ulytranatsionalizma / Ghosts of Halychyna's Separatism and Ultrnationalism. November 11, 2011, http://gazeta.zn.ua/POLITICS/prizraki_galitskogo_separatizma_i_ultranatsionalizma.html.

⁶⁶³ “Protivysikhy” u novomu vimiri / “Protivysikhy” in a New Dimension. May 21, 2014, http://blogs.lb.ua/mykhailo_basarab/267195_protivysikhy_novomu_vimiri.html.

⁶⁶⁴ In Ukraine, '04 Euphoria Has Turned to Despair. November 18, 2009, http://www.nytimes.com/2009/11/19/world/europe/19ukraine.html?_r=0.

This phenomenon may repeat the logic of events which took place in 2010 when Viktor Yanukovich won the elections since large amount of citizens was stick to the position ‘against everyone’. Despair of pro-democratic citizens may stimulate quantitative dominance of the voters preferring pro-Russian and pro-hardship politicians who, thus, can win elections both Presidential and Parliamentarian. This revenge might be possible because of low turn-out of the voters from Central and Western regions as a traditional stronghold of the pro-Western and pro-democratic aspirations. The pro-Russian candidates will be highly supported by influential mass media since the major TV channels might be still owned by the oligarchs who will remain dependant on Russia⁶⁶⁵. Politicians who will be insisting on improving the relation with Moscow may appear under the flags of new-generation-statesmen entitling themselves as realists or pragmatists who will be promising to stabilize Ukraine through deepening cooperation with Russia, Belarus, and Kazakhstan and through ‘pragmatic’ relations with the EU rejecting idea of the European integration.

The lack of the Western support, EU’s focus on the domestic issues kill the last hopes of the citizens who believed in the Euro-Atlantic development of the state. People will be leaning more and more to nostalgia on Yanukovich’s pragmatism in the relations with the EU⁶⁶⁶. The failure of the pro-Western politicians in the reforms helps pro-Russian *realists* to dominate political arena since they exploit popular ideas as lowering the costs for utility bills, restoration of the economy, and so on. Those trends force Ukraine to return into the Russia’s orbit of influence. The West presumably fatigued by the Ukrainian issue may accept ‘sovereign choice of the Ukrainian people’.

In a long-term period, stagnation of the reforms in Ukraine, total impoverishment of the people, discrediting of the idea liberal/European/Western values may strengthen the attractiveness of the Eurasian Union for post-Soviet states (namely Ukraine).

⁶⁶⁵ Russia’s fifth column in Ukraine. <http://euromaidanpress.com/2015/04/03/russias-fifth-column-in-ukraine/>.

⁶⁶⁶ The EU is no Friend of Ukraine. June4, 2014, <http://www.spiked-online.com/newsite/article/the-eu-is-no-friend-of-ukraine/15109#.VZ7aRfntmko>.

As a result of long-term information war Ukrainians may be intoxicated by the Kremlin doctrine to come back to ‘historical brotherhood’. It allows Russia to reinvent itself and its imperialistic ideology according to Brzezinski concept⁶⁶⁷.

22. War in Eastern Europe (Adriana Sauliuc)

UA does not receive weapons + stagnation + the situation in Russia: instability + Russia’s option: offensive (Black Swan scenario)

UA does not receive weapons

Even if at European level and in the USA, the situation in which Ukraine, largely the result of a closer relationship with the Euro-Atlantic structures, is known, the countries which could deliver lethal weapons to Ukraine, refuse to do it. Among the main reasons for such a decision is their concerns that, if the Ukrainian state will receive lethal weapons, Russia – the country that supports by military means the separatist who fight in the Eastern part of Ukraine, could take into consideration the cancellation of the advantage obtained by the Ukrainian Army, and the most efficient measure in this regard would be the providing of the same type of technology to pro-Russians separatists who fight in Ukraine. In such a situation, things could become even more complicated, especially since the developments on the ground, highlighted in the period marked by struggle and instability that the conflict in Ukraine is not “played” by the “rules of the game”.

At least not by the aggressor country given the fact that the Ukrainian Army must face a war marked rather by a flagrant asymmetry, in which the enemy’s actions are not “formally assumed”, a situation which inevitably lead at waging a war outside the rules of the international law.

Also, another aspect that underlies the decision of the countries who are on Ukraine’s side in this war not to provide lethal

⁶⁶⁷ Bjezinskii Zbignev: Evraziyska shahibnitsiya: <http://ruthenia.info/txt/vesna/bzhez/shah2/01.html>.

weapons to Kiev in the following period is related to the fears of these countries regarding the possible entry of such weapons in the possession of those on the other side of the barricade, situation that would put Ukraine in a bad position, while for the so-called “provider” states of such technology, things would become extremely complicated.

Given this situation, the decision of some countries like the US, Great Britain and other NATO member countries to provide technical and military assistance to Ukraine was limited to types of weapons that are not part of the lethal category. In September 2014, after some discussions between officials from NATO and representatives of Kiev, Brussels sent a clear message: NATO officials say they have no plans to send lethal assistance to non-NATO member Ukraine, but that member states may do so.⁶⁶⁸

If NATO’s position regarding this subject was clear, the EU members expressed of the same opinion, while some countries are very vocal regarding this subject. Among them is Germany, which has a firm position regarding the matter, Berlin disagreeing with the provision of lethal weapons to Ukraine. Moreover, during a visit in Washington in May 2015, German Foreign Minister highlighted the danger that such a decision can generate. In his opinion, giving such weapons to Ukraine could send the ongoing conflict spinning “out of control”, because such a move could trigger a “dangerous, permanent escalation” of the crisis facing Kyiv and Moscow.⁶⁶⁹ Also, France announced in April 2015 that has no intention of providing lethal hardware to Kyiv “at this time”, declaration made in a period in which Obama has come under increasing pressure from the U.S. Congress to bolster the vastly overmatched Ukrainian army with lethal defensive weaponry.⁶⁷⁰

In such a context, despite talks on the possibility of Kyiv to receive lethal weapons and some positions expressed in favor of such an option, Ukraine will not receive in the short-term lethal

⁶⁶⁸ *Nato members 'start arms deliveries to Ukraine'*, BBC News, September 14, 2014, <http://www.bbc.com/news/world-europe-29198497>.

⁶⁶⁹ *Germany Again Warns Against Lethal Weaponry for Ukraine*, Voice of America, March 12, 2015, <http://www.voanews.com/content/germany-again-warns-against-lethal-weaponry-for-ukraine/2678067.html>.

⁶⁷⁰ *Ibidem*.

weapons for the Ukrainian army who is fighting against pro-Russian separatists in Eastern part of Ukraine.

Stagnation

The reforms implemented by Kyiv in the period after the installation of Yazteniuk's Government has generated positive changes in Ukraine and in terms of how the international actors (countries and international organisations) interested in developments in Eastern Ukraine approached the relationship with Kyiv after the onset of the crisis here. But the enthusiasm regarding the reforms implemented until now and the ones that will be applied in the following period will be reduced gradually due to the fact that neither Poroshenko, nor Yatzeniuk will obtain a success in delivering what they have assumed to do, so the inefficiency of their policies will become evident in time.

And this, not necessarily due to the fact that their real intentions are not linked with the desire to pull the country out of crisis which was a result of the events after the Summit in Vilnius (November 2013), but rather because of the fact that, successfully helping Ukraine to solve the problems requires major efforts supported both from inside and outside. Regarding the internal situation, the challenges Kyiv has and will have to manage are problematic and need radical action difficult not only in terms of the decision, but also of the implementation process. Elements like corruption, the oligarchs more interested in doing business in their own benefit rather than for the good of their country, to which can be added the threats coming from Moscow, the lack of money, of the existence of some authorities prepared to face a major crisis that has complicated even more the regional context, all lead to a negative situation for Ukraine in along period of time. The stagnation which will mark the Ukrainian state in about 10-15 years will be the result of how Kyiv will act during the whole period of crisis, both internally and externally. The lack of its credibility in front of the countries and international organizations which have offered their support previous will reduce its opportunities to overcome the impasse in which the Ukrainian stat is stuck and will be for a long period of time. The credibility, or rather its lack, influenced also the decision of

the countries not to support Ukraine with lethal weapons, so necessary especially in the early stages of the conflict, a signal that was received also in Moscow.

In the absence of a support that could help tilt the balance in Kyiv's favor in its fight against Russia, the low security level entailed a low interest in the economic field (lack of foreign investors while the financial aid received by Ukraine decreased substantially). Thus, without these items it is obvious that in Ukraine, weakened internally and without external support (which has been gradually reduced as a result of Ukraine's failure to maintain the interests of creditors for its situation), reforms have substantially decreased their effects, as well as Kyiv's capacity to implement them.

For the next 10 to 15 years, corruption, interest groups, oligarchs and a divided political class will influence Ukraine's evolution which will arrive in the long term, in a position to oscillate between East and West, especially amid Moscow's interference in the internal affairs of the Ukrainian state.

The situation in Russia: instability

In the long term, the situation in the Russian Federation is likely to deteriorate the instability will replace the stability. Weakened by the international sanctions adopted by some states and international organizations as a result of its aggressive policy in relation with Ukraine, penalties coming at a time when Russia did not enjoy very good economic situation, its negative trend could not be reversed. The lack of the financial resources due to the major reduction of the oil prices in the period 2014 – 2015 and some economic problems, inevitably led to a decrease of the Russian state's revenue. Also, the European states intend to reduce their dependence on Russian gas will negatively affect Russia's balance of payments. The economic problems will grow as time passes and the amplification of the Moscow's lack of ability to compensate and cover the losses. The deteriorating economic situation will inevitably be followed by problems both apolitical and social level. The regime in Kremlin will undergo significant changes, being forced to rethink its strategies to manage challenges that will arise in the following 10 to 15 years.

Also, the discontent of the population will weigh more in relation with the political class and the election of the President (in 2018 if the presidential election will take place on time), a situation that will influence the evolutions in Russia in the long term.

At the same time, the instability of the Russian Federation will inevitably be influenced also by elements adjacent to the areas of utmost importance. Thus, if Moscow will not be well inspired in identifying new markets for its energy resources, while the previous ones will be lost, its economy will continue to be significantly affected, its regionally and internationally power also being affected. Internal problems at society level will generate extensive changes. Already with negative developments in terms of population and its age, a state of insecurity internally will generate an even greater amplification of the elements mentioned above. The Russians might even want to leave the country, while those remaining tired because of the economic problems, will rise, through their actions, the tension between society and the political class.

Russia's option: offensive

The internal instability in Russia will inevitably be felt by Moscow's neighbors. And Ukraine is among them, which in the medium and long term will continue to be influenced by Kremlin's actions. This because, weak and steeped in a complex crisis, manifested at all relevant levels: economic, political, social, it will be unable to protect itself against the aggressive neighbor to the East. The negative situation in Ukraine will be also one of the reasons of the Kremlin's aggression, meaning that the lack of the involvement of the international community in general and certain countries in particular, will be interpreted by Moscow as an invitation to act as it sees fit.

And as the situation in Russia will be very complicated, difficult to manage internally, but also evident in terms of its ability to project power beyond its borders, Ukraine will be seen by the Kremlin as an exit from a less favorable situation. More specifically, the increase tensions on the Moscow–Kyiv axis will be seen by Kremlin as an opportunity to regain the support of the population dissatisfied with the economic situation by bringing

to the fore of the nationalism and the pride of the Russian people. Also, an offensive attitude in relation to the Western neighbor could be seen by Moscow as an opportunity to further reduce the population's attention to the internal problems of Russia, even if such a move might not produce the desired effect.

At the international level Russia will not be able to fool anyone regarding its ability to project power outward. Even so, the offensive relation to Ukraine will have negative effects on it, but also at regional level. This because, weakened and humiliated by the misfortune of becoming superpower, Moscow will become more aggressive in its attempt to hide its internal problems which have direct effects on its foreign policy.

23. Instability in Eastern Europe (RM team, Radu Arghir)

UA does not receive weapons + stagnation (collapse) + instability in Russia (collapse / fragmentation) + Russia's option – destabilisation (strong signal)

UA does not receive weapons

On the short and long term, several scenarios are possible. Firstly, the consolidation of a de facto border between Ukraine and the separatist region in the East, the enforcement of a democratic government with respect to human rights and fundamental freedoms are to lead to Ukraine joining the NATO alliance. In this case, no guarantees of security and stability need to be made to Ukraine outside NATO for the simple fact that the common defence security guarantees will automatically be applied with its entrance into NATO. The Ukraine coverage by Article 5 of the Washington Treaty (North Atlantic Treaty) and the collective defence guarantee that comes along will deter the possibilities of a further Russian military aggression.

Alternatively, the United States together with its European allies will work on the consolidation of Ukraine's sovereignty and territorial integrity. In this context, Ukraine will be encouraged by the Western partners to develop its own nuclear de-

terrent against any potential military aggressions on behalf of Russian Federation. A nuclear-armed Ukraine with a pro-Western government will also satisfy the strategic interests of NATO allies, acting as a buffer state between the Russian Federation and NATO state members. In the sense that a strong nuclear-armed Ukraine will impede any expansion of Russia's military aggression to NATO borders.

On the other hand Ukraine is not of a vital strategic importance to Washington as it is to Moscow. On the medium and long term, U.S. administration is pivoting to Asia and not to Europe which means that a stronger military commitment on behalf of U.S. will not be made to Europe and particularly to Ukraine. The argument that an U.S. non-military response in Ukraine will determine Russia's intervention in areas of greater strategic importance to U.S. is unjustified and the American administration will not act upon it. However, this will not impede U.S., out of its NATO membership status, to encourage Ukraine adherence to NATO.

Also, even if the Western partners decide not to arm Ukraine, but instead, they work hard on providing the economic incentives through the orientation of a large volume of resources towards direct investments in the country, this will offer Ukraine the real possibility of buying the necessary lethal weapons from other countries without directly involving the Western allies.

But, in the case of a political unstable Ukraine, the Western partners most probably will not risk arming it, but rather focus on the establishment of a pro-Western coalition. If the desired outcome will not be accomplished for long enough, it is highly probable that Ukraine – with a breakaway region, will be dragged again in Russia's sphere of influence.

Further more, if we consider the possible internal destabilization of the Russian Federation, such a scenario does not even require arming Ukraine for a positive evolution of the situation on the ground. In this case, the de facto border between the Western and Eastern Ukraine will be enforced without the military opposition from the Russian Federation given the fact that Russia will be focused on the internal challenges faced by the political regime. In consequence, Ukraine will work on the con-

solidation of a democratic regime and the successful implementation of the Association Agreement with European Union.

Long-term unsuccessful reforms scenario

The long term unsuccessful reforms scenario might have the following causes: lack of /failed political unity and will, lack of/failed reform leaders.

For many reasons it is very unlikely that the coalition will be able to maintain its political unity on medium and long term, unless important external pressure, threats or military aggression will coagulate the efforts of all political parties and leaders. It could be explained by the chaotic political landscape with numerous and small political parties bind more to their leaders than to doctrines, with undeveloped conceptual framework and lack of democratic traditions. It would mean that the tensions and conflicts that come inevitable with reforms and affect different areas of political interest will not be attenuated under a commonly sheared idea, but will instead be used mainly for political and electoral gains.

Ukraine's sluggish reforms will increase the discontent of the EU and its partners regarding the real prospective of reforms, political will and capabilities of Ukrainian authorities to effectively use the offered assistance and achieve the desired results. Ukraine's slow progress when it comes to reforms will delay the lending of loans and undermine the successful long term scenario. Also it is very unlikely that EU will be able to support Ukrainian reforms while facing important internal challenges and processes.

Another factor that might lead to midterm and long term unsuccessful reforms scenario is the differences in public opinions, political options, economic situation and efficiency of public administration among different regions of Ukraine.

The consequences of failed reforms will hit Ukraine hard and might include economic, financial, political and social crises, low internal and external authority of the governance, political elites and political parties, and low level of self-confidence of the nation, governance, civil society, business. The most important effects of reforms failure will be the inability to submit a bid

for EU membership and the undermining of the EU integration idea.

Instability in Russia

The economic sanctions imposed on Russia have two kinds of consequences. On the one hand, they affect the Russian economy on the long-term (the capital outflow from Russia, including the intellectual one; limited access to affordable credits; limited access to modern technology; drastic reduction of energy export revenues, etc.). These sanctions lead to: economic stagnation; the incapacity to fulfill the social commitments, which Russian President Vladimir Putin has assumed in the past; dramatic increase of the population living below the poverty line, etc. Or, as long as the regime controlled by Vladimir Putin, manipulates the people of Russia by largely disseminating chauvinist messages, these sanctions and their consequences do not have an immediate and tangible impact upon Russia's foreign policy in relation to Ukraine. On the contrary, the financial sanctions strengthen and enlighten the authoritarian political regime in Russia, symbolized and represented by Vladimir Putin. Therefore, these sanctions will have a long-term impact and theoretically, they might accelerate the crisis of the Russian political regime in the distant future. However, they will have a less immediate effect upon Russia's policy in relation to Ukraine.

On the other hand, the financial sanctions have an impact upon the inner circle coalesced around Mr. Putin, who live their lives according to the following principle: "We steal here (in Russia), but live there (in the West)". It is clear that these individuals are directly affected by the consequences of the sanctions, in the situation when they realize that the sole purpose of the pseudo-patriotism propaganda is the consolidation of Putin's personal power.

While in their view, this regime's existence is justified as long as it provides the comfort to live in accordance with the aforementioned formula. Many Russian experts consider that the main risks to the personal power of Vladimir Putin might come from inside his circle of influential people and not from society's side. Namely, it is this group of people who might send messages

to Putin for “moderating” the regime’s behavior in relation to Ukraine and for avoiding the worsening the relations with the West.

The artificial impact of economic sanctions on Russia, overlapping with the perspective of announcing the international investigation results on the crash of the Malaysian Airlines MH17 flight over eastern Ukraine reduces the risk of restarting a direct military aggression by Russia against Ukraine. Reaching out an agreement on Iran nuclear deal created the premises for lifting Iran’s financial and oil sanctions and for its entrance in the nearest future on the international market of crude oil exports, which will be followed by a decrease in the oil price. Thus, this factor will amplify the effect of sanctions imposed against Russia.

On top of the direct impact of sanctions, Putin’s regime has realized that the international community (EU, USA, NATO, etc.) is not going to “forgive” Putin’s annexation of Crimea, compared to what happened in 2008 in the case of aggression against Georgia. Therefore, it could be assumed that Putin’s regime will attempt the “transnistriization” of Donetsk and Lugansk regimes, trying to present them as “part of the conflict” with Ukraine and eventually use them in the “negotiations’ process” with Ukraine. At the same time, Russia will try to present itself as neutral state in relation to any conflict.

Given these three factors (the evolution of the fighting in east Ukraine and the state of Kiev’s economy as well as the developments in Russia) it is very likely that the Kremlin will keep pushing for the federalization of Ukraine. However it will face stiff opposition, especially given Moscow’s definition of federalization⁶⁷¹. It will continue to ask for the federalization of Ukraine, but if its endeavors yield no results it will likely resort to a “stop and go” strategy. This means it will reignite the conflict in the eastern Ukraine in order to constantly destabilize the state and capitalize on ceasefire deals. On top of that it will use

⁶⁷¹ Alexander Motyl, “Why Russia Wants the Federalization of Ukraine”, October 28, 2014, http://www.huffingtonpost.com/alexander-motyl/russia-ukraine-federalization_b_5727256.html.

any available tools in order to destabilize the state, from supporting the opposition and social unrest to using terrorism⁶⁷².

24. Perfect storm: Anarchy and explosive decomposing of the states in Eastern Europe **(Adina Cincu)**

Ukraine does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: federalization (strong signal)

Ukraine has not received weapons, direct lethal military aid from its Western partners who have acknowledged that the Ukrainian crisis is not going to be solved through a military arms race⁶⁷³, Western leaders being aware about Kremlin's clear warning that any arms transfer for Kiev's security forces will determine a direct Russian military precautionary intervention in order to protect its compatriots from the Western supported attacks.⁶⁷⁴ Thus Western states have decided that not arming Ukraine may be a better way to finding a comprehensive solution to the Ukrainian crisis, diminishing the possibilities for a Russian retaliation and separatist outbreak in the Eastern part of the country.

In Ukraine the reform process has been severely blocked and the governing coalition has not been able to meet the people's needs for comprehensive and sustainable reforms. The depreciation of the currency, the contraction in GDP, the growth of the inflation and the strong economic deficit has affected Ukraine's financial and economic system and thus the lives of ordinary

⁶⁷² Radio Free Europe, "Poroshenko Warns Of Rising Terrorist Threat In Ukraine", July 10, 2015, <http://www.rferl.org/content/ukraine-poroshenko-/27120003.html>.

⁶⁷³ Tom Parfitt, *Ukraine crisis: Do not try to scare Putin*, warns Merkel, available at: <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11397900/Ukraine-crisis-Do-not-try-to-scare-Putin-warns-Merkel.html> accessed on 07.07.2015.

⁶⁷⁴ Simon Saradzhyan, *Weapons won't end the conflict*, Belfer Center fo Science and International Affairs, http://belfercenter.ksg.harvard.edu/publication/25056/weapons_wont_end_the_conflict.html accessed on 07.07.2015.

Ukrainian citizens. The national economy has faced important difficulties⁶⁷⁵ and the deep seated corruption has not been adequately addressed and local oligarchs still controlled important segments of the economy and didn't take into account people's real needs. The conflict in the East has been exacerbated by the costs of warfare, casualties, refugees, loss of important territories, industrial weapons and the Ukrainian leaders have decided to invest important amounts of money in restructuring the army and have ignored the people's real needs like developing a viable economy market, eliminating corruption, privatization of state owned companies and obtaining energy independence. Ukraine has been strongly criticized by its foreign partners for not being able to accomplish comprehensive reforms and because Kiev has not been able to prove to Western financial institutions that it can change the system from within in accordance to democratic and liberal principles, it has not attracted enough financial aid in order to redress its economy. The decentralisation process has resulted in a limited influence of Kiev's control in the decision making at regional and local level, where the oligarchs still controlled the economy, in total disrespect for the real needs of the local communities. Kiev has offered the separatist regions the special status envisioned in the Minsk Agreements but has also significantly diminished its financial support for the pro-Russian regions thus increasing the pressure on Kremlin to help the people it has financed in recent years in their campaign of contesting Kiev's legitimacy.

The situation in Russia has been in the last years defined as one of strong economic, social and political instability. The recession in which the Russian economy has entered in 2015 and the Russian state's inability to recover and redress its policies have strongly affected the Russian population. On long term, the effects of the Western sanctions, the low oil prices, the decrease of foreign investments, the massive capital outflow and the constant volatile ruble have made Russia a strongly unstable economic and financial country, and all the economic hardships have

⁶⁷⁵ Oleksandra Vakulina, *No reform, no reconstruction: Firtash's grim view of today's Ukraine*, <http://www.euronews.com/2015/02/27/no-reform-no-reconstruction-oligarch-firtashs-grim-view-of-post-yanukovich/>, accessed on 07.07.2015.

been experienced by the Russian population. The financial support Kremlin has offered Crimea and the Eastern regions of Ukraine in its desire to prove it can be an alternative to the Kiev government, has put immense pressure on the Russian economy. The authoritarian and corrupt Russian regime has become strongly contested and political factions have appeared, each proposing a distinct way of solving the internal crisis and approaching the Ukrainian crisis.

Russia's proposal for solving the Ukrainian conflict continued to be the plan for federalization that is offering the two separatist regions in the East a great degree of autonomy from Kiev's central government.⁶⁷⁶ Self governance for the Russian speaking rebel areas in Eastern Ukraine continued to be promoted by Kremlin and the process of decentralization proposed by Petro Poroshenko had some important consequences, Kiev having its control greatly diminished over the Eastern regions.

On the long term the self governance/special status offered by Kiev to the Eastern separatist regions may determine the leaders of these regions to express their will to join Russia and thus Kiev government's authority will be further undermined. Even if the separatist regions that now enjoy special status of auto-determination will not decide to officially join Russia, Kremlin's influence in the decision making of these separatist entities will continue, with the overall purpose of blocking any Euro-Atlantic path of Ukraine. With no direct military aid from its Western partners and after years of only receiving political and limited financial support, some elites from Kiev have begun to question the West's sincere interest in Ukraine's security and have proposed a more nation focused plan of reconstructing Ukraine in its own terms, with an accent on military restructuring and training in order to be able to face the permanent threat represented by the pro-Russian separatists.

Russia's continuing pressures for federalization and the lack of comprehensive and clear support from the West may determine Kiev to actively engage with Kremlin in order to find a viable

⁶⁷⁶ Alec Luhn, *Poroshenko endorses referendum on federalization of Ukraine*, <http://www.theguardian.com/world/2015/apr/06/poroshenko-endorses-referendum-on-federalisation-of-ukraine>, accessed on 07.07.2015.

modus vivendi that will clearly not be according to the superior goal expressed initially by Petro Poroshenko of regaining full control and authority over all Ukrainian territory and full respect for its sovereignty. Ukraine may initiate a type of negotiation with Kremlin, in the face of the opposition of its Western partners to provide more than only rhetorical political support. The North-Atlantic Alliance has not offered Kiev the clear prospects of NATO membership and this has led to an important consolidation of the nationalist factions and of those who oppose pro-Western orientation rather favoring comprehensive although difficult negotiations with the Russian Federation.

On the long term, due to the difficult economic situation and the inability of the political elites to stop the fighting in the Eastern part of the country or find a comprehensive agreement with Kremlin, important social unrest will further destabilize Ukraine. People will challenge the government's lack of strategic vision and nationalistic parties may win important ground and elaborate a different political agenda, distancing from the old Euro-Atlantic path. In the long term, Ukraine's top oligarchs will try to undermine any significant reforms that run against their economic interests, presenting a challenge for the stability of Ukraine's diverse pro-Western ruling coalition.⁶⁷⁷

The Ukrainian difficult economic, social problems (social unrest), the lack of Western military and financial and the Russian Federation continuing support for the federalization may translate into grave political tensions, political fights over what strategy should better be followed and there is a high probability that some Ukrainian political factions may support the idea of accepting the Crimean annexation and also the independence of the pro-Russian separatist regions in the Eastern part of the country even if that may represent a definitive destruction of Ukraine's unitary state. On the long term, the Ukrainian government may decide to negotiate with Kremlin, acknowledging that it cannot win the fight against the military supported separatists in the East without West's military direct involvement, and thus, it may accept the separatist regions autonomy that could then

⁶⁷⁷ *Crisis in Ukraine shifts some oligarchs fates*, Stratfor, <https://www.stratfor.com/analysis/crisis-ukraine-shifts-some-oligarchs-fates> accessed on 07.07.2015.

transform into independent entities that may want to unite with Russia. On the other hand although the separatist regions will obtain their special status they may not express such a great will to unite with Russia, because Kremlin's difficult economic situation will make it impossible to support the Crimean Peninsula and the Eastern provinces with financial and military aid.

On long term, the social contract between Putin and the Russian people is probable to come to an end, and if before the Ukrainian crisis the Russian opposition was usually quiet, impotent, occasionally visible in the streets, a broad popular support can be garnished from the Russian people once they will understand that they need a new national elite based on meritocracy and devotion to the country and its people, not to a leader, when they will understand the need for fair and transparent rules of governance, independence of justice and professional law-enforcement apparatus from which corruption is expunged, de-monopolization of Russian economy. Having lost the support of its people and experiencing important financial obstacles, Kremlin will not be able to support the expansion of separatists control over other areas in Ukraine and it may diminish, in the context of continuing Western sanctions, its support for the pro-Russian regions.

If Russia will cease its military support for the separatists in the East due to its economic problems and will continue to officially promote the idea of Ukraine's federalization in order to end the bloody war, the international community may diminish the sanctions and try to bring Kremlin at the negotiating table for finding a just solution that would respect Kiev's territorial integrity and sovereignty. On the other hand, if the West will still remain reluctant of Russia's intentions although in its official discourses, the Kremlin has clearly denied its involvement in the Ukrainian crisis and proposed a peaceful solution through federalisation, then the Russian elites will probably enhance their economic, commercial, military and politic relations with China.

Kremlin will enhance its military cooperation with Beijing because of the perceived threat of the US global missile defense architecture considered a risk for the strategic stability of the Asia-Pacific region and a clear instrument of systematic containment of Russia. Kremlin will supply China with S-400 Triumf

missile defense system and will create a solid cooperation in the energy field; Russia will send important amounts of natural gas through the Power of Siberia pipeline. Such a major re-orientation of Kremlin towards China as a result of Western states desire to continue the sanctions regime, may underline that the Russian leaders have realised that the strategy of dividing the European states has not fully worked and it can also have important repercussions on Western economies. A full energy cooperation with China may determine the Kremlin leaders to strongly reduce their gas exports to the European states that although have obtained some degree of energy independence, it will find difficult to make up for all the internal consumption.

On long term in the context of a strong internal instability, continuing fighting in the Eastern separatist regions and only political and limited financial aid from its Western partners, Kiev is less likely to try to military regain Crimea and Kremlin will still not give back the illegally annexed territory. Kiev may instead try to negotiate and engage in comprehensive peace talks with Kremlin in order to try and secure the stability in its Eastern territories, through a pressure Kremlin could put on the decision making in these areas, and this will represent another loss of sovereignty for Ukraine.

Chapter 4

CONCLUSIONS

Our trilateral expert group was able to develop and to play 90 scenarios, divided between strong signal scenarios (based on a trend evolution where the most important are indicators already present and extremely important nowadays), weak signals scenarios (based on indicators existing today but with a low significance impact) and Black Swan scenarios (indicators absent today, highly improbable but with a huge impact in the consequences of the evolution of the crisis if such a scenario develops). The main idea behind the prospective studies is not to guess or to use probabilities, but to cover as much as possible the full spectrum of possible scenarios.

In the 90 scenarios we have:

- 10 discontinuity scenarios (resulting from challenging the relative certainties agreed upon by the experts) with
 - 2 weak signal scenarios and 1 Black swan scenario for the short term.
 - 3 weak signal scenarios and 4 Black swan scenarios for the medium term evolution.
 - 1 weak signal scenario and 5 Black swan scenarios for the long term evolution.
- 80 continuity scenarios, 32 in the short term, 24 in the medium term and another 24 for the long run, with:
 - 22 strong signal scenarios, 8 weak signal scenarios, 2 black swan scenarios in the short term.
 - 21 strong signal scenarios, 3 weak signal scenarios.

– 14 strong signal scenarios, 3 weak signal scenarios, 7 black swan scenarios in the long term.

All in all, we have the following final partition of the scenarios:

- In the short term: 22 strong signal scenarios, 10 weak signal scenarios and 3 black swan scenarios;
- In the medium term: 21 strong signal scenarios, 6 weak signal scenarios and 4 Black swan scenarios;
- 14 strong signal scenarios, 4 weak signal scenarios and 12 black swan scenarios in the long term.

A. DISCONTINUITY SCENARIOS

This section questions the relative certainties and is aimed at identifying the conditions when those certainties could be challenged. This led us to a list of 10 scenarios of discontinuity responding to the 10 questions that challenge the relative certainties. We rated that in short, mid and long term scenarios as weak signal scenarios or black swan events scenarios.

1. Russia withdraws from the occupied territories in Ukraine, being subject to dramatic internal changes

Question 1: Is there any possibility to return to the spiritualized border (short/mid/long term) between East and West? How? (Weak Signal short term/ Black Swan mid to long term)

2. European fatigue, bad leadership and costly outcomes for the reforms

Question 2: In which conditions the Eastern orientation can occur in the long term? (Long term scenario – Weak Signal)

3. Explosion and separatism in badly governed Russia

Question 3: In which conditions, in the long term, Ukraine can recover the Crimean Peninsula? (long term scenario, Black Swan Event)

4. Russia's internal revolution in isolation: economic boom, technological explosion and military force exponentially increased

Question 4: Russia to take Novorossia (Ukraine to lose Novorossia) (Medium/long term, Black Swan event)

5. Long war fatigue and lack of interest from the West

Question 5: In which conditions the conflict can be solved based on the Russia – Ukraine direct relation without a Minsk/ Normandy format or without using the US – Russia relation? (Medium to long term, black swan event)

6. Bad governance and uninformed, indifferent or exasperated population

Question 6: In which conditions, in the medium term, can we face further separatist movements in Ukraine, in other regions of the country? (Medium term, Weak signal)

7. Abandonment of Ukraine/ Paramount raising stakes and Western interest in Ukraine.

Question 7: In which conditions the US – Russia relation moves on, in the medium term, to a phase of reset (2.0) or confrontation? (Medium term, Weak signal)

8. Perfect control of internal public discontent in Russia

Question 8: In which conditions, in the long term, the Russian system can be maintained in the current form (economy based on state energy companies run by siloviki, militarization and high investments in military industry and procurement)? (long term, Black swan)

9. Ukrainian offensive in Donbas and direct Russian involvement on the ground

Question 9: In which conditions Russia remains formally revisionist? (short/mid term, Black swan)

10. Fall of Saudi Arabia into chaos

Question 10: In which conditions the oil price increases or decreases dramatically? (short/mid term, weak signal)

B. CONTINUITY SCENARIOS

I. SHORT TERM SCENARIOS(6-12 MONTH)

In the short term, we succeeded in identifying 5 critical indicators with the following values, leading to 32 possible scenarios:

10.i.l.a.i.1. Ukraine receives / does not receive weapons (military)

10.i.l.a.i.2. Internal political coalition cohesion vs. infighting/ rift (politic)

10.i.l.a.i.3. Reforms vs. stagnation (support vs. collapse) (economic)

10.i.l.a.i.4. Social unrest vs. support for the reforms and the effort behind them

10.i.l.a.i.5. Russia's options in Ukraine: destabilisation vs. federalisation.

1. Manageable future, hope for the best

UA receives weapons + cohesion in coalition + reforms + social unrest + Russia's option – destabilisation (strong signal)

2. Ukraine under pressure: forced federalization of the country

UA receives weapons + cohesion in coalition + reforms + social unrest + Russia's option: federalization (strong signal)

3. Ukraine's internal cohesion and support for a better life in the West

UA receive weapons + cohesion in coalition + reforms + support for Government + Russia's option – destabilization (weak signal)

4. Ukraine manages its own faith, with the capacity of refusing reintegration of Donbas through federalisation

Ukraine receives weapons + cohesion in coalition + reforms + support for the Government + Russia's option: federalisation (strong signal)

5. Ukrainians take the streets fighting stagnation and bad governance

UA receives weapons + cohesion in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

6. Putting gas on the flames: de-structuring the state of an unhappy society

UA receives weapons + cohesion in coalition + stagnation + social unrest + Russia's option: federalisation (strong signal)

7. People pressing Ukraine Government for real reforms

UA receives weapons + cohesion in coalition + stagnation + support for the Government + Russia's option – destabilization (weak signal)

8. Refusing Federalisation for reintegration under public pressure

UA receives weapons + cohesion in coalition + stagnation + support for the Government + Russia's option: federalisation (strong signal)

9. Long and painful road towards a strong democratic state in Ukraine

UA receives weapons + fight in coalition + reforms + social unrest + Russia's option: destabilization (strong signal)

10. Federalization imposed to block reforms and create a heavy and hard agenda for Ukrainian Government

UA receives weapons + fight / rift in coalition + reforms + social unrest + Russia's option – federalisation (strong signal)

11. Internal political instability delaying needed reforms

UA receives weapons + fight in coalition + reforms + support for the Government + Russia's option: destabilisation (weak signal)

12. Ups and downs in the political support for reforms, under Russian pressure for a weaker Ukrainian state

UA Receives weapons + fight in coalition + reforms + support for the Government + Russian's option: federalisation (strong signal)

13. Highway to hell: Russia takes advantage of the internal destabilisation and lack of cohesion

UA receives weapons + fight in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

14. Ukraine's internal perfect storm: a weak state made so by internal issues

UA receives weapons + fight in coalition + stagnation + social unrest + Russia's option: federalisation (strong signal)

15. Struggle for finding a way out to reforms and prosperity

UA receives weapons + fight in coalition + stagnation + support for the Government + Russia's option: destabilisation (weak signal)

16. Crowded agenda with tough choices for an unstable Ukrainian Government

UA receives weapons + fight / rift in coalition + stagnation (collapse) + support for the Government + Russia's option – federalization (weak signal)

17. Tough fight for Western option, under military pressure

Ukraine does not receive weapons; cohesion in coalition; reforms; social unrest; Russia's option: destabilisation (strong signal)

18. Military and diplomatic Russian pressure to derail Western Ukrainian option

UA does not receive weapons + cohesion in coalition + reforms + social unrest + Russia's option: federalisation (strong signal)

19. Russian military destabilisation – the unique option

UA does not receive weapons + cohesion in coalition + reforms + support for the Government + Russia's option – destabilisation (strong signal)

20. Facing multiple military and diplomatic pressure on the way to reforms and joining the West

UA does not receive weapons + cohesion in coalition + reforms + support for Government + Russia's option: federalisation (strong signal)

21. Multiple vulnerabilities of Ukraine, opportunity for Russian destabilisation under military pressure

Ukraine does not receive weapons + cohesion in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

22. Struggle for political survival of Ukraine's Government, at Russia's mercy

UA does not receive weapons + cohesion in coalition + stagnation + social unrest + Russia's option – federalisation (strong signal)

23. Internal cohesion as the only asset of Ukraine, facing the enemy: military polarisation in view

UA does not receive weapons + cohesion in coalition + stagnation + support for the Government + Russia's option – destabilization (weak signal)

24. Nationalism as Ukraine's option

UA does not receive weapons + cohesion in coalition + stagnation + support for the Government + Russia's option: federalisation (strong signal)

25. Heroic fight for reforms and Western support desperately needed

UA does NOT receive weapons + fight in the coalition + reforms + social unrest + Russia's option: destabilization (strong signal)

26. Reforms as the only way out of chaos

UA does not receive weapons + fight in coalition + reforms + social unrest + Russia's option: federalisation (strong signal)

27. Ukrainian Society pushes for reforms going West

UA does not receive weapons + fight / rift in the coalition + reforms + support for the Government + Russia's option – destabilisation (weak signal)

28. Ukrainian people fights for reforms over reintegration

UA does not receive weapons + fight in coalition + reforms + support for the Government + Russia's option: federalisation (weak signal)

29. The perfect storm: at Russia's mercy

UA does not receive weapons + fight in coalition + stagnation + social unrest + Russia's option: destabilisation (strong signal)

30. Multiple choices for Russia to weaken the Ukrainian state: war, internal destabilisation

UA does not receive weapons + fight in coalition + stagnation + social unrest + Russia's option: federalisation (strong signal)

31. Call for the people to save the Ukrainian failing state, under Russian pressure

UA does not receive weapons + fight/rift in coalition + stagnation + support for the Government + Russia's option – destabilization (Black Swan Event)

32. Internal Ukrainian implosion, facing society's and citizens' will to resist

Ukraine does not receive weapons + fight in coalition + stagnation + support for the Government + Russia's option: federalization (Black Swan event)

II. MEDIUM TERM SCENARIOS (3-5 YEARS)

We are looking at the following critical indicators, with the following values, that are offering us, in a combined manner, 24 scenarios in the mid term:

1. Ukraine receives / does not receive weapons in the initial stages

2. Reforms vs. stagnation (support vs. collapse) a choice also undertaken initially

3. The situation in Russia: stability vs. instability

4. Russia's options: military offensive vs. destabilization vs. federalization

1. Confrontation at the new East-West border

UA receives weapons + reforms + stability in Russia + Russia's option – offensive (weak signal)

2. Ukraine fights internal subversion inspired by Russia

UA receives weapons + reforms + stability in Russia + Russia's option – destabilization (strong signal)

3. Russia pushes federalisation for controlling Ukraine's path towards West

UA receives weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

4. Russia uses military push in Ukraine for internal political purposes

UA receives weapons + reforms + instability in Russia + Russia's option – offensive (weak signal)

5. Ukraine's focus on reforms, internal support and fighting subversive destabilisation from Russia

Ukraine receives weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

6. Ukraine road towards the West, with Russia's constant opposition

UA receives weapons + reforms + the situation in Russia: instability + Russia's option: federalisation (strong signal)

7. Ukraine's singularity at the Eastern Border of the Western world

UA receives weapons + stagnation + stability in Russia + Russia's option – offensive (strong signal)

8. Russia pushes for destabilising the vulnerable unreformed Ukraine through demoralization of the population

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: destabilisation (strong signal)

9. Tolerated unreformed Ukraine survives due to its strategic value at the border of the Western world

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: federalisation (strong signal)

10. Vulnerable unreformed Ukraine faces aggressive Russia under internal pressure

UA receives weapons + stagnation + instability in Russia + Russia's option – offensive (strong signal)

11. Unconvincing internal destabilisation of Ukraine by a weak Russia, looking for a victory to be used in internal politics

Ukraine receives weapons; stagnation in reforms; the situation in Russia: instability; Russia's option: destabilization (strong signal)

12. Diplomatic push for a desperate victory in Ukraine to be sold in internal Russian politics

UA receives weapons + stagnation + instability in Russia + Russia's option – federalization (strong signals)

13. Russia continues the long war in Western Ukraine to block Ukraine's way to the West

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: offensive (strong signal)

14. Fighting for reforming and stabilising Ukraine, under military pressure

UA does not receive weapons + reforms + stability in Russia + Russia's option – destabilisation (strong signal)

15. Ukraine's reforms under pressure by weakening the state

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

16. Russia's instability leads to military pressure on Ukraine

UA does not receive weapons + reforms + the situation in Russia: instability + Russia's option: offensive (weak signal)

17. Russia exports instability in neighbouring Ukraine

UA does not receive weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

18. Russia creates international pressure for federalisation in order to derail Ukraine's reforms

UA does not receive weapons + reforms + instability in Russia + Russia's option – federalisation (strong signal)

19. Russia's military option towards a weak hopeless Ukraine

UA does not receive weapons + stagnation + the situation in Russia: stability + Russia's option: offensive (strong signal)

20. Perfect storm: Ukraine at Russia's mercy

UA does not receive weapons + stagnation + stability in Russia + Russia's option – destabilization (strong signal)

21. Russia's option to undermine Ukrainian state

UA does not receive weapons + stagnation + stability in Russia + Russia's option – federalization (strong signal)

22. Chaos and war in Europe's East

Ukraine does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: offensive (strong signal)

23. A weak aggressive Russia exports instability in Ukraine

UA does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

24. Ukraine falls under Russia's multiple pressure instruments

UA does not receive weapons + stagnation + instability in Russia + Russia's option – federalisation (strong signal)

III. LONG TERM SCENARIOS: 10-15 YEARS

We've identified four critical indicators with the following values. Combined, they create 24 scenarios, as follows:

1. Ukraine receives / does not receive weapons in the initial stage

2. Reforms vs. stagnation (support for reforms vs. collapse, based on public opinion), also on constant evolution

3. The situation in Russia: instability vs. stability. Here we adapted a complex option for reinventing itself: 1. Eurasian integration – China; 2. democratization – European integration; 3. economic reforms, all three alternatives ensuring stability, vs. collapse / fragmentation of the Russian state.

4. Russia's options in Ukraine: offensive vs. destabilization vs. federalization

1. The fight and long war continue at the border between East and West

UA receives weapons + reforms + stability in Russia (reinventing itself) + Russia's option – offensive (weak signal)

2. Hopeless attempts to destabilise a reformed and strong Ukrainian state

UA receives weapons + reforms + stability in Russia (reinventing itself) + Russia's option – destabilization (Black Swan scenario)

3. Russia is trying to take advantage of Ukraine's will to reintegrate the country

UA receives weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (weak signal)

4. A weak Russia is an offensive Russia: military skirmishes at the East-West enforced border

UA receives weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – offensive (strong signal)

5. Russia tries destabilisation for derailing Ukraine's successful road to the West

UA receives weapons + reforms + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

6. Last pushes of Russia to obtain some control over the Ukrainian reform state

UA receives weapons + reforms + the situation in Russia: instability + Russia's option: federalisation (strong signal)

7. War in Eastern Europe, with renewed strength

UA receives weapons + stagnation + stability in Russia (reinventing itself) + Russia's option – offensive (Black Swan scenario)

8. Russia's long term subversion in Ukraine

Ukraine receives weapons + stagnation + the situation in Russia: stability + Russia's option: destabilisation (strong signal)

9. Russia's attempted control of Ukraine via federalisation

UA receives weapons + stagnation + the situation in Russia: stability + Russia's option: federalisation (strong signal)

10. Military suicidal Russian option in Ukraine

UA receives weapons + stagnation + the situation in Russia: instability + Russia's option: offensive (Black Swan scenario)

11. Destabilising unreformed Ukraine

UA receives weapons + stagnation + the situation in Russia: instability + Russia's option: destabilisation (strong signal)

12. Chaos and an attempt to turn Ukraine into a weak state

UA receives weapons + stagnation + instability in Russia (collapse / fragmentation) + Russia's option – federalization (strong signal)

13. Russian military offensive towards Ukrainian reformist state, abandoned by the West

Ukraine does not receive weapons + reforms + the situation in Russia: stability + Russia's option: offensive (weak signal)

14. Ukraine faces alone destabilisation from Russia

UA does not receive weapons + reforms + stability in Russia + Russia's option – destabilisation (strong signal)

15. Russia wants to stop through federalisation Ukraine's path towards the EU

UA does not receive weapons + reforms + the situation in Russia: stability + Russia's option: federalisation (strong signal)

16. Military option of a weak Russia towards a Western integrated Ukraine

UA does not receive weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – offensive (Black swan scenario)

17. Hopeless attempt to destabilise a reformed and strong Ukraine

UA does not receive weapons + Reforms + Instability in Russia + Russia's option: destabilization (strong signal)

18. A strong reformed Ukraine faces the challenges of reintegration versus a weak federalised and controlled state

UA does not receive weapons + reforms + instability in Russia (collapse / fragmentation) + Russia's option – federalisation (strong signal)

19. Russia's military option towards a defenceless, weak Ukraine

UA does not receive weapons + stagnation + the situation in Russia: stability + Russia's option: offensive (Black Swan scenario)

20. Ukraine at Russia's mercy through internal subversion

UA does not receive weapons + stagnation + stability in Russia (reinventing itself) + Russia's option – destabilization (strong signal)

21. Russia's control of a submissive, weak Ukraine

UA does not receive weapons + stagnation + stability in Russia (reinventing itself) + Russia's option – federalization (strong signal)

22. War in Eastern Europe

UA does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: offensive (Black Swan scenario)

23. Instability in Eastern Europe

UA does not receive weapons + stagnation (collapse) + instability in Russia (collapse / fragmentation) + Russia's option –destabilisation (strong signal)

24. Perfect storm: Anarchy and explosive disintegration of the states in Eastern Europe

Ukraine does not receive weapons + stagnation + the situation in Russia: instability + Russia's option: federalization (strong signal)

The most important conclusions stemming from those scenarios are:

1. Arming Ukraine means stabilising Ukraine, at least for the medium and long term evolution of the country. It is true that in the short term this step is debatable as long as the security sector reform according to NATO standards is not fully accomplish and as the troops that are going to defend the internal de facto border between East and West inside Ukraine are not trained to use these modern weapons and complementary techniques.

2. Ukraine should make real and sustainable economic reforms in order to enforce the Ukrainian state and builds up

strong institutions that would allow a better outcome in any case of a bad scenario evolution.

3. The Western countries should not support without a full critical approach any type of federalisation or the enforcement of solutions detrimental to the stability, sustainability and even survival of the Ukrainian state.

4. The cohesion of the pro-reform coalition in the Parliament is of first importance, as that of the pro-European and pro-Western government and the cohesion between state and society. This grants a high level of resilience for the Ukrainian when state facing any type of pressure in the harder times to come.

5. Pushing for democratic and economic reforms in Russia, in the medium and long term, is another way to stabilise the Eastern Ukraine region, to reject revisionism, ravanchism and the neo-imperial approach in Europe as well as to diminish the instruments used to move artificially the borders within Europe and the resources available for aggressive political projects, including those which are threatening world peace and regional stability.

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