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Policy Memo

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G7 IN UKRAINE: SUPPORT, CRITICISM, OR CRITICAL SUPPORT?

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SUMMARY

The G7 Support Group remains a unique and sometimes decisive actor in the process of reforms in Ukraine. The transition of the Group toward silent diplomacy with a focus on more closed meetings with the key stakeholders of reforms is generally justified. There should be less public statements, and the reasons should be exceptional. Such statements must be seen as the last warning of the collective West, and not a way to remind about the existence of the Group. It is also important to strengthen the interaction and coordination between the Support Group and the global G7 in order to avoid manipulations of the parallel agenda for Ukraine from the Western embassies in Ukraine and the Western capitals. It is important for the Government of Ukraine to have realistic expectations about the Canadian chairmanship and focus on the invitation of Pavlo Klimkin to the ministerial summit in April. It is also important to remember that criticism is also an element of support. And the main point is that the situation when the Western partners ignore Ukraine is worse than the situation when they criticize.

Various international partners are involved within various formats in the process of reforming Ukraine. One of the important formats is the Ukraine Support Group within the Group of Seven (G7), chaired by Ambassadors of the Seven States to Ukraine (the U.S., Germany,



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Canada, the UK, France, Japan, and Italy). Their proactive position has been vital in advocating numerous critical reforms over the last few years, in particular, e-declaration, healthcare reform, and pension reform. Their role is substantially increasing, given that the next election year will be critical to keeping Ukraine on the track of reforms, and thus, on the European track in general. This memo is the first attempt to analyze the activities of the Group of Seven in Ukraine and provide certain recommendations for improving the effectiveness of their work.

The Group of Seven format is new for the G7, and it has been created exclusively for Ukraine. In some G7 capitals, it is even referred to as a kind of experiment. The Support Group has been established during Germany's chairmanship in the Seven, in 2015. Among some of the G7 member states, it is believed that Angela Merkel and her former foreign policy adviser, Christopher Heusgen, considered the future G7 Support Group as a prototype for a some kind of Troika for Greece. However, German diplomats deny that, referring to completely different objectives and levers of influence toward Greece within the Troika and toward Ukraine within the Support Group.

It should be noted that the Support Group has been established specifically to support reforms in Ukraine. This initiative of Berlin should be considered as yet another proof of the seriousness of the intentions of Germany and Angela Merkel not only in facilitating the settlement of the situation in the East of Ukraine, but also in the process of reforms in Ukraine. "The G7 Support Group is not about security, not about Donbas, and not about Crimea, but about reforms," as clearly outlined by one of the diplomats.

The public dimension of the Support Group's activities is manifested through statements on certain reforms in Ukraine. The less public one

is resolved into meetings with key actors in the reform process in Ukraine and directly with the President.

The Support Group continued its work under the chairmanship of Japan in 2016, Italy in 2017, and (as of today) Canada in 2018. However, the activity level during the two chairmanships has been different. One symptomatic indicator is that under the chairmanship of Japan, G7 ambassadors had met with President Poroshenko 4 times, whereas only a single meeting had occurred under Italy's chairmanship.

PRIORITY PRIORITIES

Since January, the chairmanship of the G7 has been taken over by Canada. In Ukraine, special expectations have been associated with this chairmanship, given the high level of bilateral partnership between the two countries after the Revolution of Dignity and the beginning of Russian aggression in Ukraine. It is important to note that the G7 itself, as it stands, is the result of Russian aggression against Ukraine. And it was Canada that initiated the reformatting of the G8 into the G7 in 2014 by excluding Russia in response to aggression in Ukraine.

Indeed, since the first days of chairmanship, Canada has been demonstrated desire to significantly strengthen the role of the Support Group. According to representatives of other G7 countries, there are, in particular, attempts at certain "institutionalization" of the Group. While under the German chairmanship it has been established for rather informal communication, under the Canadian one, the G7 ambassadors meet every 2 weeks (on Wednesdays), which allows the heads of diplomatic missions to plan their schedule in advance. This does not include G7 ambassadors' meetings



Table 1. G7 Ukraine Support Group Priority Framework 2018

G7 UKRAINE SUPPORT GROUP PRIORITY FRAMEWORK 2018

CANADA 
G7 AMBASSADORS
FOR REFORM
IN UKRAINE



THE RULE OF LAW AND THE FIGHT AGAINST CORRUPTION

- ✓ Establish an independent anti-corruption court consistent with the recommendations of the Venice Commission;
- ✓ Ensure the independence, effectiveness, and capacity of national Institutions tackling corruption, improve functioning of the e-declaration system for public officials and political parties, and lift e-declaration requirements for anti-corruption activists;
- ✓ Complete the renewal of the judiciary, strengthen accountability and independence of courts, monitor judicial reform implementation, and continue the reform of the Prosecutor General's Office.



ECONOMIC GROWTH:

- ✓ Reform the State Fiscal Service, Customs, and financial police and maintain fiscal stability;
- ✓ Implement further deregulation coupled with privatization of state-owned enterprises (SOEs) and banks, and improved corporate governance at SOEs;
- ✓ Introduce the principles of the EU Third Energy Package, ensure effective corporate governance and management of Naftogaz and other energy SOEs, continue diversification of energy supply and improve nuclear energy security;
- ✓ Comply with IMF program conditionality and lay the legislative foundations for land reform.



EFFECTIVE GOVERNANCE:

- ✓ Implement effective decentralization reform;
- ✓ Continue comprehensive electoral reforms in line with recognized European commitments and standards, allowing at least one year for implementation prior to the 2019 elections;
- ✓ Roll out public administration reform and fill range of government vacancies with quality candidates, including Central Election Commissioners, NABU auditors, National Bank Governor, Human Rights Ombudsperson, and energy regulators.



HUMAN CAPITAL DEVELOPMENT:

- ✓ Implement the newly legislated national public healthcare system, including in rural areas;
- ✓ Guarantee, to the extent possible, the protection of conflict-affected people on both sides of the contact line, their freedom of movement and access to essential services, including pensions and social benefits;
- ✓ Continue implementing pension reform.



SECURITY AND DEFENSE:

- ✓ Adopt legislation and build governance capacity to enable core objectives set out in Strategic Defense Bulletin that include: successful transition to a civilian-led and democratically accountable Armed Forces of Ukraine by the end of 2020; and adopting transparent defense budgeting and procurement processes and accountable international transactions;
- ✓ Continue the reform of the civilian security sector, in particular police and security forces.

The above G7 priorities are based on Ukraine's medium term reforms outlined in "Agenda 2017-2020". This framework will be reviewed and updated, if necessary, on a quarterly basis.

with Ukrainian partners. Furthermore, regular meetings have been set up at the expert level, i.e. at the level of the diplomats of the Group of Seven embassies. This approach facilitates even greater coordination between the states of the Seven, which has been well-coordinated even before that. As one of the G7 ambassadors admitted, in no country in the world where the current ambassadors of the Group of Seven had to work, there was no such high level of coordination between the G7 ambassadors, as in Ukraine.

Canada has immediately announced the priorities of its chairmanship (see the Table 1). If we analyze the stated priorities, we will see that they reflect the agenda of the Government of Ukraine for 2017-2020. Although there are five priorities and all of them are important, informally, individual diplomats name the establishment of the Anticorruption Court a key priority for this year. As one of the interlocutors explained, if the establishment of the NABU, the SAP and the Anticorruption Court are considered 90% of success; without the Anticorruption Court, their work is not 60% of success, but near zero. This is the position that the ambassadors of the Group of Seven use as a baseline when prioritizing the establishment of the Court.

FIRST THE DIALOGUE, THEN THE STATEMENT

Certain noticeable attempts have been made to review the Support Group's style of work. Some G7 ambassadors have been concerned for a while that the Group has virtually evolved into a rapid response group with a clear anticorruption focus. Instead, according to the diplomats, the Support Group is neither a rapid response team, nor an anticorruption group. It is important to remind that the Group is not accidentally named the

Support Group. However, any support may also allow certain elements of friendly criticism.

“Over the past years, we have been victims of either Government, or civic organizations agenda,” states one of the G7 ambassadors. The idea that is being developed today is that there is only one Ukraine: there is no government Ukraine or e.g. the RPR Ukraine. It is telling that whereas previously, there was a clear dichotomy between the Government and the opposition in the discourse of the international partners, today, in the rhetoric of the ambassadors, the authorities are opposed to civic organizations, which, obviously, is a rather disturbing trend.

There is also an intent to establish new parameters for discussion with the President. Instead of meetings in a format of expressing concerns about current issues, the ambassadors would also like to have a strategic discussion with the head of state. There is reason to believe that such an approach would be also positively perceived by the Bankova. The Presidential Administration has been repeatedly surprised by the fact that instead of discussing important topics within the G7 plus Ukraine format, current issues of the bilateral agenda were raised. Moreover, according to the sources in the Government of Ukraine, it is very important to move away from the “teachers-students” format and be equal partners at such meetings. Occasionally, the Ukrainian side also lacks confidentiality of such meetings, as the leaks of information in the public domain by representatives of the G7 states have not contributed to a better understanding between the leadership of Ukraine and the Support Group. Evidently, for more substantive communication on reforms, the Seven's ambassadors should consider and propose a format of monthly meetings with the Prime Minister, who, as the head of the Government, is the owner of the reform portfolio.



The most visible aspect of the Support Group's activities is statements about certain processes in Ukraine. Mostly, those statements had negative context, as they criticized the slowing down of certain reforms. Furthermore, at some point, the number of statements reached so many that they have automatically begun devaluing the G7 position. "The purpose of our statements is not to criticize the authorities of Ukraine, but to promote reforms," said one of the ambassadors.

Obviously, there is a need to move to a silent diplomacy, and issue public statements only in exceptional situations. The G7's statement should be a manifestation of an extreme concern of the collective West. Instead of immediate publishing of certain statements, it would be advisable to hold closed meetings with the relevant stakeholders and discuss the situation. The principle is simple: first the dialogue, then the statement. As an example of such an approach, we could name the meeting with Arsen Avakov on February 2, organized by the G7 ambassadors after the appearance of the so-called "National Militia" on the streets of Kyiv.

The approach to working with the civil society that shares position on key reforms with the international community (and the Group of Seven in particular), is also being adjusted. There is a perception within the authorities that civic organizations and ambassadors operate in a coordinated way, and the Support Group is an instrument of the agenda of certain activists. Given the frictions between the authorities and the anticorruption sector of the civil society, such perception affects both the civil society and those ambassadors who are the most open to dialogue with the civil society. In fact, not everything is clear in the dialogue between the Support Group and the representatives of the civil society. Certain G7 diplomats are convinced that civil society representatives should

focus on communicating with Ukrainians in the regions rather than with the Western embassies. There are also comments about the excessively idealistic picture that the civil society promotes in the process of reforms, without fully taking into account all the realities.

On the other hand, one of the major failures of the Support Group remains its inability to influence the abolition of the decision on electronic declaration for civic activists.

FROM THE SPECIAL ENVOYS TO THE COORDINATOR

The focus on reforms, and not e.g. the war in Donbass, makes the Group of Seven's position sufficiently coherent, as there is a greater consensus among the Seven's countries on the importance of certain reforms than e.g. on the importance of dialogue with Putin's regime. On the other hand, certain G7 member states demonstrate different visions regarding the priority of the reformist and security components of the agenda of Ukraine as a state. Some countries believe that security comes first, since if Ukraine ceases to exist, there will be nothing to reform. Others stick to the position that reformed Ukraine will be able to defend itself much better.

Last year, an attempt has been made to strengthen the Support Group through the introduction of special envoys, high-ranking advisers to oversee certain areas of reforms from each G7 member state and thus intensify the reforming efforts of the Government of Ukraine. After talks with President Poroshenko, this idea has been announced by Chancellor Merkel at the G7 summit in Taormina in 2017. Since none of the G7 leaders objected, Chancellor Merkel took this idea as embraced and accepted. However, several countries, including

the U.S. and the UK, were in fact skeptical about this idea.

In the end, only Germany has appointed such a special envoy, the former Saxony's Prime Minister Georg Milbradt. According to some sources, this candidate had been selected personally by Chancellor Merkel. The area of reforms (the decentralization reform) had been also chosen by her. Since his appointment in summer 2017 and as of today (February 2018), Mr. Milbradt has visited Ukraine five times. As a result of his work, he prepared recommendations for the decentralization reform, and is actively lobbying for the adoption of a package of 17 bills on various aspects of decentralization by the Verkhovna Rada. In an interview with the Deutsche Welle, former Saxon Prime Minister claimed that if this package of bills is not approved in the nearest future, the opportunity window for decentralization reform could close for the next four years.

Given the not successful experience in implementing the idea of introducing special envoys on reforms (as recognized both by the Seven and by Kyiv), Canada instead decided to introduce the position of a coordinator for reforms within the G7 for Ukraine for the duration of its chairmanship. As of today (February 2018), such a coordinator had not yet been appointed, since Ottawa had been thoroughly selecting a candidate. One of the questions to be answered was whether the current government representative or a former top official would be appointed to this position.

The G7 coordinator for Ukraine could contribute to a closer interaction between the global Group of Seven and the Support Group at the Kyiv level. It is important to ensure that there is no impression in Kyiv of the existence of two parallel agenda for Ukraine: one in the Western capitals, and the other in the embassies of the Western countries in Kyiv. The question that

is getting more and more critical within the halls of power in Ukraine and is unlikely to accelerate the process of reforms is whether the positions of the G7 ambassadors on certain reforms reflects the positions of their capitals. In fact, it is about a some kind of divide between the "Kyiv's" West and the "Western" West.

Further coordination of the positions of the G7 Support Group with other major international actors and donors in the process of reforms in Ukraine is equally important. While the position of the European Union is represented by the participation of the EU Ambassador in the meetings of the Seven's Ambassadors, it is also important to consider the positions of the two other important donors of Ukraine who are neither members of the Seven, nor the EU member states, i.e. Norway and Switzerland (possibly, through regular invitations along with the EU Ambassador to the Group of Seven summits). The consolidated (and if necessary, public) position of all these actors could play an important role in the context of the slowing down of various reforming steps.

KYIV'S EXPECTATIONS

The official Kyiv announced its proposals regarding Canada's chairmanship in the respective single-page non-paper prepared last year. Among the proposals submitted, there were both quite predictable desires (to enshrine the G7's readiness to "take further restrictive measures in order to increase costs on Russia should its actions so require," which has been already captured in the statements of the Seven's summits in Ise-Shima and Taormina, in the final communiqué of the summit), and also quite unexpected ones (Canada's proposal



to lead an international friendship group for Ukrainian Crimea). Among the other desires of the Ukrainian side, there was Ukraine's (i.e. the President of Ukraine) guest participation in the G7 summit.

In fact, the G7 practice allows such a participation. Depending on the topics of the summits, the host countries invited various international guests. For instance, during Japan's chairmanship, the summit was dedicated to economic development in developing countries. Accordingly, Japan, as the summit host, has invited a number of leaders of developing countries to Ise-Shima, including Sri Lanka, Vietnam, Papua New Guinea, Chad, and Indonesia. As for the invitation of President Poroshenko to attend the summit in Charlevoix, this decision should be made by Canada as the host of the summit. As of today (February 2018), the Ukrainian side has not yet received a response regarding the President's participation in this summit. However, it is unlikely that the response will be positive for two reasons. First, the G7 summit will be dedicated to the world's oceans and climate change, which is not closely associated with Ukraine. Second, both the President and the Prime Minister of Ukraine had visited Canada within a month in the second half of 2017. Another invitation of Ukrainian President to Canada within slightly more than a year after the last visit, even with the current active level of cooperation between Kyiv and Ottawa, would raise additional questions for Canadian leadership from the leaders of other countries of the world.

The more realistic prospect (and that is what the Ukrainian diplomacy needs to work on today) is the invitation of Foreign Minister Pavlo Klimkin to attend the G7 Foreign Ministers summit in April.

To sum up, the following trends could be decisive for the activities of the G7 Support Group during Canada's chairmanship:

- The focus will be on silent diplomacy: closed meetings with the relevant stakeholders will be held before every public statement, according to the "first the dialogue, then the statement" principle;
- The number of statements will be limited, which, certainly, is a positive step: the excessive expression of positions on too many issues devalues the statements. The G7's statement should be seen as the last warning of the "collective West";
- There is a readiness for a balance between critical and positive statements, if there will be progress on any particular reform, e.g. a statement of approval of the vote for the healthcare reform;
- There is an intention to reformat the meetings of the Group with the President through adding the elements of strategic discussion to the expression of concerns on certain issues;
- There will be noticeable attempts to avoid turning the G7 Support Group into a rapid response group on anticorruption issues. We believe that in this context, it would be important to demonstrate where the position of the G7 not only coincides, but also differs from the position of anticorruption activists, and thus dismantle any reservations regarding the formation of the agenda of the Seven under the influence of certain activists;
- Two important international donors of Ukraine that are not members of either the Seven or the EU, Norway and Switzerland,

could be involved in the dialogue with the G7 Support Team through the meetings of the Ambassadors of the Support Group along with the European Union Ambassador.

Furthermore, the author believes that it is important for the Support Group to demonstrate the interaction between the Support Group and the global Group of Seven, so that the Ukrainian side was not tempted to differentiate the positions of the Western embassies in Kyiv with the positions of the Western capitals.

In order to interact with the G7 Support Group during Canada's chairmanship, the Ukrainian side should focus on the following:

- Manage realistic expectations from Canada's chairmanship of the G7;
- Support does not mean only the approval of certain actions of the Ukrainian authorities. Friendly criticism might also be a part of the support. It is in the interests of the Ukrainian leadership that this critique is taken into account after closed meetings with the relevant stakeholders, and not in the format of public statements by the Seven;
- Focus on the invitation of Foreign Minister Pavlo Klimkin to the G7 ministerial summit in April;
- Initiate monthly meetings of the Group of Seven Ambassadors with Prime Minister Volodymyr Groysman, who is the actual owner of the reforms portfolio.

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