

THE BROOKINGS INSTITUTION

UKRAINE UPDATE:
ELECTIONS, CONFLICT, AND THE FUTURE OF
THE EU'S EASTERN PARTNERSHIP

Washington, D.C.

Wednesday, October 29, 2014

Panel 1:

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STEVEN PIFER
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Panel 2:

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P R O C E E D I N G S

MS. HILL: Ladies and gentlemen, now that we're all mic'ed up, I'm ready to go. I just want to thank all of you for attending today for what is a two-part event on the Ukrainian elections and their broader implications.

I'm Fiona Hill, the Director of the Center on the United States and Europe and I'm really delighted to have an extraordinary panel with us today of expertise to cover the whole range of issues related to the elections.

And I do hope that you will all stay on also for the second panel which is going to take a broader look beyond Ukraine itself at the future of the relationships with Europe on the Eastern Partnership Program and the European Neighborhood Policy which was one of the triggers for the whole series of events in Ukraine over the last several months.

So we have four panelists with us today. You have the bios for all of them. And because we've started just a few minutes late, I don't want to go into all of the details. You can consult the biographical material. But needless to say, all four of them are real experts on the topics that they're going to be presenting to you today and also have some really genuine, very interesting practical experience on these issues.

We have immediately to my left, Adrian Karmazyn from the Voice of America who is going to begin with an overview for us of the elections and the results, what kind of coalition might now emerge in the Ukrainian Parliament and what this might mean politically in terms of the Parliament's ability and readiness to work with the recent elected Ukrainian President, Poroshenko.

After Adrian we have Anders Aslund who all of you here know as our colleague from across the street at the Peterson Institute and someone who has been looking at the Ukrainian economy from all kinds of different directions, including working

with a number of Ukrainian policymakers for many years on the topic of Ukrainian economic reform. And Anders is going to talk about the key economic challenges that Ukraine faces and what the likelihood, of course, of the new Ukrainian Parliament, the Rada, being able to tackle the reforms. Anders has been working on this for such a long time that he knows this all very intimately and I'm sure can also give us something of a perspective of the attempts at reforming Ukraine in the past.

And then we're also delighted to have with us Lilia Shevtsova from the Carnegie Moscow Center. Lilia, again, needs no introduction to everyone here. You all know of her with her many books on Russia and on her continuous writings on issues of contemporary Russian politics and foreign policy. And Lilia is going to discuss how this election is likely to be viewed from Moscow and some of the general points about Russia's approach to Ukraine, obviously one of the major issues in the Ukrainian-centered relationships today.

And then we'll end with Steven Pifer who, again, all of you know from here at Brookings, a former U.S. Ambassador to Ukraine who is going to talk about the broader perspective on the Ukrainian elections from United States and Europe on how western support is likely to play out in its aftermath of the Parliamentary elections. And then that will lead seamlessly, we hope, into the second panel where we have another set of distinguished guests who will talk about these broader implications.

So without any further ado, I'll hand it over to Adrian, and then we'll hand off to Anders, Lilia and Steve. And then hopefully we will leave sufficient time to have a discussion with you in the audience. And thank you again everyone for joining us.

Adrian?

MR. KARMAZYN: Thank you, Fiona. So as the federal employee in the group here, I need to mention that my view points that I express are, of course, my own.

Well with 29 parties that were on the ballot this year, and six and a half thousand candidates that ran for office, Ukrainians can't be accused of making life simple for the voters.

Kind of going over a nuts and bolts overview of the vote in the Parliament, Ukraine's Parliament of course is unicameral. It's 450 seats. To fill half of those seats, Ukrainian voters chose their favorite party from a list of 29 parties. And to fill the remaining seats, Ukrainians voted for a candidate to represent their district in Parliament.

So normally that would be 225 districts but this year there are only 198 seats. That's because voting could not take place in Crimea or the parts of the Donbass region that are not under Ukrainian Government control. So this parliament will have 423 members, that's 27 fewer than normal, at this point.

So with 98 percent of the vote counted, at this point closer to 99, President Poroshenko's Bloc will have 132 seats in Parliament. Prime Minister Yatsenyuk's People's Front will have 83. Lviv Mayor Sadovyi's Self-Reliance Party will have 33 seats and Tymoshenko's Fatherland Bloc will have 17.

So if you just look at those parties, I guess you could call them really the clear distinct pro-European parties that made it through on the party list. They essentially don't really have any ideological difference, I would say. So if you tally those numbers together, you get about 267 votes. If that ends up being the coalition, it'll be a strong majority for pushing through reforms and European integration and forming a government. Now, if you add Lyashko's Radical Party, which Prime Minister Yatsenyuk proposed today, actually, that number would go to 289?

So one would think, with Poroshenko's various -- the Poroshenko's Bloc's very strong result that they would perhaps be picking a prime minister from their

ranks. But I think you also need to look at -- and people are looking, of course, at their results in terms of how people did on the party list. So in terms of the party list, Yatsenyuk's People's Front came through with just over 22 percent and Poroshenko's Bloc just under 22 percent, with Self-Reliance at 11, Tymoshenko at about 5-1/2, Lyashko at 7-1/2 and the Opposition Bloc just over 9.

So I guess, in a sense, I guess Yatsenyuk's party, they feel that they kind of had the momentum with the election now. And today he announced -- Yatsenyuk announced that as the party that received the largest percentage of votes in the party list, that it'll be nature for him and for his Bloc to lead the efforts of forming a coalition with him as prime minister. Yatsenyuk also said that he sees President Poroshenko and the Poroshenko Bloc as strategic partners. And I think all other coalition should be implementing all the aspects of the EU Association Agreement with the ultimate goal being EU membership. And it certainly would be a very positive sign for Ukraine if a coalition could be formed rather quickly.

Another reason, perhaps, that it'd be natural for Yatsenyuk to say he will be the Prime Minister is the fact that, I think generally in Ukraine and in the west he's recognized as having done a pretty credible job and competent job in this crises period. And you might think that being prime minister might be a bit of a thankless job at this point with all the difficult issues facing Ukraine, and the implementation of reforms would actually be very painful for a lot of people.

At this point you can't say a hundred percent for sure that Yatsenyuk will be the next prime minister, at least at this point. As of today, Poroshenko's Bloc -- President Poroshenko has now stated that they support Yatsenyuk as the next prime minister. That just might be part of the negotiations, the back and forth that's going on now about all the different positions that'll be filled in the government, and actually is part

of their coalition proposal, kind of the plan for the coalition. But the Poroshenko Bloc is talking about forming some kind of a coalition council which, I guess, would be a way for the president to exert more influence over the coalition.

Another thing that's worth mentioning is that, quite often people have talked about the need or how it'd be very help for the pro-European people in Parliament to have a constitutional majority, a two-thirds majority to make changes to the constitution in favor of reform. One idea that was proposed would be -- one of the first things they could pass, for example, would be stripping members of Parliament of their immunity, which many people feel leads to problems of corruption, send a big signal to Ukrainian society.

So as I mentioned before, just strictly from the members of the parties that were elected, we're seeing somewhere between 260, 270, 280, up to maybe 290 pro-European members of Parliament. But there are another hundred members of Parliament that got elected that were not affiliated with the party or are members of smaller parties. Certainly many of those will be former members of the Party of Regions but, of course, a very large number will also be Western-oriented, European-oriented, if you will.

Just a couple of quick examples, Viktor Baloha, Yushchenko's former chief of staff, and Transcarpathia and a couple of his relatives got seats, were elected. Also, we have two members of Svoboda in Kiev districts that were elected. So I think it seems pretty reasonable to assume that there will be a two-thirds constitutional majority for European reforms, if you will.

I think one of the, perhaps, more difficult things to accept or a bit disheartening for people, especially after watching all of the tragedy of the Maidan and the victory of Maidan over dictatorship, if you will, is really the rather strong showing of

many of the dark figures of the Yanukovich era who, people like -- Energy Minister Boyko or Yanukovich's chief of staff Lyovochkin, who never really had to explain to society their role in the crackdown and the Maidan.

But anyway, I think that group, anyway, deserves an award for perhaps the most innovative or audacious rebranding of their party, calling themselves the Opposition Bloc now. Anyway, the Opposition Bloc garnered a bit over 9 percent of the vote, and they'll have 29 seats in the Parliament. And they'll obviously be strengthened by many people that ran -- that's unaffiliated but they're all from regions originally.

An example of that you can see, for example, in Kharkiv Oblast where the Opposition Bloc got 32 percent of the vote. And of the 15 districts, only one district went to a pro-European party, the People's Front. The other 12, Ukrayinska Pravda reported are actually former members of the Party of Regions who actually voted for the dictatorial laws of January 16th, which helped fuel the Maidan protests.

And overall, it's been reported that some 62 members of Parliament were actually -- the new members are actually members from the old Parliament that had voted for the so-called dictatorial laws, so certainly the party regions did not disappear totally.

However, Yuriy Lutsenko, the former interior minister and now leading figure in Poroshenko's Bloc said that, perhaps, the presence of these former members of the Party of Regions, the Opposition Bloc, it'll help be a good reminder for everybody in Parliament of what they don't like to return to.

The other thing I'd like to mention is how these elections demonstrated the sympathies of the electorate in terms of their views about Europe. I think the divisions, perhaps from previous elections, such a distinct east-west division; they also have tended to dissipate. For example, in Dnipropetrovsk Oblast you see, if you count up

the Poroshenko, Yatsenyuk and Self-Reliance votes, together they got about 40 percent of the vote, whereas the opposition and communist parties got a total of 30. So you do see that shift happening. And also, Poroshenko's Bloc won outright plurality in Nikolaev, Kherson and Odessa, so you do see the core European parties have truly strengthened throughout the country.

And just before I wrap up, one more quick comment about the character or the tone of the campaign. I think for many parties, they kind of came up with a formula. I supposed you could call it a winning formula where their party consisted of officials, experienced members of government, heroes of the Maidan or military heroes from the battles going on in Eastern Ukraine, young reformers, NGO activists, even respected journalists. So, just some quick examples from Yatsenyuk's People's Front, of course Prime Minister Yatsenyuk. You have the speaker and former Acting President Turchinov, Maidan Activist Tanya Chernovil, Maidan Commander Andriy Parubiy, the Self-Reliance Party, which kind of came out of nowhere to get, as I said, about 11 percent of the vote is a party established by the mayor of Lviv, but as the candidate in the number one spot on their ticket was a reform leader, Hanna Hopko. Her team has been responsible for drafting many new reform legislation.

You had Donbas Battalion Leader Semenchenko. You have IT Business leader in the number three spot. And, of course, in the Poroshenko Bloc, many important names from government, obviously named after the President himself, the Bloc was, and then Klitschko Lutsenko, Crimean Tatar Leader Dzhemilev and Education Minister Kvit; Maidan doctor, Olga Bogomolets; and then NGO leaders like Svitlana Zalishchuk; and famous investigative reporters like Sergiy Leshchenko and Mustafa Nayyem.

Perhaps, in our discussion portion we can return to another issue that would be worth discussing, and that's some of the shortcomings and issues of turnout.

MS. HILL: Thanks, very much, Adrian. And I mean obviously this has really created a very different picture of Ukrainian politics and, hopefully, as we get into the Q&A we can discuss that a little bit more. The very last point that you left is about the turnout. That does lead to some questions, I guess, as we hand over to Anders and then to Lilia about what the implications of that might be. In this case, from your perspective, Anders, about whether that is really amended for reform, because this is obviously something you have been grappling with in your own work for some time about the impetus and demobilization, not just at the political level but also the societal level for pushing through what might be painful reform as, you know, does this Parliamentary election really give us what Ukraine needs, at this particular point.

MR. ASLUND: And thank you very much, Fiona, for a very nice introduction. And I was in Ukraine last month, and the main impression is of a nation coming together. You see it in so many ways.

Most people there speak Russian. This is not the matter of language, but lots of people now wear vyshyvanka, the traditional Ukrainian folk shirt. And all of Ukraine, young activists are painting all these railings blue and yellow and are collecting money for it. They are doing it voluntarily. And my guess is that no country in the world really has as strong a civil activist movement as Ukraine today.

So what we saw in our election, as Adrian discussed, is the three most pro-European and reform parties got a comfortable majority. And out these three, or with one or two more parties will form a coalition. This is Ukraine's big chance to make a break with everything that has been wronged. So what has been wrong in Ukraine? There was never a clear disruption from the communist rule.

The Ukrainian government today is as centralized as it was in Soviet times. It's free, yes, but it doesn't function. Everything is too centralized. And this is also

within the government that in order to get any decision done, you need 20 to 30 signatures, which means that nobody is responsible and nobody is accountable. And Ukraine needs to get a break of this.

But looking today upon the economic situation, you can say that it is frightful but not hopeless. Something has to be done. Why? Probably GDP in Ukraine will fall by eight to 10 percent this year. Two-thirds or three-quarters of this decline comes from the war in the East, the rest comes from Yanukovich's complete mismanagement. So this is a domestic crisis, it's not caused by the outside world, apart from Russia's war of aggression, of course.

So what does Russia do? It bombs the power stations in the East. As a consequence, the pumps stopped and the coalmines are flooded for a long time. Therefore, in the last two months coal production in Ukraine has fallen by more than half, steel production by one-third. This is where you see the fall in GDP coming from. And about 10 percent of GDP is in the occupied part of Donbass.

As a result of this massive fallen output, the budget decrease this year will probably be 12 to 15 percent. The IMF had on 10 percent in July on much more optimistic numbers, I don't believe it. If this continues, Ukraine will be in default in a year or so, so therefore, this must not continue. It must stop. So what you need to do then, first of all you need to have a political change. And now, Ukraine has had successful and democratic presidential and parliamentary elections.

The next steps is, as Adrian discussed, to get a new government. I think that should be relatively easy -- without getting into the details. Poroshenko and Yatsenyuk are, with little doubt, the two most competent leading politicians Ukraine has had. By the way, they are the only two who actually speak English in a perfectly fluent, not to say, eloquent in that language.

And I think it's an excellent thing to have social activists of Self-Reliance Party checking them. You need to have somebody who checks that things are open, transparent and honest in a country where the main problem is pervasive corruption. So that's the first thing, the political change, and that we're essentially seeing already.

The second thing is to reform the state. Here, you have an idea in the west that you can only have individual justice and not collective justice. Therefore, westerners tend not to lack lustration. The countries that have carried out lustration in Eastern Europe are the three Baltic counties, the Czech Republic and Poland. These are the most democratic countries.

If you have a rotten corrupt essentially old soviet bureaucracy, you need to sack them, sack them all and start from the top. Sack 200,000 people. If you have been a judge in Ukraine -- there are 10,000 of them -- you are by definition, corrupt, otherwise you would not be appointed judge. Then clean them out and start anew.

This is what this government seems intent on doing. The lustration was adopted in September. Lustration is already starting. Then, of course, you need to change organization to a normal western organization. The EU is excellent in tweneing of European state agencies with Ukrainian state agencies. Sixty of its projects are underway. And you need to deregulate.

The state should not do what it did in soviet times. Ukraine has 83 inspection agencies. I think that 11 of them can be justified, means you need to have a new clean inspection, for example, but you do need to have a trade inspection. And the Antimonopoly Committee in Ukraine is not fighting monopoly, it's fighting for monopoly.

Whenever you go into a Ukrainian restaurant you find each page of a menu, has three signatures by the senior managers of that restaurant and a stamp on each page. Otherwise, the Antimonopoly Committee will complain. This is the degree of

bureaucracy, so there's so much to clean up. And then you say, but won't people protest? No, they will be happy. This is the place where things really need to be cleaned up.

But then we have the financial crisis. Ukraine needs to clean out substantially with public expenditures. While the U.S. normally has about one-third of GDP or slightly more in public expenditures, Ukraine has 53 percent of GDP in public expenditures. And this does not go to the people, this goes to the corrupt oligarchs.

So take out one-tenth of GDP and public expenditures right away. Do away with the energy subsidies. This is the best thing that can happen to Ukraine. If you don't do it instantly when you have a new political mandate, it won't be done because somebody will come in and buy gas at the low state-controlled price, as has always been done before, and sell it at a 10 times higher market price. So this must be done first, otherwise these people will come in and control recklessness. They tend to vary. They will buy the new government. This is necessary in order to fight corruption. So these are the main things that really need to be done.

And, of course you want to make the state more efficient. You have to decentralize. This is what the constitution change is all about, and you want to do the social sector more efficient, therefore you also have to decentralize.

Ukraine wastes money and it should stop doing so. Therefore, massive reforms are needed and these reforms are approved by a lot of the population, because they know that their society is pervasively corrupt and they don't like it. Corruption is never popular anywhere. People are always against it. But it's the majority, not necessarily at the people at the top who benefit from the corruption.

And then I come to the final point, and that is western assistance. Ukraine has to do a lot on its own but it needs assistance to do this. Ukraine needs

substantial financing to go through this. Therefore, a week ago I published an article in Financial Times asking for the Marshall Plan for Ukraine because this is a situation quite similar to the Marshall Plan situation. It's a matter of war damage. It's a matter of humanitarian assistance to people who are suffering. It's a matter of rebuilding infrastructure.

The Russian troops have intentionally bombed the bridges in the east. They have also taken away a couple of military industrial enterprises in the east and have taken them home to Russia, suggesting that we don't want to occupy and annex territory but leave it as damaged as possible. And Ukraine is now doing everything that the west could ask for, and therefore, the west needs to support Ukraine. It's also a question of the west needing to come together for its own sake.

So I think that this is a big movement of test, not only for the new Ukrainian government but also for the west, for the United States and particularly for the European Union. Thank you.

MS. HILL: Well thank you, very much, Anders, and I recommend obviously your FT article to everyone to read. And you've obviously led a very bold set of reforms for Ukraine. I can already see tens of thousands of Ukrainian judges starting to picket outside of the Pasis Institute. But obviously that's --

MR. ASLUND: I wouldn't dare.

MS. HILL: Yes, well exactly. But that also does, of course, lay open the questions about how Moscow will react to that. Because, as you were laying out, we look back to the period of illustration in the countries that you mentioned -- I mean the Baltic States -- and after the collapsed of the Soviet Union, but the Czech Republic and Poland, that obviously happened in a very different geopolitical timeframe when every country around was in a state of collapse and trying to figure out how they were going to move

forward.

And as you've pointed out, Ukraine has lost a lot of time in tackling some of the issues -- that's already 20 odd years of past in which some of these things needed to be done. And obviously, the idea of sacking hundreds of thousands of people from a bureaucracy obviously will make Ukrainians more politically vulnerable at that time. I mean you know that, obviously, as you have led this out.

But I'm wondering in that background, all the things that have to be done in Ukraine about how this will have an impact on Russia's attitude towards Ukraine, and also how, frankly, the view from Moscow is only on these elections, as we've pointed out, the elections were not possible in parts of the Donbass but are still in a state of war.

And the 53 percent turnout is obviously actually pretty good in a western sense. I mean in a lot of elections that happen in European countries, but it was a much lower turnout than that, obviously in the 39 to 40 odd percentage in which, you know, pass the muster in a normal situation, but this isn't really a normal situation. So how is this likely to be viewed from Moscow, Lilia?

MS. SHEVTSOVA: Well Fiona, thank you, first of all, for having me. And I have to admit that I have a complicated problem. And the problem is, simply, I don't know how to give due to obsession in a mere five, six minutes. Because Ukraine, as a state, as a nation, as the Ukrainian factor, as the phenomena of the post-soviet space have become the obsession. In the Kremlin, in Putin's mind for the Russian political elite, it became a drag for the Russian population.

And in fact, when you watch Russian TV, when you read Russian newspapers, when you talk to Russians you'll see that there's no Russian politics anymore. There is no Russian agenda anymore because Ukraine has replaced everything. There is Ukraine from early morning till night and at night, as well.

And in fact, by doing this, Putin and the Kremlin have dug a grave for themselves. It's more than a trap because Putin cannot be defeated in Ukraine. Defeat will mean that he goes down in flames. But he cannot win either. And so how to get out of this trap, conundrum, you name it, nobody knows. The west doesn't know, Russia doesn't know, and Ukrainians are still drifting even after elections in the zone that many people are calling Finlandization.

So I have two, only two brief points, if I may. And in fact, my colleagues have made it easier for me. And following on what Anders has just said, I would agree, Ukrainians, they must trade the amazing desperate and phenomenal drive and longing for political and social activism. But I would add, if you would agree, one more characteristic of the Ukrainian nation, as I see it from outside from, you know, the armpit of the big brother, Ukrainians, starting with 2004 and especially last year to date, behaved much more European than Europeans. They demonstrate much more dignity, longing for democratic and European values than at least leadership of all European countries. That call to accommodate, to respect something, well not to corner someone, to save someone's face, et cetera, et cetera.

And here, my two brief points that I will do in well two strokes. Firstly, responding to Fiona's question, what is the Kremlin -- not my agenda, but the Kremlin agenda regarding Ukraine? Ukraine has become Putin's Russia for the Russian political system of personalized power, a factor of crucial domestic importance. This is the instrument that needs to pursue, first of all, domestic agenda. And here, Ukraine is the testing field, the laboratory, the platform, the ground, okay, to implement Putin's doctrine of survival that was adopted before the last Ukraine rally started. It was adopted and worked out during 2012 to 2013.

There were reasons why he did it, but it has changed his regime. And

his new doctrine is based on the principle. Russia is a unique state civilization and we contain the west. So in Ukraine, Russia is containing the west, it's battling not with Poroshenko or with Maidan; it's battling all the west. This is how Putin understands it.

Secondly, Ukraine became a powerful mobilization factor for the Russian political elite. That is now consolidating society. For the first time during the last 20 years, returning to the traditional matrix on the basis of the constant search for an enemy, domestic and extensive. And so Ukraine gave the platform for military patriotic mobilization.

But you know, if you drag-shift the country into the state of war, and if you became the war president, it's very different to find something up your sleeve to consolidate nation further. You have to invent other excuses and arguments for war.

Thirdly, Putin and the elite now understand what maybe they misunderstood earlier. Without Ukraine being in Russia's pocket, Russia cannot legitimize itself historically as the state with its one-thousandth year history. Because in this case, with Ukraine championing the board, Russia will have started its history in 12th century, at least. Okay? This can start in Moscovia, but not connecting Russia to Kiev and Ukraine.

And one more, of course, in Ukraine, Putin and the Russian elite is raising the philosophy, the doctrine of Maidan, in order to prevent any kind of de-repetition in Russia.

And you'll ask me, and where is the international factor that, well, so many people are talking about, the international origins of the war, of the crises, of the Russia invasion, hum? What about this argument about Russia stimulation or NATO enlargement? The last enlargement, as we remember -- Fiona and Steve Pifer will correct me -- happened in 2008. So why the Kremlin waited for such a long time finally to

get stimulated? And why Russia? Russian political elite does not find it humiliating to be personally incorporated into NATO plans.

But I would say there is an international factor, but a factor of a different nature; weakness of the west, dysfunctionality of the EU, retrenchment of the United States leading from behind -- I forgot who was the president who was leading from behind. And, you know, the view that dominates the Kremlin that the west is so pathetic that we have to fill the need just now because the west is in terminal decay -- typical post-war peddlers philosophy.

And a second point; so what about post-election, Ukraine, that my friends have been discussing? I would say that President Putin and the system have the most amazing ability to adapt. So invasion incursion of course will stay on the agenda, will be on the table for a long time because, definitely, you know, the core of the (inaudible) is still on the table (inaudible) cut from Russia by the east coast of Crimea needs a corridor, but we have to think about the umbrella, the instruments and needs, such as cooptation of the Ukraine elite, grabbing and cooptation and making trade-offs with the Ukrainian oligarchs, and especially -- I'm not mentioning names -- but with exception of one, they all still have the interest in Russia.

And also working with a new composition of Duma, and there is not (inaudible) outside of that but there are apparently people who'd like to get \$30,000 monthly. And not only intentionally bribing and corrupting, simply there was a position of wait and see why Ukraine is going to freeze. And there is important war, propaganda warfare. There is gas warfare and there is absolutely skillful and amazing international Russian campaign that has started now, counteroffensive, at playing with the European international, right wing forces, left wing forces, all those who hate United States and the EU, and there is a lot of them, 30 percent of the European deputies is just like that, ready

to be corrupted.

Moreover, just look at the Trojan horses within the European Union. Hungary and Italy, just yesterday demanded to obligate the sanctions. And when you look at not only Hungary but Slovakia, Czech Republic, well probably it's not part of the Trojan horse. So there is a possibility, you know, to undermine the sanction regime, to undermine the European unity regarding Ukraine.

And finally, I would believe -- I still don't know how to argue it because there are so many questions that we don't have the answer to. But I would argue that 2004 in European and world's history could have much more serious implications because of the war with Ukraine, because of the Russian incursion, because Russia has ruined not only post-Cold War settlement, but also Yalta and Westphalia system. So the repercussions of these phenomena could be much more serious than the results of the collapse of the Soviet Union in 1991.

MS. HILL: Well thank you Lilia for, again, another very certain and very firm --

MS. SHEVTSOVA: I was happy to be optimistic, yes.

MS. HILL: You were a little bit too much. So Steve, you are now left with the task of how do we deal with all of this. Given the fact that, as we've progressively moved along from what seems to be a more optimistic assessment of how the elections have turned out, we've gone through the whole range of challenges that need to be met. But we've also, as Lilia has left us, have been presented with a much larger geopolitical challenge, which we'll also be tackling in the second panel. But how do you think the United States and the European should start to think about this?

MS. PIFER: Well let me try to present a degree of optimism, but also with a note of realism. But first let me just say, I think in terms of the west view, the

election that took place on Sunday was positive in two ways. First, and very importantly, it was a free democratic competitive election; got high marks from OSC, from other observers. I mean it checked that box and that's important.

And then second, the result of the election, as Adrian described, is you are going to have a majority of seats in the new Rada occupied by parties that are, on paper, in favor of reform and in favor of drawing closer the European Union. And I do believe that that reflects the current Ukrainian national mood.

I also was in Ukraine in September and it really is striking, something that I did not see when I was there for three years in the beginning of the 1990s. This strong sense of Ukraine national identity largely delivered by Vladimir Putin.

Now it's also, I think, a very important moment for Ukraine. And I think a starting point here would be to say, Ukraine throughout this crises has been in a weak, fragile, vulnerable position, first and foremost, not because of the Russians but because of bad decisions by 20 years of Ukraine's leaders. They haven't done the necessary reforms. They haven't done the changes. And there is maybe not an expectation but certainly a hope in the west that they're going to act now, they're going to break out of that cycle.

And the first thing here is, can Petro Poroshenko and other leaders, can they put together a coalition that's going to be stable that can work together that makes the necessary compromises so it's as broad as possible and it can then push forward on a very tough agenda. And I think the worry here is that if you get division, that creates and opportunity.

And I think, as you eluded to, it means the Russians will look for opportunities if there is any in Rada to try to exploit that and makes a mischief. I would also worry that; in that case, you may get a degree of western disillusionment.

So the first thing is very quickly putting together a stable majority in the Rada which then appoints a prime minister in a cabinet and hopefully that you have a broader majority, a cabinet and a peasant who are all working on the same sheet of music in terms of tackling reforms. And there's just a lot of needs and Anders mentioned some of them; economic reform, political decentralization. Pushing some political authority out to the regions makes a lot of sense above and beyond the specific deals regarding anticorruption measures, reform of the energy sector, doing something about the judicial reform. And Anders has presented one fairly radical solution, but fire the judges.

But a lot of these reforms have been delayed over the last eight months. And certainly, I think one of the things I heard -- I think Anders mentioned it, was a certain frustration that there hasn't been movement on economic change, there hasn't been movement on anticorruption. And to some extent, I think that's understandable because you had the huge focus on the crisis in eastern Ukraine, and President Poroshenko said, "Look, I need to get a new parliament in place." So he now has that. And so the question would be, can they act? If there is further delay, that's not only going to be bad for Ukraine, but I worry it's going to make it more difficult for Ukraine's relations with the west.

Now looking at the United States and Europe, it seems to me there are two or three basic interests they have in Ukraine. Now first of all, particularly from the point of Europe, but I think this is also an American interest, you want to see a successful, stable prosperous state that borders institutional Europe on the borders of NATO and the European Union. The flip side to this, you don't want to see Ukraine become a failed state.

Second, there is, above and beyond the Ukraine angle, I think there is an

important need for the west to push back against Russian which I believe has broken the fundamental rule of post-Cold War security in Europe which is, big states don't use military force to take territory from other states. And that's such an egregious violation and there needs to be a western response.

And then I would add for the United States, there's one other factor here which is, in 1994, the United States along with Russia and Britain signed a Budapest Memorandum and Security Assurances which agreed to recognize Ukraine's sovereignty, its territorial integrity, its independence not to use force against the Ukraine. These have all been violated by the Russians but it imposes, I think, a certain obligation on the United States to respond because this is a very big piece of the answer that got Ukraine to agree to give up -- what was that, the time the world's third largest nuclear arsenal.

So looking at where the west is now, it seems to me there's three vectors to the western's response to this crisis, first of all, has been to support Ukraine. I think a lot's been done on the political side. Vice President Biden is going to Kiev next month. That'll be his third visit this year. And that kind of political interaction I think is good in terms of bolstering Ukraine diplomatically.

Economic support, there's a very good IMF program and other support on the table, as Anders said, more is going to be needed. I think the one thing I would argue for that that hasn't been done is I think there should be greater consideration to military assistance to Ukraine, including provision of defensive arms to the Ukrainian military as a way of deterring a further outbreak of fighting.

The second area of the western response has really not been related to Ukraine directly but it's been more bolstering NATO, and that is, you now see things that didn't happen eight months ago. You see some NATO military forces in the Baltic States, in Poland, not on a permanent basis but on a persistent basis. I think persistent is

perhaps the new permanent. But that's designed to reassure those states who are now much more (inaudible) about Russia, but it's also to make clear that there is a very strong red line that will -- I think it was clear and it's understood in both Kiev and Moscow, NATO is not going to go to war over Ukraine. NATO would go to war to defend an ally.

Now it's important for, I think, NATO reassurance. There is though a bit of a sour note in that. And what I heard when I was in Kiev, as well, they thought that the speech that President Obama gave in Estonia was very good for reassuring Estonia. But they also said that it also made clear that we're on the wrong side of that red line he drew.

The third part here of western policy has been to punish Russia with the goal of trying to affect the change in Russian policy, and the primary instrument here has been economic sanctions. And if you look at the effect of the sanctions, they are having, I think, a significant impact on the Russian economy in terms of, it seems, every week now the ruble hits a new low versus the dollar or the euro, lots of capital flight. Every time I've seen an economic projection for the Russian economy, it seems to be getting worse.

The Bank of America came out last week and projected that, in 2015; in fact, the Russian economy would contract by 1.5 percent. So there are economic costs but they haven't yet succeeded in achieving the main political goal, which is to get Russia to change its policy on Eastern Ukraine and become a part of the solution rather than part of the problem.

And, unfortunately, when you look at Russia actions thus far it's hard to avoid the conclusion that the Russia goal is not to promote a settlement on the basis of the September cease fire agreement but to promote another frozen conflict in Eastern Ukraine as a means to have leverage over the government in Kiev.

Now looking forward, it seems to me that there's a lot of issues that have to be dealt with on Eastern Ukraine but it's really important that the Ukrainian Government and the Rada get down to work on real change, real reform, and that's going to be important to sustain western support.

I think Anders is right; Ukraine is going to need more financial assistance. It's likely going to have to ask for it. I think it's going to be hard for the United States or Europe to find much more, but I'm absolutely certain that unless there's seems to be real delivery on real reform, the question is not going to get a hearing in the west.

So a precondition for getting more assistance is going to be the Ukrainian Government and the (inaudible) moving out and doing these reforms that's been delayed for a long, long time.

I also say that the failure to move very quickly in the next few months on reform is going to have not only some internal negative repercussions in terms of disillusionment within Ukraine, but there also is a risk that the west may conclude that Ukraine is not fixable. And I think that impacts the first and the third vectors I talked about, support for Ukraine and penalizing Russia.

You know, those vectors may be coming unraveling if the west begins to conclude that Ukraine just can't get its act together to address these problems. We can't help Ukraine if Ukraine is not taking the steps to help itself. And in, I think, the United States, you've got a very busy foreign policy agenda. If Ukraine doesn't take some of the necessary steps, you get to questioning here, well is Ukraine really worthy of this sort of attention it needs; do you see a return on Ukraine fatigue here?

And I think when you question within the European Union is it's pretty clear that there are several European states that really would like to get past sanctions, would get back to business as usual. And it's going to be harder for those European

states who believe in the sanctions to sustain that position if Ukraine is not seen to be moving in the right direction.

So I guess my immediate recommendation for the west now, it's really time for a tough love message to Kiev, which is you've got to do things. The west is ready to support Ukraine but Ukraine has to be acting first and foremost. And I think, Anders, you're right; this is a test for the west. But we're not going to get to that test for the west unless the Ukraine does the necessary. So really the ball is in Kiev's court.

And I think there's not maybe an expectation because expectations have been disappointed, but certainly a hope in the west that Ukraine now sees its opportunity and begins to make the actions and the steps that are necessary to get it on a very different course than what we've seen over the last 20 years.

MS. HILL: Thank you very much, Steve. We have half an hour and I know there are many people in the audience here with their own expertise and views on this, so I'd like to try to bring you in right away. We have some microphones somewhere around which will be coming down. I'll try to group questions together, so I'll take three questions initially. And I would ask each of you to introduce yourself, say who you are, and then try to keep the questions as brief as possible so I can then go back to the panel and then back out to the audience again.

There's a gentleman right at the back and then the lady here and a gentleman over here, and then I'll move to this side, please.

MR. NICOROSI: Hi. My name is David Nicorosi. I represent the Georgian Television Station in Washington, D.C. Russia is going to receive first Mistral in France in the next couple of days. I was wondering if you could give me your reaction on that, please. Thank you.

MS. HILL: Your question about the Mistral and a question here from this

lady here in the isle. The microphone is coming here.

QUESTIONER: Thanks for all the presentations. About the democracy and about election, whether it's free, I'm very much in skepticism, especially compared to the United States. I just wonder which party among those is the most or least corrupted and that are willing to stand up for the social justice. And, who is the one monitoring all fairness of elections? I think, in American, nobody really come up to stand up for that. A lot of mischief, a lot of misconduct, a lot of fraud and crime occur in the United States from local to federal. Nobody stands up to clean this up. So I just wonder if U.S. want to support Ukraine, is it based on the corruption to support or the other way around.

MS. HILL: Thank you. And then a gentleman in the next row just over here, the third row back. Thank you.

MR. HOFF: Thank you. Mike Hoff of the Wilson Center. Two quick questions, one for Lilia Shevtsova. You mentioned that Ukraine is essentially trapped with the Kremlin. To what extent to you think their objectives are achievable, and to what extent do you think they can change the gold post, meaning change what winning in Ukraine means.

And looking at and now kind of listening to your presentation, the impression I got that the best move for Moscow now is to try to make Ukraine a failure not because of a Russia military campaign, but on its own terms, essentially to undermine it in a political and economic way. And as we all know, destroying a country is a lot easier than building one, so perhaps the Russia goal is to make Ukraine the policy success, more like Iraq, Libya and some of the other policy successes we've had in nation-building over the last decade. So I'd like to hear your opinion as to where we're moving forward with that and to what extent the Kremlin can alter the terms of its own victory for the Russian public.

And a quick question for Steve is, Steve, we generally need a response to Russia's challenge with international order. Right now it looks like the sanctions that nobody wants to keep going are it, so what are the ultimate consequence of this? And at least I see now a rumor that the French might go forward with the sale of the Mistral after all this November, which to me is kind of the beginning of the sanctions going down the river. Thanks.

MS. HILL: Thanks. So there's two questions related to the Mistral. But perhaps, Egie and then Anders, you could comment on this whole question about the democratic content of the elections and basically the various positions of the parties and then how we deal with it, and then we'll move to Lilia and Steve with the specific questions to them.

MR. ASLUND: First I would say that the western observer missions that were in Ukraine, the election observer missions, I think everybody gave a pretty solid and good assessment of the elections as being free and fair.

I think an interesting aspect of the election, we talked about the turnout, and certainly it was affected by the conflict and the aggression of Russia, then something perhaps that Putin didn't think about many months ago, an occupation of Crimea that, just to quote, (inaudible). They did an estimate of how many people would not be able to vote. In this election and just prior to election, it was 1.8 million in Crimea, 1.6 million in (inaudible) and 1.2 million in unoccupied territories that aren't under control of the government.

So you're looking at about four a half million people that were not able to participate in this election that probably were pretty solid electorate -- party of regions in the past. So that certainly had a very, very big impact on the makeup of the Parliament and the choices that people had. So that was one consequence. In terms of least

corrupt party, perhaps the Self-Reliance Party might say that it's them because none of them, I believe, have held national office yet.

MS. HILL: Anders, how does that look from your perspective? And you know the political players very well also in Ukraine.

MR. ASLUND: There was a group of economists who made an analysis of the party programs. And the people from Prime Minister Yatsenyuk's party and Self-Reliance, the new civil activists party have the most reforms platforms in (inaudible) what they are pushing for. Of course, Self-Reliance, since these are new civil activist, they are sort of the proof of the pudding, that they will at least initially stand for honesty and fight corruption. But all the parties in Parliament apart from -- well four of the parties in Parliament have civil activists who are new politicians. So you needed to have that in order to do reasonably well in election.

The Poroshenko Bloc (inaudible) less concrete. Then you have the Opposition Bloc, which is remnants of President Yanukovich's regions, nobody would accuse that party of being honest (inaudible) irrelevant regard. And then you have the completely Populist Party, the Radical Party of (inaudible) which presents ideas like increase healthcare expenses as a share of GDP ten times in the next six years. This is one of the most positive proposals. At the same time, they won't account for taxes, so their program doesn't hang together in an irrelevant regard. Can I also (inaudible) although the question was directed to Steve.

The fundamental thing about sanctions is -- my colleague's written a big book about the experience of economic sanctions after the Second World War, and a few of the major conclusions is 30 percent of the sanctions work. So economic sanctions are, by and large, not effective, but sometimes they are. But more limited the purpose of economic sanctions are, the more likely they are to be successful. The more countries

that are involved in carrying out the sanctions, the more likely they are to be successful, which is the reason why the United States is so anxious in this case to act together with the European Union. But if you have implemented economic sanctions, they stick. Just look at sanctions against Cuba. Few people would favor them. But since they are in place, they won't be taken away until they succeed. And since they don't succeed, they continue.

I'm quite sure that this is true of European sanctions, because in order to change them, you need to have a consensus because they have been imposed with consensus. It's said that they should be temporary for only one year, but nothing is as permanent as temporary measures, so they will stick.

QUESTIONER: I have one more quick comment on the democracy issue. I think one issue that would probably be worthwhile for the Parliament to take up is kind of summary forums in terms of the election process you have. In many, many districts, you have so many candidates running. Many people got through to Parliament with well under 30 percent of the vote in their district being elected to represent their district. You had 29 parties. You had big national debates. And with 29 parties, I think it's very difficult for voters to understand what the differences are in these parties. So some kind of a system of primaries or reducing the number of people competing would probably be helpful to electorate.

MS. HILL: So another part of the next phase of reform. So Lilia and Steve, you have several questions directed at you. And Lilia, I think the question was quite clear about the next (inaudible) of Russia. And Steve, if you have anything to say on the Mistral, as well, I think that would be great.

MS. SHEVTSOVA: Well your question, the next steps on the part of the Russia Kremlin, well it's a kind of test for my ability to twist my brain. Okay?

Well I do believe we have to pay attention, first of all, to how the Kremlin will solve its own position on how they would like to view (inaudible) republic. So far, as far as I see, there was struggle going on in their brains and between themselves. Because until recently, Moscow tried, at least hoped and wanted to have occupied territories as part of Ukraine, so Ukraine and the EU will pay money for that stabilize, et cetera. But at the same time, this so-called special status entities will have their independence to deal with the outside world. Okay?

In fact, you know, it will be a knife in the Ukrainian's body. So far it's very difficult to ring in the separate forces, and it's very difficult apparently to find consensus within the Kremlin as to how to proceed. So the election and the endorsement of this election results by the Kremlin November elections will be a stab that will finally demonstrate what position the Kremlin took.

For me, very important is the issue of borders between Russia and Ukraine, and they're all of OSC. Because as you remember, the Peace Plan, September Peace Plan -- and this is just some kind of control, and how to control more than 100 kilometers when the OSC monitors directed by Russia and so many Russians direct departments within the OSC, they direct only two checkpoints. Okay? It's how many; two kilometers, five kilometers, et cetera, so open borders.

And we know how OSC monitors are working. We know how they work in Georgia and the Crimea. We know how they're working at the border of (inaudible). They come after the accident or unhappiness. They do a report and file it, and then they vanish. Okay? So OSC, this is the problem in such situations.

In any case, I would say that the 16th Century system like we have in Russia has ability to use 21st Century political tools, and they will be using, victory.

You know, my hunch is that it will be very difficult for the Kremlin to

imitate victory in the Kremlin. They will try to imitate victory in Crimea because this is Crimea. Crimea became the most powerful consolidating factor. But in winter Crimea, I guess, will vanish from the Russia (inaudible) because Crimea is going to be a disaster for many reasons. And hardly Russia will find \$20 billion to save Crimea. And even the \$6 billion breach over the (inaudible) is also a very big question mark.

So it seems to me that Russia leadership will be trying to look for victory in another area, and this scares me. And, by the way, Russians are not that stupid and not (inaudible) totally because now only 23 percent, 23 percent of Russian people would like to have military solution in Ukraine. And 84 percent of Russians, for the first time in the post-communist war history, sees that Russia is surrounded by enemies by the west. And at the same time, 68 of them would like to normalize a relationship with the west. So it's a kind of already cognitive these knots in our brains, which is a positive thing. Would you take Mistral?

QUESTIONER: Mistral; I mean there were a state of reports out of France yesterday and the day before suggesting that the transfer for the Mistral to the Russia navy would go forward in mid-November. Today I think, actually, the French Peasants Office came out and denied that, so we'll see.

I think it would be an absolutely horrible message to Moscow if France goes forward with the transfer of the Helicopter Assault Ship. In September when the French suspended the sale, they basically said it would depend on Russian actions. If you look at that point up to now, it's very, very difficult to make a case that Russia has done anything constructive. And really it touched on the issue of securing the Russia/Ukraine border with OSC monitors.

Last week in Vienna, the Russia delegate vetoed and OSC move to expand the OSC peasants on that border. And yesterday Foreign Minister Lavrov said

that Russia would recognize the separatist conducted elections this Sunday in (inaudible). Again, the agreement say that there will be local elections but conducted in a manner consisted with Ukrainian law.

So I think it's fairly clear Russia is actually not only not fulfilling the requirements that fall on Russia, it's also clear they're not using their influence with the separatist and, at least in this case, of recognizing these local election results. Russia is actually, I think, moving in a way that directly contradicts the agreements that are reached.

Just to add the point on sanction, I think they may not be the best tool, but at this point they're about the only tool the west has. I mean it's pretty clear the west is not going to use direct military force. There's been a search -- and I think sanctions to come out as the tool that works. And I think Anders point is right; the sanctions that were imposed were imposed basically -- they have to be reviewed after a year. But I think that does sort of change the dynamic within the European Union. Now if you have a core of countries like the Baltics, Poland, Sweden and Britain, we say no, the sanctions ought to stay on until there is a real change in Russian policy. I think they have the ability to block EU policy on sanctions on changing.

Now what happens a year from now when the first sanctions come up for review in July and then a couple of months later in September, we'll have to see then. But my guess is those sanctions can be kept on within the EU for that period of time.

MS. SHEVTSOVA: Fiona, I have only one addition, very naive because - - well I'm very naive in this service but I have recipe for Mistral. According to the Russian information and -- well Georgia could initiate this initiative. According to our information, Mistral had to find its place of residence in the Far East, so how about (inaudible) and be a kind of instrument of deterrence against one certain country. So my suggestion would

be directed to the Japanese government. Let them buy Mistral and place it there and it will be deterrence against the same country. Okay?

MS. HILL: Well there's an idea. I'm not sure if the Japanese Government might be rushing to that, but lots and lots and lots of ideas. We have two questions here and then the lady over here, and I'll go back to the panel again. And again, if you could introduce yourselves and make the questions short, I'll be able to get back to another round.

QUESTIONER: Thanks a lot. My name is (inaudible). I'm a (inaudible) scholar at Georgetown University. Actually I have a question for Adrian Karmazyn about the pro-European parties and members of the Parliament, which to me, saying pro-European because many of those people who are now for the membership of Ukraine and European Union, about two years ago they were among Yanukovich's elite, one of the most corrupted bureaucrats in Ukraine. So is Ukraine to become a member of European Union enough for being called pro-European?

MS. HILL: That's a very good question about what does that mean in this context. The gentlemen here and then the lady at the isle here.

MR. COLTEN: Thank you. Hi. David Colten. Two questions, one for Steve and one for Anders. The first question, Ambassador, is, is it time for us in D.C. to really begin to talk about political parties and the Rada and reform without recognizing what Ukrainian journalists are saying, which is that the Rada is the first screen behind which real political power, the oligarchs, continue to exert influence. And there are a number of commentaries in the Ukraine Press warning that reforms may take the shape of selective reforms, one Oligarchical Bloc versus another. And what are the indices that we as observers should look for in trying to see not only the theater on stage, but maybe what the director is cuing off stage?

And for Anders, my question for you is this. In the early 1990s when we did privatizations, it went well in Czechoslovakia with Klaus; the historical memory of culture in markets was strong. It didn't go so great but, okay, in Hungary Poland -- and when we went to Ukraine and Russia with the IFC, it was a disaster and that was just light retail privatization, because the cultural memory of the reformation of words that we take for granted, the enlightenment, they weren't there.

So when you call for a Marshall Plan, may I ask, is Ukraine really in a comparable position to Western Europe which were fully developed societal structures devastated by war? But the cultural memory of what it meant to be a developed economy were firmly in place. How comfortable, Anders, would you be about the suggestion of targeted selective reconstruction efforts, specific funds targeted towards energy sector, targeted towards specific things that the west can get around and embrace without maybe falling into the miasma of, you know, are they really ready for something like a Marshall Plan? Thank you.

MS. HILL: Thanks, both very good questions. And then the lady here.

MS. SCHWARDEN: Lia Schwarden from Talk Radio News Service. This is for Anders, pretty much. But you mentioned a bit about that Ukraine might be trying to move towards the EU. Now, a couple of months ago the idea was floated that Ukraine might try to move towards a membership and possibly NATO. I was wondering what your thoughts were on that.

MS. HILL: Thanks, very much. So, Adrian, let's start with you on this question about what does pro-European really mean. And I'm sure that everybody else will have a thought about this. And that it's sort of a catch-all phrase but can we pass that down as to what exactly is the content?

MR. KARMAZYN: Sure. Well, of course, that's an issue. It's easy to

declare that you're a pro-European, that you want to have a European lifestyle, a European economy. I think President Yanukovich himself talked a lot about Ukraine's European integration. So it's one thing to declare it and one thing to actually work in that direction to make the changes, and I think that's, at this point, is all about these elections and what this election has been all about.

I think if you do look, though, at the numbers and the people, the names on this party list, they're the top people. There seem to be a lot of credible reformers, people that are really trying to make change in Ukraine. I would even just mention the whole -- I mean we can't forget about the Madonna and the spirit of the people and what that meant, the commitment that people have made to that, and it's hard for me to believe that so many politicians could just ignore that in their approach to their work.

I did happen to see a few weeks ago a program, a talk show on the TVI channel called Price of Freedom. And there was a whole discussion about why doesn't Europe understand; we really want to be part of Europe. We are kind of the four-post. We're the eastern most border of western civilization, if you will. And it just felt so heartfelt, so it's hard for me to believe that there isn't a whole new generation and a whole new group of people that are very, very strongly committed.

MS. HILL: Thanks, Adrian. And Anders, in addition to the very specific questions for you, you might also perhaps take on this issue, again, something that you know quite well about, the role of the oligarchs, because that's not also a homogenous group by any means. And obviously there are oligarchs and the oligarchs are individuals. And there are groups that obviously stood behind the Party of Regions and many others, but I mean how did you see that playing out as well?

MR. KARMAZYN: Yes. I would say that the oligarchs in Ukraine have never been as weak as we are now. If you take the five big traditional oligarchs, four are

down and out for various reasons. Three of them have lost a lot in Donbass. One has lost on Russia sanctions and one is standing, so Poroshenko will have to take down the one who's standing. (inaudible) who's now governor of (inaudible). If he is going to prove himself, he has to prove himself. So this is a reason to hit hard fast, that the oligarchs are so weak now, before somebody comes in and gain from (inaudible) again.

And on the question here about privatization, I'm afraid but I totally disagree with the whole analysis. The problem with the former Soviet Union, most felt there was no clear break with the old system. The old communists bureaucracy, by and large, (inaudible) from Baltic countries, but we don't really discuss the former soviet republic, and it was (inaudible) culture. If you have the same communists in power, of course you don't expect them to be good but do expect them to transform the power into property (inaudible). It was not privatization that made them rich.

The way of making money in the late eighties and the early nineties, it was to buy oil for \$50 per ton and sell it for \$100 per ton abroad, then you made a fortune on one shipping. And this is how virtually all the oligarchs in Russia became rich. In Ukraine, all the oligarchs in the 1990s, made their money on gas trade. Between Russia and Ukraine, and recently since 2010, it has been on domestic gas trade. That is the most corrupt business. This has nothing to do with privatization. Privatization is the way of stopping it.

Why was Ukraine so awful '91 to '94, because there was no economic policy. The result was hyperinflation of ten thousand percent in '93, and that the gas trade took over completely. There was hardly any privatization at all. The big privatization in Ukraine took place in '96. And because it was so late, it was what (inaudible) but that turned out to be the only way you could privatize.

The only successful big reform that Russia undertook is privatization.

Therefore, anti-reformers are blaming everything on privatization instead of blaming it on the complete lack of deregulation and the complete lack of fiscal discipline. Russia had the deficit of nine percent of GDP from '93 to '98, and only the financial crash of '98 cleaned it up.

And target (inaudible) project, that's the best ground for corruption. Just lookup (inaudible) in Russia if you want to see how it doesn't sanction, has cost lots of money and produce new results. So, this is exactly what must not be done. I think that NATO is just more for Steve (inaudible). Thank you.

MS. HILL: Thanks, Anders. Steve, do you want to comment on this?

MR. PIFER: Yes.

MS. HILL: And Lilia, if you do have anything on any of these points, let me know.

MR. PIFER: On the question about the Rada and can it really be a vehicle of change, I think, or at least I hope I said there is hope in the west, not necessarily an expectation. I mean we're basically hoping that the Rada act in a different way from the way it's acted for most of the last 24 years. But I do think that there are two or three reasons to have some optimism on this. One is Anders point here, which is today the oligarchs as political players are weaker than they've been since Ukraine began its independence.

Second, I do get the feeling at one level people like Yatsenyuk and Poroshenko, they do understand that if they blow it this time, they really are condemning the country to years or decades of failure. And then the third point is, and Adrian mentioned this, the addition of maybe 30 to 35 civil society activists to party lists. And there's some really fascinating people here.

One person who ran on, I think it was Poroshenko's party list, spent last

week down in Southern Ukraine campaigning against his party's candidate for the constituency because this guy is corrupt. So there's 30 or 35 folks in there in that new Parliament who are not going to be prepared to play business as usual. And that can, I hope, mean a lot of transparency if you begin to see the Rada act (inaudible). So the institution has a lot of changing to do but there may be some reason to be a bit of optimistic.

On the NATO question, it seems to me that President Poroshenko has been pretty clear. Putting Ukraine on the NATO track is not on the agenda, and there are three good reasons, I think, for that. One reason, of course, is moving towards NATO is a usually difficult issue (inaudible) Russia, but there are two equally important reasons. One is, if he were to articulate a policy of drawing closer to NATO, that's going to be a problem for him in terms of domestic politics in Eastern Ukraine, and not just in the (inaudible) but other parts of Eastern Ukraine. It would probably be the most controversial foreign policy he could chose, so he doesn't really need that domestic issue.

And then the third reason is, and I think the Ukrainians have probably figure this out; when you look at NATO today, there is no appetite within the alliance to put Ukraine on a membership track. And so you don't want to ask a question when you're pretty sure the answer is going to be no. So I think there are three reasons why Poroshenko has been basically signaling, NATO, that's an issue for way way down the road.

Two other points. The irony thing is that, though, for the first time since 1991, polls are actually showing that support for joining NATO within Ukraine is getting close to the 50 percent mark. And again, I think that's a direct result of Russian actions over the last eight months.

The other point I would make is that, it's been pretty obvious going back to early June after Poroshenko became president that he's willing to sideline the NATA question, but there's absolutely been no evidence I've seen that the Russians have tried to pick up on that. I'm not sure that's a big issue for the Russians. I think the Russians are actually as concerned about Ukraine proceeding down the European Union track as they are about the NATO track now.

MS. HILL: Well we'll be picking up on the EU in the next panel, so let's leave them for something to talk about. But Lilia, do you have a comment on this? And then there's a couple of questions.

MS. SHEVTSOVA: Just one sentence about my mental problem now. You've forced me to think to what extent Ukrainian are less European than Hungarians now, because Hungarians have allowed their leader (inaudible) to build in Hungary a kind of replica of Russia, of a return regime with nationalistic longings. So, well are Ukrainians less European? But definitely, Ukrainians are much more European than Romanians were in 1989 when they shoot (inaudible) because Ukrainians let Yanukovych go.

MS. HILL: Another great thought to leave us with. There was a question here and then down here, and then I'm afraid I'll have to cut this off and go back to the panel. I will not delay us on the next one.

MR. KENYELLA: Hi. Kenyella with Wilson Center. Lilia, could I be the devil's advocate for just a moment? You've outlined why Putin has done what he's done and all the various factors how he's basically dug himself in, but you've also mentioned at the very end that Crimea is going to leave the headlines very soon because there's going to be a big economic basket case. You mentioned public opinion in two ways, that they don't favor a war with Ukraine and that they don't want to be isolated. When you add to that, no matter which way you cut it, the election in Ukraine, to me, is a lost for Mr. Putin.

The vote was very clear on the direction that this country wants to go. I don't think there's any way that that can be dismissed. When you add to that the increasing effect of economic sanctions on Russia, the inability to borrow long-term, all the other issues that we know, is it possible, impossible that this may have some impact in the Kremlin or is it hopeless?

MS. HILL: Wonderful question.

QUESTIONER: Should I?

MS. HILL: Well let's just wait for this one last question, then we'll come right back to the panel. Thank you.

MS. BECK: Hi. My name is Charlotte Beck from the (inaudible) Foundation. Thank you for the presentations. I also have a question for Ms. Shevtsova.

You described a little bit how, for Putin; it's actually very, very difficult to get down from this propaganda war that he has started. And I wanted to ask you what you think is the role of European actors in giving him that exit strategy to kind of enable him a face-saving way of getting out of the confrontation. As you said, he basically can't lose and he can't win. So how far do we need to give him that exit, and then how far is a very tough message towards him not useful because, again, you kind of need to be less confrontational in order to give him that way out. Because that's obviously a strategy that's been put forward by some European powers and some European governments to kind of reach change in the Kremlin through (inaudible) rather than confrontation.

MS. HILL: Great, fine. So both of those are related questions, so Lilia?

MS. SHEVTSOVA: Well, very briefly, he could just continue towards the (inaudible). In fact, this is the question that you raised, that you are struggling in Moscow. It seems to me that even the close Putin's (inaudible). They do understand the nature of the losses. They do perceive that, in Ukraine, they have lost so far. At the

same time, they will continue because, in fact, to get out of this patriotic mobilization, which gives 85 percent of approval rating, it's unbelievable because every day they start with the red folder, how much I had today. And to lose two percent is a (inaudible), is a tragedy.

And to keep this 20, 25 percent for the next four or three years, it will be very difficult. So he will need some new threats. And I'm very much afraid that the new threat, if, for instance, you do not allow him to touch (inaudible) and Estonia who'd be the terrorism, could be terrorist inside of the country. We have a lot of inside traps. Okay?

There is another way to escape it. If the political elite -- and it seems to me the significant part of the political elite understands that (inaudible) is wounded, that he cannot guarantee them their previous well-being. So that, in fact, the salvation for them is the regime change in order to save the system. Regime change means (inaudible) has to go. Okay? And it seems to me, this will be at least one of the possibilities to get out of this (inaudible) temporarily because the system still has a lot of entrenched interest and abases.

And responding to your question of who'll agree with Anders and with Steve's recommendations, I would add a couple more, looking at the west. The problem is for Russian population. It lost the west as an icon, as an example to follow due to (inaudible) working for (inaudible), et cetera, due to many things. So practice what you preach. It's very important for Russia population to find civilization (inaudible) eternity.

Regarding the toughness, I agree with (inaudible). You know, it seems to me that you cannot abrogate the sanctions, which is internal illegitimate instrument to deescalate tensions, but sanctions never in the history return (inaudible) to their status (inaudible). You have to think about it. And sanctions would work within the strategy. And where is the strategy?

MS. HILL: Well actually, I think we should end there because we're about to talk about the strategy at the next panel. So thank you, very much to everyone, and the panel for joining us, and thank you all as well.

(Applause)

MR. ALCARO: Thank you for being here. Welcome back to the second session about today's event on Ukraine's elections and their implications for both Ukraine, Europe, and the U.S. and of course Russia. In the previous session we had a quite insightful discussion about Ukraine's domestic politics, how these elections are going to play out in that context. This session is instead meant to provide you with some more insights about the implications of the elections for Ukraine's relation in particular with the European Union which is clearly emerging as the most important foreign players, foreign partners or foreign partner of Ukraine, but also of the implications of, you know, developments within Ukraine for the United States and finally last but not least, Russia. In order to do that we have gathered up quite an extraordinary panel of experts which I'm going to introduce you very briefly, but before that I think I should first say who I am. My name is Riccardo Alcaro; I am a Visiting Fellow with the Center of the U.S. and Europe here at Brookings and I'll be of course moderating this session.

So my left is Rebecca Harms who is the Co-Chair of the Green Group in the European Parliament. She is also a member of the delegation to EU Ukraine Parliamentary Cooperation Committee, and also a member of a similar institution tailored on Russia into which however it seems Rebecca cannot any longer enter, so perhaps you will tell us something about that later on Rebecca. Then we have Michael Leigh who is currently a Fellow at the Transatlantic Academy of the General Marshall Fund here in DC, but he was a direct general in the European Commission for years. He is one of the main architects of the European Union's policies towards the neighborhood both in the

south and to the east of the EU, but in particular to the East. Oleksandr Zaystev is the at the seat after Michael. He is a Ukrainian historian and a Fulbright Scholar currently based at the Kennan Institute within the Wilson Center. And finally to my far let Samuel Charap who is a Senior Fellow with the International Institute for Strategic Studies here in DC. He is of course an expert in Russian and Eurasian matters and those of you have also an interest in such themes have certainly read something he has written on the topic.

So, Rebecca, why don't we start with you, and I would kindly as you to give us an overview of how these elections in Ukraine are being in the EU. What is the EU going to about that? What is the EU's plan concerning Ukraine and whether there is a strong or a shifting consensus on what the EU should do about Ukraine? Each speaker will have about eight to ten minutes for their initial remarks. Please bear in mind that you will have time to elaborate in the Q & A session. Rebecca, please.

MS. HARMS: So I found it very interesting in the last panel that I don't know who said it but somebody said that this new (speaking in foreign language) is maybe the most pro European parliament in and outside of the EU and this means that the Ukrainian electorate is more pro European electorate that the electorate in my country, Germany, or in Italy or in France. So it's interesting. It sounds provocative and I think it's worth to look into this as a European. I would agree the vote on Sunday in Ukraine was in the result a very pro European vote, but I tend to say it was more than pro European vote. I think it was a pro Ukrainian vote. It was a strong vote; pro democracy, pro fundamental rights, pro well-functioning state. And so being pro European in Ukraine has a lot of aspects. It's from my point of view not sufficient right now to describe it as pro European. But for the Europeans it matters a lot what happened because this vote is another moment in which Ukrainians decided to stick to the European way in spite of

many disappointments, especially also during the last year. And this (inaudible) I would say the Europeans, the European Union to their promises which they have given over a period of now I would say a decade again and again to the Ukrainians. So for what is going to happen in the EU as a strategy towards Ukraine it matters a lot to have a look and to be aware of what happened during the last 10 years in this very difficult relation Ukraine-European Union.

So I don't know what's the situation in the United States, but in European member states you can hear very often the idea that the EU has forced the Ukrainians into this way, direction Europe or direction west. If you look simply to the facts, so what happened in the last 10 years and to last Sunday you find the opposite. So after 2004, after this stolen vote, and the process of the first or the second revolution in Ukraine after 2004 the Ukrainians wanted not kind of association with the EU, they wanted membership. The answer of the European Union was not yes, you will get membership, but the answer of the European Union was okay, let's think about it. You will get an association agreement. This came late; this came not after 2004, this idea came late and it was Tymoshenko in I think 2009 who started systematically to negotiate on such an agreement. We had the negotiations for a long time, for several years until 2013 in summer. Also the party of the regions with all their prominent politicians in Kiev negotiated the association agreement. And only in 2013 in autumn it became more and more clear that Yanukovych would try to escape from signing the agreement in EU summit. What did the EU do after this Yanukovych and his refusal to sign? The EU from my point of view at least in a certain moment thought about escaping the association agreement. So maybe it's to that what the Europeans like to hear, but without this strong Euromaidan movement, without this new very, very strong citizens movement, probably we would not have had the association agreement. So it was another time that

Ukrainians, and now much more than in 2004, a wide movement of Ukrainians achieved that the EU stick to the promises they had given before. So 2013-2014 during the worst situation on Euromaidan EU had already left the scene in Kiev and had to come back after the sniper attack against Euromaidan to calm the situation. And only after the annexation of Crimea EU was ready to the association agreement. And so why do I come back to this? I see this both in this whole story among EU and Ukraine as another step to stick to this idea of EU and Ukraine deepening their relations. And I would say since Sunday the chances in Ukraine, the politicians, the Rada and also the government, the president, are better prepared to fulfill the requirements of the association agreement. After Sunday the chances are much better to merely achieve what is already agreed in this association agreement.

So you heard in the panel before a lot of things on reforms, I think most clear cut by Anders Aslund, and I would agree that he mentioned the most crucial issues for the reform agenda. And I would like to underline that my experience in Ukraine brings me to the position so Ukraine is ready to go for deep reforms, Ukrainian citizen are aware, much more than citizens of GDR after '89, or Polish citizens in the early '90s, Ukrainian citizens are really aware that they have to go through tough times. They have no fears for cold winters. They have the experience with this already. They really want to go for these reforms. The question is whether the west, especially the EU is really ready for the assistance which is necessary beyond the transfer of money or the agreement on IMF fluids because I think assistance is really needed. And one thing what could be really easy is to whom we dedicate our engagement. So we have the new forces now not only in the Euromaidan civil society movements across Ukraine, we have the new forces now also in the parliament. But the EU as such normally tends to prefer to negotiate with the establishment, be it whoever, the establishment, the leaders of the

state, or the people we are negotiating with. On our tables we are sitting with Mr. Poroshenko, we are sitting with Mr. Yatsenyuk. It's very easy because they are perfect in English. But if you look into these new political elites of Ukraine, be it **Svitlana** Zalishchuk, Mustafa Nayem, or Yegor Sobolev, you have also people who are able to speak English; they have very good skills. They could be a brilliant partner also for the Europeans, but the Europeans have to decide to take also those forces serious and this is I think something where we have to change really our strategy.

Coming back from Kiev, because I was observing also on Sunday the elections, I spoke with many people in the polling stations and so they are prepared to fix all the problems around necessary sanction. They know they need assistance on this but the open question is how the EU will assist Ukraine to solve the problems with the war in east of Ukraine. So how the EU is really able to help Ukraine with Russia or that Russia was ready to go to war against or at least to back so called separatists in this war, Russia was ready because of this trade agreement to do this. How we can fix it. So I am horrified by the idea that the sanctions will be weakened already now without nothing being achieved on the east, and I think this should then be part of the discussion.

MR. ALCARO: Thank you. Thank you, Rebecca; that you very much, particularly for raising the issue of -- you briefly mentioned it, of EU membership which I hope we'll be talking again during the Q & A session. But let me turn to Michael.

Michael, you are deeply knowledgeable about EU policies towards its eastern neighborhood. Why don't you give us sort of a background on it and why don't you give us your opinion about whether the EU should now concentrate on the most urgent matters leaving aside for a moment the issue of how EU-Ukraine relations should look like in the more long-term future, whether you think that no short-term measure is actually going to be very effective unless it is already included in a broader, greater

strategic design.

MR. LEIGH: Thank you very much, Ricardo. I would like to take just a few minutes to consider how we got to where we are today and also how we should go forward, particularly considering that next week new leaders will take over in the European Union, including a new foreign policy chief, president of the main institution. And for our new foreign policy chief particularly a fresh look at Europe's relations with its neighbors, whether to the east or to the south will be absolutely the top priority because if the European Union wishes to develop a common foreign security policy it can hope to have an influence first and foremost in its own neighborhood, but we have to get the policy right vis a vis this area if we're going to be a foreign policy actor at all.

How did we get into this situation to begin with? In 2003 when we were a year from enlargement, when 10 new countries were about to join the European Union, taking European Union then from 15 to 25 member states the European Commission began to reflect on what would this mean for the next group of countries that were not actually going to become members either because they weren't European countries, in North Africa, the Levant, or because they were not ready yet to consider the possibility of membership. And the Commission came up with a policy that was initially referred to as YD Europe and then became the European neighborhood policy. And the goal of this policy enunciated 10 years ago was to create a ring of well governed countries; some people said a ring of friends, around the European Union with the idea of creating a zone of stability and preventing the spillover of various forms of instability from the neighborhood into the EU itself. President Prodi, former Italian Prime Minister, Commission President at the time, said that we would be ready to offer these countries participation in everything except full participation in our institutions. There was a concern to give a message to Ukraine and the other countries to the east and eventually

to the south that the big enlargement for 2004 would not turn against them, that Europe was not about to become a fortress, that for example the flourishing cross border trade that there had been between Ukraine, Hungary, Poland, Slovakia, would not suddenly come to a halt. And so the Commission devised a policy that was very much inspired by enlargement itself, by the experience of negotiation with Poland, Hungary, and the Czech Republic, and so on. The only difference of course was that we were not offering membership which was in fact the main incentive that was given to these countries in central Europe to reform. And yet we proposed a rather similar method. We suggested essentially that each of these countries, starting with Ukraine, also Moldova, and then when they lobbied to be included the countries of the Southern Caucasus, Azerbaijan, Armenia, Georgia, and then on the insistence of President Prodi, the Spanish, the Greeks, the French, the Portuguese, who when you say neighbor think first and foremost of North Africa, the inclusion also of North Africa and the Levant in this policy.

And we basically invited each country unreformed, we're talking about 2004, the ASEAN regime very largely in the east before the color revolutions and also in North Africa and the Middle East to sign up to a whole series of far reaching reforms. In exchange for that we promised to bring them into various EU institutions, policies, give them a stake in our internal market as it was said at the time, given them some financial support, improve mobility for some travelers from these countries, students, business people, others who frequently visit our countries; a series of incentives. We also offered this initiative to Russia, but Russian turned around and said thank you very much, this is not how we conceive of our relations with the European Union. We don't wish to take on your standards, your approach. We want a strategic partnership with the EU in which we're treated as an equal. The EU then spent 10 years trying to negotiate such a partnership unsuccessfully with Russia and that more or less was the situation when the

events that we're all very familiar with began last year.

To start out it with it appeared as though Russia was not at all alarmed by the EU developing this neighborhood policy for the countries to the east. As Rebecca has said it was not our intention to offer membership, and in fact one of the motives for putting forward this neighborhood policy idea was to provide an alternative to membership. One or two member states were in favor of offering the ultimate goal of membership. Poland, Sweden, maybe the Baltics and one or two others were ready to countenance this, but having just taken on 10 new member states, having the challenge of absorbing them, Bulgaria and Romania are going to join a couple of years down the line, we didn't yet face the global financial crisis and the euro crisis, but there was no appetite at all for further enlargement. So what later became the association agreement and so on with Ukraine was meant to provide an alternative to membership, albeit that as European countries Ukraine and its neighbors were eligible one day for membership, but for the time being this created a work program for them to demonstrate whether or not they were really committed to reform. But of course this was the period of the Orange Revolution and the backwash from that subsequently in the Southern Caucasus, with the exception of Georgia, the countries were not really very strongly committed to these reforms and a new version of the old Soviet joke people used to say that these countries pretended to the EU that they were ready to reform and we pretended we were ready to take them into our internal market, make them part of our institutions and so on.

This was a rather unhappy experience during this 10 year period. There were a number of reasons I think why the policy has not succeeded, why the economists two weeks ago commented that instead of a ring of friends we have a ring of fire around the European Union, whether you look to the east or to the south. We were not consistent in this policy. We never enunciated a clear goal. Was it membership or not

membership? Did we foresee something like the European economic area? Were we looking for a series of bilateral agreements? The member states and the EU institutions did not speak with one voice. The member states pretty much designated to the EU institutions the role of being the one wagging the finger, insisting on human rights, rule of law, democratization, basically while the member states got on with business as usual. Whether in the energy trade or commerce in general, security issues, they pursued their national interests as indeed they should and expected the EU to be the defender of European values. One classic case had a minister in Baku from one of our member states lobbying for a particular pipeline project, the tap project, while the very same day the European Commissioner in Brussels got up and attacked the Alzardi government for having put two opponents in prison as they are want to do. So the member states and the institutions did not speak with one voice, the objectives were not clear, the incentives were not strong in the absence of an offer of membership, and it's little wonder that after 10 years the effectiveness of this policy has been seriously questioned.

In 2008 at the time of the Bucharest Summit when it became clear as was said earlier on that NATO would not expand and also the Russian war with Georgia, Poland and Sweden proposed that this policy become a little bit more solid and a little bit more coherent. And this was the original of the Eastern Partnership to distinguish it from the neighborhood policy to the south. And the Commission came along with the concept of a new type of association agreement, a deep and comprehensive free trade agreement that was then proposed to Ukraine and the others and that we spent four years negotiating. This is an extremely wide ranging agreement. Just to give you a sense of this, it is more wide ranging than the agreements with Poland, the Czech Republic, and Slovakia and others had been before they joined. It's not only complete free trade, but it's also a huge swath of regulatory convergence when they have to take

on our standards, our norms, competition policy, a whole series of flanking policies linked to trade. So it is an exceedingly ambitious model. It took four years to negotiate, it's been signed now, will be ratified. The implementation has been postponed for a year and a half because of pressures. It remains to be seen whether as we hoped this instrument will prove the means to stimulate reform in Ukraine and in the other countries.

The EU made a lot of mistakes, as did the United States and most of the international community in handling this issue. In the run up to the Vilnius Summit when the agreement was due to be signed and which precipitated the whole series of events to Maidan and everything that came later, people forget that it was the EU that was holding Yanukovich's nose to the grindstone and was saying we will not sign with you unless -- and this was very much at the insistence of Mrs. Merkel -- Yulia Tymoshenko should be released from president, selective justice was one of the weaknesses of the regime that had been very much criticized, and then unless another series of reforms related to the elections and to some other criteria that the Commission had developed should be satisfied. Some people think that Yanukovich would never have signed under any circumstances and that he was just playing Moscow off against Brussels. But in any event we provided pretext if pretext were needed. We also swallowed the narrative that was very much Mr. Putin's narrative that the European Union was forcing Ukraine to choose between Moscow and Brussels. This wasn't really the case, certainly not in technical terms. This agreement which is a very far reaching one was perfectly compatible with the existing free trade agreement that Ukraine had with Russia and with other CIS countries. It was not compatible with Mr. Putin's customs union or proposed Eurasian union and that of course was the rub in the end.

So as far as the EU is concerned the time has come to take a fresh look at this policy. It could well be that Ukraine to the east and maybe Tunisia to the south are

the best candidates for carrying forward this policy and demonstrating a real commitment to democratic reform, the rule of law, respect for human rights, the principles on which the European Union itself is based, and that the mechanisms that we have put in place will turn out to be appropriate ones when backed up with the necessary assistance and support from the international community, the international financial institutions and so on. When you look beyond Ukraine and perhaps Tunisia, you can really ask yourself the question whether these extremely ambitious and wide ranging demanding agreements are really the instruments most needed by Moldova, while Armenia has now rejected the prospect or by some of the countries around the Mediterranean. So a one year review of this policy will be instituted as soon as the new foreign policy chief comes in next week. There will be elaborate consultations with the countries, with the member states, with civil society. And I feel confident that what will come out of it will be a much more subtle and differentiated approach, one that includes a strategic vision, one that does consider also the EU's relations with Russia and how these developments are perceived by Russia. We may be very critical rightfully of Russia, but for a decade we've more or less ignored how these developments would be perceived rightly or wrongly in Moscow. I do think that's a dimension that we need to take into account. And on that basis after a thorough review I think that the policy will be a much more differentiated one, a lighter one, one that is much more addressed to the particular needs and capacities of each partner country than the policy we've tried to develop over the last decade.

MR. ALCARO: Thank you, Michael. And again I do see the logic of differentiating EU's relations with its neighboring countries, particularly tailoring the offer of more or less integration, more or less cooperation according to the willingness to move forward by these countries and the capacity of these countries to absorb change. The issue in my mind remains of whether as he said in the beginning of your interventions, in

the case of Ukraine membership should be really brought forth and put on the table, if not immediately in the open at least started to be discussed seriously behind closed doors. But before delving into this issue, let me throw it to Oleksandr. Oleksandr, how is the EU's policy towards Ukraine, EU's prospective policy to Ukraine perceived by these new political forces that have now for the first time in Ukraine's history taken part and now the new representative of the new Ukraine? And do you see any particularly large gap between what the Ukrainians may expect from the EU and the EU can realistically provide them with?

MR. ZAYSTEV: First of all I am very grateful to the Brookings for this interesting experience. To be honest when I received an offer to speak here I had some doubt because I am not an expert in the field, but when I received a list of potential questions to the debate I felt that I want to express my opinion even despite a lack of expertise and my terrible English. And in contrast to my colleagues who are real experts what I will say is not an expert opinion but an opinion of ordinary Ukrainian, however I believe that today my view reflects the views of majority of Ukrainians.

I'd like to put forward two very simple theses which seem to be obvious to me but not so obvious to some of my American colleagues. First in the present circumstances it is impossible to avoid conflict between the European Union and Russia if the European Union remains committed to its founding principles. And second, only a firm position and joint efforts of the United States, European Union, and Eastern Partnership countries might force Russia to abandon its near imperial conditions. During the several weeks of my stay in the U.S. I visited several discussions and read a few articles about the Ukrainian crisis and its implications for the relations between the west and Russia. It caught my attention that some speakers and authors of the articles said okay, we should condemn Russia and support Ukraine, but Ukraine itself is a source of

problems. Russia has legitimate interest in Ukraine. We should take into account Russian interests. We need to understand Russia; we should avoid a zero sum struggle with Russia and so on. The same reservations are implicitly present in the potential questions I received for today's discussion. For example, is there an alternative to the emerging competition with Russia over the Eastern Partnership countries? How can a zero sum struggle for the influence over EU's eastern neighbors be avoided? My answer is I don't believe that Russia is innately hostile to the west and its values and will never accept genuine partnership. But as long as there is an authoritarian regime with imperial ambitions in Russia I see no way to avoid the competition between the EU and Russia over the Eastern Partnership countries. It is quite clear that Russia will continue to make every effort to prevent the release of these countries, particularly Ukraine, from its sphere of influence.

And it also is clear that Ukraine and other Eastern Partnership countries by all means will try to get rid of Russian control. Thus under the present circumstances the only way for the European Union to avoid the competition with Russia is to accept Russian domination over its neighbors, in other words, to allow Russia to do in this region what it wants. But it would be a betrayal not only to Ukraine and other post Soviet states; it would be a betrayal first of all of the principles on which the European Union is built because the Russian attack on Ukraine is indirectly an attack on the European Union and its principles of governance. I don't think that for the European Union it should only be a call just for influence over its eastern neighbors and for displacing Russian influence there. It should be a struggle for the defense of the right of these countries to choose their path of development. It is clear that supporters of the European Union have the right to demand from them compliance with those principles it considers correct. Thus Ukraine and other eastern neighbors of the European Union must prove that they

deserve the support. The struggle will not be a zero sum game if the United States, the European Union, and its eastern neighbors are firm and consistent enough and act jointly. The result will be to preserve the independence of eastern European countries and to promote in them values on which the European Union is built. Of course the most desirable result for these countries would be the full membership in the European Union, but for that they should make great efforts towards economic, social, and political reforms to meet European Union standards.

We cannot demand that the European Union guarantee that Ukraine will become a member of the European Union, but we expect the European Union to be ready to admit Ukraine if it fulfills the conditions necessary for membership. The prospect of European Union membership is an important incentive for Ukraine to reform. In the absence of a unified Europe it is unrealistic to expect that Putin will stop the pressure on Ukraine, especially when the division of Europe and Russia's domination and its elimination by Russia is at stake.

The next question, should the European Union be ready to discuss with Russia a new European Order? Why not? I don't like the term new European order which for me has now fascist connotations, but I do think that the European Union and the United States should be ready to discuss with Russia the issues of mutual interest. But to discuss does not necessarily mean to agree. Russia has the right to express its views on the issues of European Union relations with its eastern neighbors, but in no case Russia has to be allowed to deny its neighbors the right to make their own choice on foreign, economic, and security policy.

And how far does the Eastern Partnership need to take into account Putin's ambitions to create a Eurasian customs union in the next question. Again we do need to take into account Putin's ambitions, but to take into account doesn't necessarily mean to

agree with Thompson. Putin may create any unions he likes, but he may not force Ukraine and other countries to join them. And the European Union in any case should not agree with this. Especially interest in question, is Russia to be granted de facto voter over European Union membership or what merits Russia should receive such a privilege? For their annexation of the territory of their neighboring country, for the hybrid war it fights against Ukraine? That doesn't mean that to get the right to decide on European Union membership a country should not comply with European Union standards. It should only be military strong and aggressive state. I agree with Rutgers Professor Alexander Motyl who writes, calls for understanding the Russians and given their views fair hearing are little more than calls for abandoning one's own views.

And I came to my conclusions. The recent parliamentary election proved that Ukraine today is more united and more European minded than ever before. As observers recognize Ukraine has political will both to defend itself against Russian aggression and to engage in radical reforms. To preserve and reinforce that field Ukraine needs to receive adequate assistance including military assistance, Dr. Michael Coffman, from European Union and the United States. This is my conclusion. Thank you.

MR. ALCARO: Thank you, Oleksandr. Well, Samuel, you are of course quite an expert in anything Russian. So I have two questions for you. The first one is pretty much related to the events which are unfolding right now, so Ukraine's election, how do you see the Russian government react to that? What is your opinion, Russian's evolving strategy concerning the new political situation in Kiev? And the second question is a more broader one, and relates more to something which Oleksandr just said and which you here quite often with (inaudible) here in the U.S. and along in the U.S., that Russia's actions in Ukraine are just part of a broader new imperialist or the imperial design. Do you actually see it that way or do you think that more nuance will be needed

in order to really understand what happened in Putin's mind when he ordered troops into Ukraine?

MR. CHARAP: Thank you very much, Ricardo, and thanks for the opportunity to speak here today. I'd like to start I think by taking a step back and even perhaps even further back than Michael did, although it was a fascinating review of the 2004-2014 period, and just, you know, state something that I think is well known but we shouldn't forget, that the institutional enlargement that was embarked upon in the early and mid '90s has transformed much of post communist Europe for the better and that that outcome was far from inevitable in the early 1990s, and also as the Arab spring demonstrates somewhat unique in its success. But I think it's also equally clear, and Michael touched on this a bit, that that path had an inherent flaw from the start particularly in how it dealt with Russia and its neighbors. As Michael mentioned the basic premise of enlargement of both the EU and NATO was that the rules were not negotiable, that aspiring members adopted the existing rules, or in the EU case a key (inaudible) in order to join the club. I've heard estimates for example in the case of the Ukrainian association agreement it's about 90 percent of the (inaudible). The inherent flaw to that, that is the decision to extend the institutional status quo in Western Europe to eastern and central Europe, was that NATO and the EU could never fully integrate Russia largely because as Michael mentioned Russia would never accept integration on those non negotiable terms; they wanted a special partnership. But I think it's also true that that flaw which was present from the mid '90s wasn't unearthed until about the mid 2000s and, you know, particularly in the early part of 2000s after 9/11 and the increased cooperation between Russia and the west arguably more substantive engagement between euro-Atlantic institutions and Russia than Russia's neighbors. But of course once the impossibility of Russia joining on Russia's terms became obvious and western

integration with Russia's neighbors accelerated the broader relationship began to unravel. And despite successful cooperation, including with the United States during the recent period on issues from Afghanistan to non proliferation and counter terrorism, we all know the list, Moscow still viewed euro-Atlantic integration for Russia's neighbors a threat. And to Russia, many Russians at least, this threat perception seemed uncontroversial as its neighbors were being incorporated into political and economic security blocks of which it could never be a part. But as we've heard today that policy has been interpreted as denying neighbors the right to make their own choices on foreign security policy reminiscent of course of the Soviet Union's attitude towards its satellites.

And this remains today the fundamental chasm, that there's a regional integration agenda which while not attended as anti Russian effort by its authors or by the states that aspire to it, Russia cannot and does not desire to join and treats as a threat to its interests. And the Ukraine crisis began in the context of this broader contest for influence in what used to be called the common neighborhood between Europe and Russia. And I think in a way without the context of that broader contests it's harder to understand the events that followed. And we can get into the details of this. The tragedy that unfolded in Ukraine notwithstanding, the key question today is what to do about this conflict over regional integration between Russia and the west. As we've heard earlier in the first panel the western response to the crisis thus far has been three fold. Assisting and depending integration with the new Ukrainian government and Russia's other vulnerable neighbors, sanctioning and isolating Russia, and reassuring central and eastern European NATO members. Effectively what this amounts to is a doubling down on the institutional enlargement policy, reinforcing previous gains, and expanding the institutions farther east -- reach that is, not literally there, it's the membership at least for now. It's clear that regardless of what the intention of what the authors of this response

was that Russia will see these efforts not as a response to its action in Ukraine but as an opportunistic continuation of the same post cold war policy that it has long decried is a threat. And while I appreciate the sentiments that Oleksandr expressed it does sound like some of them as if they were written before this crisis and before we had a new reality created by Russia's aggression in Ukraine. The fact is that a newly assertive Russia is likely to continue to push back against enlargement and this action-reaction dynamic seems destined to accelerate. And under these circumstances providing new NATO security guarantees or even EU integration to ever more vulnerable states on Russia's border raises the risk of more conflict. Russia in the last nine months has made it clear that it views keeping euro-Atlantic institutions out of its neighborhoods is of vital interest while Europe and the U.S. do not view the security of Russia's neighbors as fundamental to their interests.

So this same point has been made or a question has been asked regarding previous rounds of institutional enlargement, that is how would Russia react and the assumption being not well. The difference today however is that Russia has demonstrated its willingness to act. And it's no longer a hypothetical. So what to do in this context. You need to begin by recognizing I think, and it sound like Michael might be on the same page, that the post cold war policy of institutional enlargement despite its successes has run its course. The west continuing insistence the only path to stability and security in Europe is for Russia's neighbors to be absorbed into euro-Atlantic institutions is now begetting threats to stability and security in Europe. Acknowledging that fact however does not mean that the west must accept Russian domination over its sovereign neighbors. Instead new arrangements are needed that are acceptable to the neighbors, to the west, and Russia. Achieving such an outcome is clearly theoretically possible, but it will require very politically difficult compromises. I think the west would

have to accept that the model that worked so well in central and Eastern Europe will not work for the rest of Eastern Europe and that institutional arrangements will have to be acceptable to all parties, including Russia, in order for them to succeed. And Russia would have to strictly adhere to the limits any such arrangements would impose on its influence in the region and to forswear military intervention into the affairs of its neighbors.

Now this is not a desirable policy, it's a policy of necessity. And so therefore it's going to be difficult for any statesman to embrace it in a public way. And it important for many even to contemplate considering compromising the principles of enlargement that contributed to the successful transitions in central and Eastern Europe. But the alternative I'm afraid is a confrontation with Russia that the west does not want in order to uphold principles that it ultimately will not be willing to defend.

MR. ALCARO: Thank you. Thank you, Samuel. We now have around 35 minutes to collect questions from the audience and have or speakers elaborate on that. So I think we have microphones here. So I will collect through you three questions first and then go back to the speakers. Gentleman here, this row.

MR. BEARY: Brian Beary, Washington Correspondent for Europolitics. Just following up on Mr. Leigh's comment about the future EU policy needing to be more subtle and differentiated, and I'd be especially interested to hear from the parliament what is the current feeling about what that should mean specifically in terms of is there an appetite for full membership for particular countries in the neighborhood and if not what is the parliament's current thinking on it?

MR. ALCARO: The gentleman right there.

MR. SARUKHANYAN: Sevak Sarukhanyan, Fulbright Scholar, Georgetown University. Actually I'm from Armenia, so about the future of eastern

partnership I have a question. Don't you think that Europe needs a differentiated policy toward the countries of the partnership because for example it is not possible to have the same approach to Armenia which 90 percent depends on Russian gas, and have the same approach to Georgia which has a 0 dependence on Russian gas? So a different approach to the different countries. Thanks.

MR. ALCARO: And the gentleman over there. Yes.

MR. COLTON: David Colton with a two part question. One is about the EU structurally as a geopolitical actor. One lesson it appears to me of recent events is that the partnership initiatives and the entire construct of neighborhoods, the common space, all these Brussels based concepts were not fully shared and integrated down at the core member state level with respect to what it meant in terms of real geopolitical commitments. That is to say Brussels was writing checks that the member states were not willing to cash. And so if that's a correct assessment I'd be delighted to hear your views as to what measures might be taken to more closely integrate the EU as a responsible and integrated geopolitical actor.

Second question -- shorter. Although the EU from an internal perspective believed its initiatives going east were non invasive and non intrusive, by November of last year unmistakably Putin had made it clear he was playing a zero sum game. \$15 billion in cash to Yanukovich, okay; nothing from the EU. Heavy discounts on gas, forgiveness of sovereign debt, these are classic powerful zero sum geopolitical instruments and there was nothing forthcoming from the EU. The tragedy is after Maidan, after Donetsk, after Crimea, the EU ponied up with about \$15 billion in aid, after the fact. So my question to you is from a responsible geopolitical point of view when November -- it's clear that Putin is saying in skywriting language this is zero sum, why didn't the EU match? And which case the question for Yanukovich signing wasn't sign a

piece of paper and go home to a bankrupt country versus real concrete aid from Russia?

Thank you.

MR. ALCARO: Thank you. So we have two questions basically on the meaning of the differentiation, what does action mean for the EU foreign policy concerning the neighborhood and one -- a broader question about geopolitical relevance and the ability of the EU to act as a geopolitical player. And also a specific question on why the EU did not match Putin's offer to Yanukovich November last year.

So, Rebecca, who better than you about the meaning of differentiation, what the EU policy to Ukraine or countries such as Armenia should be and how differentiated they should be.

MS. HARMS: So first of all I think if we are talking about mistakes which are in the responsibility of the EU for the situation we are in I disagree with what you described as the major mistakes of the EU. I would say you hinted on a problem which I also see, that on the level of member states the foreign affairs of ministers, all the heads of states, they did not follow carefully enough the European neighborhood strategy. Only when the tensions were growing in Ukraine, only when we saw the trade war opened by Russia against several of the countries in the Eastern Partnership they woke up a little bit but not enough. And in the end it led to this so halfhearted situation in Vilnius where they gave up on Ukraine first of all and followed only some of the other and mainly weaker agreements in the Eastern Partnership. I think the main mistake, the main mistake beyond not paying enough attention to the Eastern Partnership -- and I don't know whether the wording "mistake" is really right -- the main mistake was not to recognize how Russia changed. And so this is something which still is in the making, so to really understand what is now the strategy of Putin and the people around him. And I'm really not ready to share the attitude that negotiating the ideas of Eastern Partnership and

different agreements gives Putin the right to react how he reacted because in a way I understood your speech as kind of excuse for that what happened and kind of description of European mistakes which made it only possible what Putin did or gave him the reasons to act like he acted. So I think we missed really to understand earlier what happened in Russia and maybe we missed because our interests in well functioning economic, especially energy and resource relations to Russia, our interests are so deep and do developed. And this bring me also to my idea that as long as we have not revisited the whole network in between EU and Russia and have not developed our idea how to make our own European energy strategy without being that dependent from gas imports from Russia we will not be able to deliver our own idea on how to agree with our neighbors in between EU and Russia. So it's very complicated. If you look for example now onto the urgency of planning for EU and Ukrainian energy supply you see it's mainly focused on making the gas flow from Russia to the west again go and without complications. It's not at all focused about on an own European-Ukrainian-eastern or also including United States strategy, it's really still bound into all those things which made us so dependent. And I'm really suffering from the lack of ideas in Europe how to make it better.

Considering membership, so I don't know who has listened to the speech of next Commission President Mr. Juncker already elected or supported by the European parliament, he did not decide to pick up the idea on having an own commissioner responsible for the enlargement. He explicitly said that for the next five years there will be no enlargement. I think this was a shock mainly in the Balkans. You see also there are certain distortions in Serbia and around Serbia, also based on new influence of Russia and I think it was wrong that Mr. Juncker explicitly said no membership negotiations during the next five years. I understand the political reasons behind but

nevertheless I insist it's the wrong signal towards the Balkans and also towards Russia and for Ukraine. So I really am fed up with all the wrong promises we gave to Ukraine. I think the best promise also in the context of further possibilities for membership is to really work together in reforming Ukraine. So membership will be possible based on a reformed Ukraine. And so I stick to the European Treaty. So we are not a closed shop; we have the idea of being open and I don't know why it should be possible for Bulgaria and Romania to join in 2008. I think it happened a little bit later why it should be possible for them to join but not later for Ukraine. It all depends on the reforms and on the will of Europeans to resist to the Russian strategy that they -- because they are ready to use military force -- that they can stop this.

MR. ALCARO: So, Michael, turn to you. Is it really the offer of membership their only real powerful foreign policy instrument the EU has at its disposal to resist and push back Russia's influence over Ukraine?

MR. LEIGH: Assuming that that were to be the EU's objective. I mean let me respond on a number of different grounds. First of all on the membership story, any European country that shares the values of the European Union according to the Treaty may apply for membership. Nothing will change that. What Mr. Juncker was doing was saying what every official if the European Commission and member of the European Parliament has known perfectly well for a very long time, it was as they say in French, just a (speaking in French). It wasn't announcing a policy. When you see how long the accession negotiations took with the countries that jointed in 2004, when you see how long it too Croatia which his basically five and a half years of negotiations. There's no reason why it should take any less for Serbia. It's just a mechanical process quite apart from all the fundamental reforms or any political influence being brought to bear within the country. So for Mr. Juncker to say there will be no enlargement before

2019 is just basically stating a fact that everybody knows. Now it may give a certain political message that might not be well received in the Balkans, but frankly it's nothing new.

MS. HARMS: Except in Russia.

MR. LEIGH: But the Russians also have an embassy in Brussels. They followed the affairs of the European Parliament, the Commission, they are perfectly aware of these kind of processes. That could hardly have been news to them. Turkey, which has been negotiating for membership for the last six years has fixed its own objective for membership if ever this were to become a reality as 2024. If Ukraine were somehow or other, if the member states of the European Union were to accept to start the process with Ukraine, as of today we're talking about a 12 to 15 year process by any standards whatsoever. So there's no way that EU enlargement except as a distant encouragement somewhere beyond the horizon has any role to play at all in what is taking place in Ukraine today. On the other hand strong support from the European Union, the task forces being set up in Brussels to help with building up administrative capacity, all the fundamental reforms, if the Ukrainian people and government and MPs themselves have the will for it, Europe is gearing itself up to provide that kind of support and I think it needs to.

If I could answer the question about foreign policy and member states versus institutions and so on, this reminds me a little bit of my feelings during my brief days as an academic when I spent summers on campus and I used to think how wonderful universities would be if there were not students. (Laughter) Well, Brookings is in a way the answer to all of that, of course because I mean here you have a university with no students. But how wonderful the European Union would be if it had no member states. (Laughter) And if only the European Commission and Parliament and Council

could be the ones calling the shots. But of course this is not the case. And in fact what happens very frequently that a problem in the world exists, the member states see that it exists, they ask the Commission to take an initiative or the Commission takes its own initiative, the Commission cranks up a policy that it usually does on a fairly mechanical basis, on the basis of previous policies which was certainly the case with the Eastern Partnership which was modeled almost entirely on enlargement, enlargement light without the goal of membership. The member states then endorse it, and Council conclusions, and Parliaments have committees, they adopt resolutions, and then the member states forget about it. And they leave it up to the Commission to go through all of the process involved while they get on with business as usual. And business means energy to a very large extent with these countries. And if we're to have any hope to have a meaningful neighborhood policy in the future we obviously have to bridge the gap between the interest based approach of the member states and the sort of value laden approach they've delegated to the institutions. So the institutions need to become more realists. In any future approach to these countries we do have to consider the kind of diplomatic realities that Samuel has been talking about. We have to make energy policy a core of the future neighborhood policy because that's where our interests lie. And to the extent that the countries themselves prove genuinely interested in reform and democratization and all the rest of it we should be forthcoming and provide support. So I think to be effective in the future we need to find a midpoint between the traditional policies of the member states and the more idealistic policies of the institutions.

Finally, just to clarify on mistakes of the past, I think one has to be able to recognize one's own mistakes if one is going to do better in the future. Mistakes were committed by the European Union; mistakes were committed by the United States. The impression given by senior American diplomats that basically America was deciding who

the key figures would be in the interim government, who would be the prime minister, and so on. This was a mistake. It was a mistake for Mrs. Ashton to go down into the Maidan in my view and join hands with people that she didn't know at all. And now these mistakes provided pretext, nothing more than pretext. Mr. Putin is cynical and manipulative. He would have done what he wanted to do probably in any event under any circumstances and they were no more than excuses or pretext, I quite agree with that. At the same time I think some introspection about the successes and failures of our past policies is necessary if we're to do better in the future.

MR. ALCARO: Oleksandr, do you want to add something about this issue of membership? Michael has clearly explained what the real prospects of a potential membership offer are. Is it something which at best is well beyond the next future and well beyond the visible horizon, but do you think that having this perception that membership could be there and having some assurances by the European Union that a membership could be on the table if reforms actually kicked in is a necessary -- of course it will help, but do you think it is a necessary condition for Ukraine to put itself on the path which in the previous session we heard it is extremely, extremely difficult, really a daunting task?

MR. ZAYSTEV: Yes. I think the perspective of European Union membership is extremely important for Ukraine to reform. It's our hope. And if you please I would like to react to what I heard from Sam and what I read in his article. Yes, I agree in some aspects with you, you are quite right, but I think I would disagree with some of your thesis. What is wrong is this way of reasoning for me. According to it there are two sides which interest to do matter. These are the west and Russia. And between them are small countries including Ukraine which interest don't matter so much and even could be sacrificed to the great goal of global security and stability. I don't think so. For

me it is very old thinking of the 19th and 20th century, and I hope that the way you think in the 21st century must be other. I think that best way to achieve international security and stability is to recognize that every country, small or big, has its own interest and have the right to choose its path of development. And what does it mean to take into account Russian interests, Russian perception. Should the European Union help accommodate Putin's perception of the near abroad (speaking foreign language) as an exceptional area of Russia's interest, or the Russian perception of Ukraine as a part of the Russian world, or the perception of the very existence of Ukraine as a historical anomaly, or the perception of Europe as decadent, homosexual, and so on. And of Russia as the last stronghold of high spirituality and morality. The questions are rhetorical but they are exactly the ones we should be asking about Russian perceptions. I believe that Europeans must have their own views on these issues and defend them.

And I can't discuss problems of European Union because I repeat I am not an expert and I am even not a citizen of European Union so far. (Laughter) But I remember that two days ago Timothy Snyder answers his own question about the west options in connection to Ukrainian crisis, said that the west in fact has two options, to be and not to be. I understand this. To be means for the west to remain true to its own principles and not to compromise them. This means in particular to not allow Russia or other countries, including the United States or any other western power to return the world to the age of empires. George Soros has expressed this idea in other words. The European Union would save itself by saving Ukraine. And in this case I agree with both Snyder and Soros.

Thank you.

MR. ALCARO: Sam, do you really think this is case? The world should be or not to be and that mean should conform or appease Russia? This is the only

option the west has?

MR. CHARAP: No, I don't see it in those terms. Just to respond to what my colleagues said here. I actually think quite the opposite in my view in terms of the interest of the countries that weren't in those two categories, the west and Russia. It is Ukraine which will suffer the most as a result of the continuation of the trend we're on. It is Ukraine that has experienced war, it is Ukraine that's experienced territorial annexation. You know, the west hasn't experienced those things. So frankly it's callus in my view to the, you know, lives and livelihood of Ukrainians to suggest that continuing on with the status quo will lead us to a better place. So I don't see this as about excluding Ukraine's interests, it's in fact about taking them into account. A principle position often leads to undermining of those same principles in other words.

Then there's a question in my view about what the alternative is, about the path that we're on right now and where it's leading us. War in Ukraine, a new cold war in Europe. If we are prepared for this kind of a confrontation I'd like to see the resources put behind it. I'd like to see it become the kind of national project that the cold war was, otherwise it's, you know, here today, gone tomorrow. Now we have ISIS and Ebola. And frankly I don't get the sense that political decision makers have been honest with their publics about what it would cost to resource the effort that they're outlining.

I'll leave it at that.

MR. ALCARO: Thank you. A round of questions. Gentleman over there, and then in the back, and three and four then; also Steve.

MR. KOFMAN: Hi and thanks. Michael Kofman from Wilson Center; I work with Oleksandr. Two questions. The first one of just kind of want to get a sense from the panel to what extent they do agree with George Soros' article called, *Wake up Europe*, about that Russia does pose kind of an existential threat, a challenge to Europe

in Europe, and that there have been all these other activities and that essentially Ukraine is not a conflict between European policy and an expansion of western security framework, economic framework with Russia, but there really is an existential conflict between Russia and European Union, and Russia's working to undermine the European Union. I wonder -- I've heard this several times and I'm not sure to what extent it's true, and to what extent we're kind of fitting facts in order to write history looking backwards from the moment we've arrived at today, right. Different people including Tom Snyder paint a very compelling narrative, but a narrative full of contradiction and a sort of post modern of Russia as nefarious and incompetent as ideologically pro fascist and cynically without ideology as, you know, a weak state but that same time as an existential threat to the most powerful military alliance in the world. You know, it's hard to rectify some of these.

The same question to you is a lot shorter than the one I just said which is how can you find a bridge between more realist views maybe of people like Sam and me, and I commend Sam for saying things that makes people shake their heads in this town, and people with more values based views, both which are valid? Because I kind of see this as a choice of either you sacrifice western values on the altar of compromise and pragmatism with Russia, or you sacrifice Ukraine on the altar of supporting western values. Because one of these two is not likely to survive. In a compromise with Russia western values can't survive, and in the purely values based pursued of we will confront Russia no matter what the costs are to Ukraine, Ukraine is not likely to survive. I'd like people to answer that. Thank you.

MR. ALCARO: There was a question over there? Yes. Down here in the second row and the Steve.

MR. SCOTT: Kyle Scott from the German Marshall Fund. Sam raised I

think a very good question about the resources needed. He was talking about to -- the new cold war, but I'd like to focus it on Ukraine. The first session we heard about all of the problems that Ukraine is facing even with this new government, a new Marshall plan was talked about. Does the European Union have the will, the capacity, and the ability to bring the sort of resources to bear in a short period of time to help Ukraine throughout the next year? Not talking about some sort of association process of decades, but the next year or two which is really I think the crunch time for this new government. Thank you.

MR. ALCARO: Over here.

MR. RAZANS: Yes, Andris Razans, Ambassador of Latvia to the United States. First of all thanks so much for two excellent panels today on Ukraine, a little bit on Eastern Partnership. So we are preparing next year the Eastern Partnership Summit in Riga next May and definitely there are more questions that should be still answered than we actually could even imagine. I didn't want to ask a question, but I was little bit provoked by what I heard because -- well, my country joined the EU in 2004. Definitely the process of well, approximation of EU legislation, everything that took place in '90s was quite long and painful. But from our experience what perhaps I have quality to say about, what I can say is that what really matters in these situations, especially what we see in Ukraine today and in Moldova and in Georgia in particular, it's not enough just to have now a strategy, it's very clear that to any kind of approximation with the EU will take years. We are not speaking about 10 years, maybe 15 years, et cetera. But that's a question for Ukrainians and Georgians to answer whether they would love to take route or not. It's not for EU or not for anybody else to recommend. If Ukrainians are ready well they should proceed and they should be allowed. But what really is missing is really perspective. And for us back in '90s this perspective meant a lot because membership means lots of sacrifices. The government should take very painful steps and policies that

should be introduced, and the public opinion electorate should support these policies. Without having knowledge what kind of gain people will get after this very painful and difficult period, it's very difficult really to develop any kind of relevant policy. Thank you.

SPEAKER: Thank you. I want to kin of follow up on Mike's question and push a little bit Sam, but first say I agree with like two or three points I've heard you make here. One is think you're right, Russia cares more about losing Ukraine than the west cares about gaining it. Second I think to the extent -- I don't think we're in a new cold war, but to the extent that you have a greater U.S.-Russia confrontation it will make it more difficult to pursue issues where American and Russian interests converge, Afghanistan, Iran, strategic arms control. And the third point is I think if you're going to have a settlement that will allow any degree of normalcy in Ukraine, at the end of the day of the Russians have to buy into it because the Russians have so many levers, not just military but economic energy to disrupt and make life difficult in Ukraine.

I wasn't though fully comfortable with your point where you said well, by reaching a settlement we're sort of putting Ukraine's interests first. I mean because I think it's really a Ukrainian decision if the Ukrainians are prepared to, you know, continue this fight. But I guess the question I would ask would be how far are you prepared to go or how far should the west be thinking of going in terms of making compromises about Ukrainian sovereignty in order to find a settlement? Because where I get worried here is when I look at things, again going back to June and July, that were being said by President Poroshenko was talking about NATO is off the table. Decentralization of political power, pushing some authority out to the regions, status for Russian language. He was putting things out there that I thought responded to at least some state of Russian concerns, but I never saw an effort by the Russians to pick up on those. So how far should the west be willing to go in terms of making some compromises that are

ultimately going to be about Ukraine in order to try to find a settlement?

MR. ALCARO: Thank you. We have slightly more than five minutes so I would kindly ask all the speakers to be really kind of graphic. Sam, you want to start and respond to Steve's question?

MR. CHARAP: Sure. The kind of negotiation I was talking about was really not about Ukraine or Ukraine sovereignty and I don't think there should be any compromise on any country' sovereignty. That's not what we're talking about; we're talking about regional integration and its future in Europe and Euro-Asia and whether or not common ground can be found. So I guess that's how I'd answer that more narrow question. I mean negotiations might fail but I have confidence in United States and maybe a little bit less so, but enough I n the European Union that we know what our principles are and we're not going to forget about them just like that. So that, you know, diplomacy is not just about compromise, but by the way compromise, you know, in the context of international relations is sort of how you get to a better place usually. It's about finding a new way forward at critical moments and critical junctures. So I don't see it as this choice between compromising our principles or sacrificing Ukraine. You know, let's see what that negotiation looks like first. And if someone can show me that we tried everything possible and the only thing that would get us, you know, peace was selling our souls, you know, then I'll buy that dichotomy. Until then it's an untested proposition. And that frankly gets me back to something that was said in the first session hic his what other tools do we have? Well, we do have diplomacy. And so it would be nice to see some more of that too.

MR. ALCARO: Do you want to pick up on something? I remind you we only have --

MR. ZAYSTEV: Yes. I want to react to what Michael said. In no case I

want sacrifice Ukraine to the altar of European values. No. But we simply have no other choice than to fight for these values. It is for us not only the question of prosperity or independence; it is for us a question of survival of Ukraine.

Thank you for sending me the full version of your article and I want to quote only to a sentence. "(Inaudible) weapons from the U.S. combining the (inaudible) and the equipment Ukraine will undoubtedly receive from sympathetic European neighbors like Poland could easily lull the elites into believing they could prevail in a limited role against Russia to regain the separatist region." And another sentence, "Weapons cannot alter the fact that Ukraine will not defeat Russia today or tomorrow." I agree with this, but for me this way of thinking is based on two fold assumptions. The first assumption is that if you don't provoke and irritate Russia, Russia will not respond with aggression. It is not so. In February, in March there were no provocation against Russia, there were no real threat to ethnic Russians and Russian speakers in Ukraine, but this did not prevent the capture of Crimea and the invasion to Donbass. So if Putin really want to go to war he will do it even without any provocation of a real danger.

And second false assumption is the view of Ukraine as a surly child which should not be given this sharp tools because it can hurt itself and other children. It also false assumption. Contemporary Ukrainian leadership can be blaming on different things but, I mean, not as the absence of realism. And I think if United States really considers Ukraine as an ally, it should not consider it as a surly child. This is my response.

In contrast to former Georgian President Saakashvili, contemporary Ukrainian leadership is much more realistic.

MR. LEIGH: The question was asked whether Russia poses an existential threat to the European Union. No, it doesn't. I think Russia's policy vis a vis

the west in general is mainly a sort of negative foreign policy to try and prevent us from achieving some of our objectives because on the whole Russia knows it cannot achieve its own objectives positively. So putting a spanner in the works is very largely their approach to us and I think we can deal with that. Ukraine has been a partial exception to that because its willingness to use force. What is Russia's objective in Ukraine in the medium to long-term? I think the analysis that suggests that they will be content having annexed Crimea with a frozen conflict seems likely, hoping that Ukraine will be sufficiently unappetizing either to the EU or NATO that it won't want to take in a new source of instability, even some beyond the horizon moment. That's how I read Russian policy but I have no inside track. There are others here who know it far better than I do.

I mean Kyle's question about resources, let's be clear about the scale of the resources. Eventually after the Maidan we together with the IMF and so on came up with a package of \$17 billion, which as somebody pointed out we weren't willing to do earlier on when Russia came in with its \$15 billion. The first bailout package for Greece was \$170 billion and there might be another bailout required for Greece. Let's not forget that the European Union is still going through its own existential struggle with the Eurozone crisis which is not over and which may well predominate the next five years still. And therefore the time and energy we have for foreign policy of any source is likely to be somewhat limited, although I do think that -- so the answer to the resource is no. But what we can do is what we do best which is to come in with technical assistance, with support, with institution building, with civil society programs, with twinning, and all of that, to bolster the efforts of the Ukrainians themselves, but will not be the key player in assuring Ukraine's macroeconomic stability.

Finally to the Ambassador, I agree entirely that the accession perspective was absolutely crucial in central and eastern Europe and in Latvia and its

neighbors. And it made those difficult and painful reforms possible. And being a member also helped Latvia through the crisis of the last few years where it made almost unprecedented efforts and is now back in a much more health place than it was some years ago. It would be highly desirable of course that such perspective be given in Riga next year, but once again looking around the member states, looking at the Euro crisis, thinking also of the point of view of member states more distant from central and eastern Europe who have other preoccupations, it seems to me that in the same sense at Thessaloniki we gave a perspective to the Balkan countries, I personally wouldn't want to predict that that would be the outcome. But we can give encouragement in various forms and we can come in with all kinds of concrete types of support and assistance.

MR. ALCARO: Rebecca, you want to pick up on the issue of resources?

MS. HARMS: So the mistakes in the rescue strategy towards Greece or other countries in crisis in the EU should not be the reasons to commit more mistakes in countries outside of the EU. So I would really doubt that this link is a fair link, what you are doing. I know that we are not out of the crisis, but I think fighting for deeper economic integration and for economic idea for the EU internally, that goes beyond the austerity plan for Greece is the one thing. So to act with responsibility in the neighborhood of the EU is another issue. And so to recognize that Russia puts new threats towards the EU I think is also a responsibility which we have towards our citizen. And for me since I tried to follow the change in Russia, since I tried to take seriously this idea on Eurasia, I think it's close to non compatible with my ideas on European Union because Eurasia is an idea which extends for non democratic development which extends right now for an authoritarian approach in the states and which also sees one nation, Russia, leading a wider range of states in the east. And so this is not at all compatible with the idea of the European Union, and it's also not compatible with the idea of the Ukrainians I know very

well and other citizens in other neighboring countries because they want democracy. As I said the vote last weekend was not only a pro European vote it was a vote in favor of democratic development, and this excludes for me the idea to say okay, we make Ukraine and others a kind of buffer countries in between Eurasia or Putin's empire and the European Union. It's about democracy and I agree with all those contributions which said Ukraine and other countries, but first of all now Ukraine are matters for the good future of the European Union.

MR. ALCARO: Thank you, Rebecca. And we are really out of time. So with that I close today's event. Thank you all for coming and thank you to the speakers for their intervention. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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