

THE BROOKINGS INSTITUTION

THE BUDAPEST MEMORANDUM AT 20:
THE UNITED STATES, UKRAINE, AND SECURITY ASSURANCES

Washington, D.C.

Tuesday, December 9, 2014

PARTICIPANTS:

Panelists:

ROBERT EINHORN
Senior Fellow
The Brookings Institution

STEVEN PIFER
Senior Fellow and Director, Arms Control and Non-Proliferation Initiative
The Brookings Institution

OLEKSANDR ZAYTSEV
Fulbright Scholar
Woodrow Wilson Center for International Scholars

* * * * *

P R O C E E D I N G S

MR. PIFER: Welcome to Brookings on this rainy December day. I'm Steven Pifer; I'm a Senior Fellow here with the Brookings Arms Control and Non-Proliferation Initiative. And welcome to our discussion about the Budapest Memorandum on Security Assurances for Ukraine, the background of that document, what's happened over the course of the last year with Russian actions, U.S. obligation, a bit about the Ukrainian view, and then what this might mean for future security assurances.

And I'm delighted to be joined on this panel by Oleksandr Zaytsev. He is a Visiting Scholar at the Woodrow Wilson Center for International Scholars, and my colleague in the Arms Control and Non-Proliferation Initiative, Bob Einhorn.

So what we'll do is I'll talk a bit about the background, what it means for U.S. obligations. I'll then turn to Oleksandr who can describe how Ukraine looks at the Memorandum and at the events of the last year, and then Bob will talk about what this could mean for security assurances and how they might figure in future non-proliferation efforts.

But first let me just express a note of gratitude from Brookings to the Plowshares Fund and also to the Carnegie Center of New for their support for our initiative which makes programs like today's possible.

So let me start with a bit of the background which was in 1991 when the Soviet Union collapsed and Ukraine had on its territory the world's third largest nuclear arsenal, including about 1900 strategic nuclear warheads, 176 intercontinental ballistic missiles, and some 45 strategic bombers. And while Ukraine was inclined to become a non-nuclear weapons state there was the question of what would be the terms for that. And then the Ukrainians basically articulated to the U.S. government four questions. One question was what would be the means to eliminate the warheads and eliminate the

missiles and the bombers, and in particular Ukraine was interested in ensuring that the warheads when they went back to Russia were in fact dismantled and did not end up in the Russian arsenal. A second question was given the difficult economic situation in Ukraine in the middle of the 1990s, who would cover the cost of eliminating the missiles, the bombers, the missile silos in Ukraine. And that was worked out with assistance from the Nunn-Lugar Cooperative Threat Reduction Program. A third question was the nuclear warheads that were being transferred back to Russia had economic value in the sense of the highly enriched uranium that they contained. And so the question that the Ukrainians asked was well how could they get compensation for that and there was a resolution worked out whereby Russia in its essence blended down the highly enriched uranium and sent back to Ukraine an equivalent amount of low enriched uranium in the form of fuel rods for Ukrainian nuclear power plants. But the fourth question, the one we'll talk about today, and I think some Ukrainians would say the most important condition, was nuclear weapons confer security benefits. What provides for Ukraine's security after the nuclear weapons are gone? And these questions were taken up in a discussion originally between Ukraine and Russia, but then taken up in a trilateral process which was joined by the United States over the course of the fall of 1993. And in January of 1994 Presidents Clinton, Yeltsin, Kravchuk signed the Trilateral Statement in Moscow. And that document contains the security assurances and basically said when Ukraine accedes the non-proliferation treaty as a non-nuclear-weapons state the United States, Russia, and Britain will provide these security assurances to Ukraine. And in the fall of 1994 Ukraine acceded to the NPT as a non-nuclear-weapons state, and on December 5, 1995 Presidents Clinton, Prime Minister Major, President Yelsten, and then-Ukrainian President Kuchma signed the Budapest Memorandum. Now that document contains a set of security assurances in which the United States, Russia, and Britain

agreed to respect Ukraine's sovereignty, its independence, and its territorial integrity, they agreed not to use force or threaten to use force against Ukraine, and they agree not to apply economic coercion against Ukraine. And I would argue that most of those commitments have now been violated over the course of the last year by Russian actions, beginning with the seizure of Crimea and then with Russian support for the separatists, and then actual presence of Russian military forces in Eastern Ukraine.

A couple of observations about the Budapest Memorandum. It is the Budapest Memorandum on assurances not guarantees, and that's an important distinction. The difference is for an American a guarantee means commitment of military force. NATO allies have a security guarantee, South Korea and Japan, by virtue of the mutual defense pacts have a security guarantee. In the case of Ukraine we were talking about assurances which was something less, it meant that 82nd Airborne was not coming, and that was understood in Kiev. We were very clear on that question. A second point is that the actual Memorandum does not prescribe specific actions except in two cases. It prescribes a consulting mechanism and it prescribes an appeal to the United Nations Security Council in the event that nuclear weapons are used against Ukraine or threatened against Ukraine. But other actions are sort of left undefined, but that's actually not unusual. If you look at the North Atlantic Treaty Article 5 it says NATO allies will consider an attack against one an attack against all and that they will respond as they deem appropriate, but it does not prescribe specific actions. But it still was I think clear from the negotiations that took place between Washington and Kiev and also with the Russians that it was understood that if there was a violation then -- I mean Ukrainian concern as articulated to us was about Russian violations of Ukrainian sovereignty or territorial integrity -- that there would be a response incumbent on the United States and on Great Britain. I think that if you look over the last 10 months you have seen the United

States responding primarily in two ways, support for Ukraine and penalizing Russia in terms of particularly economic sanctions. And I think the United States government has done quite a bit. I would argue though that the United States could do more in terms of fulfilling its obligations under Budapest.

And just briefly in terms of support for Ukraine you've seen a significant amount of critical and economic support. Vice President Biden has been to Kiev three times in the last eight months, you've seen President Obama hosting President Poroshenko here, you've seen American support for the IMF program for Ukraine, and \$120 million in non lethal military assistance. I would argue that there are probably two things more that the United States could and should be doing. One would be provision of defensive arms. Now defensive is always a hard term. My tank is always going to be defensive; your tank is clearly offensive. But when I talk about defensive arms I'm talking about things like men, portable light anti armor weapons that I think most militaries would regard as more of a defensive weapon than an offensive weapon, the idea being giving the Ukrainians capability to inflict costs on the Russian military should the Russians resume military hostilities. And I think in a way that would help stabilize the cease fire and stabilize a settlement.

And then a second thing where the United States may be called upon in the coming months to do is most analysts seem to expect that Ukraine will need more economic assistance to get through the course of the next year. And I think the United States and Europe should be prepared to consider that contingent on Ukraine doing what it needs to do in terms of economic reforms.

The other half of the package has been to penalize Russia and you've see over the last seven months American and European Union efforts to impose economic sanctions on Russia with the objective of effecting a change in Russian policy.

And it's pretty clear that those economic sanctions are having an economic impact. There was an estimate by a senior Russian official about 10 days ago that the cost of the sanctions was going to run \$40 billion per year. And my guess is if anything that underestimates the actual cost of the sanctions. And you've seen now last week for the first time the Russian Minister of Economy has now said that the Russian economy in 2015 will contract in part because it was sanctioned. So the sanctions clearly are having an economic impact, but they have not yet achieved their political goal which is to get a change in Russian policy towards Ukraine, and that will require the West persuading the Kremlin that those sanctions will remain on and in fact could become more intense if the Russians do not change course.

So I would just close by summary on the U.S. position being that the United States has done a lot in terms of responding to the Russian violations of the Budapest Memorandum; I would still argue that the United States should be doing more.

Oleksandr?

MR. ZAYTSEV: Thank you. So my task here is to describe how Ukraine now looks at the Budapest Memorandum. First of all I'm not an expert in the field, however about 15 years ago I wrote a chapter about 1990s for the textbook History of Ukraine with a subchapter about the issue of nuclear disarmament of Ukraine. And just before this panel discussion I reread this text. It was very interesting for me to compare my perception of events then and now. I describe the difficult to compromise between Ukraine, Russia, and United States. Eventually the story had happy end. Let me quote myself in very rough translation from Ukrainian, "The problem of nuclear weapons that for a long time caused some tensions in the relations between Ukraine and the Western states as well as Russia was finally solved at the end of 1994. On November 16, 1994 by the resolution of the (speaking foreign language) Ukraine joined the treaty on non-

proliferation of nuclear weapons as a non-nuclear-weapon state on the condition that it receives security guarantees from the nuclear states. Soon Ukraine received such guarantees from Russia, the United States, and United Kingdom, and then from France and China. In 1996 Ukraine completed its nuclear disarmament becoming the first country in the world that voluntarily abandoned nuclear weapons. Ukraine's voluntary abandonment of its nuclear status facilitated its integration into European structures and establishing friendly relations with Western states."

Now there is a project of new addition of the history of Ukraine in which I probably will again participate, but I fear this time I will not be able to finish the story with happy end because now I realize that in fact Ukraine has not received a real security guarantee and that Budapest Memorandum has not helped Ukraine to prevent neither the annexation of Crimea nor Russian military invasion of Donbas. Now I realize that most Ukrainians, including me, just didn't understand the meaning of the memorandum; almost no one read it. At best they only knew the name of the document. Perhaps partly misunderstanding was due to the difficulties of translations. In Ukrainian version the document is called (speaking in Ukrainian), that can be translated to English as Memorandum on Security Guarantees. In fact, however, the English version of the document is called Memorandum of Security Assurances. I am not good in English but I suppose Ambassador Steven Pifer can confirm that, that assurances and guarantees are not the same things. Moreover I was surprised to learn that at least four English words with similar but not identical meanings versus a single Ukrainian word (speaking in Ukrainian), these are guarantee, guaranty, warranty, and assurance. So our mistake was that we believed that received guarantees when in fact we only got assurances. The problem with Ukrainian jurist Wilder Boslanko was completely right when back in 2009 called the Budapest Memorandum assurances without guarantees.

The events of this year, Russian actions against Ukraine, occupation, and then annexation of Crimea support for separatists in the Donbas, and finally the Russian military invasion of the Donbas, these events are well known so I will not tell much about them. I'd like to stress only two important things. First, Russia obviously violated not only its obligation on the Budapest Memorandum, but a number of lateral and multilateral agreements undermining the entire system of international security. And second, the attempts of Ukraine to use the Budapest Memorandum to secure its territorial integrity completely failed. Therefore the name Budapest Memorandum is often mentioned in Ukraine with the epithet (speaking in Ukrainian), that means infamous or notorious, notorious Budapest Memorandum.

A few months ago the Ukrainian weekly *Dzerkalo Tyzhnia* published an interesting interview with the current United States Ambassador to Ukraine, Geoffrey Pyatt. One of the questions was when the guarantor countries have not fulfilled their obligations under the Budapest Memorandum among the Ukrainian population the idea has started to gain popularity of restoring nuclear status and acquisition of nuclear weapons. How do you comment? And the Ambassador responded, "The Budapest Memorandum has not been an agreement on provision of security guarantees." I spoke to Ambassador Steven Pifer and some other experts who also participated in the negotiations of the Memorandum and according to what I heard from them then all parties clearly understand that the essence of this paper is that the signatories commit themselves to respect the sovereignty and territorial integrity of Ukraine. Russia obviously violated, trampled on their promises in the Budapest Memorandum. And I think the Ambassador Geoffrey Pyatt generally is right, but did all the parties to the document clearly understand the essence of the Memorandum? I think Bill Clinton and John Major did, but Ukrainian President Leonid Kuchma probably did not.

In September of this year Kuchma remembered, "In 1994 when I signed the Budapest Agreement the United States, Great Britain, and then also China guaranteed security for us. It seemed to me that we are going to live as in God's bosom. We don't need an Army." According to Kuchma when after Budapest he visited Paris the French President Francois Mitterrand said to him, don't believe them, they will cheat you. (Laughter) And we had really been cheated said Kuchma.

Some Ukrainian experts express their opinions much sharper. For example, a political analyst Igor Mydonuk wrote, "Our so-called guarantors of security, in particular the United States and Great Britain betrayed their alliance commitments putting the entire world on the edge of necessity of total armament." After the annexation of Crimea absolutely all global agreements on security the United States promised to all countries includes Israel, Japan, Taiwan, and eventually all NATO members, especially the Baltic States, can be regarded as waste paper. The United States will not right for small and light states against a strong enemy. You are bombarding weak Yugoslavia, Iraq, Libya, or futile Afghanistan which Taliban army rides on donkeys. So special operations Washington gladly accepts, especially if there are oil resources in the country. However, the risk of serious war with the nuclear enemy for a costly (inaudible) far away from American shores is not considered as business offer by the U.S. political and business circles. And Igor Mydonuk proposed to restore nuclear status of Ukraine as only real guarantee of its security.

Disappointment of Ukrainians is quite understandable, however there is a good Ukraine saying (speaking in Ukrainian), the eyes so would they bought. Those who negotiated the Memorandum on the Ukrainian side had to realize that it does not give real security guarantees. The problem however is not only in the weakness of the Budapest Memorandum. During 20 years after signing it Ukraine did not use other

opportunities to assure its security. It hasn't made the necessary economic and military reforms, hasn't taken care of its energy security, and has made no real effort to join NATO and the European Union. Eventually Yanukovich administration almost completed the distraction of Ukraine's defense capacity. So assessing the viability of the Budapest Memorandum we can conclude that the patient is more dead than alive. It failed to prevent seizure of part of Ukrainian territory by Russia as well as the hybrid war that Russia wages against Ukraine. A practical lesson for Ukraine falls from this; it cannot rely on any international assurances. It must rely primarily on its own forces. Creating combat ready forces in the shortest possible time is a matter of life and death for Ukraine.

What can we expect from the West? We cannot expect that the West will fight for us with Russia, but we expect that the West, especially the United States, will do more to support Ukraine than they have already done. We expect that the United States will provide military assistance to Ukraine including lethal weapons and military training of the Ukrainian army. We expect that economic sanctions against Russia will not be cancelled until Russia stops supporting armed separatists. We expect that in the future when NATO and European Union will consider the issue of Ukraine membership the only criteria for their decision will be fulfilling the conditions necessary for membership, not the position of Russia or any other countries.

Thank you for your attention.

MR. PIFER: I'm going to intervene just one second on this guarantees versus assurances question just because I played a part on that. And it was a dilemma that we found just linguistically because guarantee and assurance both translate into (speaking in Ukrainian) in Ukrainian and (speaking in Russian).

MR. ZAYTSEV: Mm-hmm, yes.

MR. PIFER: And we wanted to be clear on this, so actually it's -- I can't

remember the exact date, but at one point in Moscow in January of 1994 when we were finalizing the Trilateral Statement I sat down with the heads of the Russia and Ukrainian delegations who were from those languages and said okay, we need to have this conversation that whenever we see (speaking in Russian) in Russian or (speaking in Ukrainian) in Ukrainian it is understood in the English of the word of assurance. And that was agreed. And that was our basis ultimately because it would have been a problem for us because we were not prepared to extend the military commitment. And I believe that that was understood both in Moscow but also Kiev. Now I would also though say, and I think we agree on this point, is that there is an obligation on the United States that flows from the Budapest Memorandum to provide assistance to Ukraine, and I would agree that, you know, that would include lethal military assistance.

Bob?

MR. EINHORN: Thank you, Steven; thank all of you for coming out on this rainy day. You know, over the last year there's been concern especially in the non-proliferation community that the failure of the Budapest Memorandum to prevent Russia's aggression would be a serious setback to global non-proliferation efforts. Of particular concern is in the future countries will be less likely to rely on security assurances in deciding whether to abandon or forgo nuclear weapons programs. In my view the Budapest Memorandum experience will reduce the value of security assurances as a non-proliferation tool, but only in my view relatively weak kind of assurances that were contained in the Budapest Memorandum. Now Steve has mentioned a number of these assurances, the assurances were mostly restatements of existing universally applicable pledges that had already been contained in long-standing multilateral documents like the UN Charter and the CSCE Final Act. The actual American and British commitments to protect Ukraine were very weak. Steve mentioned one of them, the countries pledged to

seek Security Council action in the event Ukraine was attacked or threatened with nuclear weapons. Now this simply was a restatement of a 1968 assurance that was given to all non-nuclear weapons state party to the NPT, so called positive security assurance. And it was to seek Security Council action recognizing that Security Council action was subject to the detail. A second commitment also that Steve mentioned, they pledged to consult in the event a situation arises which raises a question concerning the Memorandum's commitments. Now they agreed to consult, not necessarily to take action, but simply to consult.

Now I don't believe that Ukraine relied very heavily on these pledges in making the decision to send nuclear weapons on its territory to Russia and to adhere to the nuclear Non-Proliferation Treaty as a non-nuclear weapon state. In fact Ukraine had earlier sought much stronger legally binding security guarantees, but the U.S. and the UK were unwilling to provide those stronger guarantees. In the end Ukraine had to settle for the much weaker versions. And I think they knew at the time that they were not getting anything close to the ironclad security guarantees they originally had preferred.

But nonetheless Ukraine still agreed to go ahead and send the nuclear weapons to Russia and to join the NPT as a non-nuclear weapons state. And I think they did so largely for reasons other than the security assurances they were getting in the Budapest Memorandum. They wanted closer relations with the United States and the West and they recognized the importance that the United States especially placed on their joining the NPT as a non-nuclear weapons state. Ukraine did not have independent operational control over the nuclear weapons on its territory and Ukrainians probably feared that efforts to acquire operational control could risk a military confrontation with Russia. And at a practical level, also as Steven has noted, the deal provided compensation in terms of nuclear reactor fuel for the uranium contained in the nuclear

weapons that were being sent back to Russia.

Now I'm not saying that the security assurances in the Budapest Memorandum didn't play any role in the decision by Ukraine, you know, to send weapons to Russia. They clearly were a significant factor in the bargaining process that led up to the Budapest Memorandum and they probably played an important role in building support for the package within Ukraine. But I strongly doubt Ukraine's leaders believe they could count on those assurances for their security.

Now as I mentioned earlier the failure of the Budapest Memorandum to prevent Russian aggression will probably reduce the utility of such relatively weak security assurances in persuading countries in the future to give up nuclear weapons programs or in persuading countries to continue as non-nuclear weapon states despite threats to their security. But even if the Budapest Memorandum had not failed I'm very skeptical that these kinds of assurances could play a major role in future decisions on whether to give up or forego nuclear weapons. Now what will be critical to future nuclear decision making is a much stronger form of assurance. The kind of assurance U.S. has provided to Treaty allies and other close security partners. Indeed as we've been discussing these much stronger types of assurances, they're not called assurances all, they're called guarantees, but it's more than a semantic point, it's a real -- there is real meaning behind that. Now the strongest form of such guarantees are the legally binding commitments backed by the stationing of U.S. forces that the U.S. gives to NATO members and to other Treaty allies such as Japan and South Korea. However even without legally binding Treaty obligations, security commitments can be credible and effective if they're reinforced by strong historical or political relationships, a sizeable military presence, defense cooperation, and as Oleksandr suggested even by powerful economic interests such as access to oil. It wasn't really you, you were quoting

somebody who made reference to it. And, you know, that example -- you know, Saudi Arabia is not a U.S. Treaty ally, but nonetheless the U.S. acted forcefully to evict Iraqi forces from Kuwait when those Iraqi forces threatened the security of the Saudi Kingdom.

Whether or not U.S. security guarantees will continue to reduce incentives for indigenous nuclear weapons programs will depend on a wide range of factors, especially the perception of whether the United States is willing to sustain its overseas military presence. But it's unlikely to be affected by our experience with the Budapest Memorandum. In general I think the impact of that Budapest Memorandum experience on global non-proliferation efforts will be very limited. Will North Korea and some Iranian proponents of nuclear weapons point to Ukraine as an example of what's supposedly happens when a country voluntarily gives up nuclear weapons? Yes, they already have. But these comments that are made by North Korean and Iranian officials are self-serving justifications for their own nuclear intentions. They are not serious considerations; they don't constitute a serious analysis of the factors that bore on Ukraine's decision in 1994. States considering their nuclear weapons options will focus on their own unique situations rather than on often misleading examples.

Will some Ukrainian politicians argue that sending the nuclear weapons to Russia was a terrible mistake and call for a reconsideration of Ukraine's future nuclear options? Well, Oleksandr has quoted a Ukrainian politician who has already done that, and there are other Ukraine politicians who have called for a reconsideration. But my guess is that when Ukrainian leaders evaluate all the pros and cons they'll conclude that it remains in Ukraine's national interest to remain a non-nuclear weapon state. A question they will clearly address in dealing with this question is whether Ukrainian nuclear weapons would have deterred Russia's little green men. And I think the answer to that is no.

And finally will non-nuclear countries facing serious security threats, threats from countries like North Korea or Iran seek assistance from the United States in ensuring their own security from the United States or perhaps from other countries to help secure their national interests. I suspect they will seek such assistance. And what they will seek are the kinds of strong guarantees that have long been considered reliable and not the much weaker assurances that have been provided in the Budapest Memorandum.

MR. PIFER: Okay. We have about 50 minutes for questions so let me ask the audience for questions. Please, if you could state your name and affiliation at the beginning and have something that resembles a question mark at the end of your point. Up here in the front. Microphone coming.

MR. GUINARIA: Hi, this Shata Guinaria International Fellow at the National Defense University. Actually I have much more questions now than before coming here so thank you for that. But I will try to boil my question down to as specific as possible. So do you think that -- I mean any of you if you could answer -- do you think that the deal with this nuclear weapons back then was word play more or just Ukrainian leadership then decided to give up nuclear status just for nothing? I mean they were really aware that they were getting nothing in return to that? And if yes, why?

MR. ZAYTSEV: Maybe you will start?

MR. PIFER: Okay. I think that when Ukraine regained independence there was a predisposition to be a non-nuclear weapons state. So if you go back to the 1990 Declaration of State Sovereignty it said Ukraine will be a non-nuclear weapons state. And I think in part that was affected by the still very recent and bitter experience of Chernobyl. And so as we understood it in the negotiations with Ukraine it was not about persuading the Ukraine to become a non-nuclear weapons state, it was about answering

eth specific terms and the questions that the Ukrainians wanted to address and getting those pieces to come together. And that's where I think the Budapest Memorandum had value as it answered part of that question. And again Bob is right, I mean they were assurances not guarantees; but in the conversation we had with the Ukrainians we certainly I think left them with the impression, and I think it was our intent that if there is a violation there would be an American response. Now we did not get into at any point a detailed conversation what would that response be. The importance for us for getting the declaration in English as assurances not guarantees as we said, you know, we're not prepared at this point in 1994 to commit a military response in terms of American forces coming to Ukraine's assistance. So it was therefore the assurances, not the kinds of guarantees that NATO has, or Japan or South Korea have. Although I think it was still an important piece of the package that was assembled for Ukraine that then led President Kravchuk in 1994 in January, and then President Kuchma reaffirmed the idea of moving towards non-nuclear weapon states and actually transferring the nuclear weapons away.

MR. ZAYTSEV: As far I remember Boris Tolosuk, Ukrainian who participated in negotiations on Ukrainian side, he remembered that Ukraine insisted that it want not memorandum but treaty with binding obligations, but both United States and Russia refused. And I think maybe it was a great diplomatic success on the United States because the United States received what they want, nuclear disarmament of Ukraine, but in the long run it generated a real problem because Ukraine found itself in the gray zone between NATO and Russia without real guarantees of security. And what we have to do now if tomorrow Putin decides to launch a new offensive in Ukraine, no one will defend it with their troops. We understand this. At the best the West will introduce new sanctions against Russia. With the current state of Ukrainian army it is unlikely to win a war, but Ukraine has no choice but resistance. The submissions to

Putin-Russia means putting an end to the dream of turning Ukraine into democratic state and possibly to the very existence of Ukraine as an independent state.

So I repeat we must rely only on our forces, but we expect that Western states which have at least moral obligations of not legal obligations under the Budapest Memorandum will help us more than they've almost done.

MR. EINHORN: I think Ukraine had already decided in its own interest to become a non-nuclear weapon party to the NPT. I think that was a correct decision. But I think in the bargaining it naturally wanted to get everything it could get, get the strongest assurances, strongest guarantees that it could get, compensation, all of these things. And it bargained hard. And it got what apparently Ukraine's leaders thought was a sufficient deal. But the U.S. -- I remember at that time I wasn't working directly in negotiations but I was at the State Department working on non-proliferation -- the U.S. was very, very anxious that the former states of the Soviet Union join the NPT as non-nuclear weapons states. And they were working hard to persuade each of them to do that. And I'm sure that they tried to make very strong arguments that these assurances were reliable assurances even if they are not guarantees, but to be as persuasive as possible that they can count on that. And I think Ukrainian leaders wanted to believe that. Were they misled, did they mislead themselves? I don't know. You know, I think you'd need, you know, psychoanalysts, you know, to figure that out. But the fact of the matter is it was a politically acceptable deal and the Budapest Memorandum clearly helped in the domestic Ukrainian situation. But I think at the heart of it neither the Ukrainians nor the Americans or the other participants had any real illusions about what they were getting. I think they understood what they were getting.

MR. PIFER: I'll make one last observation too which is when we were negotiating these in 1993 and early 1994 the President of Russia was not Vladimir Putin

it was Boris Yeltsin, and Boris Yeltsin was a leader of many flaws, but one thing that I think he really did believe is that yes, Ukraine is an independent country and, you know, we, Russia need to respect Ukraine's territorial integrity and its borders. And I think if you go back and you look in '93, '94 at times when the Russian Duma came out with what was seen in the Ukraine as outrageous statements asserting sovereignty over Crimea or Sevastopol Yeltsin usually came out and did the right thing. Now, you know, maybe there was a case that we underestimated the potential risk. I mean I think in 1994 I'm not sure anybody in the United States said are we going to face a situation where you could see a future military conflict between Russia and Ukraine. Had the president at the time been Vladimir Putin there might have been a very different approach, both on the Ukrainian side and the American side. So I think --

MR. ZAYTSEV: I think so.

MR. EINHORN: -- there's a difference there.

MR. PIFER: In the front row.

MR. VARBEW: Thank you very much, gentlemen, for your presentation. I am Nikolai Varbew, Ukrainian journalist just came from battle zone like few weeks ago. I have like two questions. The first is for you, Mr. Pifer, about do we have the capabilities to restore our nuclear potential in Ukraine? And maybe it's something left. And the second is to all participants and how we can use this Budapest Memorandum, this card politically right now? I mean, you know, we have this on table in House Representatives the bill, Ukraine Freedom Support Act; can we use politically this agreement which was like 20 years ago right now? What we can gain right now politically? Thank you.

MR. PIFER: Well, on the nuclear potential question, I mean, I think one of the reasons why Ukraine in the early 1990s agreed to move to non-nuclear weapon status is that while Ukraine has a very well developed infrastructure for intercontinental

ballistic missiles many of which were built in Dnipropetrovsk, it did not have the infrastructure to maintain nuclear weapons. At one point I had heard that there was a conversation among Ukrainian officials in early 1992 where they went through themselves and asked the question, you know, what would be required to maintain an independent Ukrainian nuclear capability. And the answer was well but you could do some first order of maintenance on nuclear weapons in Ukraine, but anything that was serious the weapons had to go back to Russia. So there would have been the question, you know, could the Ukrainians -- there's no doubt that Ukraine had the scientific and the engineering expertise to build the nuclear capabilities, but they would have had to build a huge infrastructure that they did not have present in Ukraine that would have cost probably in the billions of dollars. So I think that was part of the reason why Ukraine made the decision, was recognizing that if it tried to keep the weapons it did not have the capability at the time to support those weapons as they aged and required replacement or modernizations.

MR. EINHORN: Yeah, it's a question of time and a question of cost. And it would take a while to develop the infrastructure and it would be very costly, and it would generate a considerable amount of tension as well. So yes, is it possible, it certainly is possible. Is it wise, is it affordable? That's for Ukrainian leaders to consider.

MR. ZAYSTEV: I doubt that it is a realistic task to restore Ukrainian nuclear status. And as for Budapest Memorandum, although I mentioned that the patient is more dead than alive I still think that Ukraine can and must use the Budapest Memorandum politically to stress that Russia violated the Memorandum and to remind United States and United Kingdom about their moral obligation to help Ukraine. I think the real security guarantee for Ukraine would be its full membership in NATO in the future. Unfortunately Ukraine lost the chance to get closer to the goal when the situation

was more favorable. Today NATO countries want to see Ukraine in their ranks less than ever before and it's quite understandable, no one wants to fight with Russia. However I think Ukraine must clearly and distinctly express its determination to head for NATO and the European Union membership and take practical steps towards this goal, make the economic, political, and military reforms. And maybe intermediate step in this direction would be providing real security guarantees or maybe stronger assurances to Ukraine from the United States and perhaps some other allies.

QUESTIONER: Thank you. (Inaudible), Politics Blog. There were two other countries that signed the Memorandum on the same date, [Belarus](#) and [Kazakhstan](#). They also gave up their nuclear arsenals. Those were legitimate assets of these sovereign countries and they decided to give them away to Russia. I wonder how you would compare the cost of negotiations with those two countries to Ukraine? Was it easier, the process of negotiations with the [Belarus](#) and [Kazakhstan](#)? And also is this Memorandum still standing for these two countries, because they are viewed in the same light by Russia, as possible objects of aggression. And what the United States should do to reassure that this document is still standing and alive. Thank you.

MR. PIFER: There are Memoranda for both [Kazakhstan](#) and [Belarus](#). You did not have the same negotiating path because in both cases [Kazakhstan](#) and [Belarus](#) and worked out on a bilateral basis with Russia the return of the nuclear weapons. I think it was pretty clear that in the case of Belarus it was 81 mobile single warhead ICBMs, and there was never a sense that we had in Washington that those weapons were going to remain in Belarus. And also in [Kazakhstan](#), I think again [Kazakhstan](#) having the very nasty experience of having been host to the Semipalatinsk test site with huge environmental and huge human costs, I think there was a disposition there to go non-nuclear. But in both of those cases in '93 the impression here in

BUDAPEST-2014/12/09

Washington was that they were working it out bilaterally. It was that where Ukraine where there seemed to be some tensions between Moscow and Kiev that really emerged in the summer of 1993 where the U.S. got involved in the trilateral process because there was some concern that, you know, they weren't going to be able to come to an agreement by themselves. But those Memorandum still remain in effect. And I should also mention that actually both France and China although they did not sign the Budapest Memorandum for Ukraine separately in the United Nations extended very similar security assurances to Ukraine.

MR. EINHORN: There's some in the back.

MR. PIFER: Yeah, I tend to reward people in the front. For future Brookings events if I'm moderating, you know, if you're in the front you're a little more likely to have your hand recognized.

QUESTIONER: Thank you, Steven. Thank you very much for holding this panel discussion. I think it's very interesting. It brings up a lot of questions that do we need to be reviewed. And I'm thinking here what lessons does this discussion, this topic have for the future, and what lessons should we be drawing from this. It seems clear that what was happening in the early 1990s was that Ukraine was being, as you all have pointed out, was being pressed by the United States to give up its nuclear weapons. And I think part of the important background not to miss here is that we in the United States, the State Department, the intellectual and policy making community had a very strong sort of Moscow centric and Russophile bias at that time. And sort of the attitude was we can't really trust all these newly formed states to do the right thing with the nukes, we've got to force them to give it up. And we see Russia as a reliable older brother and partner in this undertaking. And, you know, we'll recall that at that time there was even in State Department a serious discussion about organizing the State Department

representation in the location of ambassadors in the different newly formed republics to have ambassadors there reporting to the U.S. ambassador in Moscow.

MR. PIFER: That's just not true.

QUESTIONER: That was an idea that was circulating at that time.

MR. PIFER: That was never considered by Secretary Baker.

QUESTIONER: Maybe not Secretary Baker but I think some of his staff.

So there was a lot of pressure at that time and in the end, you know, it boiled down to I think to this debate of what's the difference between an assurance and a guarantee, and frankly I have difficulty parsing that myself. If in the English language I sign a contract and I'm given assurances about something I'm not sure that that's much different than being given guarantees. And at that time I guess, you know, there was this linguistic difference, but in the end as we see today the Ukrainians didn't receive what they thought that they had bargained for and I think the Western side was happy with the result.

Now there's a very different interpretation as to what happened and what was the intent and understanding at that time. And I think it's interesting that the U.S. Ambassador to Ukraine at that time, Bill Miller, has in recent years described publicly a very different interpretation of what were the expectations at that time. I remember his publicly stating that President Clinton came over on a couple of trips to Ukraine, the Ukrainians were prepared to give up the nukes but were very, very fearful of Russia. And they told the Americans they were very fearful of Russia and that's the only hesitation we have and that's why we just need to have guarantees, or we can call it assurances that the United States will stand by us to defend against any aggression from Russia. And according to that narrative the Americans understood that and President Clinton actually made statements verbally assuring the Ukrainians that the United States would stand behind them.

So the point is I think there were differences in interpretation of what was happening, what was the process. And the important thing today, 20-some years later is to draw lessons from this and decide how we as the United States will interpret both the intent and prospects for Russian actions, will they be a good partner, are they reliable, can we count on them to adhere to commitments such as the Budapest Memorandum, or the Geneva Agreements, or the Minsk Agreements, or any number of other agreements that they've signed.

So I'd like to just hear what your interpretation would be and what your analysis would be of that experience and what lessons it has for the future. And one other thing I think I'll point out, while I think it's excellent that the United States is helping the Ukraine and they're taking the lead on sanctions and other forms of assistance and helping in the IMF, just to put it into context as you yourself point out earlier, the total value of assistance to Ukraine has been \$120 million. Put that into context with assistance or the money allocated to fighting Ebola, \$6.5 billion. So the Ukrainian assistance is about two percent of the Ebola amount. And ISIS -- and just ISIS -- and ISIS is what, about \$10-15 million a day compared to \$120 million from inception to date. So it shows what the priorities are and how seriously the commitments behind the Budapest Memorandum are being taken and acted upon.

MR. EINHORN: I'll comment strictly on the non-proliferation aspect of it. That's what I was looking at when I was in the government. And for us fewer was better. We didn't want four nuclear weapon states emerging from the Soviet Union. It would have increased instability, the prospect of loose nukes. I mean all kinds of reasons why fewer was better. Did we kind of show favoritism toward -- you know, why should Russia be, you know, the one? Well, because most of the capability happened to have been concentrated in Russia and that's why it was natural to do that. And I think there was an

inclination among the other three to become non-nuclear weapon states. So it wasn't as if somehow the United State anointed Russia as the nuclear successor to the Soviet Union. It was the natural choice, especially if you believe that the fewer nuclear weapon states the better in terms of stability.

I'll let Steve comment on the recollection that President Clinton provided some kind of verbal assurance that we would stand behind. I'm totally unaware of that. I'm sure he had discussions, but if he went as far as to say, you know, we'll be behind you or something very committal I would be very skeptical of that.

MR. PIFER: Oleksandr?

MR. ZAYTSEV: I looked at the dictionary to understand the difference between guarantees and assurances and I found that guarantees means strong obligation to do something when assurance is like something a promise with the aim to receive confidence. From this point to you, okay United States and the United Kingdom made promises and received confidence from Ukraine, but the problem is not only in the name of the document, if you look at the content you cannot find any real mechanism of common of separate action if one country violates the Memorandum and violate the territorial integrity of Ukraine.

As for the lesson for Ukraine I already said that a practical lesson for Ukraine is Ukraine cannot rely on international assurances and first of all must rely on its own forces. And the second lesson that Ukraine must head for NATO membership. NATO has only real security system which can provide real security guarantees for Ukraine.

MR. PIFER: On your question about President Clinton, I think that there was conveyed to the Ukrainians -- we certainly left them with a sense that if the Russians violate the commitments there would be American action, but I have heard nothing ever

to suggest that President Clinton privately suggested it would be military action. So I look at the document -- again because of the careful choice of the words which was made clear to Kiev back in 1993 and '94, assurance means if there is a conflict with Russia you do not have the guarantee that the American military is coming in to fight the war for you. And I would be astonished if President Clinton said anything like that. And I worked with Strobe Talbott at the time. Then when I was at the National Security Council working with President Clinton I never heard anything that went beyond we have assurances.

Next one in the back there.

QUESTIONER: Hi, my name is (inaudible); currently unaffiliated. So we've heard that the content of these assurances was weak. We've heard the content of these assurance was that there would be consultation which means something. So there was this word that means something unspecified to do things that were unspecified. And my question is without being dismissive of the sort of normative implications of where this leads Ukraine currently, going forward in terms of non-proliferation and nuclear stability are we going to see negotiations become more intractable without this apparent diplomatic lubricant of assurances, or whether we might actually see an increase in the efficiency at these negotiations as all parties come to the table with a much clearer sense of what they need, what they think the other side is willing to provide, and whether long-term we might not actually see some good come out of this, even if it means shorter, harder negotiations?

MR. EINHORN: We're engaged in a negotiation with Iran now to reduce its current capacity and forswear nuclear weapons credibly. Interestingly they haven't asked for any kind of security assurance because I don't think they believe they can count on any declaratory assurance. They want to see, you know, to the extent that they really are prepared to forswear nuclear weapons credibly. I think they want to see, you

know, a pattern of cooperative behavior that demonstrates through tangible actions not through statements on paper that the U.S. and the West are not threats. So I don't see security assurances being at all a factor. You know, the North Koreans back in 1994, same year actually, agreed to the agreed framework and they wanted some kind of security assurance about the use of nuclear weapons. And a very conditional kind of assurance was provided to them that if and when they credibly and verifiably, you know, gave up nuclear weapons then they would be eligible for the same non use assurance that all non-nuclear weapon states party to the NPT were eligible to receive. So they weren't going to get anything beyond. And I don't think it would have made a material difference. For them, you know, they ask for things like dissolve the U.S.-ROK Security Alliance which we weren't going to do, stop U.S.-ROK military exercise, which we would never do, and so forth. So yes there are security concerns in all of these cases, but whether the role of negative security assurances, assurances that we wouldn't do things I think are very limited.

Now, you know, there may be cases in the future. People speculate that if the Iran issue is not satisfactorily resolved then some friends of the United States in the Middle East may be interested in pursuing their own nuclear capability. I'm dubious about that, but I can imagine that a number of countries that consider themselves exposed would want some kind of assurances from the United States. But I think what they would want are not assurances on paper, I think they would want tangible demonstrations of commitment, whether it's enhanced U.S. military presence in their region or, you know, having a U.S. base -- there are number of bases throughout the region -- retained, whether it's a question of defense cooperative relationships with these countries, but to the extent that they would want assistance in protecting their own security they would want very, very tangible kinds of commitments rather than, you know,

hortatory assurances.

So I think they'll continue to play a role, assurances will play a role, but they'll have to be very tangible. And I think as I suggested before, you know, general statements of assurance will be considered much less valuable in the future.

MR. PIFER: Greg Thielmann there. And then we'll come back up to the front.

MR. THIELMANN: Greg Thielmann, Arms Control Association. I guess this is mostly for you, Steve. You had said in your write up that Ukraine inherited the third largest nuclear power in the world in terms of the weapons. I really have a command and control question. Between the breakup of the Soviet Union and the Budapest Memorandum did Kiev ever -- were they ever able to order the launch of any of those nuclear weapons or during that entire time was Moscow the one that was able to launch all of those nuclear weapons?

MR. PIFER: What we were told by the Ukrainians, and then I actually subsequently heard it from Russian military officers was there had to be two launch orders for the intercontinental ballistic missiles. There had to be a launch order that came from Russian Strategic Rocket Force Headquarters, but that the president of Ukraine also had to give a launch order. And without those two votes to launch in theory they could not launch. Now how that would have worked in practice happily we never had to test that proposition. But that's at least we were told and in fact I think at one point President Kravchuk I think to one of his advisor said this here is the envelope which has the codes.

Now there is one though that was interesting to me that we learned though that while they may not have been able to launch the missiles the Ukrainians had physical control over a lot of nuclear weapons. And that is the nuclear weapons that

BUDAPEST-2014/12/09

were the warheads for the air launch cruise missiles for the bombers and spare ballistic missile warheads. And we learned this -- Jim Timbia, a colleague actually told the State Department we're having a conversation with some Ukrainian officials, I think it was in October of 1993 -- where we basically suggested that the storage arrangements were -- that there were Ukrainian guards outside the fence and then inside the fence there were Russian guards who actually maintained the weapons. And they looked at us like why would you think that. And we said well because we can't imagine the Russian military actually ceding physical control of nuclear warheads. And the response from our Ukrainian (inaudible) was the only Russian military personnel in Ukraine are the crew of the Black Sea Fleet and associated Naval infantry in Crimea and they have nothing to do with those nuclear warheads. And we said, oh, that means that you control the nuclear warheads, and they said yes. And some years later in Moscow I had a chance to talk to a couple of retired Russian military officers and I asked them, one, was this true, and two, how did they feel about it. And they said yes, it was true that for that period when those weapons that were in storage that were not mounted on the missiles were physically under protection, guard by Ukrainian military personnel. And I asked how did you feel about it because there were some tensions at that time between Moscow and Kiev with for example the Russian Duma, exerting sovereignty over Sevastopol, and the answer was very interesting. They said basically, you know, the guys who were running Ukrainian Rocket Forces had been our colleagues for 20 years in the Soviet Rocket Forces and we basically trusted them, we knew they weren't going to do anything stupid. And they turned out -- and they were right.

Right here.

MS. SAMONFELK: Marjorie Samonfelk, friend of Brookings. Many questions but one very short one. Would the use of the word guarantees have put this

document into the category of a treaty requiring Senate ratification? And I won't ask all the other questions.

MR. EINHORN: You know, I'm no lawyer but I don't think the word guarantee -- you know, it would take a decision, you know, by any U.S. administration whether it wanted to submit a document in the form of a treaty for advice and consent. I don't think it's really relevant what word is used. I mean the word would have to be treaty and it would have to, you know, be submitted for advice and consent.

MR. PIFER: But having said that I think Bob's right, but also the lawyers were very clear with us that they wanted us to use assurances and not guarantees. And I think politically we saw the wisdom in that because again when we talk about a security guarantee in Washington it generally implies a military commitment that in 1993 we were not prepared to make towards Ukraine.

Right up here. Ambassador Motsyk. We're delighted to be joined by the Ukrainian Ambassador today.

AMBASSADOR MOTSYK: Thank you very much. Thank you first of all for organizing this quite important event. Well, coming back to Budapest Memorandum and to discussion whether it was guarantees or assurances, there are at least several schools of thought and some people are convinced that these were obligations and commitments. And when we come back to the text of the Memorandum we will easily find in para first, para one, all the substantive part, the word commitments and in the para two of the substantive part, the word obligations. Obligations and commitments means promise to do something. And the problem of this Memorandum is not because maybe words guarantees or assurances but that it lacks the mechanism of its clear implementation and what signatories should do when the Memorandum is violated. That's the main problem.

And now we can appreciate really the strong support by United States and leader role by United States in the current situation in Ukraine and the situation of foreign aggression, Russian aggression against Ukraine, but definitely we urge to further increase that assistance in economic and financial sector as well as military and technical sector including defensive weapons. Nevertheless one issue continues to be on the agenda and this issue even more urgent now than it was 20 years ago, it's an issue of security of Ukraine. Clearly Ukrainians now in gray zone, even in more difficult situation than it was 20 years ago. That's why my question is what forms of increasing security or what forms of security, provided security to Ukraine do you see, and take into account that Ukraine is not a member of NATO and that this Budapest Memorandum that provided some kind of assurances for 20 years is no longer let's say in action. Yes, we can come back to Budapest Memorandum, but in this case all signatories, including Russia, should come back to Memorandum. So how do you see the future security of Ukraine and how do you see the security for those states who refused or who gave up nuclear weapons, or who are going to give up nuclear weapons? Because if such countries would get such a strong guarantees it will help with the regime of non-proliferation.

Thank you very much.

MR. ZAYTSEV: Okay. I am not an expert in the field. In fact I am a historian of interwar period and I think Ambassador Steven Pifer can better answer this question than me, but I feel that after Russian actions this year all Europe and the entire world needs new system of international security, a new system of treaties providing security guarantees. And I think Ukraine if we speak about possible agreement which guarantees security of Ukraine first it must be treaty not memorandum, treaty ratified by parliaments of the countries, signatories to the documents, and it must contain articles

about clearly described common action or separate action in case if one country violates this treaty. And most important it must be a right and obligation of every country signatories to undertake an action to restore the situation before the violation of this treaty. So I think Ukraine needs new treaty about security guarantees or assurances of guarantees or warranties. I don't know what term is -- maybe term guarantee is the best one but they really need a new system of security for Ukraine because now I agree Ukraine is in the gray zone and without no security guarantees in fact.

MR. PIFER: Okay, let me I guess to make three points. The first point is just on the Budapest Memorandum, I mean whether, you know, there ought to be a debate going on for a long time about guarantees or assurance, but I think we agree there is an obligation on United States and Britain to do something. And I think the United States have done things, the question is whether has the United States done enough. And my own view is that the United States can and should do more.

The second point is that I would agree that, you know, at some point we need to have a new international security system or a new security system in Europe because what the Russians have done over the last year really has I think done huge damage to the system that we thought was in place since the end of the Cold War. The problem that we have is trying to design and figure out what that system looks like is going to be very, very difficult.

And then the third point -- well, certainly I think Oleksandr is right in terms of what Ukraine might want in terms of a legally binding treaty ratified by parliaments, by Congress, prescribing specific actions that would be taken. I can certainly see that as a desire; my guess is it's going to be really, really hard to get that sort of a --

MR. ZAYTSEV: I understand this.

BUDAPEST-2014/12/09

MR. PIFER: So we're going to fall short I think in terms of that kind of commitment if that's what Ukraine is seeking.

MR. KOFMAN: Michael Kofman, Wilson Center. Hi, Steve. A comment and a question about impressions. Listening to the story I kind of get the sense that the 1990s are a fantastic State Department success story, a period where the U.S. got what it wanted out of agreements written down while the other countries involved were left with impressions. Ukraine was clearly given the impression that the U.S. and the West would do something if Russia took a part of its territory. Russia feels it was given an impression that, you know, NATO would never expand eastward. In any case the U.S. got what it wanted written down on paper, other countries largely have stories of impressions they were given.

But here's my question, what do you think we should do moving forward with Ukraine because obviously Ukraine is a ways away from NATO. Can you explain what some kind of non NATO ally status would mean for Ukraine and us? Should we have a codified agreement because the proposition that we should send let's say defensive or offensive weapons to Ukraine is all well and good, but this is not a deal. This is at the end of the day once again giving Ukraine an impression that we are with them. And we recently -- I feel like my mic going out -- and we recently lived through this with Georgia because I feel Georgians feel in 2008 they were also given the impression that if anything was to happen between them and Russia the United States would be there in a much more meaningful way. That did not work out. Giving Ukraine weapons once again gives them an impression with no codified agreement. What do you think we should do between now and a potential NATO status for Ukraine?

And finally I felt from your comment just now it seems that the United States itself was left with impression that there was a security architecture and a security

system in Europe on the basis of all these agreements and that definitely is not true.

MR. PIFER: Yeah, I think many were caught by surprise by Russia's action in February, not that the Russians acted. I think that there was an expectation that Russia would put pressure on Ukraine if Ukraine resumed its push towards the association agreement where analysts including myself were wrong as we expected that Russia would resort to economic pressure, energy pressure. I think Russians caught us flat footed when they actually resorted to the military seizure of Crimea. So yeah, in that sense that I think has been the big blow to the system, that there was a presumption shared by most countries in Europe that in 2014 you do not use military force to take territory from neighboring states. That clearly now has been proved wrong.

In terms of I think where you go a lot of it is going to depend on how the Russians behave. Unfortunately when I look at Russia now I don't see in Russia readiness to settle the crisis over Ukraine on terms that would be remotely acceptable to the government in Kiev which at a minimum would be restoration of the Ukrainian sovereignty over the Donetsk and Luhansk. And it's shaped in part by the fact that the Russians have done little or nothing in the last two months to implement those parts of the Minsk Cease Fire Agreement that would fall on Russia. Russia has done nothing for example to secure the Russian-Ukraine border and allow OCS observers to monitor that entire 400 kilometer stretch. So in that circumstance I think that affects you approach Ukraine and again that's where I come to a conclusion that in part due to the obligations under the Budapest Memorandum the provision of defensive weapons to Ukraine makes sense and may make sense in terms of presenting a resumption of major fighting because the Russians have appeared over the last three months to be hugely sensitive to the fact and they've gone to great lengths to hide the fact from their Russian population that Russian soldiers are fighting and dying in Ukraine. And that may be a factor that

limits how far the Russians are prepared to go and there may be some capabilities that we can provide the Ukraine military fairly quickly that would be defensive, could be easily operated, that would give them the capability to deter escalation and the further resumption of hostilities by Russia.

MR. ZAYTSEV: If I can add something. I had many discussion with Michael at Woodrow Wilson Center about these matters and I can only repeat that Ukraine need military assistance from United States. We have now where it is possible leadership, and I believe this leadership can use the lethal weapons which possibly United States will supply Ukraine only for defense from Russia, not to attempt to restore Ukrainian rule in Donbas enclave. By the way there is general mood in Ukraine now to abandon the Donbas enclave. As for me I agree with Rutgers' Professor Alexander Motyl who is going to blog wrote Ukraine should abandon the Donbas enclave and concentrate itself on economic and political and military reform. And I agree with this, but I believe that military assistance to Ukraine from the United States can constrain Russia. And I believe that all of the decisive and joint position Ukraine, European Union, United States can constrain Russia. In case of concession to Russia Putin will conclude that now imperialism of Russia is profitable business for Russia.

So I insist that we need strong and joint position of Ukraine and all parties who consider Ukraine ally, who consider Ukraine potentially democratic state.

MR. PIFER: I think we've got time for two more questions. Right here in the middle.

QUESTIONER: Ambassador, in your opening statement you mentioned that you thought that the U.S. could do three things in addition the one provision of defensive arms, then need economic assistance, and the last thing you mentioned was to further penalize Russia. How much thought have you given to the third one to lines over

which we might step that further push Russia into a corner as petroleum prices continue to decline, where Putin sees it as in his interests to fight out of that corner and take other things given the outcome of what has happened in Ukraine?

QUESTIONER: In terms of international relations realistic approach such agreements like the Budapest Memorandum are valid as long as at least some of the partners have the interest, you know, to respect this agreement. And my question is whether it's not a matter -- I mean this Budapest Memorandum was fulfilled, it's not a matter of difference in terminology, I mean assurance of security, but it's not within the interests of the U.S. and maybe other partners in order to fulfill this agreement at least currently and to pay the price of this confrontation with the Russians.

MR. PIFER: Let me take the first question and then invite my colleagues to think about the second question. On the sanctions issue, you know, I would argue that if there is no change in Russian course, if you continue to see Russian pressure on Ukraine then it's sensible to consider further economic sanctions. Does this put President Putin into a corner? Perhaps, but it's a corner from which I think he can extract himself. And I mean there are ways -- I mean this doesn't have to be a total surrender by the Russians, there are ways out. At the end of the day Ukraine needs a negotiated settlement. Ukraine has no chance of returning to normalcy unless there's some kind of an arrangement which Russia is happy with because the Russians have too many mechanisms, military, energy, economic, to cause problems for Ukraine. The problem I think that we've had up until this point is it doesn't appear that the Russians are prepared to accept any kind of a settlement that would be remotely acceptable to Kiev. And so the point of the sanctions are to get the Russians to adjust that approach to begin to take greater account of Ukrainian concerns and then try to work out a deal. And I actually think that if you had that approach in Moscow there are elements already out there, put

out there by President Poroshenko that could form the basis for a settlement that would allow Russia to say our minimal demands were met. So you've had -- President Poroshenko has talked about decentralization. You could have transfer of meaningful, political authority and budget authority to the regions and local levels. And I would argue that's good for Ukraine, not just in the Donbas, but they ought to do it countrywide. That makes sense for more effective, efficient, and accountable governance. There have been suggestions that there would be official status for Russian language in those areas that wanted it. That meets a demand that you've heard in Donetsk and Luhansk.

There's concern expressed in Russia about what is Ukraine drawing closer to the European Union mean for Russian-Ukraine economic relations. So have a Ukraine-EU-Russia conversation on how do you ameliorate any negative impacts that the association agreement might have for Ukraine-Russian relations where neither of those countries I think want to see their economic relations suffer as a result of the Ukraine drawing closer to the European Union.

I think on the question of NATO President Poroshenko has already said it's at least six years before Ukraine would even consider the idea. And then there should be a referendum. You know, you can build on that and get some assurance from the Russians that Ukraine is off the table for some period of time. So if the Russians wanted to find a solution you could put those pieces together. Crimea I think is a question that both sides say let's let that sit until a later day, you know, focus on resolving the conflict around Eastern Ukraine.

And you could pull those pieces together and form a solution which would allow the Russians to say we protected our major interests here, so it would be a way out that everybody could claim a win. The problem is there's nothing that I've seen in the last three or six months that suggests that Moscow is prepared to pick up on that kind of

solution because those pieces have been out there and President Poroshenko has been talking about some of these ideas going back to June right after he took office. And there's been no engagement by the Russians. So I fear that there may be a requirement for more pressure on Russia.

And again the combination of economic sanctions, the fall in the price of oil, and the fact that for the five years before now Russia didn't do very much in terms of economic reform are going to push the Russian economy into some fairly difficult times. And hopefully that leads President Putin to reconsider his course.

MR. ZAYTSEV: I'd like to add only one quotation for a finish. Every nation has inalienable sovereign right to determine its own development path, choose allies and political regimes, create an economy, and ensure its security. This is quotation from Putin's address to Russian Parliament. But the problem is that Putin says very right words but doing very wrong things. So our task to make everything, to turn this very good principle into reality for every nation.

MR. EINHORN: On this question about realpolitik, you know, looking at the non-proliferation system I see three different categories of countries. There are those who are not threatened by anybody, and those countries can easily join the NPT as non-nuclear weapon states; they don't have to worry. There are countries that maybe threatened but they have powerful allies and strong security guarantees and so they can remain non-nuclear without being concerned about their security. Then there are countries that feel threatened but they don't have strong guarantees from allies.

Unfortunately this is the situation Ukraine currently finds itself in. The Ambassador used the term gray area, and I think for Ukraine it's a question of doing what the international community can to strengthen some of these international norms. You know, norms like non aggression, non interference in internal affairs, non threatening the

territorial integrity.

And I think Russia has to be persuaded to abide by these international norms and we can, as Steve has suggested, provide various forms of assistance to Ukraine to help it during this situation where admittedly it's in a gray area, a difficult area.

MR. PIFER: Okay. Well, thank you very much for coming out today. I hope we've shed a bit of light on the Budapest Memorandum and also some of the differences in views over how that document supplied and what it might mean to the future. Thanks very much. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

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.

Carleton J. Anderson, III

)Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016