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UNITY IN CHALLENGING TIMES:  
BUILDING ON TRANSATLANTIC RESOLVE

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## P R O C E E D I N G S

MS. HILL: Ladies and gentleman, sorry about the delay. As you can all appreciate the traffic is a little difficult this morning with our not so great amount of snow. At least our guest was not coming from New York or Boston. Then, otherwise, I guess we'd be rescheduling entirely.

But we're really delighted today to see so many of you turnout for what is sure to be a very important presentation and discussion with the Assistant Secretary for Europe, Victoria Nuland. Victoria Nuland is one of our most distinguished public servants and diplomats. I don't think she really needs any introduction to his audience here, but nonetheless, I think certainly a review of some of her accomplishments is in order.

She's been the spokesman for the State Department, our Ambassador to NATO. She's also been Senior Advisor to the Vice President of the United States. She's served in the embassy in Moscow. In short, she's had a very distinguished career over the last several decades. She's also one of the most influential women in national security and foreign policy today which is not inconsequential at all.

She's been the forefront of many of the major crisis that we've been dealing with over the last several months. Not least, the crisis in Ukraine, and the difficult and tense relationship that we now have, unfortunately, with the Russian Federation. There's a lot going on in Europe. Certainly when Assistant Secretary Nuland started her career in the diplomatic service we probably wouldn't have expected to be faced with so many challenges on the European scene.

Indeed, that's the title of our presentation today, Unity in Challenging Times: Building on Transatlantic Resolve. So without any further ado I will hand over to the Assistant Secretary. I'd like to welcome you here, first of all, on behalf of the Brookings Institution, and we'll then have a discussion.

What I would like, actually, just before we start to ask everybody is just in the interest of time when we do wrap up at 11:00 the Assistant Secretary has to dash out. So if you could just remain seated until she manages to get out of the building again we'd really appreciate it.

But thank you on behalf of myself, Fiona Hill, the Director of the Center to the U.S. and Europe, and thank you so much to the Brookings Institution for joining us today. Assistant Secretary Nuland.

MS. NULAND: Morning everybody. I apologize for being late. Thank you, Fiona, for that warm introduction. Thank you, Brookings. Thanks to everybody for coming out and braving this little bit of snow today. My congratulations to everybody here at Brookings for being ranked the number one think-tank for the eight year in a row.

I will say that I am not at all surprised that the Brookings' stretch corresponds almost exactly with the presidency tenure of Strobe Talbot. It has been one of the great joys and honors of my life to call one of America's best foreign policy minds my mentor and dear friend. I want to thank, Strobe, for your intellectual courage, for your huge heart, and for showing three generations of us, including Fiona and me, how to anchor our ideas, and our life's work in the best of American values: freedom, civil and global, responsibility, truth, justice, and opportunity for all.

The rest of the Brookings staff ain't so bad either. Uncle Sam has been enriched over the years by poaching and borrowing some of your best. You, Fiona, of course, Susan Rice, Martin Indyk, Derek Shelay, and, of course, my fabulous predecessor, Phil Gordon, to name just a few. I do, however, have some questions about one of your guys. Some guy on the international order and strategy team who apparently spends most of his time in sweatpants in Virginia and only makes occasional appearances here to make trouble. But that's your choice.

A little over a year ago I got myself in some hot water here with Brookings when I chose to give my first speech not here as Assistant Secretary, but at another of my favorite think-tanks, the Atlantic Council. Some found those remarks wildly ambitious because I called then for a transatlantic renaissance, a burst of energy and confidence and innovation and generosity rooted in our democratic values and ideals.

Of course, none of us then, a year ago November, could have predicted how the Transatlantic bond and our 25 years of work together for a Europe whole, free, and at peace would be tested by Russian aggression in Ukraine. Or that ISIL and its affiliates would bring unspeakable violence, carnage, and terror to Europe's periphery and even to its cities. With those challenges, everything that we stand for as a transatlantic community, democratic choice, individual liberty, collective security, peace, tolerance, and prosperity from Vancouver to Vladivostok would be put at risk.

Today, however, I want to make the case that far from shredding our Transatlantic unity the trials that we've been through over the past year have actually left us stronger, more resolved, and better equipped to defend and expand the community of values that defines us. Here are just a few of the examples from the past year.

Today NATO nations are better defended and the alliance is faster on its feet than a year ago. Allied forces are deployed on land, sea, and air in the three Baltic States, in Poland, in Bulgaria, and Romania. We're increasing our defense budgets and upgrading our rapid reinforcement capability all along NATO's eastern edge for the first time.

In the area of energy security we're not just talking the talk now, we're walking the walk. Last year the U.S. and Europe helped Poland, Hungary, and Slovakia provide reverse flow gas to Ukraine. Moldova got a new gas interconnector from Romania, and L&G terminals were opened or contracted throughout the Baltic States.

Greatly reducing those countries' dependence on a single source.

Today, the U.S. economy is growing at more than 5 percent, and European governments have embraced pro-growth policies, capital investment, and the Transatlantic Trade and Investment Partnership, TTIP, as the path to our shared prosperity. Both sides of the Atlantic will also benefit in 2015 from the unexpected stimulus of lower oil prices, so our economies are getting stronger. Together, our nations also form the core of the global coalition against ISIL, and we're working against its efforts to pervert a great religion, and to terrorize and divide our multicultural societies.

As a Transatlantic community we've been creative and generous over the past year in our support for Ukraine, Moldova, and Georgia, and deft in the sanctions that we've leveled on Russia to impose costs for its aggression. Even as we've worked tirelessly for de-escalation through diplomacy, and implementation of the Minsk Peace Agreements.

Together, we are working to neutralize two other poisons that if left unchecked will corrode our resolve from the inside. The scourge of corruption in our societies and in our economies, and the new and vile foreign financed propaganda campaign on our airwaves and in our public spaces.

So today, as I said, I would argue that we have forged together over the past year the start of that transatlantic renaissance. Ad hoc, through the cauldron of trial, of necessity at first, fragile and underinvested in many ways, but nonetheless, a renewal of our vows to each other to defend our security, our prosperity, and our values together drawing on our unique strengths, our belief in indivisible and collective security, an open trading system that rewards innovation, entrepreneurship, and clean transparent governance, and our commitment to tolerance, to free speech, and the choice of each individual and each nation to chart its own path.

In the process, all of the efforts to split us, to scare us, to bankrupt us have failed. While this is an important start I'm also here to say that an ad hoc, shallow transatlantic renaissance is not good enough. In 2015 we have to forge forward with more focus, more investment, and a more conscious understanding of how the security, the economic, and the values-based elements of our strategy reinforce each other across the transatlantic space and are mutual dependent.

So as Lenin would put it, (speaking in Russian), what is to be done. First, we have to keep our security commitments to each other. All NATO allies must continue to contribute to the land, sea, and air assurance mission all along NATO's eastern front line. All must contribute to NATO's new spearhead force which will allow us to speed forces to trouble spots, and we must install command and control centers in all six front-line state as soon as possible.

NATO is a defensive alliance. Our goal is deterrence of aggression, but if that fails we have to be ready. The U.S. has committed more than a billion dollars to this effort and to security support for our eastern partners thanks to the generosity of the Congress in approving the European Reassurance Initiative. All allies must now contribute as much as they can to these efforts, and all must keep their Wales defense spending pledges. Some governments are already trying to slink off the hook.

Our fight against ISIL and its affiliates also requires military power and generous security assistance to our partners. Forty European allies and partners are contributing now. We must also put national laws in place that harden the transatlantic space against foreign fighter recruitment and financing.

Just as important is the fight to close the space for recruitment in our schools, and in our jails, and to dry up the terrorist breeding ground of intolerance, of economic hopelessness, and of exclusion in our societies. Each of our nations has to

tackle these challenges individually, but we have to support each other and share best practices. That's the goal of the President's summit on these issues on February 18th.

Second, we have accelerated the investments we're making in our shared prosperity. That includes speeding up and deepening the TTIP negotiations this year, being transparent with our publics about those talks, and fighting the myths and the fear mongering with true stories of the barriers to trade that TTIP will break down. Especially for small and medium sized businesses who stand to benefit the most on both sides of the Atlantic.

We also have to protect clean businesses and honest politicians by busting those who seek to pervert the system with dirty money and monopolistic intent. Just note how quickly Maureen Lappen renounced foreign funding once it was exposed, and how fast the south stream collapsed when the EU stood firm in demanding honest, non-monopolistic contracting.

Corruption is not only a democracy killer, it opens space for malignant foreign influence over our politics and over our economics. So all across Central and Eastern Europe and the Balkans you will see us redouble our efforts this year with allies and partners to strengthen independent judiciaries, to fight corruption, and to promote open government, including through transparent public procurement, E-governance, and other well-established good practices.

We also have to double down with the EU to bring more investment and more focus to the next tranche of energy security projects that will do the most to liberate those states that are still dependent on a single source. These include building a Bulgaria-Greece interconnector, strengthening the southern corridor, and working with Croatia, Hungary, and other states to unlock the potential of the Kirk Island Gas Terminal to create more energy options throughout Central Europe and the Balkans.

Finally, we have to keep faith with our partners in the East whose only desire is to live as we do. In 2015 we have to work together to deepen democracy, good governments, and rule of law in Moldova and Georgia, and to strengthen opportunities for growth and investment in those countries as they implement their association agreements with Europe. We have to keep the doors open to Armenia, support reformers in Belarus, and keep working for an Azerbaijan that is strong in defense of universal values as it is in promoting economic growth and regional security.

2015 can and should also be a year for progress in the Cyprus talks and in our 20 year effort to bring peace, reconciliation, reform, and good governance to the Balkans. But ultimately, we all know that today a Europe whole, free, and at peace rises or falls with Ukraine. Ukraine's frontline for freedom is ours as well.

Over the past year we have all rejoiced in Ukraine's successes. Hundreds of thousands of citizens who stood on the frigid Maidan and across the country for change. Two rounds of free, fair national elections. Parliamentary passage of a strong budget and reform plan, and the prospect of peace that was signed in Minsk in September.

With our Ukrainian friends we have also mourned their losses, Crimea. More than 5,200 dead, senselessly in the Donbass, and just this weekend, 30 innocents killed and nearly 100 wounded in Mariupol when separatists fired GRAD rockets 25 kilometers beyond the cease fire lines as their leader, Zakharchenko, bragged to the world about the carnage he had wrought. Yet, Ukrainians remain resolute and courageous in demanding a better future, and so must we.

Our first task is to give them the economic breathing space to implement the reforms that they have promised to their own people and to the international community. The U.S. will commit a billion dollars in new loan guarantees to help stabilize



Ukraine this year, along with a new IMF program, and will consider another billion dollars later in the year if Ukraine stays the reform course.

Europe has committed 2.1 billion dollars, and we are encouraging discussion of even more from Europe. We're also working with the IMF and the World Bank on new financing tied to reform. We must also help Ukraine staunch the bleeding. That means continuing to support Ukraine with defensive security support. Last year the United States committed 118 million dollars in security assistance for Ukraine, and we have 120 million more in additional training and equipment on the way in 2015.

It also means holding the Minsk signatories, the separatists, and Russia to account when they refuse Ukraine control of its own border, when deadly Russian weapons and fighters continue to flow across it by the hundreds, and with impunity. And when state-owned Russian media spews lies about who's responsible for the violence.

Just a few weeks ago around tables in Washington and across Europe we were talking about sanctions could be rolled back if and when the Minsk Agreements were fully implemented. Now, after the past week of flagrant violations of Minsk, on both sides of the Atlantic, we are forced to talk about the need to increase costs on Russia.

Make no mistake, the costs on Russia are already rising, including, on average Russians. They can be measured from the sons from Peskov and Kazan who mysteriously never return from their military service. Their mothers and their wives are told not to ask too many questions if they want to receive full death benefits. The costs can be measured in the 10 to 15 percent inflation felt at cash registers and kitchen tables across Russia, and in the 150 billion in capital flight from the country just last year, and the 130 billion that has disappeared from Russia's foreign currency reserves. Money spent propping up the ruble.

Just yesterday, S&P downgraded Russia's credit rating to junk status,

and layoffs have already begun in the state sector. Including a reported cut by 20 percent of the TASS news agency. As oil prices drop the vulnerability in the current leadership's economic model is exposed for its people to see and for the world to see.

At those same kitchen tables across Russia citizens are once again asking why their government prioritizes foreign adventures over the well-being and quality of life of its own people. Just as they have had to ask at other sad moments in Russia's long history.

But it doesn't have to be this way. Most of the Russian specialists in this room, myself, Fiona included, have spent much of our adult lives trying to open doors to Russia's greater integration into Euro-Atlantic structures. We reject the narrative of grievance that is popular in Moscow today that we wanted a weak Russia. Nothing could be further from the truth.

What we wanted, what we still want, is a strong, democratic Russia that respects rule of law at home and abroad and its neighbors' sovereignty. A Russia that works with us, and with Europe, to build peace and security in the region and globally. The U.S. alone has spent more than 20 billion dollars since 1992 to help Russia strengthen and open its economy, prepare for the WTO, promote good health in Russia, clean and open governance in elections, nonproliferation, and closer ties between Russia and NATO, including joint operations and exercises.

But that kind of cooperation can't continue when Russia tramples on the rules of the international system that it seeks to benefit from. When it bites off pieces of its neighbor's territory and tries to bully them into economic and political submission. But there is an off-ramp for Russia, a route back to better ties with all of us, and it's very, very simple.

The minute Russia allows Ukraine to control its side of the international

border, and stops fueling the conflict the situation will improve. The weapons and fighters will stop, hostages will come home, sanctions can start to roll back, and the fight that Moscow calls an intra-Ukrainian problem will actually become truly that.

Ukrainian's, with our support, will have the opportunity to work through any legitimate grievances of those in the east, and to rebuild the political, economic, and cultural structures and ties that should bind a democratic Ukraine across all of its territories. And to give the children, the mothers, the families, the miners and workers, the pensioners of the Donbass a chance to decide their own future peacefully, lawfully, and constitutionally. The very thing that Moscow has always said it wants.

I first took my own children to Russia when they were 7 and 9 years old. Like me, they fell in love with its art, with the culture, with the great, deep Russian soul, and even with some of the food. Today as teenagers they watch the news and they ask me, Mama, what happened? I tell them, let's hope that it's temporary. Let's work for a wiser, safer time when Russia will work with us for that Europe whole free and at peace. When it will see its strength again in its people, its ideas, its ability to innovate rather than in its weapons and its ability to intimidate.

In the meantime, all of us must keep working on that transatlantic renaissance and broadening the pool of countries in the transatlantic space and globally who benefit. We do that for ourselves and our children, but we also do it because the wider world depends on us to live our values, and to set the global gold standard for defensive international law, peace and security, free commerce, and universal human rights.

I want to thank Brookings and all those gathered here for being our partners in that great project, and thanks to all of you for listening today.

MS. HILL: Well, thank you so much Assistant Secretary Nuland for that

quite inspiring speech. Obviously, you know, where you left was with the thought of us having to live our values and set the standard is, obviously, the kind of tone that we would like to set in our foreign policy. Clearly, however, from the other side of the Atlantic, at least far over the Atlantic in Russia there's a very different view right now which you didn't just allude to, but spoke about very directly in your presentation.

One of the real problems that we seem to have at the moment is a complete lack of trust between Russia and, in fact, most of the Western allies, the transatlantic alliance. I think one of the biggest challenges that we have is how to address that, and I just would like to, you know, talk to you about this for, you know, perhaps a little while before we go to some of the audience comments.

In many respects we seem to have gone back almost 30 years in our relationship with Russia. You and I, and many other people in this audience, you know, probably started out our careers against the backdrop of the 1980s Moscow with the Soviet Union, you know, which ultimately led to the Gorbachev Reagan summits. The whole launch of arms' control and, you know, path that we thought that we were on for a long time, and as you quite rightly sketched out of more of not just refreshment, but cooperation and a great, kind of, partnership relationship.

Now we seem to be back to that kind of more hysteria. The interesting thing about 30 years ago was the emotions were much more heated on our side of that divide at the time. Certainly in the UK where I grew up, and in Europe and the United States was much more of a fear thought that the Soviet Union might be launching, you know, some kind of attack against us, the SS20 Persian missile crisis, and the Soviet Union at the top of the hierarchy there. They were very fearful about the U.S. intentions.

But now we have a reverse. While most of the people here in this audience kind of quite preposterous to think that the Russian's could possibly consider

that we would be launching some kind of attack against them. We kind of very hard to buy into the rhetoric that we hear from Russia about the idea that we're in the game of regime change. That we inspired all the events in Ukraine. We set in motion the Arab Spring. That, you know, we have set off color revolutions around Russia's periphery, and that we're now intent on doing the same thing in Russia.

If you are in Russia right now that is certainly the message that you're getting. That Ukraine is the battle ground. It's not just the battle ground for Europe free (inaudible) the peace, but it's presented as the battle ground for Russia, for Russia's security, for Russia's place in the world.

So, I mean, how do we deal with this? There's a lot of emotion and anger in Russia right now. Obviously, very much shaped by the radio, by the television, by the speeches of officials. But all of this is now very deep routed. I mean, if you look at Russian opinion polls there is very much the idea that we in the United States, we in the west NATO, the EU we're out to get them. That we're basically the ones who are at war. It's not, you know, that depiction that we have from here.

You've had the role of department's spokesperson. I mean, you know this intimately. You've been in this arena for a very long time. I mean, how do you think that we manage to tackle this today? Because if we don't have that kind of level of trust we can't have some basis where we actually have some kind of shared view of what's happening. It seems very unlikely that we can reach, you know, the endpoint that you've laid out for us today.

MS. NULAND: Well, thanks for that, Fiona. I think, you know, one of the problems, of course, in having a fair fight in the court of Russian public opinion is that the playing field isn't fair. Russian state sponsored media has a complete lock on what the Russian people know, what they understand.

Frankly, I think if we had free media in Russia, if we had free discourse in Russia, if we had no fear of prosecution of dissident opinions we'd be having a very different discussion. Frankly, we think that that discussion already is starting to happen inside Russia, as I said in my speech. That at kitchen tables across Russia, and this is based on what we hear from a very broad cross section of Russians, not just elites, they're beginning to ask whether, as Reagan said, are you better off than you were a year ago, and if you aren't why not?

As I said, you know, Russia is a democracy by constitution. There's a question, as there is around the world, of whether government serves citizens, whether government listens to citizens. If so, why it fears a broad diverse debate. So that's what we're trying to do. We're putting a lot of effort with Russians outside of the country who are trying to promote a broader discourse, with Europeans in the Russian language space.

Whether it's in Ukraine, whether it's in the Baltic, along the periphery to ensure that more clean, honest news is getting in so that people can judge for themselves whether our intent is aggressive or whether this is a created, manufactured set of fears to cover the fact that even before the Ukraine crisis the Russian model was not delivery for its people. Growth was flat. But now they're indeed suffering, and that is not what we want to see. That's not where we want to be. As I said, we want to see a strong, democratic prosperous Russia, but that has to be a choice between the Russian people and its leadership.

MS. HILL: Yeah, I mean, that's a really good point that, of course, is very difficult to make that we don't want to see the collapse of the Russian economy. In many respects that partnership that we've had over the last 10 years, 15 years has been very much predicated on more integration between the Russian and the European economies.

I think the problem, again, flipping it from the Russian perspective is that the sanctions as seen as punishment. They're not seeing, certainly from the perspective of Moscow, and the way that it's portrayed to the population, as being particularly targeted with certain set of actions. It's seen as punishing Russia for getting up off its feet, for being assertive in foreign policy. Of course, that is, you know, the way that it's presented.

But again, it seems quite difficult to counteract that. In many respects, the Russian economy is on its downturn because of fallen oil prices. We're certainly hearing from the Russian presentations at Davos over the last several days, you know, the last week at that summit that there's a great hope, of course, that oil prices will go back up, and that, you know, that will take off the edge of some of the sanctions.

So what can do, you know, beyond, you know, what we're doing already to try to change the discourse? I guess this is the big problem that we're all grappling with here. I mean, it's clear that we're in a major crisis, one that we haven't been for some time. The sanctions haven't changed the behavior. They've helped to contribute to an economic downturn, but, you know, as we have Ambassador Motsky here from Ukraine sitting in the front audience. The news from Ukraine today is worse than the news yesterday. I mean, it's basically we're still in an escalation dynamic.

So if the sanctions don't change that dynamic what else is it that we can do? And also to change the way that things are being presented in Russia.

MS. NULAND: Well, again, we are using every channel that we have to the Russia government, to the Russian population to make the point that these sanctions are a direct result of the policy decisions that Moscow has taken to mess in the affairs of another country.

We were never in this game until Crimea was occupied. If it had ended

there the sanctions that were imposed for Crimea would have ended there. But instead we had an invasion of Eastern Ukraine. We have hundreds and hundreds and hundreds of pieces of heavy equipment, foreign fighters. As the President said just a few days ago, Russian funding, Russian money, Russian fighters, Russian equipment pouring into Eastern Ukraine.

So it is not us that are challenging Russia's ability to be a strong sovereign country. It is Russia that is challenging its neighbor's ability, and therefore tearing at the fabric of the contract that we had. Which is that we will work to integrate you more into the Western system if you follow its basic rules.

So we will continue to make the case that this is not designed to be punitive with regard to the people. It is not designed to change their governance choices. It's designed to change the policy of the government that is aggressive vis-à-vis its neighbors. And, you know, I think, as I said, that a conversation is beginning inside Russia about whether their own welfare is being looked after as compared to hemorrhaging money on aggression on the neighbor.

MS. HILL: I mean, do you think the space for that kind of conversation in a wartime scenario, you know, as we're in now because we all know that in every setting when there is a war -- I mean, we don't feel ourselves at war, but certainly in Russia it's presented as being a war. President Putin has made it quite clear that he believes that we are at war, and has certainly, over the last day or so, with talk about perhaps a swift payment system being part of the next sanctions, stepping up the escalatory rhetoric. Talking in terms of World War III, the struggle for Russia's place in Europe.

In that kind of environment where emotions are high, and the rhetoric is getting higher, we've had Crimea declared the temple mount. I mean, we're basically in a space here where the Russian government seems to have painted itself into a corner of



the Kremlin walls. Certainly in a very defensive -- offensive defensive position here. Can we really expect that space to expand?

MS. NULAND: Again, there is no military attack on Russia. Nobody is threatening the peace and security of the Russian space. This is an attack on Ukraine that we're talking about. The violence is beyond Russia's borders and of Russia's making. So what we're trying to do is focus attention on that.

I frankly think the hysteria of rhetoric may have worked at the beginning, it may have worked around the Crimea time, but now some of the claims are so outlandish by the Russian government that their people are no longer believing them. I mean, just this weekend the example that we had where the Donetsk leaders, Zakharchenko, fires rockets 25 kilometers over the cease fire line, gets on the airwaves and brags about it, and then an hour and a half -- and that's broadcast on TASS, broadcast across airwaves in Russia, and then an hour and a half later he's got a completely different story about who's at fault.

You know, incidents like that where clearly there's an effort to whitewash the truth I think they're not working beyond Russia, and they're increasingly not working in Russia. Similar to the kind of whitewash we saw after the Malaysian airliner. But again, this has to be a conversation among Russians about whether their life is really improving as a result of this.

What's most important on our side is that we live our values. That we find ways to make clear that you cannot benefit from the system and flaunt its rules. And that we move on with our own strategy of strengthening our economics, strengthening our security, living our values, keeping our doors open for countries who want to live as we do. Russia can make a decision whether it wants to live that way or whether it wants to isolate itself and continue to hurt its own.

MS. HILL: I think that, obviously, makes a great deal of sense. I know that, certainly, there might be some differences when, you know, we get to audience questions. But beyond some of the institutional arrangements that you've talked about, you talk very cogently about what NATO is trying to do, not just at the WEO summit, but beyond there you've talked about TTIP. Do you see any other instruments that we have that we could work on?

Obviously, the European Union now is undergoing a major review of its neighborhood policy. Our fellow think-tank, Atlantic Council, is having a big event on that topic on Friday. This is the topic of discussion at many of the other think-tanks also around Washington D.C. sites, the German Marshall Fund, CSIS. I mean, we're all thinking about, you know, how do we strengthen those relationship. You talked in your speech a little bit about that. I'm wondering if you could share with us a few more thoughts in that regard?

MS. NULAND: Well, just to say as I tried to highlight in the remarks, yes, it's about hard security. Yes, it's about economic reform. The traditional things that we've focused on, the traditional tools that we've used. But increasingly whether you're talking about the transatlantic space, whether you're talking about Eastern Europe, whether you're talking globally there are other things we have to pay attention to: energy, security, energy diversity, and independence.

So it is a major line of effort for us in our relationship with the EU, in our relationship with individual countries in the EU space, in our relationship with Ukraine, with Moldova, with Georgia, with Azerbaijan to strengthen and deepen and broaden opportunities for diverse supply across the Euro-Atlantic space, to create competition. It's about lowering the price of energy. It's about ensuring energy can't be used as a weapon.

You saw this when Secretary Kerry sat for the second time in two years with the European Union for the U.S./EU Energy Summit. The work we do with High Representative Mogherini and Vice Chairman Chevchavitch on specific projects. The work we did on the Secretary's trip to Bulgaria who is one of those countries that is still highly dependent on one energy source to create opportunities.

So those things are highly, highly important. The work Ukraine is doing to get more of its own natural energy out of the ground. The work it's doing to bring in new investment. The work it's doing on reverse flow. Similarly, in Moldova.

The second major line of effort that I talked about is this issue of corruption. We are increasingly concerned that all through Central Europe and the Balkans this is not simply a question of not completing the reforms that we promised when those countries came into NATO in the EU. It's about actual backsliding on clean governance and crony capitalism, and how media companies are owned, and the intersection among them. Dirty money busy dirty politicians who go into parliaments and take down democratic structures and checks and balances, allow media companies to be monopolistically owned. Closed space for NGOs, closed space for diverse opinion. All across Central Europe and the Balkans.

Then those countries become vulnerable to outside autocratic, oligarchic, nefarious intent. So that is a security issue, closing down corruption. Not just in Ukraine where it is, obviously, a major measure by which the Ukrainian people will judge their government, will judge Ukrainian's reform. But also in our own EU and NATO space, so that is something to watch.

Then again, this question of whether we're allowing an outside government to tell lies in our public spaces, and to, you know, support politicians with dirty money under the table that are working against basic values, basic security of our

space.

MS. HILL: This latter point is very important about, you know, the lies in the public space because it ties into another very sensitive issue in Europe right now about minority rights. I mean, we've just come with the anniversary of the liberation of Auschwitz, and I think, you know, all of us here, you know, know the implications of that.

Where also the hundredth anniversary of the events with the collapse of the Ottoman Empire during World War I, the Armenian genocide, and, again, the suffering of minorities at the break up of a state. You've talked about what's happening in Syria where minority communities are under siege as they are across many parts of the Middle East.

One of the big problems that we have in Central and Eastern Europe right now is the persecution of the Roma. We're very worried about the situation in Hungary, but not just about the rise of anti-Semitism again. The fear is also of Islamophobia. But, of course, this also feeds into Ukraine because the issue of minority rights was the justification that was used by the Russian government for, indeed, you know, their annexation of Crimea.

It's obviously an issue that is open to manipulation by politicians. We're worried about this in so many different spaces right now. Do you think we can address that too? Because, obviously, that's the call of our own statehood in the United States. I mean, we're the melting pot society. Just sitting here with an accent underscores that. We're a country that's made up of minorities, of everyone who has come here from somewhere else to create a new life. I mean, how would you think we can work with our European allies on this?

MS. NULAND: Well, Fiona, thank you on this Remembrance Day for highlighting that issue. I think what we've seen just over the last few months, as you say,

with the rise of anti-Semitic acts, with the horrible violence in Paris that took the lives of Christians, Jews, and Muslims with the kind of intolerance that fringe politicians spread. Whether they are in Western Europe or whether they are in Russia or other parts of the space.

So, again, we have to remind ourselves of the lessons that we learned in the 19th and 20th century. That our space will be rent asunder if we allow this kind of hatred and poison to infect us. In fact, our great strength not only as nations, not only as a transatlantic community, but also as a beacon for others is that our laws, our societies, our values are designed to protect diversity, protect tolerance. We don't always live up to them. We don't always enforce them. They're not always deep enough. But to me it's a great distortion when official state propaganda calls what was happening on the Maidan fascist. When those same kinds of public displays of opinion, peaceful demonstration are regularly shut down in Russia.

MS. HILL: Let's talk briefly before going to the audience about the situation in Ukraine. Obviously, given the way that the conflict continues to evolve and to escalate we're in for a very long haul. The issue of Crimea looks to be set to be another of those very difficult, contentious issues that we'll be dealing with for many decades, as we know from many other political settings.

We've set ourselves, also, a very high bar for how we want to proceed. We've called, you know, the success of Ukraine, their basically economically and politically now this sort of sine qua non of, you know, the future perspective here.

That's not to try to diminish that in any way, but how do you think given, you know, the way that we see things unfolding. Obviously, as you mentioned, the U.S., the EU, the IMF are all trying to work very hard with the Ukrainian government on the economy. What more could we be doing? How can we, sort of, think about this

differently? What is a, kind of, another menu of, I think, actions and perspectives that we could have for dealing with this issue, especially as it looks very subtly as if this is going to be something that we're in for the long haul with?

MS. NULAND: Well, again, as I said, we see two urgent tasks. First of all, ensuring that Ukraine has the macro financial economic support that it needs in this period. But that we also hold Ukraine's feet to the fire to implement the very ambitious reform program that it set forward. And that we work month on month to see reform implemented as we disburse money, and equally importantly, that that economy gets cleaned. That oligarch capitalism gets a tack. That everybody has to pay their taxes. That the corruption of public contracting gets cleaned up. All of those kinds of things. Ukrainians have to do that because that's what their citizens are demanding. We have to see it done because otherwise we're investing in a leaky bucket.

Similarly, if the bleeding doesn't stop, obviously, this destabilization is designed to make it as hard as possible for Ukraine to survive. So we have to help Ukraine, at a minimum, freeze in place the fighting that's going on now. But ideally get that border closed because unless and until the cause of the problem, which is the external interference stops, it will be a constant struggle to keep this violence from reigniting at any time folks choose to do that. So we have to help in that regard.

Then over the longer term, you know, Ukraine is a country that many of us, you included Fiona, have worked in for a long time. It has had several chances at reform and change, but it never really sunk roots in terms of the way the economy is structured. It has a unique chance now with the association agreement with Europe which demands a complete restructuring of the way the economy is regulated, its transparency, et cetera.

It requires a complete restructuring of the way the country associates

with others. That's a huge opportunity, but it's also a huge, huge amount of work. So we have to support those Ukrainians fighting for it, and we have to call out those who are working against it. But it's, you know, it is not going to be easy as Ambassador Motsky will be the first to say. But it is demonstrably in our interest, and frankly I would argue even in Russia's interest for Ukraine to set the path for what a reforming Eastern European state looks like.

MS. HILL: Thank you very much, Assistant Secretary. We have a very distinguished group of the ambassadorial core here as well as many journalists and colleagues from the (inaudible) community. I'll try to take a little group at a time. So I'll have three people on this side, and I'll move from side to side, the gentleman in the red tie.

MS. NULAND: Thank you, Ambassadors, for being here. I know you have lots to do.

MS. HILL: And then Ambassador Gogashives and Jill Dougherty, and then I'll come further back. Please introduce yourself.

MR. KELOSKI: Meto Keloski, UMD, and thank you very much for your leadership and efforts on building this transatlantic relationship.

If we can move south, because I think we've dominated a lot on Ukraine and Russia, Greece's people just elected a leader that for the first time in 40 years is not a part of the political establishment or political family apparatus. Several families running Greece's politics over this period.

One of his first decisions or meetings that he had was with the Russian ambassador in Athens after being sworn in. So, perhaps, if you could comment on, sort of, the Greece elections as well as the Greece/Russia relationship.

Then also, sources say that Greece's position on Macedonia's name will

not change, and that, perhaps, Greece's new leader will freeze the talks on the name negotiations. So any message to the Greek government on Macedonia's, sort of, future with NATO and EU? Thanks.

MS. HILL: Thanks for taking us south. Hopefully, Ambassador Gogashives will also take us in a slightly different direction.

MR. GOGASHIVES: Thank you very much, as always. I appreciate your analysis and also encouraging messages you offered us 2015 to increase and strengthen the U.S. leadership in the region, which is very much needed and demanded in the region. Throughout the region, not just in the south caucuses on Ukraine.

I would like to bring a Georgian perspective to the analysis of the roots of the crisis in Ukraine. I think that the very objective of forcing Russia to let Ukraine control its border is a proper tactical goal and objective, but strategically as you spoke about strong and democratic Russia in the future this should necessarily include acceptance by Russia the freedom of choice by the peoples of the neighboring states of their model of development, and whether or not to join any alliances.

So unless and until Russian elites, including its president, accept this choice then either this tactical objective will not be attainable, but even if it is attained this will only be a temporary solution. Russia will strike back any time it seems the chance to prevail again. Because it's obvious the fight in Ukraine is about Ukraine's orientation.

The problems in Georgia to break up regions with Russia recognizes it's also about Georgia's orientation. Transmitting a problem also about Moldova's future European orientation. Now Russia already does have five -- has created five hot spots in the progress in parts of its states. Two in Georgia and now two in Ukraine, one in Moldova, and thus it tries to make these states individual for getting close to getting to the euro.



So, again, the strategy toward Russia should be forcing or convincing Russia to accept this choice. Not just retreating and letting the border controlled by Ukraine. This will be just a temporary solution.

MS. HILL: Thank you, Ambassador. Jill Dougherty?

MS. DOUGHERTY: Thank you. Jill Dougherty from the Wilson Center. Thanks, Ambassador Nuland. I have two questions. The first one would be, you talked about nobody's threatening the security and the peace of the Russian space, but I was just in Moscow a few weeks ago, and if you talk to people there they are very convinced that the sanctions are directed at overthrowing President Putin. In fact, one official said if you look at the initial sanctions they were leveled at people who were very close, personally, to President Putin who "had nothing to do with Ukraine." How do you answer that?

Then you also referred to outside countries broadcasting lies in our country, I think that's what you said. RT, Russian Television, Russia Today broadcasts a lot in the United States and also in many Western European countries. Do you think that RT ought to be shut down in the United States? Thanks.

MS. HILL: Thank you. So we had a question about Greece and the adverse relationships with Russia and with -- the question of the name of Macedonia. Ambassador Gogashives asked about the whole series of regional conflicts, and the manipulation of them. Then, of course, there's Jill's question, and then I'll go back to the audience.

MS. NULAND: Well, first of all, on Greece, we congratulate the Greek people. We congratulate Prime Minister Tsipras. We look forward to working with our NATO ally and its new government, and to getting to know the Prime Minister and the people that he is naming. We have a lot of work to do together. We have a lot of work to

do bilaterally. We have a lot of work to do together as NATO allies, including the work we do together on Cyprus. The work we do on countering terrorism. The work we do countering ISIL, et cetera.

So we look forward to beginning that conversation, and to also making the point that the Greek people have sacrificed a lot economically. We hope that the Greek economy will continue to strengthen, that those sacrifices won't be in vain. We look forward to supporting the conversations that Greece and the EU are going to have on the future direction. So that is important.

Obviously, we have no problem and want Greece to have a normal, clear relationship with Russia. Greece has -- the previous government was very helpful in sending clear messages to Russia that what we're looking for is a change of policy with respect to the aggression on its neighbors, not to change the choices that, you know -- that that's what we're looking for is a change of policy, not otherwise, and that we can do more together if that is heard.

So, you know, a relationship between Greece and Russia has been helpful in the past in conveying clear messages. I would guess that it will be again. We do hope that we can get back into a conversation to try to settle the longstanding name dispute which has made it impossible to bring Macedonia into the EU and into NATO. We continue to hope that we can get to a good solution there because we think it's not only in the interest of stability in Macedonia and in the Balkans for those memberships to go forward, but for Greece itself. So we look forward to having that conversation as well.

Ambassador, I couldn't agree with you more in terms of the importance of having a Russian partner that will one day respect the sovereign and territorial integrity of all of its neighbors. I think I made that point very clearly. But Georgia has also done something that Ukraine now aspires to do which is to set itself on the path of making itself

as strong and European and clean and democratic as possible.

There have been some challenges in recent months that we've been quite clear about, but even as we make clear to Russia that the sovereignty and territorial integrity of its neighbors is paramount in how we judge their external behavior. The most important thing that nation states under threat can do is to strengthen themselves as democratic, clean, law-abiding states, and to give their own people opportunity.

Georgia's been given a fantastic opportunity with EU association and the deep and comprehensive free trade agreement. That can change the laws of Georgians, so keep moving forward. That's the best protection for your country in the interim.

Jill, the question was with regard to folks around Putin. Our idea was to have an impact on policy thinking, and to have those people who are closest to the president have an impact on his policy choices. We do think that folks who have been subject to sanctions are among those who understand best inside Russia despite all the propaganda to the contrary that is being spewed at the Russia people. That these sanctions are designed to say you can't benefit from the Western banking system. You can't benefit from the free trade system when you're not living by the rest of the rules which include non-violation of the sovereignty of neighbors. You can't have it both ways.

So our hope is that those people who've had long relationships with the leadership will help create a more dynamic, more honest conversation inside Russia. Again, the goal is not to weaken Russia. It is to change these policies that are aggressive, that are dangerous, and that are limiting to Russia's own possibilities as a European state integrated with a (inaudible).

We believe in freedom of speech, freedom of media in this country. I think it's, you know, all you have to do is look at RT's tiny, tiny audience in the United States to understand what happens when you broadcast untruths in a media space that

is full of dynamic, truthful opinion. So what we want in all of these countries in the Euro-Atlantic space, including in Russia, is a dynamic marketplace of ideas. So, you know, the question we ask Russians is why are you so afraid of diversity of opinion in your own space.

MS. HILL: Thank you very much. I'm trying to capture everyone. Several people I've got on the list already, so could people keep their hands up for a while and I'll try to go to them. I have Charles Getti, Bill Grosiak, and then Ambassador Motskey who had asked before, and I'll keep on going.

MR. GETTI: Thank you very much for your eloquent and hopeful talk.

MS. NULAND: Hopeful, Charles, you know that.

MR. GETTI: Suppose that the Russian people don't rise to the occasion and tell Putin and his supporters that aggression is unnecessary, and that they should pay attention to domestic reforms and change in Russia itself. Are we prepared to consider more seriously than we have the last few months giving Ukraine defensive weapons?

MS. HILL: Thank you. Bill Grosiak, and then Ambassador Motskey.

MR. GROSIAK: Bill Grosiak, Brookings and McLarty Associates. Aside from the punitive impact of sanctions are there any positive inducements that could be put forward to temper Russian aggression? Could the United States be doing more to encourage greater political cooperation with Russia in dealing with regional conflicts like Syria and Iran?

MR. MOTSKEY: First of all, I would like to express my deep gratitude to United States for supporting Ukraine all this time. Administration, President Obama, State Department, Secretary Nuland, personally. For leadership of the United States in international efforts to support the Ukraine, Congress of the United States.

Unfortunately, the situation in Ukraine continues to be very tough, very difficult. There is, actually, no cease fire. The cease fire which was signed some time ago is constantly violated by terrorists and Russian troops which are very active in Donbas and renounced area.

So only for the last 24 hours Ukraine has lost 9 soldiers and 29 wounded. Ukraine positions and civilian buildings were attacked more than 100 times. So really it's war against Ukraine, and this war is continuous. That's why we are sure that the world community first should continue to make pressure on Russia. In this context sanctions do work, and we call on for increasing sanctions to the regime in the near future to take into account this situation and in particular this crime against Mariupol when as a result of Shellenbgrade very civilians were killed including one child and around 100 wounded.

The second, we edge to increase assistance to Ukraine. The West and West in its own security and interest, security of Europe in particular because yes, for today Ukraine is the front-line. The pressure should be to force Russia to come back to fulfill Minsk agreements that means to withdraw its troops from Ukraine, to withdraw heavy weaponry, and to withdraw its militants and mercenaries and to help Ukraine to establish control over the Ukrainian border in that area.

We continue to say that we stand for diplomatic solution of the conflict, and Minsk Agreement is the basis for that. The Minsk Agreement was signed by Russia itself. Today the situation is worsening. Today Ukraine in Parliament adopted a statement designating Russia as a state aggressor. The Parliament appealed to the United Nations, to Parliamentary Assembly of the European Union, to other international organizations, and to all parliaments to support Ukraine in this statement and designate Russia as a state aggressor.

Again, today the Ukrainian Parliament adopted in the first reading a law on designating so called Donetsk people, republic, and the Donetsk People Republic as terrorist organizations. Because we believe that there is not much of a difference between those two structures and ISIL, for example. We also consider that Russia does not deserve to be a host of the World Cup 2018, and we expect understanding from our partners and support in those issues. Thank you very much.

MS. NULAND: With regards to Charles' question, the security support that we have given Ukraine is defensive. I think you asked if we would give defensive weaponry. We've given counter fire radars and those kind of things that are defensive.

What we have not done is given lethal assistance. I think you've heard the President say that we will continue to review that based on the circumstances. What we're looking for is a de-escalation of the conflict. What we're looking for is implementation of Minsk. In that regard, with regard to your question here we have put forward, and we will continue to, a number of positive benefits that can come from a peace settlement.

Even before the Ukraine crisis really ignited about a year and a half ago we were talking to Moscow about work we could do together to lower barriers to trade, you know, as the U.S. works with the EU on TTIP, as we work with Asia on TPP. Could we move in a similar direction in certain categories with Russia? The President of Ukraine has taken forward some ideas that we've put on the table as well that in the context of peace and context of border control you could have an economic free zone from Roskov through Donetsk and Lugansk where Russia benefited from the tariff free. You know, anything made in that area could go tariff free to Europe, could go tariff from to Russia.

There can be silver linings. There can be positives. There can be

win/wins for Russia, we believe, in its neighbors' greater integration with Europe that can put it on a path that is along the lines of what we're trying to do in our space which is to lower barriers, to open markets, et cetera. So we've put all of those ideas forward. We have. And you've seen, I think, I hope, Secretary Kerry work tirelessly on this. Tried to also work with Russia on global problems where our interests align. We're working very well on the Iran conflict because we share an interest in ensuring that Iran doesn't have a weapon. That work continues.

We've worked well on Afghanistan. The Secretary and Lovroft talk nonstop about other Middle East problems like Syria. There's a conference going on in Moscow now with the Syrian opposition. We're interested to see what the results of that are, and whether some grounds come from that that will enable us to work more closely together to end the suffering there.

During the very complicated period we had on Middle East peace in December and January, Secretary was on the phone with Foreign Minister Lovroft regularly to try to de-escalate that. So we will continue to do all of those things. We will continue to work together wherever we can. But we will also continue to make clear that unless and until the aggression direct neighborhood ends we're going to make it clear with pressure that, you know, you can't, as I said, benefit from the system while violating its rules and terrorizing your neighbor.

MS. HILL: I think we have a little bit more time. I had some people who were initially on the list here. There's a gentleman wearing a handkerchief in the pocket there. There's also a gentleman behind the camera at the back who's been waving for a long time, so I don't want to -- and then there's a lady over at the far side in front of the gentleman with the white shirt who's had her hand up for a long time too, so please.

MR. BRACKBERG: Thank you. Eric Brackberg from the McCain

Institute. Thank you very much for your remarks. Just very quickly on sanctions. Of course, the European Union is also considering more sanctions. I think the Foreign Affairs Council will meet on Thursday to discuss this, but there are concerns in Europe that some are skeptical about putting more pressure on Europe. We've heard rumors from Brussels about normalizing relations with Russia, about weakening rather than strengthening sanctions.

So I just wanted to ask you when the U.S. considers its next round of sanctions how important is it that these are in synch with what the Europeans are doing? Or should the U.S. be willing to go beyond what the Europeans are doing to push them in that direction? Thank you.

MS. HILL: Thank you. The gentleman behind the camera there.

MR. POLJAK: Thank you so much. Zeljko Poljak from Aljazeera Balkans. You mentioned that Kirk Island and pipeline. How this guarantees satisfaction with a creation government with everything? Because Russia is a little bit involved in the whole project, are you happy with the cooperation with the government from that?

Second question is Bosnia. You know, last message for Bosnian leaders was be careful what they are doing, but nothing happened. Bosnia's still under a bad economy, nationalism is high, and we now have extremists who are coming back from Syria and Iraq to Bosnia. Thank you.

MS. HILL: Thank you. Then the lady over here.

QUESTIONER: Yes. I'd like to ask you, you mentioned that President Obama will continue to review the situation and consider lethal assistance. What would tip that balance? What Russian actions would actually tip that balance from economic sanctions into a more aggressive posture on the side of the U.S. and Europe?

MS. HILL: Thank you.



MS. NULAND: With regard to sanctions, one of the strengths, I think, of this -- there are a number of strengths of the approach that we've taken, but one of the great strengths has been that we've worked in lockstep with Europe at every single stage. The sanctions that we've imposed have been complimentary.

This is important for a number of reasons. First, that there can't be any backfilling. If Europe stops doing something the United States can't backfill, the other way around. Second, that we can't be split. Third, that the impact is felt across the space. So at every stage of sanctions work we have tried to use a scalpel, and we have tried to look for areas where the Russian economy depends on integration with us, but where we can withstand anything that might come in response.

So that's why we've looked at those sectors where Russia needs us most; the high tech energy sector, defense trade, access to credit. There is, as Secretary Lew said a couple of days ago there are more things that we can do along those lines. We are looking at that question now along with Europe.

But, again, none of us wanted to be here. Just a couple of weeks ago we were talking about if we got Minsk complementation how things could unwind. But, unfortunately, as a result of choices made on the ground, and particularly the refueling of the conflict since Christmas we're not in that spot right now.

Thank you for asking about Kirk Island. We have American investors in that. We have a good conversation going on with Croatia and with the EU on the kinds of investments that are necessary between Croatia and Hungary because that's, obviously, the route. Those gas deposits off of Croatia are truly strategically important in terms of getting more options to all the countries in that neighborhood, including Hungary, including Serbia, et cetera.

So we are bullish on this project. It's one of our priority projects, as I

said, for this next season with the EU. Our approach with the EU has very much been to look at packages of projects six months on six months that will make a strategic impact. That's one of them now.

On Bosnia, we have been supportive of the EU's new effort to work with the parties in government to try to start with reform in the socioeconomic sector and then move onto political reform. That's a conversation that's just getting started. As you know, it's faced a little bit of initial resistance in the usual quarters, but what we're hoping is that the prospect of closer Bosnian integration with the EU and its needs for more support from the IMF will spur a better conversation internally about reform. We're working very closely with the UK, with Germany, with the EU on that. In fact, my deputy's in talks just this week on Bosnia.

Was there a third one?

MS. HILL: That was the question about --

MS. NULAND: Right, yeah.

MS. HILL: -- what would tip the balance --

MS. NULAND: Okay.

MS. HILL: -- on Ukraine decision making.

MS. NULAND: Look, I'm not going to predict where policy is going to go. What we want to see is the violence end so we don't have to come to that point. But if the restraint that others have shown is not matched, obviously, we have to review what we're doing.

MS. HILL: Thank you very much for these remarks. I'm sorry to everyone that we have to bring this to an end. Because as you saw there are a lot more questions, and, obviously, very challenging times as your title indicated.

Again, if everyone could just remain seated until the Assistant Secretary

has a chance to leave. Sorry, don't mean to stop everyone from trying to get out to their next appointment. But I did want to thank you, most sincerely, for coming here today. We really appreciate the frankness and the candor, all of which, of course, you're known for in your discussions.

We look forward, you know, to seeing you in many other venues, and also wish you all of the very best on these very difficult set of issues that you and your staff have to deal with. Thank you very much. If everyone could join me in thanking the Assistant Secretary for her time today. Thank you.

MS. NULAND: Thank you, Fiona. Thanks to all of you for caring.

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