Briefing



12 February 2015

Minsk peace agreement: still to be consolidated on the ground

SUMMARY

On 12 February, after more than 16 hours of negotiations in Minsk, the leaders of Germany, France, Russia and Ukraine reached an agreement to end fighting in eastern Ukraine. Representatives of the OSCE, Ukraine, Russia, and the pro-Russian rebels in eastern Ukraine signed the deal, which includes a ceasefire in eastern Ukraine, to begin on 15 February, followed by the withdrawal of heavy weapons.

In a joint declaration, Angela Merkel, François Hollande, Vladimir Putin and Petro Poroshenko stated their commitment to respecting Ukraine's sovereignty and territorial integrity. The document states that regular meetings will be held to ensure the fulfilment of the Minsk agreements.

The tenor of most official international reactions was cautiously optimistic. International leaders said the deal gave 'hope', but at the same time emphasised that the agreement must now be implemented on the ground.

Intense fighting continued during the talks, with the strategic transit hub of Debaltseve still contested. Moscow denies Ukraine's accusations that Russia is supplying troops and weapons to separatists fighting for the territory which Putin calls 'New Russia'.

The on-going crisis in Ukraine erupted after former President Viktor Yanukovych refused to sign an Association Agreement (AA) with the EU in November 2013 and sought closer ties to Russia. Following radical protests from pro-Western groups, Yanukovych stepped down and fled to Russia. Moscow responded by annexing the Crimea in March 2014, sparking wide-ranging EU sanctions.



President Petro Poroshenko meets European Council President Donald Tusk following the Minsk agreement.

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Merkel-Hollande peace initiative and the Minsk Summit

On the evening of 11 February, Vladimir Putin, Angela Merkel, François Hollande and Petro Poroshenko took part in talks in Minsk on a settlement for the situation in Ukraine. In the final stage, they were joined by OSCE Special Representative to the Trilateral Contact Group on the Ukrainian Settlement, Heidi Tagliavini. Following the talks, the four leaders adopted a Set of Measures to Implement the Minsk Agreements, including:

- a ceasefire starting on 15 February
- withdrawal of heavy weapons beginning on 17 February, and completed within two weeks; all prisoners to be released, with amnesties for those involved in the fighting;
- withdrawal of all foreign-armed formations, weapons and mercenaries from Ukrainian territory, as well as disarmament of all illegal groups;
- constitutional reform to enable decentralisation of the rebel regions by the end of 2015 and restoration of Ukrainian border controls with Russia, to be completed by the end of 2015.

In a joint <u>declaration</u>, the leaders agreed they were committed to respecting Ukraine's sovereignty and territorial integrity. They stated that regular meetings would be held to ensure the fulfilment of the Minsk agreements.

The earlier <u>Minsk Protocol</u> was signed by the trilateral contact group comprising representatives from Ukraine, Russia and the OSCE (responsible for monitoring implementation) on 5 September 2014. However, the terms of that Protocol were soon violated by pro-Russia separatists, who seized territory in eastern Ukraine, including the strategically important Donetsk airport, leading to an escalation of violence.

There are plans for further talks on self-rule in parts of the separatist Donetsk and Luhansk regions. Other unresolved issues include the status of Debaltseve, a government-held town surrounded by rebels. The delay in implementation of the ceasefire creates a window of opportunity which may allow Russia-backed separatists to seize this transport hub, of strategic importance for both sides.

Initial reactions

The 'Normandy' leaders

Following the talks, Russian President Putin <u>admitted</u> that 'this was not the best night of my life, but the morning, I believe, is good', adding that, 'we finally managed to agree on the key issues'. Ukrainian President Poroshenko, who had demanded the 'withdrawal of foreign forces', accused Russia of making 'unacceptable' demands, but declared that, 'despite tension and pressure' Ukraine had not succumbed to 'ultimatums'.

French President Hollande called it a 'serious deal', but acknowledged that not everything had been settled. German Chancellor Merkel said there was now a 'glimmer of hope', but added that 'we have no illusions. There is still very, very much work to be done'. German Foreign Minister Frank-Walter Steinmeier, who joined Merkel for the Minsk talks, warned that 'outbreaks of violence could still ruin everything'.

International reactions

International reactions were cautiously optimistic. As EU leaders gathered in Brussels for an informal European Council meeting, world leaders welcomed the agreement, saying it gave 'hope', while at the same time emphasising the importance of implementing the deal on the ground.

European Council President, **Donald Tusk** <u>told</u> journalists in Brussels ahead of the EU informal meeting on 12 February: 'I welcome the development. It gives hope, but hope is not enough'. He added that the actual implementation of the ceasefire would be a real test for the deal.

EU High Representative, **Federica Mogherini**, <u>stated</u> that the deal is 'a very important' step in the right direction, but adding that, 'the important thing now will be to see the ceasefire entering into force on the night between Saturday and Sunday. And it will be looking at the implementation of the points that are included in the document.'

The White House <u>reaction</u> was also restrained: 'This agreement must now be followed by immediate, concrete steps to fulfill the commitments by all parties. The ceasefire must be implemented and honored. Heavy weapons must be withdrawn from the conflict zone, and Russia must end its support for the separatists and withdraw its soldiers and military equipment from eastern Ukraine,' White House press secretary Josh Earnest said in a statement. He added that, 'The true test of today's accord will be in its full and unambiguous implementation, including the durable end of hostilities and the restoration of Ukrainian control over its border with Russia.'

Lamberto Zannier, Secretary General of the Organization for Security and Co-operation in Europe (OSCE), <u>said</u> the 'important and necessary' outcome of the Minsk talks would contribute to 'stabilization and peace in Ukraine, adding that the outcome of the summit could have an impact on the mandate and timeframe of the OSCE's current monitoring mission in the country.

Background: the Ukraine crisis

The on-going crisis in <u>Ukraine</u> erupted after former President, Viktor Yanukovych, refused to sign an Association Agreement (AA) with the EU in November 2013, and instead sought closer ties with Russia. Following radical protests from pro-Western groups, Yanukovych stepped down and fled to Russia. Moscow responded by annexing the Crimea in March 2014, sparking wide-ranging <u>EU sanctions</u>; at the same time, pro-Russian separatists seized control of Luhansk and Donetsk, in Ukraine's eastern Donbas region. The AA was signed by the EU and Ukraine's newly elected President, Petro Poroshenko in June, and ratified by the EP and Kyiv on 16 September. Following the October elections in the rest of Ukraine, rebels in Luhansk and Donetsk held their own <u>'elections'</u> on 2 November, highlighting Kyiv's lack of power in the region.

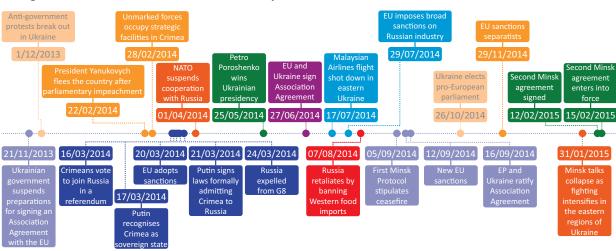


Figure 1: Timeline, November 2013 - February 2015

Source: Ukrainian crisis

European Parliament concerns over the escalating situation in Ukraine

In its <u>18 September 2014 resolution</u> on Ukraine and the state of play of EU-Russia relations, the EP underlines Ukraine's 'European perspective', states that 'Russia's direct and indirect military intervention in Ukraine, including the annexation of Crimea, violates international law', and 'stresses the reversibility and scalability of the EU restrictive measures depending on the situation in Ukraine'.

In its latest <u>resolution</u>, adopted on 15 January 2015, on the situation in Ukraine, the EP expressed full solidarity with Ukraine and its people and concern about the catastrophic humanitarian crisis in Eastern Ukraine. The EP also strongly condemned 'Russia's aggressive and expansionist policy, which constitutes a threat to the unity and independence of Ukraine'. It called on Moscow 'to stop escalating the situation by immediately halting the flow of weapons, mercenaries and troops in support of the separatist militias and to use its influence with the separatists to convince them to engage in the political process', and condemned 'the acts of terrorism and criminal behaviour committed by the separatists and other irregular forces in Eastern Ukraine'.

At a <u>discussion</u> with Alexey Pushkov, Chair of the Russia's State Duma Committee on International Affairs, held on 10 February in the EP's Committee on Foreign Affairs (AFET), MEPs expressed concerns over recent developments in Ukraine and called on Russia to admit its involvement in the conflict. Concerns were also expressed in the plenary debate with EU High Representative Federica Mogherini the following day.

In his speech delivered at the informal European Council on 12 February, EP President, Martin Schulz, expressed 'hope that this morning's agreement will be a first step to stop the escalation', adding that, 'We expect all sides to respect the ceasefire and refrain from any actions which could endanger the coming into force of the ceasefire'.

Uncertainty over number of casualties as both sides boost troops

The exact number of casualties in the Ukraine conflict is disputed. While the UN estimates that some 5 486 people have been killed since April 2014, Ukrainian President Poroshenko announced on 7 February that the war had claimed the lives of some 1 200 soldiers and 5 400 civilians. However, German media quoted German intelligence sources as saying that the number was closer to 50 000. Moscow denies Ukraine's accusations that Russia is supplying troops and weapons to separatists fighting for the territory which Putin calls 'New Russia'.

Both Kyiv and the Donbas separatists blame each other for the recent significant escalation in fighting around Donetsk airport, Mariupol and Debaltseve. On the eve of the Minsk talks, heavy fighting continued, causing new losses in pro-Moscow separatist assaults. Rocket attacks on government-held Kramatorsk claimed at least seven lives, and Kyiv reported that 19 Ukrainian soldiers were killed in the attack near the transit hub of Debaltseve, a strategic location for both sides. Pro-Russia separatists claimed to have surrounded the town and cut off its main supply road, while Ukrainian sources denied this.

According to a February 2015 <u>report</u> published by three US think-tanks, Atlantic Council, Brookings Institution and the Chicago Council on Global Affairs, there are around 36 000 troops fighting on the separatist side and 34 000 pro-government troops in the conflict area. However, there are conflicting estimates of the amount of light military equipment and heavy weapons in use by both sides.

On 2 February, Donbas separatist leader Alexander Zakharchenko <u>announced</u> that the separatists would increase their forces to 100 000. For its part, Ukraine plans to boost its troops to 250 000 over the year. Despite the acute financial crisis, Kyiv has <u>confirmed</u> that it intends to spend six times as much on defence purchases in 2015 as it did in 2014. Some 15% of these funds will be used to purchase arms abroad.

The intensifying military conflict is exacerbating the unfolding humanitarian crisis. The Internal Displacement Monitoring Centre (IDMC) <u>estimates</u> that there are at least 978 500 internally displaced persons (IDPs) in Ukraine as of February 2015. Some 19 000 have fled Crimea, while more than 923 700 people have fled eastern Ukraine.

Increasing hostility towards the EU in Russian media and public opinion

Despite the ongoing Ukraine conflict and a stagnating economy, President Putin's approval ratings remain high at around 80%, while 71% of Russians have a negative opinion of the EU, according to the latest <u>survey</u> conducted by the Levada Centre in late January 2015. The latter figure has doubled since last year's annexation of Crimea. EU-Russia relations are considered 'hostile' by 24% of respondents, compared to 1% a year ago. Some 40% of Russians would like to improve relations with Western countries, while 37% of respondents prefer to limit them. According to Lev Gudkov, <u>Director of the Levada Centre</u>, this change is partly to do with an aggressive propaganda campaign in the Russian media.

Sites of fighting
Area under rebel control

Popasna Luhansk
Debaltseve
Horlivka
Grabovo
Donetsk

RUSSIA

Mariupol

50 km

Figure 2: Ukraine - Military conflict area

Source: New York Times

Support for Ukraine from the EU and the international community

Since the outbreak of the crisis, Kyiv has been facing severe economic difficulties: its currency has lost more than half of its <u>value</u>, and GDP contracted by over 7% in 2014, a trend likely to <u>continue in 2015</u> meanwhile, inflation is running at 25%, and international reserves are on the verge of running out.

In response, EU financial support to the country was increased in spring 2014, with a comprehensive support package including €11 billion to be disbursed over the next few years.

EPRS

On 8 January the Commission proposed to provide a <u>further €1.8 billion</u> of macro-financial assistance, adding to €1.6 billion within the €11 billion package from 2014.

In addition, the EU, together with the Member States, has provided €95 million in humanitarian aid for those affected by the military conflict. On 1 December 2014, an EU Advisory Mission (EUAM Ukraine) was deployed to facilitate police and judicial reform in Ukraine.

On 12 February, International Monetary Fund (IMF) Managing Director, Christine Lagarde, <u>announced</u> a new economic reform programme for Ukraine totalling €15.5 billion from the IMF, together with additional resources from the international community

Sanctions targeting Russia

In March, July and again in August/September 2014, a series of <u>restrictive measures</u> targeting Russia were adopted by the EU, EEA and other countries, including the US, Canada, Australia and Japan. These include restrictions on access to capital markets, defence cooperation, exports of dual-use goods and sensitive technologies. Asset freezes and visa bans were imposed on Russian politicians, business leaders, oligarchs and other close allies of the Putin regime as well as the current leadership of Donbas and Crimea. These were recently extended by the <u>Council</u> to an additional 19 individuals and nine entities, following the shelling of Mariupol and escalation of fighting in the Donetsk/Luhansk regions (however, implementation of these latest sanctions was postponed until 16 February 2015 to give time for the Minsk talks). Some sanctions expire in March 2015, and their renewal will have to be agreed by EU leaders.

Main references

<u>Protocol on the results of consultations of the Trilateral Contact Group</u>, signed in Minsk, 5 September 2014.

Set of Measures to Implement the Minsk Agreements, signed in Minsk, 12 February 2015.

<u>Joint declaration</u> on the Set of Measures to Implement the Minsk Agreements, 12 February 2015.

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