

Ukraine after Minsk II: the next level Hybrid responses to hybrid threats?

SUMMARY

One month after leaders from France, Germany, Ukraine and Russia reached a 13-point peace agreement in Minsk on 12 February 2015 – Minsk II, a follow-up to the September 2014 Minsk Protocol – the ceasefire is shaky, although it has at least reduced the number of deaths in combat, and the pressure on the international community to act continues.

While Russia denies accusations that it has been sending troops and weapons to support separatists in Ukraine's east, the undeclared 'hybrid war' is developing on all fronts. In the face of a shaky ceasefire and Ukraine's crumbling economy, the EU, the US and major international actors are discussing possible political, military, and economic responses to the deteriorating crisis. At the same time, EU Member States and NATO are stepping up efforts to counter Russia's 'information warfare'.

The on-going crisis in Ukraine erupted after former President Viktor Yanukovich refused to sign an Association Agreement with the EU in November 2013 and sought closer ties to Russia. Russia's active role in the eastern Ukraine crisis has exposed divides in the EU and the international community on how to react to hybrid threats. It comes at a time when the effectiveness of the EU's Neighbourhood Policy, including the Eastern Partnership, is being questioned.

This briefing is a follow-up to the 12 February 2015 briefing ['Minsk peace agreement: still to be consolidated on the ground'](#).



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Minsk II: mixed results

While the 12 February Minsk deal did not lead to an immediate ceasefire, the attacks have decreased for the time being. However, the overall results of the deal are disputed.

Hostilities continue after the ceasefire

On 18 February, just days after the truce officially entered into force on 15 February, Russia-backed separatists [celebrated](#) their victory in the strategic transport hub of Debaltseve – a railway junction that connects the main separatist-held cities of Donetsk and Luhansk – following heavy fighting. Some 22 Ukrainian soldiers were [reportedly](#) killed ahead of or during the withdrawal of Ukrainian troops on 18 February. The rail facilities were largely destroyed during the fighting, but have [reportedly](#) been restored and are allegedly used by militants to ship Russian weapons. Ukrainian President Petro Poroshenko [said](#) on 10 March that some 64 Ukrainian soldiers have been killed since the truce was officially implemented.

On 6 March, OSCE head Lamberto Zannier assessed that 'the ceasefire is, all in all, holding, but there are violations', adding that the violations were mainly small arms fire.

However, Kyiv on 9 March [stated](#) that pro-Russian rebels used mortars and a tank to fire on government positions near the eastern port of Mariupol, violating the ceasefire. On 10 March, Ukrainian military analyst Dmytro Tymchuk [assessed](#) that some 2 500 Russian-backed militant fighters were approaching the north and north-west of Novoazovsk, close to Mariupol. With some 500 000 inhabitants, Mariupol is the only major city in the conflict zone still in Kyiv's hands, and is expected by many to be the target of a separatist offensive aimed at creating a land bridge to Crimea.

NATO Secretary-General Jens Stoltenberg [said](#) on 11 March that Russia was continuing to arm and train rebel forces in eastern Ukraine, and urged Moscow to respect the ceasefire by withdrawing fully from the conflict.

Withdrawal of heavy arms: disputed results

Both Kyiv and pro-Russian Donbas separatists [claim](#) to have pulled back heavy weapons in accordance with the Minsk II agreement, while accusing each other of violating the agreement and using the truce as a cover to reorganise troops.

On 10 March, Russian Foreign Minister Sergei Lavrov [accused](#) Kyiv of dragging its feet on implementation of Minsk II. While the defence minister of the self-proclaimed separatist Donetsk People's Republic Eduard Basurin said that Ukraine was carrying out

Minsk II – key points

Immediate, full bilateral ceasefire as of 15 February 00:00

Withdrawal of all heavy weapons by both sides

Effective monitoring regime for the ceasefire and withdrawal

Launch of dialogue on modalities of local elections

Pardon and amnesty of figures involved in the conflict

Release of all hostages and other illegally detained people

Unimpeded delivery of humanitarian aid to the needy, supervised internationally

Restoration of full social and economic links with affected areas

Full Ukrainian control over its border with Russia throughout the conflict zone

Withdrawal of all foreign armed groups, weapons and mercenaries from Ukrainian territory

Constitutional reform in Ukraine, adoption of a new constitution by the end of 2015

Source: [BBC](#)

'[covert rotation](#)' of its forces, army headquarters in Ukraine-controlled Mariupol accused the rebels of pulling back their equipment only to return it shortly thereafter.

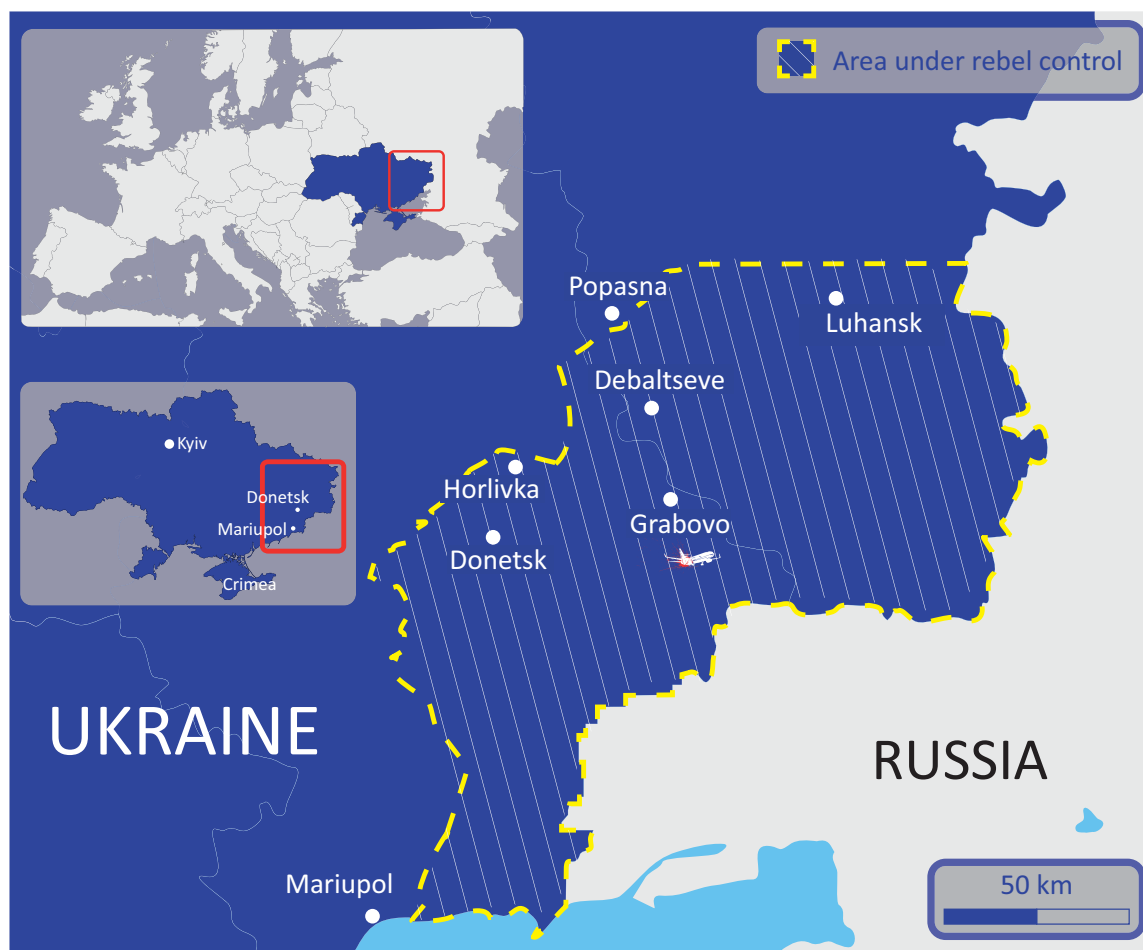
More OSCE observers, but limited access

Following talks between French, German, Ukrainian and Russian officials on 6 March, both Russia and Ukraine [agreed](#) to double the number of observers from the Organization for Security and Co-operation in Europe (OSCE) in eastern Ukraine to 1 000. Kyiv has asked for monitoring of the rebel-held airport in the separatist hub of Donetsk, as well as the village of Shyrokyne on the outskirts of the strategic port city of Mariupol. However, OSCE head Lamberto Zannier has [stated](#) that OSCE observers already operating on the ground cannot fully confirm withdrawal on both sides as they do not have access to all relevant locations.

Doubts over future 'special status' areas in Donbas

According to Minsk II, the Ukrainian Parliament should, by 14 March, adopt a decision determining the areas in Donbas that will be subject to a special status. However, on 13 March, the envoy of the self-proclaimed Donetsk People's Republic to the Contact Group, Denis Pushilin, told [Russian media](#) that 'Kiev has 24 hours left to comply with its commitments. If the mentioned decision is not taken within 24 hours, then the whole world will see that Kiev is not planning to stick to the road map agreed in Minsk'. President Poroshenko reportedly submitted a draft resolution to the Parliament on 14 March, but the text has yet to be published.

Figure 1 – Ukraine: military conflict area



Source: [Ministry of Defence of Ukraine](#).

A deteriorating humanitarian crisis

With the death toll at some [6 000](#) as of March 2015, the humanitarian crisis triggered by the military conflict continues to widen. The Internal Displacement Monitoring Centre (IDMC) [estimates](#) that there are at least 1.1 million internally displaced persons (IDPs) in Ukraine. Of these, some 19 000 have fled Crimea, while over 1 million have fled eastern Ukraine.

Nadia Savchenko: a human symbol of the conflict still held in Moscow

After the Minsk talks, Ukrainian President Petro Poroshenko announced that the Ukrainian military pilot Nadiya Savchenko – held in Moscow on charges of involvement in the death of two Russian journalists in east Ukraine in 2014 – would be released as part of an agreed prisoner exchange. On 4 March, however, a Moscow court [refused](#) to release Savchenko, perceived in Ukraine as a national hero, but in Russian media as a murderer. Savchenko declared a hunger strike in December, protesting against her detention. On 26 February Elmar Brok (EPP, Germany), Chair of the European Parliament's Foreign Affairs Committee and of the EP's Delegation to Ukraine, together with Andrej Plenković (EPP, Croatia), [demanded](#) Savchenko's release 'without delay', describing her detention as 'politically motivated'.

Ukraine's economic and financial battle continues

Ukraine's economy has been ailing for years, and the current conflict has exacerbated the situation. Kyiv is now struggling to save its economy and its currency.

Since the overthrow of the Yanukovich government in February 2014, Moscow and Russian state companies have continued to [increase](#) the economic pressure on the new pro-Western government in Kyiv, for example by imposing [bans](#) on Ukrainian foodstuffs, withholding clearances of trucks carrying goods of Ukrainian origin, and raising the price of natural gas.

On 2 March, Ukraine's parliament revised the 2015 budget with pension cuts, substantial gas price hikes, and increased defence spending. The Ukrainian hryvnia – the world's ['worst performing'](#) currency in 2015 – depreciated against the US dollar by 72% in February, according to Ukraine's National Bank. People began hoarding basic foodstuffs, and the demand for foreign currency further increased the pressure on the hryvnia.

Despite the acute financial crisis, Kyiv has [confirmed](#) 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. Ukraine's parliament passed a bill on 9 March to [increase](#) the country's armed forces to 250 000 soldiers.

The International Monetary Fund on 11 March [approved](#) a loan of US\$17.5 billion to Kyiv, with US\$5 billion paid on 13 March and another US\$5 billion in the coming months. Combined with US\$7.5 billion in loans from other international organisations, and an expected US\$15.4 billion in debt relief that Kyiv hopes to negotiate with bondholders, Prime Minister Arseni Yatseniuk said the programme would help Kyiv to stabilise its economy, financial sector and currency, enabling 'the Ukrainian economy to grow from 2016'.

However, the shaky ceasefire is [scaring off](#) investors, and on 4 March IMF Managing Director, Christine Lagarde, [stated](#) that the success of financial support for Kiev depends on the stability of eastern Ukraine. She pointed out that a collapse of Ukraine's

economy would not be in Russia's interest, 'because it is a supplier, because it is a creditor and because it wants to get paid and reimbursed at the end of the day'.

Moscow's levers over Ukraine's economic future

Russia plays a key role in Kyiv's debt restructuring, which is the next step after the IMF deal. However, this process is likely to be delayed by difficult border demarcation disputes with Donetsk and Luhansk regions (including around Mariupol), as well as Ukraine's [pledge](#) under Minsk II to grant these regions autonomy.

Moscow has yet another weighty lever over Kyiv. With Ukraine's debt at 71.5% of GDP, Russia is entitled to request repayment of a US\$3 billion 'Yanukovich bond' in 2013; the first and only tranche of a US\$15 billion loan package proposed by Moscow before former President Viktor Yanukovich was ousted and fled to Moscow in February 2014. The main condition of the loan was that Ukraine's national debt should not exceed 60% of GDP. By demanding early payment, Russia could force Ukraine into default. While Moscow is probably interested in maintaining leverage over Ukraine, it could be reluctant to negotiate alternative terms.

Russia's role in Ukraine divides the international community

The question of the extent of Russia's continued influence over the shaky cease-fire and Ukraine's future has exposed and deepened underlying rifts in the EU, the US and the international community over how to counter Russia's involvement in Ukraine.

Ahead of the European Council [meeting](#) on 19 and 20 March where EU Member States are expected to discuss relations with Russia and the situation in Ukraine, the EU and the US still demonstrate official unity over sanctions:

- on 4 March, US President Barack Obama, leaders of the UK, France, Germany and Italy, and European Council President, Donald Tusk, [warned](#) Russia of their readiness to step up sanctions in the event of further violations of the ceasefire in Ukraine. At a joint press conference with Tusk on 11 March, Obama [called](#) for continued Western pressure on Russia to abide by Minsk, and underlined the joint 'commitment' to 'uphold the basic principles of sovereignty and territorial integrity that have been threatened by Russian aggression. We have been able to maintain strong unity with respect to sanctions', he added.
- at a meeting in Riga on 6 and 7 March, EU Foreign Ministers [demonstrated](#) 'unequivocal unity' in the face of the 'fragile' ceasefire, stating that they were ready to tighten sanctions against Russia, should the situation in eastern Ukraine deteriorate.
- similarly, following the sixth Inter-parliamentary Conference on common foreign, security and defence policy, in Riga on 6 March, EP Foreign Affairs Committee Chair Elmar Brok [stated](#) that 'parliaments in the EU will support further sanctions, should Russia fail to implement its commitments under the Minsk Agreements.'

However, underlying divides within, and between, the EU and the US on how to respond to Russia are becoming increasingly evident:

- **European Council** President Donald Tusk, at the joint press conference with Obama on 11 March, [warned](#) that 'our enemies (...) want to weaken the political commitment of the Western world. Today, we can see with full clarity that they are trying to divide us, from inside of Europe, as well as Europe and America'.
- More and more **EU Member States** are expressing open criticism of sanctions ahead

of the European Council meeting on 19 and 20 March. For example, after meeting his Russian counterpart, Sergei Lavrov, on 11 March, Spanish Foreign Minister, Jose Manuel Garcia-Margallo, [told](#) media that the sanctions were 'beneficial for no-one', adding that Russia's counter-ban on EU food imports is hurting the Spanish economy. Leaders of Cyprus, Hungary, and Italy have voiced similar concerns after meeting with Russia's Vladimir Putin in recent weeks.

- German's influential weekly *Der Spiegel* [reported](#) a rift between Berlin and **NATO** over the organisation's Supreme Allied Commander in Europe, General Philip Breedlove's comments on Ukraine. The report – later [downplayed](#) by Foreign Minister Frank-Walter Steinmeier – cites government sources accusing Breedlove of spreading 'dangerous propaganda' regarding the extent of Russia's military activity in Ukraine and concludes that 'hawks in Washington seem determined to torpedo Berlin's approach' to Ukraine.
- Leading **US** Republicans and Democrats, in a 5 March [letter](#), urged Obama to approve lethal defensive aid to Ukraine and 'lead Europe in challenging this assault on international order, lest our foreign policy be held hostage by the lowest common denominator of European consensus'. However, the Obama administration [said](#) on 11 March that it instead will provide an additional US\$75 million in non-lethal military equipment to Kyiv, although the US Defense Secretary, the Chairman of the Joint Chiefs of Staff and the Director of National Intelligence have openly [denounced](#) Obama's refusal to send arms to Ukraine.
- European Commission President Jean-Claude Juncker's 8 March [call](#) for a common EU army to 'send a clear message to Russia that we are serious about defending European values' received mixed responses from EU Member States. While Germany's Defence Minister, Ursula von der Leyen, [backed](#) the idea, the position of a UK government spokesperson was 'crystal clear that defence is a national, not an EU responsibility'.

At the same time, analysts are debating possible responses to the perceived nuclear threat from Russia.

- Some analysts suggest that NATO should prepare nuclear capabilities in response to Russia's strategic focus on nuclear weapons. Matthew Kroenig from the non-partisan Atlantic Council think-tank [urged](#) NATO, on 5 March, to 'strengthen its nuclear declaratory policy and develop new, more tailored nuclear capabilities to provide a credible response to a limited Russian nuclear strike'.
- Others, for example, the liberal British weekly *The Economist*, [argued](#) on 7 March that the international community should defend the nuclear Non-Proliferation Treaty, which slows the spread of weapons by reassuring countries that their neighbours are not developing nuclear weapons.

Russian information warfare sparks NATO and EU responses

While military activity in eastern Ukraine has decreased for the time being, the hybrid war continues on other fronts. On the information front, Russia has significantly increased its efforts to influence traditional and social media. Despite its deteriorating [economic situation](#), Moscow has increased this year's budget for state-run TV station, RT, by 40% to 15.38 billion roubles (€255million), up from 11.87 billion roubles in 2014. The channel claims to have a worldwide reach of 700 million after expanding its Spanish service across South America. At the same time, state funding has been increased for state-run global news agency Rossiya Segodnya, a global news agency that [absorbed](#) the

state-run news agency RIA Novosti and Voice of Russia radio, both closed down by Putin in 2013.

The Kremlin's Dmitri Kiselev launched 'Sputnik' on 10 November 2014, a new state-run international 'media brand' aimed at promoting a 'multipolar world that respects every country's national interests, culture, history and traditions', according to Sputnik's [website](#). Sputnik has regional offices in Washington, Cairo, Beijing and Montevideo, and is available in 29 languages, including English, Chinese, Serbian, Ukrainian, and Turkish.

In addition to this, Moscow has set up an '[army](#)' of social media operators within the Domestic Policy Department of the Presidential Administration. The bloggers and so-called 'trolls' create fake accounts on social networks in order to publish and distribute pro-Kremlin information, and send spam messages to opponents on the Internet.

On the cyber-warfare front, pro-Russia hackers have [targeted](#) and assumed responsibility for cyber operations against the vote-counting system for Ukrainian elections. Defence and security firms BAE Systems identified that Snake malware was used against Ukrainian computer systems by 'committed and well-funded professionals' from within the Moscow time zone, potentially implying links to the Russian authorities.

Increased concern over Russian information warfare spreading beyond Ukraine

The annexation of Crimea sparked concern over the risk of Russian-language media stirring up ethnic Russian populations in other countries, for example in the Baltic States, which have between 20 and 37% Russian speakers. In response to the growing global cyber threat – including from Russia – NATO set up the Strategic Communications Centre of Excellence (StratCom) in January in Latvia, dedicated to information warfare. The centre's first report, '[Analysis of Russia's information campaign against Ukraine](#)' was published in October 2014. It concluded that Russian media are loyal to Kremlin foreign policy and use historical narratives and nostalgia to appeal to Russian communities, that Russia uses deception 'as a tactic to distract and delay', and that the Russian hybrid strategy is likely to work best in areas with larger Russian communities.¹

Amid growing international concerns over Russia's increasingly aggressive information war, the BBC World Service's former director Peter Horrocks has [warned](#) that the British service is being financially outmanoeuvred by Russian and Chinese state-owned news channels. Horrocks urged a review of UK spending overseas and called for extra World Service funding to counter the wave of Russian propaganda.

A number of EU countries have raised the possibility of creating a joint Russian-language TV station in response to the Kremlin's information policy. Viktors Marakrovs, adviser to Latvian Foreign Affairs Minister Edgars Rinkēvičs, [said](#) in January that Riga – in cooperation with several other EU members, including the UK, Estonia, Lithuania, Sweden and Denmark – is considering launching independent quality media in the Russian language. Marakrovs mentioned the possibility of creating a generalist TV channel providing high quality TV shows, as opposed to the existing Russian-language version of Euronews, which is only a news channel.

European leaders are expected to [ask](#) High Representative Federica Mogherini at the European Council meeting on 19 and 20 March to draw up an action plan on strategic communication before the June European Council, in order to counter Russian 'disinformation campaigns' over the conflict in Ukraine and to support media freedom and European values in Russia.

European Parliament concerns over the escalating situation in Ukraine

A Foreign Affairs Committee [opinion](#) for the Committee on International Trade on the Commission proposal on granting **EU macro-financial assistance** to Ukraine (drafted by Jacek Saryusz-Wolski, EPP, Poland), adopted by a large majority on 9 March, urges the EP to 'agree on the decision for a Macro-Financial Assistance to Ukraine under an expedited procedure, without amendments'. It also calls on the EU to 'explore creative non-financial avenues that could ease Ukraine's financial situation and thus diminish its need for future financial assistance'.

In its latest [resolution](#) on the situation in Ukraine, adopted on 15 January 2015, the EP strongly condemns Russia's 'aggressive and expansionist policy, which constitutes a threat to the unity and independence of Ukraine and poses a potential threat to the EU itself, including the illegal annexation of Crimea and waging an undeclared hybrid war against Ukraine, including information war, (...) use of regular and irregular forces, propaganda, economic pressure, energy blackmail, diplomacy and political destabilisation'.

Ahead of the 19-20 March European Council meeting, most MEPs in a plenary debate on 11 March [urged](#) Member States to remain united and firm with regard to Russia, monitor the implementation of the Minsk peace agreement, and consider ways to lend more economic support to Ukraine.

Outlook: next steps

A potential separatist assault on Mariupol and the possible failure of Minsk II would **increase pressure on the international community** not only to step up sanctions, which could go as far as to the '[extreme](#)' option of banning Russia from using the SWIFT electronic financial-messaging system – thus severely [complicating](#) Russia's global trade and investment activities – but also to provide lethal weapons to Ukraine.

The March European Council [meeting](#) will focus on the [Energy Union](#), following the Commission's communication of 25 February, partly with a view to reducing the EU's dependence on Russian gas. EU leaders are also expected to discuss the **implementation of the Minsk II agreement** and 'agree on further steps'. However, there is disagreement over the possibility of [prolonging](#) the existing economic sanctions against Russia – agreed in June and July 2014 and which need to be renewed after one year – up to December 2015, to maintain pressure on Russia to implement Minsk II.

The 'winter package' of **gas supplies** from Russia to Ukraine expires on 31 March. The EU plans to mediate Russia-Ukraine [negotiations](#) on the 'summer package' at the end of March, attempting to secure gas supplies to Ukraine.

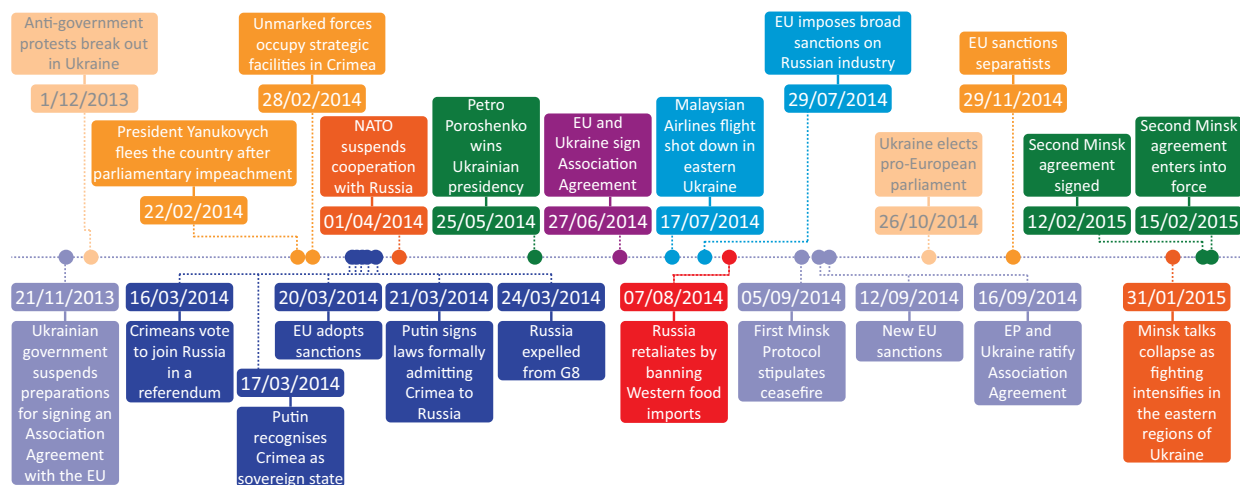
The EU's **Eastern Partnership** (EaP), which covers Ukraine, Moldova, Belarus, Georgia, Armenia and Azerbaijan and is a bone of contention between the EU and Russia, will be reviewed at a summit in Riga on 22 and 23 May in the light of the [changing relationship](#) between EaP countries and Russia.

Background: how the Ukraine crisis started

The on-going crisis in [Ukraine](#) erupted after former President, Viktor Yanukovich, 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, Yanukovich stepped down and fled to Russia. Moscow responded by [annexing](#) the Crimea in March 2014, sparking international condemnation and wide-ranging [EU sanctions](#); 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 ['elections'](#) on 2 November, highlighting Kyiv's lack of power in the region.

Figure 2 – Timeline: November 2013 – February 2015



Source: [Ukrainian crisis](#)

International sanctions targeting Russia

In 2014, the EU and the US imposed a series of [restrictive measures](#) targeting Russia. 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 expanded by the [Council](#) in February 2015 to include an additional 19 individuals and nine entities, following the shelling of Mariupol and escalation of fighting in the Donetsk/Luhansk regions.

Main references

[Protocol on the results of consultations of the Trilateral Contact Group](#), signed in Minsk, 5 September 2014.

[Set of Measures to Implement the Minsk Agreements](#), signed in Minsk, 12 February 2015.

[Joint declaration](#) on the Set of Measures to Implement the Minsk Agreements, 12 February 2015.

[Fact sheet on EU-Ukraine relations](#), 17 February 2015

[Analysis of Russia's information campaign against Ukraine](#), October 2014

Endnotes

¹ At the moment, Russian domestic media consumers seem unlikely to turn to Western media sources for information. A poll published on 12 November 2014 by the independent Levada Centre [indicated](#) that 88% of the population in Russia believe the US and other Western countries are engaging in an information war against Russia. Only 4% dissented from this view.

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