

Testimony
Before the
Senate Foreign Relations Committee

Ambassador Paula J. Dobriansky
Former Under Secretary of State for Democracy & Global Affairs;
Senior Fellow, Future of Diplomacy Project at Harvard University
JFK Belfer Center for Science and International Affairs

October 8, 2015

"The Economic and Political Future of Ukraine"

CHAIRMAN CORKER, RANKING MEMBER CARDIN AND MEMBERS OF THE SENATE FOREIGN RELATIONS COMMITTEE, I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY CONCERNING WHY UKRAINE'S ECONOMIC AND POLITICAL FUTURE MATTERS AND WHAT SHOULD BE DONE TO SECURE IT.

THIS HEARING IS BOTH TIMELY AND ESSENTIAL. WHILE RUSSIAN AIRSTRIKES IN SYRIA HAVE PROPERLY CAUSED THE GLOBAL COMMUNITY TO FOCUS ON EVENTS PLAYING OUT IN THE MIDDLE EAST, ATTENTION HAS UNFORTUNATELY BEEN DIVERTED FROM THE GRAVE SITUATION IN UKRAINE. RUSSIA CONTINUES ITS ILLEGAL OCCUPATION OF CRIMEA AND HAS EMBARKED ON A VARIETY OF MEASURES, DESIGNED TO FINALIZE ITS UNLAWFUL ANNEXATION OF THAT PORTION OF UKRAINE'S TERRITORY. MEANWHILE, MOSCOW-LED AGGRESSION CONTINUES UNABATED IN EASTERN UKRAINE, IN VIOLATION OF THE MINSK CEASEFIRE AGREEMENT. MORE THAN 6,400 UKRAINIANS HAVE LOST THEIR LIVES AND MORE THAN 1.5 MILLION HAVE BEEN DISPLACED BECAUSE OF RUSSIA'S INVASION.

AT THE SAME TIME UKRAINE IS FIGHTING A WAR ON ITS EASTERN FRONT, THE KIEV GOVERNMENT SEEKS TO RE-VITALIZE ITS ECONOMY AND SECURE NEEDED WESTERN AID. THEIR CIRCUMSTANCES ARE EXTREMELY DIFFICULT, AS MOSCOW CONTINUES TO DESTABILIZE UKRAINE BY ADDING

TO ITS WAR COSTS, KEEPING ENERGY PRICES ARTIFICIALLY HIGH, RESISTING EFFORTS AT DEBT RESCHEDULING OR REDUCTION, BLOCKING UKRAINE'S TRADE AND INHIBITING FOREIGN INVESTMENT THERE. DESPITE THESE MAJOR CHALLENGES, THE UKRAINIAN GOVERNMENT HAS ACHIEVED SOME NOTABLE PROGRESS: PARTIAL DEBT RESCHEDULING, IMPROVED TAX COLLECTION, REDUCED GOVERNMENT PROCUREMENT, PASSAGE OF ANTI-CORRUPTION LAWS, DISCLOSURE OF ASSETS OF MEMBERS OF PARLIAMENT, AND CURBED ENERGY SUBSIDIES. CHANGE AND SUBSTANTIAL REFORM IN UKRAINE WILL TAKE TIME -- BUT IT IS AN EFFORT WHICH IS BOTH IN UKRAINE'S INTEREST AND IN OUR NATIONAL SECURITY INTEREST. ACCORDINGLY, IT DESERVES OUR STEADFAST, LONG-TERM SUPPORT.

MOSCOW'S AGGRESSION AGAINST UKRAINE IS A COMPONENT OF PUTIN'S STRATEGIC VISION, WHICH HE HAS LAID OUT OPENLY IN A SERIES OF SPEECHES, NOT ISOLATED MISBEHAVIOR. CLEARLY UNDERSTANDING HIS DESIRE TO REVERSE THE CONSEQUENCES OF THE SOVIET UNION'S COLLAPSE AND A REJECTION OF THE EXISTING INTERNATIONAL SYSTEM'S LEGITIMACY IS CENTRAL TO UNDERSTANDING WHY LONG-TERM SUPPORT FOR UKRAINE IS SO CRUCIAL.

THE ATLANTIC COUNCIL HAS OUTLINED THE TASK AT HAND - - "SECURE EUROPE'S EAST - - SUPPORT UKRAINE". THEIR EXPERTS CALL FOR THREE (3) BASIC STEPS: 1) STOP PUTIN THROUGH ENHANCED ECONOMIC

SANCTIONS, 2) SUPPORT UKRAINE THROUGH INCREASED U.S. ECONOMIC ASSISTANCE AND MILITARY AND HUMANITARIAN AID, AND 3) STRENGTHEN NATO.

WHAT HAPPENS IN UKRAINE IS NOT JUST EUROPE'S CONCERNS. BOTH THE UNITED STATES AND EUROPE HAVE A STAKE IN SEEING A DEMOCRATIC, ECONOMICALLY STRONG UKRAINE.

RUSSIA'S INVASION OF UKRAINE, STARTING IN FEBRUARY 2014 IN CRIMEA, MARKS THE FIRST ANNEXATION OF ONE EUROPEAN COUNTRY'S TERRITORY BY ANOTHER SINCE WORLD WAR II AND THREATENS THE NORMATIVE ORDER AND GEOSTRATEGIC STABILITY IN EUROPE. OUR VALUES, INSTITUTIONS AND ALLIANCES HAVE BEEN DIRECTLY CHALLENGED. PUTIN ABROGATED THE 1994 BUDAPEST MEMORANDUM AND OTHER AGREEMENTS WHICH HAVE KEPT THE PEACE IN EUROPE FOR DECADES AND BUTTRESS NUCLEAR NON-PROLIFERATION. TO NOT ACT AND LEAVE PUTIN'S AGGRESSION UNCHALLENGED SENDS A SIGNAL TO OTHER AUTHORITARIAN REGIMES THAT THEY TOO CAN COMMIT ACTS OF AGGRESSION WITHOUT CONSEQUENCES.

THE CRISIS IN UKRAINE HAS CREATED A HIGHLY DANGEROUS SITUATION IN EUROPE FRAUGHT WITH RISKS OF FURTHER RUSSIAN

AGGRESSION. THERE ARE SEVERAL IMPORTANT IMPLICATIONS TO CONSIDER:

- **FIRST, THIS CRISIS UNDERSCORES THAT THE END OF THE COLD WAR, WHICH SAW THE COLLAPSE OF THE SOVIET UNION AND THE CREATION OF MANY EUROPEAN ECONOMIC AND SECURITY INSTITUTIONS, HAS NOT RENDERED EUROPE IMMUNE TO NEW SECURITY AND POLITICAL CHALLENGES.**
- **SECOND, AS THE DEVELOPMENTS IN UKRAINE SINCE IT BECAME INDEPENDENT DEMONSTRATE, THE PATH TO DEMOCRACY IN POST-COMMUNIST COUNTRIES IS A DIFFICULT ONE FILLED WITH DANGERS, ESPECIALLY IF DOMESTIC PROBLEMS ARE EXACERBATED BY OTHER COUNTRIES. TO SURVIVE, UKRAINE NEEDS LONG-TERM ECONOMIC ASSISTANCE AND TARGETED MILITARY AID THAT CAN AUGMENT THE FIGHTING CAPABILITIES OF THE UKRAINIAN MILITARY.**
- **THIRD, THE UKRAINIAN CRISIS HIGHLIGHTS THE PRECARIOUS SECURITY OF THE BALTIC STATES AND THEIR EXTREME VULNERABILITY TO RUSSIAN PRESSURE AND POTENTIAL MILITARY ACTION. THE FAILURE OF THE WEST TO CONFRONT RUSSIA MORE DIRECTLY IN UKRAINE HAS EMBOLDENED MOSCOW TO TAKE PROVOCATIVE ACTIONS ALONG OTHER PARTS OF ITS PERIPHERY.**
- **FOURTH, NEW THINKING IS NEEDED ON SANCTIONS.**
- **FIFTH, THE ASSUMPTION THAT POST-COMMUNIST RUSSIA HAS BECOME A RESPONSIBLE MEMBER OF THE INTERNATIONAL**

COMMUNITY SEEKING TO WORK WITHIN THE FRAMEWORK OF EXISTING INTERNATIONAL INSTITUTIONS AND THE RULE OF LAW HAS PROVEN TO BE UNFOUNDED.

- **LAST, THERE IS NO SUBSTITUTE FOR AN ENGAGED AMERICAN POLICY TO EXERCISE ROBUST LEADERSHIP.**

LET ME CLOSE BY BRIEFLY ELABORATING ON ECONOMIC SANCTIONS AND MILITARY ASSISTANCE TO UKRAINE. UKRAINE'S PRESIDENT POROSHENKO HAS REQUESTED MILITARY AID AND TRAINING FROM THE WEST. SPECIFICALLY, HE HAS REQUESTED ANTI-TANK WEAPONRY, ANTI-BATTERY RADAR SYSTEMS AND OTHER TYPES OF DEFENSIVE MILITARY EQUIPMENT. WE MUST ACT UPON THIS REQUEST.

WE MUST ALSO EXTEND AND EXPAND ECONOMIC SANCTIONS, WHICH WILL IMPOSE A HEIGHTENED COST FOR RUSSIA'S AGGRESSIVE ACTIONS.

DESPITE MOSCOW'S FAR-REACHING STRATEGIC ASPIRATIONS, RUSSIA IS OPERATING FROM A WEAK POSTURE. THE RUSSIAN ECONOMY CONTINUES TO SHRINK. RUSSIA'S GREATEST VULNERABILITY MAY BE ITS REFINERIES. WHILE RUSSIA IS ONE OF THE WORLD'S TOP ENERGY PRODUCERS, ITS REFINING FACILITIES ARE ANTIQUATED, HAVE NO SPARE CAPACITY AND MUST BE REFURBISHED WITH WESTERN SPARE PARTS ON A CONTINUOUS BASIS. MUCH OF THIS EQUIPMENT IS OF U.S. ORIGIN. IF CONGRESS WERE TO ENACT STATUTORY SANCTIONS, PLACING AN

EMBARGO ON EXPORTS TO RUSSIA OF REFINERY PUMPS, COMPRESSORS, CONTROL EQUIPMENT AND CATALYTIC AGENTS, IT WOULD CAUSE WIDESPREAD SHORTAGES OF REFINED PRODUCTS, PUTTING TREMENDOUS PRESSURE OF RUSSIA'S CIVILIAN ECONOMY AND MOSCOW'S ABILITY TO CARRY OUT MILITARY OPERATIONS.

IN SUM, THE MOST EFFECTIVE STRATEGY IS TO PROVIDE MILITARY, ECONOMIC, AND HUMANITARIAN ASSISTANCE TO UKRAINE IN THE LONG-TERM.

I LOOK FORWARD TO YOUR QUESTIONS.