



**Congressional  
Research Service**

Informing the legislative debate since 1914

---

# Ukraine: Current Issues and U.S. Policy

**Steven Woehrel**

Specialist in European Affairs

July 8, 2014

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RL33460

## Summary

After a failed effort to violently disperse pro-European Union protests, the government of Ukrainian President Viktor Yanukovich collapsed on February 21, 2014. The Ukrainian parliament approved a new pro-reform, pro-Western government on February 27. Russia has condemned the new government in Kyiv as illegitimate and responded by sending troops to seize Ukraine's Crimea region. Ignoring international condemnation, Russia annexed Crimea on March 18. In April and May 2014, armed men seized government buildings in several cities in eastern Ukraine, mainly in the Donbas region. On May 11, the separatists held "referendums" on self-rule, after which they proclaimed their independence from Ukraine. U.S. and Ukrainian officials charge that Russian intelligence officers in Ukraine are coordinating the unrest and note that the separatists have received men and equipment from Russia. On May 25, Petro Poroshenko, a pro-Western billionaire businessman, was elected as President of Ukraine.

Ukraine's new government faces serious economic problems. Ukraine has long-standing problems in attracting foreign investment, in part due to rampant corruption and other shortcomings in the rule of law. In May 2014, the Ukrainian government received the first installment of a \$17 billion IMF loan. The European Union has unveiled an 11.175 billion Euro (about \$15.5 billion) aid package for Ukraine. The EU has also imposed sanctions on 61 persons from Ukraine and Russia held responsible for undermining Ukraine's sovereignty and territorial integrity, as well as two Crimean companies.

The Administration requested and received funding from Congress for \$1 billion in loan guarantees for Ukraine. The Administration says that the United States is providing over \$184 million in aid to Ukraine this year (not including the \$1 billion loan guarantee) to help Ukraine carry out political and economic reforms. The Administration strongly condemned Russia's annexation of Crimea. In March the Administration announced asset freezes against 16 senior Russian officials, four wealthy figures from Putin's "inner circle," and one Russian bank. In April, the Administration added seven senior Russian officials and 17 companies. President Obama has warned that the United States and its allies may impose additional sanctions on Russia unless it de-escalates the conflict in Ukraine.

Congressional action has focused on providing assistance to the new Ukrainian government and supporting sanctions against Russia for its occupation of Crimea. On March 27, the Senate approved an amended version of H.R. 4152 by voice vote. The Senate-passed version of H.R. 4152 requires the U.S. government to assist Ukraine to recover assets stolen by the previous regime through corruption; authorizes \$50 million in U.S. aid in FY2015 to help Ukraine carry out political and economic reforms; authorizes \$100 million in security assistance for Ukraine and other Central and Eastern European countries for FY2015-FY2017; and requires the President to impose visa bans and asset seizures against persons in Ukraine and Russia who are responsible for violence or undermining the peace, security, stability, sovereignty, or territorial integrity of Ukraine. The bill also "encourages" the President to impose these sanctions on Russian figures responsible for corruption in Russia and requires an annual report by the Secretary of Defense on military and security developments involving the Russian Federation.

On April 1, the House passed the Senate-amended version of H.R. 4152 by a vote of 378-34. On April 3, President Obama signed H.R. 4152 into law, as well as S. 2183, a related bill requiring Radio Free Europe-Radio Liberty and Voice of America to increase broadcasting in eastern Ukraine, Crimea, and Moldova.

## Contents

Background.....	1
The EuroMaidan and the Collapse of the Yanukovych Regime.....	1
Russia’s Seizure of Crimea and Support for Insurgents in Eastern Ukraine .....	2
Current Political Situation .....	4
Current Economic Situation.....	4
Ukraine’s Foreign Policy .....	5
European Union.....	6
Russia .....	7
Energy Issues.....	10
U.S. Policy.....	11
Reaction to the Russian Annexation of Crimea and Efforts to Destabilize Other Parts of Ukraine.....	11
Congressional Response.....	14
U.S. Aid to Ukraine.....	14
Other Legislation.....	16

## Figures

Figure 1. Ukraine.....	18
------------------------	----

## Contacts

Author Contact Information.....	18
---------------------------------	----

## Background

Ukraine, comparable in size and population to France, is a large, important, European state. It occupies the sensitive position between Russia and NATO member states Poland, Slovakia, Hungary, and Romania. Many Russian politicians, as well as ordinary citizens, have never been fully reconciled to Ukraine's independence from the Soviet Union in 1991, and feel that the country belongs in Russia's political and economic orbit. The U.S. and European view (particularly in Central and Eastern Europe) is that a strong, independent Ukraine is an important part of building a Europe whole, free, and at peace.

Since Ukraine achieved independence in 1991, Ukraine's political scene has been dominated by "oligarchs" (powerful, politically well-connected businessmen, mainly based in eastern and southern Ukraine), which have divided up the country's economic assets among themselves and raided the government budget for their own profit. President Viktor Yanukovich, who was elected in February 2010, drew his main support from oligarchs from the Donetsk Basin (Donbas) region of eastern Ukraine. His government was criticized for massive high-level corruption, in part committed by Yanukovich's own family and close associates. U.S. and EU officials expressed strong concern over the government's human rights record, especially the targeting of opposition leaders for selective prosecution. In the most prominent case, Yuliya Tymoshenko, Yanukovich's opponent in the 2010 presidential vote, was convicted of abuse of power in 2011 arising out of her role in signing a natural gas supply agreement with Russia and sentenced to seven years in prison.

## The EuroMaidan and the Collapse of the Yanukovich Regime

Many observers have believed that, despite growing dissatisfaction with the government, there was little likelihood of public unrest in Ukraine, given widespread disillusionment with the political class as a whole. However, in November 2013, the government made a last-minute decision to not sign an Association Agreement with the European Union, due to Russian pressure. The about-face sparked anti-government demonstrations. On November 30, Ukrainian special police attacked and viciously beat peaceful protestors (many of them young people) in Kyiv's central *Maidan Nezalezhnosti*, or Independence Square. The action outraged many Ukrainians, and resulted in a massive upsurge in participation in the protests in Kyiv. Smaller protests occurred in other Ukrainian cities, mainly in opposition strongholds in western and central Ukraine. Observers noted that demonstrators were not just protesting against Ukraine's failure to sign the Association Agreement, but against the government's lack of respect for the basic human dignity of Ukraine's citizens.

Through the next three months, the Yanukovich government alternated between attempted crackdowns and conciliatory gestures. On February 18 the government embarked on its most violent crackdown attempt against the *Maidan*, one that quickly resulted in the regime's own demise. Elite "*Berkut*" riot police attempted to clear protestors from the *Maidan* and other areas of Kyiv, with the support of roving gangs of street thugs hired by the government. Over 100 persons were killed. Many hundreds more were injured. Many casualties were caused by firearms, mainly used by the police, including by snipers. The death toll may have caused support in the Ukrainian parliament for the crackdown and the regime to collapse. On February 20, it approved a resolution calling for the pullout of the Interior Ministry and military forces from Kyiv to their bases and a ban on the use of firearms. Once the police and military complied with the resolution, groups of protestors seized key government buildings. Yanukovich and many of

his supporters in the government and parliament fled the capital by February 21. Yanukovich and some of his closest supporters are currently in Russia.

After the flight of Yanukovich and his supporters, the Ukrainian parliament, now composed mainly of opposition deputies, rapidly passed sweeping measures. The parliament deposed Yanukovich as President on February 22 for abandoning his duties. On the same day, Yuliya Tymoshenko was released from prison. Oleksandr Turchynov, a long-time top aide of Tymoshenko, was elected as speaker of the parliament and made acting president until new presidential elections were held on May 25. The parliament restored the provisions of the 2004 Ukrainian constitution, eliminating changes made by Yanukovich to strengthen the presidency. Ex-President Yanukovich and dozens of other top officials of the former regime are being sought by police for their part in killing and injuring *Maidan* protestors and other regime opponents.

On February 27, the Ukrainian parliament approved a new government, headed by Arseniy Yatsenyuk, a former Prime Minister and leader of the Fatherland Party, which was founded by Tymoshenko. The government includes members of Fatherland, as well as Freedom, a far-right nationalist party, and *Maidan* activists, but no key figures from the former ruling regime. Nevertheless, many *Maidan* protestors view the new governing parties very skeptically, suspecting that they are nearly as opportunistic and corrupt as the Yanukovich regime.

Another challenge comes from far-right nationalist groups such as *Pravy Sektor* (Right Sector). Due to their key role in defending the *Maidan* and even taking the fight to the regime, and therefore suffering a significant number of deaths and injuries, they are highly respected among many protestors. On March 21, the government announced that it would disarm the armed groups. Government officials hoped that many of the men would join the army or a new National Guard that has been created. There were several disturbing incidents involving nationalist groups, particularly in the weeks after the collapse of the Yanukovich regime.

## **Russia's Seizure of Crimea and Support for Insurgents in Eastern Ukraine**

Russia responded to the change of government in Kyiv by seizing Ukraine's Crimean peninsula. Starting on February 27, heavily armed Russian-speaking troops poured into Crimea, seizing airports and other key installations throughout the peninsula. At the time, Russian President Vladimir Putin claimed that the troops were not Russian Federation military forces, but only local Crimean self-defense forces. In April 2014, Putin admitted that Russian Federation military forces did in fact invade Crimea. On March 16, the Crimean authorities held a referendum on Crimea's annexation to Russia. According to Crimean officials, Crimea's union with Russia was allegedly approved by 96.77% of those voting, with a turnout of 83.1%. Ukraine, the United States, the European Union, and other countries denounced the referendum as illegal and not held in a free or fair manner. Russian President Vladimir Putin signed a "treaty" with Crimean leaders on March 18 formally incorporating Crimea into Russia.

In addition to Russia's annexation of Crimea, the Ukrainian government has been struggling to establish control over eastern and southern Ukraine. In March 2014, thousands of pro-Russian protestors demonstrated in the region, especially in the cities of Donetsk and Luhansk in the Donbas region and in Kharkiv. Some demonstrators favor union with Russia, others only greater autonomy from the government in Kyiv. Demonstrators seized government buildings. They also faced off against pro-Maidan demonstrators. Unrest in eastern Ukraine soon took an even more

ominous turn in April 2014. Armed men stormed and occupied key government buildings and broadcast facilities in the key cities of Donetsk and Luhansk, as well in Slovyansk and more than a dozen other towns in the Donbas region. They erected roadblocks on major roads in the region.

The Ukrainian government says it has arrested Russian intelligence agents that it accuses of orchestrating the separatists' attacks and has released video, photographs, and audio recordings allegedly identifying others. Senior U.S. officials and NATO Supreme Allied Commander General Philip Breedlove have also said that they believe Russia is playing a leading role in the activities of the armed separatist groups in eastern Ukraine.

One striking factor in the conflict noted by Ukrainian leaders is the repeated failure of Ukrainian police and security forces to maintain or restore order in eastern and southern Ukraine. They have admitted that local police in Donetsk and Luhansk regions are "helpless" against separatist forces and have to be rebuilt from scratch. Explanations given for this phenomenon include low morale, corruption, and a lack of professionalism; alleged covert political games played by oligarchs affiliated with the previous regime; and sympathy for the separatists. Efforts by supposedly elite security forces to restore order have often met with humiliating failure and substantial casualties. Moreover, both Ukrainian and Western experts believe Ukrainian intelligence and security forces are thoroughly penetrated by Russian agents. Ukrainian leaders have increasingly used armed volunteers to supplement the regular security forces. Ukrainian forces have been limited in using heavy weaponry in cities, for fear of causing substantial civilian casualties.

On May 11, the armed separatist forces, in the guise of the "Donetsk People's Republic" and the "Luhansk People's Republic" held "referendums" on their "sovereignty." According to the organizers, the question was approved by 89% of those voting in Donetsk region, and by 96% in Luhansk region, with a turnout of 75%. No international observers monitored the vote, and witnesses reported rampant irregularities. The leaders of the "Donetsk People's Republic" and the "Luhansk People's Republic" declared their entities to be sovereign states after the vote.

The Ukrainian government denounced the referendums as illegal. Acting President Turchynov said the real turnout for the vote was 32% in Donetsk region and 24% in Luhansk. In doing so however, Turchynov may have tacitly conceded that the "republics" and/or independence may be supported by a significant minority of people in these regions, which is in fact consistent with recent public opinion polls. Public opinion polls have repeatedly shown that the overwhelming majority of people in eastern Ukraine do not support separation from Ukraine or annexation by Russia. However, polls also show great distrust in eastern Ukraine for the current government in Kyiv, in part, some analysts say, due to a massive propaganda effort in Russian media. The day after the vote, the leader of the Donetsk "republic" called on Russia to annex his "country."

On May 25, 2014, Ukraine held a presidential election. The winner was Petro Poroshenko, who took 54.7% of the vote. Poroshenko is a pro-Western billionaire whose holdings include Roshen, a leading chocolate brand in the region. His nearest competitor, former Prime Minister Yuliya Tymoshenko, won 12.81%. Voter turnout for Ukraine as a whole was 60.29%. The lowest turnout was in Donetsk region (15.37%) and Luhansk region (38.94%), where Russian-backed separatist gunmen seized polling places and used threats, kidnappings, and other forms of intimidation to stop the vote. An International Election Monitoring Mission, which included several Members of Congress, observed the elections. A preliminary statement from the mission said that the vote was "largely in line with international commitments and with a respect for fundamental freedoms in the vast majority of the country" despite the "hostile security environment" in Donetsk and Luhansk.

## **Current Political Situation**

President Poroshenko faces many difficult challenges. In addition to stabilizing the economy, perhaps the most urgent task is to restore order in the parts of the Donetsk and Luhansk regions that have been seized by armed separatists. After taking office, President Poroshenko announced a peace plan to end the conflict, which includes a cease-fire, the laying down of arms by the separatists, and the opening of “humanitarian corridors” so that civilians may leave the conflict areas. Poroshenko supports amnesty for the separatists, except those involved in serious crimes, and the repatriation of fighters who came from Russia. Poroshenko said he favors decentralizing Ukraine’s currently highly-centralized governing system and guaranteeing free use of the Russian language in Ukraine.

On June 20, President Poroshenko declared a one-week ceasefire to give time for the implementation of his plan. Reportedly under pressure from France and Germany, Ukraine reversed its former vow not to negotiate with “terrorists” and held talks with separatist leaders on June 23, some of whom agreed to abide by the ceasefire. A second round of talks took place on June 26 and achieved no measurable progress, according to observers. Participants in the talks included former Ukrainian President Leonid Kuchma (as Poroshenko’s representative), several Ukrainian politicians with very close ties with Russia, and Russia’s ambassador to Ukraine. The talks were facilitated by the Organization for Security and Cooperation in Europe (OSCE). The separatists rejected Poroshenko’s peace plan, and demanded the withdrawal of Ukrainian forces from their “republics.”

Ukraine then extended the ceasefire another 3 days at the request of European leaders. Separatist forces did not respect the ceasefire throughout its ten-day duration, and repeatedly attacked Ukrainian troops. They also continued to receive men and weapons from Russia. The Ukrainian government said that 27 Ukrainian soldiers were killed by the separatist forces during the period. Finally, on June 30, Ukraine restarted its “anti-terrorist operation.” In early July, Ukraine scored the most significant successes of its campaign so far by routing some of the most professional of the separatist forces from strongholds in Slovyansk, Kramatorsk, and other towns.

However, many of the fighters were able to flee to Donetsk and fortify positions there. Experts warn that an effort to drive the gunmen out of large cities such as Donetsk and Luhansk could result in significant military and civilian casualties, particularly if artillery and air strikes are used. So far Ukrainian forces are proceeding cautiously, by trying to surround Donetsk to cut off supplies to the gunmen. Ukrainian officials vow to hold no more talks with the fighters unless they agree to lay down their arms.

## **Current Economic Situation**

Ukraine is much poorer than other European countries, despite advantages such as rich soil, a strategic location, and a substantial heavy industrial sector. In 2011, Ukraine’s Gross Domestic Product (GDP) per capita in purchasing power parity terms was only 21% of that of the EU average and only 43% of Russia’s. In 2010 its foreign direct investment (FDI) per capita was \$979, less than half of that in Russia and about a quarter of Poland’s FDI per capita. Foreign companies often cite such issues as rampant corruption and serious shortcomings in the rule of law (including a weak judiciary) as key stumbling blocks to foreign investment.

Ukraine's political crisis has exacerbated the country's economic problems. Ukraine's currency, the hryvnia, has slid by nearly 30% this year. The fall in Ukraine's currency increases Ukraine's real debt burden (which is denominated in foreign currencies) and hurts ordinary Ukrainians, in part because it makes imported consumer items more expensive.

On April 30, 2014, the IMF approved a \$17 billion loan for Ukraine. Including the IMF loan, the accord is expected to unlock \$27 billion in international aid to Ukraine over two years. Ukraine has received the first \$3.2 billion tranche of the loan. Subsequent tranches will be released if Ukraine meets loan conditions. One of the main goals features of the IMF-supported reform plan is to reduce Ukraine's deficits. The budget deficit and the deficit of the state-owned gas firm Naftogaz would have reached a combined 12% of GDP this year, which would have been impossible to finance, according to the IMF. The reform plan will involve significant expenditure cuts, including cancelling wage and pension increases, cutting government employment and social spending, and cutting corruption through a new government procurement law. Revenue increases are also envisioned, including ending tax evasion schemes and other frauds. Naftogaz's deficit (7.5% of GDP in 2012) is targeted for elimination by 2018, partly by reforming the company, and partly by substantial increases in currently heavily subsidized domestic natural gas prices. Ukraine is obliged to keep a "flexible" exchange rate, which will likely mean a weak currency for the near future, although the IMF loan appears to have restored some degree of confidence in the hryvnia.

Prime Minister Yatsenyuk has said that his is a "kamikaze" government, given the political unpopularity of some of the decisions that are required as part of the IMF-mandated reform program. Ukraine's government already announced sharp increases in utility prices for domestic consumers. The new government expects inflation of 15.7% in 2014 and a drop in real GDP of 5%. The European Bank for Reconstruction and Development has predicted a GDP drop of 7% for 2014 and no growth for 2015. Ukraine's GDP dropped by 1.1% in the first quarter of 2014. IMF officials claim that the amount of fiscal consolidation required of Ukraine by the program is moderate; under the plan budget deficits are permitted to increase this year over last year, due to the poor performance of Ukraine's economy, before being required to head down in 2015.<sup>1</sup> Ukrainian officials say they need more funding than that envisioned so far by the IMF, the EU, the United States and other countries, due to the impact of the Russian aggression against Ukraine.

## Ukraine's Foreign Policy

The Ukrainian government's main foreign policy priorities are to secure international support for Ukraine's sovereignty and territorial integrity, including non-recognition of Russia's annexation of Crimea, as well as international assistance to ameliorate the country's dire economic situation.

The government says that NATO membership aspirations are not a current priority. However, Ukraine has requested assistance from NATO for its military. In June 2014, NATO agreed to set up trust funds to help Ukraine's military in such areas as logistics, command and control, and cyberdefense.<sup>2</sup>

<sup>1</sup> See <https://www.imf.org/external/pubs/ft/survey/so/2014/new043014a.htm>. For more on the economic situation in Ukraine, see CRS Report IN10066, *Economic Crisis in Ukraine*, by Rebecca M. Nelson

<sup>2</sup> For more on NATO's response to the Ukraine crisis, see CRS Report R43478, *NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe*, coordinated by Paul Belkin.



## European Union

The European Union's main instrument to promote European values and deepen economic ties with Ukraine is the Association Agreement. The agreement includes a free trade agreement with the EU, formally known as a Deep and Comprehensive Free Trade Agreement (DCFTA). Although the DCFTA further opens potentially lucrative EU markets to Ukraine, it also requires it to adopt EU legislation and standards and to gradually expose its own firms to tough competition from EU imports. Approximation to EU norms could also lead to increased foreign investment in Ukraine. Under intense pressure from Russia, which strongly opposed Ukraine's intention to sign the AA, the Ukrainian government announced on November 21 that it would not sign the agreement, the first in a series of events that led to the regime's demise three months later.

The collapse of the Yanukovich regime has improved prospects for a closer relationship with the EU. The EU and Ukraine signed the parts of Ukraine's Association Agreement dealing with political issues in March 2014, and the parts dealing with economic issues (including the DCFTA) were signed on June 27. However, the EU has already lifted tariffs from almost all Ukrainian imports at least through November 2014, when it is hoped the economic parts of the DCFTA will have come into force.

On March 5, the European Commission unveiled an 11.175 billion Euro (about \$15.5 billion) aid package for Ukraine. The package includes 1.6 billion Euro (about \$2.2 billion) in macro financial assistance loans to support Ukraine's government finances. The EU will also provide 1.565 billion Euro (about \$2.17 billion) in grant aid between 2014 and 2020 to assist Ukraine's reform efforts. The package includes up to 3 billion Euro (about \$4.16 billion) in loans from the European Investment Bank and 5 billion Euro (nearly \$7 billion) from the European Bank for Reconstruction and Development. In addition, the EU will establish a High Level Investment Forum/Task Force; help modernize Ukraine's natural gas transit system and work on reversing the flow of pipelines through Slovakia so that Ukraine can receive gas from the west; acceleration of Visa Liberalisation Action Plan; and technical assistance on a number of areas from constitutional to judicial reform and preparation of elections.<sup>3</sup>

On March 17, the day after Crimean authorities held a referendum on joining Russia, the European Union imposed a visa ban and an asset freeze on 21 figures from Ukraine and Russia who played roles in Russia's seizure of Crimea. On March 21, the EU imposed sanctions on 12 additional Russian leading figures, after President Putin signed an agreement with Crimean leaders incorporating the region into Russia.<sup>4</sup> On April 28, the EU added 15 more names to the list. On May 12, 2014, the EU added 13 additional names of Russian officials, and two companies based in Crimea.

The EU list includes some senior government officials and members of the Russian parliament, but also fairly low-level figures directly involved in the Crimea operation and efforts to destabilize Ukraine. In contrast to the United States, the EU has stopped short of sanctioning Putin's "inner circle" or key firms associated with them.<sup>5</sup>

<sup>3</sup> See [http://europa.eu/rapid/press-release\\_MEMO-14-159\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-159_en.htm).

<sup>4</sup> See <http://www.consilium.europa.eu/homepage/highlights/council-condemns-the-illegal-referendum-in-crimea?lang=en>.

<sup>5</sup> For the sanctions decision and the initial list of names, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0145&rid=5>. For the March 21 additions, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?> (continued...)

The European Union remains hesitant to impose additional sanctions on Russia, with many countries reluctant to face the possible economic consequences of possible Russian countermeasures. At a meeting of the EU Council on June 26-27, EU leaders noted that the European Commission had begun preparatory work on “targeted measures” (i.e., sanctions) against Russia. It then noted ambiguously that “in that respect” the Council “expects” by June 30 that certain conditions would be met, including “agreement on a verification mechanism, monitored by the OSCE, for the cease-fire and for the effective control of the border; return to the Ukrainian authorities of the three border checkpoints [held by the separatists]; release of hostages including all of the OSCE observers<sup>6</sup>; and launch of substantial negotiations on the implementation of President Poroshenko’s peace plan.”

Despite stating what appear to be conditions to Russia if it wishes to avoid sanctions, the Council stopped short of saying so, adding merely that it “will assess the situation, and should it be required, adopt necessary decision,” on possible sanctions. Indeed, the EU has so far not imposed additional sanctions on Russia, despite Russia’s failure to meet the conditions. Moreover, unlike the G7 summit communique adopted on June 5, the conditions do not include an explicit demand that Russia stop ongoing support for the separatists.<sup>7</sup>

In part for this reason, some observers have criticized the approach of the EU to the Ukraine crisis, and particularly the role of France and Germany in pressing Ukraine to declare a cease-fire and negotiate with the Russian-backed gunmen. They claim that their intervention has had the effect of doing Russia’s work for it—that is, of legitimizing the gunmen and allowing them to strengthen their positions militarily, so that Russia will be able to manipulate an ongoing “frozen conflict” as it does in Moldova and Georgia. These critics say that France and Germany may be motivated in part by a desire to return lucrative economic ties with Russia to a more normal footing as soon as possible.

## Russia

In some ways, recent Russian actions in Ukraine are the culmination of long-standing Russian resentment of the outcome of the Cold War. In 2005, Russian President Vladimir Putin called the collapse of the Soviet Union “a major geopolitical disaster.” Russian leaders have also asserted that the post-Soviet region is an area of privileged interests of Russia. Part of the justification for that assertion is an alleged right to protect Russian citizens and “compatriots” (persons deemed to be linked to Russia by language, culture, or ethnicity).

Moreover, Ukraine has a particularly important place in Russian psychology, according to many experts. Putin has referred to Ukrainians as “brothers” of the Russian people. Eastern Orthodox civilization, in which Russians see themselves as the leading force, got its start in Kievan Rus (a state centered on what is now part of Ukraine) when Prince Vladimir converted to Christianity in 988. Russians often point out that their ancestors spilled a great deal of their blood to incorporate

---

(...continued)

uri=CELEX:32014D0151&rid=2. For the April 28 additions, see <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0238&rid=1>. For the May 12 additions, see [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.137.01.0009.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.137.01.0009.01.ENG).

<sup>6</sup> The last OSCE hostages were released on June 28, as noted above, but other Ukrainian hostages remain in captivity.

<sup>7</sup> See [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/143478.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/143478.pdf).

Crimea and most of the rest of Ukraine into the Russian empire, and a great deal more to keep it within the empire (and its successor, the Soviet Union) through many wars.

Ethnic Russians make up 17.3% of Ukraine's population, according to the 2001 Ukrainian census. They are concentrated in the southern and eastern parts of the country. They make up 58.3% of the population in the Crimea (a peninsula in the Black Sea in southern Ukraine). In addition, many ethnic Ukrainians in the east and south also tend to be Russian-speaking, are suspicious of Ukrainian nationalism, and support close ties with Russia. Soviet leaders concentrated important heavy industries (including defense industry) in eastern Ukraine, which tied the region to Russia economically and fostered what many analysts have viewed as a lingering Soviet-style mindset there. This is particularly true of the Donbas region, on the border with Russia.

Observers also note the possible impact of domestic public opinion in Putin's calculations. Russia is currently suffering from stagnant economic growth, and Putin may have felt that seizing Crimea would appeal to Russian nationalist feeling for the reasons noted above, and result in a boost in his popularity. This has proved to be the case, at least so far. In late May 2014, Putin had an approval rating of 83%, according to the Levada polling firm. According to a Levada poll, less than half of Russians viewed Putin favorably in September 2013. Judging by the recent past, however, the boost may not last long; Putin had an even higher approval rating of 88% just after the 2008 war with Georgia.

Until the collapse of the Yanukovich regime in February 2014, Putin preferred using indirect methods of influence in Ukraine. These include "carrots," such as lucrative business deals with Ukrainian politicians and oligarchs, but also "sticks" such as de facto economic sanctions and using Russian media (which are very popular in Ukraine) to attack uncooperative leaders.

Russia reacted with hostility to the emergence of a new, more pro-Western leadership in Ukraine in February 2014. A Russian foreign ministry statement on February 24 claimed that "terroristic methods" were being used to suppress dissent in the Russian-speaking regions of the country. The statement also criticized "Western partners" for acting not out of concern for the people of Ukraine, but out of "unilateral geopolitical considerations." Russian forces invaded Ukraine's Crimea region in late February and annexed it in March.

Russia has also made strident demands on the subject of Ukraine's political future. In an interview on Russian television on March 29, Russian Foreign Minister Lavrov called for the disarming of *Pravy Sektor* and other armed Ukrainian nationalist forces; making Russian the second official language in Ukraine; and that constitutional reforms on "federalization" of Ukraine should begin under which the regions would have wide autonomy in the areas of the economy, finances, culture, language, education, and external economic and cultural ties with neighboring countries or regions. The new constitution would confirm Ukraine's neutral status.

Russia's federalization proposal appears to many analysts to be an effort to permanently cripple the central government in Kyiv, giving forces in eastern Ukraine under Moscow's sway a veto power over important decisions, including on Ukraine's current pro-Western orientation. Russia's plan appears to be broadly similar to the Dayton Peace Accords in Bosnia or the Kozak Memorandum, a 2003 Russian federalization proposal for Moldova. Federalization could also be used to give Russia enhanced control over key economic assets in the east, including defense industries.

Moscow has so far declined to recognize the Donetsk and Luhansk “people’s republics” as independent countries or annex them to Russia. However, Russian official statements indicate that Moscow is asserting that the “people’s republics” are a legitimate expression of the public will in the Donbas and that their “leaders” are legitimate interlocutors for Kyiv in determining the future of Ukraine.

If Moscow cannot pressure Kyiv to agree to its federalization plans, some analysts believe Russia may use the same tactics it has used in other former Soviet territories, including Transnistria in Moldova, and South Ossetia and Abkhazia in Georgia; to support and protect these self-declared independent states, leaving open the option of recognizing it later or even incorporating it into Russia. If such support and protection would include the introduction of alleged “peacekeeping forces” from Russia (also on the Moldova and Georgia model), Ukraine would be likely to resist militarily (including perhaps in the form of a guerrilla war) and Russia could face much stronger Western sanctions, including against key sectors of Russia’s economy. Moreover, such a move might not be popular domestically in Russia. According to a poll in late June by the Russian government-owned Public Opinion Research Center, two-thirds of Russians are against sending Russian troops into Ukraine to stop the fighting there.<sup>8</sup>

Even if Russia does not take recognize the separatist entities or send in “peacekeeping” troops to protect them, the chaos created by the Moscow-backed groups could still serve Russian goals. Russia could gain by discrediting a government that came to power by means of a popular revolution against a corrupt regime (an unwelcome precedent for Russia itself perhaps). The disorder could also cripple Ukraine’s efforts toward European integration, a key Russian goal.

Russia has taken other steps against Ukraine, including imposing some de facto trade sanctions against Ukrainian imports. Russia could decide to expand these sanctions into economic warfare against Ukraine, perhaps after Ukraine’s parliament ratifies the Association Agreement with the EU. Ukrainian government servers have been hit by sophisticated cyberattacks, which may have come from Russia, although no proof of this has been publicly disclosed so far. Russia could harass or expel some of the large number of Ukrainian citizens living and working in Russia.

Russia has taken some conciliatory steps toward Ukraine in recent weeks. U.S. and NATO officials confirmed that Russia reduced its forces along the border with Ukraine in late May, although substantial forces remain. On June 7, President Putin gave orders to tighten controls on Russia’s border with Ukraine in order to prevent people crossing illegally. High-level contacts have also resumed since President Poroshenko’s inauguration. Putin and Poroshenko have discussed the situation in Ukraine and Russian-Ukrainian relations in several telephone conversations, including sometimes with the participation of French President Francois Hollande and German Chancellor Angela Merkel. Foreign Ministers and lower-ranking officials from these countries have also conferred on the situation in eastern Ukraine.

On June 25, Russia’s Federation Council, at Putin’s request, repealed the resolution it had passed on March 1 authorizing the use of force in Ukraine. Russia may have also played a role in meeting another U.S. and EU demand, when on June 28 Russian-backed gunmen released the last of the eight OSCE monitors they had kidnapped.

---

<sup>8</sup> See <http://wciom.ru/index.php?id=459&uid=114885>.

On the other hand, some of Russia's actions may speak louder than words: men, money, and equipment (including several tanks, armored personal carriers, trucks, anti-aircraft missiles, and artillery) continue to come over the border from Russia. Some observers have explained the apparent variance between Russia's words and deeds as Putin's attempt to test how far he can go in destabilizing Ukraine while avoiding the imposition of additional sanctions by the EU and United States.

## **Energy Issues**

Energy is a key factor in Russian-Ukrainian relations. Ukraine is heavily dependent on Russia for its energy supplies. In 2012, 63% of Ukraine's natural gas consumption came from Russia as well as nearly three-quarters of its oil and other liquid fuels.<sup>9</sup> However, Ukraine's vulnerability to Russian pressure has been mitigated by the fact that the main oil and natural gas pipelines to Central and Western Europe transit its territory. In 2012, according to EU Energy Commissioner Gunter Oettinger, about 60% of Russian natural gas destined for Europe transited Ukraine. (Press reports put the figure for 2013 somewhat lower, at about 52%.) Past Russian efforts to greatly increase gas prices for Ukraine provoked a crisis that resulted in cutoff of Russian gas to Western Europe for several days in January 2006. A second gas crisis occurred in January 2009, resulting in a gas cutoff of nearly three weeks.

Russia has sought control of Ukraine's natural gas pipelines and storage facilities. Its efforts have been unsuccessful, due to Kyiv's refusal to cede control of one of its key economic assets. This fact, as well as the 2006 and 2009 gas cutoffs, has led Russia and some European countries to plan and build pipelines to bypass Ukraine. Gazprom has developed gas pipelines under the Baltic Sea (called Nord Stream) and through the Balkans (called South Stream) to Western Europe. Nord Stream made its first gas deliveries in 2011. In June 2014, Bulgaria stopped work on South Stream, at least temporarily, due to objections from the European Commission about the project's compliance with EU energy regulations.

Ukraine's reduced share of gas transport to Europe may have led Russia to feel it would have a freer hand to put greater pressure on Ukraine on other issues, including political ones. Key West European countries may also feel they have less of a stake in Ukraine's future, if they, like Russia, were no longer dependent on Ukrainian gas transport infrastructure. Indeed, in March 2014, Oettinger said that only 14% of the EU's natural gas consumption came from Russia via Ukraine, and that fact, along with gas storage facilities and pipeline interconnections in EU countries, has diminished Russia's leverage over the EU in a possible gas crisis. If relations between the EU and Russia continue to deteriorate, European countries could take more serious steps to find alternatives to Russian gas.

Russia has raised the natural gas price for Ukraine from \$268 per thousand cubic meters while President Yanukovich was in power to \$485 per thousand cubic meters of gas currently, an increase of about 80%. Ukraine refuses to pay the increased amount and is demanding a new gas contract with a lower price.

On June 16, Gazprom cut off gas supplies to Ukraine, due to its non-payment of outstanding debts, while still sending gas to Europe through Ukraine's pipeline system. Russian officials warn that Ukraine may siphon off Russian gas supplies meant for Europe. This has not occurred yet;

---

<sup>9</sup> U.S. Energy Information Agency Country Brief: Ukraine, <http://www.eia.gov/todayinenergy/detail.cfm?id=15411>.

Russian gas continues to flow to European countries despite the cutoff against Ukraine. Ukraine claims to have enough gas in storage to last until late this year. However, Ukrainian leaders concede that Ukraine will have to purchase additional gas supplies in the next few months in order to maintain enough pressure in the pipeline system to supply gas to Europe this winter. If it cannot, Europe may undergo its third gas cutoff in less than a decade.

Ukraine has few short-term alternatives to Russian natural gas. The best hope is to import cheaper gas from Central Europe, using the former Soviet gas transit pipelines in “reverse flow” mode. Ukraine has begun to import small amounts of gas from Poland and Hungary. However, a significant dent in Ukraine’s dependence on Russia cannot be made unless Kyiv can reach agreement with Slovakia, since the biggest capacity pipelines run through that country. In April 2014, the two sides reached agreement for Slovakia to supply a modest amount of gas to Ukraine, but Slovakia has declined so far to supply Ukraine with the much larger amounts of gas it needs, due to fear of retaliation from Gazprom.

In the long term, Ukraine could develop its own shale gas deposits and improve exploitation of its conventional gas reserves; import liquefied natural gas; or import gas from Azerbaijan, Central Asia, and elsewhere via pipelines through the EU’s planned Southern Energy Corridor. Ukraine will also have to make much greater strides in energy conservation.

## **U.S. Policy**

During Ukraine’s political upheaval in late 2013 and early 2014, Obama Administration officials urged Ukrainian leaders and the protestors to find a peaceful, democratic solution to the crisis. President Obama and Administration officials tried unsuccessfully to reassure Russia that the United States was not in a geopolitical competition with Moscow over Ukraine. The Administration reacted positively, but cautiously, to the collapse of the Yanukovich regime. A statement released by the White House on February 22 said that that day’s developments “could” move Ukraine toward the U.S. goals of a “de-escalation of violence, constitutional change, a coalition government, and early elections.” It stressed that “(t)he unshakeable principle guiding events must be that the people of Ukraine determine their own future.”

## **Reaction to the Russian Annexation of Crimea and Efforts to Destabilize Other Parts of Ukraine**

The United States has strongly condemned the Russian military invasion of Crimea and Russia’s ongoing efforts to destabilize eastern Ukraine. On March 3, President Obama said “the world is largely united in recognizing that the steps Russia has taken are a violation of Ukraine’s sovereignty, Ukraine’s territorial integrity; that they’re a violation of international law ...” President Obama acknowledged Russian ties to Ukraine, adding that “all of those interests I think can be recognized. But what cannot be done is for Russia, with impunity, to put its soldiers on the ground and violate basic principles that are recognized around the world.”<sup>10</sup>

---

<sup>10</sup> For a text of the press conference, see <http://www.whitehouse.gov/the-press-office/2014/03/03/remarks-president-obama-and-prime-minister-netanyahu-bilateral-meeting>.

President Obama has warned that there will be costs for Russia if it does not withdraw its troops from Ukraine. The United States has suspended some bilateral cooperation with Russia. On April 2, the Administration announced that it was suspending several projects planned under the aegis of the U.S.-Russia Bilateral Presidential Commission as well as some law enforcement cooperation activities and planned to use that funding for aid to Ukraine. The United States has also placed additional restrictions on defense-related exports to Russia.

On March 6, the Administration issued an Executive Order imposing visa bans and asset freezes against persons who “undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets....”<sup>11</sup> On March 17, the Administration announced visa bans and asset freezes against several senior figures from Russia and the secessionist Crimean government. On March 16 and 20, after Russia moved to annex Crimea, the Administration issued two additional Executive Orders expanding the scope of sanctions. They permit the Administration to freeze the assets of persons working in key areas of the Russian economy, including “financial services, energy, metals and mining, engineering, and defense and related materiel.”

On March 20, the Administration announced asset freezes on 16 high-ranking Russian government officials and members of parliament. Four additional persons, all wealthy businessmen, were sanctioned as members of Putin’s “inner circle.” One bank, Bank Rossiya, was also sanctioned due to its role as the personal bank of senior Russian officials.<sup>12</sup>

On April 28, the Administration imposed asset freezes on an additional seven senior Russian officials. They include Igor Sechin, the president of Rosneft, Russia’s leading oil company, and former chief of staff to Putin. The Administration also sanctioned 17 entities, including banks and other businesses. The companies appear to have been chosen due to their links to sanctioned persons in Putin’s inner circle, such as energy trader Genneddy Timchenko and bankers Arkady and Boris Rotenberg, or to Bank Rossiya.<sup>13</sup> Due to privacy laws, the names of those receiving visa bans have not been made public, but it is likely that they include those persons under asset freezes.

In a press conference in the Philippines on April 28, President Obama said the goal of the sanctions was to “change [Putin’s] calculus with respect to how the current actions that he’s engaging in in Ukraine could have an adverse impact on the Russian economy over the long haul, and to encourage him to actually walk the walk and not just talk the talk when it comes to diplomatically resolving the crisis in Ukraine.” He added that “... Russia has not yet chosen to move forward, and these sanctions represent the next stage in a calibrated effort to change Russia’s behavior. We don’t yet know whether it’s going to work. And that’s why the next phase if, in fact, we saw further Russian aggression towards Ukraine could be sectoral sanctions, less narrowly targeted, addressing sectors like banking or the defense industry.”<sup>14</sup> The sanctions

---

<sup>11</sup> See <http://www.whitehouse.gov/the-press-office/2014/03/06/executive-order-blocking-property-certain-persons-contributing-situation>.

<sup>12</sup> For a list of Russian figures sanctioned in March, see <http://www.treasury.gov/press-center/press-releases/Pages/jl23331.aspx>. For the text of the Executive Order greatly expanding the scope of sanctions, see <http://www.whitehouse.gov/the-press-office/2014/03/20/executive-order-blocking-property-additional-persons-contributing-situat>.

<sup>13</sup> For a list of Russian figures sanctioned in April, see <http://www.treasury.gov/press-center/press-releases/Pages/jl2369.aspx>.

<sup>14</sup> Please see [http://www.whitehouse.gov/the-press-office/2014/04/28/remarks-president-obama-and-president-benigno-\(continued...\)](http://www.whitehouse.gov/the-press-office/2014/04/28/remarks-president-obama-and-president-benigno-(continued...))

imposed so far appear to have had little effect on Russian behavior. Indeed, Russian-supported gunmen accelerated their seizures of buildings in the Donbas after the sanctions were imposed.

Administration officials condemned the May 11 “referendums” held by the separatists in eastern Ukraine as illegal and invalid. President Obama and Administration officials warned that the United States will impose additional sanctions on Russia if it disrupts Ukraine’s May 25 presidential election.

On May 25, President Obama congratulated the people of Ukraine on holding the presidential election, despite threats from Russian-backed separatists and on May 26, Obama congratulated Poroshenko on his victory. President Obama met with President-elect Poroshenko in Warsaw on June 4. The two leaders discussed Poroshenko’s plans for reforms, including in economic reform, improving the investment climate, fighting corruption, and reducing energy dependence on Russia. They also discussed a package of additional U.S. assistance to Ukraine to support reforms in these areas, as well as training and equipment for Ukraine’s law enforcement bodies and armed forces to help them deal with the crisis in eastern Ukraine. Vice President Biden attended President Poroshenko’s inauguration on June 7.

At the G7 summit in Brussels on June 5, the United States and its key allies sharply condemned Russia’s “illegal annexation of Crimea and actions to destabilize eastern Ukraine.” In the summit communique, the G7 leaders “urge[d] Russia to recognize the results of Ukraine’s presidential election; complete the withdrawal of its military forces on the border with Ukraine, stop the flow of weapons and militants across the border and to exercise its influence among armed separatists to lay down their weapons and renounce violence.” Despite listing these seemingly robust demands, the G7 leaders were more cautious on the subject of what they would do if they were not met, saying merely that they “stand ready” to impose additional sanctions “should events so require.”<sup>15</sup>

On June 22, Biden called President Poroshenko and expressed support for Ukraine’s unilateral ceasefire and talks with “civic leaders in eastern Ukraine.” The Vice President noted that the United States was working with other G7 countries on possible sanctions if Russia did not meet the conditions laid out in the G7 summit communique.<sup>16</sup>

On June 23, in a telephone conversation with President Putin, President Obama called upon Putin to “press the separatists to recognize and abide by the ceasefire and to halt the flow of weapons and materiel across its border into Ukraine. The President emphasized that words must be accompanied by actions and that the United States remains prepared to impose additional sanctions should circumstances warrant, in coordination with our allies and partners.”<sup>17</sup>

The Administration has not spoken in favor of unilateral U.S. sanctions against Russia, noting that it continues to work with EU and other countries on the issue. Press reports claim that U.S.

---

(...continued)

aquino-iii-philippines-joi. For more on the sanctions on Russia, see CRS Report IN10048, *U.S. Sanctions on Russia in Response to Events in Ukraine*, coordinated by Dianne E. Rennack.

<sup>15</sup> See <http://www.whitehouse.gov/the-press-office/2014/06/05/brussels-g-7-summit-declaration>.

<sup>16</sup> See <http://www.whitehouse.gov/the-press-office/2014/06/22/readout-vice-presidents-call-ukrainian-president-petro-poroshenko>.

<sup>17</sup> See <http://www.whitehouse.gov/the-press-office/2014/06/23/readout-president-s-call-president-putin-russia>.



business groups with interests in Russia have lobbied heavily against unilateral sanctions, warning that European competitors could take advantage of them to squeeze out U.S. firms. Nevertheless, the United States continues to develop a plan for additional sanctions, which reportedly could include banning transactions with large Russian banks, stopping technology transfers to Russian energy and defense firms, and halting business ties with Russian defense companies.<sup>18</sup>

## **Congressional Response**

### **U.S. Aid to Ukraine**

According to the USAID “Greenbook” website, the United States obligated over \$4 billion in aid to Ukraine from FY1990 through FY2012. According to other State Department figures, the United States allocated \$92.391 million in aid for Ukraine in FY2013 and \$86.125 million in FY2014.

In its FY2015 Congressional Budget Justification, likely drafted before the crisis in Ukraine, the Administration requested \$57 million in Economic Support Fund assistance for Ukraine. According to the document U.S. assistance will “help to strengthen democratic institutions and processes; enhance government accountability; support civil society, independent media, judicial reform, and anti-corruption efforts; improve conditions for investment, economic growth and competitiveness; improve energy security and clean energy investment; and help bring the damaged Chernobyl nuclear facility to an environmentally safe and stable condition and properly store its nuclear waste.” However, the document notes that given the recent changes in Ukraine, the “longer-term specifics of the program will be reviewed in light of changing circumstances.” Ukraine is also expected to receive \$6.5 million in USAID Global Health funding, \$22 million in State Global Health Funding, \$2.5 million in INCLE law enforcement aid, \$1.9 in IMET military training assistance, and \$2 million in Foreign Military Financing.

In March, the Administration unveiled the first details of an aid package for the new Ukrainian government. It included \$1 billion in loan guarantees in order to help “insulate vulnerable Ukrainians from the effects of reduced energy subsidies.” A reduction in energy subsidies is one of the most politically sensitive conditions the IMF put on its loan to Ukraine. The United States is also providing technical advisors to help the Ukrainian government deal with its financial crisis and to implement energy sector reforms. Other technical assistance would be provided to help Ukraine recover assets stolen by the previous regime and fight corruption. The United States also provided help so that Ukraine can hold free and fair presidential elections in May 2014. The United States would provide technical assistance on how Ukraine can use its rights as a WTO member to combat potential Russian trade sanctions. The Administration package would also provide advice and financing to help Ukrainian firms find new export markets and to enhance Ukraine’s energy efficiency, so that it can reduce its dependence on Russia.<sup>19</sup>

On April 21, the Administration unveiled a new aid package totaling \$50 million. Of this amount, \$11.4 million is being used to help Ukraine hold free and fair elections on May 25 and send

<sup>18</sup> See <http://www.nytimes.com/2014/06/25/world/europe/doubting-putin-obama-prepares-to-add-pressure.html>.

<sup>19</sup> For a fact sheet detailing proposed U.S. aid for Ukraine, see <http://www.whitehouse.gov/the-press-office/2014/03/04/fact-sheet-international-support-ukraine>.

experts to Ukraine on such issues as constitutional reform, local governance, public participation, and judiciary reform. The Administration package includes additional technical assistance to Ukraine to help the country on economic reform issues. In addition to three banking advisors already in Kyiv, the Administration said it would send additional advisors in such areas as public debt management, macroeconomic policy, and budget and tax administration. U.S. experts are advising Ukraine on securing reverse flows of natural gas from Poland, Hungary, and Slovakia; increasing its domestic conventional gas supply; implementing contracts signed in 2013 for shale gas development in Ukraine; and improving energy efficiency. The United States will expand technical help to Ukraine on fighting corruption and will help coordinate international efforts to repatriate to Ukraine funds stolen by members of the Yanukovich regime. To improve people to people ties, the United States plans to extend the validity of visas for businesspeople and tourists to 10 years from the current 5.<sup>20</sup>

In March 2013, Ukraine requested military aid from the United States. A full list of what Ukraine is seeking has not been disclosed, but press reports claim that Ukraine has asked for arms and ammunition, communications gear, intelligence support, aviation fuel, night-vision goggles, mine-clearing equipment, vehicles, medical gear, and other items. The Administration has declined so far to send lethal military aid to Ukraine, out of concern that it could make a diplomatic settlement of the crisis more difficult.

In an April 2014 fact sheet, the White House detailed an \$18 million security assistance package for Ukraine. The amount includes 300,000 Meals Ready to Eat (MREs) to Ukraine in March, at a cost of about \$3 million. The Administration is also providing an additional nearly \$7 million in health and welfare assistance to Ukraine's armed forces. An additional \$8 million in non-lethal includes explosive ordinance disposal equipment and handheld radios for Ukraine's military and engineering equipment, communications equipment, vehicles, and non-lethal individual tactical gear for Ukraine's border guards. The Administration says it is "actively reviewing" other Ukrainian requests.<sup>21</sup>

On June 4, the Administration announced an additional \$5 million in security assistance to Ukraine. The funding will pay for body armor, night vision goggles, and communications equipment. The Administration says that, in all, the United States has allocated \$23 million in security assistance to Ukraine since early March. The Administration also noted that senior U.S. defense officials met with their Ukrainian counterparts in April and early June to discuss U.S. support for Ukraine's defense reform and military-to-military cooperation.<sup>22</sup>

On June 7, the Administration announced an additional \$48 million in aid for Ukraine, pending consultation with Congress. The package will support economic reforms; assist constitutional reform, decentralization, and confidence-building in eastern Ukraine; strengthen Ukraine's border guards; support the fight against corruption; help diversify Ukraine's trade and increase its energy security.

The Administration says that, added together with previously budgeted funds, the United States is providing over \$184 million in aid to Ukraine this year, not including the \$1 billion loan

---

<sup>20</sup> For a fact sheet detailing the \$50 million aid package, see <http://www.whitehouse.gov/the-press-office/2014/04/21/fact-sheet-us-crisis-support-package-ukraine>.

<sup>21</sup> See <http://www.whitehouse.gov/the-press-office/2014/04/21/fact-sheet-us-crisis-support-package-ukraine>.

<sup>22</sup> See <http://www.whitehouse.gov/the-press-office/2014/06/04/fact-sheet-us-security-assistance-ukraine>.

guarantee.<sup>23</sup> (In May 2014, Ukraine issued the \$1 billion loan made possible by the U.S. loan guarantees. Ukraine was able to price the 5-year bonds at 28 basis points over Treasury bonds.)

The FY2015 foreign operations appropriations bill (H.R. 5013), approved by the House Appropriations Committee on June 24, contains \$215 million above the President's request in aid for Ukraine and other former Soviet countries facing Russian aggression. The Senate committee version of the bill, approved by the Senate Appropriations Committee on June 19, contains \$100 million in additional funds for this purpose.

## **Other Legislation**

The 113<sup>th</sup> Congress has passed legislation in response to the current political crisis in Ukraine. On January 7, 2014, the Senate passed S.Res. 319. Among other provisions, the resolution sponsored by Senator Murphy urges the United States and EU to work together to promote a peaceful resolution of the crisis that moves Ukraine toward a future in the Euro-Atlantic community; encourages all parties to avoid violence and engage in dialogue; and states that, in the event of further government violence against peaceful protestors, the President and Congress should consider whether to apply targeted sanctions, including visa bans and asset freezes, against individuals responsible for ordering or carrying out the violence.

On February 10, 2014, the House passed H.Res. 447 by a vote of 381-2. The resolution, introduced by Representative Eliot Engel on December 16, 2013, contains provisions broadly similar to those of S.Res. 319, including raising the possibility of sanctions against Ukrainian leaders if they use violence against protestors. The House Foreign Affairs Committee approved an amended version of H.Res. 447 on January 29. The new version takes into account the events that had occurred since the resolution's introduction. The resolution expresses support for the visa bans that the United States has already imposed on Ukrainian officials responsible for violence against protestors, and urges the Administration to consider additional sanctions against those responsible for the use of force.

On March 11, the House of Representatives approved H.Res. 499 by a vote of 402-7. Among other provisions, the resolution calls on NATO allies and European Union member states to immediately suspend military cooperation with Russia, including arms sales; calls for the United States and its allies to adopt visa, financial, trade, and other sanctions on senior Russian Federation officials, Russian and Ukrainian oligarchs, and others complicit in Russia's intervention and interference in Ukraine, majority state-owned banks and commercial organizations, and other state agencies, as appropriate; and calls on the United States to work with its allies and other countries to aid Ukraine's economic recovery efforts.

On March 6, the House passed H.R. 4152 by a vote of 385-23. The bill funds the loan guarantees requested by the Administration for Ukraine from the amounts appropriated for FY2014 for the Economic Support Fund, and from unobligated balances for State Department and Foreign Operations funding for prior years.

On March 27, the Senate approved an amended version of H.R. 4152 by voice vote. The bill includes the loan guarantees for Ukraine, but also provisions of S. 2124, which had been

---

<sup>23</sup> See <http://www.whitehouse.gov/the-press-office/2014/06/07/fact-sheet-us-assistance-ukraine>.

approved by the Senate Foreign Relations Committee on March 12. These portions of the Senate-passed version of H.R. 4152 require the U.S. government to assist Ukraine to recover assets stolen by the previous regime through corruption; authorize \$50 million in U.S. aid in FY2015 to help Ukraine carry out political and economic reforms; authorize \$100 million in security assistance for Ukraine and other Central and Eastern European countries for FY2015-FY2017; and require the President to impose visa bans and asset seizures against persons in Ukraine and Russia who are responsible for violence or undermining the peace, security, stability, sovereignty, or territorial integrity of Ukraine. The bill also “encourages” the President to impose these sanctions on Russian figures responsible for corruption in Russia and requires an annual report by the Secretary of Defense on military and security developments involving the Russian Federation.

On April 1, the House passed the Senate-amended version of H.R. 4152 by a vote of 378-34. Representative Royce, who introduced a broadly similar bill (H.R. 4278) passed by the House on March 27, expressed his preference for the “more comprehensive” H.R. 4278, but supported passage of the Senate version of H.R. 4152 to “demonstrate bipartisan support for Ukraine.” President Obama signed the bill into law on April 3.

On April 1, the House also passed S. 2183, which requires Radio Free Europe-Radio Liberty and Voice of American to start a programming “surge” to provide accurate information to eastern Ukraine, Crimea, and Moldova in order to counteract inflammatory Russian propaganda. The bill authorizes up to \$10 million in appropriations for this effort. The provisions of S. 2183 were originally part of H.R. 4278, and were passed by the Senate as a separate bill on March 27 by unanimous consent. President Obama also signed S. 2183 into law on April 3.

On May 14, 2014, the House Armed Services Committee reported the FY2015 National Defense Authorization Act (H.R. 4435), which would prohibit U.S. funding for military-to-military cooperation, information sharing, and cooperative threat reduction and other nonproliferation activities with Russia.

**Figure I. Ukraine**



## Author Contact Information

Steven Woehrel  
 Specialist in European Affairs  
 swoehrel@crs.loc.gov, 7-2291