



## BRIEFING PAPER

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# Eastern Ukraine – dashed hopes?

By Ben Smith

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## Summary

Although it appears in newspaper headlines infrequently, the conflict in eastern Ukraine has not gone away. In February 2020 the UN said that the conflict had claimed some 13,000 lives, since in 2014 Russian-backed separatists took control of Crimea and parts of the Donetsk and Luhansk regions of eastern Ukraine.

The basis for negotiations in search of a political solution remain the 2014 and 2015 [Minsk agreements](#), the first negotiated between Russia, Ukraine and representatives of the Donetsk and Luhansk breakaway areas, and Minsk II negotiated between France, Germany, Russia and Ukraine. They are vaguely worded, however, and there is disagreement about the order in which agreed steps should take place.

Ukraine has taken legal action in various international courts.

In 2019, [Volodymyr Zelensky was handed a landslide election victory](#) on the promise of peace in eastern Ukraine, or the Donbas as it is known.

Since the election he has signalled some concessions to Russia, including proposing an advisory council to consult representatives of the breakaway regions—the “Donetsk People’s Republic” and its counterpart in Luhansk. This implicit recognition of the breakaway authorities was abandoned after an outcry in Ukraine.

Ukraine and the breakaway authorities swapped prisoners in 2020, but the release of prisoners convicted of offences in repressing the Euromaidan protests in 2014 was unpopular in Ukraine.

Ukraine’s moves do not appear to have brought any concessions from Russia, which still maintains that the conflict is just a domestic dispute for Ukraine. Many observers think that Russia is in no hurry to resolve the conflict and would like to see a weakened Ukraine that cannot join the EU or NATO.

The Normandy Format group – France, Germany, Russia and Ukraine – was due to have another meeting in April 2020 but that meeting has not taken place. There are recent reports of heavy weaponry being moved closer to the conflict zones.

Partly because of the coronavirus pandemic, in June 2020 the [IMF granted Ukraine a standby loan facility](#) of \$5 billion.

### **UK**

The UK supports Ukraine’s sovereignty and calls for Russia to stop fomenting violence.

A wide-ranging sanctions regime is in place against Russia as a result of its actions in Crimea and the Donbas. The UK continues to impose these EU-derived sanctions, although they have now been placed on a UK-only legal basis.

The UK used to argue strongly within the EU for a strong sanctions regime against Russia. The UK’s departure from the bloc increases uncertainty about the future of the sanctions regime.

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There is a [UK aid programme for Ukraine](#), involving both an element of humanitarian assistance due to the conflict, and development aid.

A Political, Free Trade and Strategic Partnership Agreement between the UK and Ukraine is close to being finalised; UK/Ukraine trade will no longer be subject to EU rules at the end of the transition period.

# 1. Fighting continues

There is continued fighting between Russia-supported separatists and Ukrainian Government forces in the Donbas region of eastern Ukraine, although it is rarely in the headlines.

In February 2020 [the UN said](#) the conflict had caused some 13,000 deaths and more than 28,000 wounded since it started in 2014. [1.4 million people have been internally displaced](#), and 3.4 million people need humanitarian aid.

In February, [intense shelling resumed](#), in spite of a shaky ceasefire, and several Ukrainian service personnel lost their lives.



[Source: BBC](#), February 2020

The upsurge undermined what some had hoped were cautious steps towards de-escalation.

## How did we get here?

Russian-backed separatists took control of parts of the Donetsk and Luhansk regions of eastern Ukraine in 2014, at the same time as separatists in Crimea, also backed by Russia, moved to split from Ukraine.

After negotiations between representatives of Ukraine, the Russian Federation, the two breakaway “republics” and the Organisation for Security and Co-operation in Europe (OSCE), a ceasefire plan for eastern Ukraine (the [Minsk Protocol](#)) was signed in September 2014. Fighting continued. In February 2015 leaders from France, Germany, Ukraine and Russia (the Normandy Format) agreed to a new ceasefire and a package of measures for the implementation of elections and a political resolution (the [Minsk II agreement](#)). The Minsk agreements remain the main internationally agreed plan for resolving the conflict.

## Prospects for the Minsk process

The question is whether the Minsk agreements are really the basis for the restoration of Ukrainian sovereignty. Chatham House specialists argue that Russia sees the Minsk agreements as the road towards a permanent *de facto* split in the Ukraine, reducing Ukraine's ability to move towards the EU and the West and, crucially, NATO.<sup>1</sup>

The International Crisis Group argued in April 2020 that the crisis is not just about Ukraine – it's also about the security setup in Europe and Russia's perception of insecurity; any solution to the Ukrainian conflict should address European security architecture as a whole.<sup>2</sup>

Veteran Russian commentator Dmitri Trenin argues that the conflict is likely to remain "frozen":

The ceasefire in Ukraine's Donbass region should remain stable and allow for humanitarian and economic exchanges across the line of contact. This is the most that can be done. Ukraine never liked the 2015 Minsk agreement, which stipulates amnesty for the separatists and near federal-level autonomy for Donbass. Russia, for its part, will not abandon Donbass for a vague and most probably empty promise of an end to sanctions. A solution to the frozen conflict in eastern Ukraine will likely remain out of reach for a long time.

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<sup>1</sup> Duncan Allen, [The Minsk Conundrum: Western Policy and Russia's War in Eastern Ukraine](#), Chatham House, 22 May 2020

<sup>2</sup> [Peace in Ukraine I: A European War](#), International Crisis Group, 27 April 2020

## 2. Ukraine

### Zelensky's peace offerings?

New President Volodymyr Zelensky's campaign in April 2019 offered peace in Donbas; he [won by a landslide](#). In July 2019 he gained a solid parliamentary majority in further elections, and he now dominates the Ukrainian political scene. Zelensky's priority is to achieve a ceasefire and to get Ukrainian prisoners of war returned home.

In October 2019, the Ukrainian Government signed up to the [Steinmeier Formula](#) to end the conflict.<sup>3</sup> The formula sets out the steps as follows:

- elections are held in the separatist-held territories under Ukrainian legislation, with the OSCE supervising.
- the OSCE judges the election to have been free and fair
- a special self-governing status for the territories is initiated
- Ukraine regains control of its eastern border with Russia.

Pro-Western and nationalist Ukrainians widely rejected the move as a capitulation to Russia. Nationalist currents in Ukrainian society resist many of the provisions of the Minsk agreements.

The Ukrainian Government proposes to include the Donbas in a general [decentralisation programme that began in 2014](#). A bill was presented to Parliament in December 2019, but it would give the Donbas far less autonomy than Russia would like to see.

In what looked like a concession to Russia, in March 2020 the Ukrainian Government discussed, for the first time, creating an advisory council including representatives of the "Donetsk People's Republic" and its counterpart in Luhansk. This implied a partial recognition of the breakaway authorities, something Ukraine had refused to do since 2014, despite Moscow's calls for talks with breakaway representatives.

The suggestion was very controversial, leading to demonstrations in Kyiv and firm opposition among more pro-Western members of the Rada (parliament). There were indications in March that the Ukrainian Government had since [abandoned the idea](#).

A Russian precondition for renewed talks was that Ukraine should withdraw further armed forces from the line of contact between Ukrainian separatist and official forces.

Zelensky's apparent tactic of giving small concessions (the withdrawal from the line of contact and the hint at recognition of the people's republics) may be to test the Kremlin's real intentions. Analysis for Chatham House suggests that there has been [little to show for it, however](#).

In March 2020 President Zelensky fired his prime minister and [reshuffled the cabinet](#). Many of the reforming ministers of Zelensky's first

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<sup>3</sup> Named after Germany's foreign minister in 2016, Frank-Walter Steinmeier.

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government have left. Zelensky's first Chief Prosecutor, Rouslan Riaboshapka, was sacked, reportedly for [refusing to investigate](#) Zelensky's predecessor, Petro Poroshenko. This was particularly disappointing for those that had welcomed Riaboshapka's efforts to clean up corruption. [Hopes for Ukrainian political reforms, as well as a peace deal in the east, are fading.](#)

The Rada has meanwhile been torn between confronting coronavirus and fulfilling the conditions for the next IMF support programme (worth \$5.5 billion) and its public spending constraints.

### International legal challenges

Ukraine has taken action in international tribunals over the annexation of Crimea and the Donbas conflict. Under the [Convention on the Elimination of all forms of Racial Discrimination](#), Ukraine accuses Russia of a policy of cultural eradication of ethnic Ukrainians and Crimean Tatars in Crimea. Under the International [Convention for the Suppression of the Financing of Terrorism](#) (ICSFT), Ukraine argues that Russia has financed terrorism by providing funds, weapons and training to illegal armed groups in eastern Ukraine. The downing of the Malaysian Airlines flight MH17 is central to this case. These two arguments were presented to the International Court of Justice in 2017; both treaties are binding on both Russia and Ukraine. On Russia's procedural objections to the Ukrainian case, the court has so far [found in Ukraine's favour](#). The case will represent an important precedent in international law.

Ukraine also brought a case before the European Court of Human Rights in September 2019 alleging that the annexation of Crimea was conducted not by local separatists but [organised by the Russian State](#) and conducted by the Russian military.

Separately, on 9 March 2020 the criminal trial of four individuals, three Russians and a Ukrainian, charged with the murder of 298 people in the Flight MH17 disaster, started in the Netherlands.

In April the [BBC reported that a high-ranking eastern Ukraine commander](#) known in the court papers as Vladimir Ivanovich could in fact be Colonel General Andrei Burlaka, a senior Russian secret service official.

The UK has donated £100,000 to help establish the MH17 court in the Netherlands. UK Foreign Secretary Dominic Raab [called on Russia to cooperate](#) with the trial, in accordance with [Security Council resolution 2166](#).

### 3. Russia

Russia describes the Donbas as a “domestic conflict” for Ukraine, despite the widespread allegations that Russia is behind the separatist unrest. Many people doubt that Vladimir Putin genuinely wants to resolve the conflict, preferring to set up a “frozen conflict” where the breakaway regions are maintained and supported by Russia, weakening the Kiev government and giving Russia strong leverage over its actions.<sup>4</sup>

Crucially, Russia wants elections to be held before Ukraine regains control of its border with Russia (while Russia therefore still holds military sway over the regions). Russia also insists on early constitutional changes that would create a federal Ukraine and grant the breakaway territories special status.

Analysts argue that Russia’s goal is for those changes to leave the breakaway areas [“de jure within Ukraine but de facto under Russian control and influence”](#).

Russia is not in a great hurry to resolve the situation, believing time is on its side, unlike President Zelensky, who wants quick results to fulfil election promises.

Vladislav Surkov had led the Kremlin’s Ukraine negotiations (and relations with other former Soviet states) since 2013, and is seen in Ukraine as a hard-liner. He was replaced in February 2020 by veteran Kremlin official Dmitry Kozak. So far, however, that has not been a change in the Russian position.

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<sup>4</sup> For more on this see the Commons Briefing Papers [\*Ukraine: towards a frozen conflict?\*](#), September 2014 and [\*Cool conflicts in Russia’s neighbourhood\*](#), January 2019

## 4. Recent developments

In December 2019 a meeting of the 'Normandy format', brokered by Angela Merkel of Germany and Emmanuel Macron of France, brought Volodymyr Zelensky and Russian President Vladimir Putin together face-to-face for the first time.

The [final communiqué](#) of the meeting contained commitments to conduct a prisoner exchange, to pull back troops, to implement the existing ceasefire agreement and to give more powers to the international ceasefire monitors.

On 29 December 2019 Ukraine and the Donbas separatists conducted a prisoner swap, with about 200 people being released, the largest exchange so far. The Ukrainian Government released riot police officers suspected of killing protesters during the Euromaidan disturbances that led to the fall of the pro-Russian President in 2014. The release was [controversial in Ukraine](#).

the Normandy format participants agreed to meet again in April 2020. This meeting has not yet taken place.

Ukraine plans to hold local elections by Autumn 2020. For that to happen successfully Ukraine will have had to regain control of its eastern border and impose order in the breakaway areas, something analysts think is ambitious.

Meanwhile, [ceasefire violations recorded by the OSCE mission](#) increased in the first quarter of 2020, the number of weapons in violation of the ceasefire was also up and OSCE observers were impeded more often during the period.

The separatists continue to [impede the OSCE's](#) special monitoring mission. The ceasefire is not being fully observed and there are reports of [heavy weapons](#) being used along the contact line in the areas outside Ukraine's control.

### Coronavirus

Ukraine has reported [28,381 cases of covid-19](#) and 833 deaths. Those figures exclude the Donbas and Crimea. Reports suggest that there is [little testing in the Donbas](#). Health services are sparse, there are reportedly no ventilators and the breakaway areas have a high proportion of elderly people.

Despite these difficulties, an early decision to lock Ukraine down appears to have kept the virus [relatively well under control](#). Both sides have imposed restrictions on movement to [control the spread of the coronavirus](#). Russia has stopped foreigners from entering Russia because of the pandemic but continues to allow residents of the breakaway area to enter Russia.

UN agencies, the Red Cross and NGOs are also being prevented from reaching areas outside government control. The rebel authorities' reluctance to allow international organisations in means that it is difficult to deliver humanitarian aid to the region.

In April 2020 the Ukrainian foreign ministry called on Russia:

...as an occupying country to ensure the protection of life and health of the population of the temporarily occupied territories of Ukraine in the context of the COVID-19 pandemic.<sup>5</sup>

### **IMF funding**

Ukraine was already in some difficulty over financing imports and covering government expenditure; the Government was already [significantly in debt](#) (although that had been coming down) and the economy is projected to contract sharply in 2020.

This made it difficult for the Ukrainian Government to borrow to fund economic support measures when the coronavirus pandemic hit.

On 9 June 2020 the International Monetary Fund approved an 18-month [\\$5 billion stand-by arrangement for Ukraine](#). That facility will unlock further funds from the EU.

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<sup>5</sup> [‘Counted Out: Separatist-Held Areas Of Eastern Ukraine Don't Factor In Global Coronavirus Tally, But Face ‘Considerable’ Threat’](#), RFE/RL, 17 April 2020

## 5. UK policy

### UK policy

Baroness Sugg summarised the [UK Government's position](#) on 12 May 2020:

The UK is committed to supporting Ukraine's sovereignty and territorial integrity, and to ensuring the people of Ukraine are able to define their own future. We welcome President Zelensky's clear commitment to ending the conflict in eastern Ukraine. The Ukrainian people deserve peace. We have been clear on the importance of finding a diplomatic solution and continue to support the Minsk agreements and the work of Germany and France within the Normandy Format. We welcomed the withdrawal of forces in three zones last year. Since the December Normandy Format summit, there have been two limited prisoner exchanges, but there has been little progress on further disengagement or a ceasefire. The renewed commitment to a ceasefire in the 30 April telephone call between the Normandy Four Foreign Ministers was a further positive step. Continued discussions are a fundamental step in further progress towards peace.

We continue to call on Russia to play its part to end the conflict by immediately ceasing its support for the separatists and fulfilling its obligations under the Minsk agreements. We have repeatedly raised with Russia the need to use its influence on the separatists to provide unrestricted access to the OSCE Special Monitoring Mission and humanitarian organisations.<sup>6</sup>

The UK is a significant contributor to the [OSCE's monitoring mission](#). The Deputy Chief Monitor is [Mark Etherington](#), formerly a British soldier, who has also worked in the former Yugoslavia, Iraq and Afghanistan.

### Sanctions

Russia is the subject of a sanctions regime imposed in 2014 in a coordinated move by the EU and the US, and by other Western allies such as Canada, in reaction to the destabilisation of Ukraine and the annexation of Crimea.

The sanctions consist of targeted sanctions against individuals and entities, including asset freezes and travel bans. They also set out arms embargoes and restrictions on other trade, such as on the export to Russia of technology for oil exploration, and restrictions on lending money to certain Russian companies and banks. The third set of sanctions set out bans on investment in and trade with Crimea.

The EU, US and other sanctions regimes are similar, but the names on the lists of individuals and entities subject to targeted sanctions have been added to from time to time and may not be the same.

According to the International Crisis Group, the EU should, adjust its sanctions policy to encourage movement from Russia:

...the EU should also consider adopting a more flexible approach to its sanctions policy, offering incremental relief in exchange for

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<sup>6</sup> [Written question - HL3788](#), 12 May 2020

incremental progress by Russia instead of today's all-or-nothing posture.<sup>7</sup>

### Post-Brexit

The sanctions against Russia were elaborated at EU level and the UK's enactment of them was based on the [European Communities Act 1972](#).

With the UK's departure from the EU and the repeal of the 1972 Act, EU-derived sanctions were enacted in UK-only legislation. These were passed by Parliament as secondary legislation created using the powers given to the Government by the [Sanctions and Anti-Money Laundering Act 2018](#).<sup>8</sup>

The Russia sanctions regime has been transposed into UK-only legislation, in the form of the [Russia \(Sanctions\) \(EU Exit\) Regulations 2019](#), which were laid before Parliament in April 2019.

### Future relationship

Sanctions policy is one of the most important aspects of the future political relationship between the UK and the EU. Sanctions against Russia are one of the most important regimes. The UK used to be a strong voice in the European Union for a tough response to Russia over its actions in Ukraine. The departure of the UK from the EU has increased uncertainty over whether the present EU sanctions regime will be maintained.

There will still be consultations between the UK and the EU over sanctions, as both sides recognise that sanctions are only effective if designed and applied jointly with allies. How formal consultations will be and how closely actions will be co-ordinated remains a contentious issue.<sup>9</sup>

### Aid

Through its [Good Governance Fund](#), the Department for International Development collaborates with international financial institutions to help Ukraine reform its government institutions, focusing on:

anti-corruption; improving the business environment; judicial reform; key sector reforms (e.g. banking and energy); strengthening the rule of law; and supporting an independent media.

The Good Governance Fund is counted as development aid. The UK also funds emergency humanitarian aid to Ukraine. The [Ukraine Humanitarian Fund](#) had a budget of £22.5 million from 2017 – 2020.

The cross-government Conflict Security and Stability Fund (CSSF) also funds a programme in Ukraine:

This programme is supporting Ukraine's civil society and the Ukrainian government on a range of conflict management, peace building and recovery programmes. These include support for

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<sup>7</sup> [Peace in Ukraine I: A European War](#), International Crisis Group, 27 April 2020

<sup>8</sup> For more detail see the Commons Briefing Papers: [The future of sanctions](#), September 2018 and [The Sanctions and Anti-Money Laundering Bill 2017-19](#), February 2018

<sup>9</sup> For more information see the Commons Briefing Paper: [The UK-EU future relationship negotiations: summary of positions](#), 3 June 2020

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internally displaced persons, human rights monitoring and helping to build resilience and grassroots capacity amongst conflict-affected communities.<sup>10</sup>

### Trade

Until the end of the [transitional period](#) in December 2020, the UK's trade relations with Ukraine are regulated by the EU's Association Agreement and the Deep and Comprehensive Free Trade Agreement, which were provisionally implemented in 2014 and 2016 respectively.

A new framework for Ukraine/UK trade will be needed when the transitional period ends on 31 December. The UK Government says it is working on the agreement now:

The text of the Political, Free Trade and Strategic Partnership Agreement between the UK and Ukraine is close to being finalised. The Foreign and Commonwealth Office will then discuss with the Ukrainian Ministry of Foreign Affairs arrangements to initial and sign the agreement, taking into account the restrictions imposed by COVID-19.<sup>11</sup>

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<sup>10</sup> DFID Development Tracker, [Ukraine active projects](#)

<sup>11</sup> [HC Written question – 51769](#), 8 June 2020

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