



AFPC Delegation to Ukraine - Ukraine in late 2019: “Move fast and break things”?

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SUMMARY

A delegation of the American Foreign Policy Council enjoyed five full days of meetings in Kyiv in early September. The delegation was privileged to engage in candid conversations with key members of the staff of President Zelinskiy, with new members of the cabinet, the mayor of Kyiv, a range of members of the national legislature, the Rada, plus leading figures in policy institutes, the general staff, and the US Embassy. The openness of our counterparts in these discussions is a tribute to the importance accorded to the United States by Ukraine's political elite, both those newly in power and those not. The main themes of those discussions follow, but the candor of our interlocutors demands that their remarks be treated here with discretion and some topics omitted.

Ukrainian President Volodymyr Zelinskiy's political momentum remains strong going into late 2019. His personal stature with the public is high and his “Servant of the People” party enjoys a supermajority in the Rada. The party and its Rada majority are Zelinskiy's instruments to use as he sees fit, even described as a “rubber stamp.” The new president and his administration are determined to move very quickly with their program of domestic reforms (especially in fighting corruption) and in seeking peace with Russia in the Donbas conflict. The new team feels little or no obligation to the policies or reforms it inherited, believing it enjoys an overwhelming popular mandate for rapid and even radical change. The political opposition fears a “tyranny of the majority,” pointing to the fact that established rules in the Rada are simply ignored by Zelinskiy's party.

Thus far, Zelinskiy has achieved modest progress with Moscow, with a high-profile mutual exchange of prisoners, although real movement on the Donbas conflict is still only a vision and may require painful compromises.

Crimea is a different matter, with no prospect for restoration of Ukrainian sovereignty. The new government deeply values the support of the United States and argues that Washington is Ukraine's most important and essential partner; the opposition looks to Washington to compel the new leadership to adhere to Western standards and practices.

END SUMMARY

2019 is already a year of dramatic political change in Ukraine, with more to come. Three national elections have turned the political scene at the national level in Kyiv upside down. In the first of a two-round presidential election in March, a well-known television actor and businessman with no prior political experience, Volodymyr Zelensky, came in first with thirty percent of the vote, more than that obtained by the sitting president, Petro Poroshenko, and one-time prime minister Yulia Tymoshenko combined. In the runoff, Zelensky achieved massive democratic legitimacy with 73% of the vote, defeating Poroshenko in all parts of the country except western areas around the city of Lviv. Zelensky then formed his own political party, “Servant of the People”, which went on to triumph in Rada elections in July with 42% of the vote, to attain a Rada supermajority (but not the two-thirds needed to implement constitutional revisions on its own).

The three elections in Ukraine this year were observed and certified as free and fair by international observers, including from the United States. Compared with other former Soviet states (Russia most notably) and even some of Ukraine's western neighbors, the quality of this democratic achievement should not be missed or downplayed. A well-entrenched clique of politicians and oligarchs in power in Kyiv were voted out and left their offices peacefully. To anyone with knowledge or experience of central and eastern Europe and Eurasia, Ukraine's elections this year are simply extraordinary, but may produce unfulfillable expectations.

Among the most striking features of this electoral upset is the fact that Zelensky is both Russian-speaking and Jewish, two attributes which many outsiders thought would have rendered him unelectable. While there certainly are reserves of anti-Semitism in Ukraine as elsewhere, the myth of pervasive Ukrainian bias against Jews, Russians and other outsiders has been shown to be just that, a myth. In the event, Zelensky — a “breath of fresh air” candidate campaigning on a program of national unity, peace and anti-corruption — simply crushed opponents from all parts of Ukraine's political establishment, and brought hundreds of political novices into the Rada and the national administration. When judging the Zelensky team in the months ahead, it should be kept in mind that no country in Europe has undergone such a radical political transformation since the collapse of the Soviet Union itself.

Zelensky is publicly committed to rapid action both in new legislation and in executive policy, at home and abroad. Indeed, to American eyes, Zelensky and his team recall the early motto of Facebook, "move fast and break things." Zelensky and his party believe they have a popular mandate to clean house in Kyiv and to reach out to Moscow. They do not believe they owe respect to the programs and reforms they inherited from the Poroshenko regime and the previous Rada; on the contrary, they tend to see their task as the reversal of what came before. That many of the policies of the previous government had been formulated in cooperation with Western governments and institutions, including in Washington, is already creating some doubts about the new breakage in Kyiv.

In common with all politics in Ukraine, there was oligarchic money behind the Zelensky phenomenon, especially that of the highly-controversial financial tycoon Igor Kolomoisky. Zelensky's recent decision to personally supervise his administration's reconsideration of the nationalization of PrivatBank, previously Kolomoisky's main financial vehicle, constitutes a serious conflict of interest and a dispute with the International Monetary Fund which had more or less dictated the bank nationalization. Flagrant acts of violence against the former head of the central bank, now in exile in London, are prominent among some worrisome indications that basic rule of law remains an issue in Ukraine.

Zelensky's associates describe him as very pro-American who quotes Ronald Reagan and eager to meet President Trump. His goal is described as a true "strategic partnership" of Ukraine with the United States. The importance of the United States for Ukraine's future was a recurrent theme in almost all our conversations, regardless of the political stance of the speaker. Most interlocutors appealed that President Trump release then-frozen military aid funds, as indeed he soon did. The relationship between Kyiv and Washington is critical for the Zelensky administration, especially for its ability to achieve a peaceful reckoning with Moscow. Without American support, Ukraine is a large and important but fairly weak and poor state between Europe and Russia. Among other forms of assistance, the Trump Administration is currently undertaking serious discussions to support Ukraine's energy independence through development of the country's own considerable natural gas potential and with imports of American liquified natural gas.

Zelensky has reached out to other Western partners, especially France and Germany, but Europe in general and the European Union in particular have disappointed Ukrainians, who five years ago put their lives on the line in many thousands on the streets of Kyiv to assert a European identity for their country. They were rewarded with an EU Association Agreement and a role in its Eastern Partnership program, but after five years the EU has proven to be more a "moral factor" than a source of tangible support for a country in deep need of aid. Ukraine enjoys great potential — with an educated population, diverse industry and technology, and much of the finest agricultural land on earth — but nearly three decades after independence has the poorest population of any country in Europe. The most important benefit Ukraine now obtains from Europe is in the remittances from the nearly two million of its citizens working there and sending money home.

Ukrainians were outraged when its European partners recently voted to readmit Russia to the Council of Europe over Ukrainian objections and without any Russian retreat from the aggressions in Crimea and the Donbas which provoked its expulsion. This action is redolent of the increasing pattern of European governments to accord higher priority to restoring good relations with Moscow than to assisting Ukraine either in its struggle with Moscow-backed separatists or in improving its economy. It was noted that the president-elect of the European Commission, Ursula von der Leyen, did not even mention Ukraine in her keynote speech surveying the tasks facing the EU in the years ahead, thus sending a clear message to Ukrainians where they stand in Brussels.

The two European governments with an active role in the diplomacy of the Donbas conflict are France and Germany, as members of the so-called "Normandie process" which also includes Ukraine and Russia. French President Macron has met several times with Zelensky to discuss the diplomacy, which in principle will result in a four-power summit meeting this year. However, in Kyiv there is considerable skepticism about Macron and his very active bilateral diplomacy with Moscow. There is somewhat more confidence in the German government and Chancellor Merkel to keep Ukraine's interests in mind, despite German commitment to the NordStream2 natural gas pipeline which will largely shut out Ukraine as a gas transit country between Russia and Europe. Britain's exit from the EU is seen in Kyiv as a major loss for Ukraine's interests.

Zelensky has moved swiftly to improve ties with Israel, which were quite poor under President Poroshenko. Zelensky's election victory as a Russian-speaking Jew certainly contradicts accusations of pervasive anti-Semitism in Ukraine, but his team wants to build serious cooperation with Israel, a country with significant demographic links to Ukraine. Much of this will depend on political changes in Israel itself, but at least the icy mutual disregard of recent years is a thing of the past.

Zelensky is actively pursuing improved ties with Moscow, with the goal of a "stable ceasefire" in the Donbas conflict this year. The recent prisoner exchange with Russia is a highly-visible step in that direction. Officials noted ongoing progress in disengagement of forces and demining in sectors of the line of conflict in the Luhansk region, which they hope can be extended to other sectors. His Donbas policy has two near-term goals: achieving a "stable ceasefire" which will reduce or end the killing which has continued for almost five years, and improving conditions for Ukrainian citizens living in the occupied territories to increase their sense of identity with Ukraine and loyalty to the Kyiv government. Zelensky wants to achieve these two goals before the end of this year, in part through the "Normandie" process and a four-country summit. The broader objective is a settlement of the Donbas conflict in ways which preserve Ukraine's sovereignty and territorial integrity. This might involve constitutional changes, but no federalization. The result could also be enshrined in an international treaty of guarantee, perhaps to include the United States. Obviously, the key factor in this policy objective is Moscow.

The Zelensky government has high hopes for an end to the killing in the Donbas, but admits it has no solution for the Russian occupation and annexation of Crimea. It insists it will not compromise Ukraine's sovereignty there, but gives its immediate priority to halting the ongoing violence in the Donbas, which costs Ukraine both lives and major resources. Kyiv expects both the United States and Europe to maintain their Crimea-related sanctions on Russia, while supporting Ukraine in its diplomacy on the Donbas conflict.

After five years of fighting, with regular casualties adding to the more than thirteen thousand dead already in this conflict, Ukraine deploys one of the largest and most capable land armies in Europe. Although served by a major domestic weapons industry, the Ukrainian army still needs US aid in developing special forces and in key battlefield technologies. Ukraine's arms industry is a major producer and exporter of both light and heavy weaponry, but is also a major source of corruption, and therefore a challenge for the new administration's commitment to eradicate corruption in both government and state-related industry.

The arms industry is also a target of Chinese attention to Ukraine, which involves massive investments (often through shell companies) in land and industries. Kyiv badly needs Chinese investment but knows there are dangers. A controversial investment — and potential dispute with Washington — involves Chinese efforts to purchase control of the firm Motor Sich, one of the world's largest manufacturers of engines for aircraft and helicopters. This would give Beijing access to highly-advanced aviation engine technologies with military applications. This company provides many thousands of jobs in the industrial city of Zaporizhia, which are obviously important for the government in Kyiv, while nobody else is currently offering serious money for the company.

Zelensky's top domestic priority is fighting corruption, the central theme in all three of his successful election campaigns. A focus of concern about corruption is Ukroboronexport, the state-controlled weapons export monopoly. However, Zelensky does not feel obliged to continue anti-corruption reforms already in progress and has not yet decided some important related issues (such as whether the National Security Service, the SBU, should be engaged in law enforcement or be limited to intelligence and counter-intelligence activities). Zelensky's people insist he will be ruthless in rooting out corruption. However, as noted above, he is already involved in a serious conflict of interest through his direct presidential involvement in government policy toward the nationalization of PrivatBank, a subject of great concern to the International Monetary Fund which pushed the previous Ukrainian administration hard to take over the defunct institution. If PrivatBank is restored to Kolomoisky, it will be impossible to avoid the appearance that Zelensky is using his office to reward his sponsor and may compromise the distribution of the next tranche of critical IMF financial aid to Kyiv. What the IMF does is vital to Ukraine's ability to attract foreign direct investment from the West rather than from China.

The Zelensky team is aggressive in pushing new legislation in the Rada, often without hearings or even much formal consideration. Rada rules are being ridden roughshod to achieve rapid and visible progress. The supermajority enjoyed by "Servant of the People" has the potential for abuse, especially now that the legal immunity of Rada deputies has been removed. Zelensky's people believe they have a popular mandate for "lustration," to investigate and prosecute previous officials and deputies suspected of corruption. Opposition forces very much fear abuse of power at their expense. There is no question that, at least for the time being, Zelensky exercises almost complete control over the Rada majority, whose members owe their positions entirely to him.

Opposition political groups remain in shock and even denial about their overwhelming rejection by the voters this year in three open, free and fair national elections. President Poroshenko's reelection campaign built around the slogan "Army! Language! Faith!" failed badly, winning only in the western part of the country around Lviv. According to one view, the traditional political figures (plus nationalist intellectuals) entirely misread the mind of the population and ignored the potential for a presidential upset which several contenders might have exploited but did not. Zelensky was thus not an inevitable winner but a talented opportunist whose political timing was acute. Now, his political coattails are long. Some parts of the opposition in the Rada are willing to cooperate with "Servant of the People" on an issue-by-issue basis, but others are not, even portraying the new president and his associates as Moscow stooges.

Huge problems lie ahead for Ukraine and its new national leadership, especially in public finance and energy policy. Ukraine remains the poorest country in Europe, living off remittances and assistance from Western governments and international financial institutions. It has yet to attract adequate foreign investment, despite very attractive circumstances, in part due to the pervasive corruption. The ongoing conflict in the Donbas drains resources badly needed for domestic development. The country enjoys a talented young labor force, but much of that talent is now employed abroad. Authoritative observers also note how reference to and corruption itself are weaponized by Russia in its hybrid war against Ukraine. A case in point is the Ministry of Health and its dismissed acting Minister, Dr. Ulana Suprun, target of a campaign to discredit her successful reform efforts. The success story is far greater than only a reformed procurement protocol. Ukrainians' general level of health is set to improve because of various interventions, including the introduction of a strong primary care system, and public education campaign, including government and non-government stakeholders. Many observers fear that these reforms will be undermined without tangible commitments to health reforms from the Zelensky administration.

Ukrainian expectations of the United States are high, after years in which the European dream has proven something of a chimera. With a national government enjoying unquestioned electoral legitimacy and committed to battling corruption while preserving the country's sovereignty, Ukrainians believe they have earned the right to American support. Without doubt, the people of Ukraine will be closely watching as their new leadership engages with Washington and also judging the American response.