S. Hrg. 116–204

FIVE YEARS AFTER THE REVOLUTION OF DIGNITY: UKRAINE’S PROGRESS/ RUSSIA’S MALIGN ACTIVITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON EUROPE AND REGIONAL SECURITY COOPERATION

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

JUNE 18, 2019

Printed for the use of the Committee on Foreign Relations

Available via the World Wide Web:
http://www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
40–550 PDF WASHINGTON : 2020
## CONTENTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnson, Hon. Ron, U.S. Senator From Wisconsin</td>
<td>1</td>
</tr>
<tr>
<td>Prepared statement</td>
<td>1</td>
</tr>
<tr>
<td>Shaheen, Hon. Jeanne, U.S. Senator From New Hampshire</td>
<td>2</td>
</tr>
<tr>
<td>Prepared statement</td>
<td>2</td>
</tr>
<tr>
<td>Prepared Statement of Hon. Robert Menendez, U.S. Sena-</td>
<td>4</td>
</tr>
<tr>
<td>tor From New Jersey</td>
<td>2</td>
</tr>
<tr>
<td>Volker, Hon. Kurt, Special Representative for Ukraine</td>
<td>3</td>
</tr>
<tr>
<td>Negotiations, U.S. Department of State, Washington,</td>
<td>7</td>
</tr>
<tr>
<td>DC</td>
<td></td>
</tr>
<tr>
<td>Herbst, Hon. John E., Director, Eurasia Center, Atla-</td>
<td>9</td>
</tr>
<tr>
<td>tantic Council, Washington, DC</td>
<td></td>
</tr>
<tr>
<td>Prepared statement</td>
<td>11</td>
</tr>
<tr>
<td>Polyakova, Dr. Alina, Director, Project on Global De-</td>
<td>16</td>
</tr>
<tr>
<td>mocracy and Emerging Technology, Brookings Institu-</td>
<td>19</td>
</tr>
<tr>
<td>tion, Washington, DC</td>
<td></td>
</tr>
<tr>
<td>Prepared statement</td>
<td>25</td>
</tr>
<tr>
<td>Carafano, Dr. James Jay, Vice President, Kathryn an-</td>
<td>27</td>
</tr>
<tr>
<td>d Shelby Cullom Davis Institute for National Security</td>
<td></td>
</tr>
<tr>
<td>and Foreign Policy, The Heritage Foundation, Wash-</td>
<td></td>
</tr>
<tr>
<td>ington, DC</td>
<td></td>
</tr>
<tr>
<td>Prepared statement</td>
<td></td>
</tr>
</tbody>
</table>
FIVE YEARS AFTER THE REVOLUTION OF DIGNITY: UKRAINE’S PROGRESS/RUSSIA’S MALIGN ACTIVITIES

TUESDAY, JUNE 18, 2019

U.S. Senate, Subcommittee on Europe and Regional Security Cooperation, Committee on Foreign Relations
Washington, DC.

The subcommittee met, pursuant to notice, at 3:40 p.m. in room SD–419, Dirksen Senate Office Building, Hon. Ron Johnson, chairman of the subcommittee, presiding.
Present: Senators Johnson, Barrasso, Portman, Shaheen, Menendez, and Murphy.

OPENING STATEMENT OF HON. RON JOHNSON, U.S. SENATOR FROM WISCONSIN

Senator JOHNSON. Good afternoon. This hearing will come to order.

I want to first thank our expert witness panel. Your testimony was excellent, very informative. We look forward to your oral testimony and answering of our questions.

I want to apologize to everybody for the late start to the hearing. We had a number of votes. As a result, I am just going to ask that my opening statement be entered into the record, and we will have a very full conversation. So I will be able to make my points during questions and answers.

With that, I will quickly turn it over to Senator Shaheen.

[The prepared statement of Senator Johnson follows:]

PREPARED STATEMENT OF SENATOR RON JOHNSON
U.S. SENATOR FROM WISCONSIN

Good afternoon and welcome.
The Senate Foreign Relations Subcommittee on Europe and Regional Security Cooperation is meeting today to discuss developments in Ukraine, 5 years after the Revolution of Dignity. Russia’s subsequent invasion, occupation, and attempted annexation of Crimea and invasion of the Donbas are blatant violations of its international commitments and one of the most serious threats to peace in Europe since the end of the Cold War. With Ukraine having just completed its first presidential election since 2014, it is an opportune moment to examine the country’s progress and to refresh the record on Russia’s continuing assault on Ukraine’s territorial integrity.

Much is at stake for the United States in Ukraine. Over the last 70 plus years, the U.S. has invested tremendous resources building an international system predicated on democratic governance, the rejection of force as a means of altering borders, the peaceful settlement of disputes wherever possible, free trade, human rights, and robust alliances. These efforts have been successful and this is especially
the case in Europe. Despite the high tensions of the Cold War, the conflicts that ravaged Europe for centuries have been largely avoided since the end of World War II. It is a historic tragedy that Vladimir Putin has spurned the outstretched hand of the West and chose instead to menace his neighbors. In 2008, Russia invaded Georgia and continues to occupy Abkhazia and South Ossetia. In 2014, Russia invaded and occupied Crimea, instigated an ongoing conflict in eastern Ukraine that has killed over 13,000 people, and launched a comprehensive campaign of cyberattacks, disinformation, propaganda, economic sanctions, and subversion aimed at destabilizing the Ukrainian state. And these are only the most overt examples of Russian belligerence. This continuing aggression strikes at the core of the international system the U.S. and our allies have worked so long and hard to build and maintain.

America and Europe continue to respond to Russia’s actions, though not always as robustly as necessary. The United States has imposed sanctions on over 700 different entities for actions related to Russia’s aggression in Ukraine and provided hundreds of millions of dollars of defensive assistance to Ukraine including lethal defensive aid and military training. The EU has also imposed heavy sanctions on Russia. To date, however, Russia’s behavior remains unchanged, and part of our task today will be examining the West’s response in order to pinpoint areas where we can be more effective.

Ukraine’s success will depend primarily on the efforts of the Ukrainian government to champion the reforms necessary to unleash the economic potential of its people and to build popular trust in the integrity of its public institutions and the rule of law. Ukraine’s record of reform over the last 5 years is by no means perfect, but it has made meaningful strides in vital sectors that are laying the foundation for long-term success. It is important to grasp the magnitude of the challenge confronting Ukraine. Casting off a legacy of 70 years of communist rule is a generational task made all the more challenging by Russia’s efforts to retain its influence and destabilize the country. It will take time, and we must remain patient and resolute in our support as Ukraine strives to fulfill the promise of freedom sparked 5 years ago by those courageous Ukrainians on the Maidan.

STATEMENT OF HON. JEANNE SHAHEEN, U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Well, thank you, Mr. Chairman. I am also happy to submit my opening comments for the record and look forward to the testimony of both our panels.

[The prepared statement of Senator Shaheen follows:]

PREPARED STATEMENT OF SENATOR JEANNE SHAHEEN

- Thank you, Chairman, for calling this important hearing. I look forward to working with you this Congress.
- The Ukrainian people made a strong statement for democracy in their presidential elections completed on April 21.
- First, Ukraine held peaceful, credible elections while a war with Russian-backed forces continues in its eastern regions. That shows the resiliency of Ukrainian democracy.
- Second, the Ukrainian people voted overwhelmingly for a candidate who ran on a platform of change but expressed that will for new leadership in Kyiv through an election, not protests.
- This shows us that the Ukrainian people believe in their democracy.
- The reason there were not protests in the streets or on the Maidan (mai-DAHN) were not because an authoritarian leader prevented them by force. They simply weren’t needed.
- Finally, Ukraine’s new president, Volodymyr Zelensky (voh-loh-DIH-mir zeh-LIHN-skee) took office with a message of hope for the Ukrainian people and inclusion.
- But also with a clear vision of the challenges that Ukraine still faces, and a sense of responsibility to overcome them, by Ukraine’s leadership and its people.
- I believe our distinguished panels will help us better understand what this political shift means for Ukraine’s future and U.S. policy.

STATEMENT OF HON. JEANNE SHAHEEN, U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Well, thank you, Mr. Chairman. I am also happy to submit my opening comments for the record and look forward to the testimony of both our panels.

[The prepared statement of Senator Shaheen follows:]
• I think we can be hopeful at the moment that we have seen the most fundamental block of a strong democracy: a credible election and a peaceful transition of power.
• I would also like today's hearing to explore some of Ukraine's challenges: the state of its reform agenda and anti-corruption efforts and especially how Ukraine can better address interference from Russia—the on-going war but also Russian intrusions in its media, cyberspace and elections.
• In the 5 years since anti-government protests started in the Maidan (mai-DAHN), we have learned a lot about the problem of Kremlin interference, not just in Ukraine but throughout Europe and the United States.
• There is NO question that Russia interfered in our 2016 presidential elections. And, the United States must examine the experiences of countries like Ukraine to be prepared for what will certainly come in 2020.
• We can also learn from the Ukrainian experience a certain irony. As Russia worked so aggressively to divide Ukraine, Ukraine's sense of unity endured and its commitment to a European future only grew stronger, as President Zelensky made clear.
• Ukraine has built an enthusiasm for joining Europe and its institutions at a time when Europe has increasingly doubted itself.
• Five years ago President Poroshenko and a new parliament had the mandate to reform the government, improve the economy and, above all, translate the enthusiasm of the revolution into reality.
• The challenge before President Zelensky is to continue those reforms and use the enthusiasm behind his own candidacy for positive change.
• I hope this hearing will give us better clarity on how to assist our important ally Ukraine continue to develop the strong institutions it needs for a European future.
• And I hope that we can better understand what we must do to protect ourselves from foreign interference.
• I look forward to the testimony of our distinguished witnesses and to hearing their perspectives on this important topic.

Senator JOHNSON. Well, thank you. Ambassador Volker has agreed to give his opening testimony and then slide over and let the other panelists, other witnesses give their testimony. Then we will open it up to questions.

So we will start with our first witness. Ambassador Kurt Volker is the U.S. Special Representative for Ukraine Negotiations and Executive Director of the McCain Institute for International Leadership.

Ambassador Volker was a career member of the U.S. Senior Foreign Service, with over 23 years of experience working on European policy under five U.S. administrations. His postings include Ambassador to NATO and Principal Deputy Assistant Secretary of State for European and Eurasian Affairs. Ambassador Volker has previously served as Acting Senior Director for European and Eurasian Affairs at the National Security Council, as Deputy Director of the Private Office of then-NATO Secretary General Lord Robertson.

Ambassador Volker.

STATEMENT OF HON. KURT VOLKER, SPECIAL REPRESENTATIVE FOR UKRAINE NEGOTIATIONS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Ambassador Volker. Well, thank you, Mr. Chairman, and thank you, Senators, for the opportunity to testify today.

I also have a statement that I would like entered for the record, if I may, and I will just try to speak a little bit candidly with you about the situation in Ukraine.
First off, it is an honor for me to be here, and again, I appreciate that.

Second, I want to thank all of you Senators from both sides of the aisle for your commitment and dedication to Ukraine. It is critically important. And if I may, let me just say a few words about why that matters, where Ukraine is today, and a few suggestions looking forward.

Concerning why Ukraine matters, I think most importantly we start with the people. Ukrainians are people who seek and deserve freedom, democracy, market economy, rule of law, and security just like other people in Europe. The United States has led the development of NATO and a strong NATO for decades. The European Union has also helped build a strong, prosperous, free, secure Europe. And there is no reason why Ukraine or others in the region who are not part of that now should not be part of that. They have very much the same values and very much the same aspirations. So the first thing is the people.

The second is that they are a country that is fighting a war of self-defense. They have been attacked. Their territory has been seized. The fighting continues to go on, and they are in need of support. And it is important that we support them on the merits of that alone and also because we want to make sure that we are not allowing a Europe to be taken apart through the use of military force. If we go back to the Helsinki principles of 1975, which the Soviet Union supported at the time, we are talking about no changing of borders by force, no threat or use of force, no coercion, countries have the right to choose their own security orientations and so forth, those are principles that we need to continue to uphold. If we do not do so in Ukraine, we run the risks that we will be seeing them challenged across Europe, and that would be dangerous for all of us. If we do not invest in security today, we will pay for the lack of security tomorrow.

Now, where we are today. Ukraine is really in the balance. As you know, they have just had a presidential election. President Zelensky was elected with 73 percent of the popular vote, and he came out of nowhere coming into this. So he has zero seats in the parliament. And so Ukraine has gone to early parliamentary elections. And his major task, the number one thing he has before him right now, is to take that 73 percent public support and convert it into actual votes for his program in the Rada. So that is his political challenge at the moment.

In the course of his campaign, he promised substantial massive reform of everything from corruption to the economy, political systems, and judiciary. And that is what the Ukrainian people voted for. So with 73 percent of the public voting for him, he also generated very high expectations of what policies he would pursue as president.

Let me take a minute and say that I believe that President Poroshenko also did an excellent job in promoting reforms in Ukraine over the past 4 years, probably more accomplished in the last 4 years than the preceding 20. But what we saw in this election was that the Ukrainian people wanted even more. They wanted to go faster, further, more aggressively, and that is what President Zelensky has promised.
I believe it is important that we support those policies and those principles, and as long as he as willing to continue to advance that agenda, he deserves as much of our support as we can give him. I believe that he has a few other important challenges ahead of him. One of them is amassing the political capital to carry out real reform. Another is that a lot of the power structures in Ukraine are behind the scenes in the form of oligarchs who control a lot of the economic assets, control the media, and it is going to be very difficult for him to take on that system. But ultimately taking on that system is what is exactly essential for Ukraine to break free of its past and take advantage of the natural resources, the great human capital, and its position as a country of potential phenomenal growth within Europe. It has to do that.

I would also say that since he has become president, of course, everyone is putting their oar in the water to try to influence the outcome in Ukraine, whether that is the Russians, whether that is the oligarchs, whether that is reformers. We have seen an increase in Russian media propaganda and presence in the Ukrainian media over the past few weeks. These are all areas of concern and another reason why it is important that we support Zelensky as much as we can.

Concerning U.S. policy, we have over the past few years engaged in a significant strengthening of U.S. policy. I would argue that we have gone from a period in which time appeared to be on Russia’s side to a time in which time now appears to be on Ukraine’s side as they are more unified, more of a strong national identity, more pro-Western, more pro-European, more pro-NATO, more Russia-skeptic than ever before as a country. And that is giving Ukraine a resilience as they go through this period that I think will serve them well for the long term.

And in addition, we have worked very hard to keep Western policy unified and strong. We and the EU have both maintained sanctions and increased sanctions. The U.S. has lifted the ban on lethal arms sales to Ukraine, and that has gone through with the acceptance of our European allies as well. We have strengthened their armed forces. Just today, we are announcing how we are dealing with an additional $125 million in support for Ukraine’s military that the Congress approved. So we are grateful for that. So we have maintained a much stronger position. If what Russia wants is a Ukraine that is once again part of a Russian sphere of influence, a greater Russian empire, I believe that opportunity is lost because the Ukrainian people will never go back there.

What we also have done is make sure that we have a hand out-reached to work together with Russia to end this conflict if Russia wishes to do that. Thus far, we have not seen any indication from Russia that they do want to do that. And in fact, they remain in denial about their responsibility. They actually lead the military forces in the Donbas. They pay for the contract soldiers that are there. They hand-pick the civil administrations. They pay for those civil administrations. They provide the intelligence services. So this is 100 percent Russian-controlled, and yet, Russia denies their involvement and instead says that this is an internal Ukrainian matter, which we know not to be the case.
We have continued to insist that Russia release the sailors that it seized in November in international waters. We have urged them to pursue a longer-term ceasefire. I have reached out recently to my Russian counterpart to ask whether they believe it is time to get together and see whether we can make any progress. Certainly in my consultations with you and Ukraine, with the French and Germans, we believe there is an opportunity to move ahead again or at least it is worth a try, but we need to know whether Russia wants to take this seriously and seize such an opportunity as well or not. Thus far, we do not see any indication of that.

In terms of outreach to President Zelensky, I have stressed that this is critically important. I think that the future of Ukraine over the next 5 years is going to be shaped in the next 3 months. How this election comes out, how President Zelensky assembles a government, and whether he is able to operate independently and in charge as President of Ukraine without undue influence of any individuals or oligarchs in Ukraine, will be absolutely critical. And it is important that he know that he has the full support of the United States and Europe in doing so.

We have reached out significantly. Secretary Pompeo called the candidate Zelensky and also then-President Poroshenko on the eve of the elections. President Trump called to congratulate President Zelensky on the night of the election. As you know, Senator, you took part in a presidential delegation, along with Secretary Perry and myself and our EU Ambassador Gordon Sondland, to be there for the inauguration. We had a lengthy meeting with President Zelensky then.

Since then, President Trump has written to President Zelensky, has indicated that he is welcoming him for a visit to the White House at a time yet to be agreed. We hope that is soon. And we have remained engaged in a number of ways. Our EU Ambassador hosted President Zelensky for a dinner in Brussels. And he has also made the rounds in Europe and is, in fact, in Berlin today and was in Paris yesterday. So we are reaching out in a variety of ways, and I hope that we are able to assemble another trip to Ukraine in advance of his White House visit in the next several weeks.

Finally, I do want to put one point out there. It is very important that we not forget about the people of the Donbas. They are living through a war on their territory. Of a pre-war population of about 4 million, it is down to about 1.5 million to 2 million. They are dealing with all kinds of privations, whether it is threats to water supply, a collapsed economy, environmental degradation, pressure on the health care system, lack of freedom of movement, and difficulty in crossing boundary crossings between the occupied area and the rest of Ukraine, outages of electricity, outages of cell phone service, which is a vital means of communication. So it is a grinding, awful situation for the people in the Donbas. They need as much support as the Ukrainian Government can give them and as we can give them. And ultimately that is why we need to keep the spotlight on this issue, as you are doing with this hearing, because we cannot forget about those people even though we see a very difficult situation in terms of resolving this conflict going ahead.
Ultimately what we seek—and this has been U.S. policy for as long as I have been involved—is the restoration of Ukraine’s sovereignty and territorial integrity and the safety and security of all Ukrainian citizens regardless of ethnicity, nationality or religion.

And with that, Senator, I will end my remarks. I look forward to the question and answer. Thank you.

[The prepared statement of Ambassador Volker follows:]

PREPARED STATEMENT OF AMBASSADOR KURT VOLKER

Thank you Chairman Johnson, Ranking Member Shaheen, and members of the Committee for calling today’s hearing. I am happy to have the opportunity to talk about the state of negotiations with Russia to end the fighting in eastern Ukraine and take an important step toward restoring Ukraine’s territorial integrity. I had the honor of being in Ukraine last month as part of a U.S. presidential delegation led by the Secretary of Energy Rick Perry, and including the United States Ambassador to the European Union, Gordon Sondland, for the inauguration of President Zelensky. Senator Ron Johnson joined us in Kyiv for the inauguration, reflecting his staunch support for Ukraine.

The United States’ support for Ukraine’s sovereignty and territorial integrity is unwavering. Russia’s aggression and efforts to undermine Ukraine continue, but Ukraine is stronger, more united, more cohesive, and more resilient than ever before, and with our support, those trends will continue.

We are deeply concerned about the ongoing 5-year old conflict in eastern Ukraine. Unfortunately, the fighting continues unabated, and Ukrainian soldiers are still being killed nearly every week. The conflict is a humanitarian tragedy for the residents of the Donbas, with around 13,000 people killed, 40,000 injured, millions displaced, and untold damage to civilian infrastructure. The arbitrary separation created by Russia’s invasion and installation of their artificial political proxies has caused needless suffering, divided families and communities, and damaged vital health and social infrastructure, businesses, and supply lines. In short, Russia has created one of the worst humanitarian crises in Europe since the wars in the Balkans in the 1990s. This suffering is a direct result of Russia’s aggression and will end only when Russia withdraws its military and security forces from Ukraine, and implements the Minsk agreements—which remain the best vehicle for achieving peace through the reintegration of the currently Russia-controlled areas in the east. Russia, however, remains the primary obstacle to implementing the Minsk agreements. Ukraine has done what it can to implement the agreements. Ukraine passed legislation that would provide amnesty for people who committed crimes as part of the conflict. It has passed legislation that would provide for so-called “special status.” In December 2014, Ukraine attempted to hold local elections in the Donbas consistent with Ukrainian election laws, as called for by the Minsk agreements, only to be blocked by Russia. It has held elections throughout the rest of Ukraine and would do so in the Donbas as well if the Government of Ukraine were able to access these Russia-controlled areas.

Unfortunately, Russia appears to have made a deliberate choice to maintain the status quo. Russia continues to prop up its puppet regimes, the so-called “People’s Republics” of Donetsk and Luhansk that have no place under the Minsk agreements or Ukraine’s constitutional order. Russia continues to lead and support the fighting, and has yet to implement a ceasefire or withdraw its forces from eastern Ukraine. Russia’s highly provocative recent decision to provide expedited Russian citizenship to Ukrainians in the Donbas created another serious obstacle to the implementation of the Minsk agreements and the reintegration of the Russia-controlled territories in the east. There is a lot that Russia has to do to stop its ongoing aggression against Ukraine so that we can get on with the other aspects of full implementation of Minsk. It’s very much what we want to do, but Russia remains intransigent.

In the meantime, the people living on both sides of the frontlines but especially in the Russia-controlled areas of the Donbas need as much support and assistance as can be delivered by the Ukrainian government and by the international community. Many things need to be done—including assisting with mine clearance in areas where the Ukrainian government actually has control, improving the safety of boundary crossings between the Russia-controlled areas and the rest of Ukraine, facilitating the delivery of pensions to those needing assistance, making sure that vital services such as gas, water, and electricity are connected and continuing. These are all areas where, with the support of international humanitarian organizations, I believe more can be done. We continue our close cooperation with the
The United States has provided and will continue to provide support to protect and assist conflict-affected Ukrainians in the Donbas. This includes mental health and psychosocial support, legal aid, and critical infrastructure repair. These activities have also demonstrated the tangible reform progress that Ukraine has made since the Revolution of Dignity and helped build relationships between citizens and the state impacted by the on-going conflict. In providing communities of the Donbas with modern administrative services and opportunities to young entrepreneurs, Ukraine is supporting economic revitalization and good governance in the region and illustrating the way a united Ukraine can provide a better life for its citizens.

Of course, the best step that could be taken to end this artificial conflict would be for Russia to get out of eastern Ukraine. In addition to our own bilateral efforts, we support the French and German efforts in the Normandy Quartet and the work of the Organization for Security and Cooperation in Europe (OSCE) in the Trilateral Contact Group, and we coordinate closely to ensure our bilateral efforts and negotiations complement these efforts. Unfortunately, Russia has been stalling and uninterested in progress for the past 18 months.

The election of President Zelensky creates a good opportunity to re-energize efforts to end the 5-year old conflict in the Donbas. President Zelensky has repeatedly reiterated his commitment to peace and to the Minsk agreements, to seek to ease the suffering of the people in the Donbas, and has expressed an openness to creative approaches to break the deadlock. During this critical period, it is vital that the United States continue to support Ukraine and work closely with the new president on his diplomatic initiatives.

We have encouraged the Russians through a variety of channels to take advantage of this opportunity. I would like to meet with my Russian counterparts in the near future, but I do not know what form that will take at the moment. I am willingness to meet with them to discuss a way forward, if Russia is serious about making progress. I told the Russians that a good first step would be for Russia to release the Ukrainian sailors and vessels it seized during its unjustified attack near the Kerch Strait, which would be in keeping with the recent provisional order of the International Tribunal for the Law of the Sea.

While we are open to supporting initial confidence-building steps, we are also focused on the central elements of Minsk implementation, starting with the ceasefire, withdrawal of foreign forces, the disarming of the illegal armed groups, and creating a situation of security in the Donbas so that additional political steps that are also part of Minsk can be taken. These include amnesty for people who’ve committed crimes as part of the conflict, implementing a so-called special status for the region under Ukraine’s constitution, and holding local elections, resulting in the peaceful reintegration of this territory with the rest of Ukraine.

We hope that Russia will finally choose peace and work with us to end the fighting. In the meantime, it is important to continue to strengthen Ukraine and increase its resilience to better withstand Russian aggression and to support ongoing reforms to integrate Ukraine more closely with the West. We will continue to support the work of the OSCE Special Monitoring Mission, which serves as the world’s “eyes and ears” for the conflict in eastern Ukraine and now includes approximately 800 monitors and 420 local staff operating under extremely challenging political and security conditions. We are working with Ukraine on its reform agenda and creating an open, competitive economy that creates opportunity for its people. A democratic, free, and prosperous Ukraine creates a stark contrast with those living in a second-rate police state in the Russia-controlled Donbas.

Senator JOHNSON. Thank you, Ambassador Volker, for first of all your past service and your future service as it relates to Ukraine.

We will call up the other witnesses right now. While that is happening, just a couple comments.

I really do believe that Ukraine is just ground zero in this geopolitical conflict between Russia and the United States. And we are really here in support of the Ukrainian people. This has been, I think, a real demonstration of bipartisan support. I keep pointing out to our European partners the extraordinary nature of the fact that on a unanimous basis we approved lethal defensive weaponry. I mean, that is a really big deal and just demonstrates that support.
And a final comment before we go to additional opening statements is I did meet with a delegation from their foreign affairs committee, and I did express to them my concern that if there is conflict between the legislative branch and the new president, that is just not good from the standpoint of maintaining strong, unanimous support here in Congress. They have it now. They can maintain it as long as they work together as patriots for the benefit of Ukraine. And so that is what I think we all need to encourage. That is kind of the support that we need to give.

Again, I want to welcome our next witnesses. Our first witness we will go to is Ambassador John Herbst. Ambassador Herbst is the Director of the Atlantic Council’s Eurasia Center. Ambassador Herbst served for 31 years as a Foreign Service officer in the Department of State, retiring with the rank of career minister. He was Ambassador to Ukraine from 2003 to 2006 and Ambassador to Uzbekistan from 2000 to 2003. He is a recipient of the Presidential Distinguished Service Award, the Secretary of State’s Career Achievement Award, and the State Department’s Distinguished Honor Award.

Ambassador Herbst.

STATEMENT OF HON. JOHN E. HERBST, DIRECTOR, EURASIA CENTER, ATLANTIC COUNCIL, WASHINGTON, DC

Ambassador HERBST. Thank you, Senator Johnson and Senator Shaheen. It is an honor to be here today.

I know you want to save time. I am tempted to say every word Kurt said, I agree.

But we are here to talk about one of the most critical issues on the international agenda today: the Kremlin’s war against Ukraine and Ukraine’s efforts to reform and actually transform itself into a rule of law society, closely aligned with Europe and the broader democratic world.

We are in a period of great power conflict that pits the democratic world against revisionist authoritarians. Unfortunately, President Putin is challenging the world order. He claims a right to a sphere of influence in Russia’s neighborhood. He seeks to weaken NATO, the EU, and the U.S., and he has launched two wars against Georgia in 2008 and against Ukraine since 2014.

The U.S. has a vital interest in stopping Kremlin revisionism, and the place to do it is in Ukraine. Within the limits of Moscow’s operations in Donbas, Kyiv has fought the world’s second most powerful military to a standstill. I came back Saturday from 5 days in Ukraine with General David Petraeus. He was impressed by what he saw. We met most of the new leadership, including the army chief of staff Khomchak, visited Ukrainian commanders at the front and the troops at Abdiaka along the line of contact with the Russians.

There are 2,500 Russian military officers leading the Kremlin war in Donbas, and they have at their disposal over 450 tanks and 700 pieces of artillery. That is very serious hardware.

Despite the two Minsk ceasefires, there has not been a day of peace since Moscow’s aggression began in the spring of 2014. Less than 18 hours after we left the front, Russian artillery hit a residential building in Marinka, wounding four civilians.
Over 13,000 Ukrainians have died in this war. Moscow hopes that its constant pressure on Ukraine will force the government to stop building a democratic and open society oriented to the West. So far the Kremlin is not succeeding.

An important reason for Moscow’s failure is it has two vulnerabilities: a weak economy based on hydrocarbon exports and also the Russian people have clearly stated that they do not want Russian forces fighting in Ukraine.

The first means that Moscow is susceptible to economic pressure. The second means that Putin must hide his casualties and keep them to a minimum because the Russian people do not want Russian soldiers fighting in Ukraine.

This makes it possible for the West to help Ukraine and at low cost, especially compared to, say, the cost of defending or even deterring Russian aggression against our Baltic allies. Western sanctions impose a real cost on Russia’s economy. One to 1.5 percent of GDP growth a year is lost because of the sanctions. And Western military support, especially advanced weapons like the Javelins, nullify Moscow’s tank advantage.

I salute President Trump for his courage in sending the Javelins to Ukraine. The U.S. should consider sending more Javelins to Ukraine, also sending more counter-battery radar for missiles. These radar reduce Ukrainian casualties. The U.S. should also provide shore radar, Mark V speed boats, and anti-ship Harpoon missiles, which will help Ukraine to deter Kremlin provocations at sea, which we have seen increasingly over the past 18 months.

Western support for Ukraine has been substantial and essential but has not been as agile and effective as it could be. Part of that is due to the reluctance on part of some members of the EU. Chancellor Merkel deserves credit for maintaining EU sanctions on Russia.

But Moscow is constantly seeking ways to increase the pressure on Ukraine and it has found a new mechanism. Starting in the spring of 2018, it began an inspection regime of ships heading to Ukraine’s ports in the Sea of Azov. As a result of this inspection regime, shipping from Donbas, Ukraine has dropped by anywhere from 33 to 50 percent by imposing major economic costs, new economic costs on Ukraine. In November last year, Russian ships attacked and seized three Ukrainian ships. They have imprisoned the 24 sailors. No sanctions were imposed for the inspection system on Ukrainian ships, and U.S. sanctions for the incident in the Straits of Kerch came late and were weak.

Congress has played a major role in sanctions policy. It should consider sanctioning a major Russian bank such as Gazprom Bank or VnesheconBank.

The Senate has introduced legislation, the Defending America’s Security from Kremlin Aggression Act of 2019. This could be a vehicle for strengthening our sanctions policy.

The U.S. should also be able to persuade Germany and the EU to drop the Nord Stream 2 project, a pipeline that will allow the Kremlin to bypass Ukraine and exert geopolitical leverage over the nations of Eastern Europe. Chancellor Merkel has asked for the Kremlin to guarantee substantial flow of gas through the Ukrainian pipeline even as Nord Stream 2 is built. But numerous state-
ments by Russian officials as high as Prime Minister Medvedev have cast this problem into doubt.

With this in mind, Congress and the U.S. should consider sanctions on companies providing the high tech necessary to complete the project. This needs to be managed very carefully since U.S.-German cooperation has been vital for overall sanctions policy. But it is hard to imagine Nord Stream 2 proceeding if it permits Moscow to shut out Ukraine as a gas transporter.

Moscow has also active trying to influence political developments in Ukraine, including in the recent Ukrainian presidential election. The Atlantic Council, in partnership with the Pinchuk Foundation and the Transatlantic Commission on Election Integrity, set up a Ukraine election task force to monitor Kremlin disinformation, cyber, and military operations. Our task force found substantial Russian disinformation and cyber-attacks, but there was little success. Moscow was pleased that Poroshenko lost the election, but they have been skeptical about new President Zelensky whose deaf response to Putin's passport provocation put Putin on a rare public defensive. Moscow is now busy trying to undermine Ukraine's upcoming parliamentary elections.

President Zelensky has two great battles to win against Kremlin aggression and against domestic interests impeding fundamental reform. With assistance from the United States and the EU, he can win both battles. Congress should continue to do its part in providing that assistance.

Thank you.

[The prepared statement of Ambassador Herbst follows:]

PREPARED STATEMENT OF AMBASSADOR (RET.) JOHN E. HERBST

Chairman Johnson, Ranking Member Shaheen, Members of the Subcommittee, thank you for the invitation to speak this afternoon. It is an honor.

Ukraine emerged as a new independent state following the fall of the Soviet Union and into a new security order in Europe and Eurasia. This order, based on the principles of the Helsinki Final Act and the Paris Charter, ushered in an unprecedented period of peace and prosperity.

The foundations of this security system include: the territorial integrity of nations; the sovereign right of nations to choose their own political and economic systems and rulers; the right of nations to choose their own external partners and allies; and the commitment of nations to resolve differences by diplomacy and international law.

Sadly, Ukraine has not been able to exercise these internationally agreed rights in peace. For well over a decade, the Kremlin has been pursuing an openly revisionist policy, one explicitly designed to overturn the rules established in the Helsinki and Paris documents.

In 2013, Moscow sparked the current crisis when it insisted that Ukraine not sign the Deep and Comprehensive Free Trade Agreement with the European Union. Then-President Yanukovych decided to abandon the agreement. A violent crackdown against Ukrainian demonstrators resulted in a successful revolution, forcing Yanukovych to flee to Russia. In the wake of these events, Moscow began military operations against Ukraine. It first seized the Crimean Peninsula by force, and then launched its not-so-covert, hybrid war in Donbas.

This war is of critical importance to the United States for one simple reason: Moscow's revisionist ambitions go well beyond Ukraine. The Kremlin's aims include weakening the European Union, NATO, and the Transatlantic relationship. Its efforts to achieve these objectives have led it to interfere in elections in France, Germany, the U.K., and the United States.

Moscow has claimed the right, and even the duty, to intervene on behalf of ethnic Russians and even Russian speakers in other countries; it has proclaimed a right to a sphere of privileged influence on the territory of the former Soviet Union; and
it has proclaimed that there will be new rules or no rules in the international system.

More immediately, and perhaps more dangerously, Moscow has continued to put tremendous pressure on the three Baltic States for their alleged mistreatment of ethnic Russians, which comprise approximately 25 percent of the population in Estonia and Latvia. To reduce the risk of Russian provocations against NATO allies, it is in the vital interest of the United States to help Ukraine stop Kremlin aggression in Donbas. The cost of doing it there is much smaller than, for instance, doing it in Narva, Estonia.

We—the United States, NATO, and the European Union—have a great advantage here. Russia is weak. While it has a very talented and educated people, and extraordinary natural resources, its economy is frail, lacking diversity and innovation. It relies heavily on the export of natural resources because its corrupt government and feeble, compliant legal system make it hard for entrepreneurs to benefit from their own ingenuity and hard work. The absence of the rule of law means the insecurity of wealth, which explains the outflow of tens of billions of dollars every year. For the Russian economy to prosper, its own money must be invested at home and it must attract foreign direct investment.

While between its nuclear and conventional forces Russia has the second most powerful military in the world, its stuttering economy means that its military position vis-à-vis the United States and NATO, and China separately, will diminish with time. This means that prudent, strong policies by the United States, NATO, and the European Union will eventually persuade the Kremlin to cease its aggression in Ukraine, and, more broadly, move away from its current revisionist course.

MOSCOW'S WAR ON UKRAINE

Ukraine is ground zero of Kremlin revisionism. The government is currently fighting the Kremlin to a standstill in Donbas. Kyiv has established strong defensive lines and there has been little acquisition of territory on either side over the last 3 years. Despite the 4-year-old Minsk II "ceasefire," the normal day in Donbas averages over 100 exchanges of fire with the majority originating in Russian-controlled territory. Moscow's current aim is to destabilize Ukraine by a low intensity war of attrition. It is not succeeding.

Two factors restrain Moscow from sending a large conventional force into Ukraine. Such an operation might aim either to seize Mariupol, establish a land supply corridor to Crimea, or take control of the water canal north of Crimea to ease the difficult problem of supplying water to the peninsula.

First, such an offensive would reveal the entire charade propagated by the Kremlin, and repeated by the timid in Europe, that Ukraine is experiencing a civil war. Despite its bravado, the Kremlin does not want more punishing sanctions. Russian economic officials have at times acknowledged that the sanctions cost Moscow's already sluggish economy 1 to 1.5 percent of its growth per year. The major Russian offensive required to achieve any of these objectives would likely provoke major new sanctions.

Second, this is a Kremlin war against Ukraine, not a Russian war. Polls by Moscow's Levada Center repeatedly show that a large majority of the Russian people do not want their soldiers fighting Ukrainians and dying in the process. Casualties are thus a political problem for Mr. Putin, meaning that he must do everything possible to conceal them. There are currently over 1,500 and maybe as many as 3,000 regular Russian officers leading the fighting in Donbas.

STRANGLING THE ECONOMY OF DONBAS

The Kremlin has been searching for low-cost ways to further pressure Ukraine while avoiding more serious sanctions and major Russian casualties. Unfortunately, Moscow seems to have found one. Starting last spring, the Kremlin began to harass Ukrainian and international shipping in the Sea of Azov. Russian naval vessels are stopping and inspecting ships stopping at Ukraine's ports of Mariupol and Berdyansk. Shipping delays and rising insurance costs have reduced commercial sea traffic from Donbas between 33 and 50 percent, at major new cost to Ukraine's economy. Despite a few denunciations, the United States and European Union have done nothing to respond to Moscow's aggression in the Sea of Azov. The same was true when the Russians illegally completed the bridge over the Straits of Kerch last summer, connecting Russia proper with its conquest in Crimea.

In late November, Moscow's war in Ukraine took an ominous turn. When Ukrainian naval vessels tried to exercise their sovereign right to transit the Kerch Straits, Russian naval units attacked, detaining 24 Ukrainian sailors and impounding their ships. Unlike in the Donbas land war, Moscow did not try to hide the use of its con-
ventional military forces against Ukraine. This May, the International Tribunal for the Law of the Sea ruled, with near unanimity, that Russia should “immediately” release all 24 Ukrainian sailors and three vessels.

Western reaction to this Kremlin escalation has been slow. In mid-March, nearly 4 months after this provocation, the United States and European Union announced sanctions. Even worse, the sanctions were weak, targeting mid-level Russian officials involved in the Kerch military action and a few Russian firms involved in maritime production. This frail Western response makes the Kerch escalation look like a tactical victory for Putin.

The Kremlin conducted interesting, and at times constructive, negotiations with the United States on ending the war in Donbas. U.S. Special Envoy Kurt Volker had two meetings with Vladislav Surkov in September 2017 and January 2018. But after that Moscow stopped negotiating seriously. Putin decided to wait for the outcome of the Ukrainian 2019 presidential and then Rada elections. His hope was that the new president and Rada would be more pliable.

The presidential elections did not turn out the way the Kremlin had hoped. While glad to see the defeat of former President Petro Poroshenko, Putin is not sure what to make of the new president. Although a political neophyte, Volodymyr Zelensky has expressed national security views similar to that of his predecessor Poroshenko; and his first trip abroad was to Brussels, where he reiterated Ukraine’s interest in much closer alignment with the EU and NATO.

Mr. Putin expressed his dissatisfaction with the new president by failing to congratulate him on his election victory. Moreover, the Kremlin strongman tested Mr. Zelensky before he took the oath of office by offering Russian passports to Ukrainian citizens in Moscow-controlled Donbas, a violation of international law and a long-practiced Kremlin tactic used to exert influence and justify aggression abroad. President Zelensky’s response, dismissing a Russian passport as a ticket to a life without human rights and the right to choose your own leaders, put Mr. Putin on the rhetorical defensive.

President Putin is now hoping that the Rada elections, which are expected to take place on July 21, will lead to the creation of a strong political bloc in the parliament that will try to steer Kyiv away from a pro-Western foreign policy. Although we do not know how the Rada election will turn out, it is unlikely that a party or bloc of parties with such views would gain even 20 percent of the Rada seats. In other words, the new Rada, like the new president, is unlikely to reverse Kyiv’s westward course.

Once Putin realizes this, he faces an important choice. Does he resume real negotiations designed to allow him to save face and end his aggression in Eastern Ukraine, or does he escalate? We know that the technocrats and commercial elites understand the need to end Kremlin aggression in Donbas. This may also be true of some of Putin’s allies within the military, security services, and the police. If Putin clearly understands that a Kremlin escalation will lead quickly to strong Western sanctions, the odds of his choosing negotiations go up substantially.

THE NEED FOR A STRONGER POLICY IN WASHINGTON AND BRUSSELS

That is why it is critical for the United States and the European Union to impose additional, serious sanctions on Moscow for its aggression at Kerch. Serious Western measures would turn Putin’s current tactical victory into a strategic defeat. My first recommendation would be for sanctioning a major Russian bank, either Gazprom Bank, Vnesheconombank, Promsvyazbank, or a combination of these.

It also makes sense to add a new twist to our personal sanctions policy, placing sanctions on the family members of those high Kremlin officials and Putin cronies. Some may argue that placing sanctions on family members unfairly tars them with the misdeeds of their parent or spouse. But it is well known that sanctioned individuals often “transfer” their assets to their relatives. Moreover, there is a need to tie these family sanctions to Kremlin repression of individual Ukrainians. For instance, the Kremlin has unjustly imprisoned 24 Ukrainian sailors during the Kerch aggression and Ukrainian filmmaker Oleg Sentsov. Sanctions should be levied against the family members of 25 Kremlin officials and cronies and last until these Ukrainians are released.

The United States should also consider allocating additional military aid to Ukraine that would reduce Moscow’s naval advantage in the Sea of Azov. We should supply anti-ship missiles like Harpoons, which we have in surplus, coupled with a radar system that would enable Ukraine to chart the presence of Russian ships and direct fire. We should also provide Mark V patrol boats to Ukraine. These would provide Kyiv with an asymmetric capacity against the scores of Russian naval vessels in the Sea of Azov. Finally, an excellent training program has been established
for the Ukrainian army and special forces, and this program should be expanded
to increase the overall capability of Ukraine’s armed forces.

Finally, NATO should increase its presence in the Black Sea. British and U.S.
ships have visited the Black Sea nearly 10 times since the Kremlin’s November 25
attack on Ukraine’s ships. This is in addition to April’s Romanian-led naval exercise,
Sea Shield 2019, that included more than 20 ships from Romania, Bulgaria, Can-
da, Greece, the Netherlands, and Turkey, along with five ships from the NATO
maritime group. We should keep up this pace of naval visits, but NATO ships
should also cruise regularly in the eastern Black Sea. The idea is to complicate
the planning of the Russian General staff and demonstrate that Kremlin aggression
in Ukraine has not enhanced Russian security.

Congress took the lead on sanctions policy in 2017 when it passed the Countering
America’s Adversaries through Sanctions Act—CAATSA. This led to sharp sectoral
and individual sanctions with serious repercussions. The Senate has introduced new
legislation, the Defending American Security from Kremlin Aggression Act of 2019,
which would impose major sanctions on Moscow for its aggression in Ukraine and
provocations elsewhere, including in the United States. Passing this act with, for
instance, its prohibition on American participation in any new issuance of Russian
debt, or adding to the draft bill some of the measures that I offered above, would
be a major blow to Kremlin aggression and give Putin reason to opt for negotiations
designed to end his war on Ukraine.

The administration and Congress should also consider action to stop Moscow’s
Nord Stream 2 project, which is designed, like Moscow’s shipping inspection regime,
to deliver a blow to Ukraine’s economy. Not only would building Nord Stream 2 de-
prive Ukraine of $2 billion a year in transit revenues, but it would enable Moscow
to supply Europe with gas while suspending shipments to Ukraine.

This project is geopolitical, not commercial. Even Russia’s Sberbank produced a
report noting that the project was not in the country’s economic interests—it was
an expensive way to deliver the Russian gas currently flowing through the Ukrain-
ian pipeline—but it was in the interest of President Putin’s intimates, who were
building the pipeline.

Chancellor Merkel, unfortunately, has doubled down in her support for the project
in recent months, even though there are serious qualms about it in her party. Rec-
ognizing the damage that this project could do to the Ukrainian economy, the Chan-
celler has said that Moscow should continue to send a significant amount of gas
through the Ukrainian pipeline. But several statements by Russian Prime Minister
Dmitry Medvedev and Energy Minister Alexander Novak impose intolerable condi-
tions on Ukraine for doing just that. And Moscow has told gas consuming countries
in Europe that it will cease sending gas to them through Ukraine’s pipeline at the
end of 2019.

In light of all these factors, American sanctions against the firms providing the
high-tech elements for the pipeline are warranted. It is not easy to make this rec-
ommendation. Chancellor Merkel has been the key European leader on sanctions;
and U.S.-EU cooperation on sanctions has been a key factor in imposing costs on
Moscow for its aggression in Ukraine. We want to continue to work with the Chan-
celler on sanctions.

But a large number of EU countries also oppose Nord Stream 2, which they see
as a German imposition. And Germany has not reacted to the Kremlin’s provo-
cations against Ukraine. Chancellor Merkel’s own suggested safeguards for gas transit
through Ukraine. Deft diplomacy that utilizes these factors should enable us to
maintain cooperation on sanctions as we use sanctions to stop Nord Stream 2. Bet-
ter yet, the threat of sanctions, Kremlin provocations, and deft American diplomacy
persuade the EU or Germany to drop Nord Stream 2.

If Germany truly sought to mitigate the strategic risks of Nord Stream 2 and per-
haps attenuate the pressure for sanctions, it might consider putting even more of
its weight behind EU efforts to diversify gas sources. Germany could back more
LNG terminals, including in Poland and the Baltics as well as Germany; support
thickening the web of gas pipelines to undercut the Russian near-monopoly of gas;
press for rigorous, rapid implementation of the anti-gas monopoly provisions of the
EU’s Third Energy Package; bring Ukraine into an emerging European gas network
outside of Moscow’s control; and guarantee Ukraine the revenues from a substantial
minimum of Russian natural gas flows through its pipeline system.

The Three Seas Initiative which brings together Poland, Croatia, Romania and
other countries of Central Europe; the EU, U.S., Germany and other stake holders;
and private business, could prove a useful political umbrella to get past the current
capital pressure and work out the details of a common approach. As I learned in
my diplomatic career, when faced with a stand-off, enlarge your ambitions.
My remarks thus far have focused on Moscow’s military aggression against Ukraine and the dangers of our weak response to the Kerch provocation. But it is important to understand that the Kremlin is pursuing a full spectrum aggression that includes disinformation and cyber operations, economic sanctions and blockade, subversion, and assassinations. One particular object of Kremlin attention has been Ukraine’s 2019 presidential and parliamentary elections.

Failing to achieve a favorable result during Ukraine’s presidential election, Putin has ceased serious negotiations. He now waits for the outcome of the upcoming Rada elections, trying to create the conditions for a more malleable leadership in Kyiv. Recognizing the Kremlin’s well-established capacity to interfere in foreign elections, and its intention to do so in Ukraine, the Atlantic Council has partnered with the Victor Pinchuk Foundation in Ukraine and the Transatlantic Commission on Election Integrity to establish an Elections Task Force under the direction of David Kramer, a former Assistant Secretary of State and former Director of Freedom House. The task force has been operating since early December. Kremlin activities designed to shape the election’s outcome include massive disinformation mischaracterizing the major candidates and seeking to call into question the legitimacy of the election process, cyber operations particularly against the Central Election Commission, and the raising and lowering of military operations in Donbas to encourage Ukrainians to seek peace on Moscow’s terms.

SOME OBSERVATIONS ON REFORM

While this statement has been devoted to Ukraine’s security challenges, it would be a mistake to close without briefly addressing the other great issue facing Ukraine: socioeconomic reform and transformation. There is much debate on this topic, both in Ukraine and abroad.

The first point is the most important. There has been substantial progress in transforming Ukraine over the past 5 years. These achievements include: stabilizing the economy after Ukraine lost 17 percent of its GDP in 2014–15 because of Russian military aggression and severe trade sanctions; reducing the budget deficit from over 10 percent of GDP to 2.5 percent of GDP; and reducing public debt. Inflation has been slashed from 61 percent to 9 percent. Economic growth has returned but stays low at 3 percent. Major changes have also taken place in the banking sector; more than 80 insolvent banks have been shut down and the nation’s largest private bank, Privat, nationalized.

In the course of these economic reforms, the government has eliminated major sources of corruption. Most important has been the equalization of gas prices, which has eliminated government subsidies as much as 6 percent of GDP per year. Another major reform has been the introduction of the electronic state procurement system ProZorro, which has eliminated 1 percent of GDP per year in excessive public expenditures.

The second point, however, is that one area has seen little reform. That is the judicial sector: the prosecutors’ offices and the courts. Yes, the anti-corruption bureau (NABU) was established, but its good work has been hindered by rivalry with the Prosecutor General’s Office. The corruption in this area was one of the reasons for the surprise victory of President Zelensky.

Candidate Zelensky ran as the anti-corruption candidate. We will now see if he takes on this huge challenge. Certainly, he has been saying the right things. While slow in handing out positions, several of his picks have been reformers, and only one selection raises questions.

Senior U.S. and European officials have had the chance to talk with the new president. He has assured all interlocutors of his reform intentions. The reformers on his team are also optimistic.

The Ukrainian leadership and people have done a commendable job defending their country against aggression by the world’s second leading military power and introducing serious reforms. Western and especially American help has been essential to address both challenges. Greater assistance, in the form of additional sanctions on the Kremlin, more arms and military assistance to Ukraine, and more economic aid with tight conditionality, is called for. Such increased aid by the United States would protect our interests by hastening an end to Kremlin aggression and revitalizing the process of reform in Ukraine. This would greatly enhance stability in Europe and add to both its and our prosperity.

Senator JOHNSON. Thank you, Ambassador Herbst.

Our next witness is Dr. Alina Polyakova. Dr. Polyakova is Director of the Project on Global Democracy and Emerging Technology at the Brookings Institution and an adjunct professor of European
studies at Johns Hopkins University School of Advanced International Studies.

Dr. Polyakova specializes in Russian foreign policy, European populism and U.S.-Russian-Europe relations and is a frequent contributor to many media outlets.

Previously she was the Director of Research and Senior Fellow for Europe and Eurasia at the Atlantic Council.

Dr. Polyakova.

STATEMENT OF DR. ALINA POLYAKOVA, DIRECTOR, PROJECT ON GLOBAL DEMOCRACY AND EMERGING TECHNOLOGY, BROOKINGS INSTITUTION, WASHINGTON, DC

Dr. POLYAKOVA. Thank you, Chairman Johnson and Ranking Member Shaheen, and distinguished members of the subcommittee. It is an honor and privilege to address you today on this important issue. Thank you for inviting me to speak.

I could also just shorten my comments and say that I agree with everything that Ambassador Volker and Ambassador Herbst have just said, but in the interest of laying out a broader picture, I will not do that.

Ukraine remains a key arena of contestation between Russia and the West. An unstable Ukraine means a Europe that is less secure and less able to defend itself from future threats. For these reasons, the United States must continue to support Ukraine’s democratic path, its Euro-Atlantic future, and its ability to defend itself. Deterrence of an increasingly aggressive Russia must start in Ukraine.

The Kremlin seeks to keep Ukraine in a so-called permanent “gray zone.” To do so, Russia continues to destabilize Ukraine through conventional and non-conventional means. Today I am going to focus my oral comments on Russia’s non-conventional warfare against Ukraine, Ukraine’s progress and challenges and reforms, and what the U.S. should do to ensure Ukraine’s continued progress.

But one comment on the conventional threat. Russia continues to occupy and militarize Ukraine’s Crimean Peninsula. It is important to note that over the last 18 months, we have seen a steady and significant buildup in Russian military capabilities in Crimea and the surrounding waters. Beginning in January 2017, Russia began deploying S-400 surface-to-air missile systems to Crimea. Since then, there have been at least five known S-400 armed battalions positioned in Crimea. This means that with the S-400 presence, in addition to other capabilities on land and surrounding water, Russia de facto has military dominance over the Azov Sea and the entire Black Sea region. And this is something we must pay attention to from our national security interests.

Ukraine has long been a test lab for Russia’s growing arsenal of political warfare. This includes information warfare, cyber-attacks, and the use of energy supplies to exert political pressure. And while Russian interference in Western elections may have surprised many, Russia has a very long track record of intervening in Ukraine’s elections since the Orange Revolution in 2004. Ukraine’s experience is thus a bellwether for assessing the Russian tactics
that may be deployed here in the United States or against our allies.

For example, ahead of Ukraine's most recent presidential elections, the Russian media spread disinformation claiming that Ukraine's candidates were U.S. puppets and that the election systems were controlled by Ukraine's intelligence agencies, among other colorful disinformation campaigns.

In a new and worrying tactic, a Russian operator confessed to being tasked with identifying Ukrainians who would be willing to, quote/unquote, rent out their Facebook accounts for the spread of disinformation.

Russian information warfare does not stop when the ballot box closes. While Ukraine remains Russia's top target, Russian disinformation, especially in the digital domain, is an ongoing threat to democracies, including the democracy of the United States.

On the cyber front, there have been at least 15 known Russian-attributed cyber-attacks on Ukraine since 2014. A 2015 cyber-attack caused a blackout affecting over 230,000 Ukrainians. The malware used in that attack has been identified by the FBI and the Department of Homeland Security as present in the electrical utilities in the United States. What happens in Ukraine does not stay in Ukraine.

Further, Russia has continued to aggressively use natural gas as a tool of political warfare. The current gas transit contract between Ukraine and Russia expires at the end of this calendar year. This raises a concern, with the negotiations stalled, of a potential gas crisis this coming January that could also affect supplies to Europe.

Nord Stream 2 is part of Russia's political warfare against Ukraine. When completed, the pipeline will allow Russia to circumvent Ukraine as a transit route for Europe-bound natural gas. However, it is important to note, in addition to what Ambassador Herbst has laid out, Nord Stream 2 has a military and security objective. Currently the line of contact in the Donbas tracks almost perfectly with the gas transit pipelines in Ukraine. This means that Ukraine's gas pipelines are de facto acting as a deterrent on further Russian military aggression. Without Russian gas flowing through those pipelines, that deterrent will also disappear.

Despite Russia's continued aggression against Ukraine, Kyiv has made significant strides on reforms. Most significantly, Ukraine has reformed its energy sector, set up anti-corruption infrastructure, and cleaned up the banking sector. Taken together, it is estimated that these reforms should return up to $6 billion in annual revenue to Ukraine.

Still, it is important to note that Ukraine's new president inherits an embattled anti-corruption institution structure. For example, the National Anti-Corruption Bureau, the so-called NABU, is meant to investigate high-level corruption, but convictions remain elusive because Ukraine has failed to reform its judicial sector. This must be the priority for this new administration and the incoming parliament. Until the Ukrainian Government makes a serious effort to tackle corruption, it will remain a vulnerability the Kremlin will continue to exploit. And while with their votes
Ukrainians have closed the door to the East, they must still work to keep the door to the West open.

The United States has led the international effort to help Ukraine defend itself. This legislative body has consistently authorized hundreds of millions in military aid to Ukraine. These funds and related programs have gone a long way to secure Ukraine's sovereignty.

On sanctions, since 2014, the U.S. Government has sanctioned at least 762 individuals and entities under the combined authorities afforded to the administration. This is a significant number. Sanctions against Russian entities and individuals should continue to be a core tool of U.S. strategy to deter further Russian aggression. But it is critical that future sanctions, especially those against Russian energy companies, be coordinated with our European allies. And sanctions should only be one part of a broader U.S. strategy.

In addition, the United States should continue to put pressure on Kyiv to institute judicial and anti-corruption reforms, remain steadfast on the conditionality of our assistance, together with the EU and international partners, should continue high-level bilateral engagement with the Ukrainian Government. I would hope to see a visit from President Zelensky in Washington in the near future.

We should increase U.S. investment in countering Russian influence in Ukraine and Eastern Europe and support independent media and civil society already doing so.

Russia's invasion of Ukraine has assured Ukraine's Western orientation. The Kremlin has lost the Ukrainian people. But as Ukraine's new government forms, Kyiv will need continued international support led by the United States, and it will also need a commitment to its territorial integrity and a resolve to impose additional costs on Russia for its escalatory behavior. Ukraine cannot be permanently relegated to the gray zone. Moscow sees a successful democratic Ukraine as a threat to President Vladimir Putin's authoritarian regime. It is in Ukraine's interest to see Ukraine's democratic and economic reforms fail, and therefore, it should be our mission to ensure that they do not.

Thank you.

[The prepared statement of Dr. Polyakova follows:]
PREPARED STATEMENT OF DR. ALINA POLYAKOVA

BROOKINGS

Senate Foreign Relations Subcommittee on Europe and Regional Security Cooperation

"Five Years after the Revolution of Dignity: Ukraine's Progress/Russia's Malign Activities"

June 18, 2019

Dr. Alina Polyakova
Director, Global Democracy and Emerging Technology
Fellow, Center on the United States and Europe
Foreign Policy Program
Brookings Institution

Dear Chairman Johnson, Ranking Member Shaheen, Distinguished Members of the Subcommittee:

It is an honor and privilege to address you on Ukraine's progress and Russian malign activities five years after Ukraine's Revolution of Dignity and Russia's illegal annexation of Crimea and invasion of the Donbas. Thank you for inviting me to speak.

Ukraine remains a key arena of contestation between Russia and the West. In the new and uncertain environment of geopolitical competition, ensuring and committing to Ukraine's success as a democratic society in which Ukrainians are free to determine their path should continue to be a top priority for the United States and our allies. Ukraine is a large European country with a population of 48 million people. It is rich in natural resources and human capital, and its success or failure can tip the balance in the accelerating competition between Russia and the West. An unstable Ukraine means a Europe that is less secure and less able to defend itself from future threats. For these reasons, the United States must continue to support Ukraine's democratic path, its Euro-Atlantic future, and its ability to defend itself militarily against continued Russian aggression. Deterrence of an increasingly aggressive Russia must start in Ukraine.

The Kremlin seeks to prevent Ukraine from moving toward the West by keeping it in a permanent "grey zone." To achieve that goal, Russia continues to destabilize Ukraine through conventional and nonconventional military means while seeking to undermine Ukraine's democratic and economic reform process.

Russia continues to occupy and militarize Ukraine's Crimean Peninsula. Russia's Black Sea Fleet, headquartered in Sevastopol, is serving as the operational naval base for consolidating and increasing Russian dominance over the Black Sea. Over the last two years, Russia has engaged in a significant military buildup in Crimea. Beginning in January 2017, Russia began deploying S-400 surface-to-air missile systems in Crimea. Since then, at least five S-400 armed battalions have been positioned in Crimea, including in Kerch, Sevastopol, Feodosia, Dzhankoy, and Yevpatoriya. The S-400 system has a range of approximately 250 miles (400 kilometers). Combined with additional capabilities currently present in Crimea and surrounding waters, including anti-ship cruise

missiles, coastal defense cruise missile systems, radar systems, and combat aircraft. Russia now has military dominance in the critical Black Sea region. In November 2018, Moscow used these capabilities to open a new front against Ukraine in the Kerch Strait. In that attack, the Russian coast guard fired on and seized three Ukrainian naval vessels and detained 24 Ukrainian crew members as they transited the Kerch Strait. The Ukrainian servicemen remain in Russian custody. This event followed a months-long Russian effort to control the Sea of Azov through regular harassment and detention of Ukrainian commercial ships and foreign vessels seeking passage to Ukrainian ports. Russia stepped up these aggressive efforts since opening the bridge over the Kerch Strait connecting Crimea to the Russian mainland by land in May 2018.

Today, with its naval military dominance and completion of the Kerch Strait bridge, Russia has a stranglehold on the Sea of Azov. Vessels seeking passage to Ukraine’s two key Sea of Azov ports, Mariupol and Berdyansk, must pass through the Kerch Strait and navigate increasingly hostile waters, facing detentions, long shipment delays, and harassment. As a result, since 2014, Ukraine has incurred an estimated $400 million in losses due to the obstruction of ports and Russian aggression in the Black Sea region. 6 Russia is de facto engaged in an economic blockade of Ukraine via the sea.

In Ukraine’s east, continued Russian military operations in the Donbas have cost over 13,000 Ukrainian lives and displaced over 1.5 million Ukrainians since 2014. 7 The situation in Ukraine’s Donbas is far from a frozen conflict – it is low-intensity open warfare. On average, ten to twelve Ukrainians were killed or injured every month in the Donbas since the beginning of this year. 8 Since the beginning of the conflict in 2014, more than 4,000 Ukrainian servicemen have lost their lives. 9 According to the UN Office of the High Commissioner for Human Rights (OHCHR), there were 40,000-45,000 “conflict-related casualties in Ukraine” between April 2014 and January 2019. The Minsk process, which was designed to bring a peaceful solution to the conflict, has stalled. While the dialogue remains an important platform for the Trilateral Contact Group, Moscow has little interest or incentive in changing the current status quo.

In addition to military aggression, Russia has also used Ukraine as a test-bed for its arsenal of political warfare. This includes information warfare; cyber-attacks, the use of energy supplies to exert political pressure, and the export of corruption to gain a foothold in politics.

While Russian interference in Western elections came as a surprise to many, Russia has a long track record of intervening in Ukraine’s elections since 2004. Ukraine’s experience is thus a bellwether for assessing the Russian tactics that may be deployed against the West. 10 Ahead of Ukraine’s presidential elections this spring, the Russian media spread disinformation narratives claiming that Ukraine’s presidential candidates were U.S. puppets, that the election systems are controlled by Ukraine’s intelligence agencies, and that Western governments are interfering in Ukraine’s electoral

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3. Ibid.
process. Disinformation against then-candidate Volodymyr Zelensky claimed that he was linked to the Notre Dame fire in Paris and that he was a drug addict. And in a new and worrying tactic, a Russian operator confessed to being tasked with identifying Ukrainians who would be willing to "rent out" their Facebook accounts for the spread of disinformation. Of course, Russian political warfare does not stop when the ballot box closes. Russian disinformation on social media platforms targeted Ukraine well before Moscow launched its information warfare against elections in the U.S. and Europe, and Ukraine remains its top target. Russian state media, social media trolls, and bots spread and amplify false stories about Ukraine to undermine the legitimacy of the government and to divide Ukrainian society. Some recent stories claim that Ukrainian children are forced to play with stuffed Adolf Hitler dolls and that Ukraine's national church is becoming the Christian version of ISIS.

There have been at least 15 known Russian-attributed cyber-attacks on Ukraine since 2014. A December 2015 cyber-attack caused a blackout affecting over 230,000 Ukrainians. The malware used in that attack, BlackEnergy, has been detected in electric utilities in the United States. In June 2017, the "NotPetya" virus, which the United States attributed to the Russian military, originated in Ukraine and spread to 64 countries, including the United States, and affected major international companies, logistical operators, government agencies, telecommunication providers, and financial institutions.

Russia has continued to aggressively use natural gas as a tool of political warfare against Ukraine. Gazprom, Russia's state owned natural gas monopoly, shut off gas exports to Ukraine in 2006 and 2009. In 2009, the gas dispute affected gas supplies to Europe and left Ukrainians without gas for almost three weeks in the middle of winter before reaching a negotiated resolution. The current gas transit contract between Ukraine and Russia expires at the end of 2019. Europe imports approximately a third of its gas from Russia, 41 percent of which is delivered via transit pipelines in Ukraine. Negotiations between Gazprom and Ukraine’s Naftogaz to renew the transit contract...
have stalled as Gazprom seems unlikely to sign a new contract, raising concerns of a potential gas crisis in January 2020 that could also affect supplies to Europe.23

The Nord Stream 2 pipeline project is part of Russia’s energy warfare against Ukraine. Nord Stream 2, when completed, would allow Russia to circumvent Ukraine as a transit route for Europe-bound natural gas, enabling Russia to shut off gas to Ukraine without affecting the lucrative European market. It would also deprive Ukraine of approximately $3 billion in gas transit fees. In addition to the economic effects, Nord Stream 2 has a military and security objective. Currently, the line of contact in the Donbas tracks with the gas transit pipelines in Ukraine. It makes sense, from Moscow’s perspective, to avoid any damage to gas pipelines delivering gas to Europe via Ukraine. This means that Ukraine’s gas pipelines are de facto acting as a deterrent on further Russian military aggression. When Russian gas is no longer flowing via Ukraine, that deterrent will also disappear.

Despite Russia’s determination to see Ukraine fail economically, politically, and militarily, Kyiv has made significant strides in the last five years. It reformed its energy sector, set up an anti-corruption infrastructure, and stabilized its economy. The economy contracted 17 percent between 2014 and 2015 but returned to growth in 201624 and is forecast by the IMF to grow by 2.7 percent this year.25 The government pushed through painful reforms by raising gas prices to market levels as required by the IMF, thus removing a core opportunity for graft. The government also launched a transparent online bidding system for public procurement. Taken together, these economic reforms returned up to $6 billion in annual revenues.26 Lastly, one of the most tangible reforms may concern healthcare, where primary care is now free and of higher quality. These reforms have been achieved through the so-called “sandwich model” of top-down pressure from international institutions, such as the IMF and EBRD, Western governments, including the United States, and bottom-up pressure from Ukraine’s thriving and active civil society and reformers in parliament.

Earlier this year, Ukraine held its presidential elections in which a newcomer, Volodymyr Zelensky, defeated the incumbent Petro Poroshenko with 73 percent of the popular vote. The elections were free and fair, leading to a peaceful and democratic transfer of power with Poroshenko’s resignation. A significant and important milestone for any post-Soviet country. For the first time in Ukraine’s history, there was no viable pro-Russian candidate. The overwhelming support for President Zelensky united the country – there was no significant ethnic, linguistic, or regional divide in the voting. The new president has a mandate to reform his country and weed out corruption, which remains a top concern for Ukrainians and the international community.

That’s the good news.

The bad news is that Ukraine’s new president inherits embattled anti-corruption institutions which have been under constant political attack. The National Anti-Corruption Bureau of Ukraine (NABU) is meant to investigate high-level corruption and is supported by Ukrainian civil society watchdogs. Since 2015, NABU has sent 189 cases to court, but convictions remain elusive because Ukraine has failed to reform its judicial sector. Former U.S. Ambassador Marie Yovanovitch has rightfully called

27 Nestor Buley, “Ukraine’s Painless Reforms Start to Bear Fruit.”
for replacing the head of the Special Anti-Corruption Prosecutor’s Office (SAPO), who was recorded coaching suspects on how to avoid corruption charges.

In 2016, Ukraine launched an e-declaration system, which requires public officials to declare their income and assets. This system, hailed for its transparency, was meant to empower anti-corruption agencies and civil society to investigate and hold public servants accountable if they held assets that far exceeded their public incomes. However, the agency charged with verification, the National Agency on the Prevention of Corruption, has failed to verify asset declarations for more than two years.

Until the Ukrainian government makes a serious effort to tackle corruption, it will remain a threat to Ukraine’s development, an obstacle to its European path, and a vulnerability that the Kremlin will exploit. While with their votes Ukrainians have closed the door to the East, they must still work to keep the door to the West open.

The United States has led the international effort to help Ukraine defend itself against Russian aggression, support its democratic development, and exert costs on Russia. This Administration rightfully approved the sale of 210 Javelin anti-tank missiles to Ukraine last spring. U.S. troops have exercised together with Ukrainian soldiers, and U.S. special operations forces continue to train Ukrainian military forces in Western Ukraine. This legislative body has consistently authorized hundreds of millions in military aid to Ukraine, with $250 million authorized in the 2019 NDAA. These funds and programs have gone a long way to secure Ukraine.

Since 2014, the U.S. government has sanctioned 762 individuals and entities under the combined authorities of Ukraine-related executive orders, CAATSA, and cyber-related authorities. This is significant. Most recently, on March 15, 2019, the United States, in coordination with the European Union, Canada, and Australia, sanctioned six Russian individuals and eight entities in connection with the Kerch attack and illegitimate elections in the so-called Donetsk People’s Republic. Coordination of sanctions with U.S. allies is an important signal of continued Western unity. These most recent sanctions, however, are neither commensurate with the degree of Russian aggression nor do they signal strong Western resolve to impose significant costs on Russia.

Sanctions against Russian entities and individuals should continue to be a core tool of a U.S. strategy to deter further Russian aggression. It is critical that future sanctions, especially those against Russian energy companies, be coordinated with European allies. However, sanctions should comprise one part of a broader U.S. strategy. The United States should continue to put pressure on Kyiv to institute judicial and anti-corruption reforms and remain steadfast on the conditionality of assistance with the EU and international institutions. Continued high-level bilateral engagement with the Ukrainian government will also send a signal to Russia that Ukraine remains a priority to the United States.

Other elements of this strategy should be increased U.S. investment in countering Russian influence in Ukraine and Eastern Europe, supporting independent media and civil society in the region, and closing loopholes in our financial system that enable illicit activities. The Defending American Security from Kremlin Aggression Act of 2019 (DASKAA) calls for the establishment of a National

Fusion Center to Respond to Hybrid Threats, a Countering Russian Influence Fund to be used in countries vulnerable to Russian malign influence, and closer coordination with allies (sections 704, 705, 706). These efforts are long overdue.

Russia's invasion of Ukraine has assured Ukraine's Western orientation. As Ukraine's new president and, following parliamentary elections in July, new parliament, take up the reins of governing their country, they will need continued international support. Ukraine will also need continued U.S. commitment to its territorial integrity and resolve to impose costs on Russia for escalation. Ukraine cannot be permanently relegated to the "grey zone." Moscow sees a successful democratic Ukraine as a threat to President Vladimir Putin's authoritarian regime. It is in Russia's interest to see Ukraine's democratic and economic reforms fail. It should be our mission to ensure that they do not.
Senator JOHNSON. Thank you, Dr. Polyakova.

Our final witness is Dr. James Carafano. Dr. Carafano is Vice President of the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation. A 25-year Army veteran, Dr. Carafano served in Europe and South Korea, retiring with the rank of Lieutenant Colonel. He is also an adjunct professor at Georgetown University and visiting professor at the National Defense University.

Dr. Carafano’s recent research is focused on developing the national security required to secure the long-term interest of the United States, protecting the public, providing for economic growth, and preserving civil liberties.

Dr. Carafano.

STATEMENT OF DR. JAMES JAY CARAFANO, VICE PRESIDENT, KATHRYN AND SHELBY CULLOM DAVIS INSTITUTE FOR NATIONAL SECURITY AND FOREIGN POLICY, THE HERITAGE FOUNDATION, WASHINGTON, DC

Dr. CARAFANO. Thank you, Senator. So this is a little unusual. I have two thank yous. First of all, I want to thank the subcommittee for holding an incredibly important hearing on an issue that is very important to the United States, but I think we should all thank Kurt Volker for his service. It has been extraordinary and his continued service for the country in this matter. It really is.

Senator JOHNSON. I agree.

Dr. CARAFANO. So I made five points in my statement for the record, which I will not read.

One is to talk about the importance of the bilateral relationship and why we should care about Ukraine.

The second was to stress, which I do not think we can do this emphatically enough, that the problem is Putin that his policies are the chief destabilizing threat in the region, and we should never lose focus on that.

The third is to emphasize what everyone on the panel has already mentioned, which is the importance of early and really active engagement with the new presidency, also though to focus on the broader regional engagement of the United States on how many of the things going on outside Ukraine are really important to the success of Ukraine.

And finally, to mention something that I think is really important, which is not just to keep the door for NATO membership open for the Ukraine, but that the United States should lead through that door.

If I could just briefly emphasize two of those points: why the U.S.-Ukraine relationship is so important and on the importance of regional engagement and NATO.

The United States is a global power with global interests and global responsibilities. To exercise that, we have got to connect to the rest of the world. And the three most important pieces of the world that do that are Europe, the Middle East, and the Indo-Pacific. So it is in our vital interest that those parts of the world are at peace and prosperous. And our alliances, our relationships are the key to doing that.
I think often overlooked in that and particularly in regard to Western Europe is the role of small states, not that Ukraine is small but small in comparison in population and power to some of the other bigger states in Europe. But small states are critical for three reasons.

One is often it is not how big they are, but where they are. And their geopolitical position is crucial. I think that is definitely true for the Ukraine, which is part of this, I think, vital backbone between Europe and Russia that has to be stable and coherent both politically, economically, but also geographically.

The second is our alliances in Western Europe are built on the principle of collective defense, and collective defense is the choice of countries to decide their future and who they choose to partner with in their future to secure that. Keeping the door open for countries that want to join that alliance I think is incredibly important and certainly in the case of the Ukraine.

And the third is at the end of the day, small nations can actually be net contributors to collective defense. We have that case in a number of countries within NATO, and there is no doubt in my mind that a successful and peaceful and prosperous Ukraine is going to be a positive net contributor to collective security in the West.

The second point is the larger regional engagement of the United States in Europe and how important that is to the future of the Ukraine. We have mentioned the concerns about Nord Stream 2, which I fully share. There are others issues in which the U.S. is engaged, which are important to the future of Ukraine. The Three Seas Initiative is one. It is an important series of energy projects, the fruition of which will improve the entire region, not just in energy but in terms of regional economic integration and economic growth. It is important for the United States to strongly support that.

I mentioned in my testimony the importance of better Ukrainian-Hungarian relationships and how the United States plays an important role there.

Also implied is the broader issue of Black Sea security. That is a regional challenge, and having that successful also has an impact on the Ukraine.

And finally, I just want to mention briefly the importance of not just keeping the door open for Ukrainian membership to NATO, but that the United States leads toward that door. I think now that North Macedonia is essentially off the table, it is time for a discussion about the next round of NATO enlargement. And I think North Macedonia not only kind of cleared the table, it also taught us a really important lesson, that countries can figure out really complex, difficult problems and, for their own collective security, figure out a path forward. And I think that should make us optimistic about the future of NATO enlargement.

I also think in the case of Georgia, we have a case study in how you can move forward on NATO membership despite the fact that a portion of your country is occupied by another country. My colleague Luke Coffey has written on this extensively on how within the existing charter, membership for Georgia is certainly realistic. And I think that sets a precedent for Ukraine. And I think the
most important point is Vladimir Putin cannot have a veto on who gets to join NATO by simply occupying a piece of somebody else's country.

I look forward to your questions. Thank you again.

[The prepared statement of Dr. Carafano follows:]

PREPARED STATEMENT OF DR. JAMES JAY CARAFANO

Mr. Chairman and other distinguished Members, I am honored to testify before you today on this vital subject. My name is Dr. James Jay Carafano. I am the Vice President for Foreign Policy and Defense Studies, the Director of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, and the E.W. Richardson Fellow at The Heritage Foundation, a non-partisan research institution. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.¹

In my testimony, I would like to: (1) stress the importance of Ukraine to the U.S. strategy for a secure and flourishing transatlantic community; (2) underscore that the principle threat to peace and stability remains the recalcitrant, malicious, destabilizing, and dangerous policies and actions of Russian President Vladimir Putin; (3) emphasize the imperative of immediate, strong and active engagement with the new Ukrainian government; (4) discuss regional developments that are crucial for the future peace and security of Ukraine and U.S.-Ukraine bilateral relations; and, finally, (5) emphatically make the case that it is vital that the U.S. lead in preparing Ukraine for membership in NATO.

My responsibilities at The Heritage Foundation comprise supervising all of the foundation’s research on public policy concerning foreign policy, defense, and national security. Heritage has assembled a robust, talented, and dedicated research team. I have the honor and privilege of leading that team. Heritage analysts have studied and written authoritatively on virtually every aspect of the challenges of foreign policy and national security that affect the transatlantic community and U.S.-Ukraine relations. The results of all our research are publicly available on the Heritage website at www.heritage.org. Of particular note, and relevance here are, the Heritage Index of U.S. Military Strength, which includes a comprehensive review of contemporary European security issues and the Heritage Index of Economic Freedom, which grades every nation in the world on its level of economic freedom (the trends in Ukraine and neighboring states are especially instructive).

We collaborate frequently with the research community, including such institutions as the American Foreign Policy Center, the Hudson Institute, the Foundation for Defense of Democracy, the Jamestown Foundation, the Center for European Policy Analysis, the Center for International Private Enterprise, the International Republican Institute, and the U.S. Institute of Peace, all of which have done substantive and important work on Ukraine, the Russian threat, and regional issues. I, and our research team, have also widely traveled in Ukraine and the region, and have participated in the regional and international conferences on the spectrum of vital issues from security and economic development to health care and the challenges of public corruption.

In addition to our regional work, we have substantial expertise on defense issues. I served 25 years in the U.S. Army, including two tours with NATO forces. Our team also includes senior retired officers from each of the armed services with well over a century of operational and combat experience, a good deal of it in the European theater.

I am particularly proud of The Heritage Foundation’s long and substantive record of research on Ukraine. Our effort reflects the foundation’s commitment to advancing public policies that keep America free, safe, and prosperous. We believe that U.S.-Ukrainian bilateral relations have important implications for meeting this aspiration.

WHY UKRAINE STILL MATTERS

The U.S. is a global power with global interests and responsibilities. American interests can only be protected if the U.S. is forward present to safeguard, or can get where it needs to be, to exercise power in support of those interests. There are three vital regions that link the U.S. to the world—Europe, the Middle East, and the Indo-Pacific. Regional peace and stability in each is a vital U.S. interest. These requirements are strongly reflected in the U.S. National Security Strategy, and sustaining and strengthening that commitment is crucial.² In this respect, the stability
of the transatlantic community is foundational to U.S. security, and the future of Ukraine has strong implications for that stability and security.

In U.S. efforts to ensure regional stability in an age of great power competition, what is, in fact, more important than ever, is the role of "small powers." There are three reasons why small states matter to the United States, particularly in the context of the transatlantic community and Western Europe.

First, geography matters. In geopolitics—as in real estate—a critical consideration is "location, location, location." To a major power, another country's greatest asset might be its map coordinates rather than the size of its arsenal or bank account. Part of the reason why the U.S. must insist that NATO continue to keep its membership door open is because there are nations still not included, whose accession would enhance collective security due to their geographical location.

Second, freedom matters. Like-minded nations make better partners. One of the reasons why NATO works is because the Alliance is a partnership of free nation-states. The foundational rationale of the transatlantic Alliance is that free states have the right to associate for the purpose of collective security. To close NATO's door to new members would undermine what NATO stands for: the right of free peoples to choose their future.

Third, contribution matters. Small nations can be net contributors to peace, security, and economic development. A free, secure, and prosperous Ukraine can provide all three of these benefits. Conversely, failing to support Ukraine adds to the prospects for diminishing and weakening the transatlantic community, and losing a pivotal state in the U.S. effort to help sustain peace and stability in Europe. A successful Ukraine is an important U.S. interest, and the U.S. should invest its time, influence, and treasure consistent with that interest.

RUSSIA IS THE GREATEST DESTABILIZING THREAT TO PEACE AND SECURITY IN WESTERN EUROPE

Ukraine and the transatlantic community share a common cause: resisting, mitigating, and abating the malicious and dangerous actions of Russian President Vladimir Putin. Russia has been occupying Ukraine's Crimean peninsula illegally since 2014, and continues to stoke a deadly war in the east that has resulted in thousands of deaths, tens of thousands of wounded, and almost 2 million people internally displaced. In addition, Russia meddles in Ukrainian internal affairs, seeding political and economic disruption and fueling corruption. Of particular note is how Russia uses religion and religious narratives, through tactics of misinformation, to further sow divisions.4

Of greatest significance is Russia's armed intervention in Ukraine. In addition to illegally occupying Crimea, Moscow stoked sectarian divisions in eastern Ukraine. Backed, armed, and trained by Russia, separatist leaders declared the so-called Lugansk People's Republic and the Donetsk People's Republic. Russia continues to support separatist factions in the Donbas region of eastern Ukraine with advanced weapons, technical and financial assistance, as well as Russian conventional and special operations forces. Two cease-fire agreements—one in September 2014 and another in February 2015, known as Minsk I and Minsk II, respectively—have come and gone. As events in eastern Ukraine since the signing of Minsk II have shown, the agreement is a cease-fire in name only.

Of recent note, on November 25, 2018, Russian Federal Security Service border-patrol boats opened fire on three Ukrainian navy vessels near the Kerch Strait, a narrow body of water connecting the Black Sea and the Sea of Azov. Twenty-four Ukrainian sailors are still being illegally detained.

In addition, the 24 sailors being illegally detained, it is estimated Russia also illegally holds about 70 other Ukrainian citizens.5

There is no demonstrable evidence that Russia will cease its destabilizing activities any time soon. Thus, without question, without the support of the U.S. and the international community, stability and security in Ukraine will be at grave risk. As a result, the U.S. should:

- Sustain commitment. Five years later, we can’t show “Ukraine fatigue” in the face of Russia’s naked aggression.
- Maintain and strengthen the economic sanctions.
- Continue to provide support and lethal aid to Ukraine.
- Never consider making concessions in U.S. support to Ukraine as a trade for Russian cooperation on other issues.
- Work to sustain the international coalition condemning and punishing Russia for its illegal and malicious activity. Continue to demand that the starting point for future negotiations is Russia’s full compliance with the Minsk agreements.
ENGAGEMENT WITH UKRAINE IS THE ANSWER

There is no question of whether the U.S. should continue its level of engagement and support to the people of Ukraine. The only issue that should be up for discussion is how to make the U.S. effort the best it can be.

The election of Volodymyr Zelensky (official English-spelling released by his administration in late May) as president of Ukraine raises many hotly debated questions about which key policies he will adopt and who will most influence the administration. Right now, I think it is fair to say: We just don’t know for sure.

The direction of the government may be clearer after parliamentary elections on July 21, 2019, (unless Ukraine’s highest court stops the vote, which is highly doubtful). But, even that assessment is debatable. Zelensky has created a new party—Servant of the People—and his governing style will definitely be guided by how successful his party is in the July election. The more compromises that have to be made to form a majority coalition, the more difficult it is to speculate about future policies. When the cabinet is filled later this summer, the picture might be clearer.

THE U.S. CAN’T WAIT

The time to ramp up engagement is right now. The U.S. must send strong, clear, and consistent messages of its expectations. What will best serve to strengthen the U.S.-Ukraine bilateral relationship is a stronger Ukraine. That requires advances in the three crucial areas: (1) security, (2) economic development, and (3) advances in good governance.

1. Security. Security assistance and cooperation remain a high priority, particularly accelerating lethal defense aid and maritime-security capabilities. Military reforms are lagging. That said, Ukraine’s military has made remarkable progress and looks more and more like a competent, professional modern military. Naval power, however, is particularly problematic. Two of the six U.S. Island class patrol boats are getting ready to be sent, after long delay, but as of today Ukraine still has no navy—just five gunboats and one dock-bound former Soviet cruiser in Odessa. Ukraine has no naval ability to defend Odessa. Among the actions the U.S. could take are:

• Supply more ships to Ukraine. A strong Ukrainian navy is in America’s interests. Transferring two Island-class former Coast Guard ships to Ukraine is a good first step in rebuilding Ukrainian maritime capability after it lost many ships to Russia in 2014, but more should be done. The U.S. should move ahead with providing surplus Oliver Hazard Perry (FFG–7)-class frigates as part of the Pentagon’s program to dispose of excess defense property.

• Help Ukraine rapidly improve its anti-ship missile capability. The right to self-defense does not stop at a country’s shoreline. The U.S. can help fund and speed up getting Ukraine’s domestically produced Neptune anti-ship missile in operation faster. In addition, the U.S. should consider appropriate off-the-shelf options for anti-ship missile platforms for Ukraine.

• Assist Ukraine in improving its maritime domain awareness capability. Most of the non-lethal support provided by the U.S. to Ukraine since 2014 has focused on the land war in the east of the country. The U.S. should expand this help to improve Ukraine’s maritime security by providing improved radar and appropriate surveillance capabilities, such as unmanned aerial vehicles.

• Lift geographical restrictions on U.S. troops in Ukraine. Currently, the 300 U.S. troops in Ukraine as part of a training mission are restricted to the western half of the country, more than 800 miles from the front lines. On a limited basis, the U.S. should allow U.S. trainers and observers to the front lines to gain a better understanding of the situation on the ground and of training requirements for the Ukrainian military.

• Evaluate NATO’s trust funds for Ukraine. NATO should evaluate the effectiveness of the six trust funds established at the 2014 Wales Summit. For example, there is no trust fund focused on improving Ukraine’s maritime capability.

2. The Economy. Economic reforms are also lagging. According to the Index of Economic Freedom:

Ukraine’s economic freedom score is 52.3 [out of 100], making its economy the 147th freest in the 2019 Index. Its overall score has increased by 0.4 point, with improvements in fiscal health, business freedom, and property rights outpacing declines in labor freedom and trade freedom. Ukraine is ranked 44th among 44 countries in the Europe region, and its overall score is below the regional and world averages.

Progress on the economic front is vital.
As Ukraine’s oligarch-dominated economy improved in 2018, partly because of greater inflows of remittances, Western institutions found that they had less leverage to press for further reforms.

On the other hand, the results of the national elections clearly demonstrate that the people of Ukraine are impatient for change. If the government cannot deliver, it will not remain popular for long. According analysis at The Heritage Foundation, what is need most are:

- Contentious but much-needed structural reforms, such as cutting subsidies and raising energy tariffs, fiscal consolidation, and the fight against corruption.
- Developing Ukraine’s capital markets, privatizing state-owned enterprises, and improving both its legal framework and the rule of law.

3. Governance. Advances in good governance are also important. The ability of Ukraine to hold free and fair elections is notable, particularly given the number of obstacles thrown in its path. The U.S. should be proud of its contributions in this area, and that in of itself should encourage America to do more. For example, in Ukraine, the International Republican Institute (IRI) has been on the ground since the country first gained its independence nearly 28 years ago. Since that time, the IRI has worked side-by-side with tens of thousands of elected officials, party representatives, and citizens to set up and strengthen the country’s nascent democratic institutions, and has monitored every single election since independence, including the recent successful presidential election. There is so much to be done.

- Good government starts at the top with professional, dedicated, and competent senior level appointments in the Ukrainian cabinet, the president’s staff and the military staff. The U.S. has to make that point at every opportunity.
- President Trump should meet with the new President in Washington and continue to demonstrate the continuation of our policy of support for Ukraine during this transitional period. Apparently a visit is tentatively scheduled after the parliamentary elections in mid-July. At their meeting, the president should both support and encourage Ukraine’s president to follow through on anti-corruption commitments and offer additional military assistance to deter further Russian aggression. The U.S. government could also exert more influence on Ukrainian governance issues by “being there.” President Trump or Vice President Pence and Cabinet-level officials across the U.S. government should visit Ukraine. Their visits should be followed up with regular calls by senior officials from all areas of the U.S. government.

- U.S. policymakers should not play into Russian propaganda about Ukraine as a failed state by focusing only on the negative. The U.S. should hold Ukraine to account where it is failing, and praise Ukraine for the strides it has made in tackling entrenched challenges.
- Congress has an important role to play. Congress should continue its strong support for U.S.-Ukraine bi-lateral relations and interaction with Ukrainian ministers and parliamentarians. In particular, Congress could helpfully underscore at every opportunity U.S. support for an independent Ukraine with the bedrock of our policy being continued U.S. commitment to Ukraine’s territorial integrity.
- The U.S. should not forget human rights. Ukraine and the U.S. should set the example. The two countries should work together to highlight and bring attention to the plight of the Crimean Tatars, who are being persecuted and oppressed by the Russian government. The Trump administration should be praised for raising the profile of this important issues.

Many of the issues that will help to strengthen U.S.-Ukrainian bilateral cooperation are not confined to the borders of Ukraine. Addressing these challenges would help as well.

Of particular note is the disagreement between Hungary and Ukraine that dates to 2017 when Ukraine’s government began to consider a “language law” that makes mandatory the use of the Ukrainian language in secondary schools, which in Ukraine start in sixth grade. After much debate, Ukraine’s parliament, the Verkhovna Rada passed the law on April 25. This resulted in a disagreement not of Ukraine’s doing, but rather the result of Hungary’s unique view of what constitutes the nation-state. The dispute has had important consequences, as Hungary has reacted by blocking ministerial-level meetings of the NATO-Ukraine Commission—the venue for cooperation between Ukraine and the Western Alliance. It bears repeating that it is Ukraine’s sovereign right to take this step, just as it is in ours
to ensure that our schoolchildren are taught in our national language, English. Every nation has the right to ensure that its youth grow up to be literate and productive members of a cohesive society. U.S. officials are to be lauded for past efforts to ameliorate the dispute.

The U.S. must sustain a highly activist regional policy.

- In particular, the U.S. must continue to press for more constructive Ukrainian-Hungarian relations and end the obstructionism that negatively affects Ukrainian-NATO cooperation.10
- The U.S. should continue to demonstrate strong support for the Three Seas Initiative and remain firm in its opposition to the Russian pipeline Nord Stream II.11
- The U.S. should work with the European Union and regional partners who share our interest in the future of a free and prosperous Ukraine.

COMMITMENT TO NATO ENLARGEMENT

Finally, the U.S. must continue not just to keep the door for NATO membership open, but must also craft a plan and advocate hard for getting Ukraine through the door. The ascension of North Macedonia not only paves the way for other countries, it demonstrates that thorny geopolitical obstacles can be overcome. The U.S., and its friends and allies, are already working on the reforms and capacity-building that will 1 day make Ukraine a successful candidate. There is also, already, a course of action for how to press for Ukrainian membership, despite the continued illegal Russian occupation of Ukrainian territory. My colleague Luke Coffey mapped out a solution with regards to a similar challenge faced by Georgia.12

In conclusion, thank you for the opportunity to testify today. I look forward to your comments and questions.

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Notes

1 The Heritage Foundation is a public policy, research, and educational organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code. It is privately supported and receives no funds from any government at any level, nor does it perform any government or other contract work.
5 Halya Coynash, “Russia is holding over 70 Ukrainian Political Prisoners of War,” June 6, 2018.
6 There are causes for concerns over senior appointments. See, Vladimir Socor “Ukraine’s New Presidential Administration Filled With Show Business Friends,” Eurasia Daily Monitor (16/75).
7 The recommendations in this section are adapted from Coffey and Mrachek, “Improving Ukraine’s Maritime Capability: Next Steps for the U.S.”
8 The Defense Surplus Equipment Disposal, Including Law Enforcement 1033 Program.
10 See, for example, James Jay Carafano and Daniel Kochis, “The Growing Spat Between Hungary and Ukraine Helps Putin,” Heritage Foundation Commentary, October 25, 2018.
Senator JOHNSON. Thank you all for your testimony.

As we work our way through this, one thing I would like to have as a conclusion of this hearing is a list of priorities and literally prioritize. I mean, this is the first thing we need to focus on, second, third, fourth, and fifth.

I just want to quick start the questioning. I was heartened by— I should probably get up on my news report—Merkel will only lift the Russian sanctions if Ukraine’s sovereignty is restored. I mentioned Crimea in that statement as well. I thought that was a pretty good sign.

In one of your testimonies, you talked about how Nord Stream 2 literally was not economic. It was all about geopolitics. Can you, first of all, explain? Because it does not make sense what Germany is doing there, why you would give that kind of economic power, geopolitical power to Russia. Can somebody just kind of walk through what the rationale is from the Germans’ perspective, what we possibly can do, you know, the harm it will create to Ukraine?

Ambassador HERBST. The argument by those in Germany who want Nord Stream 2, because it is not everybody, is that they want to build pipeline capacity because more pipeline capacity means more energy security.

The argument against Nord Stream 2 is that, first of all, it is economically expensive. You are building a whole new capacity when the Nord Stream 1 pipeline is not fully used, and you have this large Ukrainian pipeline system.

A Russian bank, Vnesheconombank had a report on its website for a week or so which argued that Nord Stream 2 was not in the economic interest of Russia for the reasons I have just described. It did say it was in the economic interest of Putin’s cronies who were building Nord Stream 2 and getting Russian contracts.

But more importantly from our point of view, Nord Stream 2 gives Moscow the ability to deliver all the gas it has to Europe by-passing not just Ukraine, but all the countries of Central and Eastern Europe, which means that they can play coercive gas diplomacy with Ukraine, with Belarus, with Poland as they have a number of times over the past 10 years.

And Alina mentioned another very good point, which is that the current Ukrainian pipeline system, which ships Russian gas, is vulnerable to Russian military operations in east and central Ukraine. So this is another deterrence on Kremlin military activity.

Senator JOHNSON. So again, I think you mentioned, Ambassador Herbst, how crucial Germany is to keep this coalition together and make sure sanctions are maintained. How do we deal with this? Why is Germany doing this, and what can we do to stop them? I know you have some suggestions on effective sanctions.

Ambassador HERBST. For starters, the Social Democrats in Germany traditionally have been rather soft in their approach to Moscow, and they are 100 percent in favor of this project. Of course, there are the peculiar circumstances of the former chancellor of Germany working for Mr. Putin on precisely this project and other gas matters. So that is point one.

Point two, there are German businessmen who will benefit from this project. But it is all so true—and this is something which does not come up in the conversation that much—that there is serious
opposition to Nord Stream 2 first in the Green Party in Germany and also in Chancellor Merkel’s own party.

There is also serious opposition to this within the EU. The EU Commission, by and large, is not favorably disposed towards this project. At least 13 EU nations have written against this project, and they believe that Nord Stream 2 working through the EU has been imposed by Germany, completely inconsistent with the third energy package of the EU and inconsistent with the concept of consensus within the EU.

I in my testimony focused on the specific, I would say, kind of condition that Chancellor Merkel herself has advocated, that the Kremlin, as part of the Nord Stream 2 deal, should guarantee that a large flow of gas will continue through Ukraine’s pipelines. But senior Kremlin officials, led by Medvedev himself, the Prime Minister, have cast doubt on it. And numerous times over the past several months, Russian officials and Russian gas—people in the gas industry have warned Central and Western European powers that gas flow through Ukraine will cease on December 31st of this year. So they are, in fact, sticking their fingers in Chancellor Merkel’s eyes, but we have not seen a response yet from the German leadership.

Senator Johnson. So, Ambassador Volker is the point person in terms of trying to negotiate with Russia and our European partners. There is a bill here that would impose sanctions on those companies that are building the pipeline. What do you believe we should do?

Ambassador Volker. Thank you very much.

I have been advised that we do not comment on pending legislation in the Senate, so I will avoid from commenting on the specific legislation.

However, let me join you and Ambassador Herbst and Alina in saying that the clear motivation behind the Nord Stream project is to increase Russia’s influence over Europe and division of Europe. And there are many countries in Europe that are as concerned about this as we are. So you can look in Central and Eastern Europe. You can look at some West European countries. This is not a uniformly welcomed development.

For the past decade or so, maybe even a little more, Europe has been on a trajectory of increasing its independence, decreasing its reliance on Russian gas as part of the mix in Europe. This project actually reverses that trend.

So the motivation behind the legislation that is pending is clearly to try to stop that development, stop the re-increase of dependence on Russian gas from both the source and the hard means of supply, and I think we agree with the thrust of that legislation.

Senator Johnson. Again, let me ask it this way. If sanctions were imposed on those companies building the pipeline, would that complicate your job?

Ambassador Volker. Not at all. In that respect, I think everyone knows that there are many issues out here, but the fundamental issue is one of Russia knowing exactly what it is doing in fighting in eastern Ukraine and trying to use that to gain political leverage over Kyiv. The Germans know that. The French know that. We talk about this very openly. We have differences of view over Nord
Stream, but we fundamentally agree on where the issues lie with Russia.

Senator JOHNSON. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

And thank you all very much for being here today and for your testimony.

As has been pointed out, one of the main tools that the United States and the EU have used against Russia has been sanctions. So can you comment on how effective those sanctions have been in addressing Russians' behavior, and have they done anything to resolve the Ukraine conflict or to restrain Russian aggression?

Dr. POLYAKOVA. I can start perhaps, Senator.

So as all of us mentioned in our testimonies I believe, it is estimated that the U.S. sanctions, with the combination of European sanctions, have cost the Russian economy between 1 and 1.5 percent annually. However, the Russians have adapted to this new reality.

In my view the greatest message sent by the sanctions regime is one of transatlantic unity and resolve against an increasingly aggressive Russia. It is for that reason that I strongly believe the sanctions should be coordinated with our European allies and also with our other allies, Canada, Australia, most notably because that sends the message to the Kremlin that there will be consequences for increased escalation.

There is an argument to be made, however, which I believe many of my colleagues would disagree with, that in terms of changing behavior on the ground, sanctions have not achieved that. Yet, targeted sanctions against specific Russian individuals, which has been the tack the U.S. has pursued in the most recent sanctions rounds, I think have been very, very effective in sending a clear message that there will be consequences for increasing escalatory behavior.

I will stop there.

Ambassador HERBST. I agree that the sanctions have not persuaded Moscow to cease its aggression in Ukraine, but they have been a reason for Moscow not escalating. And that is very important.

But there is a second, to my mind, very important reason for the sanctions. The economic cost is real. Over time, this will have a major impact on Russian economic production. They cannot sustain a world-class military with a third world economy. And we are contributing to their economic problems. And if they are going to pursue a revisionist foreign policy, it is in our interests that their economy not be able to sustain a world-class military indefinitely.

Senator SHAHEEN. Well, I certainly agree that. That is why I am sponsoring the DASKA sanctions.

But do we have any estimates about how long they can continue to operate with this kind of a hit to the economy?

Dr. CARAFANO. Well, I think the answer is forever because that is the nature of authoritarian regimes is they have the capacity to redirect resources as they see fit.

Senator SHAHEEN. Let me rephrase that. How long they can continue with this kind of a hit to support the military and the build-up in the way that they have been.
Dr. CARAFANO. I think the answer is the same.

Senator SHAHEEN. Is still indefinitely?

Dr. CARAFANO. But I think the point, which my co-panelist made, is, one, understand the purpose of sanctions. It is very unlikely under an authoritarian regime that sanctions are going to change behavior. The purpose of the sanctions is to punish behavior, and I think that has been extraordinarily effective. But a sanction is a tool just like a tank is a tool. So a tank is not a strategy. A tank is effective in driving across Europe in World War II because it is done in the context of a whole bunch of things. And so when we look at sanctions, we should never have just a discussion like are the sanctions achieving our strategic end state, but are the sanctions contributing to the overall strategy. And our overall strategy—the goal is to end Russia's destabilizing influence in Western Europe.

And I do think that the combination of the sanctions which punish and bring together solidarity and the military deterrence of a strong NATO presence and working on energy security for Western Europe and others, together I think it makes perfect sense. And taking the sanctions away would be like having a table and taking one of the legs away and expecting it to still not fall over.

Senator SHAHEEN. So this may be a question for you, Ambassador Volker. As we look at where we are in the crisis with Ukraine, are the Minsk agreements still a way forward? Do you think they have any credibility at this point, or should we abandon those and look for another way forward?

Ambassador VOLKER. Well, thank you very much for that question.

Let me add on the sanctions point. I agree with what James just said, that sanctions do not work until the day they do. So you keep them in place for that reason.

And in addition to that, you have—I am sorry. I lost my train of thought there with the phone ringing.

Let us turn to Minsk. On Minsk, I think it is very important that the Minsk agreements stay in place because they are the most important means by which Russia formally recognizes the territorial integrity of Ukraine, even if in reality they do not. It is the basis on which the European Union keeps sanctions in place.

In addition, it is the framework that has everything in the bag, everything on the table, if you will: ceasefire, withdrawal of heavy weapons, humanitarian access, all of the things that are necessary for a solution. What is lacking in Minsk is the political will of Russia to actually implement it. As I said, they are denying that they have a responsibility in this.

So I do not think it has outlasted its purpose. I think it serves a very important purpose. But what we have to do—and this comes back to the point I wanted to make—we have to get to the point where Russia makes a different decision. Sanctions is a part of a strategy. It is one piece among many that can add up to a decision in Russia that says, you know, it is not worth it. It is not working. And that is what I think we are really striving for through the combination of sanctions, through support for Ukraine reform, anti-corruption, support for the military. All of these things add up to
making it more and more clear to Russia that their effort to re-subordinate Ukraine to its sphere of influence is not going to work.

Senator Shaheen. So one of the things that we have done since 2017 is we have put in place legislation called the Women, Peace, and Security Act that defines a strategy to include women at the table as we are looking at conflict negotiations. As we look ahead to a time when we hope there will be negotiations to end this conflict in Ukraine, how important is it to have women at the table in those negotiations? Ambassador Volker, do you want to go first?

Ambassador Volker. I would like to say something on that, though, because when you visit the conflict area in Eastern Ukraine, you meet almost uniquely with women. The young men have all gone away because they do not want to be drafted into the military forces of the Russians. Young women have gone away because it is not safe. And the people that are there are elderly and mostly women, and they are holding down the property so that they try to maintain some semblance of continuity for life in the future. I do not think there is a way to talk about peace and the restoration of normal life without women.

Dr. Polyakova. I will make one quick comment.

In the context of Ukraine, there was a women’s militia group on the Maidan. It was primarily women who organized the delivery of food and other supplies to the front in the very early days when the Ukrainian military was not able to organize those kinds of logistics themselves. And they continued to be incredibly helpful in resettling the IDPs. There are 1.5 million internally displaced people in Ukraine right now. Women play a very strong role in the communities where those individuals end up.

Lastly, on a broader scope about women in conflict resolution, there are many studies that show that when there are more women at the table, you end up with a better negotiated solution at the end. So absolutely, I think it is critical to have women at the negotiating table.

Dr. Carafano. Can I just say I was really pleased to see the administration come up with a strategy to actually implement the act?

Senator Shaheen. Me too.

Dr. Carafano. And when you look at that, where can this actually work and be effective, you have to have a modicum of security. You have to have a modicum of civil society, and you have to have some capacity for economic growth to actually implement those kinds of programs and make them happen. I think Ukraine is literally the poster child for where this kind of strategy ought to work.

Senator Shaheen. Thank you. So you are all in agreement.

Thank you, Mr. Chairman.

Senator Johnson. Senator Portman.

Senator Portman. Thank you, Mr. Chairman, and thanks for holding this hearing.

I was just thinking, as I was hearing you talk about the women in Ukraine, I was there last month and met with two of the strong women from the previous administration. And one is the minister of health, whom many of you know, Ulyana Suprun, and the other was the minister of finance, Oksana Markarova. And boy, two
strong women who have taken on some heroic reforms. I will leave it there.

But you are absolutely right, Senator Shaheen. Women play a key role in this, including at the Maidan and since.

And, Mr. Chairman, thank you for holding this hearing. This is really timely, and it is wonderful to hear from a panel of experts, all of whom basically agree on the need for us to keep the pressure on and to help this fledgling country that is trying to do the right thing.

Thanks to some of my constituents back home—some of you know we have a big Ukrainian community in Ohio—I got involved in these issues early on and right after the Maidan, within a few months, I was over there. I could still see the scorch marks. In fact, you could still smell the burning rubber, and the encampment was still there. I have been back several times since, including meeting with President Zelensky last month, which was for me very refreshing actually. I worked well with President Poroshenko, but President Zelensky said something—and I have repeated this since in the media. I do not talk about our specific conversation, but—that I thought was telling. I congratulated him, of course, for winning 74 percent of the vote. I said that does not normally happen in the United States of America. Maybe I am wrong. Maybe some of my colleagues have had votes like that, but probably not. And his response was not, yes, I ran a great campaign or we had all the right things going on. He said, you know, what? It is not about me. It is about a hunger for reform. And that is really important right now.

So as we talk about the importance of pushing back on the Russian aggression, we also have to talk about the importance of reform and transparency and fighting corruption. And I think there is no question in my mind that he is personally committed to that and that he needs our help to be able to accomplish what he would like to do in terms of truly making this transition, looking to the West and a democratic country that is prosperous that practices free enterprise and pushes back on the corruption. So I am encouraged.

I was encouraged today when the Department of Defense announced plans to provide Ukraine with an additional $250 million in security assistance. That is consistent with what we appropriated here, of course, and authorized. That is $1.5 billion since 2014, which I raised with the President. I also raised that with General Khomchak who some of you met with recently I know. And they appreciate it. They get it. I mean, these are my taxpayers, taxpayers represented in this panel and around the Senate, who have been willing to say, you know, we are going to stand up beside this country that wants to move toward a more optimistic future and toward the West. And it is in many respects the example of what we all talk about in terms of the competition between us and Russia, and two different visions for the future.

So I am pleased to say that the aid that we authorized first in 2015 through legislation—did not actually happen till 2017—for lethal defensive aid is now there and more is coming. You will see in the NDAA—this is the authorization bill we are about to vote on here in Congress—that there will be additional ideas expressed
there. I will not talk about them in specifics because I know the chairman is still working through those, but I think all of us in this panel have probably involved in helping to ensure we get the right aid there. Ambassador Volker, you have been involved in ensuring that we know what they want and what they need. So my hope is that we will have some good news here shortly.

I was on the contact line last year at a time when the snipers were pretty active. One of the things that I think most of my constituents do not realize is the degree to which it is still a hot war. So when I placed the wreath at the memorial recently for the Ukrainians who have lost their lives there, it includes about 3,000 troops who continue to face the artillery and the snipers.

Ambassador Herbst, your testimony was in many respects the most powerful for me because you were talking about what is really happening on that contact line, the number of Russian officers who are involved and the number of tanks and artillery. I mean, it is overwhelming. It is amazing that the Ukrainians have been able to push back as they have. We got to help them not because we want war but because we want peace.

The one question I would have for you all that you did not really talk about was the Kerch Straits and what happened in November and these 24 sailors and what are we going to do about it. You know, do you recommend additional sanctions? I think, Ambassador Herbst, you talked about maybe an additional company to be sanctioned. I would tell you President Zelensky emphasized that a lot, and I know that he is focused like a laser on that issue.

It was a flagrantly illegal attack. There is no question about it. They were near Russian territorial waters. I think the United Nations has not been nearly as aggressive as it should be in pushing back. I think we move too slowly. I think NATO moves much too slowly.

What should the U.S., NATO—this U.N. Law of the Sea tribunal came out just before I was there last month and was very clear that this is an illegal act and the sailors must be returned. What more can we do? How can we actually make this happen? And should, Ambassador Volker, this not be a precondition to negotiations with Russia on any kind of a peaceful settlement of the Donbas?

Ambassador V olker. Well, if I may, Senator. Thank you very much for your comments and for that question as well.

And to address a few of the things you said, first off I agree with you. I think the provision of security assistance to Ukraine is vitally important. I think it has had an impact both psychologically as well as militarily on the professionalization and the capacity of the Ukrainian forces.

I think it is also important that Ukraine reciprocate with foreign military purchases from us as well, and I know that they intend to do so.

In terms of priorities, I think the anti-sniper systems that were provided through foreign military financing were very important, the anti-tank Javelin missiles also very important. And as we look ahead, we need to look at air defense, at coastal defense, that maritime picture, coastal capabilities, all of them very important.
The second thing that I want to call attention to, NATO’s decision at the ministerial meeting that took place here in Washington on the Black Sea strategy because I think that was also a U.S. initiative to talk about this. Other countries picked it up. And it is very important that NATO be present in the Black Sea, that it support freedom of navigation, that it provide a fabric of port calls and engagement with Ukraine and other states in the region. If you look around, you have got NATO allies, three of them, Romania, Bulgaria, and Turkey. You have got two partner countries, Georgia and Ukraine that are all Black Sea littoral states. So it is not by any means a Russian lake. And I think it is important that NATO stand up to make clear that all of us have an interest in the freedom of navigation, the open access, the economic development of the region, and the security of the region.

In terms of the Kerch Straits, we have raised at every juncture the importance of Ukraine releasing these sailors. In the letter I sent to my Russian counterpart last week or 2 weeks ago, I mentioned it again. It is critical that Russia do that. As you said, it was an illegal seizure of the vessels and the sailors, and there is no justification for continuing to hold them.

As far as engaging the Russians, I think that we have a balance sheet right now where there is nothing going well. If you look at Syria, if you look at Venezuela, if you look at North Korea, if you look at Iran, if you look at nuclear issues, you look at Ukraine, you look at Georgia, and there is really nothing on the positive side of the ledger. And I think that is a dangerous situation to have generally and even more dangerous if we are not going to be talking with Russia at all.

So I think it is important that we do both. We keep the pressure up, calling attention to the Ukrainian sailors and demanding their immediate release, and that we also be willing to talk with Russia if there is an opportunity because of the seriousness of all the problems we have.

Senator JOHNSON. Senator Murphy.

Senator PORTMAN. Thank you, Chairman.

Senator MURPHY. Thank you very much, Mr. Chairman.

Good to see you all. Thank you very much for being here.

I was one of the long-time skeptics of providing additional lethal aid to Ukraine in part because from the beginning, this appeared to me ultimately to be as much or more a political problem than it was a military problem. I think it is important, when we have these meetings, to find what the Russian objectives are so that we can tailor a solution to try to counter those objectives.

And so, Ambassador Volker, I will just ask that simple question. My impression is that Russia has never and does not to this day want to militarily own all of Ukraine. They want to destabilize the country to a point that ultimately they can reinstall a client government or a friendly government in Kyiv to be back into their umbrella, as was the case prior to the Maidan. That does not mean that military assistance is not vital. It means, though, that if their ultimate goal is the political conquest of Ukraine, rather than the military conquest of Ukraine, it should probably inform the way in which we are spending money.

Is my assumption about Russian aims wrong?
Ambassador Volker. Well, Senator, that is an excellent question.

And, no, your assumption is not wrong about Russian objectives, but I do have a different perspective on how we go about addressing Russia's policies here.

I agree with you that Russia has a political objective of dominance over the entire country of Ukraine. It is using military force as a means of putting pressure on Ukraine toward that objective. I, therefore, think it is very important that we provide military assistance to Ukraine to help make sure that Russian strategy does not work, that they are not able to increase their military pressure in any effective way. This gives Ukraine time, space, confidence, and resilience so that they can withstand that pressure from Russia and not succumb to the political objectives that Russia has.

So I think there is a political component. There is an economic component. There is an anti-corruption component to our strategy, but I do believe that military assistance for the resilience of Ukraine is a vital component as well.

Senator Murphy. I do not deny that. I think my query is whether we have the allocation between the military spending, which is not simply only in the NDAA, it is also the $4 billion per year that we are spending on a broader European defense initiative that arises out of this, versus other forms of support for the Ukrainian regime.

And I guess I will give sort of a different version of the question to Dr. Polyakova because you have thought a lot about these other means by which Ukraine has to develop capacities to fight back against political interference, whether it be cyber-attacks, disinformation, or the ways in which American aid can help ease the transition to economic reform. I mean, it is not outside of the realm of possibility that we could talk about using our financial largesse to try to incentivize economic reforms instead of focusing only primarily on military aid.

So are we doing enough in those other sectors right now, and what more can we be doing?

Dr. Polyakova. Thank you for that question, Senator.

I fully believe that our military support for Ukraine should be one part of a much broader, full-spectrum strategy to ensure Ukraine's sovereignty, to ensure Ukraine's continued democratic progress.

I will note one thing, though. If we look back at Georgia, as an example, what we see today is that there is no steady, quote/unquote, border between the occupied territories and the Georgian Government-controlled territories. What we see is a slow creep, almost on a daily basis of that contact line.

And in fact, that is likely what we would see in Ukraine if we pulled back some of our support. In some ways the Russian activities in the Sea of Azov that focus on basically economically strangling the Ukrainian ports there, Mariupol and Berdyansk, is a desire to achieve what the Russians are not able to achieve militarily by land, which was to take over the southeastern Ukraine line and to have a land pass directly to Crimea. They failed at that primarily because Ukrainians stood their line with U.S. military support.
On the political side, I mentioned in my testimony that we should continue to impose conditionality on any further assistance programs, and we should think through in a much more focused way what that actually means. The reason why Ukraine has been able to achieve what it has been able to achieve in the last 5 years in terms of economic reforms, anti-corruption reforms, energy reforms is because of the so-called sandwich model where you have pressure from the top, including from the United States and other international institutions, and pressure from the bottom from civil society.

So it should be our intention to make sure those civil society actors remain to put the pressure on the new Ukrainian Government to do the right thing and that we continue to impose conditionality on top and loans for reforms. This is basically the model that I think we should follow, and I do think it is critical to continue to invest in a U.S. presence through the European Deterrence Initiative to send a signal to Moscow that they cannot continue on this creep.

Senator Murphy. I guess my question is whether loans for reform is an effective enough tool moving forward, and if we admit that we are going spend billions of dollars in the region on military aid, why are we not having a conversation about spending some of that money other than through loans, through direct grants for other mechanisms as well.

I want to squeeze in one additional question, and that is back to you, Ambassador Volker.

I thought Chairman Johnson raised an important point about the need for patriotism, especially at a moment today where there is a difficult transition of power. Obviously, we do not require regular agreement in this body as a measure of the health of our democracy. We fight in democracies, and that is okay. But there are some pretty powerful members of the opposition in Ukraine today and a very new, inexperienced president.

What are our expectations of the opposition? What are the ways in which we expect them to cooperate, and what are the ways in which we expect that they would exercise legitimate opposition? What are the ways in which they might cross that boundary that we should be watchful for?

Ambassador Volker. Well, thank you.

And I think that is a great framing question because democracy, as you know as an elected official, is a competitive process rather than a consensus-based process. People are competing to see the realization of their ideas.

And I think what we expect from the opposition is to stand for principles and policies that will advance the interests of all of Ukraine, the Ukrainian people, and to hold the government to account, hold the president to account if he is not doing that, to be competitive in a way that lifts up the country.

That has not always been the case in Ukraine. We have seen people in the Rada acting on behalf of private interests and a great deal of corruption in the country and not really changing the country sufficiently to advance the interests of the people.

There is a fresh opportunity with this Rada election that we are going through right now. It will produce a very different Rada, very
different members of the parliament than has been the case up to this point. And I do hope that they play a different kind of role than what we have seen historically, of one holding the government to account.

If I may add two additional points. One of them is on U.S. assistance and the broader package there.

We do provide a great deal of other assistance as well. It is not purely military, including through AID, including in anti-corruption reform, including economic reform. But the real big ticket of the economic assistance is coming from the IMF and to some degree also from the European Union in helping Ukraine with a fundamentally difficult budgetary problem. And this, therefore, gives leverage as well. It is important that we work with the IMF and the European Union to establish the parameters by which that assistance is given so that Ukraine is doing what it needs to do to advance the right kinds of reforms.

And my second point in that area, if I can take the opportunity to bring it up, is we often talk about corruption in Ukraine as the problem, and to be sure, it is a problem. But I also believe that corruption is really a symptom of a bigger problem, which is the oligarchic system itself, where a handful of people have disproportionate control over so many levers of power in the country. And I think that there is an opportunity with the new president and with the new parliament to pursue an aggressive effort to implement antitrust legislation, to break up holdings, and in doing so, create competition. And this might be something that is done in coordination with the U.S., the EU, and the IMF and might be something in which we make the resources and that kind of assistance contingent upon even more far-reaching reform in this area than has been the case to date.

Senator MURPHY. And that connects back to your first point about the legitimate role of the opposition to protect the interests of the country rather than the interests——

Ambassador VOLKER. Absolutely. Exactly right, Senator. Thank you.

Senator JOHNSON. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman. Can I ask that a statement that I have be included in the record at this time?

Senator JOHNSON. Without objection.

[The prepared statement of Senator Menendez follows:]

PREPARED STATEMENT OF SENATOR ROBERT MENENDEZ

Thank you, Chairman Johnson and Ranking Member Shaheen for holding this hearing. With Ukraine's recent peaceful transition of power and Russia's decision to respond by illegally giving Ukrainian citizens Russian passports, now is a good time to examine Ukraine's progress over the past 5 years and Russia's constant attempts to undermine Ukraine's sovereignty and subvert the will of its people.

In February 2014, the people of Ukraine made history. When President Yanukovic chose to listen to Moscow over his citizens, Ukrainians stood up for their country in the face of brutal repression and Russian interference, driving him out with the Revolution of Dignity. The courage Ukraine's people showed in their calls for democracy, for independence, and for sovereignty reflect the strong Ukrainian spirit and serve as an inspiration to us all.

Unfortunately, Vladimir Putin continues to assault Ukraine's sovereignty and its people. From the illegal invasion of Crimea days after the Revolution of Dignity, to the ongoing war in the Donbass that has claimed over 13,000 lives to date, to last November's unprovoked attack on Ukrainian ships in the Kerch Strait, the Kremlin
has repeatedly breached international law and harmed Ukraine with its malign activities. Twenty-four Ukrainian sailors remain in a Russian jail today, nearly 8 months after their illegal capture. Russia must release these men immediately and end any actions that threaten freedom of navigation in the Kerch Strait and the Sea of Azov.

I also want to register my continued frustration with the Trump administration’s inexcusably weak response to the 24 sailors’ detention. The sanctions announced on March 15 were late, weak, and insufficient to make any difference. President Trump had previously said he would not meet with President Putin until the sailors are released, but now he plans on meeting Putin at next week’s G20 summit. The President must advocate for the sailors’ release, demand that Putin stop violating Ukraine’s sovereignty and restart the peace process. Implementing Minsk II’s provisions must be a top foreign policy priority for the U.S. I look forward to hearing from Ambassador Volker about the prospects for Minsk II and the peace process, as well as what plans the U.S. has for supporting Ukraine in the face of Moscow’s continued malign activities. I also look forward to hearing his ideas on how the U.S. can be more active in the peace process.

It is clear that Russian aggression against sovereign states like Ukraine will continue until the rest of the world strongly pushes back. That is why Senator Graham and I introduced the Defending American Security from Kremlin Aggression Act of 2019. DASKA would increase economic, political, and diplomatic pressure on the Russian government in response to its malign activities in Ukraine and around the world. DASKA’s provisions include sanctions on 24 FSB sailors deemed complicit in the Kerch Strait attack and sanctions on Russia’s shipbuilding sector if Russia violates freedom of navigation in the Kerch Strait or anywhere else in the world. This is what a strong response to Russia looks like. Passing DASKA will send a strong signal to Moscow that the U.S. will not take their illegal actions lying down. It will also show those bearing the brunt of Russian aggression, like Ukraine, that we stand with them in their fight for sovereignty and democracy.

One particular area where I believe the United States can stand with the Government of Ukraine is with care for veterans and injured soldiers. Ukraine is in the process of setting up its own Veterans Administration (VA) to care for the many veterans of the ongoing war with Russia. Ukraine would benefit from American insights on establishing and running a VA, and I urge the administration to provide advice and support to Ukraine as it develops this critical institution. I further understand that the Armed Forces of Ukraine are in need of Mobile Army Surgical Hospitals, more commonly known as MASH units, and that the U.S. Armed Forces have older MASH units that are not currently in use. The U.S. should transfer those unused MASH units to the Government of Ukraine for use by its Armed Forces. This simple action could save countless Ukrainian soldiers’ lives.

Ukraine’s government and people are also working to build up their democracy and restore the rule of law. Since the Revolution of Dignity Ukraine has made a number of important reforms to tackle corruption and strengthen democratic institutions. This April saw a peaceful transition of power to Ukraine’s new President Volodymyr Zelensky, who has spoken of his desire to implement strong anti-corruption measures. However, there is still a lot of work to be done. I am particularly concerned about the influence of oligarchs in Ukraine’s political system. I would like today’s witnesses to address the future of anti-corruption and rule of law efforts in Ukraine under President Zelensky and what the United States is doing in support of them.

The Ukrainian people have been clear in their vision for their country: a fair, free and transparent democracy with opportunities for all its people and strong ties to Western allies who share those values. The Revolution of Dignity five years ago demonstrated their resolve to stand up for that vision in the face of incredible pressure. The United States must stand with the people of Ukraine in their fight for the sovereign, democratic country they want and deserve.

Senator MENENDEZ. Mr. Chairman, I appreciate you holding this hearing.

Ahead of last December’s G20 meeting, President Trump said he would not meet with President Putin until Russia released the Ukrainian ships and sailors that it illegally detained in the Kerch Strait. Russia still holds those 24 sailors and the ships. Yet, President Trump said last week that he will meet with Putin at the upcoming G20 summit.
Now, that is not necessarily a bad thing in and of itself if—if—the President is clear and unequivocal about the remarks he makes to Putin on this, as well as other things, including our elections. Ambassador Herbst, what should President Trump—I am not going to ask Ambassador Volker because that would put him in a difficult position, not that I am averse to that. But in any event, what should President Trump be saying to President Putin about not only the sailors but the ongoing occupation of Crimea, the conflict in the Donbas? What is the statement that he should be making to him both privately as well as publicly?

Ambassador Herbst. I think that the policies of the administration vis-à-vis Russia and vis-à-vis Ukraine have been sound policies, meaning on the sanctions on the Kremlin for its aggression, the important decision on supplying Javelins to Ukraine. It would be wonderful if, when the President saw Putin, he were to say to him things that reflected completely the policy of the administration. The fact that that has not happened in the past has raised confusion and other feelings as well, which I think you are well aware of.

So, again, from my standpoint, if when he sees Putin, he were to say unequivocally, as he has said at certain points, you know, Mr. Putin, I cannot improve relations with you until you stop your aggression in Ukraine that would be a good thing for him to say, in fact, to say not just privately but also publicly.

Senator Menendez. Now, the sanctions on Russia—and I have been the architect of a fair number of those. But the ones following the Kerch attack were very late. They were weak, and they were clearly ineffective. The fact of the matter is the sailors are still in detention. It is abundantly clear that President Putin will keep interfering with the affairs of sovereign states such as Ukraine unless the rest of the world firmly and strongly pushes back.

I appreciate, Ambassador Herbst, that in your statement you talked about the legislation that Senator Graham and I have introduce, the Defending American Security from Kremlin Aggression Act, DASKA, as we call it, would increase economic, political, and diplomatic pressure on the Russian Government in response to its malign activities in Ukraine and around the world; the provisions, including sanctions on the 24 FSB sailors deemed complicit in the Kerch Strait attack; sanctions on Russia’s shipbuilding sector, if Russia violates freedom of navigation in the Kerch Strait or anywhere else in the world. That is a hard-hitting sanction. And I came in at the tail end of Mr. Carafano, I guess in response to some question, talking about sanctions. My view is that we only have a handful of peaceful diplomacy tools at our disposal. The use of our aid and trade to induce countries and leaders to act in a certain way, international opinion to the extent that a country and/or leader is actually subjected to that, and then the denial of aid, trade, and access to our financial institutions as a consequence to move them in a different direction. Other than that, after 27 years of foreign policy work, I have not figured out what other foreign peaceful diplomacy tools we have.

Now, Russia uses its military in pursuit of its foreign policy objectives. That is something we do not do.
So in light of that, should we not be passing something like DASKA to ultimately force back, keeping all the elements of the stool together—I am all for that, the energy side, the diplomacy side, and all of that. But I think Putin only understands strength at the end of the day, and at the end of the day, having real consequences in the sanctions, particularly in some sectors of the Russian economy, I think would be very significant. What are your views on that?

Ambassador Herbst. I think Congress has played an essential positive role overall in our policy towards Russia and Ukraine, but particularly in the sanctions area. What you folks did in the summer of 2017 was absolutely critical, and I salute you for it.

I spoke positively of the legislation you and Senator Graham introduced, and I think it would have a positive impact now. I think that, for whatever reasons, congressional encouragement is necessary both to move Washington and, for that matter, in a less direct way but still a real way, Brussels in the right direction.

Senator Menendez. Ambassador Volker, why are we not we doing this, whether it be by legislative action—I do not hold you responsible for that, but certainly some of these things could be pursued by the administration separately of legislative action.

Ambassador Volker. Yes, and that is exactly what I was going to say too, Senator. So thank you.

I think the administration has increased sanctions periodically over time throughout the course of the administration. We are in a stronger position now with more pieces of the puzzle referenced than before. We have Crimea. We have Minsk. We have the Kerch Strait now. We have the elections. We have the Skripals. There has been a growth of sanctions against Russia.

Speaking just from my experience, I have always seen a difference of view between various administrations, not only this one, and the Congress as to who should be in the driver’s seat on sanctions. It is always a question as to how much leeway the administration has in implementation versus how much the Congress——

Senator Menendez. But should we not be doing more? You just listed all of the reasons that Russia deserves a firmer response. And the simple question is, should we not be doing more?

Ambassador Volker. We have been doing more, and I believe we will continue to do more.

Senator Menendez. Well, let me ask you this. When I was the chairman of this committee, I offered the Ukraine Freedom Support Act, and I advocated then with President Obama to robustly help the Ukrainians. And now in response to Russia’s illegal actions in the Kerch Strait, I called on this administration to increase security assistance to Ukraine, including providing lethal maritime assistance and weapons, and to assist Ukraine’s efforts to improve its maritime domain awareness.

Have we, the United States, taken any steps to increase its support for Ukraine’s security?

Ambassador Volker. We have, and we appreciate the appropriation that has been made by Congress, $250 million FMF for this year. The Pentagon is moving forward with that. There was just an announcement today of how we are going to deal with $125 million of that. And the priorities that you listed, maritime domain aware-
ness, coastal defense, air defense, those are very much the priorities that are under discussion between us and the Ukrainians right now.

Senator MENENDEZ. One quick question. I understand the armed forces of Ukraine are in need of mobile army surgical hospitals, or MASH units, and that the U.S. armed forces have older MASH units that are not currently in use.

Have we considered transferring some of those unused MASH units to the Government of Ukraine?

Ambassador VOLKER. I do not know the specific answer to that. I would be happy to track it down. There is no reason why we would not.

Senator MENENDEZ. Get back to me because if we want people to fight for their own country, one of the things we have to do is they have to be taken care of at the end of the day.

Ambassador VOLKER. Absolutely.

Senator MENENDEZ. Mr. Chairman, if I may have one more moment.

Senator JOHNSON. Absolutely.

Senator MENENDEZ. Thank you.

Last question. I heard your answer about President Zelensky. I hope that is where we are headed. I know he came into office on a strong anti-corruption platform. But there are concerns about his connections to certain Ukrainian oligarchs. You talked about the whole challenge of oligarchs in the Ukraine as an undermining element and particularly Igor Kolomoisky who is under suspicion of stealing money from a bank he co-owned. President Zelensky has denied that Kolomoisky, who owned the TV that aired his comedy show, or any other oligarch controls him.

Is that the view of the State Department?

Ambassador VOLKER. I think the view is that President Zelensky has said all of the right things. He does not have the power in his hands right now to do what he has said he will do. He has zero votes in the Rada right now. We believe that he deserves the benefit of the doubt, and we want to stand by the principles and the policies of reform and fighting the domination of the Ukrainian political system by oligarchs such as Kolomoisky. We hope that he is able to amass the independence and to execute what he says he will do. And it is our intention to be both helpful and to hold him to account if he does not.

Senator MENENDEZ. I will be looking at the accountability aspect.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Barrasso.

Senator BARRASSO. Thank you, Mr. Chairman.

I wanted to talk about illicit coal exports for a second. Ukraine’s minister for temporarily occupied territories and internally displaced persons recent stated, quote, Ukraine is aware of Russia’s scheme for smuggling coal illegally mined from a part of the occupied Donbas to the ports of different countries. The coal is reportedly being transported from eastern Ukraine across the border to Russia where it is repackaged and relabeled and then sent to Europe.
I am concerned by the reports detailing the illegal sale of millions of dollars of sanctioned coal from the Ukrainian breakaway regions often using Russian businessmen as proxies and as intermediaries.

So can you just share? Is the administration currently investigating this trade in coal, the mechanisms used to introduce it into the international market, and the individuals involved in this illicit trade?

Ambassador Volker. Senator Barrasso, if I may, I would like to offer to get back to you with any specifics on that. But I can say that I share the assessment that this is what is happening. Russia has occupied the areas and then a number of people with connections are getting access to resources, repackaging, relabeling, and trying to make a profit out of this.

Russia is not investing in the Donbas. So they are not building new things. They are not fixing mines. A lot of things have gone into disrepair. But to the extent that they are able to extract from there, yes, indeed, it is our perception they are doing so.

Senator Barrasso. And then also for Ambassador Volker, as well as Ambassador Herbst, if I could please. I want to talk about Germany's efforts with regard to Ukraine and specifically Nord Stream 2, which I believe is Putin's pipeline. It is a German trap I believe.

A year ago, when meeting with Ukrainian President Poroshenko, Chancellor Merkel said I made very clear that a Nord Stream 2 project is not possible without clarity on the future transit role of Ukraine.

So what guarantees is Germany seeking? What actions has Germany taken to ensure that Gazprom continues to export gas through Ukraine? Could you just kind of talk about that topic and your thoughts on it?

Ambassador Herbst. You are right, Senator, that Chancellor Merkel has said that Russia should guarantee a substantial flow of gas through Ukraine even as Nord Stream 2 goes into operation.

But Moscow has basically been flouting this requirement to the Chancellor in a very public way for the last several months. Both Prime Minister Medvedev, the Russian prime minister, and the energy minister Novak have said that, yes, they are happy to do this to send gas through Ukraine, first, if the economic conditions are viable—and that is a reasonable condition—but also if Gazprom in Russia and Naftogaz in Ukraine have no more issues on their bilateral agenda. That is a completely unacceptable condition because what they want, they want the Ukrainian firm Naftogaz to give up the court settlements it has won, which will cost Gazprom billions of dollars. And they have also insisted—this is Medvedev's words—that, quote "Ukraine must be stable for this to happen." And we know that the Kremlin characterizes unfairly Ukraine as unstable. So Moscow has shown it has no interest in meeting the Chancellor's condition.

One more point. Multiple times over the past several months, Russian officials have told Western and Central European governments that the gas flow through Ukraine's pipeline from Russia will end on December 31st this year.

So the point is zero progress and, in fact, I would say regression on this issue. And so far, we have seen no reaction from Germany.
Senator BARRASSO. Ambassador Volker, anything you would like to add to that?

Ambassador VOLKER. Well, I agree with John’s assessment on that. I think that Germany has recognized in some ways that its pursuit of Nord Stream 2 puts Ukraine in a difficult position. It has, therefore, tried a few things such as negotiating with Russia a guaranteed amount of gas transit. Russia has no interest in this, and Germany is kind of in a quandary. They want to pursue the project for their own reasons, and at the same time, they know some of the consequences of it.

I do believe also it is appropriate that we continue to put pressure on it because it is not just us but many countries in Europe are concerned about this development, especially those in Central and Eastern Europe that would be more vulnerable to Russian pressure if it goes forward.

Senator BARRASSO. One of the things a number of us are trying to do is put that pressure on through some legislation called the ESCAPE Act. President Trump and the administration do continue to raise concerns about Russia’s Nord Stream 2.

The ESCAPE Act does a number of things. It is something we have recently introduced. It directs the U.S. Permanent Representative to NATO to encourage NATO member states to work together to achieve energy security. It creates a transatlantic energy strategy focused on increasing the energy security of our NATO allies and partners and increasing American energy exports to those countries. It requires the Secretary of Energy to expedite approval of natural gas exports to NATO allies. It authorizes mandatory U.S. sanctions on the development of Russian energy pipeline projects such as Nord Stream 2. And I think, Ambassador Volker, you and I have talked about this in the past at the McCain Institute on this whole topic.

Do you support efforts to enhance our allies’ energy security and reduce the threat it poses to NATO countries? And I would ask that you would look at this legislation. If you have some additional thoughts on ways we can even strengthen it, we would appreciate your efforts.

Ambassador VOLKER. Okay. I will be happy to take that on board. I cannot comment on the specifics of the legislation, but the principles behind what you are saying are exactly where the administration is. You may have seen President Trump’s meeting with President Duda this past week in which he was very outspoken on this issue. He is very concerned about Europe increasing its dependence on Russian gas as opposed to decreasing it and looking for ways to work with Europe and incentivize Europe to open that up more, whether that is through U.S. LNG—and Secretary Perry was obviously the lead in our delegation going to Ukraine—or generally. It does not have not be American gas, but it is making sure that Europe maintains its own freedom of decision so that it is not creating a situation of political compromise with respect to Russia.

Senator BARRASSO. Thank you.

Thank you, Mr. Chairman.

Senator JOHNSON. Thank you, Senator Barrasso.
One of the things I am concerned, dealing with so many Eastern and Central European countries that are not part of the EU, are not part of NATO, I think we have all seen the positive effect, positive influence of their attempting to join these organizations. They are able to enact reforms that they would not be able to enact otherwise. We just saw that with North Macedonia and the Prespa Agreement with Greece. If we do not have that capability—I think you all agree with the fact that Ukraine should move toward eventual NATO membership. Is that correct or incorrect?

Ambassador Volker. Absolutely, and that is the policy of the administration.

Senator Johnson. There are certainly some voices in America—that are concerned about that. You know, why would we want to obligate ourselves to come to the defense of some of these smaller countries? We were in Munich for the security conference, and we met with Secretary-General Jens Stoltenberg. One of the members raised that issue, that devil advocate position, and the Secretary-General said we want to enlarge NATO because a larger NATO is just good. It is a defensive alliance. It literally threatens no one.

So, again, I just wanted to get on the record you all would agree that we should be moving forward and cooperate with these nations that want to join the European Union, want to join NATO. It is a good thing. It is a positive thing. It helps them provide reforms.

Does anybody want to comment on that?

Dr. Carafano. Yes.

Dr. Polyakova. Yes.

Ambassador Herbst. I agree.

Ambassador Volker. I will be a little more expansive, if it is okay, Senator.

Senator Johnson. Sure.

Ambassador Volker. But the great thing about NATO is that it is an alliance of free countries that are banding together to provide collective defense and that deters attacks against them. And that creates a secure space in which people are able to govern themselves as democracies without threat from outside. There is no reason why that should apply only to some people in Europe and not other people in Europe. If everybody shares the same values and everybody faces security threats, why should it not be the case that all people have the same opportunity? That has been the basis of NATO's policy on enlargement since the time that it first became possible after the fall of the Berlin Wall.

Now, NATO has always insisted and the U.S. has insisted that countries be ready. They have to meet the standards of doing so. And so we went through a long period of time, 10 years, from the fall of the Berlin Wall to when Poland first acquired NATO membership 20 years ago. I think Ukraine still has work to do. Others still have work to do. But the direction on this and the principles behind it have to be crystal clear.

Senator Johnson. So, again, NATO is a defensive alliance. I do believe you achieve peace through strength.

I am highly concerned about our, what I would consider weak, response to the Kerch Strait aggression. I have led two resolutions.
One we passed last Congress. This one we passed the Foreign Relations Committee trying to get it attached to the NDAA—I think we have over 60 Senate sponsors—calling for the United States to lead a strong multinational freedom of navigation operation, to preposition maritime assets in the Black Sea.

I know a number of you mentioned this in your testimony. Some of you want to comment on what we really should do? I mean, how strong should our response be as not a kinetic military response but a military show of strength to keep the Black Sea and the Sea of Azov open to navigation? Because that is obviously what the Putin strategy is, is squeezing out those ports and really taking control of the Black Sea.

Mr. Carafano.

Dr. CARAFANO. First of all, I would say from a military perspective—and I listed some of these in my prepared remarks—that the number one objective, particularly in military assistance to help Ukraine, is building up their maritime capacity. I think that is clear.

Senator JOHNSON. How many ships did they lose when Russia illegally annexed——

Dr. CARAFANO. Three. I mean, they have virtually no capacity to either have awareness of their own maritime domain or to conduct any law enforcement or operations in that domain. I do not think that is a big stretcher. I mean, their capacity is near zero. Right? And so I think building up that capacity rapidly and kind of taking that open space that we have created for the Russians off the table and making it a more competitive space for the Ukrainians—we have seen the impact that has had in the land domain, and I think the sea domain is—as bad of a problem they have in air defense, that is a bigger problem. But in the maritime domain, there is a gap that can be closed relatively quickly.

But in conjunction with that, it is not just important about capacity building for Ukraine, it is important about NATO and partner operations in the Black Sea area and having a sustained—it does not have to be a permanent but a sustained naval presence that the Russians have to take account for within the context of what can be done both in the NATO environment and what can be done bilaterally with our partners in the region.

Senator JOHNSON. Senator Shaheen has a couple questions, and I will close it out. I actually have a bunch. I will keep you here for a little bit longer.

Senator SHAHEEN. Well, I just wanted to follow up on Senator Johnson's question about what might have been a more aggressive response in the Black Sea or a more robust response in the Black Sea is probably a better way to put it in the Kerch Strait. And that is, what kind of a message does it send to other adversaries of the United States who are watching our response on an issue like this to, for example, what is happening with Iran in the Strait of Hormuz? And can you talk about whether there is a connection and how important it is to have some kind of a consistent policy in response to these kinds of incidents?

Dr. CARAFANO. Can I just make one short comment? And then I will turn to my colleagues.
I think the great sin was not the response. The great sin was we knew this was coming. We knew the Russians were prepping for this. We had months and months’ notice, and yet we were a deer in the headlights when it actually happened. That was a sin. I would contrast with what just happened in the Gulf because the administration actually knew it was coming and they prepositioned assets and capabilities to deal with it before it happened. And I think in the Ukraine when we stop Putin in one place, he is just going to look for something else. The real challenge for Kurt and the administration is we need to be constantly having situational awareness so we recognize where the next Russian poke in the eye is coming from and we have a response in place to deal with that before we get poked.

Dr. Polyaakova. I think, fortunately, to follow up on my colleague’s comments, the Russians do make it relatively easy for us to know from where the next poke is coming because the incident in November in the Kerch Strait was preceded by months of harassment of commercial vessels and detentions by the Russian FSB. And so we knew and we continue to know, and the Russians are basically testing the waters, in this case literally. When they see no response, they know they can move forward. That is exactly what happened in November. And the fact that we waited 3 months, until March 15, to impose any sort of U.S. and ally-coordinated sanctions, sent a very clear message, this is not a priority to the United States and it is not a priority to the Western alliance.

And I think in terms of setting a precedent that is absolutely the right way to think about this, Senator. Certainly other authoritarian regimes, including China and Iran, who have grander aspirations for territory are observing very closely how the West responds to Russian aggression in Ukraine. Think of China’s aspirations in the South China Sea and vis-à-vis Taiwan. There is no question in my mind that authoritarian regimes are learning from our inaction and our lack of resolve, and that sets a very dangerous precedent.

Senator Shaheen. Ambassador Herbst.

Ambassador Herbst. I just want to enlarge on that a little bit. Jim correctly pointed out that we were ready in the Gulf. But while Russia in my judgment under Putin is the greatest immediate danger to our national security, the longer-term danger is China. And in fact, so we were very weak with the Straits of Kerch incident. I think we have not been as strong as we could be regarding China’s island building activity in the South China Sea. So I suspect looking at this as a Chinese policymaker might, they see reluctance in confronting Russia there in the Sea of Azov or rather the Straits of Kerch. Yes, they went after Iran, but Iran is a second or a third-rate power. They have also been a little bit weak in coming after us, the Chinese, in the South China Sea. So in that sense, it is very bad precedent.

Senator Shaheen. So, Ambassador Volker, do you want to defend our lack of action?

Ambassador Volker. Well, I agree with you, Senator, that it is very important that we have a tempo of activity. I did go to Ukraine in the end of February. I helped push forward. And then we had a visit of the USS Donald Ross, a guided missile destroyer,
to Odessa, and I wanted to go and make sure this attracted some visibility. We have increased the tempo of U.S. presence in the Black Sea. And I think significantly we have also gone to NATO and urged NATO establish a strategy for a greater presence in the Black Sea.

But I agree with you that more can and should be done. This should be a sense of the beginning which should, by no means, be the end of what we see as possible.

Senator Shaheen. Well, thank you all very much for your very important testimony today and your continued action in Ukraine. We very much appreciate what you are doing.

And, Mr. Chairman, thank you for holding this important hearing.

Senator Johnson. Thank you, Senator Shaheen.

I have just been handed a note I do not have time to ask you all these questions. I may submit some for the record.

One of the things—and I think we will probably hold a hearing on this—is an evaluation of sanctions, what are the most effective, what are not effective, what maybe do more harm than good. I think that is something we really do need to evaluate.

I would like to explore a little bit more in terms of the economy of Ukraine, the oligarch control, what Ukraine needs to do to move past there—the oligarchs. And by the way, I think President Zelensky might be in a perfect position to do that.

But let me just kind of end the hearing on a more positive note. The improvement in terms of the Ukrainian military—I mean, that came through in your testimony. That is a pretty good thing that they have been able to hold off Russian aggression. It would have been nice if we could stop it and reverse it, but that is in the future.

And then just Ukraine’s economic potential. It is enormous if they can shed the corruption, if they can abide by the rule of law. I mean, Ukraine can just be the bread basket of Europe. It has such great potential. So it really is about America supporting the Ukrainian people. Their courage that they showed in the Maidan, with their votes for President Poroshenko and now with President Zelensky.

Let me end on this note. During President Poroshenko’s inauguration, the comment I made to him is you have the opportunity to be Ukraine’s George Washington. His reaction was wow. He had not really thought of that. And I meant it from the standpoint of being the father of his country to enact those very important reforms. I think you can play it forward, the way he behaved in the transition of power. And that might have been the most important thing that George Washington did for this nation, but I think the most important thing that President Poroshenko did for his nation, a peaceful transition of power.

Again, I will just reaffirm what I told those legislators from the Ukrainian parliament. It is so important that they act as patriots and they come together to really rid their country of the corruption, enact that rule of law so it can realize its full potential.

So, again, I just want to thank all of you for your excellent testimony, both written and oral. And this will be continued because it is so important for America to support the Ukrainian people.
With that, the hearing record will remain open for the submission of statements or questions until the close of business on Thursday, June 20th.
This hearing is adjourned.
[Whereupon, at 5:20 p.m., the hearing was adjourned.]