
From “Hybrid War” to “Hybrid Peace” ONE MORE “FROZEN CONFLICT?”

PONARS Eurasia Policy Memo No. 369
July 2015

Olexiy Haran¹
University of Kyiv-Mohyla Academy

Petro Burkovsky²
National Institute for Strategic Studies (Kyiv)

Since the Minsk II negotiations of February 2015, Ukraine and the Euro-Atlantic community have leaned toward freezing the conflict in the Donbas as a possible “exit strategy” and way to avoid dangerous escalation. Moscow, however, pursues an endgame that includes devastating Ukraine’s economy, destabilizing the government, and, finally, effecting another regime change in Kyiv.

After the direct intervention of Russian troops in August 2014, Ukraine was forced to accept that there is no military solution to the conflict. At the same time, the government continues to rearm, reorganize, and deploy its military forces in the east. Kyiv also maintains an economic blockade of separatist controlled territories while refusing to recognize their leaders as equal parties in dialogue (thus trying to avoid the West’s “5+2” negotiation approach in Moldova’s breakaway region of Transnistria). While the Minsk accords appeared to promise a way out of this dead end, they have proved impossible to implement for political, economic, and geopolitical reasons.

Taking Minsk to Task

Political Challenges. Many Ukrainians see the Minsk accords as a timebomb under the country’s sovereignty. The core of the political solution to the conflict, as defined by the accords, is to give more power and autonomy to the separatist areas (one-third of the Donbas) while formally keeping them part of the Ukrainian state. However, this paradigm is fraught with problems.

¹ [Olexiy Haran](#) is Professor and Founding Director of the School for Policy Analysis at the National University of Kyiv-Mohyla Academy.

² Petro Burkovsky is Deputy Head of Department at the National Institute for Strategic Studies (Kyiv).

First, the accords do not include an internationally-guaranteed Russian commitment to stop supporting the separatists.

Second, the accords leave the monitoring situation unresolved. Since September 2014, the OSCE has proved inadequate at reporting the levels of Russian military assistance and at calming flashpoints. This led to the February 18th decision of Ukraine's National Defense and Security Council recommending that the president send a request to the UN and EU about deploying peacekeeping forces in Ukraine. Ukrainians see the request as a serious concession and compromise of territorial integrity but are willing to accept it as a functional mechanism to prevent further Russian military intervention.

A third point of concern is the major Russian demand (first made in spring 2014) to establish a federal structure in Ukraine and empower the separatists with veto power over the foreign policy of the country (as happened in Bosnia and Herzegovina). The word "federalization" was softened to "decentralization" in Minsk II, though provisions still included the preservation of separatist militias and separatist veto power over judicial and prosecutorial appointments. In practical terms, some of the language also appeared to be a vehicle to burden Ukraine (and the West) with the costs of rebuilding the Donbas while prohibiting Ukraine's integration with Europe.

It seems improbable that an area that accounts for three percent of the country's territory and five percent of its population could be granted exclusive rights under Ukraine's constitution. Moreover, nationwide public opinion polls clearly indicate support for a unitary state. Even in the Donbas, April 2014 [polls](#) by the respected Kyiv International Institute of Sociology revealed that a majority favored a *unitary* Ukraine. With their unrealistic demands, the separatists (and Russia) appear to be looking for an excuse to quit negotiations and resume armed conflict.

A fourth challenge is that the Trilateral Working Groups, facilitated by the OSCE to work on political, security, and humanitarian issues, revealed unbridgeable differences between Ukraine and the Russian-backed separatists. Kyiv accepted demands to design a special system of local government for separatist territories and agreed to recognize their elected leaders and allow them to participate in the constitutional reform process (provided that elections happened after the withdrawal of Russian "volunteers" and military equipment³), but forward motion was still elusive. A procedural sticking point was the publicly-announced separatist intention to exclude from voting almost 860,000 internally displaced people who moved to other regions of Ukraine. Moreover, a June draft election law by the separatists grants the right to vote to foreign citizens who have fought with them and allows only refugees who moved to Russia to vote.

³ Kyiv argues that under the current martial law in the occupied territories as imposed by the separatists, elections cannot be regarded as free or fair.

In the end, Ukrainians increasingly feel that they have been waging war not solely to stop the spread of separatism and destruction but also to prevent Russia from intruding on Ukraine's domestic affairs via "autonomous" eastern districts (formally being part of Ukraine but on the Kremlin's conditions).

Economic Challenges. Pre-conflict Donbas was characterized by a high degree of capital concentration in the hands of a few major business groups. Modernization of industry and infrastructure was neglected by these oligarchic groups, which preferred to invest their profits abroad. Furthermore, most of these groups soaked up state subsidies, especially in the coal and energy sectors, and benefited from non-transparent preferential treatment in public procurement and anti-monopoly and taxation policies.

The new Ukrainian government is under pressure by the IMF to eliminate such practices. Even given enormous efforts and investments (and even with the restoration of trade ties with Russia), separatist-controlled territories would hardly be able to meet their economic needs as autonomous entities without permanent, external support. Moreover, the public at large, feeling the weight of Ukraine's struggling national economy, does not support special economic treatment of separatist territories.

Since spring 2014, the Kremlin pledged support for "Novorossiia" and positioned itself as a supplier of so-called "humanitarian convoys" (operations that breached the Ukrainian border without any Ukrainian or international control). However, the cost of real "humanitarian aid" to the Donbas may be too high even for the Kremlin. According to official Ukrainian estimates, the cost of reconstruction is about \$1.5 billion. Just the annual gas bill for the occupied territories alone comes to approximately \$450 million (which Kyiv has refused to pay).

Just as Russia cannot financially support the separatist-controlled territories, it also cannot afford to stand aside. If Russia refuses to contribute resources to Donbas reconstruction after a working peace agreement is signed, Russia risks losing influence in the region very quickly. Former associates of ex-president Viktor Yanukovich (many of whom are now in the parliamentary "Opposition Bloc"), other oligarchs interested in power, and even Ukrainian authorities with the support of Western institutions would consider buying the loyalty of separatist leaders. If they were to restore the region's social welfare system, they could quite conceivably pacify the war-torn populations.

Another snag for Russia in facilitating a peace process is that it would contradict its long-term goal of bypassing Ukrainian territory with alternative gas transportation projects. Since the beginning of the Ukraine conflict, Gazprom has been at pains to prove to European partners that the Ukrainian route is no longer reliable for gas transit. If the conflict is resolved, Ukraine will again become an attractive transit country. Ukraine still has enormous gas storage capability and also a new legal framework for its gas sector that accommodates EU norms.

Geopolitical Challenges. Finally, implementation of the Minsk accords poses a risk to Russian dominance in the wider region. Though there are no enforcement mechanisms in the Minsk accords, the West has made it clear that sanctions on Russia will be reviewed only after full implementation of the accords. In the past, Russia had a virtually free hand to interpret truce conditions with Georgia and Moldova, and between Armenia and Azerbaijan. If the Kremlin accepts demands now in Ukraine under Western pressure, it could invite similar attempts elsewhere—with Transnistria being a likely next case considering it is landlocked between EU-associated Moldova and Ukraine.

In addition, the Kremlin still makes accusations of “a U.S.-backed fascist coup” in Kyiv and persistently legitimizes its involvement in Ukraine on the basis of “protecting its Russian-speakers.” A permanent peace would mean granting further legitimacy to the new Ukrainian government and its right to align with the West. The Kremlin is afraid to approve this message in front of its CSTO allies, as well as potential regional rivals such as the EU, Turkey, and China.

Three Realistic Scenarios for the Near Future

The Minsk agreements (as well as the April 2014 Geneva [Statement](#) on Ukraine) do not restrict Russia’s use of forceful tools to achieve its goals in Ukraine. The main considerations for the Kremlin’s next steps, though, involve cost-benefit analyses of different scenarios.

Coercion to peace. New separatist offensives, supported by Russian troops, and in case of Ukrainian military defeats, could provoke new waves of internal unrest and the fall of the government in Kyiv. In such a situation, the new interim government, or new alternative centers of power in Ukraine, would be forced to quit international talks and negotiate with the separatists under Russian supervision. In Russia’s view, this could open the door for a peacekeeping mission and the legalization of Russian troops in Ukraine (probably under the guise of the CSTO).

The biggest risk for Russia in this scenario would be how to avoid new Western sanctions. There is some uncertainty in Moscow about how the West would act in the case of an escalation in violence. If a major separatist offensive failed to destroy Ukrainian forces, what would be the scope of Western military assistance to Ukraine? Can Russia afford to place more forces and invest more resources into separatist territories given low oil prices and further sanctions?

Shared “protectorate.” If the cost of supporting armed conflict in Ukraine is too high, the Kremlin could try to obtain an international legal framework for a permanent Russian military presence on Ukrainian territory (with tacit Western approval). In this case, the Minsk negotiations would be perpetuated until Ukraine agreed to make concessions,

perhaps giving the separatists veto power over Kyiv's foreign policy and almost certainly accepting neutrality (something Yanukovich accepted, even though it did not save the country from greater Russian pressure).

Since the current Ukrainian government has no mandate from the people to make large concessions to Russia, the Kremlin may try to help opposition forces come back to power. As economic conditions deteriorate and security in the east remains elusive, a possible pro-Russian government might request debt relief, lower gas prices, and assistance in pacifying the Donbas, in exchange for accepting "neutral" status and a Russian peacekeeping presence (perhaps under OSCE auspices). This scenario, which would necessitate Western approval, would likely end sanctions against Russia.

This scenario is not very likely, however, as Moscow has no reliable political partners in Ukraine. Furthermore, the pro-Russian forces have no chance to win any nationwide elections while conflict continues. At the same time, ending the war would allow Kyiv to concentrate resources on economic reforms, which would marginalize opposition parties or force them to cooperate with the government.

Frozen conflict. If a new war is too risky and a peace process too damaging for its long-term interests, Russia might try to exhaust Ukraine through endless separatist skirmishes. Kremlin-initiated "people's republics" would become huge military bases that could attack Ukraine on short notice. Undoubtedly, the separatists would smuggle arms to, and create subversive groups in, other regions of Ukraine. Riots could be staged against the government and economic activities shut down in the southern and eastern industrial regions. In this scenario, the Kremlin would presume that Ukraine's poor security situation would impede important reforms, which would discredit the country in the eyes of the West.

This scenario, however, carries serious risks for the Kremlin. If Ukraine succeeds in its reforms (alongside increased Western military assistance), it becomes a question of time before the separatists deplete their limited resources. Without a sustainable economy, disconnected from both Ukraine and Russia (which would remain under sanction), the separatists would need to negotiate a "graceful surrender" and receive amnesty in return. This is probably part of the calculation made by Kyiv (and the West) in their current diplomatic maneuvering and tolerance of a frozen conflict.

Conclusion

The Kremlin does not consider the implementation of the Minsk agreements as a roadmap toward an "exit strategy." Instead, Russia's pressure on Ukraine reveals that Russia is looking for an "endgame" strategy, one that brings Ukraine back into its exclusive sphere of influence.

The frozen conflict scenario is a tolerable option so long as a ceasefire is implemented. This would give Kyiv space to concentrate on reforms. The economic successes of countries like conflict-torn West Germany, South Korea, and Israel happened during the Cold War; Western economic and security assistance were decisive factors in their development. There are more recent examples: Cyprus joined the EU despite having a frozen conflict on its territory and Moldova entered into a visa-free regime and Association Agreement with the EU despite the conflict over Transnistria.

In the end, this is why the Kremlin does not want to see a frozen conflict in the Donbas and instead seeks to continue weakening Ukraine. Even aspiring toward a “frozen conflict,” the road to peace remains long and full of danger.