

Victoria Nuland
Assistant Secretary of State for European and Eurasian Affairs
House Foreign Affairs Committee
May 8, 2014
Written Testimony

Chairman Royce, Ranking Member Engel, thank you for inviting me to testify today on our efforts to counter Russia's de-stabilizing, provocative actions in Ukraine and to preserve Ukraine as a united, democratic state.

Let me begin by expressing my gratitude for the strong bipartisan engagement of this committee in the crisis that has engulfed Ukraine and its people. Your passage of the U.S. loan guarantee legislation provided the United States with authority for a key element of our assistance. And the visits that many of you have made to Ukraine, most recently led by Chairman Royce to Kyiv and Dnipropetrovsk, reinforce America's solidarity with the Ukrainian people during this critical time.

Today I want to outline four pillars of U.S. policy to address the challenges facing Ukraine. First, the United States is supporting Ukraine with financial, technical and non-lethal security assistance as it prepares for democratic presidential elections on May 25th, and works to protect a peaceful, secure, prosperous and unified future for its people. Second, we are working with Ukraine and our European partners to leave the door open for diplomatic de-escalation should Russia change course, and make a serious effort to implement its April 17 Geneva commitments. Third, we are steadily raising the economic costs for Russia's occupation and illegal annexation of Crimea and its continuing efforts to destabilize eastern and southern Ukraine; Assistant Secretary Glaser will address the sanctions we've imposed and what's next. And fourth, we are stepping up our effort to reassure our NATO allies and we are providing support to other frontline states like Moldova and Georgia.

First, the U.S. is providing assistance to Ukraine in areas in which it needs it most. In addition to \$92 million in FY2013 State/USAID funds and \$86 million in FY2014 funds, we are providing an additional \$50 million in technical assistance and the \$1 billion dollar loan guarantee under the authority passed by Congress on April 1st. This support is vital to Ukraine's efforts to administer the presidential elections successfully on May 25th. The best rebuke to violent separatism is a free, fair election across Ukraine in which average citizens confirm their faith in achieving these goals politically rather than through the barrel of a gun and place Ukraine on the path that its people want and deserve.

Our electoral assistance aims to improve the integrity of the election process. We have allocated \$11 million for non-partisan election activities, including efforts to support voter education and civic participation; assist the Central Electoral Commission to administer the elections effectively and transparently; foster linkages between political parties and civil society; support election security; and help to guarantee a diverse, balanced and policy-focused media environment. In addition to the 100 OSCE observers we are sending, the United States is supporting 255 long-term observers and over 3300 short-term observers, along with a parallel vote tabulation (PVT) process.

In addition, we are working multilaterally with the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) as it prepares to deploy 1,000 observers throughout the country to monitor the elections—the largest monitoring effort in the Organization's history. The United States will provide approximately one tenth of the observers, and 26 other OSCE states are also contributing. These 1,000 ODIHR observers will be joined by more than 100 members of the OSCE Parliamentary Assembly, including some of your colleagues here on the Hill.

More broadly, we are assisting Ukraine with financial and technical assistance to maintain macroeconomic stability, recover stolen assets from overseas, advance anti-corruption reform, and mitigate vulnerability to economic pressure from Russia, especially in the energy sector. And we are providing more than \$18 million in non-lethal security assistance to the Ukrainian armed forces and State Border Guard Service to enable them to fulfill their core missions. And we continue to work with Ukraine to determine their requirements and review options to provide additional security assistance.

Second, along with our allies and the international community, we remain committed to de-escalation and a diplomatic off-ramp should Russia choose to take it. On April 17th in Geneva, the United States, Ukraine, Russia, and the EU came together to develop a blueprint for de-escalation. At its core, the Geneva Joint Statement was and remains a grand bargain: it offers amnesty for those who vacate seized buildings plus deep, broad decentralization of power to Ukraine's regions through national dialogue and constitutional reform in parallel with an end to violence, intimidation, and the seizure of buildings and weapons.

The Ukrainian government began implementing its part of Geneva even before the ink was dry on the text of the Joint Statement. The day after Geneva, the government of Ukraine sent a draft amnesty bill to the Rada. Within a week, authorities in Kyiv had dismantled barricades and opened streets. Maidan activists peacefully vacated the Kyiv city administration building. On April 14th and 29th, the constitutional reform commission held public conferences to which all the regions were invited. Ukrainian security forces instituted an Easter pause in their operations in eastern Ukraine, and sent senior officials out with the OSCE teams to Donetsk, Slovyansk, Luhansk and other

embattled cities to try to talk separatists into pursuing their aims politically rather than through violence.

In contrast, Russia fulfilled none of its commitments. After we left Geneva, no one in Moscow at any level even issued a public statement calling for buildings and checkpoints in eastern Ukraine to be vacated and weapons turned in. Russia declined a request by the OSCE to send senior representatives to eastern Ukraine to insist on separatist implementation of Geneva. In fact, separatists in Donetsk and Luhansk told OSCE observers that they had had no messages at all from Russia urging them to stand down. Yesterday was, in fact, the first time we heard President Putin call for illegally armed groups to stand down.

Instead, since April 17th, all the efforts of the Ukrainian side and of the OSCE have been met with more violence, mayhem, kidnappings, torture and death. Pro-Russia separatists have seized at least 35 buildings and 3 TV/radio centers in 24 towns. Armed and organized Russian agents – sometimes described as “little green men” – appeared in cities and towns across Donetsk and into Luhansk. At least 22 kidnappings have been attributed to pro-Russia separatists – including the 8 Vienna Document inspectors and their Ukrainian escorts who were released after 8 days as hostages. The bodies of three Ukrainians were found near Slovyansk all bearing the signs of torture. Peaceful rallies have been beset by armed separatist thugs. Roma families have fled Slovyansk under extreme duress. As the violence grew, the United States and the EU imposed more sanctions at the end of April. Last Friday, the Ukrainian government announced that separatists used MANPADs to shoot down a Ukrainian helicopter, killing the pilots. And Friday also saw the deadliest tragedy of this conflict: the death of more than 40 in Odesa following violent clashes reportedly instigated by pro-Russian separatists attacking an initially peaceful rally in favor of national unity.

Russia claims it has “no influence” over the separatists and provocateurs rampaging in eastern and southern Ukraine. It should come as no surprise that, in Odesa, the Ukrainian authorities report that those arrested for igniting the violence included people whose papers indicate that they come from Transnistria, the Crimea region of Ukraine, and Russia. As Secretary Kerry has stated, we continue to have high confidence that Russia’s hand is behind this instability. They are providing material support. They are providing funding. They are providing weapons. They are providing coordination, and there are Russians agents on the ground in Ukraine involved in this.

Equally worrying, today from Slovyansk to Odesa the playbook is identical to what we saw in Crimea: first you create upheaval in towns that were completely peaceful just 2 months before, then you intimidate the local population, and hold bogus independence referenda on 2 weeks’ notice, as have been declared for May 11 in the so-called Donetsk and Luhansk Peoples’ Republics. In this regard, we consider it a positive step that

President Putin spoke out yesterday in opposition to the proposed May 11th referendum, which would have been illegal and illegitimate.

Russia can still step back from supporting separatism and violence and do the right thing. Working closely with the Ukrainians, the OSCE, and key European governments including Germany, we are once again supporting a diplomatic path forward – a rejuvenation of the Geneva commitments: amnesty for separatists and real political reform through elections and constitutional change in exchange for the peace, security and unity across Ukraine that these require. A Russia that truly cares about the fate of the ethnic Russians in Ukraine and the people of eastern Ukraine will work with us on this. A Russia that doesn't will face a tightening grip of political and economic isolation from the international community.

Which brings me to the third pillar of our strategy: In response to Russia's cynical and aggressive ploy in eastern Ukraine— and continued occupation of Crimea— the U.S. has imposed significant costs on Russia. Last week, the U.S. enacted new sanctions on seven Russian government officials, including two members of President Putin's inner circle, and 17 entities. Further, we have tightened export licenses for any high-technology items that could contribute to Russia's military capabilities. A/S Glaser will speak to this in further detail. The President made clear last week that we are prepared to exact a higher cost if Russia takes further steps to destabilize Ukraine including disrupting the May 25th elections.

The Russian economy is already buckling under the pressure of these internationally imposed sanctions. Its credit rating is hovering just above "junk" status. \$51 billion in capital has fled Russia since the beginning of the year, approaching the \$60 billion figure for all of 2013. Russian bonds are trading at higher yields than any debt in Europe. As the ruble has fallen, the Central Bank has raised interest rates twice and has spent close to \$30 billion from its reserves since early March to stabilize it.

Finally, we have worked with our NATO Allies to provide visible reassurance—on land, sea and in the air—that Article 5 of the NATO Treaty means what it says. Our message to Putin and Russia is clear: as the President said on March 20, "America's support for our NATO allies is unwavering. We are bound together by our profound Article 5 commitment to defend one another. . ." As a result, the United States has increased our contribution to NATO's Baltic Air Policing mission. We have bolstered the U.S.-Poland aviation training detachment in Lask, Poland with 12 F-16s and 200 personnel. We have maintained a steady U.S. naval presence in the Black Sea. And the United States has deployed a total of 750 troops to Estonia, Latvia, Lithuania, Poland and Romania.

And we are heartened that more than half of the other NATO Allies have also offered visible reassurance on the frontline. The U.K. and France are sending fighter jets to

NATO's Baltic Air Policing mission and Germany will participate beginning in September. The U.K. and Canada are sending ground troops to take part in exercises. And Norway, Belgium, the Netherlands and Estonia are participating in a naval countermine group in the Baltic. We are encouraging other Allies to step up, and all Allies to do more.

Taken together, these four pillars—support for Ukraine, costs for Russia, an open door for de-escalation through diplomacy and Allied reassurance— are the foundation of America's response to this crisis. In this effort, we appreciate Congress's bipartisan support and will continue work in close coordination with you on all of these areas.

Thank you and I look forward to your questions.