



Strengthening Ukraine

Policy Recommendations for the New Administration

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Executive Summary

Since the illegal Russian seizure of Crimea and the outbreak of violence in the Donbas region much has been made of whether or not the United States and European countries should, or could, assist the Ukrainian government. The purpose of this project is to present recommendations for policy makers, diplomats, defense leaders, and legislators on how the United States can help strengthen Ukraine. While there are those that believe the United States should not be involved in Ukraine, we believe strengthening the Ukrainian government is vital to countering Russian aggression and restoring stability to the region. Russia has challenged the established post-World War II international order with its aggressive actions towards Ukraine, both through its illegal annexation of Crimea and its support for separatist factions in the Donbas region.

This project comprises four sections exploring how to strengthen Ukrainian institutions, the Ukrainian military, the Ukrainian economy, and how to assist the Ukrainians in countering Russian propaganda. Within each section we will present background on the topic and make recommendations for how the United States government can work with Ukraine.

In an effort to counter Russian aggression and ill-will towards Ukraine and its people, we posit the following recommendations:

- Strengthen Ukrainian institutions by focusing on assisting Ukraine in reforming their judicial system, government, and banks in order to lower the perception of corruption in

Ukrainian society. For details on these recommendations please see “Strengthening Ukrainian Institutions” starting on page 4.

- Strengthen Ukraine’s military by increasing Ukraine’s ability to conventionally deter a potential Russian aggression. That can be accomplished by bolstering Ukraine’s conventional forces. This will give them the capability to increase the cost of aggression to outweigh the benefit. We recommend a strategy of 1) defense loans and 2) military partnership and engagement focused on training and modernizing Ukrainian forces. For details on these recommendations please see “Strengthening the Ukrainian Military” starting on page 16.
- Strengthen Ukraine’s economy by increasing the long-term self-sufficiency and independence of the Ukrainian Economy. That can be achieved through: 1) forging economic partnerships, 2) exchanging knowledge and technical skills, and 3) continuing commitment to international norms. For details on these recommendations please see “Strengthening the Ukrainian Economy” starting on page 31.
- Assist Ukraine in its efforts to counter Russian propaganda. Recommendations are provided to: 1) hinder the disinformation campaign from Russia that targets Ukrainians inside the Donbas region, as well as those outside of the region, 2) providing funding to media outlets, and 3) supporting judiciary promises of press freedom. For details on these recommendations please see “Countering Russian Propaganda” starting on page 47.

Strengthening Ukrainian Institutions

This section will discuss strengthening Ukrainian Institutions. It will focus on assisting Ukraine in reforming its governance system, judicial system and banking system with the aim of lowering the perception of corruption in Ukraine. Ukraine lacks the necessary stability and strength it needs in order to combat Russian aggression. In order to build a stronger Ukraine, there needs to be a concerted effort by Ukraine and its allies on strengthening state institutions. Weak institutions hinder economic growth, meaning that overall social progress can't be obtained without building up internal infrastructure. A stumbling block to bolstering the institutions of Ukraine has been the pervasiveness of corruption. This has exacerbated the already taxed and overwhelmed sectors of the government. The policy recommendations outlined in the preceding section not only allow the perception of corruption to decrease in Ukraine, but also serve as a cornerstone that Ukraine can use to build legitimacy in order to make strides in other areas of its government. By doing so it will build Ukrainian society's trust in its government, result in sustained economic growth, and allow the state to carry out various policies that deliver benefits and services to not only the population but outside investors.

Governance

The overall goal of governance reforms is to create a more transparent and accountable government by:

- Ensuring the newly created corruption oversight body National Anti-Bureau of Ukraine (NABU) is allowed effective oversight powers by the Ukrainian government.¹

¹ National Anti-Corruption Bureau of Ukraine. Accessed September 06, 2016. <https://nabu.gov.ua/en>.

- Limiting private funding of political parties.

The first pillar of strengthening Ukrainian institutions is to make meaningful reforms to its governance system. Currently, Ukraine is ranked 88 out of 167 on the democracy index scale.² This shows that Ukrainian institutions as a whole are structured as a democracy. However, Ukraine's ranking on the corruption perception index scale is 130 out of 167.³ This indicates that the governmental institutions are not functioning to their full capacity, nor are Ukrainian leaders carrying out the tenants of a democratic nation. The democratic infrastructure is there, but it is not being implemented effectively enough as evidence in the low perception index. In fact, nearly 64 percent of Ukrainians see their government as being corrupt, a hindrance to Ukraine being able to provide the governmental functions that it should to its citizens.⁴

The proposed policy solution to combat corruption in Ukraine was the creation of a corruption oversight body with tangible enforcement powers to combat, prosecute, and uphold corruption laws. This perceived corruption is seen because Ukrainian citizens do not see its elites, who tend to be in governmental positions, as being held accountable for publicized corruption, which makes Ukrainian citizens lose faith in the very institutions that are supposed to provide for its citizens. By strengthening NABU and its powers, the Ukrainian government will be showing its citizens that they are fully committed to ensuring that the democratic values

² "Democracy Index 2015." The Economist - Economic Intelligence Unit, 2016, 6. Accessed September 17, 2016. <http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=EIU-Democracy-Index-2015.pdf&mode=wp&campaignid=DemocracyIndex2015>.

³ Transparency International. "Corruption Perception Index 2015." Transparency International - The Global Anti-Corruption Coalition. Accessed October 1, 2016. <http://www.transparency.org/cpi2015/>.

⁴ "Study: Corruption Seen as a Great Challenge in Europe, Asia." Fox News. 2016. Accessed October 15, 2016. <http://www.foxnews.com/world/2016/11/15/study-corruption-seen-as-great-challenge-in-europe-asia.html>.

of Ukraine are exhibited, while corruption is being combatted. The reforms enacted after the Maidan Revolution are evidence that Ukraine is willing to make strides in order to combat corruption in the country. NABU will ensure that those reforms are being met, as well as act as a vehicle for enacting further reforms to combat corruption in Ukraine.⁵ Corruption in Ukraine is a hindrance to prosperity in the country, and NABU will ensure that corruption decreases allowing Ukraine to make governmental reforms in other areas as well. By enacting corruption reforms the relationship between the state and its people can be strengthened.

Restructuring political parties is another manner in which the government can strengthen its relationship with the Ukrainian people. In the case of political parties, the absence of any restrictions on the value of private donations creates a strong dependence on wealthy donors, which severely limits the extent to which parties are able to represent societal interests.⁶ As a result, the public sector suffers from limited governed independence and lacks adequate resources to be able to play any meaningful role in fighting against corruption. The proposed policy solution is to establish reforms on donation regulations to political parties, as well as expanding NABU to oversee political donations to political parties. Additionally, limit the amount that individual donors can donate to a political party or politician. This will ensure that private donations, while still allowed, are curtailed to defray the amount of influence any one particular wealthy donor can exercise. Additionally, limiting the ties between the economic and

⁵ United States Department of State, "Ukrainian Reforms Two Years After the Maidan Revolution and the Russian Invasion." March 15, 2016. Accessed October 28, 2016. <https://www.state.gov/p/eur/rls/rm/2016/mar/254707.htm>.

⁶ International Foundation for Electoral Systems, and USAID. "Regulations of Parliamentary Campaign Finance in Ukraine." Regulations of Parliamentary Campaign Finance in Ukraine, August 2012, 3. Accessed October 29, 2016. https://www.ifes.org/sites/default/files/ukraine_report_on_campaign_finance_regulation_august_2012_final.pdf.

the political elites will allow each of these entities to establish more legitimacy within the layers of Ukrainian government.

Finally, in order to have meaningful governance reform, Ukraine must acknowledge its procedural actions versus its substantive actions. While reforms are critical and necessary in order for Ukraine to strengthen its government, the reforms must be implemented fully. The citizens of Ukraine know that reforms have been enacted, however, they are not currently being enforced. Additionally, Ukraine must make sure that it is following through with punishing those who do not comply with the reforms.

Together with corruption oversight, restructuring political parties and focusing on substantive actions versus procedural, Ukraine can enact governance reforms that will not only increase its democracy index. This will ensure that the necessary and proper steps are taken to gain the trust of its people allowing for Ukraine to progress forward.

Judicial

The overall goal of the judiciary policy recommendations are to counter corruption by promoting judicial transparency, accountability, and efficiency by:

- Reforming the laws dictating the appointment and dismissal of judges.
- Consolidating the extensive number of court levels to allow for quicker rulings and a reduction in the number of judges in the system.
- Facilitating international judiciary exchanges with European judiciary institutions to bring the Ukrainian judicial system in line with European standards when it comes to the rule of law.

The Constitution of Ukraine outlines the branches of government and its aim is to create a separation of powers meaning the judiciary should be devoid of influence. That said, there is a lack of judicial independence in Ukraine and the system has long been plagued with accusations of rampant corruption. Traditionally, judges have been appointed by the executive branch, which leads to political pressure being a factor in rulings.⁷ This in turn diminishes the ability of the judiciary to hold the executive accountable through effective measures. The Ukrainian Constitution has been amended over the past year to limit the ability of the President to dismiss judges. In June 2016 the Ukrainian Parliament approved judicial reforms amending the constitution which aims to curb the political influence on the appointment of judges and limit their immunity in cases of malpractice.⁸ The reform is aimed at making judges more professional. It partly limits their immunity from prosecution, which used to be unconditional. From now on they will be appointed by a judicial council (The High Council of Judges) rather than parliament which will hopefully shield them from political influence. We recommend that the Ukrainian Parliament and the President elect judges in much the same way it is done in the United States, with the executive branch nominating judges and the legislative branch approving them. By instituting this reform judges will not be purged when a new government is elected ensuring continuity of the judiciary branch. In turn, cases will be heard in a timely manner because the courts hearing them will not be constantly changing. While positive steps forward have been, made it needs to be specified in the constitution that the High Council of

⁷United States Agency for International Development, Corruption Assessment: Ukraine 2015. Pg7.
http://pdf.usaid.gov/pdf_docs/PNADK247.pdf

⁸Alexei Kalmykov and Alessandra Prentice, "Ukraine's corrupt judges targeted in constitutional reforms," *Rueters*, June 2, 2016. Accessed November 1, 2016: <http://www.reuters.com/article/us-ukraine-crisis-parliament-reform-idUSKCN0YO1NY>

Judges, the entity now charged with dismissing judges, has the power to decide on judges' transfers and promotions as well. The President is currently able to influence this process of the judiciary and the constitution needs to be amended to prevent such interference.⁹ These reforms provide for a level of impartiality and protection of judicial independence that has not been guaranteed in the past.

There needs to be a consolidation of the divisions of the judiciary. Currently, there is an extensive framework that dictates what legal cases are heard in what court and all the subsequent levels plaintiffs and defendants need to go through over the course of their case.¹⁰ Reforming the court system by cutting the numerous levels of existing bureaucracy in the judicial system allows for expediency in judges hearing court cases and quicker resolutions. If verdicts are to be respected they need to be executed in a timely manner in conjunction with the rule of law. The current system hinders speedy trials, meaning cases take considerable time to be ruled on, if they are ever heard. Reducing the number of judicial courts through consolidation would also lead to a reduction in the number of judges. This would be beneficial to combatting corruption since there would be less unscrupulous individuals in the system. The fewer the number of judges in the system, the less opportunity for corruption and any new judges who would be appointed would be through the newly reformed system outlined previously.

⁹ Council of Europe, "Venice Commission: Annual report of activities of 2015," August 2016. [http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-RA\(2015\)001-e](http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-RA(2015)001-e)

¹⁰ Svitlana Oliynyk, "The Criminal Justice System of Ukraine," *United Nations Asia and Far East Institute* http://www.unafei.or.jp/english/pages/RMS/No92_11PA_Oliynyk.pdf

Greater transparency will ensure accountability of judicial institutions and reduce opportunities for corruption amongst judges. Wages in the judiciary system are abysmal and as such it makes officials susceptible to bribery.¹¹ Judges need to be properly compensated in order to combat bribery. Furthermore, the courts need to be financed and equipped appropriately in order to effectively function. There needs to be an implementation of legislation that compels judges and prosecutors to provide financial disclosures. This will give oversight bodies a better idea of the financial status of its judges and more easily see if they have been accepting bribes. It will also ensure sufficient and transparent funding of the judiciary and exclude the possibility private individuals or government officials from financing the legal system.

Creating public trust in the judiciary system is essential. Ukraine currently ranks at 130 out of 167 on the 2015 Corruption Perception Index Scale (CPI) conducted by Transparency International. Additionally, 87 percent of citizens perceive the judiciary to be corrupt or extremely corrupt and only 46 percent of Ukrainians believe that the courts consider their cases in an independent and impartial manner.¹² It should be noted that the CPI seeks to measure perception as opposed to the reality of corruption due to the obvious barriers to conducting such a study. While the ranking is based on perception, it remains a strong indicator of reality. Policing reforms have been relatively successful throughout Ukraine¹³, however once someone

¹¹ Anders Aslund, "How Ukraine became a Market Economy and Democracy," (Washington DC: *Peterson Institute for International Economics*, 2009) pg245.

<https://books.google.com/books?id=C8C3xuqd6aMC&pg=PA245#v=onepage&q&f=false>

¹² Corruption Perception Index 2015, *Transparency International*. Accessed November 1, 2016:

<https://www.transparency.org/country/#UKR>

¹³ USAID, "Corruption in Ukraine 2015."

enters the legal system the perception is corruption takes over. Despite the strides made in modernization of the police force there is still work to be done in order for justice to prevail. This makes no difference though when the perception is that the institution is corrupt it loses all credibility in civil society. No matter how many legislative reforms are passed, if society does not see any real progress being made they will not believe the reforms are being effective. Up to 59 percent of Ukrainian citizens feel their government's efforts to fight corruption are ineffective.¹⁴ This stems from the corruption in the judiciary. Until the Ukrainian elites are held accountable in a way that is visible to the public, the impression that the judiciary is still corrupt will not change. To that end, high level officials and businessmen who have been accused of crimes but not held accountable in the past, need to face trial in the newly reformed judiciary system.

To improve better judiciary practices we propose judicial exchanges between legal officials in Ukraine and Europe. The Ukrainian judicial system is structured in much the same way as European courts. This would bring Ukraine more in line with European standards and create closer ties with Europe. This can be achieved with increased funding of USAID programs earmarked for judicial development and the State Department's International Narcotics and Law Enforcement Affairs initiatives to reform the Ukrainian justice sector. USAID and its partners currently have a number of programs aimed at judiciary reforms in Ukraine.¹⁵ These

¹⁴ Corruption Perception Index, Transparency International.

¹⁵ United States Agency for International Development, "Democracy, Human Rights and Governance," Accessed November 2, 2016: <https://www.usaid.gov/ukraine/democracy-human-rights-and-governance>

programs need to be continually funded as they are a key means through which the United States Government can assist Ukraine in its judiciary reforms.

Economic

The overall goal of these economic reforms are (1) to ensure a more equal distribution of wealth and (2) to promote fair competition, to make investors feel confident:

- Increasing GNI by allowing for the creation of a stronger middle class.
- Consolidating the banking system.

While governance and judicial reforms are essential to Ukrainian success, economic reforms are equally just as important. When wealth is not distributed amongst the population it prevents the creation of a strong middle class.¹⁶ The lack of a vibrant middle class is due to power and money being concentrated amongst an elite few in the country. This perpetuates the perceptions of corruption, weakens civic engagement and ultimately damages Ukraine. These weaknesses make Ukraine even more susceptible to internal and external actors seeking to manipulate and take advantage of the country's instability. Further, when all Ukrainians are doing well financially, the entire society is invested in the continuation of the political and economic system.

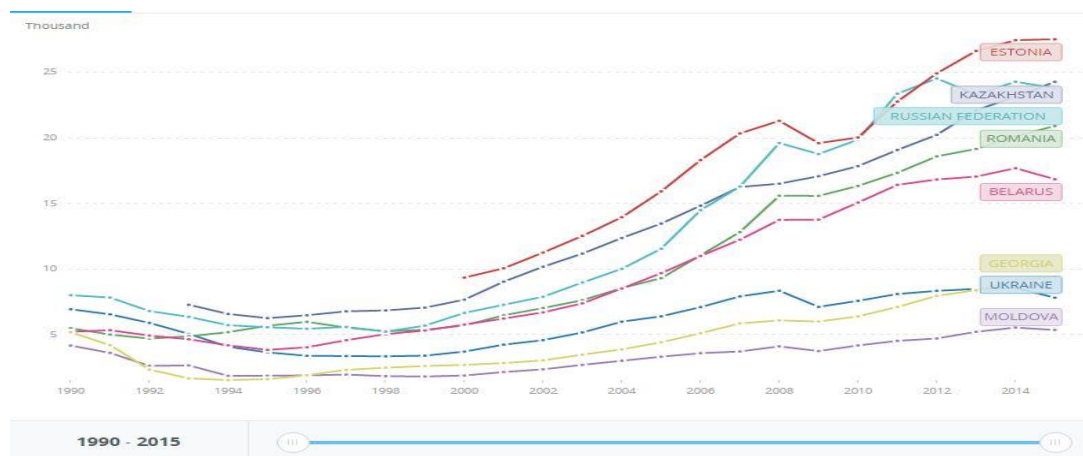
As of now, that is not happening in Ukraine due to the control of the economy by a few powerful individuals who benefit from keeping the status quo. Newsweek estimates that

¹⁶ David Madland, "Growth and the Middle Class." Democracy Journal, Spring 2011. Accessed November 3, 2016. <http://democracyjournal.org/magazine/20/growth-and-the-middle-class/>.

oligarchs control nearly 70 percent of Ukraine's economy.¹⁷ This means that the distribution of wealth in Ukraine is extremely unequal, thereby delegitimizing the government of Ukraine.

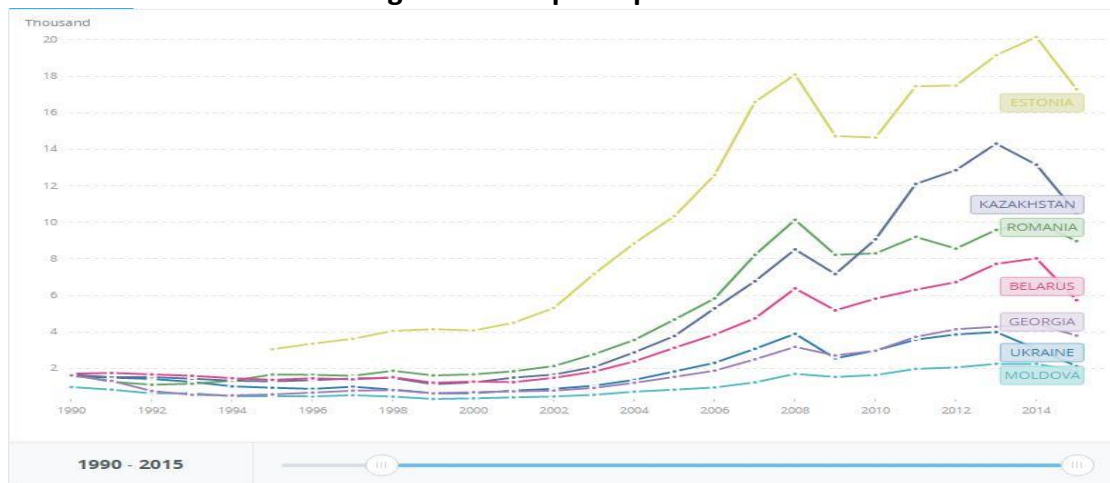
This poor economic management has also given rise to electoral volatility in Ukraine resulting in the country being denied further economic opportunities as other nations are reluctant from establishing bilateral economic opportunities with Ukraine. It should also be noted that the GNI per capita for Ukraine is near the bottom along with when compared with countries similar to Ukraine. However, its GDP is in the middle, showing the effect that the oligarchic system has had on Ukraine. These results show that money is in fact being generated at the national level, but it is not filtering its way down to the local level, or perhaps not being reinvested into society. See figure(s) 1 and 2 below.

Figure 1: GNI per capita, PPP (current international \$)¹⁸



¹⁷ Lutsevych, Orysia. "Ukraine Has an Oligarch Problem, Too." Newsweek. April 12, 2015. Accessed November 5, 2016. <http://www.newsweek.com/ukraine-has-oligarch-problem-too-321551>.

¹⁸ "The World Bank - GNI Per Capita, PPP (current International \$)." The World Bank - GNI Per Capita. Accessed November 15, 2016. <http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?locations=EE-KZ-RU-RO-BY-GE-UA-MD>.

Figure 2: GDP per capita¹⁹

Data has shown that a strong middle class is conducive to economic growth. Further, the economic system will not get better unless banking institutions are reformed. In order to reform the banking system of Ukraine, the country should reform its State Export-Import Bank of Ukraine (Ex-Im) bank. Currently, it is 100 percent state-owned and it is one of the largest banks in Ukraine.²⁰ By reforming the Ex-Im bank, Ukraine can potentially allow more free market activities in dealing with its exports and imports. Additionally, the banking system could be able to take on more services that western banks have to offer than the limited services currently offered in Ukraine. Additional reforms can ensure that loans, that banks such as the Ex-Im bank give out, are used for their intended purpose and not abused. Countering banking corruption will ensure that the GNI per capita will increase, as well the GDP per capita of Ukraine.

¹⁹ "The World Bank - GDP Per Capita." The World Bank - GDP Per Capita. Accessed November 15, 2016. <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=EE-KZ-RU-RO-BY-GE-UA-MD>.

²⁰ Ukrainian Independent Information Agency of News "State-run Ukreximbank Posts UAH 14 Bln in Loss in 2015." Accessed November 9, 2016. <http://www.unian.info/economics/1335029-state-run-ukreximbank-posts-uah-14-bln-in-loss-in-2015.html>.

Reforming Ukraine's banking system also calls for consolidation of banks. By consolidating banks, this will negate the rampant corruption currently in Ukraine, which aligns with the governance reforms mentioned above. Additionally, consolidating banks in Ukraine will foster potential investment and small business loans, which gives hope to the Ukrainian people that their government is working for them and allowing them to succeed.

Ukraine must also have full transparency in its banking system. Full transparency will ensure that a governmental body can act as a check and balance for the banking system and make sure that the banks are acting with Ukrainian law. Countering banking corruption will be difficult. The oligarchs who currently control most of Ukraine's wealth have the most to lose if the status quo changes and banking reforms are allowed. They benefit from Ukraine remaining in turmoil.

All of these recommendations are aimed at making Ukrainian institutions stronger. Only by building up Ukrainian governance, the judiciary, and economic policies can Ukraine prosper. These policies are essential to combatting corruption and ensuring a stable Ukraine. Addressing institutional weaknesses is key to ensuring the policy recommendations in the subsequent sections of this paper are successful.

Strengthening the Ukrainian Military

Russian Military Capabilities

The phrase “know your enemy” is an old adage of military strategy, so before we can discuss ways to strengthen the Ukrainian military we must get to know the Russian military, as they are the adversary the Ukrainians are most likely to face. The Russian military is an impressive force that is in the midst of its most ambitious modernization effort since the end of the Cold War. The Russian government has gone to great lengths to show off their new military might domestically through military parades and demonstrations, and internationally through the actions in Syria and in the skies over Europe. Some observers are not convinced that the Russian military has improved as much as the Kremlin would like the world to believe. They argue that the Russian military is a paper tiger that has showcased many impressive new weapons systems and technologies, but is still mostly comprised of poorly trained conscript soldiers that cannot fight effectively.²¹ The economic situation in Russia is also cited as a reason to doubt the ability of the Russian military to perform as advertised. In reality the Russian military’s capabilities most likely fall somewhere in the middle of these observations. To attempt to give an accurate description of the Russian capabilities we will first explore the composition and disposition of Russian forces, especially those located nearest to Ukraine. Then we will discuss the modernization efforts, personnel issues, and economic issues in an attempt to define Russia’s true military capabilities.

²¹ Andrew S. Bowen, “Russia's Deceptively Weak Military,” *The National Interest*, June 7, 2015, <http://nationalinterest.org/feature/russias-deceptively-weak-military-13059?page=2>.

Russia maintains one of the largest militaries in the world in terms of personnel and heavy equipment. According to The International Institute for Strategic Studies (IISS) publication *The Military Balance 2016* the Russian military has 798,000 personnel on active duty, making them the fourth largest standing army in the world behind China, the United States, and India.²² Russia has the world's largest reserve force with over 2 million personnel in their reserve ranks, which is almost 850,000 men larger than the next largest reserve force in the world (India at 1,155,000). The Russian state also maintains 489,000 personnel in its paramilitary ranks, which include the Federal Border Guard Service, Federal Protection Service, commando units within the Federal Security Service (FSB), and Interior Ministry Troops. While these numbers are much smaller than the 4 million plus personnel on active duty in the Soviet Armed Forces at the end of the Cold War, they nonetheless show that Russia can field a massive military force when looking at sheer personnel numbers.

While there are questions about the quality of their weaponry, the Russians possess huge stockpiles of military equipment. The Russian military ranks in the top three globally in



THE T-14 MAIN BATTLE TANK, PART OF THE ARMATA FAMILY OF VEHICLES, HAVE BEEN A SYMBOL OF RUSSIAN MILITARY MODERNIZATION.

²² *The Military Balance 2016*, ed. James Hackett (London: The International Institute for Strategic Studies, 2016), 22. Unless otherwise noted, all military figures used in this paper come from *The Military Balance 2016*.

most categories when comparing key pieces of defense equipment. Russian ground forces rely heavily on armed vehicles with over 7,500 armored fighting vehicles and almost 3,000 main battle tanks currently in service. Comparatively, this is about equal to the number of main battle tanks in the United States inventory and about 3,000 more armored fighting vehicles. The Russian ground forces place a large emphasis on the use of indirect fire assets and have almost 10,000 pieces of artillery in their arsenal. Many of the Russian modernization efforts have focused on these types of heavy ground vehicles. Russian combat aircraft, most of which fall under the Russian Aerospace Force, have undergone some modernization but are still mainly Soviet equipment from the 1980s. There are plans to include fighter and bomber aircraft in the modernization efforts, but the economic constraints facing Russia are hindering those plans. Russia has put a large emphasis on anti-aircraft and surface-to-surface weapons as part of the modernization efforts, and can pose a formidable challenge to any force attempting to penetrate Russian held territory. Russian military planners were highly influenced by the massive air campaigns undertaken by the United States and partnered countries against Serbia, Kosovo, Iraq, Afghanistan, and Libya. The Russian military still has anti-aircraft capabilities embedded in maneuver brigades, increasing the ability of Russian conventional forces to deter or defeat air attacks against their units. The weakest part of the Russian military is the Russian navy. The Russian navy consists almost entirely of vintage Soviet vessels that desperately need modernization, if not total replacement. While the Russian navy is weak, it can still dominate the Black Sea against Ukrainian naval forces.

The Russian military has undertaken significant modernization of both their equipment and force structure since the war with Georgia in 2008. The poor performance of the Russian

military against a significantly weaker Georgian force during their short war was an embarrassment for the Kremlin. In the aftermath of the war Moscow instituted a defense modernization program estimated to cost \$700 million by 2020 with a goal of building a more professional, agile military force for smaller regional conflicts instead of large conventional wars.²³ The economic downturn Russia has faced since the fall of oil prices and implementation of Western sanctions has slowed this modernization effort, especially hurting the development and fielding of new weapons systems. Personnel reforms have not been as effected by the economic issues as equipment modernization, but even these reforms have not been fully successful. The Russian military has gone through downsizing, cutting many of the skeleton units they maintained at minimal manning and planned to fill with conscripts in the event of a major war. The Kremlin has also worked to increase the number of positions in the military filled using contract soldiers. These contract soldiers are volunteers who sign a contract to serve for a specified length of time and can be deployed abroad, as opposed to the conscripts that serve one year terms. The Russian goal to have 350,000 contract soldiers in service by the end of 2015 was met by September 2015, according to Russian media sources.²⁴ The Russian Army will man two-thirds of the required soldier and non-commissioned officer positions in the active military by contract soldiers (a total of 499,000 troops) by 2020, according to Russian military planners. Whether or not the Russian military has met all of their stated goals for modernization and reforms is a fair question, but we can see that the Russian military is a much

²³ Dmitri Trenin, "The Revival of the Russian Military: How Moscow Reloaded," *Foreign Affairs* 95, no. 3 (May/June 2016): 24.

²⁴ *The Military Balance 2016*, ed. James Hackett (London: The International Institute for Strategic Studies, 2016), 165.

more capable force than it was in 2008 and would perform markedly better in a current conflict. The Russian government is attempting to demonstrate their revitalized military capabilities with their involvement in the Syria conflict. The Ukrainian military must pay close attention to the capabilities Russian forces display in the Syrian conflict in order to identify weaknesses of the Russian force that could be exploited in a war between Ukraine and Russia.

Ukrainian Military Capabilities

The Ukrainian military suffered from years of neglect prior to Russia's illegal seizure of Crimea. The Ukrainian military had not been involved in a conflict in the post-Cold War period and military spending was not a priority for Kiev. Most of the country did not believe it faced any credible threats until the Russian-Georgian war in 2008. In the aftermath of the Maidan in 2013, the seizure of Crimea, and the outbreak of hostilities in the Donbas region the Ukrainian military has been forced to mobilize and confront a number of threats. The Ukrainian military is currently engaged in 'anti-terror' operations in Eastern Ukraine, fighting against separatist groups from the self-proclaimed Luhansk and Donetsk People's Republics. While continuing to fight the conflict in the east, the Ukrainian military has seen the need to reform and professionalize in the face of a conventional Russian threat. While it is not likely the Russian Federation will attack Ukraine and begin a conventional war, the Ukrainian military must be ready for this possibility and has recognized this threat. In September 2015, President Poroshenko signed into law the Military Doctrine of Ukraine which set defense policy for Ukraine. The new military doctrine identifies the Russian Federation as the main threat to Ukraine and sets Ukraine's top military objective as the ability to "Repeal the armed aggression by the Russian Federation, maintain Ukraine's defense at a level sufficient to prevent armed

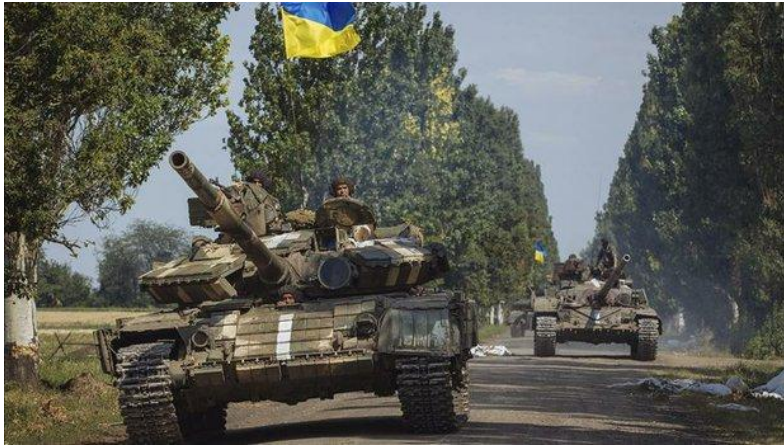
conflict, and in the event of armed conflict, for its localization and neutralization.”²⁵ With their current force the Ukrainian military is unlikely to be able to achieve their first objective and repel an armed aggression. Whether or not the Ukrainian military has the ability to deter armed aggression by Russia is hard to say. However, if the Ukrainian military continues to improve it can make any aggression by Russia so costly that it will outweigh any potential benefits.

The Ukrainian military has undergone rapid expansion since 2013 to meet their current security challenges. According to *The Military Balance 2016* the Ukrainian military has 204,000 troops on active service and 900,000 in their reserves.²⁶ The Ukrainian military reintroduced conscription in 2014 and has made great use of conscription to fill their ranks, especially by manning units the military was planning to disband before the outbreak of conflict. There are also paramilitary forces in Ukraine, but it is difficult to give accurate numbers of those troops as some fall outside governmental control. The Ukrainian National Guard, which is a force under governmental control, numbers an estimated 52,000 troops. The Ukrainian government encouraged the formation of volunteer territorial defense units at the outbreak of the conflict, which were initially outside of governmental control. Recently many of these units have been pulled under the control of the military and National Guard, in some cases as motorized rifle battalions.

²⁵ "Military Doctrine of Ukraine," *Military Technology* 40, (June 15, 2016): 177.

²⁶ *The Military Balance 2016*, ed. James Hackett (London: The International Institute for Strategic Studies, 2016), 204.

The equipment used by Ukrainian forces leaves much to be desired. Ukraine has been an arms exporter since the fall of the Soviet Union, but they sold surplus Soviet equipment and



UKRAINIAN T-64s IN EASTERN UKRAINE

did not produce new, high-tech weapons systems. Most of the platforms used currently by the Ukrainian military are out of date and need to be modernized to effectively stand up to modern

Russian weapons systems. For

example, Ukraine has almost 800 tanks in their inventory but most are dated T-64s that would be no match for modern Russian T-72 variants, not to mention T-90s or the new high tech (but not yet in service) T-14 Armata. In fact, a report from May 2016 stated the Ukrainians had not recorded a single kill on a T-90 in Eastern Ukraine.²⁷ This is due to the use of Active Protection Systems (APS) such as reactive armor on Russian made T-90 tanks. The Russians have continued to advance APS technologies that the Ukrainian military currently does not have the capacity to defeat. As the Russians continue to advance this technology the Ukrainian military will need to acquire or develop state of the art anti-armor systems.

One area of strength for the Ukrainian military is the high number of soldiers with combat experience. Around 80 percent of Ukrainian soldiers have combat experience and many are receiving further training from U.S. and NATO partners (this is discussed in greater depth

²⁷ Patrick Tucker, "How the Pentagon is Preparing for a Tank War with Russia," Defense One, May 19, 2016, <http://www.defenseone.com/technology/2016/05/how-pentagon-preparing-tank-war-russia/128460/>.

below).²⁸ The Ukrainian government's efforts to pull volunteer battalions and militias back under governmental control have also added combat experience to the Ukrainian military. This collective combat experience has been a driving force in reforming Ukrainian military doctrine. The Ukrainian military operated more like the Soviet military than a modern fighting force before the outbreak of hostilities in the Donbas. Since the fighting began in the East the Ukrainian military has modernized their tactics and techniques to match those of other modern militaries, especially those that have received training from NATO advisors. While the Ukrainian military will require years of modernization and training, they are now on the right track.

CURRENT SITUATION

Since the annexation of Crimea, the Donbas region of Eastern Ukraine has been embroiled in a civil conflict between the pro-Russian Donbas rebel groups and the military of the legitimate Ukraine government. Although from the outset it seemed an internal movement by Eastern Ukrainians with close ties to neighboring Russia encouraged by the events in Crimea, Russian President Vladimir Putin admitted direct involvement in the Donbas region in October 2016. President Putin stated that "we [Russia] were forced to defend the Russian-speaking population of Donbas, forced to react to the desire of people living in Crimea to return to the Russian Federation."²⁹

While this admission does not specify the level of involvement Russia has in the Donbas region, other statistics provide a window into what this support may look like. Ivanna

²⁸ Paul D. Shinkman, "Training Ukraine: Turning a Soviet Army into a Modern Force," *U.S. News and World Report*, August 2, 2016, <http://www.usnews.com/news/articles/2016-08-02/training-ukraine-turning-a-soviet-army-into-a-modern-force>.

²⁹ Halya Coynach, "Putin admits to Russian military involvement in Donbas," *Human Rights in Ukraine*, October 13, 2016. Accessed November 14, 2016 from: <http://khpg.org/en/index.php?id=1476316494>.

Klymush-Tsintsadze, Ukraine's Deputy Prime Minister on Euro-Atlantic Integration, made claims in August 2016 that during the course of the now two-year conflict, the capabilities of the Donbas rebels had significantly increased due to Russian support. Ukrainian General Staff data supports her assertion as estimates show that rebel tank numbers have increased from 30 in 2014 to 600 in 2016. Similarly, the Donbas rebels' armored vehicle numbers increased from 124 to 1260, artillery and missile systems increased from 110 to 1060, and air defense systems increased from 50 to 470 in the same timeframe.³⁰

While specific Russian support to the Donbas rebels remains shrouded, their conventional military activities are much clearer. Since 2014, Russia has significantly increased its conventional military presence along the Russia-Ukraine border. A new Russian motorized rifle division was created and stationed in Rostov, just outside of the Eastern Ukrainian border in May 2014. June 2016 saw two Russian motorized rifle brigades deployed to positions along the northern border of Ukraine. Citing an alleged incursion into Russian-held Crimea by Ukrainian forces in August, Russia significantly increased their military presence in Crimea and in the Black Sea, to include Russian S-400 surface to air missile systems.³¹ These forces have also conducted joint military exercises with the largest coming in September involving an estimated 120,000 personnel across much of the southern region of Russia, to include Crimea.³²

³⁰ Damien Sharkov, "Ukraine Claims Rebels Heavy Vehicles Increase Tenfold," *Newsweek*, August 26, 2016. Accessed November 14, 2016 from: <http://www.newsweek.com/ukraine-claims-rebels-heavy-vehicles-increase-tenfold-493822>.

³¹ Kathleen Weinberger and Franklin Holcomb, "Russian Build-Up In and Around Ukraine: August 12, 2016", *Institute for the Study of War*, August 2016. Accessed November 14, 2016 from: http://understandingwar.org/sites/default/files/Russia%20in%20Ukraine%20August%202016_Final_FLAT.pdf.

³² Maria Stromova, "Russia Holds Biggest Military Drill Yet in Annexed Crimea", *NBC News*, September 11, 2016. Accessed November 14, 2016 from: <http://www.nbcnews.com/news/world/russia-holds-biggest-military-drill-yet-annexed-crimea-n646086>.

While Russia's military has been deploying and conducting conventional exercises near the Ukrainian border, Ukraine's military has been engaged in combat with the Donbas rebel group. Unfortunately, this conflict has revealed a Ukrainian military that is in desperate need of professionalization and modernization. In a report by The Atlantic Council, the 2014 Ukrainian army was assessed as an organization consisting of only 130,000 personnel with significant issues due to corruption, poor funding, inadequate equipping, and little education. Although they fought well and were somewhat effective against the well-equipped separatist group, Ukraine experienced significant losses, its most significant defeat coming at Debaltseve in February 2015. While the Ukrainian army made a convincing case that it could defeat the Donbas rebels if the rebels operated independently, the technical and logistic support provided by Russia gave the rebels a technological advantage.³³

The Ukrainian defeat at Debaltseve provided a much needed wake-up for Ukraine. Luckily, the second Minsk ceasefire agreement allowed Ukraine to adjust policy to address the threat.³⁴ Ukraine drastically increased the funding for its defense forces, increased the size of the military from the initial 130,000 to 280,000 soldiers. Ukraine also focused on the revamping of their acquisitions systems, the transition to NATO standards, and incorporating methods that allow for a more expedient deployment of troops when needed.³⁵ Additionally, Ukraine instituted a national guard that would be trained by the United States-led Joint Multinational

³³ Ruben Gzirian, "Ukraine's Got a Real Army Now. But Is It Preparing to Fight the Last Battle?", *The Atlantic Council*, February 9, 2016. Accessed November 15, 2016 from: <http://www.atlanticcouncil.org/blogs/new-atlanticist/ukraine-s-got-a-real-army-now-but-is-it-preparing-to-fight-the-last-war>.

³⁴ N.S. "What are the Minsk agreements?", *The Economist*, September 13th 2016. Accessed November 14, 2016 from: <http://www.economist.com/blogs/economist-explains/2016/09/economist-explains-7>.

³⁵ N.S. "What are the Minsk agreements?", *The Economist*, September 13th 2016. Accessed November 14, 2016 from: <http://www.economist.com/blogs/economist-explains/2016/09/economist-explains-7>.

Training Group-Ukraine (JMTG-U). JMTG-U consists of rotational United States Army brigades



JMTG-U TRAINERS IN UKRAINE

and is responsible for the “training, equipping, training center development and doctrinal assistance to the Ukrainian armed forces.”³⁶ The United States also began to provide military aid to Ukraine in the form of much-needed, high-technology equipment.

Currently, this equipment is non-lethal in nature, consisting mainly of up-armored HMMWVs and artillery locating radars.³⁷

POLICY RECOMMENDATIONS

Given the current disparity between Russia and Ukraine, along with the annexation of Crimea and the ongoing conflict in Donbas, Russia can be identified as the greatest threat to Ukrainian sovereignty. As such, Ukraine, with assistance from the international community, must take steps to strengthen its military so Ukraine can better provide for its own security. This is difficult as Russia is a major power with a large, modern military. A determined conventional invasion of Ukraine by Russia would be difficult for Ukraine to defend against unilaterally. As such, the key to strengthening Ukraine’s military lies in the development of Ukraine’s ability to conventionally deter Russian aggression by developing a military capable of

³⁶ U.S. Army Europe, “Joint Multinational Training Group – Ukraine”, *Army Strong, Strong Europe! The Official Homepage of United States Army Europe*: Accessed November 14, 2016 from: <http://www.eur.army.mil/jmtg-u/>.

³⁷ Stockholm International Peace Research institute, “Transfers of major conventional weapons: sorted by recipient. Deals with deliveries or orders made for year range 2014 to 2015”, *SIPRI Arms Transfers Database*. Information generated November 14 2016. Accessed November 14 2016 from: http://armstrade.sipri.org/armstrade/page/trade_register.php.

incurring a cost on an invading force that would outweigh the benefit gained from invasion.

Four policies are recommended to accomplish this task:

- Provide loans to Ukraine ear-marked for defense spending.
- Continue the mission of the JMTG-U beyond its current end date.
- Further incorporate Ukraine into larger NATO and European military training exercises.
- Encourage the development of Ukraine's arms-producing infrastructure to decrease reliance on foreign arms trade.

While listed as separate policy recommendations, the provision of defense-focused funds and the further development of Ukraine's military-industrial complex would work in concert to increase the quality of Ukraine's military equipment and create a more effective fighting force. These loans would be similar to the United States' Foreign Military Financing (FMF) grants to Pakistan. A 2013 report by the Congressional Research Service reported that the United States Congress appropriated over \$3 billion since 2001 to support FMF grants. These grants are designed allow for the purchase of U.S. military equipment in order to promote the modernization of the Pakistani military. The report goes on to list examples of the equipment purchased with FMF funds such as anti-armor TOW missiles, communications equipment, surveillance radars, and attack helicopters.³⁸

The purpose of these funds is to allow Ukraine to purchase equipment from the United States that will augment the capabilities of the military equipment they are capable of

³⁸ Susan B. Epstein and K. Alan Kronstadt, "Pakistan: U.S. Foreign Assistance", *Congressional Research Service* July 1, 2013. Accessed November 14, 2013 from: <https://www.fas.org/sgp/crs/row/R41856.pdf>.

producing using their own military-industrial complex. Currently, Ukraine's military-industrial complex is united under the Ukroboronprom Concern, a state-run organization formed in 2010 to "ensure effective operations and management"³⁹ of Ukrainian businesses that deal with defense equipment. A recent report shows that the group is capable of developing, manufacturing, repairing, and delivering necessary military equipment to Ukrainian military forces. This equipment includes armored vehicles and corresponding replacement parts, missile systems, artillery systems, communications equipment, and avionics.⁴⁰ While the recommended FMF funds to Ukraine would be specified for national defense equipment, the United States should not specify exactly what equipment to buy. Instead, we recommend military advisors working with the JMTG-U assist Ukrainian military commanders to identify critical equipment deficiencies the Ukrainian industrial base simply cannot produce. Once identified, these deficiencies would then be submitted higher for purchase approval using FMF funds. While slightly cumbersome, this method allows Ukrainian military commanders to analyze their capabilities in-depth and strengthens Ukrainian logistical systems.

The JMTG-U's current end of mission date is December 2016,⁴¹ however we recommend its mission be extended, its role expanded, and, instead of a specified redeployment date, a plan for a conditions-based reduction of responsibilities should be implemented as the way ahead. The JTMG-U would expand their responsibilities by providing training on all equipment

³⁹ "Ukraine state arms manufacturer ships 501 pieces of military hardware to army," *Ukraine Today*, April 15, 2016. Accessed November 14, 2016 from: <http://uatoday.tv/politics/ukroboronprom-ships-501-pieces-of-military-hardware-to-ukrainian-army-631334.html>.

⁴⁰ "Ukraine state arms manufacturer ships 501 pieces of military hardware to army," *Ukraine Today*, April 15, 2016. Accessed November 14, 2016 from: <http://uatoday.tv/politics/ukroboronprom-ships-501-pieces-of-military-hardware-to-ukrainian-army-631334.html>.

⁴¹ U.S. Army Europe, "Joint Multinational Training Group – Ukraine", *Army Strong, Strong Europe! The Official Homepage of United States Army Europe*: Accessed November 14, 2016 from: <http://www.eur.army.mil/jmtg-u/>.

purchased by Ukraine using FMF funds, providing logistics advisors to the Ukraine military to ensure combat units are properly supplied, and building Ukraine's capacity to train their own soldiers through improvement of the Ukrainian non-commissioned officer corps.

The United States has made a concerted effort to conduct partnered training with NATO allies in recent years. Establishment of an Eastern European rotational force as well as large-scale training events such as Operations Rapid Trident and Sea Breeze allow allied military units to partner with U.S. units, increasing familiarization on both sides with the other's equipment and doctrine.⁴² This

partnership also offers the opportunity for an increase in diplomatic relations as negotiations must take place to establish the training as well as the roles and responsibilities for the



UKRAINIAN PARATROOPERS PARTICIPATE IN THE RAPID TRIDENT EXERCISE

visiting units. Relationships are forged between the two militaries and, ultimately, all partnered nations gain a sense of being part of a larger entity. Increasing the Ukrainian presence in these

⁴² Communication and Engagement Directorate, Media Operations Division, "Operation Atlantic Resolve (September 2015)", *U.S. European Command*, September 22, 2015. Accessed November 14, 2016 from: http://www.defense.gov/Portals/1/features/2014/0514_atlanticresolve/docs/Operation_Atlantic_Resolve_Fact_Sheet_22SEP2015.pdf.

training exercises with the rest of Europe will improve the ability for all involved militaries to work together as well as improve the bond between all involved countries.

Strengthening the Ukrainian Economy

The overarching goal of the following recommendations for trade and the economy is to strengthen Ukraine by increasing the long-term capacity and independence of the Ukrainian economy. By creating a strong and independent Ukrainian economy fully integrated into the liberal free market system, Ukraine will enjoy greater stability and increased likelihood of success in progressive reforms. The United States has an interest in the continued stability and greater integration of Ukraine into the liberal international order, as it remains the best way to promote democracy and freedom. Without the involvement of the United States and other western states, there remains an opportunity in Ukraine for states such as Russia and China to exercise undue influence and undermine the liberal international order.

The recommendations that follow promote the further integration of Ukraine into the liberal international order through the forging of international partnerships and the exchange of knowledge and technical skills in order uphold international norms. To that effect, the following recommendations are elaborated upon in this section:

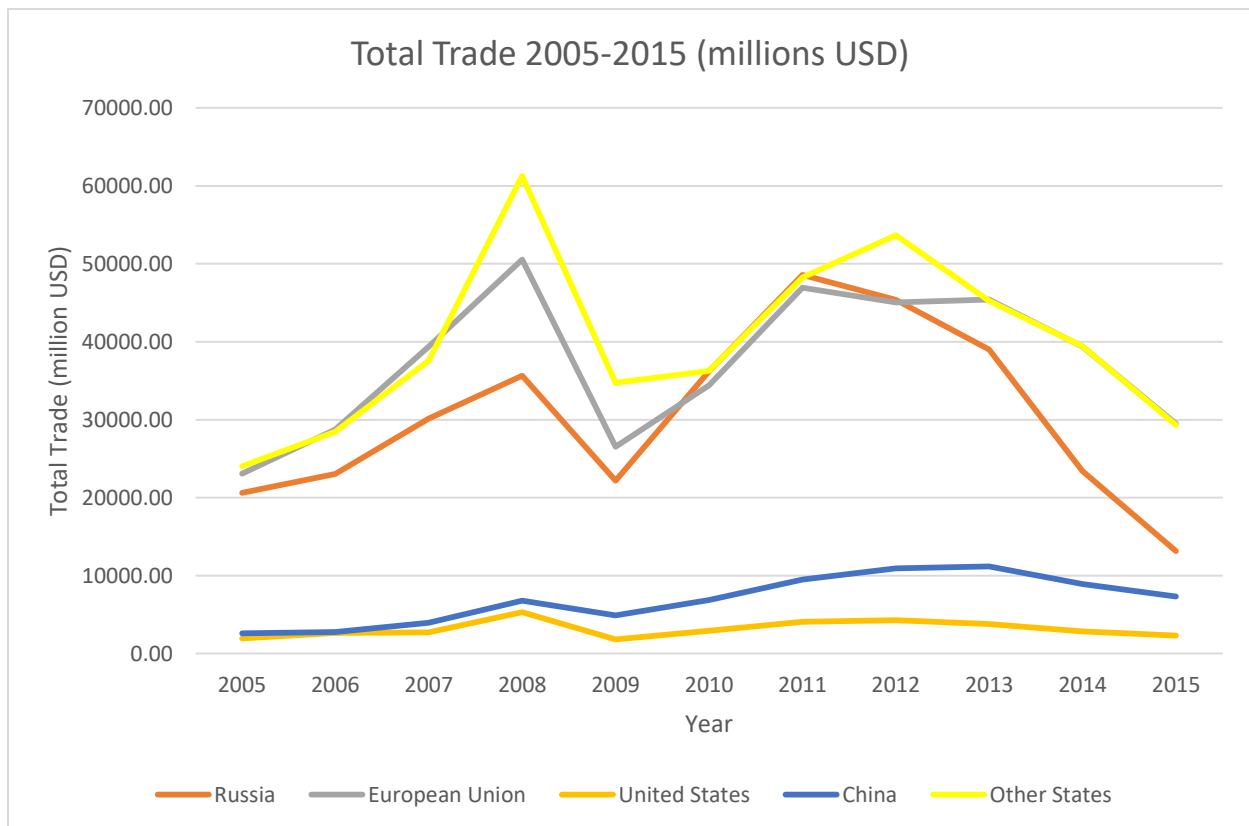
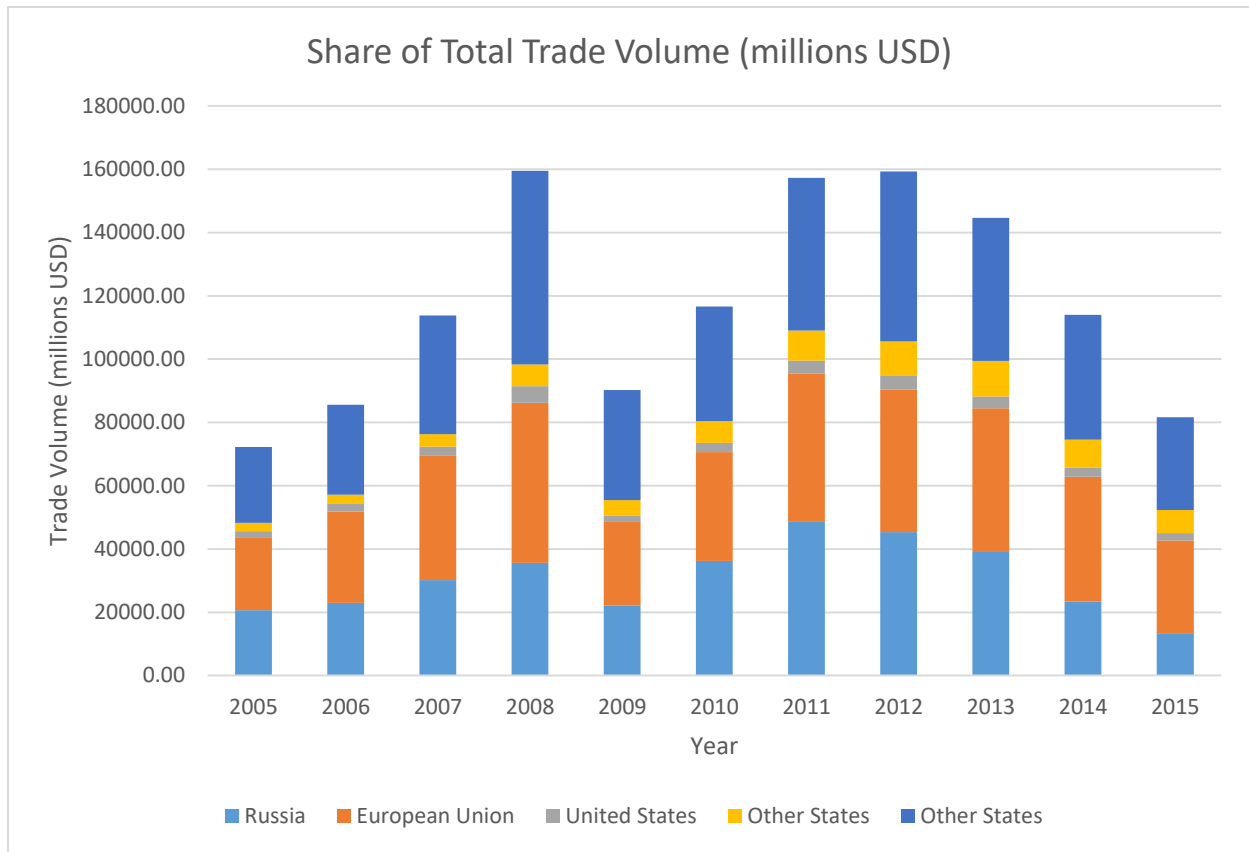
- Fully reauthorize the Export-Import Bank of the United States of America (EXIM).
- Encourage foreign direct investment (FDI) in Ukraine.
- Invest in developing capacity in education, small and medium enterprises (SMEs), and agriculture.
- Maintain pressure on the Russian economy through the targeted application of sanctions.

Owing to its history and geography, Ukraine's economy has traditionally been tied closely to Russian markets. Ukraine's total trade volume with Russia is by far greater than that of any other trade volume with any other single state. From 2005 to 2009, Germany had the second largest trade volume with Ukraine, hovering around one-fourth the value of Russian trade volume. In 2010, China's trade volume with Ukraine rose to second place and has stayed in that position up to 2015. Again, China's trade volume remained around one-fourth to one-fifth the value of Russia's trade volume, until 2013 and the beginning of the Maidan Revolution when the Russia-Ukraine trade relationship fell off precipitously. However, even with a damaged trade relationship, the value of the Chinese trade volume did not approach parity. The only trade volume to rival the Russian trade volume is that with the European Union (EU)⁴³ which is commonly larger than the Russian trade volume.⁴⁴

Russia has attempted to use this large trade relationship to influence Ukraine. In the years between the Orange Revolution and the beginning of the current conflict, the trade volume between Ukraine and Russia surpassed the trade volume between Ukraine and the EU in 2010, 2011, and 2012. This increase in the trade volume is evidence of Russian efforts to draw Ukraine away from the EU and closer to itself, economically and politically. When Russian efforts to draw Ukraine close appeared to be failing in the wake of the Maidan Revolution and the ensuing conflict, Russia cut trade with Ukraine, damaging the Ukrainian economy. Despite the damage caused by the precipitous decline of trade volume between Ukraine and Russia, the

⁴³ The EU is considered an economic trading bloc wherein the trade volumes between Ukraine and each of the 28 member states of the EU are added together to find the trade volume between Ukraine and the EU.

⁴⁴ All data from Bloomberg.



declining relationship creates an opportunity for Ukraine to strengthen its economy to withstand undue foreign influence.

Amid the ongoing conflict in Ukraine, China's interest in Ukraine has been quietly growing in recent years. While officially recorded Chinese FDI in Ukraine from 2003 to September 2016 is just over 600 million USD⁴⁵, China has pledged tens of billions of dollars in forthcoming investment.⁴⁶ They have also invested heavily in agriculture, leasing more than 100,000 hectares of land with additional agreements that would raise that total into the millions.⁴⁷ Chinese investment rarely includes incentives for progressive reforms, and large Chinese investment in Ukraine could potentially inhibit necessary reforms.

The United States should assist Ukraine to develop an economy strong enough to withstand the influence undue foreign influence. Between Russia, China, and the United States, the United States has by far the smallest trade relationship with Ukraine with a total of 2.3 billion USD. In conjunction with the EU, by improving the real numbers of trade with Ukraine, the United States can lessen any undue influence foreign states may have in Ukraine now and in the future. The recommendations provide in this paper are meant to strengthen the Ukrainian economy to a point where other states cannot use it as leverage against Ukraine.

⁴⁵ By far the lowest FDI total compared to the United States, the EU, and Russia, per data from FDIMarkets.

⁴⁶ Asia Times. "Ukraine Strives to Carve Out a Role in China's Silk Road Strategy." <http://www.atimes.com/ukraine-strives-to-carve-out-a-role-in-chinas-silk-road-strategy/>.

⁴⁷ Jourdan, Adam. "China to Invest in 3 Mln Hectares of Ukrainian Farmland." Reuters. <http://www.reuters.com/article/china-ukraine-idUSL3N0HI04620130922>.

EXIM Bank

Existing agreements and programs facilitated through the Export-Import (EXIM) Bank must be revitalized. To that end, the EXIM must become fully operational, and the administrative hold which was placed on Ukraine, lifted. Overseas Private Investment Corporation (OPIC) programs should be seen as a framework for future aid. To fulfill this goal, the United States should do the following:

- Use existing programs and agreements to facilitate investment and international partnerships.

There has already existed a robust trade encouragement program between the United States and Ukraine. These were facilitated, in large part, through EXIM. Due to bureaucratic difficulties, the EXIM was not reauthorized and went inactive for several years. Only recently has it been reauthorized and even now is not fully operational. The full board of directors must be appointed, and holds put into place due to 'uncertainty of repayment caused by Ukraine's current economic crisis and the Russian-backed conflict in Eastern Ukraine.'⁴⁸

Existing partnerships and programs through organizations like OPIC, have worked to prove the importance of investment in the country. One such program has sought to increase credit availability for small and medium enterprises (SMEs) throughout Ukraine since 2015. By using these programs as examples and frameworks, the hold placed on any EXIM funding to Ukraine should be lifted. In addition, the MOU and Project Incentive Agreement of 2005 and 1999 respectively should be revived and adapted to the current environment. The publicity and

⁴⁸ Export.gov. "Ukraine: Project Financing." <https://www.export.gov/apex/article2?id=Ukraine-Project-Financing>.

public relations budgets of these organizations should be increased to further promote their usage. Any such aid or partnerships must be tied to corruption and other economic reforms. This would make the investment security and attractiveness of Ukraine greatly increase

Foreign Direct Investment

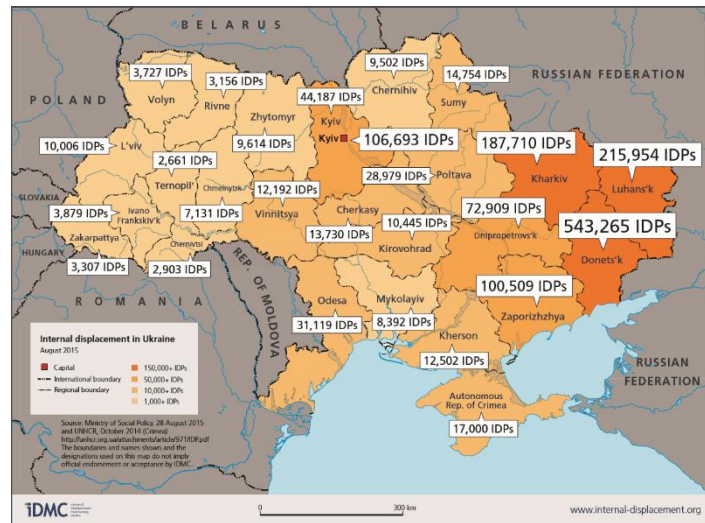
The United States should encourage continued foreign direct investment (FDI) in Ukraine. Through investment in key economic sectors the United States can encourage stability now and create an environment conducive to future growth. To fulfill this goal, the United States should do the following:

- Encourage FDI into key economic sectors in Ukraine.
- Encourage FDI in the housing and construction markets.

FDI can bring needed cash flow into struggling economies, encouraging growth and stability. Between 2003 and 2014, U.S. companies alone invested in 113 projects in Ukraine costing an estimated 5.19 billion USD and creating approximately 20,000 new jobs in a variety of sectors.⁴⁹ The conflict in Ukraine has slowed investment into new projects and has damaged existing projects. Encouraging FDI into key sectors will reinforce the base of the economy and create jobs. Targeted sectors should include those that would lead to long term sustainable growth. For instance, projects in infrastructure create the necessary foundation on which to build an economy, projects in emerging markets lead to new jobs and opportunities where there may not have been, and projects in education create a knowledgeable and skilled workforce.

⁴⁹ Data from FDImarkets

The illegal annexation of Crimea and the conflict in the Donbas region has forced many Ukrainians to flee their homes, becoming internally displaced persons (IDPs). To address the immediate need for jobs and homes for IDPs, FDI should be encouraged in the



housing and construction sectors in those areas where IDPs are the most concentrated.⁵⁰ The housing and construction industries can be particularly strong drivers of economic and job growth. A robust construction industry creates a need for goods and services, not only within itself, but also within every related sector as well.⁵¹ With 1.7 million IDPs⁵², strong housing and construction sectors will be instrumental in ensuring that all people have a safe and secure home where they are currently living.

Capacity Development

Education

Education is a long-term investment in Ukraine's future. By funding educational exchanges and other programs we invest in the long-term self-sufficiency and economic independence of the

⁵⁰ The oblast of Odessa may be a potential candidate for such investment as an oblast with a higher number of IDPs, but away from the major conflict areas. According to the Ministry of Social Policy, in August of 2015 there were more than 31,000 IDPs located in Odessa, the largest amount outside of Kyiv and the conflict areas.

⁵¹ For instance, for each building built, an electrician must wire it and a plumber must plumb it, along with a multitude of other laborers requiring other goods and providing other services. In addition to labor performed on the building, labor goes into the creation of all the materials and tools necessary in construction. Lastly, beyond the construction itself, labor will continue to go into the sale and upkeep of the building.

⁵² Provisional estimates for 2016 from the Ministry of Social Policy via Internal Displacement Monitoring Centre (IDMC), <http://www.internal-displacement.org/database/country/?iso3=ukr>.

nation. Ukraine will be able to better withstand a hybrid war, where trade and economics are weapons in themselves. To fulfill this goal, the United States should do the following:

- Increase the number of Fulbright awards available to Ukrainian students.
- Encourage and facilitate college and high school level exchange programs.
- Encourage the European Union and its member states to establish similar exchange programs.
- Incorporate incentives for all program participants to return to Ukraine and implement the knowledge gained for the benefit of the state and the people.

The theme of our recommendations is the encouragement of exchange programs. These can be through government partnerships, universities, or private corporations. We propose that all three be encouraged simultaneously, to double-down on the positive effects. Existing programs such as the Fulbright program should be expanded. The Muskie Exchange Program should be revived and expanded to include Ukraine. College and high school, in addition to private sector professional exchanges should be created. Ideally, an increase in Fulbright awards would double the average 15-20 awards for graduate students studying in the United States, and stabilize the funding to a set amount.⁵³

These partnerships already exist. For instance, beginning in 2014 after the withdrawal of Russia from its FLEX program, the American Councils for International Education reported that Ukrainians were expected to receive a majority of the over 100 spots formerly filled by Russian secondary school students.

⁵³ The amount of awards and the source and variance of funding were confirmed with the Fulbright Coordinator for Ukraine in Kiev, Marta Kolomayets.

Emphasize the importance of including Ukrainian students. Offer planning or administrative support during the creation of state-run programs. Discuss opportunities for cooperation between European programs and U.S. programs.

In particular, an emphasis should be placed on government or civil service. The goal of this is to multiply the benefits received by Ukraine, by guaranteeing that the state shares in the increased knowledge and skills gained while abroad.

Small and Medium Enterprises

The United States should encourage the growth of Ukrainian SMEs and the formation of trade relationships between the United States and Ukraine. SMEs are critical in the creation of a true middle class, and trade partnerships create relationships that benefit all through the sharing of best practices and greater opportunities. To fulfill this goal, the United States should do the following:

- Support and increase the funding of the Special American Business Internship Training (SABIT) program.
- Create an exchange program between American and Ukrainian government officials in charge of creating and implementing industry regulations and reforms.

The United States should capitalize on the SABIT program as a tool to support Ukrainian SMEs and foster trade relationships. SABIT was created in 1990 with the goal of strengthening the markets of former Soviet states by integrating them into Western markets through training and commercial ties. The SABIT program consists of two primary components: in-country expert seminars and on-site training in the United States. In addition to the formal parts of the program, SABIT maintains relationships through continuing education, alumni networks, and

business partnerships. Since its inception, nearly 1,200 Ukrainian professionals have participated in the SABIT program.⁵⁴ Through SABIT, participants learn best practices from industry experts, and are then given the opportunity to see those practices in action at companies in the United States. Participants develop relationships within their cohort, as well as with the companies and people they meet in the United States, building a far-reaching network of SABIT trained professionals in their area.

The United States could adjust SABIT to specifically target Ukrainian SMEs. As a crucial part of developing and sustaining a middle class, the direct targeting of SMEs will promote their growth within Ukraine and as trading partners with American companies. To accomplish this, SABIT may adjust its recruitment practices to find participants meeting a certain set of criteria⁵⁵, and by providing scholarships to participants based on need. The creation of a program parallel to SABIT, but available only to Ukrainian companies, would also fulfill this goal. As a parallel program, it would have more flexibility to address needs specific to Ukraine. The program could be a temporary, or pilot, program subject to renewal or cancellation based on future conditions and need in Ukraine, and take its direction from the already established SABIT program.

Along with targeting SMEs, the United States should make a concerted effort to recruit young professionals in SABIT programming. Working with individuals early in their careers will encourage them to develop relationships with companies and professionals in the U.S. that will

⁵⁴ United States Department of Commerce. "SABIT Program Results: Ukraine."

⁵⁵ Criteria may include classifications such as SME status, new businesses less than five years old, businesses within certain sectors, etc.

last for many years to come. It will also provide them with important knowledge and technical skills early in their professional lives, resulting in the best return on investment.

In addition to the reforms suggested in “Strengthening Ukrainian Institutions”, it will be essential to ensure that government officials have the knowledge necessary to identify reforms and regulations that protect the people without putting undue burden on companies. The United States should work with the Ukrainian government to establish exchanges of government officials in charge of industry regulations and reforms. Through exchanges, government officials from both states can learn from one another and share best practices. Such programs should target young professionals to ensure long-term change, but also include officials at all levels of government to aid even implementation. Through the creation of these relationships and the transfer of knowledge, undue burdens on companies can be mitigated and corruption limited.

Agriculture

Agriculture is a traditionally strong sector within Ukraine. By building upon the foundation already there, the U.S. can help Ukraine solidify a strong industry and ensure growth at a low cost. Efforts to build up the agriculture sector should focus on infusing new technology and knowledge. To fulfill this goal, the United States should do the following:

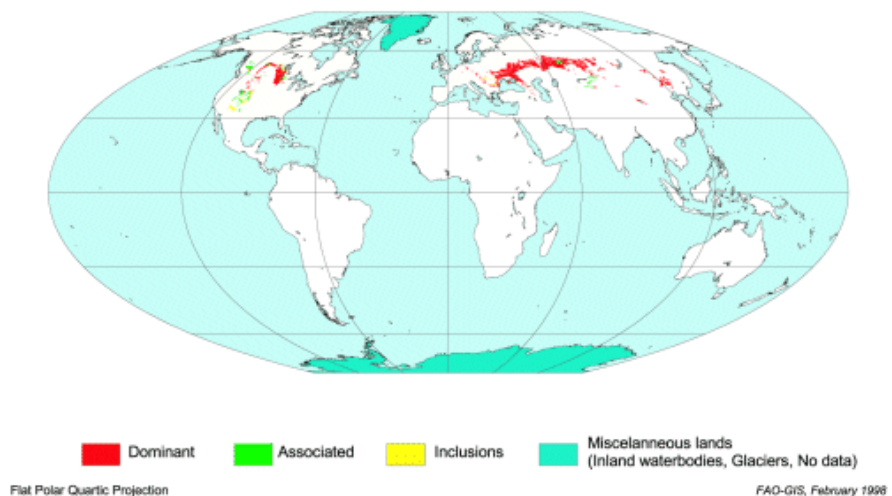
- Encourage the development of new farmers through training and exchange programs.
- Facilitate the purchase of pre-owned heavy agricultural machinery by Ukrainian farms.
- Encourage programs training Ukrainian mechanics in new technologies.
- Assist the Ukrainian government in creating a commission tasked with evaluating current land ownership laws and proposing potential land reforms.

Possessing 33 percent of the world's most fertile black soil (or chernozem) , Ukraine's agricultural sector has traditionally been very strong.⁵⁶ Even today, Ukraine's agriculture sector remains strong, producing enough agricultural commodities to export 7.6 billion USD.⁵⁷ Despite the strength displayed by the agricultural sector, it is not yet producing at full capacity, particularly in comparison to yields in North America. According to a Ukrainian government publication:

Average corn yield in the United States is 11 tons per hectare, whereas in Ukraine it is only 6.2. With additional investment into management, education, irrigation, farming techniques, logistics and seed, Ukraine is poised to double or triple its annual grain harvests of 60 million tons per annum.⁵⁸

Investment in agriculture presents Ukraine with the opportunity to invest in a sector where they already hold many of the necessary prerequisites. In addition, agriculture is not a sector that will go out of fashion, but rather will remain a critical sector as long as the world needs food. Modernization and the cultivation of new workers will give Ukraine the ability to improve production now and create growth for years to come.

World Distribution of Chernozem



⁵⁶ Ministry of Economic Development and Trade of Ukraine. Invest Ukraine: Open for UUKraine. Page 16.

⁵⁷ Bjerga, Alan and Volodymyr Verbyany. "That Boom You Hear is Ukraine's Agriculture." Bloomberg. www.bloomberg.com/news/articles/2016-10-14/that-boom-you-hear-is-ukraine-s-agriculture.

⁵⁸ Ministry of Economic Development and Trade of Ukraine. Invest Ukraine: Open for UUKraine. Page 16.

Like any industry, the agriculture sector requires a pool of individuals capable of the skill and knowledge necessary for the work. Despite the advances made in agriculture, it will remain a sector defined by its labor intensiveness. As the world modernizes, labor intensive careers, like agriculture, are viewed as less attractive in favor of more technology driven careers. It is important to provide young people with positive examples of what a life in agriculture can be, and encouragement in the early years of their careers to ensure they both have success and feel successful.

The United States should aid Ukraine in the development of new farmers through the creation and facilitation of training and exchange programs. In doing so, the United States could incentivize enrollment in agricultural related degrees for state funded exchange programs. To create interest in agriculture as a young age, programs should target school age children to develop interest in agriculture from a young age.⁵⁹ In addition to exchange programs and those intended for children and young adults, the United States could provide in-country programming for continuing education in agriculture focused on new technology, methods, and products through the United States Department of Agriculture (USDA) and the Foreign Agricultural Service (FAS).

Modern equipment is critical to ensuring maximum yields, but is not always available to all Ukrainian farmers. Farmers in the United States can take advantage of tax incentives to trade in slightly used equipment in favor of brand new equipment⁶⁰, regardless of whether a

⁵⁹ Such programs could take on forms similar to agriculturally based programs for children and young adults in the United States, such as 4-H and FFA.

⁶⁰ Farmers in the United States can use the cost of the depreciation of their farm equipment as a tax write-off.

trade in is necessary. This high turnover rate of agricultural machinery has created an inventory of low-cost equipment with little use.⁶¹ Often, the equipment is in good shape, but U.S. dealers face obstacles when trying to resell to U.S. farmers, who receive larger tax write-offs by owning brand new equipment. As a testament to the quality of the equipment, many companies have created certified preowned (CPO) programs to give buyers peace of mind when purchasing used equipment.⁶² The substantial inventory of high-quality, low-cost equipment in the United States provides an opportunity for Ukrainian farms to upgrade their equipment to newer technology and higher horsepower at a reduced price.

Though slightly used equipment is available in the United States, there must be a way to get the machinery to Ukraine and ensure that Ukrainian farmers are able to purchase it. To facilitate these purchases, funds should be set aside in the EXIM Bank⁶³ for the purchase of such machinery. The United States Commercial Service could invest in programs educating exporters and importers on the shipping of heavy machinery. Equipment dealers in the United States should be encouraged to invest in partnerships with dealers in Ukraine, and trade shows with an emphasis on preowned equipment should be held in Ukraine to introduce options to Ukrainian farms and build relationships.

In conjunction with the promotion of the purchase of pre-owned machinery, it is critical to ensure that mechanics in Ukraine have the knowledge and skill necessary to maintain and repair the machinery. New machinery utilizes modern technology, including computers and

⁶¹ Little use is defined as minimal wear and low hours.

⁶² Vogt, Willie. "Certified Pre-Owned Machine Programs Grow." Farm Industry News. <http://farmindustrynews.com/farm-equipment/certified-pre-owned-machine-programs-grow>.

⁶³ For more recommendations regarding EXIM, see pages 33.

other electronics, that can be difficult for anyone to repair. Companies such as Titan Machinery have programs to sponsor students studying for associate degrees in diesel mechanics and Precision Ag/GPS.⁶⁴ The United States could encourage programs that provide scholarships to Ukrainian citizens wishing to participate in mechanic training programs with an emphasis on agricultural machinery in the United States. In addition to exchange programs, the United States could invest in or aid the Ukrainian government in the creation of continuing education programming for mechanics in-country.

Lastly, land reform remains an issue in Ukraine that needs to be addressed. Currently, there exists a moratorium on the sale of land, prohibiting land owners from selling even five acre plots in an effort to protect small farmers.⁶⁵ Land reforms should focus on providing for fair ownership and ensuring a diversity of land owners. To that effect, the United States should encourage and aid Ukraine in establishing a commission to evaluate current land ownership laws and propose options based on the situation in Ukraine, as well as the successes and failures of other former Soviet states in land reform initiatives.

Sanctions

We recommend the continuation of the sanctions regime, with the explicit goal of causing the maximum intended consequences on appropriate Russian entities while having a limited effect on Ukraine and the general population. To fulfill this goal, the United States should do the following:

⁶⁴ Titan Machinery. "Titan Machinery Service Technician Sponsorship Program." <http://www.titanmachinery.com/service-tech-sponsor-program>.

⁶⁵ Bjerga and Verbyany. "That Boom You Hear is Ukraine's Agriculture."

- Maintain, broaden and deepen existing sanctions against the Russian Federation.
- Cease all government agency and government funded project involvement with the Russian Federation (and its subsidiaries) until the crisis is resolved.
- Emphasize increased sanctions on the Russian military-industrial complex.

The current sanction regime has focused on three key areas of the Russian economy: finance, energy and military-industrial. These sanctions have been put into effect by the United States and several dozen of its allies, with specific emphasis on the EU. The main instruments for sanctions in the U.S. have been Executive Orders. We propose broadening the interpretation and application of these orders (13660, 13661, etc.) to deepen the existing sector and individual sanctions.

There are continuing projects going on between the governments which further provide resources and legitimacy to Russia. These must be phased out or cancelled. An example would be the use of Russian rocket engines by various NASA space projects. Private corporations inside the U.S. are valid and politically preferable options.

The Russian businesses and individuals who are directly involved and profit from the conflict should be the ones most affected by the sanctions regime. If the goal is not only to punish, but to send a message, then they must be targeted and harsh. In every way possible, using every tool available, the U.S. and its Allies must make it impossible for those involved to do business. This puts pressure on the Putin regime without placing undue burden on the Russian populace.

Countering Russian Propaganda

Russian interference in Ukraine does not only apply to military involvement, but also relies heavily on the use of propaganda. Russian security services have been using soft power by implementing an information war. This hybrid warfare model relies on the “weaponization of information”- a covert action tool used by the Kremlin.⁶⁶ Russia has been improving and establishing a strong repertoire of information warfare capabilities since the Cold War era Soviet Information Bureau. After the Cold War, Russia quickly realized that it could not compete militarily with the United States so it developed “elaborate [and] substantial ideas for non-physical warfare.”⁶⁷ A Russian manual entitled ‘Information-Psychological War Operations: A Short Encyclopedia and Reference Guide’ details information warfare techniques and procedures for a method that “is replacing standard war.”⁶⁸ More recently, Russia has utilized propaganda in order to create dissent among Ukrainians and Russians and to disperse false information regarding the annexation of Crimea and invasion of the eastern region. Individuals inside the Donbas Region, Ukraine as a whole, and Western audiences are targeted by Russian propaganda in an effort to gain influence over the Crimean region.

Russia utilizes psychological elements to spread disinformation within Ukraine. The Russian government uses the manipulation of TV coverage, stories, and images from previous conflicts/wars to implicate the Ukrainian government or the West in wrongdoing. These tools of information warfare often include alarming music and images of fire and violence which have

⁶⁶ MacFarquhar, Neil “A Powerful Russian Weapon: The Spread of False Stories”, New York Times, AUG. 28, 2016 <http://nyti.ms/2bXVq1L>

⁶⁷ Pomerantsev, Peter, “Inside Kremlin’s Hall of Mirrors”, The Guardian, April 9, 2016, <https://www.theguardian.com/news/2015/apr/09/kremlin-hall-of-mirrors-military-information-psychology>

⁶⁸ Ibid

contributed to the negative perceptions of Ukrainians by Russians during the uprising and overthrow of Viktor Yanukovich. Russia's perspective on the Ukrainian conflict is that it was "an uprising against the machinations of the United States and its purported Russophobic proxies [and the ousting] of the Russia-backed president Viktor Yanukovich after street protests in February 2014 amounted to an illegal coup."⁶⁹ The information is often distributed to illicit fear, undermine the West, and foster confusion in Ukraine and the West.⁷⁰

When the conflict in Ukraine initially began in 2014, the Kremlin denied any participation and denied reports that Russian troops were in Crimea.⁷¹ Once that fact was challenged internationally, the Russian Defense Ministry spokesperson, General Major Igor Konashenkov, indicated that the presence of Russian troops in Ukraine was simply for military exercises. He ignored NATO's observations and Putin dismissed them as well. In response to satellite images showing proof that Russian troops were in Ukraine, the foreign Minister indicated they were just pictures from video games. The Kremlin accused the U.S. of spreading lies regarding the presence of Russian troops in Ukraine. But proof of Russian military involvement can be found by open source observation and analysis of the flow of arms, equipment, and artillery shelling. Images and videos posted on YouTube of Russian armored

⁶⁹ Zavisca, Jane, and Theodore P. Gerber. *The Washington Quarterly*. N.p.: The Elliot School of International Affairs, 2016. https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/TWQ_Summer2016_Gerber-Zavisca.pdf.

⁷⁰ Applebaum, Anne & Lucas, Edward, The danger of Russian disinformation, *The Washington Post*, May 6, 2016, https://www.washingtonpost.com/opinions/the-danger-of-russian-disinformation/2016/05/06/b31d9718-12d5-11e6-8967-7ac733c56f12_story.html?utm_term=.e429ae309ba9

⁷¹ Maksymilian Czuperski, John Herbst, Eliot Higgins, Alina Polyakova, and Damon Wilson, "Hiding in Plain Sight: Putin's War in Ukraine" *Atlantic Council* May 2015 <http://www.atlanticcouncil.org/publications/reports/hiding-in-plain-sight-putin-s-war-in-ukraine-and-boris-nemtsov-s-putin-war>

vehicles and tanks prove that they were transported and utilized within Ukrainian borders. Figure 1 shows the dates, locations and types of vehicles being moved into Ukrainian territory from 2014 to 2015.⁷² In March



FIGURE 1

of 2015, Putin finally and publicly admitted to a pre-planned military campaign.⁷³ However, denial of the facts regarding the situation in Ukraine has been standard practice for the Kremlin.

Russia is seeking to influence Ukraine with propaganda through a multitude of platforms. Russia utilizes traditional media, such as television and print, as well as non-traditional media, such as social media and text messaging. The most predominant platform is television. It is a “constant and aggressive source of lies and hatred, combined with a glorification of Stalinism and other attributes incompatible with democracy.”⁷⁴ The majority of Russian channels showcase Russian news agencies that produce false news stories responsible

⁷² Maksymilian Cziperski, John Herbst, Eliot Higgins, Alina Polyakova, and Damon Wilson, “Hiding in Plain Sight: Putin’s War in Ukraine” Atlantic Council May 2015 <http://www.atlanticcouncil.org/publications/reports/hiding-in-plain-sight-putin-s-war-in-ukraine-and-boris-nemtsov-s-putin-war>

⁷³ Putin reveals secrets of Russia’s Crimea Takeover, March 9, 2016, BBC News, <http://www.bbc.com/news/world-europe-31796226>

⁷⁴ Shutov, Roman, “Russian Propaganda in Ukraine: Fighting Phantoms”, The Atlantic Council, February 3, 2016, <http://www.atlanticcouncil.org/blogs/new-atlanticist/russian-propaganda-in-ukraine-fighting-phantoms>

for disseminating lies to the Ukrainian people. There are also Russian produced films which are responsible for promoting Russian status and Russian backed disinformation. However, traditional means of obtaining television and movie channels through television sets is not the only method, the Russian produced media is also available through the internet.⁷⁵

Russia's use of social media has predominantly included Vkontakte.ru (VK), the Russian version of Facebook, Odnoklassniki, another website dedicated to connecting classmates and old friends, and Instagram, a photo sharing app. VK has approximately 228 million users across prior soviet states, including Russia and Ukraine⁷⁶. Odnoklassniki is the second largest social media website, targeting an older audience with approximately 65 million users.⁷⁷ These

websites and their volume of users are exposed to Russian produced propaganda on a widely-used platform. Russia uses 'troll' accounts to falsely spread information through social media platforms.⁷⁸ A multitude of these users are unknowingly

subjugated to false representation of activities and information. For example, Figure 2 is an

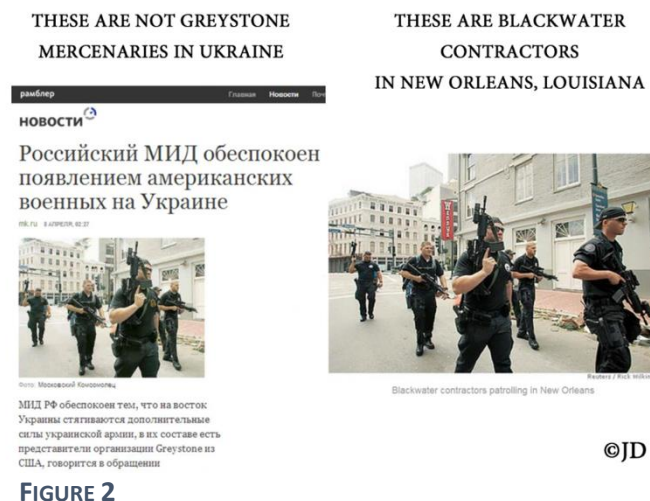


FIGURE 2

⁷⁵ Shutov, Roman, "Russian Propaganda in Ukraine: Fighting Phantoms", The Atlantic Council, February 3, 2016, <http://www.atlanticcouncil.org/blogs/new-atlanticist/russian-propaganda-in-ukraine-fighting-phantoms>

⁷⁶ Levy, Oren, All the World Loves Social Media But Many Love Their Local Networks the Best, May 28, 2015, Entrepreneur, <https://www.entrepreneur.com/article/246485>

⁷⁷ October 22, 2015, Social Networks to Conduct Open-Source Research, StopFake.org, <http://www.stopfake.org/en/what-you-need-to-know-about-russian-social-networks-to-conduct-open-source-research/>

⁷⁸ Higgins, Andrew, "Effort to Expose Russia's 'Troll Army' Draws Vicious Retaliation", The New York Times, May 30, 2016, http://www.nytimes.com/2016/05/31/world/europe/russia-finland-nato-trolls.html?_r=0

example of how an image of contractors in Louisiana was altered to indicate the presence of American mercenaries in Ukraine.⁷⁹ This image was posted on numerous sites, and aired on Russian television throughout Ukraine. The Russian Foreign Ministry issued a statement indicating their concern that foreign mercenaries were in the eastern regions of Ukraine.⁸⁰ However, this news story is one of many that have been debunked by non-governmental organizations that seek to promote truth in the Ukrainian conflict.

Russia is continually seeking new opportunities and methods in its continuation of the information and psychological warfare in the Ukrainian conflict. In this effort, the Russian government has begun to utilize text messaging in its campaign in Ukraine. Text messages are sent to Ukrainians, including Ukrainian soldiers, in the Eastern region of Ukraine 5 to 15 minutes before a Russian offensive action commences. These text messages are sent using a drone to every cellular phone in the targeted area.⁸¹ Additionally, the Russian government forces utilize social media methods discussed above for targeting pro-Ukrainian forces and supporters to influence individuals through their cell phones.

While the use of radio has diminished since Soviet days, it still holds influence in Eastern European states. Ukrainian soldiers have access to numerous radio stations on the front lines in the East. But most choose to listen to stations broadcasted from Russia since they predominantly play the styles of music that are most desired: rock, metal, and rap. However,

⁷⁹ "Russia's Top 80 Lies About Ukraine", Russia Lies: Fake News Debunked, <http://www.russialies.com/russias-top-80-lies-about-ukraine/>

⁸⁰ The Russian Foreign Ministry is concerned about the emergence of the US military in Ukraine, April 7, 2014, <https://news.rambler.ru/cis/24467347-rossiyskiy-mid-obespokoen-poyavleniem-amerikanskih-voennyh-na-ukraine/>

⁸¹ Haynes, Deborah, Russia Using Ukraine Battlefield to Rehearse for War with West, The Times, August 10, 2016, <http://www.thetimes.co.uk/article/russia-using-ukraine-battlefield-to-rehearse-for-war-with-west-32bgm7xmg>

many of these radio stations are disseminating a steady stream of anti-Ukrainian government information to try and inflict doubt in the minds of the soldiers.⁸² Some of the broadcasts accuse the Ukrainian government of doing nothing to help the people while the soldiers suffer on the front lines for no reason. It is difficult to counter this type of propaganda. It is subtle, and solely designed to instill doubt and lack of motivation in the hearts of the soldiers.

The generational gap on attitudes about democracy and capitalism in Eastern Europe reflects a divide between the past, present, and future. Both young and old express concerns about the situation in their country, especially with regard to the economy. But while the older generation looks back longingly, often saying that people were better off financially under communism, the younger generation expresses more confidence that democracy can solve their country's problems.⁸³ This is a hopeful sign for the future, as the post-communist generation are the emerging leaders and decision-makers in Eastern Europe. However, Russia is able to utilize this divide. It exploits the older generations' sentiments and fondness of the past in its effort to propagate itself as the harbinger of truth and justice.⁸⁴

⁸² Barnes, Julian, *Good Morning, Ukraine! Army Radio Seeks Colorful DJ to Mock Russians*, May 26, 2016, Wall Street Journal, <http://www.wsj.com/articles/good-morning-ukraine-army-radio-seeks-colorful-dj-to-mock-russians-1464274518>

⁸³ Birnbaum, Kunkle, *Ahead of Ukraine elections, a generational split on nationalism*, The Washington Post, May 24, 2014, https://www.washingtonpost.com/world/ahead-of-ukraine-elections-a-generational-split-on-nationalism/2014/05/24/3072c82f-8c34-475a-b26d-e19032f7d485_story.html

⁸⁴ Ukrainians Turning Away From Russian Media In 2015, Survey Finds, StopFake.org, October 5, 2015, <http://www.stopfake.org/en/ukrainians-turning-away-from-russian-media-in-2015-survey-finds/>

Influence of Russian propaganda is more powerful when applied to specific regions rather than attempting to exploit

the generational divide in Ukraine. According to a recent survey, conducted by the Kiev International Institute of Sociology, the strongest areas with predispositions to believe

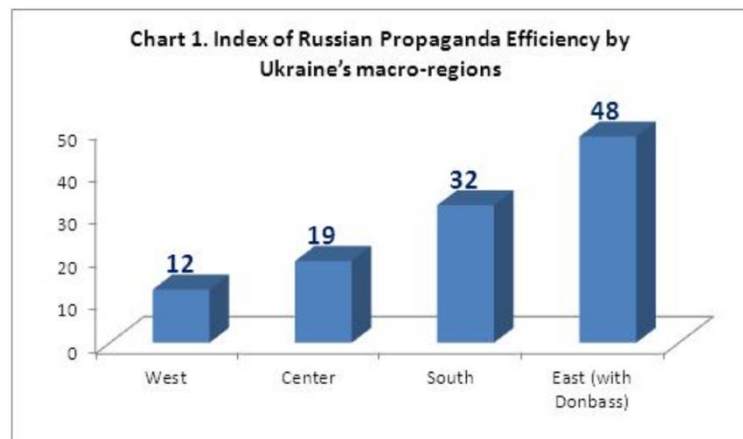


FIGURE 3

Russian propaganda are the southern (excluding Crimea) and eastern Oblasts (shown by Figure 3).⁸⁵

Acknowledging the limitations of the results due to a small sample size of approximately 2000 respondents, this result is indicative of a potential need for counter propaganda. Had participants from Crimea been interviewed, the figure for the 'South' would have been altered. The survey also shows that 42.9 percent of participants either 'somewhat' or 'fully' distrust Ukrainian mass media. This distrust is not only due to the falsity of Russian produced information but also due to a lack of press freedom and a lack of credibility of the media production companies.

It is not only the Russian produced propaganda that is affecting Ukrainian media and press. The laws within Ukraine, in regards to freedom of press, have not been upheld or enforced by the Ukrainian government in recent years. According to the press freedom report

⁸⁵ Index of Russian Propaganda Efficiency, Kiev International Institute of Sociology, February 14-24, 2015, <http://www.kiis.com.ua/?lang=eng&cat=reports&id=510>

produced by Freedom House in 2016, Ukraine was declared 'partly free'.⁸⁶ The report concluded that "the government of President Petro Poroshenko continued to strengthen media legislation, and violence against media workers [has] declined relative to 2014."⁸⁷ Freedom House scored Ukraine's press freedom as 'Partly Free' in 2015⁸⁸ and 'Not Free' in 2014.⁸⁹ The general focus of the report is that Ukrainian press laws are becoming stricter and press freedom is increasing. However, it is not ideal and needs improvement.

The increased freedom does not translate to all journalists and reporters. There are reports of intimidation and violence against journalists that veer "from the government's narrative on the conflict with Russia- backed separatists in the east, or [have] reported from separatist-held territories."⁹⁰ The criticism and attacks on journalists are from the public as well as from some high-ranking government officials.⁹¹ There have been a few questionable deaths of reporters including the recent death of photographer Pavel Sheremet by a car bomb in Kiev, Ukraine on July 20, 2016.⁹² Additionally, there have been attacks on physical properties such as the fire started at the headquarters of TV Inter, a Russian broadcasting channel, by a group of twenty demonstrators.⁹³ This attack occurred on September 4, 2016 and resulted in the injuries of several journalists and damage to the newsroom. Coverage of the crisis in Ukraine by this

⁸⁶ Ukraine Freedom of the Press 2016, Freedom House, <https://freedomhouse.org/report/freedom-press/2016/ukraine>

⁸⁷ Ibid

⁸⁸ Ibid

⁸⁹ Ibid

⁹⁰ In Ukraine, Attacks on Journalists Chill Media Landscape, August 16, 2016, <http://www.rferl.org/a/ukraine-attacks-on-journalists-media-landscape-press-freedom/27923284.html>

⁹¹ Ibid

⁹² Ibid

⁹³ Ukraine: Fire at 'TV Inter' Threatens Media Freedom, Freedom House, September 6, 2016, <https://freedomhouse.org/article/ukraine-fire-tv-inter-threatens-media-freedom>

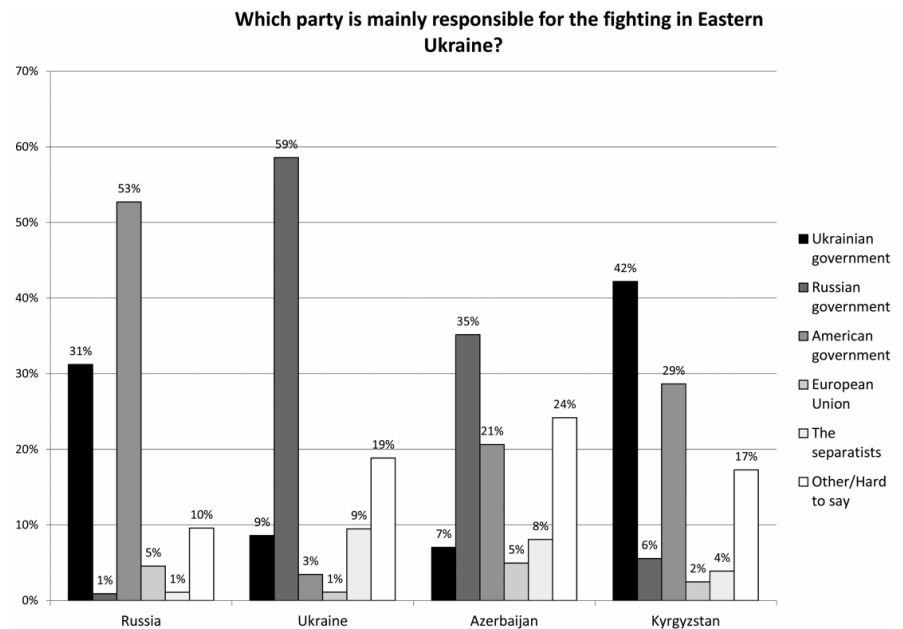
station has been regarded as highly pro-Russian. These events showcase the lack of credibility and trust given to the press. Journalists are continually targeted with violence, intimidation, and cyber hacking/leaking of their sources and information⁹⁴. Press freedom within Ukraine may be increasing, but it is nowhere near perfect. Russia's propaganda campaign is fierce and impressive. Professor Valeriy Solovey of the Russian Foreign Ministry University MGIMO explained why propaganda can be so powerful: "...neuro-linguistic programming is designed to send people into a 'trance-like state' where their critical faculties are depressed and the subconscious is open to suggestion."⁹⁵ Russian produced media elicited and fostered perceptions that inspired many Russians to go fight in Ukraine. However, the Russian propaganda campaign is not a complete success in Ukraine. Ukraine has not been passive in the propaganda fight against Russia. They have instituted legal reforms at the governmental level. In addition, non-governmental organizations are also actively fighting Russian disinformation in the Ukrainian conflict. Furthermore, the civil society within Ukraine has experienced a surge of activism following the collapse of the Yanukovich government and the Russian incursion into

⁹⁴ In Ukraine, Attacks on Journalists Chill Media Landscape, August 16, 2016, <http://www.rferl.org/a/ukraine-attacks-on-journalists-media-landscape-press-freedom/27923284.html>

⁹⁵ Ennis, Stehen, February 4, 2015, How Russian TV uses psychology over Ukraine, British Broadcasting Company, <http://www.bbc.co.uk/monitoring/how-russian-tv-uses-psychology-over-ukraine>

Ukrainian territory in 2014.⁹⁶ As Figure 4 showcases, the Russians believe that the main party responsible for the fighting in Eastern Ukraine is the United States. However, the Russian government is largely blamed in the eyes of most Ukrainians surveyed.⁹⁷

Figure 2: Which party is mainly responsible for the fighting in Eastern Ukraine?



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The Ukrainian

FIGURE 4

government has restricted access to television channels that reported Russian news and disinformation within Ukraine as early as March 2014. By December 2015, twenty-five channels had been included on the banned list.⁹⁸ Furthermore, the Ukrainian government sought to limit Russian propaganda in March 2015 by prohibiting the “broadcasts of Russian films that had either been created after January 1, 2014 or glorified the Soviet regime or Russian militarism.”⁹⁹ The government enforced bans/limitations garnered backlash and protests from Ukrainian

⁹⁶ Zavisca, Jane, and Theodore P. Gerber. *The Washington Quarterly*. N.p.: The Elliot School of International Affairs, 2016. https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/TWQ_Summer2016_Gerber-Zavisca.pdf.

⁹⁷ Ibid

⁹⁸ Shutov, Roman, “Russian Propaganda in Ukraine: Fighting Phantoms”, The Atlantic Council, February 3, 2016, <http://www.atlanticcouncil.org/blogs/new-atlanticist/russian-propaganda-in-ukraine-fighting-phantoms>

⁹⁹ Ibid

citizens and people in Moscow. However, it was widely recognized that these measures were necessary for curbing Russian aggression and influence in the region.¹⁰⁰ The bans have been effective in decreasing the number of Russian-made films airing on Ukrainian television by three quarters and a decrease from 22.7 percent to 12 percent of Ukraine's population watching news on Russian television.¹⁰¹

The Ukrainian government is not the only institution that is working to stop the spread of Russian propaganda. There are a number of privately funded websites that work to publicize the inaccuracies and fallacies of news stories published by the Russian media. Two prominent examples are Stopfake.org and Russialies.com. Both of these internet sites seek to take false Russian news stories and find the actual events that explain the photos or images and publicize the truth behind them. Stopfake.org is an organization started in March 2014 by volunteers at the Journalism School of Mohyla University in Kiev.¹⁰² Russialies.com was founded by an American citizen with ethnic backgrounds in Eastern Europe. They have published thousands of reports and stories discounting Russian propaganda and disinformation.

The international community has also tried to assist Ukraine in resisting and preventing the influence of Russian propaganda. NATO established a Strategic Communications Center of Excellence in Latvia in 2015 to counter Russian propaganda.¹⁰³ The Center produces reports

¹⁰⁰ Shutov, Roman, "Russian Propaganda in Ukraine: Fighting Phantoms", The Atlantic Council, February 3, 2016, <http://www.atlanticcouncil.org/blogs/new-atlanticist/russian-propaganda-in-ukraine-fighting-phantoms>

¹⁰¹ Ibid

¹⁰² Pomerantsev, Peter, Inside the Kremlin's Hall of Mirrors, The Guardian, April 9, 2015, <https://www.theguardian.com/news/2015/apr/09/kremlin-hall-of-mirrors-military-information-psychology>

¹⁰³ Zavisca, Jane, and Theodore P. Gerber. *The Washington Quarterly*. N.p.: The Elliot School of International Affairs, 2016. https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/TWQ_Summer2016_Gerber-Zavisca.pdf.

about propaganda and Russian techniques in its information war. Additionally, the European Endowment for Democracy and the European External Action Service carries out research and publishes reports on Russian media, its reach, and its impact on the Ukrainian conflict.¹⁰⁴ The United States government has thus far failed to invest heavily in pushing back against the propaganda from Russia.¹⁰⁵ However, American non-governmental organizations have contributed to countering Russian propaganda. For example, Spirit of America has recently funded a Ukrainian Army radio station, Army FM, for the purpose of boosting Ukrainian troop morale.¹⁰⁶ A mutual Ukrainian and United States effort to subvert the propaganda from Russia is underway. However, there is room for improvement in regards to assisting Ukraine in its fight against the Russian disinformation campaign.

Recommendations

It is important for Ukraine to maintain and uphold the integrity of the media within Ukraine despite Russian aggression or interference. Ukraine must not curb the freedom of the press as it seeks to stop the information warfare from Russia. If Ukraine were to limit media freedom, then there would be little hope for the Ukrainians and the Ukrainian government would be seen as unjust and authoritarian.

Our first recommendation for assisting Ukraine is to increase funding to media outlets. This can be done through U.S. funding of internationally focused entities such as Radio Free Europe and Radio Liberty. The U.S. should earmark the funds for use on Ukrainian specific

¹⁰⁴ Applebaum, Anne & Lucas, Edward, The danger of Russian disinformation, The Washington Post, May 6, 2016, https://www.washingtonpost.com/opinions/the-danger-of-russian-disinformation/2016/05/06/b31d9718-12d5-11e6-8967-7ac733c56f12_story.html?utm_term=.e429ae309ba9

¹⁰⁵ Ibid

¹⁰⁶ Eagan, Isaac, Army FM a Success, Spirit of America, May 6, 2016, <https://spiritofamerica.org/blog/army-fm-success>

information to provide comprehensive and unbiased access to news about the events of Ukraine. There should also be a push to counter Russian propaganda utilizing other platforms similar to the Spirit of America radio endeavor.

Secondly, the U.S. should support judiciary promises of press freedom in Ukraine. This recommendation is posited in conjunction with the judiciary recommendations in the “Strengthening Ukrainian Institutions” section. The judicial system needs to be transparent and enforce the press freedom laws to protect journalists and promote unbiased information.

Lastly, the United States must maintain separation from Ukraine’s media or government functioning to dispel any allegations of tampering or undue influence by the West. The information that is produced by Ukraine or Western backed entities must be verified and true. However, there must be a delicate balance between censorship and monitoring of the media. It is also essential to utilize all platforms to counter the Russian propaganda on those platforms. The U.S. should welcome involvement from other institutions, countries, or entities that wish to help the Ukrainians.

In further areas of research, it is important to promote access to a free and open information environment. However, this must be accomplished with greater in-depth and in country analysis of Ukrainians access to the internet. Additionally, the funding of the entities that produce the pro-Russian propaganda in Ukraine should be investigated. These entities should be exposed and discounted.

Conclusion

These policy recommendations were developed by the research team during a capstone seminar as part of their Masters of International Affairs program at The Bush School of Government and Public Service at Texas A&M University in conjunction with U.S. -Ukraine Foundation. The goal of our research was to provide policy options for the incoming administration on how they can assist the Ukrainian government and strengthen Ukraine.

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