Non-paper

**A NEW EUROPEAN PLAN FOR UKRAINE**

*(approved by joint decision of Committee on European Affairs and Committee on Foreign Affairs,*

*Seimas, Vilnius, 2017 03 03)*

This non-paper is aimed at offering a new long-term strategy for the relations between the West and Ukraine in view of the annexation of Crimea; protracted aggression of the Russian Federation in eastern Ukraine; EU’s crisis; its unpreparedness for enlargement in the nearest decade; the possible new geopolitical objectives of the new US Administration; and President Putin’s efforts to recover Russia’s influence lost after the collapse of the USSR by undermining the global order established during the past seven decades, by questioning the status quo of the USA as the only global superpower, and by trying to undermine the trust in the US and reduce its stabilising role in ensuring European security.

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On 21 February 2017, we marked the third anniversary of the Maidan Revolution.

Major changes have taken place in Ukraine over the past three years. Russia has occupied Crimea and initiated the persistent war in eastern Ukraine. However, the democratically-elected government of Ukraine has contained military aggression, signed the Association Agreement with the EU, launched the implementation of key reforms, made progress in stabilising public finance and economy, and embarked on combating widespread corruption.

The past three years have also witnessed major changes around the world. Through its aggressive and unpredictable behaviour both in Syria and in the context of the US presidential elections, Russia has demonstrated its determination to continue pursuing its global objective of impacting global developments in a way beneficial to itself. The European Union and the West are still in the process of recovering from the global financial crisis of 2009. After Brexit and the refugee crisis, it is unrealistic to expect that the EU would be able to offer Ukraine a clear perspective of EU membership over the coming decade. On account of Russia’s aggressive opposition, Ukraine’s NATO membership may also be difficult to achieve.

The situation is dangerous for Ukraine, beneficial for Russia, and hazardous for the West. The Kremlin’s current objective is clear. In the long term, the regime in Kremlin aims to contain the expansion and success of pro-European transformation in Eastern Neighbourhood countries of the EU and especially in Ukraine, since such transformation could, if successful, spill over to Russian society. While the West is mired in its internal problems, the Kremlin has already managed to achieve a slow-down of the pace of transformation in Georgia and an election of a pro-Russian President in Moldova by the frustrated voters. Should this strategy be successful in Ukraine, this will be the prime strategic victory for Kremlin. That, in turn, may create new major instabilities in Ukraine and may lead to increased revanchist imperial aggressiveness of Russia aimed at destroying the entire Western security architecture.

In order to prevent this, Ukraine should stay on track with pro-European reforms over the next ten years even though the EU will probably be unable to offer an EU membership perspective for Ukraine during this period of time. In order to become a European state, Ukraine will have to implement sizeable reforms within the nearest decade. Similar reforms were successful in Central European countries because, following the fall of the Berlin Wall in 1989, the EU courageously offered them the perspective of membership at an early stage and in due course. This was an essential factor which helped to maintain a strong political consensus and public support for reforms across Central Europe, despite all the dramatic political changes and various crises that took place at the time in all of the countries concerned.

Neither Ukraine itself, nor the Western community now have a plan as to how to preserve the motivation for extensive and fundamental reform in Ukraine, given that offering an EU membership perspective over the nearest decade is unrealistic. Moreover, the West also does not have a plan of how to maintain its own motivation to support Ukraine in spite of the fact that chaos and failures will inevitably occur during Ukraine’s political development and implementation of reforms over the coming decade.

Therefore, we believe that, in the light of the new geopolitical realities, we, the Western community, as active proponents of the European track of Ukraine, need to offer a New European Plan for Ukraine.The implementation of the Plan should be first and foremost a European ambition, helping Europe to overcome the current disappointment and fatigue associated with the European project. “Europe can be great again” if it summons the courage to launch a Big Plan for Ukraine. The whole of the Western community, in particular the USA and Canada, should powerfully contribute to the implementation of the said Plan.

The content of this Plan is formed by the following principle-based provisions:

* Sense of belonging to the European civilisation is the key prerequisite for the survival of Ukraine as a state. Currently, the EU is unable to grant a membership perspective to Ukraine, but this should not constitute an insuperable obstacle to Ukraine’s motivation for reform. By the same token, this should not impede Europe from addressing the problem of Ukraine without leaving the country to fend off for itself and without writing-off Ukraine on account of its failure to pursue the course of reform.In a broader sense, the Plan aims to preserve both the Ukrainian and European motivation to maintain a strong European dimension in Ukraine despite the Russian efforts to the contrary. A plan with such motivation in mind would allow us to deal with our common problem of Russia’s aggression against the West by localising and containing the military conflict in eastern Ukraine, thus preventing it from spilling over to other regions;
* Peace (war) in Donbas is no less important than the reform process. In fact, the two elements are of equal importance. President Putin should not be allowed to withdraw from Ukraine as a winner without paying the price for the annexation of Crimea and the war in Donbas. Otherwise this would prompt new wave(s) of aggression from Kremlin and new attacks of military hysteria in Russian society;
* The Plan is meant to ensure the success of reforms in Ukraine. The country is very important for the stability and security in Europe. Success in Ukraine is the *sine-qua-non* for the future success in Russia. Success in Ukraine is prerequisite for unveiling the destructive impact of President Putin’s alleged victories on Russia.

The plan must consist of two key elements:

1. The first element is a Plan for Economic Support to Ukraine, applicable during the nearest decade until the EU offers Ukraine the perspective of membership. This Economic Support Plan must consist of a package of support measures and instruments helping to maintain the motivation for reforms in Ukraine despite the fact that the country will not be offered the perspective of EU membership in the short term. This can only be achieved by demonstrating to the people of Ukraine that the ongoing pro-European reform process also leads to rapid economic growth, increase of people’s income, and new job creation.

The said measures should, *inter alia*, include a package of significant financial investment support (the *Marshall Plan*) aimed at achieving faster convergence of the Ukrainian economy with the European level of economic development. Anders Aslund, an expert on Eastern Europe and Ukraine who is well known in the international community, claims that if the volume of investment in Ukraine’s economy almost doubled, the rate of annual economic growth in Ukraine could reach 6–8 % instead of the current 2–2.5 % (http://www.atlanticcouncil.org/blogs/ukrainealert/ukraine-needs-investment-not-just-solidarity-time-for-international-donors-to-pony-up). The financial support package should stand at least at EUR 5 billion per year and should be comparable in its make-up to the support package offered to Greece by the Western community over the last few years. The *Marshall Plan* for Ukraine should be linked to a specific reform agenda, the implementation of which should be supervised by the *troika* of a similar composition as the one that is active in the provision of support to Greece. For the purpose of implementation of the plan, international donors would need to sign a binding agreement with Ukraine based on rigorous conditionality and a clear link between financial assistance, on the one hand, and specific reforms, deadlines for their implementation, and implementation criteria, on the other. The plan should be based on the principle of “support in exchange for reforms.”

Lithuania will also initiate EU-level political discussions with the European Parliament, the European political parties, EU Member States, the European Commission, and other EU institutions on the EU’s Multiannual Financial Framework for 2020–2027. The objective is to achieve allocation of up to 3 % of the currently projected overall EU budget of over EUR 1 000 billion for the implementation of the new *Marshall Plan* for Ukraine. This funding would be used to set up a EUR 30 billion instrument for multiannual financial support to Ukraine.

Furthermore, in order for the *Marshall Plan for Ukraine* to be a success, we need to create a dedicated institutional framework in Ukraine, comparable to the effective European Reconstruction Agency set up in Europe after World War II for the purpose of implementation of the Marshall Plan in Europe. A similar body should be established in Ukraine. We would suggest that a Development Bank of Ukraine be established, modelled on the German KfW Development Bank and tasked to manage the newly allocated funds and concurrently seek attracting additional sources of capital. Annual plans for the said Development Bank of Ukraine could be subject to approval by the *troika.* The Bank could also provide Ukrainian export guarantees, which would be particularly instrumental to modernisation of the country’s economy.

2. The second element would be a Support for Membership Package, aimed for use at the time when, a decade later, both the EU and Ukraine would be prepared for the membership perspective. This package would consist of standard EU support measures that had been granted to Central European countries both before the opening of the accession negotiations as well as in the course of the negotiations.

Ukraine is a critical section on the frontline between Russia and the Western civilisation. Russia has a clear long-term strategy for reaching a victory in this section by exploiting the political, military, and economic measures as well as disinformation and corruption instruments to achieve the essential objective, namely, to make sure Ukraine does not form part of the European civilisation. The West, Ukraine, and all of us must do our utmost for Russia’s strategy to fail. This is the objective behind the New European Plan for Ukraine as part of a clearer and more ambitious Western strategy in Ukraine and the entire region between Russia and the EU. Both Ukraine and the West should understand that conventional intergovernmental cooperation measures and diplomatic channels are not sufficient to gain a victory in this war of civilizations. Coalitions, groups and clubs of friends of Ukraine should be created in Europe, America, and in international organisations; strategic communication is needed in Western societies, motivating them to defend their interests against Russian aggression; and strategic communication is badly needed in Ukraine first and foremost.

This can only be achieved by significantly more political and financial resources made available in the West for investment into the success of Ukraine. Success in Ukraine should be the new aspiration of the European Union and the entire Western community. In the current context, both Ukrainians and Europeans can and must join a coalition united by the slogan “let’s make Ukraine great again, let’s make Europe great again.”

You are invited to join the coalition of the *New European Plan for Ukraine.*

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