



Russia, Sanctions and the Way Forward:

Balancing Assertiveness with Engagement

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The West stands at a critical juncture in its engagement with Russia over the ongoing crisis in eastern Ukraine. In the Donbass region, the Minsk II agreement, agreed upon in February 2015, is on the verge of collapse. Kyiv and Moscow have accused each other of delay tactics in implementing the peace agreement while the recent outbreak of heavy fighting in Marinka in the Donetsk Oblast threatens to reignite the broader conflict. With additional reports of a massive buildup of Russian military equipment and troops along the border with Ukraine, concerns abound of a new, Russia-backed offensive that seeks to extend separatist-held territory to Mariupol and beyond.

In Moscow, the regime of Russian President Vladimir Putin continues to chafe under heavy political isolation and economic sanctions imposed by the United States and the European Union. Asset freezes and travel bans have targeted the ruling elite in Moscow while economic sanctions have hit Russia's energy, defense and banking sectors. Combined with a precipitous drop in oil prices, Russia experienced the sharpest economic downturn since the 2008-2009 global financial crisis. While short-term conditions have improved, Russia's long-term economic outlook remains precarious. Yet despite all this, Moscow remains defiant.

The US and the EU have demonstrated unity and resolve in coordinating sanctions policies, but questions remain. Will sanctions be effective in changing the Kremlin's behavior? How long can the US and the EU (and EU member states) maintain a unified sanctions policy towards Russia? And with the prospects for peace still uncertain, how does the West craft a long-term strategy towards Moscow?

This paper seeks to answer those questions by analyzing the current political state of play in Europe and the United States on sanctions policy towards Russia. It assesses current Western strategies and explores alternate paths towards engaging Moscow. In doing so, it reveals that the current status quo as it pertains to the conflict is hardly conducive to ensuring permanent peace and stability in the region. A shaky ceasefire agreement, questions over Western unity and an uneven approach towards Russia all raise the specter of renewed conflict.

To guarantee success, the US and the EU must break from conventional thinking and develop a new, multi-dimensional strategy that protects core interests, engages Moscow across security, political and economic dimensions and more actively promotes peace. In order to do so, it will require the West to accept the realities on the ground and adapt to the current circumstances accordingly.

Beneath the Veneer

Officials in Washington, Brussels, Berlin and other European capitals have gone to great lengths to trumpet the solidarity of Western countries in the ongoing standoff with Russia over Ukraine. US President Barack Obama declared that Russian aggression “had only reinforced the unity of the United States and Germany and our allies throughout the world”, while German Chancellor Angela Merkel stated that the EU, Germany and the US “...want absolutely the same [thing] in [sic] Ukraine”.¹ EU Council President Donald Tusk remarked that Western unity “will be able to put a stop to the aggressive policy of Russia against her neighbors”.²

In truth, however, attitudes towards the West’s current approach to Russia are far more diverse, complex and involve many actors. EU member state views on sanctions vary based on factors including geography, trade, and threat perception. The business community views the conflict through the prism of the opportunities and challenges Russia presents as a market. The direct and indirect impact that economic sanctions can have on global stock markets, investment, foreign debt re-payments, and oil and gas prices all ensure the financial community has a vested interest in the outcome of this standoff. Finally, subject matter experts in the think tank community look at sanctions and try to see the forest for the trees. They look to past engagement with Russia to understand the present, and look at the present situation in hopes of forecasting the future.

By distilling these various attitudes and perceptions, cross-cutting trends emerge. Three general themes epitomize the current mood among those on both sides of the Atlantic on sanctions and current US and the EU policies towards Russia:

1. The Minsk II agreement has significant shortcomings

Perhaps the biggest question mark in recent weeks concerns the survival of the Minsk II agreement. The deal, agreed upon by German, French, Russian and Ukrainian leaders, includes a number of protocols aimed at stabilizing the region. It compels the government in Kyiv to organize local elections in the Luhansk and Donetsk Oblasts concurrent with a broader effort to enact constitutional reform. Such reform would devolve power to the regional level and carve out considerable autonomy for Luhansk and Donetsk within Ukraine. Furthermore, it calls for Kyiv to regain control of its porous, rebel-held eastern border with Russia, through which military equipment and supplies have flowed into the region unabated.

Since the Minsk II agreement was reached, however, implementation of the deal has been problematic, as both sides of the conflict have been slow to carry out the various aspects of the deal. US officials have argued that the onus is on Moscow to ensure that full implementation of Minsk II is achieved. Kyiv, Washington argues, is diligently upholding its end of the agreement, pointing to a law passed by the Verkhovna Rada (Ukrainian Parliament) in March which grants special status to the Donbass region following free and fair elections under Ukrainian law.³ Unless Russia does its part to withdraw military troops and arms from eastern Ukraine, sanctions will remain in place beyond 2015.

But in truth, the agreement has yet to significantly alter Moscow's approach to the conflict. Rather, the Kremlin has taken steps to increase the pressure on Kyiv. In recent weeks, sporadic fighting has occurred in the Donetsk Oblast while just across the border, Russian ground forces have held massive snap drills involving hundreds of thousands of Russian soldiers. Consistent with Russia's more bellicose actions has been a dramatic increase in military spending over the past year. Russia's military expenditure rose by 8.1 percent in 2014 alone.⁴ Taken together, this has fuelled concerns that Moscow intends to escalate the conflict.

Beyond anxiety over the renewal of open warfare, it is clear that the Minsk II agreement itself is inherently flawed. The protocol's vague wording has given rise to differing interpretations of obligations – a fact that further clouds the chances of ending the conflict. The Verkhovna Rada's law, previously mentioned, was meant to fulfill Ukraine's obligations under Minsk II, but was denounced by Russia and separatists since the law also calls for the removal of "illegal armed groups" from polling stations, a condition that is not explicitly mentioned in the Minsk II document.⁵ Kyiv can only re-gain control of rebel-held borders once it has undertaken constitutional reform and conducted local elections. But both of those steps require consultation and agreement with authorities in Luhansk and Donetsk, whose legitimacy is unrecognized by the Ukrainian government. Kyiv is thus stuck between a rock and a hard place; Kyiv won't regain control of its border unless the separatists (and by proxy, Russia) get what they want. But giving them what they want requires mandating significant autonomy that can be used to impede Kyiv's decision-making in the future.

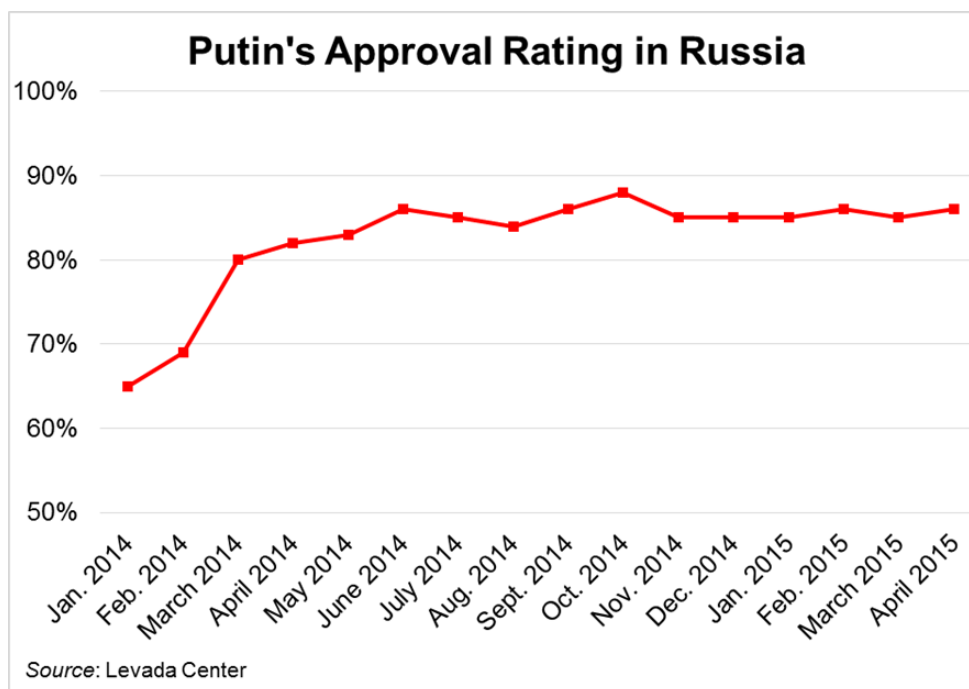
Perhaps Minsk II's main flaw is that its conditions significantly favor Moscow. The granting of special privileges to a Donbass region that remains nominally a part of Ukraine would essentially codify a frozen conflict in eastern Ukraine in much the same fashion as in Transnistria in Moldova and South Ossetia and Abkhazia in Georgia. It could allow the Kremlin to influence decision-making in Kyiv since it could theoretically escalate the conflict any time it wished. Kyiv's ability to maneuver and orient itself westward will therefore remain in question.

2. The effectiveness of sanctions remains an open debate

Another major question is whether US and EU sanctions have actually succeeded in deterring Russian aggression in Ukraine's east. US government officials and supporters of current sanctions policy point to the teetering Russian economy as proof that sanctions imposed after the seizure of Crimea in February 2014, and the downing of a commercial airliner five months later, are working. Following the implementation of targeted sanctions and a steep drop in global oil prices, the Russian ruble abruptly plummeted. Between September 1st and December 16th, 2014, the ruble fell 50 percent against the dollar.⁶ The Russian central bank was forced to dip into its foreign-currency reserves (over \$100 billion spent to date) to stabilize the currency. Russia's currency woes exacerbated the issues facing large state-owned Russian firms, as financial sanctions have largely cut off their access to Western capital markets and restricted their ability to refinance their debt.

For US officials, the goal of sanctions is simple. By implementing sanctions, they argue, you aim to create the conditions under which you can remove them. Supporters of the ongoing sanctions policy draw a direct line between Western sanctions and Russian acquiescence to the Minsk II agreement. Sanctions, they argue, altered Moscow's decision-making and forced the Kremlin to seek a diplomatic solution to the armed conflict. The US and the EU have explicitly tied the relaxation of their sanctions against Russia to full implementation of measures which, according to the terms of the agreement, must be finalized by the end of 2015.⁷

But skeptics, many of whom cut across the banking and business communities, as well as European states more economically intertwined with the Russian economy, question the effectiveness of sanctions. First, they argue that the specific impact of sanctions on the Russian economy has been overblown, as evidenced by the recent rebound of the ruble. Since collapsing in late 2014, the ruble has since been one of the world's strongest performing currencies, rebounding from a low of 80 rubles per dollar in December 2014 to roughly 52 rubles per dollar in April 2015.⁸ The Central Bank of Russia has since moved from burning through its foreign-currency reserves in order to stabilize the ruble to selling rubles and buying foreign currencies, which prevents the ruble from strengthening too much and allows Russia to rebuild its reserves.⁹ At the same time, Russian businesses have adjusted to sanctions and, in some cases, benefitted from the drop in value of the ruble. Demand for Russian-made goods have grown domestically as the ruble has fallen and imports have become prohibitively expensive.



Second, skeptics argue that the precipitous drop in global oil prices beginning in mid-2014 did more to adversely impact the Russian economy. Russia is heavily dependent on oil and gas exports, which comprised 68 percent of total export revenue in 2013.¹⁰ The drop in price of Brent crude oil, from \$115 per barrel in June 2014 to \$58 in April 2015, had disastrous consequences.¹¹ It is estimated that Russia's budget loses \$2.1 billion in revenue for every \$1 drop in global oil prices.¹²

That Russia has been so heavily affected by the drop in oil prices leads skeptics to further point out that the country's economic issues are more structural in nature, and driven largely by inefficiencies in the system rather than stemming from targeted sanctions. Russia's poor rule of law and the Kremlin's unwillingness to undertake economic modernization reforms have stifled innovation and produced an unattractive investment climate. Even before the onset of Western sanctions, Russia was experiencing significant capital flight with nearly \$61 billion in capital outflows in 2013.¹³ Without significant reforms, Russia's economy will continue to lag behind more efficient economies in Europe, North America and Asia.

Whether economic sanctions have had their intended effect is debatable, but there is little doubting that they have provided the Putin regime with a ready-made excuse for Russia's current economic malaise. Since the crisis began, Putin has relied extensively on stoking nationalism at home to build support for his regime and to paint a portrait of a Russian state besieged on all sides by enemies. Sanctions fit perfectly within that narrative, shifting blame for the pain felt by Russian consumers from the state to the West. Rather than build pressure on Russian authorities to reform the system, sanctions have instead allowed the regime to further entrench the status quo.

3. Europeans and Americans are less united on sanctions than at first glance

Despite criticism that the deal has attracted, the consensus view is that fulfillment of the Minsk II protocols is in the best interests of all parties involved. US and EU leaders have pressed Moscow and Kyiv to speed up implementation of the deal and have turned a blind eye to violations by both Ukrainian and separatist forces throughout the conflict zone in order to focus on the greater prize of peace and stability.

With respect to Russia, US and EU leaders have taken great pains to maintain a united front combined with a strategy that blends firmness with engagement. They've shown a willingness to ease sanctions against Russia, but have remained adamant that sanctions will remain in place until full implementation of Minsk II is achieved. Indicative of this resolve, European leaders agreed to link the lifting of sanctions to full implementation of the Minsk II protocols (thereby extending sanctions until the end of 2015) during an EU Council meeting on March 19, 2015. On June 22nd, 2015 EU Foreign Ministers formally extended sanctions for another six months.

That EU member states have remained united in extending sanctions is remarkable. But the extension masks a sense of unease over sanctions among a number of EU member states that puts continued Western unity into question. Several EU countries, particularly those with strong economic ties to Russia, are wary of sanctions, providing tacit support out of a sense of EU solidarity but approach the issue with caution internally. For these countries, the economic costs of sanctions are not borne in an equal way, as some EU member states are experiencing the negative economic consequences of sanctions much more strongly than others. Austria, for example, has been indirectly impacted by sanctions against Russia as it produces machinery and parts for Central European companies that are more heavily invested in the Russian market. This led Austrian Chancellor Werner Faymann to publicly remark in December 2014 that the success of sanctions was "no cause for celebration".¹⁴

Despite the show of trans-Atlantic unity during the Group of Seven (G7) meeting on June 7-8, 2015, both Rome and Paris have also previously expressed an interest in easing economic sanctions. Russia is an important trading and energy partner for Italy, serving as the country's eighth-largest export market and producing 30 percent of its natural gas needs.¹⁵ More importantly, Rome views Russia's cooperation on combating Islamic extremism in the Middle East and North Africa as essential to stemming the flow of refugees into Italy. Italian Prime Minister Matteo Renzi, therefore, raised eyebrows in Brussels and Washington when he traveled to Moscow for a bilateral meeting with Vladimir Putin in March. French President François Hollande has also been among those hoping to lift sanctions in the event of an implemented peace agreement. Paris watched its

\$1.3 billion deal to provide Mistral-class warships to Russia go up in smoke as pressure from European and American governments forced the deal to dissolve.

Exacerbating differences among EU member states is what some view as a deliberate strategy by Moscow to divide the EU. The Kremlin has long used natural gas as an effective lever to influence European states, but it is increasingly leveraging nuclear energy as well. Russia is the principal supplier of nuclear power to Hungary, the Czech Republic, Bulgaria and Slovakia and has used this position to negotiate generous long-term supply contracts. The most notable of these contracts is the recent 10-year deal concluded by Russia and Hungary that would provide the latter with an \$11 billion loan to upgrade its aging nuclear reactor (a deal that was initially blocked by the EU). It is perhaps no surprise then that officials in Budapest along with those in Prague, Sofia and Bratislava have either expressed concern over sanctions or at times openly criticized them. Critics see the deal as a deliberate attempt by the Kremlin to buy influence of EU member states and weaken unanimity on EU sanctions policy.

The Way Forward

The road to Western sanctions and a ceasefire agreement has been a long and winding one, and the weeks and months ahead will be critical in determining whether the West can ensure peace and stability in Ukraine or bear witness to the resumption of open warfare. The US and the EU need to develop a long-term strategy that accepts hard realities and provides a clearer understanding of US and EU engagement in the region. They can do so in the following ways:

1. Continue to support implementation of Minsk II...

Minsk II is far from perfect. Its ambiguities breed uncertainty and have created too much space for Ukrainian and separatist authorities and military personnel to violate the agreement. Its full implementation may very well ensure that a “frozen conflict” becomes the status quo in eastern Ukraine. Combined with the recent uptick in violence, some critics of the agreement therefore have rushed to declare the agreement officially dead and have implored the US and the EU to begin serious considerations for providing lethal arms to Ukraine.

But the simple truth is that the agreement, while flawed, remains the most viable option for charting a course towards creating a stable peace. The pitfalls of abandoning Minsk II are numerous. Discarding Minsk II invites a return to open warfare that has already cost thousands of lives and destabilized the entire region. Without massive military support by the West, Ukraine’s military would find it difficult to hold the current line of engagement given significant equipment shortages, a near-endless supply of military hardware (and soldiers) from Russia and Ukraine’s precarious economic situation. Minsk II was put in place, in part, because Russia created the conditions on the ground for a more favorable ceasefire deal than was the case at the time of the original Minsk agreement by using clandestine military forces and equipment to reverse Ukrainian military gains made last summer. If open conflict

resumes, a future ceasefire agreement may prove even less favorable to Kyiv.

Providing lethal aid to the Ukrainian military is also no panacea for ending the conflict. Yes, Western military support may increase the costs for Russia's involvement in the war. But it also risks turning the conflict into a wider conflagration between the West and Russia that neither side wants. The Kremlin's power structure, with President Putin at its center, has too much vested interest in seeing a divided Ukraine for lethal aid to have its intended effect. Amid rampant corruption and a steady descent towards authoritarianism, it has maintained legitimacy and support among the Russian public by portraying the government in Kyiv and the West as threats to Russia's security and Russian-speaking citizens in the region. Therefore, Moscow would likely respond to any introduction of Western military aid by doubling down on its own commitments, whether clandestinely or openly. In the end, the Minsk II remains the most hopeful solution in the interim for peace and stability in the region.

2. ...But do not ignore the facts on the ground

While the US and the EU should push for Minsk II to be implemented, they should not paper over the numerous violations of the agreement that have occurred. The recent rebel offensive in Marinka is just the latest in the many attacks and incursions that have taken place since the ceasefire began on February 15th. The Ukrainian government has stated that separatist fighters have captured at least 28 towns and cities since the ceasefire deal was signed.¹⁶ Western capitals have decried the incursions, but have stopped short of proclaiming the rebels in irrevocable violation of the agreement, a development that would require a robust response. Instead, Western leaders declared in the most recent G7 meeting that they "expect Russia to stop trans-border support of separatist forces and to use its considerable influence over the separatists to meet their Minsk commitments in full".¹⁷

The key to pressuring the Kremlin into forcing separatist acquiescence to the terms of the ceasefire has been, of course, the economic sanctions implemented against Russia by the US and the EU since last year. While opinions on sanctions may be mixed, they nonetheless remain the primary tool through which the West believes it can leverage influence in the conflict. Beyond the economic damage that sanctions have imposed on Russia's economy, it is also clear that the forging of a united trans-Atlantic position has reduced the Kremlin's maneuverability considerably.

To maintain unity, Western leaders should address a number of issues surrounding the conflict. As brokers in the ceasefire deal, Paris and Berlin should work with Kyiv and Moscow to clarify and tighten the wording of the Minsk II agreement and leave no room for interpretation. Washington and Brussels must also address the concerns of those European governments adversely affected by sanctions. Such a courtship must take economic and security interests into account and offer tangible alternatives in order to ease these concerns.

Closer coordination on securing alternative sources of energy for European states (such as US LNG and pipeline alternatives like the Trans-Adriatic Pipeline) is but one example of how the US and the EU should work to ensure a united approach on Russia is maintained.

While time is needed for the terms of Minsk II to be implemented, that does not mean the West should simply adopt a “wait-and-see” approach to the crisis. Linking sanctions to the end of 2015 is a double-edged sword. It provides ample time and space for both sides to fulfill their obligations, but as demonstrated in recent weeks, it also allows separatists to use small-scale skirmishes to make incremental territorial gains since adherence to the agreement will largely be evaluated toward the end of the year and small incursions up until this point have gone unpunished. Therefore, the US and the EU together must clearly lay out what the immediate consequences will be if separatists continue to violate the agreement. The ejection of Russia from the SWIFT system has been proposed by some as the next step in Western sanctions in the event of the renewal of open hostilities. But such a move lacks unanimous support. While leveraging SWIFT as a sanctions tool has support inside the US Congress, European Parliament and in a number of European states including the United Kingdom and Poland, countries such as Germany and Austria and many in the banking industry raise concerns over the negative consequences of Russia’s removal from SWIFT. Such a move, they fear, would cause unintended blowback and damage to Western economies. The US and the EU must therefore clearly identify the appropriate next steps and take safeguards to ensure that those actions have their intended effects.

3. While focusing on Donbass, do not forget about the rest of Ukraine

While the focus in recent months has been on punishing Russia over its actions in eastern Ukraine, a comparable level of support for the fledging government in Kyiv has been lacking. While imperfect, the current Ukrainian government has nonetheless championed liberal values in the face of Russian aggression, and provides the country with its best chance at providing strong democratic institutions and rooting out systemic corruption in the country. The long-term success of Ukraine will rely on the ability of the government in Kyiv to advance sustainable political and economic reforms with support from the West.

The challenges Kyiv faces are daunting. In the words of Ukrainian Finance Minister Natalie Jaresko, Ukraine’s tasks in the coming months and years ahead include “stabiliz[ing] the economy, reform[ing] the country, fight[ing] corruption, improv[ing] transparency, accountability and the rule of law [and] creating the conditions for building strong economic growth”.¹⁸ In recent months, the Ukrainian government has taken positive steps in its efforts to implement reforms. Lustration laws have been passed to clear the civil service bureaucracy of loyalists of former Ukraine President Viktor Yanukovich, and other corrupt officials, while a newly created anti-corruption bureau will be given broad authority

to investigate any wrongdoings by government officials, including the president himself. A major reform package, passed in March, also includes plans to reform Ukraine's notoriously inefficient energy sector, where for years, artificially low energy prices have drained the state coffers and bred corruption.

The reform package allowed Kyiv to unlock a four-year IMF loan totaling \$17.5 billion. It is much needed relief, but the economy still faces massive hurdles. The World Bank expects Ukrainian GDP to drop by as much as 7.5 percent this year as the conflict in the east continues to hamper economic growth.¹⁹ Kyiv has so far been unable to reach a deal to restructure more than \$23 billion in debt owed to international creditors. If a compromise cannot be reached, Ukraine could face the specter of defaulting on its debt.

Much of Ukraine's ability to rebound economically will rest on settling the conflict in the east and to that end, the United States and EU can provide support by seeking full implementation of the Minsk II agreement. But the US and the EU can do more. Both sides can play a more active role in encouraging international creditors and the Ukrainian government to seek a compromise on a debt solution that satisfies creditors while helping Ukraine avoid default. They should also explore ways to expand trade ties through providing technical expertise and know-how for starting and growing businesses and by encouraging Foreign Direct Investment (FDI) as Ukraine's economy stabilizes. This will be crucial to the full implementation of the Deep and Comprehensive Free Trade Agreement signed by the European Union and Ukraine in 2014. The EU delayed implementation of the agreement to ease Russian concerns, but should ensure that full implementation of the agreement takes place in 2016 as planned.

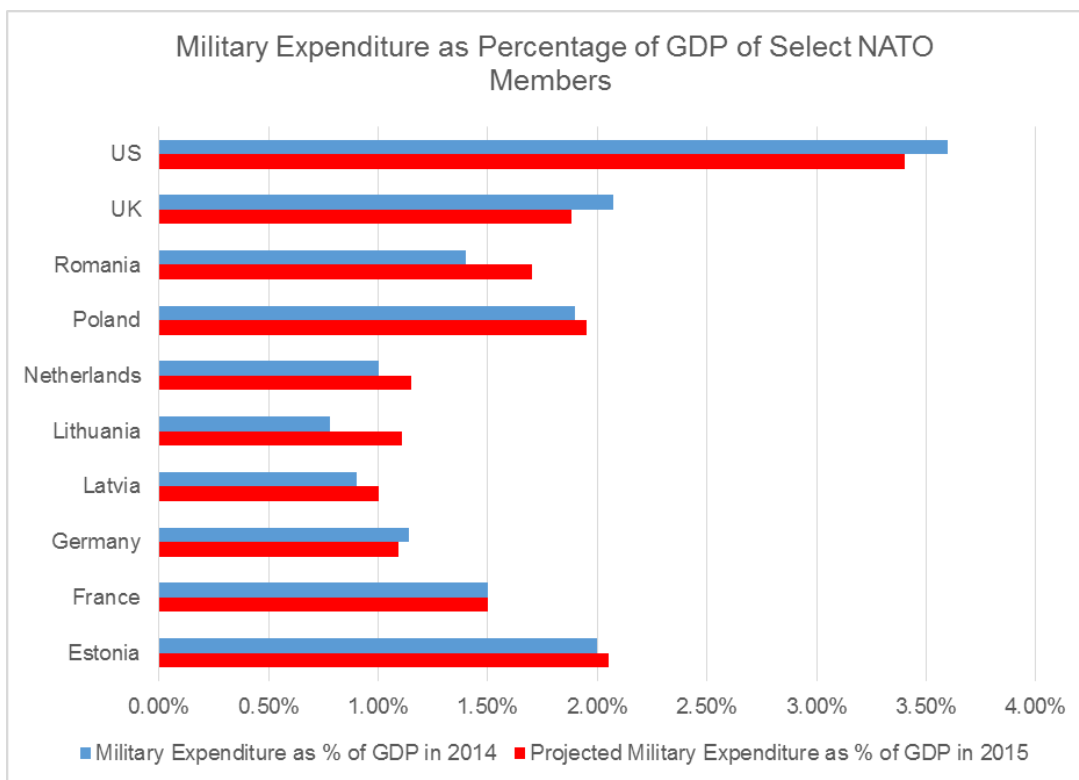
4. Develop a long-term strategy among allies for engaging Russia

The annexation of Crimea by Russian forces and the escalation of the conflict in eastern Ukraine highlight the deficiencies of previous US and EU strategies towards Russia. For the EU, divergent interests among EU member states and the role of Russian energy in the European market have, until now, precluded any real comprehensive EU strategy towards Moscow. The lack of a unified vision has contributed directly to Brussels' off-kilter approach to the EU's Eastern Partnership, where efforts to encourage Ukraine to conform more closely to EU norms and standards, in part, precipitated current crisis. For the US, Russia's actions in eastern Ukraine were one more nail in the coffin of the much-maligned "Reset" strategy pursued by the Obama Administration during the President's first term in office. With the return of Vladimir Putin to the Russian presidency in 2012, US-Russian relations deteriorated as the Kremlin shuttered US NGOs and built a brand of nationalism based on overt anti-Americanism to which Washington offered no credible response. The close coordination and implementation of sanctions by the US and the EU, therefore, represented a significant shift from their respective approaches to Russia.

But while sanctions have been an important part of the Western toolkit, they are in and of themselves not a strategy. Likewise, Minsk II may represent the means to eventually ending the current conflict, but it is hardly a roadmap to engaging Moscow. In the months ahead, the US and the EU need to develop a comprehensive, long-term strategy towards Russia. Central to this strategy should be countering further Russian aggression in the region. The US and the EU should provide greater political and economic support not only for Ukraine, but also former Soviet satellite states such as Moldova and Georgia. They should also develop a joint information strategy to counter Russian media propaganda that spreads misinformation in states with significant Russian-speaking populations. This initiative could include greater financial support for media organizations such as Voice of America and Radio Free Europe/Radio Liberty as well as joint US-EU programs that provide for the training of independent journalists in the region.

Another key component of this strategy should be a focus on defense. Since the end of the Cold War, NATO's *raison d'être* has shifted from collective defense against a Soviet threat to "out-of-area" peacekeeping operations such as the International Security Assistance Force (ISAF) operation in Afghanistan. In that space of time, defense budgets among European members have languished. In 2013, only three European NATO members fulfilled their NATO obligations to spend two percent of GDP on defense.²⁰ Russia's actions in Ukraine have provided a wake-up call that continental defense should remain the central concern of the alliance. In line with the perceived threat posed by Russia, NATO members pledged to increase military spending to at least the level of two percent of GDP over the next 10 years during the NATO Summit in Wales in September 2014.

But realistically, the odds of significant, across-the-board defense increases in the near future are slim as several nations continue to grapple with weak economies and austerity measures. The United Kingdom's military spending is set to drop below 2 percent in 2015 for the first time since World War II, with spending likely around 1.5 percent by 2020.²¹ Germany's defense expenditure will also fall in 2015 to \$41.72 billion, down from \$44.3 billion in 2014.²² A number of European NATO states must also contend with public attitudes that are skeptical of defense spending and apathetic to their nation's responsibilities as a member of the military alliance. As a recent Pew Research Center poll revealed, majorities in Germany (58 percent), Italy (51 percent) and France (53 percent) believe that their country should not use military force to defend their NATO allies if those countries came into military conflict with Russia.²³



Compiled by the European Leadership Network using information from open sources.

With these difficulties in mind, it will be important for NATO to leverage its existing resources effectively and efficiently. The development of a 4,000 strong “Rapid Response Force” and the creation of temporary military bases in the Baltic States are welcome efforts to show that NATO is serious about defending its members. NATO leaders should move one step further and consider a more permanent rotation of NATO troops and equipment in the Baltics to ensure that Article Five protection is upheld. NATO states must also pursue more robust public engagements aimed at helping citizens understand the importance of NATO membership, and the threat that conflicts in other parts of the European continent pose to their own countries. Most importantly, NATO should look to define a new collective defense strategy that takes into account the threat posed by Russia and others along NATO’s periphery.

Developing an overall strategy that counters Russian aggression and misinformation is important, but this also should not preclude efforts to continue diplomatic engagement with Moscow. Russia, for better or worse, is and will remain an important international actor whose cooperation is needed on global issues, such as Iran’s nuclear ambitions and fighting the Islamic extremism in the Middle East and North Africa. The recent trip by US Secretary of State John Kerry to meet with Putin and Russian Foreign Minister Sergei Lavrov on May 2015 was a positive step to engage in diplomacy and attempt to come to a breakthrough on some of the many issues causing friction and conflict.

Such an effort should be favored over maintaining long-term, Iran-style sanctions against Russia. There should be a strong interest in a viable Russian economy. Russia needs entrepreneurs who are able to build a strong and prosperous country. It will also need a strong and empowered middle class that pushes for more accountability and rule of law in Russia, and demands reforms to the corrupt system that the current ruling elite has benefitted from at the expense of the general population. By developing a strategy that combines assertiveness with engagement, the West can more effectively engage Russia in the months and years ahead.

About the Author

Josh Stanton has served as project manager for the trans-Atlantic relations team since joining the Bertelsmann Foundation in 2012. He has contributed to numerous Foundation publications. Josh's writings have also appeared in the Journal of International Service, Fletcher Forum of World Affairs, E! Sharp and Policy Review.

Josh's primary responsibilities include research and project-management support for a range of initiatives, especially those with a focus on the US-EU economic relationship and German and Eastern European politics. Josh is the lead project manager for the TTIP Town Hall program, an information and awareness-raising program that highlights the local and regional impact of a potential trans-Atlantic free-trade agreement while expanding beyond Washington, DC the debate and discussion on TTIP.

Prior to joining the Bertelsmann Foundation, Josh lived in Germany and the Czech Republic for two years, working in multiple positions in support of international education exchange. He has also held positions at the US State Department, Center for European Policy Analysis, and the Institute for Cultural Diplomacy. He holds a master's degree in comparative and regional studies (Europe) from American University's School of International Service and a bachelor's degree in international affairs and mass-media studies from Florida State University.

Endnotes

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