

Ukraine Compromise on the Table in Minsk

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Germany's Chancellor Angela Merkel gestures during a news conference with Ukraine's President Petro Poroshenko in Kiev on August 23.

After months of a bloody struggle over the fate of Ukraine, all sides in the conflict will attempt to initiate a tangible diplomatic resolution to the crisis during high-profile talks in the Belarussian capital Minsk on Tuesday, to be attended by the Russian and Ukrainian presidents as well as EU officials.

The summit is officially a meeting between Ukraine and the Moscow-led Customs Union that unites Russia, Belarus and Kazakhstan, with high-ranking EU officials — including Catherine Ashton, the high representative of the European Union for foreign affairs and security policy, as well as trade and energy commissioners — in attendance.

The Customs Union is a flagship foreign policy initiative of President Vladimir Putin, and its viability, according to most analysts, depends heavily on Ukraine's participation.

The question of whether Ukraine should opt for a closer relationship with the Customs Union or move forward with integration into the European Union was what largely sparked the crisis that has seen relations between Russia and the West plummet to a post-Cold War low.

The Minsk talks present the first opportunity for Putin and Ukrainian President Petro Poroshenko to hold formal discussions about the conflict, which has already claimed thousands of lives across Ukraine, displaced tens of thousands more and devastated the country's economy.

"During this meeting, if it happens, we expect to have a frank conversation on the resolution of the Ukrainian crisis and humanitarian situation," Putin's spokesman Dmitry Peskov told Interfax.

"It is difficult to expect the presidents to discuss all questions on the agenda," he said.

Foreign Minister Sergei Lavrov said at a news conference Monday that the agenda for the Minsk meetings had not yet been set.

"A number of bilateral meetings is planned to take place in Minsk. Who will meet whom will be announced later," Lavrov told journalists.

The Cost of Conflict

Analysts agreed that reaching a deal with Russia was essential to resolve the conflict, for both economical and military reasons.

Ukraine is turning into a major burden for Europe, which is starting to realize that it will not be able to bail it out as the armed conflict destroys the remnants of Ukraine's economy, according to Fyodor Lukyanov, head of Russia's Council on Foreign and Defense Policy, a think tank with close ties with the Foreign Ministry.

"The Germans understand that at some point someone will have to invest money into rebuilding Ukraine. The United States will not do it, while the EU is in economic decline itself. Therefore a deal with Russia is indispensable," he said in a phone interview.

The International Monetary Fund has forecast that Ukrainian GDP will fall 6.5 percent this year, and experts have speculated that the country's default on its debt is imminent.

In addition, despite gains made by Ukrainian troops in recent weeks, an outright military victory ending the conflict looks unlikely, analysts said.

German Chancellor Angela Merkel, who visited Kiev on Saturday, said the crisis can only be resolved through negotiations.

"I firmly believe that there can only be a political resolution, which the EU and Germany want and can facilitate. There will be no military end to this conflict, so negotiations are absolutely necessary," Merkel said in Kiev, RIA Novosti reported.

Reuters cited a German government official as saying Berlin had become more resolute recently in its attempts to find a diplomatic resolution to the crisis.

"Poroshenko needs to know that there is understanding for how his government has acted but also that there can't be a military solution in the east," the official was quoted as telling Reuters on condition of anonymity. "He can't win with weapons. Putin won't allow this," he said.

Raising the Stakes

Observers in Kiev said the success of talks hinges on Putin, who has to make a firm and conscious step at de-escalating the situation.

"Putin is still raising the stakes [with military action around the Ukrainian border], but today he can still save face by withdrawing Russia's support for the insurgents," said Alexei Garan, director of the Political Analysis School in Kiev.

On Monday, Ukrainian military spokesman Andriy Lysenko said Russian forces had crossed into the eastern Donetsk region disguised as separatist insurgents. As with other accusations of supporting the rebels, Russia denied the claim.

"I haven't heard about this, but there is a lot of disinformation about our invasions," Lavrov told journalists.

Garan said a compromise would be sought that would allow both sides to claim victory.

"Ukraine will proceed with decentralization, while Russian will enjoy the status of a regional language, so Putin can say at home that he won. The state propaganda will polish the message," he said in a phone interview from Kiev.

Ineffective Sanctions?

According to Lukyanov, Western leaders have begun to realize that the sanctions they imposed on Russia will not affect the Kremlin's policy.

"There is a newly acquired understanding that Ukraine is still the main victim in the conflict, while sanctions do not bring its resolution closer," he said.

Both Putin and Poroshenko are under intense pressure from hard-liners at home, so even if they reach a compromise, or at least some plan for future deescalation, it will not become public immediately, analysts said.

"If there is no big announcement Tuesday, then it means that a potential breakthrough was reached. If we learn anything major, it will be that the talks have failed," Lukyanov said.

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