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Ukraine: Background, Conflict with Russia, and U.S. Policy

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SUMMARY

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Cory Welt
Specialist in Russian and European Affairs

Ukraine: Background, Conflict with Russia, and U.S. Policy

Ukraine has been governed by President Volodymyr Zelensky and his Servant of the People party since 2019. During Zelensky's presidency, Ukraine has enacted difficult economic and governance reforms, albeit with some resistance and delays, and grappled with the social and economic consequences of the Coronavirus Disease 2019 (COVID-19) pandemic.

Under President Zelensky, Ukraine also has confronted Russia's ongoing occupation of Ukraine's Crimea region and parts of eastern Ukraine. Zelensky has attempted to reinvigorate the conflict resolution process with regard to Russia-occupied eastern Ukraine and has drawn greater international attention to the situation in Ukraine's occupied Crimea region. Russia, however, appears no closer to implementing a permanent ceasefire or to withdrawing its military forces from Ukraine.

The United States supports Ukraine's sovereignty and territorial integrity within its internationally recognized borders and promotes the implementation of domestic reforms. Since Ukraine's independence in 1991, and especially after Russia's 2014 invasion and occupation of Ukrainian territory, Ukraine has been a leading recipient of U.S. foreign and military aid in Europe and Eurasia. From FY2015 to FY2020, State Department and U.S. Agency for International Development (USAID) bilateral aid allocations to Ukraine were about $418 million a year on average, plus a total of more than $350 million in humanitarian aid since 2014. For FY2021, State Department and USAID allocations to Ukraine totaled about $464 million. Since 2014, the United States has provided more than $2.5 billion in security assistance to Ukraine, mainly though the Ukraine Security Assistance Initiative and Foreign Military Financing.

Since 2014, many Members of Congress on a bipartisan basis have condemned Russia's invasion of Ukraine, promoted sanctions against Russia, and supported increased aid to Ukraine. Key legislation includes the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, as amended (P.L. 113-95; 22 U.S.C. 8901 et seq.); the Ukraine Freedom Support Act of 2014, as amended (P.L. 113-272; 22 U.S.C. 8921 et seq.); the Countering Russian Influence in Europe and Eurasia Act of 2017, as amended (P.L. 115-44, Title II, Countering America's Adversaries Through Sanctions Act; 22 U.S.C. 9501 et seq.); and the Protecting Europe's Energy Security Act of 2019, as amended (P.L. 116-92, Title LXXV; 22 U.S.C. §9526 note).

Ukraine-related legislative initiatives in the 117th Congress include the Crimea Annexation Non-recognition Act (H.R. 922), the Ukraine Security Partnership Act of 2021 (S. 814), the Ukraine Religious Freedom Support Act (H.R. 496, S. 1310), and the Restraining Russian Imperialism Act (H.R. 3144). An amendment to the House-passed version of the FY2022 National Defense Authorization Act (H.Amdt. 110 to H.R. 4350) would require the President to impose sanctions related to the planning, construction, or operation of the Nord Stream 2 pipeline. A resolution introduced in the Senate (S.Res. 360) would celebrate the 30th anniversary of Ukraine's independence and affirm the United States' "unwavering commitment" to support the Ukrainian government's efforts to restore Ukraine's territorial integrity.

For related information, see CRS Report R45415, *U.S. Sanctions on Russia*; CRS In Focus IF11138, *Russia's Nord Stream 2 Natural Gas Pipeline to Germany*; and CRS In Focus IF11862, *Ukrainian Armed Forces*.

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Introduction

Ukraine has undergone dramatic changes since the country's 2013-2014 Revolution of Dignity (also known as the Euromaidan Revolution). Forced to confront a Russian invasion and occupation of Ukraine's Crimea region, a Russian-led separatist conflict in eastern Ukraine, and a tightening of Russian control in the nearby Sea of Azov and Black Sea, Ukraine has developed a military capable of territorial defense, reversed a decline in economic growth, implemented reforms, maintained a democratic path, and gained formal independence for the Orthodox Church of Ukraine.[1]

Ukraine continues to grapple with serious challenges. Since 2019, Ukraine has been governed by President Volodymyr Zelensky and his Servant of the People party. During Zelensky's presidency, Ukraine has enacted difficult economic and governance reforms, albeit with some resistance and delays, and grappled with the social and economic consequences of the Coronavirus Disease 2019 (COVID-19) pandemic.

President Zelensky also has attempted to reinvigorate the conflict resolution process with regard to Russia-occupied eastern Ukraine and has drawn greater international attention to the situation in Ukraine's occupied Crimea region. Russia, however, appears no closer to implementing a permanent ceasefire or to withdrawing its military forces from Ukraine.

Ukraine at a Glance

Population: 41.6 million (2021 est., excluding more than 2 million in Crimea)

Size: Slightly smaller than Texas

Capital: Kyiv

Ethnicity: 78% Ukrainian, 17% Russian, 0.5% Crimean Tatar (2001 census)

Languages: Ukrainian (official), Russian (regional status)

GDP/GDP per capita: $156 billion/$3,727 (2020)

Top Exports: cereals, iron and steel, fats and oils, iron ores, electrical equipment and parts, industrial machinery, oil seeds

Leadership: President Volodymyr Zelensky, Prime Minister Denys Shmyhal, Foreign Minister Dmytro Kuleba, Defense Minister Andrii Taran

Sources: State Statistics Service of Ukraine; and World Bank.

The United States has long supported Ukraine's independence, sovereignty, democratic trajectory, and governance reforms. Since 2014, many Members of Congress have condemned Russia's invasion of Ukraine, promoted sanctions against Russia for its actions, and supported increased economic and security aid to Ukraine. In 2019, U.S. relations with Ukraine became a prominent issue in U.S. domestic affairs, as the House of Representatives agreed to articles of impeachment related in part to alleged presidential actions regarding Ukraine; the Senate acquitted President Trump of the charges in 2020.

This report provides an overview of Ukraine's domestic politics and reform challenges; Ukraine's conflict with Russia; the Ukrainian economy; and Ukraine's relations with the United States, the European Union (EU), and NATO.

Political Developments

Ukraine, an independent country since 1991, is one of the largest successors, by territory, population, and economy, to the Union of Soviet Socialist Republics (USSR, or Soviet Union)

[1] In 2019, the Ecumenical Patriarch of Constantinople recognized the Orthodox Church of Ukraine as an independent (*autocephalous*) church, officially separate from the Russian Orthodox Church. Many Ukrainians viewed this as a major achievement in the evolution of Ukraine's national identity.

(for map, see **Figure 3**). Historically, Ukrainians trace their lineage to medieval Kievan Rus, an early Orthodox Christian state that Russians also consider a core part of their heritage. Most of Ukraine's territory was incorporated over time into the USSR's predecessor, the Russian Empire, although several western regions of Ukraine were first annexed by the Soviet Union during World War II. In December 1991, Ukraine's leaders joined those of neighboring Russia and Belarus to dissolve the USSR.[2]

In almost 30 years of Ukraine's independence, many observers have considered the country to have a "hybrid" political system, containing both democratic and nondemocratic elements. The U.S.-based nongovernmental organization (NGO) Freedom House currently assigns Ukraine a "global freedom" score of 60 out of 100 ("partly free"), one of the highest ratings among the post-Soviet states that gained their independence after the USSR's dissolution.[3]

According to Freedom House, Ukraine's democratic credentials improved after the ouster of former President Viktor Yanukovych in 2014, in an event Ukrainians call the Revolution of Dignity, also known as the Euromaidan Revolution (see "From Orange Revolution to Revolution of Dignity" text box, below).

From Orange Revolution to Revolution of Dignity

In 2004, a popular movement known as the Orange Revolution thwarted the efforts of then-President Leonid Kuchma's team—with Russian support—to fraudulently elect as Kuchma's successor then-Prime Minister Viktor Yanukovych. Infighting and poor governance led to disillusionment with the "Orange government" that followed and eventually to Yanukovych's return to power, first as prime minister (2006-2007) and then as president (2010-2014).

Many observers considered Yanukovych to be a corrupt and authoritarian president who preferred to preserve power with Russia's support rather than pursue Western-oriented reforms. In November 2013, protests erupted over Yanukovych's decision to postpone concluding an association and free trade agreement with the European Union. The government suppressed the initial protests, leading to larger protests, violent clashes with police, and the killing of over 100 protestors (whom many Ukrainians refer to as the Heavenly Hundred); almost 20 police officers also were killed.

In February 2014, Yanukovych's government collapsed. Yanukovych agreed to a deal with the opposition that was to lead to an early presidential election, but instead he departed for eastern Ukraine amid government defections. Ukraine's parliament voted to remove Yanukovych from office, and he left Ukraine for Russia. In 2019, Yanukovych was found guilty of treason and sentenced in absentia to 13 years in prison.

Sources: Andrew Wilson, *Ukraine's Orange Revolution* (Yale University Press, 2005); Anders Aslund and Michael McFaul, *Revolution in Orange: The Origins of Ukraine's Democratic Breakthrough* (Carnegie Endowment, 2006); Andrew Wilson, *Ukraine Crisis: What It Means for the West* (Yale University Press, 2014); and *RFE/RL*, "Ukraine Sentences Ex-President Yanukovych in Absentia to 13 Years in Prison," January 24, 2019.

Ukraine has a mixed presidential-parliamentary system, in which the president shares power with a prime minister appointed by Ukraine's legislature, the *Verkhovna Rada*. When the legislature is dominated by the president's party, as is currently the case, observers generally consider the president more powerful than the prime minister (whom the president typically selects in such circumstances).

[2] Historical surveys of Ukraine include Orest Subtelny, *Ukraine: A History*, 4th ed. (Toronto: University of Toronto Press, 2009); Paul Robert Magosci, *A History of Ukraine: The Land and Its Peoples*, 2nd ed. (Toronto: University of Toronto Press, 2010); and Serhii Plokhy, *The Gates of Europe: A History of Ukraine* (New York: Basic Books, 2015).

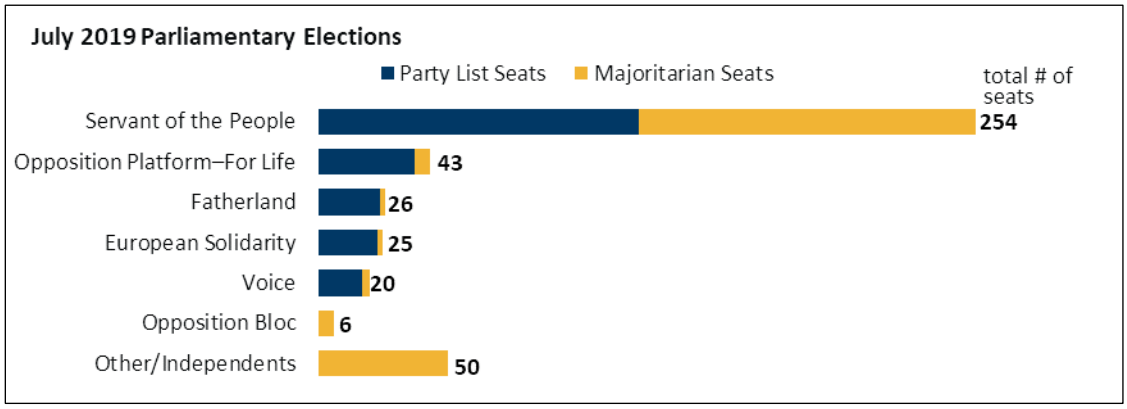
[3] Freedom House ranks all countries in the world by a "global freedom" score, which includes measures of political rights and civil liberties. Freedom House also ranks post-Communist states by a "democracy" score that ranges between 1 (least democratic) and 7 (most democratic). Ukraine's democracy score is 3.36 (transitional or hybrid regime). Scores reflect the state of affairs at the start of the year. Freedom House, *Freedom in the World 2021*; and Freedom House, *Nations in Transit 2021*.

Ukraine's president is Volodymyr Zelensky, previously a popular actor-comedian and producer. In April 2019, Zelensky defeated incumbent Petro Poroshenko, 73% to 24%, in a second-round presidential election.[4] Zelensky's victory appeared to reflect widespread disillusionment with Ukraine's political establishment. Many Ukrainians believed Poroshenko had failed to combat corruption and, generally, had not done enough to restore the country's economic health after almost five years of conflict with Russia.[5]

Zelensky's appeal stemmed in part from his starring role in a popular television show, *Servant of the People*, as a schoolteacher who is unexpectedly elected president of Ukraine after a video of him delivering an anti-corruption rant goes viral. Zelensky is a bilingual Russian and Ukrainian speaker, is of Jewish descent, and supports closer relations with the West. He is from Kryvih Rih (Kryvoi Rog) in Ukraine's Dnipropetrovsk region, north of Crimea.

In July 2019 snap parliamentary elections, Zelensky's nascent and politically untested party, Servant of the People, won 60% of 424 seats, including 43% of the party-list vote and almost two-thirds of majoritarian seats, making it the first party in independent Ukraine to win an outright majority of seats in the legislature (see **Figure 1**).

Figure 1. 2019 Parliamentary Elections



Source: Central Election Commission of Ukraine; and *Ukrainska Pravda*.

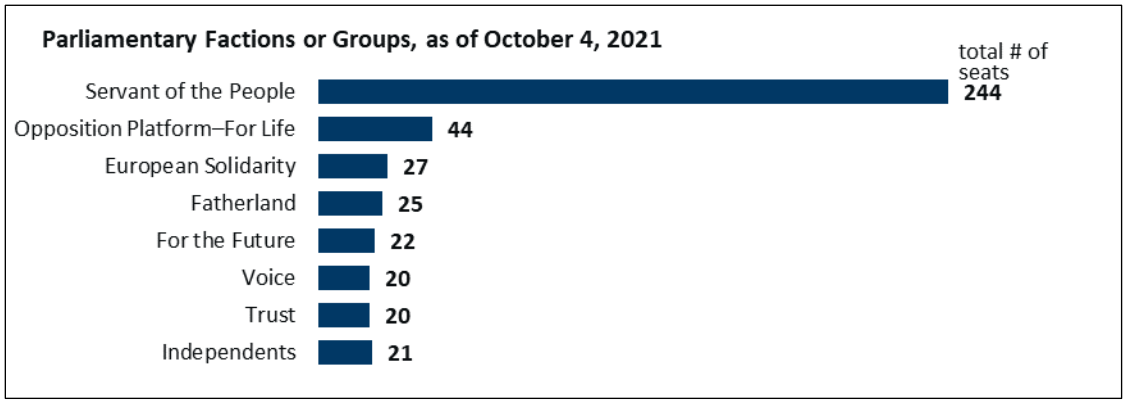
Note: Ukraine's legislature currently includes 424 seats, as elections to single-mandate seats from 26 districts in occupied Crimea and the nongovernment-controlled areas of eastern Ukraine have been suspended.

Another four parties received enough party-list votes to enter the legislature. These are the eastern Ukrainian-based (and Russian-leaning) Opposition Platform–For Life; former Prime Minister Yulia Tymoshenko's Fatherland; ex-President Poroshenko's European Solidarity; and Voice, a new reform party. Fatherland, European Solidarity, and Voice all are considered to be pro-Western parties. Since the elections, two additional "parliamentary groups" mainly comprising MPs that were elected as independent deputies have been established: For the Future (connected to Ukrainian oligarch Ihor Kolomoysky) and Trust (see **Figure 2**).

[4] In the first round of the March 2019 election, Volodymyr Zelensky won 30% of the vote and Petro Poroshenko came in second place, with 16%. Poroshenko, a wealthy businessman and member of parliament (MP) who supported the Euromaidan protests, won 55% of the popular vote in a May 2014 election to succeed Viktor Yanukovych.

[5] Ilko Kucheriv Democratic Initiatives Foundation, "The Fight Against Corruption in Ukraine: Public Opinion," June 1, 2018; and Volodymyr Yermolenko, "Does Poroshenko Have a Chance at a Second Term?" Atlantic Council, October 1, 2018.

Figure 2. Parliamentary Factions or Groups



Source: *Verkhovna Rada* (Parliament) of Ukraine.

Notes: Ukraine's legislature currently includes 424 seats, as elections to single-mandate seats from 26 districts in occupied Crimea and the nongovernment-controlled areas of eastern Ukraine have been suspended. One other seat currently is vacant.

Prime Minister Denys Shmyhal assumed office in March 2020. Shmyhal previously served as head of administration in the western Ukrainian region of Ivano-Frankivsk and then as deputy prime minister and minister for community and territorial development. Prior to working in government, Shmyhal had worked since 2017 for DTEK, a major energy conglomerate owned by Rinat Akhmetov, who is widely considered to be Ukraine's wealthiest individual.

Shmyhal succeeded Zelensky's first prime minister, Oleksiy Honcharuk, whose government was in power for six months. In March 2020, Honcharuk submitted his resignation after Zelensky expressed dissatisfaction with the cabinet. Zelensky praised the outgoing government for being uncorrupt and hardworking but expressed a lack of confidence in its ability to address mounting challenges, including budgetary shortfalls, industrial production declines, and high utility prices.[6]

Some observers expressed concern about Zelensky's decision to reshuffle his first government, which had gained the support of international lenders and donors.[7] Some believed that the reform-minded Honcharuk government was not given sufficient time to achieve results. A related concern was that the reshuffle could strengthen oligarchic influences.

The centrist and non-ideological platform of Zelensky and Servant of the People may have helped them achieve victory in 2019. However, two years of partially implemented or delayed reforms, a perceived resurgence of oligarchic influence, alleged mishandling of the COVID-19 pandemic, and related economic woes all appear to have contributed to a decline in the government's popularity. From May to September 2019, President Zelensky's approval rating averaged about

[6] *Kyiv Post*, "Zelensky on Cabinet Replacement: 'This Government Achieved More than All the Rest, Combined,'" March 5, 2020.

[7] *RFE/RL*, "Ukraine's Government Reshuffle Raises Concerns over Reform Agenda," March 4, 2020; Oleh Havrylyshyn and Basil Kalymon, "Ukraine's New Government Must Act Fast or Face Failure," Atlantic Council, March 5, 2020; and Todd Prince, "Zelenskiy's Big Move: Will 'New Brains And New Hearts' Revive the Same Old Problems in Ukraine?," *RFE/RL*, March 6, 2020.

70% or higher. By February 2020, Zelensky's approval rating had declined to about 50%.[8] In more recent polls, the president's approval ratings declined further, to under 40%.[9]

Servant of the People has been weakened somewhat by internal divisions. One independent investigation estimated that about 85 Servant of the People members of parliament (MPs) represent the interests of one of two wealthy Ukrainian businessmen: Ihor Kolomoysky, with whom President Zelensky has had ties (see below), and Rinat Akhmetov. These divisions reportedly have led on occasion to the party's inability to secure passage of legislation or approval of cabinet appointments.[10]

In several regions and cities, other parties and political figures, often locally influential politicians, dominate. In October 2020 local elections, Servant of the People placed first in few regional councils and did not win mayoral elections in any of Ukraine's major cities.[11] In all, Servant of the People won about 15% of local council seats, behind independent candidates (16%). Independent candidates also won about 47% of all mayoral elections; Servant of the People candidates won 16%.[12]

Reform Challenges

Since Ukraine's 2014 Revolution of Dignity, the results of Ukraine's reform efforts have been mixed. During Poroshenko's presidency, the International Monetary Fund (IMF) praised key reforms, including a reduction of the fiscal deficit, increase in gas prices (retaining subsidies for lower-income households), and reform of the banking system.[13] Observers also noted progress in public procurement transparency, decentralization, and health care reform.[14]

At the same time, domestic and international stakeholders criticized the government under Poroshenko for slowly implementing, failing to complete, or backsliding on key reforms, particularly with regard to anti-corruption efforts (see "Anti-corruption Efforts," below). International partners and donors underlined the importance of further reforms in the energy

[8] Kyiv Institute of International Sociology (KIIS), "Assessment of Authorities' Activities and Reaction to Current Events: February 2020" (in Ukrainian), February 27, 2020, at https://www.kiis.com.ua/?lang=ukr&cat=reports&id=920&page=1&t=1; and Ukrinform, "Over Half of Ukrainians Trust President—Razumkov Center," February 24, 2020.

[9] See, e.g., KIIS, "Level of Trust in Politicians, Electoral Rating and Attitude to Certain Events: February 2021" (in Ukrainian), at https://kiis.com.ua/?lang=ukr&cat=reports&id=1016&page=5; Center for Insights in Survey Research (International Republican Institute [IRI]), "Public Opinion Survey of Residents of Ukraine (March 13-21, 2021)," May 17, 2021; and Ukrinform, "Zelensky Ahead of Poroshenko in Presidential Rating—KIIS Poll," May 5, 2021.

[10] Observers also consider that the parliamentary group For the Future represents Kolomoysky's interests and that a few dozen other MPs represent Akhmetov's interests. Oleg Sukhov, "Investigative Show Exposes Influence of Kolomoysky, Akhmetov on Lawmakers," *Kyiv Post*, January 14, 2021.

[11] Brian Mefford, "Winners and Losers of Ukraine's Local Elections," Atlantic Council, November 2, 2020; Orysia Lutsevych, "Ukraine Local Elections Challenge Zelenskyy's Plans," Chatham House, November 3, 2020; and Vita Dumanska and Iryna Fedoriv, "Ukraine's Local Elections: A Reality Check for Decentralization and Electoral Reforms," Kennan Institute, January 12, 2021.

[12] Central Election Commission of Ukraine.

[13] International Monetary Fund (IMF), "Ukraine Receives IMF Support but Must Accelerate Reforms," IMF Country Focus, April 4, 2017.

[14] See, e.g., Rowland Manthorpe, "From the Fires of Revolution, Ukraine Is Reinventing Government," *Wired*, August 20, 2018; Maryna Rabinovych, Anthony Levitas, and Andreas Umland, *Revisiting Decentralization After Maidan: Achievements and Challenges of Ukraine's Local Governance Reform*, Kennan Institute, July 16, 2018; and Melinda Haring, "Finally Some Good News from Ukraine," Atlantic Council, June 26, 2018.

sector (see "Energy," below), sustainable pension reform, the privatization of state-owned enterprises, and land sales (a moratorium existed on land sales from 2001 until 2021).[15]

In 2016, the IMF warned that stalled reforms could lead to a halt in loan disbursements to Ukraine. The IMF eventually issued two more disbursements under a four-year loan package (2015-2019) but did not release any more funds from that package after April 2017.[16] The IMF approved a new short-term loan package in December 2018.

After taking power in 2019, Zelensky and the Servant of the People government unveiled an ambitious reform program. In its first several months, the new parliament passed or considered legislation to, among other aims, advance anti-corruption and judicial reforms; accelerate decentralization efforts; introduce fiscal, trade, and pro-business reforms; and pave the way for the privatization of state assets and the establishment of a land market.[17] In December 2019, the IMF commended Ukraine for "impressive progress ... in advancing reforms and continuing with sound economic policies," and it announced an agreement for a new $5.5 billion three-year loan package conditional on the passage of legislation on land sales and on safeguarding the restructuring of the banking sector.[18]

Nonetheless, observers expressed concerns about various aspects of the Zelensky government's initial reform efforts. Some maintained the rapid pace of lawmaking led to substantive and procedural deficiencies in the legislation. Others raised concerns about implementation of new laws, especially with regard to reforms facing resistance by wealthy businesspeople, corrupt actors, or the public.[19] In addition, some observers expressed disapproval of what they considered the government's pursuit of politically motivated cases against ex-President Poroshenko.[20]

The March 2020 government reshuffle raised concerns about the government's commitment to reform, but some IMF-backed reform measures soon followed as the COVID-19 pandemic began to impact Ukraine. First, the parliament dismissed two newly appointed controversial ministers of health and finance who were regarded as obstacles to reform. Second, to reach an agreement with the IMF, and to receive greater COVID-19-related funding, Ukraine's parliament approved legislation to prevent the return of nationalized banks to their former owners (see "Combatting Oligarchic Influence" below).[21] The parliament also passed a major piece of land reform

[15] See, e.g., IMF, "Reforming Ukraine's Pension System," in *Ukraine: Selected Issues*, March 7, 2017, pp. 19-37; World Bank, *Ukraine Special Focus Note: Reforming Land Markets for Agricultural Growth*, October 3, 2017; and World Bank Group, *Reducing Market Distortions for a More Prosperous Ukraine: Proposals for Market Regulation, Competition Policy, and Institutional Reform*, March 2019.

[16] IMF, "Statement by the Managing Director on Ukraine," press release, February 10, 2016; and Natalia Zinets, "Ukraine Goes Back to the Future as IMF Programme Stutters," Reuters, August 1, 2018.

[17] *Kyiv Post*, "Quick Wins, Big Promises: Zelensky's Agenda for Parliament, Government," September 6, 2019; Tetyana Tyshchuk, "iMoRe: Quarterly Review, Quarter III, 2019: Calm Before the Storm?" Vox Ukraine, December 12, 2019; and Kseniia Alekankina, "Turbo-Mode of the Ukrainian Government: Reforms in the 4th Quarter of 2019," Vox Ukraine, January 29, 2020.

[18] IMF, "Statement by the IMF Managing Director on Ukraine," December 7, 2019; and IMF, "Statement by the IMF Managing Director on Ukraine," March 26, 2020.

[19] Hromadske International, "Looking Back at Ukraine's 2019: A New Government at the Center of Attention," December 23, 2019; Roman Olearchyk, "Ukraine Sows Seeds of Suspicion with Land Sale Plans," *Financial Times*, January 19, 2020; Ilona Sologoub, "Ukraine's Top Five 2020 Reform Priorities," Atlantic Council, January 21, 2020; and Anders Aslund, "Zelenskyy Must Not Miss His Chance to Change Ukraine," Atlantic Council, February 6, 2020.

[20] Andrew E. Kramer, "Ukraine Is Threatening to Arrest Its Former President," *New York Times*, February 28, 2020; and *RFE/RL*, "Ukraine's Ex-President Calls on President 'To Stop Persecuting Opposition,' Before Questioning," February 28, 2020.

[21] Roman Olearchyk, "Ukraine Approves Law to Safeguard Banking Clean-Up," *Financial Times*, May 13, 2020.

legislation that the IMF supported, enabling Ukrainian nationals to buy and sell land of up to 100 hectares (about 250 acres) as of July 2021.[22]

Reform efforts slowed during the rest of 2020, at least in part due to the COVID-19 pandemic. Observers expressed concerns about potential backsliding in anti-corruption and judicial reforms and the government's seeming lack of will or ability to overcome resistance to reforms by oligarchic and other corrupt actors, including within the judiciary.[23] In 2020, many observers noted what appeared to be increasingly overt resistance to anti-corruption reforms by members of the Constitutional Court of Ukraine (CCU) and the High Council of Justice (HCJ), the judiciary's self-governing body. Observers also expressed concern about the summer 2020 resignation of the head of the National Bank of Ukraine, Ukraine's central bank, who said the bank, which had been praised for its independence, had become subject to political pressure.[24]

Near the end of 2020, President Zelensky signaled the start of a new reform drive. In November 2020, he announced plans to launch investigations against those who allegedly "acted illegally on behalf of vested interests of well-known influential financial groups and foreign powers to destroy [Ukraine's] anti-corruption agencies."[25] In 2021, President Zelensky and other officials pledged to renew comprehensive reforms, including anti-corruption and justice sector reforms, industrial privatization, and security sector reform.[26] The government also launched a new effort to counter the influence of Ukraine's so-called oligarchs (see "Combatting Oligarchic Influence" below). Cabinet reshuffles led to the replacement of three ministers—of economy, infrastructure, and health—deemed to be underperforming and, in July 2021, the resignation after seven years in office of Ukraine's powerful but unpopular minister of internal affairs, Arsen Avakov.[27]

[22] In 2024, Ukrainian entities will be able to buy and sell up to 10,000 hectares (about 25,000 acres). Hromadske International, "Ukrainian Parliament Passes Land Market Law," March 31, 2020; and *RFE/RL*, "Ukraine Allows Farmland Sales for First Time Since Independence," July 2, 2021.

[23] Serhiy Verlanov, "Ukraine Will Never Reform Until Oligarchs Lose Power," Atlantic Council, November 9, 2020; Atlantic Council, *Washington Post*, "Ukraine's Anti-Corruption Push Is Stalled. Biden Can Help Get It Going Again," November 19, 2020; and Daryna Krasnolutska and Volodymyr Verbyany, "Ukraine's Leader Is Being Broken by the System He Vowed to Crush," *Bloomberg News,* December 17, 2020.

[24] Anders Aslund, "Central Bank Chief's Political Ouster Discredits Ukraine," Atlantic Council, July 10, 2020; and David L. Stern and Robyn Dixon, "Ukraine's Bank Chief Quit and Received a Coffin as a Warning. It's a Scandal that Threatens the Country's Economic Health," *Washington Post,* July 11, 2020.

[25] Volodymyr Zelensky, "Ukraine Courts Cannot Be Allowed to Throw Out Anti-corruption Gains," *Financial Times,* November 1, 2020.

[26] Oleksiy Sorokin, "Zelensky Urges Unity, Calls on Governing Party to Complete Reforms," *Kyiv Post,* March 13, 2021; and Interfax-Ukraine, "Minister Predicts Adoption of Amendments to Constitution in Terms of Decentralization in 2021," April 5, 2021.

[27] Oleg Varfolomeyev, "President Zelenskyy Reshuffles Government, Drops Powerful Interior Minister," Jamestown Foundation, July 20, 2021.

COVID-19 Pandemic in Ukraine

As of the start of October 2021, Ukraine has had more than 2.4 million confirmed cases of COVID-19 and almost 57,000 deaths attributed to the virus (excluding data from Russia-occupied regions). This puts Ukraine among the world's top 20 countries with the highest number of COVID-19 cases and attributed deaths. In response to the pandemic, the Ukrainian government adopted measures similar to those in other European countries, including restricted movement into and within the country, school closures, social distancing, and mask usage. The Ukrainian government began to ease restrictions in summer 2020 but imposed new restrictive measures in December 2020 during an initial surge in cases. A second higher and more deadly peak of cases emerged in spring 2021. Ukraine's vaccination drive has lagged behind that of most other European countries. As of the start of October 2021, about 13% of the population was fully vaccinated.

Sources: Ministry of Health of Ukraine and Johns Hopkins University of Medicine Coronavirus Resource Center.

Anti-corruption Efforts

After the 2014 Revolution of Dignity, the Ukrainian government made combating corruption a central focus of its reform agenda. High levels of corruption reportedly persisted during Poroshenko's presidency, however, and many officials resisted anti-corruption measures. Since 2013, Ukraine's score in the NGO Transparency International's Corruption Perception Index has improved gradually; in 2020, it ranked 117 out of 180 countries.[28] The United States and other international stakeholders strongly support Ukraine's anti-corruption reforms.

Since 2014, a major focus of anti-corruption reforms has been the establishment of three related institutions: the National Anti-Corruption Bureau of Ukraine (NABU), an investigative body; the Specialized Anti-Corruption Prosecutor's Office (SAPO); and the High Anti-Corruption Court (HACC).[29] A fourth anti-corruption institution, the National Agency on Corruption Prevention (NACP), oversees a system of public disclosure and verification of government officials' assets and incomes.[30]

Various obstacles have impeded the functioning of these anti-corruption institutions. As discussed in the sections below, they have met resistance reportedly from within the judiciary and from oligarchic forces, as well as from some government officials who may seek to retain political control over these potentially powerful institutions.

National Anti-Corruption Bureau of Ukraine

The National Anti-Corruption Bureau of Ukraine (NABU) has encountered repeated resistance from within Ukraine's government, reportedly due to the agency's investigative mandate and independence. In 2019, Ukraine's Constitutional Court (CCU)——which includes some judges suspected of seeking to impede anti-corruption reforms—ruled that the underlying legal basis for many NABU investigations, related to the crime of illicit enrichment, was unconstitutional. A new law on illicit enrichment enacted later in 2019 allowed new cases to proceed.[31]

[28] Transparency International, "Ukraine," Corruption Perceptions Index 2020; and Transparency International Ukraine, "Ukraine in the Corruption Perceptions Index 2020."

[29] In addition, in May 2021, the Ukrainian government established an Economic Security Bureau as a parallel agency to NABU to investigate other economic crimes. John Lough and Vladimir Dubrovskiy, *Are Ukraine's Anti-Corruption Reforms Working?*, Chatham House, November 2018; and Oleg Sukhov, "Government Creates Economic Security Bureau," *Kyiv Post*, May 12, 2021.

[30] Blerta Cela, "Electronic Asset Declarations for Public Officials—Two Years After Its Launch. A Panacea Against Corruption?" UNDP Ukraine, August 25, 2018.

[31] Transparency International, "Constitutional Court Ruling Undermines Anti-corruption Achievements in Ukraine,"

In 2020, however, the CCU ruled that former President Poroshenko had lacked the constitutional authority to establish NABU or appoint its director.[32] The parliament is considering legislation to strengthen NABU's constitutional grounding and preserve its independence, including through the participation of international experts in hiring NABU's director.[33]

National Agency on Corruption Prevention

After the National Agency on Corruption Prevention (NACP) was established, asset and income verifications of public officials moved slowly and eventually stalled. Former NACP employees accused agency officials of corruption and collusion with other government officials. Under Zelensky, the government restructured NAPC and appointed a new director with the aim of boosting the NAPC's integrity and independence.[34]

In 2020, however, the CCU issued a controversial ruling striking down legislation allowing the NACP to mandate and enforce asset declarations. Some CCU members and opposition MPs who initiated the case reportedly were under, or faced, the prospect of NACP-related investigations.[35] The government and parliament restored NACP authority to collect and publish asset declarations but reduced penalties for improper disclosures. In June 2021, the parliament passed legislation strengthening criminal liability for false declarations.[36]

High Anti-Corruption Court

After years of delay, Poroshenko agreed in 2018 to establish the High Anti-Corruption Court (HACC), after the United States, the EU, the IMF, and the World Bank called on the government to do so in line with international recommendations. Judges were selected via a competitive process that included the participation of international experts.[37]

Observers generally view HACC positively, although it too has faced challenges. The office of the prosecutor general has removed cases from HACC's jurisdiction, and the High Council of Justice (HCJ), the judiciary's self-governing body, has disciplined a HACC judge for what some observers consider to be politically motivated purposes. Observers have questioned the professionalism and integrity of some HACC judges.[38]

March 1, 2019; Oleksandra Drik, "Why the West Should Be Worried About Ukraine's Flagging Fight Against Graft," Atlantic Council, March 12, 2019; and Ukrinform, "World Bank Welcomes Signing of Law on Illicit Enrichment in Ukraine," November 26, 2019.

[32] Tetiana Shevchuk, "Pro-Kremlin MPs and Oligarchs Wage Lawfare on Ukraine's Reform Agenda," Atlantic Council, September 1, 2020; and Roman Olearchyk, "Ukraine Anti-corruption Drive in Doubt After Court Ruling," *Financial Times*, September 17, 2020.

[33] Reuters, "Ukraine Backs Bill to Boost Independence of Anti-Corruption Bureau," May 21, 2021.

[34] Government of Ukraine, "Government Appoints Oleksandr Novikov as Head of the National Agency on Corruption Prevention," January 15, 2020.

[35] Roman Olearchyk and Ben Hall, "Zelensky Faces Pivotal Moment in Confrontation with Constitutional Court," *Financial Times*, November 2, 2020; and Anton Naychuk, "The Constitutional Court Can Be a Threat: How Zelenskyy Can Save the Anti-corruption Policy of Ukraine," *New Eastern Europe*, January 11, 2021.

[36] Anticorruption Action Center (AntAC), et al., "CSO's Statement on New Law Reinstating Criminal Liability for False Declarations," December 5, 2020; and Reuters, "Ukraine Backs Bill to Jail Officials for False Asset Declarations," June 29, 2021.

[37] Marc Jones, "IMF Backs Ukraine Anti-corruption Court Plan," Reuters, July 25, 2018; and Ukrinform, "How Judges of High Anti-Corruption Court Were Selected," April 16, 2019.

[38] Oleg Sukhov, "Anti-corruption Court Better Than Others, but Still Not Good Enough," *Kyiv Post*, April 23, 2021.

Specialized Anti-Corruption Prosecutor's Office

During Poroshenko's presidency, NABU and many observers believed the Specialized Anti-Corruption Prosecutor's Office (SAPO) head lacked sufficient political independence, and concerns emerged that he was hindering the progress of NABU-initiated investigations.[39] The SAPO head resigned in August 2020, three months before his term in office was to expire.[40]

As of the start of October 2021, the selection process for a new SAPO head was ongoing. Out of 37 candidates, two remained under consideration. Some contend the government has been seeking to manipulate the selection process, which includes the participation of international experts, to ensure the appointment of a politically loyal candidate.[41]

Justice Sector Reforms

Ukraine's anti-corruption reforms are part of broader reforms to the justice sector. These reforms are intended to reduce corruption and promote professionalism and integrity in the prosecutorial service and judiciary, including within the CCU and the HCJ, a judicial governing body that has been "accused of blocking judicial reform and promoting tainted judges."[42]

Office of the Prosecutor General

Zelensky's first prosecutor general embarked on an institutional reform that included a recertification process for all prosecutors. In March 2020, the EU Advisory Mission in Ukraine called the reforms "one of the most comprehensive and meaningful reform efforts in the civilian security sector in years."[43] Of more than 1,300 central prosecutors, more than half were removed after they declined to be vetted, failed knowledge-based tests, or did not pass interviews designed as "integrity" checks. Some observers and political opponents have criticized the current prosecutor general for allegedly limiting the progress of further prosecutorial reforms and sheltering some government-linked figures from justice.[44]

High Council of Justice/High Qualifications Commission of Judges

In July 2021, the parliament passed long-awaited legislation to reform the HCJ, including by establishing an ethics council to oversee appointments to the HCJ, and to reform the High Qualifications Commission of Judges (HQCJ), a commission that hires and fires judges.[45] Both

[39] Oleg Sukhov and Olena Goncharova, "Anti-Corruption Prosecutor Alleged to Have Blocked Cases Against Powerful Suspects," *Kyiv Post*, April 6, 2018; Olena Makarenko, "Ukraine's Main Anti-Corruption Prosecutor Keeps Office Despite Gross Violations of Professional Ethics," Euromaidan Press, July 27, 2018; and Oleg Sukhov, "Criminal Case Against Anti-Corruption Prosecutor Kholodnytsky Closed," *Kyiv Post*, January 29, 2019.

[40] Ukrinform, "Kholodnytsky Hopes Anti-Corruption Court Will Put End to Top Corruption Cases," October 29, 2019; and Matthew Kupfer and Olga Rudenko, "Ukraine's Top Anti-Corruption Official Under Fire from Targets of His Investigations," *Kyiv Post*, February 20, 2020.

[41] Oleg Sukhov, "Selection Panel Accused of Vetoing Best Candidates for Chief Anti-Graft Prosecutor," *Kyiv Post*, June 26, 2021; and Kateryna Ryzhenko, "Election of SAPO Head at the Finish Line: What to Expect?", Transparency International Ukraine, July 28, 2021.

[42] Oleg Sukhov, "Zelensky's Obstacles on the Way to Rule of Law," *Kyiv Post*, September 6, 2019.

[43] @EUAM_Ukraine, Twitter, March 4, 2020.

[44] AntAC, "'Where Are the Results?' or Top 5 Failures of Venediktova as a Prosecutor General," October 14, 2020; and Oleg Sukhov and Oleksiy Sorokin, "Top Prosecutor's Priority Appears to Be Image over Achievement," *Kyiv Post*, September 3, 2021.

[45] Olena Makarenko, "'Historical Event' as Ukraine Finally Adopts All Legislation for Judicial Reform," *Euromaidan*

the ethics council and the HQCJ hiring committee are to include international experts. Under Zelensky, an initial judicial reform law had been enacted in 2019, but HCJ and CCU decisions prevented the law from taking effect.[46] In September 2021, Ukraine's Council of Judges (another judicial body) declined to participate as required by law in the process of appointing members to the ethics council; the U.S. State Department said this action "threatens to derail the promise of real judicial reform in Ukraine."[47]

Constitutional Court of Ukraine

President Zelensky has initiated measures to reform the CCU, although observers have debated the legality of his efforts. After the CCU issued the above-mentioned rulings against anti-corruption institutions in 2020, Zelensky called on parliament to disband the court, reform it, and repopulate it with new judges. He then suspended the CCU chairman and, in March 2021, cancelled the 2013 decrees by which then-President Yanukovych appointed the chairman and another judge. In July 2021, Ukraine's Supreme Court overruled Zelensky's order; the government has appealed the decision.[48]

Kyiv District Administrative Court

Zelensky also has said he is seeking to restructure the Kyiv District Administrative Court (KDAC), which observers consider to be especially plagued by corruption. In April 2021, the government introduced a bill to eliminate KDAC and replace it with a new court composed of new judges.[49] The KDAC chairman and other judges have been charged twice for crimes including obstruction of justice, bribery, and abuse of power. Efforts to arrest or prosecute them have been unsuccessful for unclear reasons.[50]

Combatting Oligarchic Influence

In 2021, the Ukrainian government launched a highly publicized effort to combat the influence of Ukraine's so-called oligarchs under the slogan of "de-oligarchization."[51] In May 2021, the head of Ukraine's National Security and Defense Council (NSDC) said that 13 Ukrainian citizens matched the government's proposed definition of an "oligarch." This term subsequently was defined in draft legislation as those individuals who meet three of four criteria: a participant in political life, someone who has significant media influence, the beneficial owner of a

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Press, July 14, 2021; and Olena Halushka and Tetiana Shevchuk, "Ukraine Takes a Big Step Towards Judicial Reform," Atlantic Council, July 18, 2021.

[46] Olena Halushka and Halyna Chyzhyk, "Is Ukraine's New Judicial Reform a Step Forward?" Atlantic Council, October 24, 2019; and Oleg Sukhov, "Constitutional Court Cancels Most of Zelensky's Judicial Reform," *Kyiv Post*, March 12, 2020.

[47] U.S. Department of State, "Judicial Reform in Ukraine," September 16, 2021.

[48] Roman Olearchyk, "Ukraine's President Ousts Two Judges for Being Threats to National Security," *Financial Times*, March 27, 2021; and Natalia Zinets, "Ukraine President to Appeal After Court Bars Him from Firing Top Judge," Reuters, July 14, 2021.

[49] Oleg Sukhov, "Zelensky Moves to Liquidate Ukraine's Most Scandalous Court," *Kyiv Post*, April 13, 2021.

[50] AntAC, "Destroy Vovk's Influence: How the President Wants to Liquidate the KDAC," April 14, 2021.

[51] President of Ukraine, "For the First Time in Many Years, the Number of Oligarchs in Ukraine Has Decreased, and the Process of De-oligarchization Will Be Continued—Volodymyr Zelenskyy," May 14, 2021. Also see Roman Olearchyk, "Zelensky Takes on Ukraine's Oligarchs in Bid to Court Biden," *Financial Times*, March 2, 2021; and David L. Stern, "Ukraine Wants to Show Biden It's Serious About Ending 'Oligarch Era.' That's Not So Easy," *Washington Post*, March 29, 2021.

monopolistic company, and the holder of confirmed assets valued at more than one million times Ukraine's monthly subsistence minimum (currently around $84 million).[52]

According to Ukraine's so-called oligarch law, which the parliament passed in September 2021, individuals declared to be oligarchs will have to declare their assets and they will not be permitted to finance political parties or participate in privatization auctions. In addition, government officials will have to report all interactions with them. The parliament passed the law a day after one of Zelensky's closest aides survived a shooting attack that some officials and observers speculated could be linked to the government's efforts to reduce oligarchs' influence.[53]

The first prominent target of the "de-oligarchization" policy was Russian-leaning opposition party leader (and wealthy businessman and media mogul) Viktor Medvedchuk. In February 2021, the NSDC imposed sanctions on Medvedchuk, as well as on related individuals and entities, for allegedly financing terrorism. Medvedchuk and others were said to benefit from energy trade with the separatist regimes of eastern Ukraine (which Ukrainian law defines as terrorists). The sanctioned entities include three television networks many considered to be sources of Russian propaganda and which were officially owned by one of Medvedchuk's colleagues.[54] Medvedchuk subsequently was indicted on separate treason-related charges in May 2021.[55]

Ukrainian "Oligarchs"
referenced in report

Rinat Akhmetov: Metals, mining, energy, coal, media. Wealthiest person in Ukraine. Owned companies seized by Russian proxies in Russia-occupied eastern Ukraine.

Dmytro Firtash: Energy, chemicals, metals, media. Under U.S. indictment and subject to Ukrainian sanctions. Resides in Austria, from where the U.S. government seeks his extradition.

Ihor Kolomoysky: Finance, energy, air transport, media. Former governor of Dnipropetrovsk region. Controls television station that used to air Zelensky's media programs. Under U.S. investigation and subject to U.S. visa sanctions. Connected companies and colleagues under Ukrainian investigation. Fourth wealthiest person in Ukraine.

Viktor Medvedchuk: Energy, media. Co-leader of Russian-leaning opposition party Opposition Platform-For Life. Friend of Russian President Vladimir Putin. Subject to Ukrainian and U.S. sanctions and under Ukrainian indictment.

Petro Poroshenko: Confectionaries, agriculture, media. Former president and head of opposition European Solidarity party. Under Ukrainian investigations that supporters consider to be politically motivated. Sixth wealthiest person in Ukraine.

Note: According to *Forbes*, seven Ukrainians were billionaires at the start of 2021; these include (in addition to Akhmetov, Kolomoysky, and Poroshenko) Viktor Pinchuk, Kostyantyn Zhevago, Gennadiy Boholyubov, and Vadim Novinsky.

Another prominent businessman, Ihor Kolomoysky, with whom President Zelensky has had ties, also has been targeted, although not directly. In 2020, legislation was enacted to prevent the possible return of PrivatBank, Ukraine's largest commercial bank, to Kolomoysky and another previous owner. The National Bank of Ukraine nationalized PrivatBank

[52] Oleksiy Sorokin, "Security Council Says Ukraine Has 13 Oligarchs," *Kyiv Post,* May 11, 2021; and Interfax-Ukraine, "Rada Passes at First Reading Bill on De-Oligarchization," July 1, 2021.

[53] Mark Raczkiewycz and Polina Ivanova, "Ukraine Passes Law to Curb Political Influence of Oligarchs," *Financial Times*, September 23, 2021; and Thaisa Semenova, "An Assassination Attempt Leaves Ukraine's Authorities Perplexed," *Kyiv Post,* September 23, 2021.

[54] Peter Dickinson, "Ukraine Bans Kremlin-Linked TV Channels," Atlantic Council, February 5, 2021; and Alla Hurska, "Ukraine's Sanctions Against Pro-Russian Oligarch Medvedchuk—All About Oil and Coal," Jamestown Foundation, February 24, 2021.

[55] Todd Prince, "A Powerful Kremlin Ally Faces a Treason Trial in Ukraine. Ukraine's President Faces a Political Trip Wire," *RFE/RL*, May 14, 2021.

in 2016 after $5.5 billion went missing (its owners were suspected of benefitting from fraudulent lending).[56]

In 2021, additional actions potentially seeking to undermine Kolomoysky's influence have followed. Authorities indicted three former PrivatBank executives (not including Kolomoysky) on embezzlement charges.[57] Authorities also launched an investigation against a state-owned electricity company in which Kolomoysky previously exerted influence.[58] In addition, Servant of the People expelled from its parliamentary faction a leading supporter of Kolomoysky, Oleksandr Dubinsky.

A third target has been Dmytro Firtash, who reportedly has controlled much of Ukraine's domestic gas distribution network, as well as chemical and metal (titanium) companies. In June 2021, the NSDC imposed sanctions on Firtash, who currently resides in Austria, where he is fighting extradition to the United States.[59]

The Ukrainian government's actions in part align with U.S. actions, including sanctions, against these individuals. In 2014, the Obama Administration imposed sanctions on Medvedchuk for his role in Russia's invasion of Ukraine and indicted Firtash on bribery-related charges.[60] In January 2021, the Trump Administration imposed sanctions on the Kolomoysky-linked Dubinsky in connection with "a Russia-linked foreign influence network" that allegedly sought to interfere in the 2020 U.S. presidential election.[61] In March 2021, the Biden Administration imposed sanctions on Kolomoysky "due to his involvement in significant corruption."[62] The Federal Bureau of Investigation is investigating Kolomoysky for alleged embezzlement and fraud.[63]

Some observers have raised concerns about the Ukrainian government's "de-oligarchization" policy. They say it is too personalized and selective, does not address core causes of corruption or oligarchic influence in Ukrainian politics, and potentially runs afoul of free speech considerations.[64]

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[56] Matthias Williams and Natalia Zinets, "Comedian Faces Scrutiny over Oligarch Ties in Ukraine Presidential Race," Reuters, April 1, 2019; and Roman Olearchyk, "Ukraine Approves Law to Safeguard Banking Clean-Up," *Financial Times,* May 13, 2020.

[57] Ben Aris, "Zelenskiy Steps Up His Assault on the Oligarchs as Ex-Privatbank CEO Names as Fraud Suspect," *bne Intellinews*, February 23, 2021; and Roman Olearchyk, "Zelensky's Anti-Corruption Squad Swoops on Ukrainian Oligarchy," *Financial Times,* March 25, 2021.

[58] Oleksiy Sorokin, "SBU Search Kolomoysky's Office in Centrenergo Embezzlement Case," *Kyiv Post,* April 23, 2021.

[59] Mark Rachkevych, "Firtash Presses All Buttons to Avoid US Extradition on Bribery Charges," *Kyiv Post,* February 23, 2021; and Todd Prince, "Ukraine Slaps Sanctions on Oligarch Wanted by U.S. Ahead of President's Trip to Washington," *RFE/RL,* June 18, 2021.

[60] U.S. Department of the Treasury, "Treasury Designates Four Individuals Involved in Violating Ukrainian Sovereignty," March 17, 2014; and U.S. Department of Justice, "Six Defendants Indicted in Alleged Conspiracy to Bribe Government Officials in India to Mine Titanium Minerals," press release, April 2, 2014.

[61] U.S. Department of the Treasury, "Treasury Takes Further Action Against Russian-linked Actors," press release, January 11, 2021.

[62] U.S. Department of State, "Public Designation of Oligarch and Former Ukrainian Public Official Ihor Kolomoyskyy Due to Involvement in Significant Corruption," March 5, 2021.

[63] U.S. Department of Justice, "Justice Department Seeks Forfeiture of Third Commercial Property Purchased with Funds Misappropriated from PrivatBank in Ukraine," December 30, 2020; and Andrew E. Kramer, "U.S. Sanctions Key Ukrainian Oligarch," *New York Times,* March 5, 2021.

[64] Taras Kuzio, "Can Zelensky's Turn to Populism Save Him in the Next Ukrainian Election?" *National Interest,* June 24, 2021; Andrew Wilson, "Faltering Fightback: Zelensky's Piecemeal Campaign Against Ukraine's Oligarchs," European Council on Foreign Relations, July 6, 2021; David Clark, "Will Zelenskyy Target All Ukrainian Oligarchs

Figure 3. Ukraine

Sources: Graphic produced by CRS. Map information generated using data from the Department of State, Esri, and DeLorme.

Conflict with Russia[65]

Many observers believe that of all the post-Soviet states, Ukraine's independence has been the most difficult for Russians to accept. Many Russians traditionally considered much of Ukraine to be a historical province of Russia and Ukrainians to be close ethnic brethren. In July 2021, Russian President Vladimir Putin published an essay expanding upon claims he has made before regarding Ukraine's ties to Russia and maintaining that Russians and Ukrainians are "one people."[66]

Most Ukrainians can speak Russian, whether as a primary or secondary language. In Ukraine's last national census (2001), 17% of the population identified as ethnic Russians, mostly concentrated in the south (Crimea) and east, where ties to Russia are stronger than in the rest of the country. In Soviet times, eastern Ukraine became home to a heavy industrial and defense production sector that retained close economic ties to Russia after independence.

Before 2014, the Russia-Ukraine relationship occasionally suffered turbulence, with disputes over Ukraine's ties to NATO and the EU, the status of Russia's Crimea-based Black Sea Fleet, and the transit of Russian natural gas via Ukraine to Europe. By the end of 2013, ex-President

Equally?" Atlantic Council, July 10, 2021; and Olena Removska, "Zelenskiy's 'De-Oligarchization' Goal Important, Path to Success 'Difficult,' U.S. Official Says," *RFE/RL*, July 24, 2021.

[65] Andrew Bowen, Analyst in Russian and European Affairs, contributed to this section.

[66] President of Russia, "Article by Vladimir Putin 'On the Historical Unity of Russians and Ukrainians,'" July 12, 2021.

Yanukovych appeared to make a decisive move toward Russia, postponing an association agreement to establish closer political and economic ties with the EU and agreeing instead to substantial financial assistance from Moscow. This decision provoked the Euromaidan protests and, ultimately, led to Yanukovych's removal from power.

Russia's invasion of Ukraine occurred soon after Yanukovych fled to Russia in February 2014.[67] Russian government officials cast the Revolution of Dignity as a Western-backed "coup" that, among other things, could threaten the security of the ethnic Russian population in Ukraine's Crimea region, could eject Russia's Black Sea Fleet from the region, and even could bring Ukraine into NATO. The Russian government covertly deployed forces to Crimea and, after holding what most observers consider to have been an illegal referendum, declared it was incorporating Crimea (with a population of about 2 million) directly into the Russian Federation (for a map, see **Figure 3**).

Moscow then engineered the rise of new separatist movements in eastern Ukraine (the Donetsk and Luhansk regions, collectively known as the Donbas, with a population of about 6.6 million in 2014). Militants forcibly took power in several cities and towns, announced the establishment of two separatist entities (the so-called Donetsk People's Republic, or DPR, and Luhansk People's Republic, or LPR), and gradually expanded their control in the two regions. Ukrainian government and volunteer forces fought back, restoring state control over a portion of each region but suffering some major defeats, including in battles in which regular Russian forces reportedly participated.[68] In 2019, one study estimated that about half the pre-conflict population of the Donetsk and Luhansk regions (or 3.2 million people) were living under the control of Russian proxies.[69]

For Russia, the establishment of separatist entities in eastern Ukraine may have served multiple purposes. The Russian government claimed it was seeking to "protect" relatively pro-Russian populations in these regions. Many observers believe that Moscow sought to complicate Ukraine's domestic development and foreign policy and to increase Russian leverage in potential negotiations over Ukraine's future trajectory.[70]

To date, the conflict has led to more than 10,000 combatant deaths and almost 3,400 civilian fatalities. Ukraine has registered more than 1.4 million people as internally displaced persons.[71]

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[67] Studies of the conflict in Crimea and eastern Ukraine include Richard Sakwa, *Frontline Ukraine: Crisis in the Borderlands* (I.B. Tauris, 2016); Michael Kofman et al., *Lessons from Russia's Operations in Crimea and Eastern Ukraine* (RAND Corporation, 2017); Samuel Charap and Timothy J. Colton, *Everyone Loses: The Ukraine Crisis and the Ruinous Contest for Post-Soviet Eurasia* (Routledge/IISS, 2017); and Lawrence Freedman, *Ukraine and the Art of Strategy* (Oxford University Press, 2019).

[68] Maj. Michael Cohen, "Ukraine's Battle at Ilovaisk, August 2014: The Tyranny of Means," *Military Review*, June 10, 2016; Maj. Amos C. Fox, *"Cyborgs at Little Stalingrad": A Brief History of the Battles of the Donetsk Airport*, Institute of Land Warfare, May 2019; and Maj. Amos C. Fox, "Battle of Debal'tseve: The Conventional Line of Effort in Russia's Hybrid War in Ukraine," *Armor* (Winter 2017), pp. 45-52.

[69] Yuriy Vyshnevskyy, "Demography of ORDLO (Separate Districts of Donetsk and Luhansk Regions)," *Delovaya Stolitsa* (Ukraine), n.d., at https://www.dsnews.ua/static/longread/donbas-eng/demography-of-ordlo.html; and International Crisis Group, *Peace in Ukraine (III): The Costs of War in Donbas*, September 3, 2020.

[70] Charap and Colton, *Everyone Loses*; and Andrew S. Bowen, "Coercive Diplomacy and the Donbas: Explaining Russian Strategy in Eastern Ukraine," *Journal of Strategic Studies*, vol. 42, no. 3-4 (2019), pp. 312-343.

[71] This count includes the 298 foreign nationals killed in the July 17, 2014, downing of Malaysian Airlines Flight 17 (or MH17), a commercial aircraft en route from Amsterdam to Kuala Lumpur that was shot down in Ukrainian airspace. Office of the U.N. High Commissioner for Human Rights (OHCHR), "Conflict-Related Civilian Casualties in Ukraine," May 6, 2021; OHCHR, *Report on the Human Rights Situation in Ukraine: 1 August 2020-31 January 2021*, March 11, 2021, p. 7; and U.N. High Commissioner for Refugees (UNHCR), "Ukraine—Registration of Internal

Ukrainian officials state that a few hundred Ukrainians remain in illegal detention in Russia-controlled areas of eastern Ukraine, occupied Crimea, or Russia.[72]

The conflict's intensity has declined since 2015, but sporadic fighting has continued. A July 2020 cease-fire led to a reduced number of cease-fire violations and casualties for several months.[73] A new round of hostilities occurred in March 2021, as Russia amassed troops along its border with Ukraine and in occupied Crimea. The size and sustained nature of Russian troop deployments greatly concerned Ukrainian and Western governments.[74]

Crimea

Since 2014, Russia has significantly increased its military presence in Crimea and suppressed local dissent. Russia has deployed more than 30,000 armed personnel to Crimea. Russia's military forces in Crimea include ground, artillery, coastal defense, air defense, and fighter units.[75] Additionally, Russia has increased the size and capability of its Black Sea Fleet, headquartered in Sevastopol.[76]

The Office of the U.N. High Commissioner for Human Rights (OHCHR) has documented "multiple and grave" human rights violations in Crimea and said that minority Crimean Tatars, who are generally opposed to Russia's occupation, have been "particularly targeted."[77] Russia reportedly has relocated more than 200,000 Russian nationals to the occupied region.[78] The Ukrainian government and state-owned companies have pursued claims in international arbitration courts concerning the violation of their rights in Crimea and in nearby maritime waters.[79]

Much of the international community does not recognize Russia's purported annexation of Crimea. Many have condemned Russia's occupation as a violation of international law and of Russia's own international commitments. In particular, many consider it to be a violation of the 1994 Budapest Memorandum, in which Russia, together with the United States and the United Kingdom (UK), reaffirmed its commitment "to respect the independence and sovereignty and the existing borders of Ukraine," as well as the "obligation to refrain from the threat or use of force"

Displacement."

[72] White House, "Remarks by President Biden and President Zelenskyy of Ukraine Before Bilateral Meeting," September 1, 2021.

[73] OHCHR, *Report on the Human Rights Situation in Ukraine: 1 August 2020-31 January 2021*, March 11, 2021.

[74] Andrew E. Kramer, "Fighting Escalates in Eastern Ukraine, Signaling the End to Another Cease-Fire," *New York Times*, March 30, 2021; Michael Kofman, "Russia's Military Buildup near Ukraine is an Intimidation Tactic," *Moscow Times*, April 3, 2021; and Isabelle Khurshudyan et al., "On Ukraine's Doorstep, Russia Boosts Military and Sends Message of Regional Clout to Biden," *Washington Post*, April 10, 2021.

[75] This includes units equipped with S-400 surface-to-air missiles and Bastion-P coastal defense systems. Patrick Tucker, "U.S. Intelligence Officials and Satellite Photos Detail Russian Military Buildup on Crimea," *Defense One*, June 12, 2019; and Ukrinform, "Already 31,500 Russian Troops Deployed in Occupied Crimea," November 7, 2019.

[76] Dmitry Gorenburg, "Is a New Russian Black Sea Fleet Coming? Or Is It Here?," War on the Rocks, July 31, 2018; and Igor Delanoe, *Russia's Black Sea Fleet: Toward a Multiregional Force*, CNA, June 2019.

[77] Crimean Tatars made up about 10%-15% of Crimea's population before the occupation. OHCHR, "Situation of Human Rights in the Temporarily Occupied Autonomous Republic of Crimea and the City of Sevastopol (Ukraine)," September 25, 2017.

[78] Alla Hurska, "Demographic Transformation of Crimea: Forced Migration as Part of Russia's 'Hybrid' Strategy," Jamestown Foundation, March 29, 2021.

[79] Kateryna Busol, "Can Ukraine's Appeal to the International Courts Work?" Chatham House, April 3, 2020.

against Ukraine.[80] Since 2014, the U.N. General Assembly has voted several times, most recently in 2020, to affirm Ukraine's territorial integrity, condemn the "temporary occupation" of Crimea, and reaffirm nonrecognition of its annexation.[81]

Eastern Ukraine

In contrast to its policy toward Crimea, Moscow officially recognizes the areas it controls in eastern Ukraine as Ukrainian territory. Although the Russian government continues to deny military involvement in eastern Ukraine, U.S. officials have said that "Russia has 100 percent command and control of what is happening in the occupied areas there—military forces, political entities, and direct economic activity."[82] In May 2021, Ukrainian officials estimated that almost 3,000 Russian military forces, mostly in command and control positions, were fighting in eastern Ukraine, with the total number of Russia-led fighters estimated at more than 35,000.[83] In May 2021, Russian officials stated that Russia had granted citizenship to more than 525,000 residents of Russia-controlled areas of eastern Ukraine.[84]

Until the onset of the COVID-19 pandemic, residents were freely permitted to cross the approximately 300-mile long "contact line" that divides the government- and Russia-controlled areas of Donetsk and Luhansk. In 2019, an average of about 1.2 million total crossings occurred per month via five official crossing points (expanded to seven in November 2020). The pandemic led to the temporary closure of crossing points. After the crossing points began to reopen, authorities in the Russia-controlled areas imposed new restrictions, limiting total crossings to under 100,000 per month.[85]

Conflict Resolution Process

With respect to eastern Ukraine, Russia and Ukraine formally participate in a conflict resolution process structured around a set of measures known as the Minsk agreements (Russia refuses to engage in a similar conflict resolution process with respect to Crimea, as Russia claims to have annexed that region). The Minsk agreements were signed in 2014 and 2015 by representatives of Russia, Ukraine, and the Organization for Security and Cooperation in Europe (OSCE)—members of what is known as the Trilateral Contact Group—together with Russian proxy authorities in eastern Ukraine (see "Minsk Agreements" text box, below). The agreements are

[80] These assurances were provided in connection with Ukraine's assent to the removal of nuclear weapons from its territory. The official title of the Budapest Memorandum is the Memorandum on Security Assurances in Connection with Ukraine's Accession to the Treaty on the Non-Proliferation of Nuclear Weapons. United Nations General Assembly/Security Council (A/49/765, S/1994/1399), December 19, 1994. Also see Steven Pifer, *The Trilateral Process: The United States, Ukraine, Russia and Nuclear Weapons*, Brookings, May 2011.

[81] U.N. General Assembly Resolutions A/RES/75/29, December 7, 2020; and A/RES/75/192, December 16, 2020.

[82] Then-U.S. Ambassador to the United Nations Nikki Haley said, "militants in eastern Ukraine report directly to the Russian military, which arms them, trains them, leads them and fights alongside them." U.S. Department of State, "Press Briefing with Kurt Volker, Special Representative for Ukraine Negotiations," November 8, 2018; and Remarks at the U.N. Security Council (S/PV.8270, 16), May 29, 2018, at https://undocs.org/en/S/PV.8270.

[83] Permanent Mission of Ukraine to the International Organizations in Vienna, "Statement on Russia's On-going Aggression Against Ukraine and Illegal Occupation of Crimea," May 27, 2021.

[84] TASS Russian News Agency, "Nearly 530,000 Donbass Citizens Receive Russian Citizenship in Simplified Procedure," May 2, 2021.

[85] Dmitry Durnev, "In Ukraine's Donbas, Coronavirus Is Pushing People on Both Sides Ever Further Apart," *openDemocracy*, June 30, 2020; Alisa Sopova and Anastasia Taylor-Lind, "How Seven Years of War and COVID-19 Split Ukraine in Two," *New Humanitarian*, April 6, 2021; and UNHCR, "Checkpoints—People's Monthly Crossings," at https://www.unhcr.org/ua/en/resources/checkpoints-crossings.

supported by a broader international grouping known as the Normandy Four (or Normandy Format): France, Germany, Russia, and Ukraine.

Minsk Agreements

The Minsk agreements were signed in September 2014 and February 2015. The 2014 agreements included the 12-point Minsk Protocol, signed days after Russia-led forces defeated Ukrainian government and volunteer forces in a major battle, and a follow-up memorandum outlining measures for a cease-fire and international monitoring mission. The Minsk Protocol failed to end fighting or prompt a political resolution to the conflict. Leaders from Ukraine and Russia, as well as from France and Germany, met again in February 2015, amid another major battle, to develop a more detailed "package of measures" known as Minsk-2. Although Minsk-2 established a specific timeline and/or sequencing for several of its measures, the sequencing of some key measures was ambiguous. Many of the measures in Minsk-2 remain unfulfilled to date. A summary of Minsk-2 measures is as follows:

1. Immediate and comprehensive cease-fire.
2. Withdrawal of heavy weapons from defined security zones.
3. OSCE monitoring and verification of the cease-fire regime and withdrawal of heavy weapons.
4. Dialogue on (1) modalities of local elections in accordance with Ukrainian legislation and (2) the future status of "certain areas" in Donetsk and Luhansk and specification of the areas in eastern Ukraine to which this status applies.
5. Amnesty via a law forbidding persecution and punishment of persons "in connection with the events" that took place in certain areas in Donetsk and Luhansk.
6. Release and exchange of all hostages and other illegally detained people based on a principle of "all for all."
7. Safe access and delivery of humanitarian aid to those in need, on the basis of an international mechanism.
8. Determining modalities for fully restoring social and economic links with nongovernment-controlled areas of eastern Ukraine, including pensions and taxes (and, consequently, functioning of the Ukrainian banking system in those areas).
9. Restoration of full Ukrainian control over its border with Russia, beginning from the first day after local elections and ending after a comprehensive political settlement, following the introduction of a new constitution and permanent legislation on the special status of certain areas in Donetsk and Luhansk.
10. Withdrawal of all foreign armed groups, weapons, and mercenaries from Ukrainian territory and disarmament of all illegal groups.
11. Constitutional reform, including on decentralization, and permanent legislation on the special status of certain areas in Donetsk and Luhansk, in agreement with representatives of nongovernment-controlled areas.
12. Local elections to be held in certain areas in Donetsk and Luhansk, in agreement with representatives of those districts and in accordance with OSCE standards.
13. Intensification of the work of the Trilateral Contact Group, including through working groups on implementation of the Minsk agreements.

Sources: "Protocol on the Outcome of Consultations of the Trilateral Contact Group on Joint Steps Aimed at the Implementation of the Peace Plan of the President of Ukraine, P. Poroshenko, and the Initiatives of the President of the Russian Federation, V. Putin," September 5, 2014; "Memorandum on the Implementation of the Provisions of the Protocol […]," September 19, 2014; and "Package of Measures for the Implementation of the Minsk Agreements," February 12, 2015.

The U.N. Security Council, which includes Russia as a permanent member, has endorsed the Minsk agreements. U.N. Security Council Resolution 2202 (2015) endorses and calls on all parties to fully implement the package of measures. In 2018, a Security Council "presidential statement" urged "[the] parties to recommit to the peace process [and] achieve immediate progress in the implementation of the Minsk agreements."[86]

[86] U.N. Security Council, "Condemning Continuous Ceasefire Violations in Eastern Ukraine, Security Council Presidential Statement Expresses Grave Concern About Severe Impact on Civilians," SC/13367, June 6, 2018.

Ukrainian President Zelensky initially sought to reinvigorate what had been a relatively dormant conflict resolution process. In 2019, Ukrainian and Russia-led forces implemented one long-planned confidence-building measure: the withdrawal of armed forces and hardware from three disengagement areas near populated areas. Several major prisoner exchanges also occurred.[87] Although the July 2020 cease-fire was more successful than previous ones, armed hostilities have continued. In addition, efforts to settle thornier issues, including the withdrawal of Russian forces and the legal status of Russia-controlled areas, have not been successful.

After Russia's spring 2021 military buildup along the border with Ukraine and in Crimea, President Zelensky called for a reconsideration of the Minsk process and the expansion of the Normandy Format to include the United States and others.[88] Ukrainian officials have underlined the need for a permanent cease-fire and withdrawal of Russian official and unofficial forces, both on principle and as a necessary condition for establishing a secure environment to hold free and fair local elections in the Russia-controlled regions of eastern Ukraine.

The Russian government, for its part, continues to deny a substantial military presence in eastern Ukraine and disavows responsibility for cease-fire violations and the failure to withdraw heavy weapons. Russia has called on Ukraine, irrespective of the security environment and the presence of Russian forces, to fulfill certain political measures, including a permanent grant of special status to the nongovernment-controlled areas and related constitutional reforms.

In eastern Ukraine, an international monitoring mission monitors cease-fire violations and the presence of heavy weaponry within defined security zones. The OSCE's Special Monitoring Mission (SMM) to Ukraine is an unarmed civilian monitoring mission that was established in 2014 after Russia's occupation of Crimea. The SMM is deployed throughout Ukraine but focuses on the nongovernment-controlled areas in Donetsk and Luhansk. As of August 2021, the SMM includes almost 700 international monitors, including 59 from the United States, the SMM's largest contributor.[89] The SMM issues daily and spot monitoring reports on the security situation and facilitates the delivery of humanitarian aid.

The OSCE also operated an Observer Mission at the Russian Checkpoints Gukovo and Donetsk (both within Russia) to monitor border crossings to and from eastern Ukraine. In September 2021, Russian authorities announced that Russia would not support a renewal of this second mission's mandate after September 30, 2021.[90]

Maritime Conflict

Russia has sought to establish greater control over maritime regions adjacent to Crimea and eastern Ukraine, including in the Sea of Azov, the Black Sea, and the Kerch Strait, which connects the two seas (see **Figure 4**). In 2018, Russian President Putin opened a 12-mile-long bridge over the Kerch Strait linking Russia to occupied Crimea. The bridge was designed to

[87] *RFE/RL*, "Ukraine, Russia-Backed Separatists Hold Another Prisoner Swap," April 16, 2020; and International Crisis Group, *Peace in Ukraine (II): A New Approach to Disengagement*, August 3, 2020.

[88] Ben Hall, "Ukrainian Leader Calls for Revamp of Peace Process to End Donbas War," *Financial Times*, April 26, 2021.

[89] Organization for Security and Cooperation in Europe (OSCE) Special Monitoring Mission to Ukraine, "Status Report as of 23 August 2021," August 30, 2021.

[90] Ministry of Foreign Affairs of the Russian Federation, "Comment by Foreign Ministry Spokeswoman Maria Zakharova on the Termination of OSCE Observer Mission's Activities at the Gukovo and Donetsk Checkpoints on the Russia-Ukraine Border," September 3, 2021; and U.S. Mission to the OSCE, "Right of Reply to Russia: Russia's Objection to Renewal of the OSCE's Border Observer Mission Mandate," September 2, 2021.

accommodate an existing shipping lane, but it imposed new limits on the size of ships that transit the strait and enables Russia to prevent passage to and from the Sea of Azov. Russia also bolstered its maritime forces in the Sea of Azov. Russia interferes with commercial traffic traveling to and from Ukrainian ports on the Sea of Azov in Mariupol and Berdyansk, which export steel, grain, and coal.[91]

In 2018, Russian forces forcibly prevented Ukrainian naval vessels from passing through the Kerch Strait to reach Ukrainian shores, illegally detained 24 crew members for 10 months, and returned their heavily damaged ships after two more months.[92] Ukraine and its international partners considered the incident to be a major violation of international law and an escalation in Russia's efforts to control maritime access to eastern Ukraine.[93] In 2019, the U.N.-established International Tribunal for the Law of the Sea issued an order requiring Russia to release the sailors and ships.[94]

[91] Oksana Grytsenko and Kostyantyn Chernichkin, "Dangerous Waters: As Russia Monopolizes Azov Sea, Mariupol Feels Heightened Danger," *Kyiv Post*, August 3, 2018; Ukrinform, "How Russia Violates Security in Azov-Black Sea Region," June 1, 2020; and Ihor Kabanenko, "Russia's Strategy in the Sea of Azov: The Kerch Bridge, Artificial Shipping Delays and Continued Harm to Ukraine," Jamestown Foundation, January 14, 2021.

[92] Dmitry Gorenburg and Michael Kofman, "Russia and Ukraine Had a Short Naval Battle. Here's What You Need to Know," *Washington Post*, November 28, 2018; Andrzej Wilk, "The Russian Attack on Ukrainian Ships in the Black Sea: The Military Aspects," Centre for Eastern Studies (Warsaw), November 28, 2018; and *RFE/RL*, "Ukrainian Envoy Says Russian Helicopter Fired On Navy Vessel In Black Sea In 2018," February 13, 2020.

[93] A 2003 bilateral agreement between Ukraine and Russia affirms freedom of navigation through the strait for both countries. Some argue that customary international law as reflected in the United Nations Charter on the Law of the Sea, or UNCLOS, also does that. See http://www.fao.org/fishery/shared/faolextrans.jsp?xp_FAOLEX=LEX-FAOC045795, and https://www.iucn.org/theme/marine-and-polar/our-work/international-ocean-governance/unclos.

[94] International Tribunal for the Law of the Sea, "Tribunal Prescribes Provisional Measures Ordering the Russian Federation to Release Three Ukrainian Naval Vessels and Their 24 Servicemen," press release, May 25, 2019.

Figure 4. Southern Ukraine and the Sea of Azov

Sources: Graphic produced by CRS. Map information generated using data from the Department of State, Esri, and DeLorme.

Economy

As part of the Soviet Union, Ukraine was responsible for a large share of the country's agricultural and industrial production. The Soviet Union's collapse led to a severe economic contraction in Ukraine and other post-Soviet states.[95] Ukraine's economy recovered for much of the 2000s but was hit hard by the 2008-2009 global financial crisis. After returning to growth, the economy stagnated in 2012-2013 and declined again after Russia's 2014 invasion; GDP fell by 7% in 2014 and 10% in 2015.

In recent years, Ukraine's economy has improved, due in part to international assistance, including IMF loan disbursements worth more than $16 billion.[96] From 2016 to 2019, Ukraine's GDP grew by 2.8% a year on average. During these years, observers noted several positive trends, including declining inflation, rising incomes, growing retail trade, increased agricultural exports, and growing international reserves and a strengthening currency, in part due to an increase of foreign investment in Ukraine's sovereign bonds.[97]

In 2020, Ukraine's GDP declined by an estimated 4% due to the impact of the COVID-19 pandemic. The World Bank stated that the economic impact of the pandemic "appears to be less

[95] Ukraine's gross domestic product (GDP) reportedly dropped by over 60% from 1989 to 1999. Anders Aslund, *Ukraine: What Went Wrong and How to Fix It* (Washington, DC: PIIE Press, 2015), p. 5.

[96] IMF, "Ukraine: Transactions with the Fund," at https://www.imf.org/external/np/fin/tad/extrans1.aspx?memberKey1=993&endDate=2021-08-31.

[97] Olha Hordienko, "Ukraine's Economic Outlook for 2020: Modest Growth, Low Inflation, and Possible Devaluation Return," UNIAN Information Agency, December 31, 2019; and Anders Aslund, "Ukraine's Underrated Economy Is Poised for A Strong 2020," Atlantic Council, January 6, 2020.

severe than initially anticipated," although it has "exacted a heavy toll in terms of health and mortality." The World Bank further states that "accelerating the reform momentum is key to achieving faster economic growth and poverty reduction in 2022 and 2023."[98] Ukraine's GDP is expected to grow 3.5% to 4% in 2021. In August 2021, Ukraine's international reserves reached their highest level since 2012.[99]

Ukraine's official unemployment rate for 2020 was under 10%. Up to 20% of Ukrainian laborers work in agriculture, a sector of the economy that accounts for about 10% of GDP.[100] Ukraine is the largest recipient of migrant remittances among European low- and middle-income countries, according to the World Bank. From 2016 to 2020, remittances were equivalent to about 8% of Ukraine's annual GDP. In 2020, the National Bank of Ukraine reported that Poland was the largest source of Ukrainian remittances, followed by the United States, the United Kingdom, Russia, and the Czech Republic.[101]

Trade

In 2020, Ukraine's largest merchandise trading partner was the EU, which accounted for about 39% of total trade. Individually, Ukraine's four largest trading partners were China ($15.4 billion, or 15% of Ukraine's trade), Germany ($7.4 billion, 7%), Poland ($7.4 billion, 7%), and Russia ($7.3 billion, 7%). The top three destinations for Ukraine's merchandise exports in 2020 were China (14%), Poland (7%), and Russia (6%).[102]

Ukraine's merchandise trade declined after Russia's 2014 invasion but it has grown since 2017, reaching more than $100 billion a year since 2018. Ukraine's main exports include cereals, iron and steel, sunflower oil, iron ores, electrical equipment and parts, and industrial machinery. Ukraine is one of the world's leading grain exporters and the world's largest exporter of sunflower oil.

Before 2013, Russia was Ukraine's largest trading partner. In 2013, Russia began to impose restrictions on trade in response to Ukraine's plans to conclude a free trade agreement with the EU. Further restrictions followed in 2014-2015, and Russia suspended its own free trade agreement with Ukraine in 2016. Ukraine also introduced trade restrictions against Russia. Excluding exports from occupied Crimea and Russia-controlled areas in eastern Ukraine, the total value of Ukraine's merchandise exports declined by 42% from 2013 to 2016, with the value of merchandise exports to Russia declining by 76%.[103]

After a severe decline in foreign direct investment (FDI) in 2014, FDI inflows recovered somewhat. According to the National Bank of Ukraine, total FDI (stock) was $49.7 billion at the end of 2020. FDI inflows in 2019 were mainly in industry, wholesale and retail trade, financial and insurance services, and real estate. The top sources of FDI in 2019 were Cyprus, the

[98] World Bank, "World Bank in Ukraine."

[99] National Bank of Ukraine, "International Reserves Rose to Nine-Year High of USD 31.6 Billion in August," September 7, 2021.

[100] State Statistics Service of Ukraine, at http://ukrstat.gov.ua/.

[101] World Bank, Migration and Remittances Data; National Bank of Ukraine, at https://bank.gov.ua/; and *RFE/RL*, "Remittances to Ukraine: Where Do They Come From?" August 23, 2019.

[102] Trade data are from the State Customs Service of Ukraine, as presented by Trade Data Monitor.

[103] The total value of Ukraine's merchandise imports declined by 51% from 2013 to 2015, with the value of merchandise imports from Russia declining by 78% from 2013 to 2016.

Netherlands, and Switzerland. FDI inflows declined heavily in 2020 during the COVID-19 pandemic.[104]

Energy

Ukraine has significant energy resources, although the sector historically has performed below its potential, given an environment of low domestic energy prices, subsidies, high consumption, and corruption.[105] Ukraine's primary energy mix consists of about 32% natural gas, 30% coal, and 21% nuclear. Ukraine produces about two-thirds of its total energy supply, including about two-thirds of its natural gas and 55% of its coal.[106]

Prior to Russia's 2014 invasion, Ukraine depended on Russian imports for more than half its total consumption of natural gas.[107] Observers contend that traditionally Russia used gas price hikes, debt repayments, and cutoffs as leverage in disputes with various Ukrainian governments.[108] After Russia's invasion, Ukraine's gas usage and, consequently, dependence on Russian gas declined, due to lower industrial production, the halting of gas supplies to Russia-controlled areas of eastern Ukraine, and higher tariffs.[109] In 2016, Ukraine halted direct gas imports from Russia entirely, replacing them with supplies from Slovakia, Poland, and Hungary (all of which import gas from Russia).

After Russia's invasion of Ukraine, the Ukrainian government began to reform its energy sector, including raising tariffs for households (while retaining subsidies for lower-income consumers). Ongoing priorities include strengthening the independence of the energy regulator, increasing competition and transparency in the electricity sector, and facilitating private investment in oil and natural gas development.[110] In 2019, the government fulfilled a long-standing commitment to unbundle Ukraine's state-owned energy company, Naftogaz, into production and transmission companies.[111]

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[104] National Bank of Ukraine; and Daryna Antoniuk, "Foreign Investment in Ukraine Plummets to $221 Million So Far in 2020," *Kyiv Post*, December 2, 2020.

[105] See, e.g., Anders Aslund, *Securing Ukraine's Energy Sector*, Atlantic Council, April 2016.

[106] Ukraine's energy mix also includes about 13% oil and 4% hydroelectric and renewables. *BP Statistical Review of World Energy* 2021; and OECD, *Snapshot of Ukraine's Energy Sector: Institutions, Governance, and Policy Framework*, 2019.

[107] Cedigaz, a subscription service statistical database, at http://www.cedigaz.org.

[108] In particular, Russia briefly reduced gas exports to Ukraine in 2006 after gas contract negotiations failed and, in 2009, briefly cut them, leading to temporary dips in supplies to some EU countries. For more, see Jonathan Stern, *The Russian-Ukrainian Gas Crisis of January 2006*, Oxford Institute for Energy Studies, January 16, 2006; and Simon Pirani, Jonathan Stern, and Katja Yafimava, *The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment*, Oxford Institute for Energy Studies, February 2009.

[109] Naftogaz annual reports for 2014-2016.

[110] Council of the EU, "Joint Press Statement following the 6th Association Council Meeting between the EU and Ukraine," press release, January 28, 2020; Todd Prince, "After Years of Stalling, Can Ukraine Finally Become Energy Self-Sufficient?" *RFE/RL*, September 15, 2019; and Ihor Orel, "Ukraine's Plans to Get Off Energy Dependence Needle," UNIAN Information Agency, January 22, 2020.

[111] The unbundling was intended to align Ukraine's energy system with the EU's "Third Energy Package," an effort to liberalize and increase energy sector competition. Alexander Query, "Ukraine's Naftogaz Announces Completion of Gas System Unbundling," *Kyiv Post*, January 2, 2020. For more on EU energy policy, see CRS Report R42405, *European Energy Security: Options for EU Natural Gas Diversification*, coordinated by Michael Ratner.

Controversy Over Naftogaz Reshuffling

In April 2021, the Ukrainian government unexpectedly dismissed longtime Naftogaz head Andriy Kobolev and replaced him with acting minister of energy Yuriy Vitrenko (a former Naftogaz senior official). The day before, Naftogaz had reported a loss of $684 million for 2020 (Nafotgaz faulted corporate customers for chronic non-payments). Observers speculated that the government wanted to install a more politically compliant official to run Naftogaz, one of Ukraine's largest taxpayers. Members of Naftogaz's supervisory board announced their resignations in protest but subsequently agreed to remain in their positions for at least one year. In June 2021, Ukraine's National Agency on Corruption Prevention ruled that Vitrenko's appointment was not in compliance with Ukrainian law; Naftogaz announced it would challenge the decision.

The United States, the European Union, and other international stakeholders expressed concerns about Kobolev's dismissal. In a visit to Kyiv in May 2021, U.S. Secretary of State Antony Blinken said the dismissal had sent "a bad signal" about the state of corporate governance in Ukraine but that "the government understands that and hopefully will move forward on corporate governance with Naftogaz [and] other big state-owned enterprises."

Sources: Alexander Query, "Vitrenko In, Kobolyev Out at Naftogaz," *Kyiv Post*, April 30, 2021; U.S. Department of State, "Secretary Antony J. Blinken with Olena Frolyak of ICTV," May 6, 2021; and Reuters, "Naftogaz Supervisory Board Head Supports New CEO's Suspension," June 16, 2021.

Gas Transit to Europe and the Nord Stream 2 Pipeline

Ukraine is a transit state for Russian natural gas exports to Europe. In recent years, Russia has sought to reduce the amount of natural gas it transits through Ukraine. Before the 2011 opening of the first Nord Stream pipeline from Russia to Germany via the Baltic Sea, most of Russia's natural gas exports to Europe transited Ukraine. Since the opening of the first Nord Stream pipeline, about 40%-50% of these exports have transited Ukraine.[112]

In December 2019, Gazprom, Naftogaz, and a new Gas Transmission System Operator of Ukraine (GTSOU) renewed a contract for the transit of Russian natural gas to Europe from 2020 to 2024.[113] The contract provided for transit of at least 65 billion cubic meters (BCM) in 2020 and 40 BCM a year from 2021 to 2024, a volume equal to about 45% of the 2019 volume. In addition, Gazprom agreed to accept the ruling of an international arbitration court concerning several trade disputes with Naftogaz and paid the latter $2.9 billion in damages and interest. In 2020, Russia shipped about 56 BCM to Europe via Ukraine, although Ukraine reportedly received the full contracted amount of $2.1 billion in transit revenues.[114]

Nord Stream 2 is a second Baltic Sea pipeline system that runs parallel to Nord Stream.[115] Pipeline construction was initially suspended in December 2019, after the passage of U.S. legislation establishing new sanctions related to the pipeline (see "Sanctions Related to Russia's Invasion of Ukraine," below). Construction resumed at the end of 2020 and reportedly was completed in September 2021. Additional steps, including certification by German authorities, are required before the pipeline will be able to transport gas.[116]

The Ukrainian government opposes the construction and operation of Nord Stream 2. If Nord Stream 2 becomes operational, it is expected to divert Russian natural gas flows from existing

[112] International Energy Agency, "Facts in Brief: Ukraine, Europe, Oil & Gas," March 4, 2014; Naftogaz annual reports; and Gazpromexport, "Gas Supplies to Europe."

[113] Simon Pirani and Jack Sharples, "The Russia-Ukraine Gas Transit Deal: Opening a New Chapter," Oxford Institute for Energy Studies, February 2020.

[114] Naftogaz Group, "Naftogaz Provided Gazprom with Gas Transit Services Equaling $2.11 Billion in 2020," press release, January 19, 2021.

[115] For more, see CRS In Focus IF11138, *Russia's Nord Stream 2 Natural Gas Pipeline to Germany*, by Paul Belkin, Michael Ratner, and Cory Welt.

[116] America Hernandez, "3 Hurdles Still Facing the Nord Stream 2 Pipeline," *Politico*, September 12, 2021.

routes that transit Ukraine. This will not necessarily increase Ukraine's vulnerability to energy supply cutoffs, as Ukraine stopped importing natural gas directly from Russia in 2016. It could lead to declines in transit revenues, however, and increase Ukraine's strategic vulnerability, if reduced dependence on transit leads Moscow to act more aggressively in Ukraine.

In July 2021, the Ukrainian and Polish governments criticized a U.S.-German joint statement regarding Nord Stream 2, support for Ukraine, and European energy security (see "U.S.-Ukraine Relations" below). The statement noted that an apparent decision by the United States and Germany to forgo efforts to halt Nord Stream 2 had "created a political, military, and energy threat for Ukraine and Central Europe, while increasing Russia's potential to destabilize the security situation in Europe."[117]

Relations with the EU and NATO

Since 2014, the Ukrainian government has prioritized closer integration with the EU and NATO. In 2019, a new constitutional amendment declared the government responsible for implementing Ukraine's "strategic course" toward EU and NATO membership.[118] Zelensky's first foreign trip as president was to Brussels, where he reaffirmed Ukraine's "strategic course to achieve full-fledged membership in the EU and NATO."[119]

The EU's main framework for political and economic engagement with Ukraine is an Association Agreement, which encourages harmonization with EU laws and regulations and includes a Deep and Comprehensive Free Trade Area (DCFTA).[120] According to the EU, the DCFTA "appears to be having a significant positive impact on trade in goods."[121] In 2017, the EU granted Ukrainian citizens visa-free entry to the EU's Schengen area of free movement, which allows individuals to travel without passport checks between most European countries. The EU has imposed sanctions on Russia in response to its invasion of Ukraine and supported Ukraine against Russia's maritime aggression.

The EU is a major provider of foreign aid to Ukraine, totaling more than €13 billion (about $14.2 billion) in loans and €2 billion ($2.2 billion) in grants from 2014 to 2019. In addition, EU member states provided an additional €1.4 billion ($1.5 billion) in bilateral assistance.[122] In 2020, the EU announced it would provide more than €190 million ($205 million) in emergency support to Ukraine to address the COVID-19 pandemic. The EU subsequently provided another €1.2 billion ($1.3 billion) in loans to help "limit the economic fallout" of the pandemic.[123]

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[117] Ministry of Foreign Affairs of Ukraine, "Joint Statement by Minister of Foreign Affairs of Ukraine Dmytro Kuleba and Minister of Foreign Affairs of Poland Zbigniew Rau on Nord Stream 2," July 21, 2021.

[118] Ministry of Foreign Affairs of Ukraine, "President Signed Amendments to the Constitution on the Strategic Course of Ukraine for Membership in the EU and NATO," February 19, 2019.

[119] *RFE/RL*, "Ukraine's President Promises NATO Referendum as Part of Path to West," June 5, 2019.

[120] Parts of the agreement were applied provisionally from 2014, and the free-trade agreement was applied provisionally in 2016. The full agreement entered into force in 2017. The text of the Association Agreement and the 2020 *Association Implementation Report* are available at https://eeas.europa.eu/node/10420_en.

[121] European Commission and European External Action Service (EEAS), *Joint Staff Working Document: Association Implementation Report on Ukraine*, December 12, 2019, p. 16. Also see Tony Barber, "Ukraine Reaps Benefits of Trade Deal with EU," *Financial Times*, September 11, 2018.

[122] EEAS, "Ukraine and the EU," at https://eeas.europa.eu/delegations/ukraine/1937/ukraine-and-eu_en. Also see European Council, "EU Relations with Ukraine," at http://www.consilium.europa.eu/en/policies/eastern-partnership/ukraine/.

[123] European Commission, "The EU's Response to the Coronavirus Pandemic in the Eastern Partnership," April 2020;

Ukraine also has close relations with NATO, which considers the NATO-Ukraine relationship to be "one of the most substantial of NATO's partnerships."[124] In 1994, Ukraine was the first post-Soviet state (after the Baltic states) to join NATO's Partnership for Peace. A NATO-Ukraine Commission was established in 1997. Under ex-President Yanukovych, Ukraine adopted a *non-bloc* (i.e., nonaligned) status, rejecting aspirations of NATO membership. After Russia's 2014 invasion, Ukraine's parliament rejected this non-bloc status.

In 2016, NATO endorsed a Comprehensive Assistance Package (CAP) for Ukraine "to implement security and defense sector reforms according to NATO standards." The CAP includes several trust fund projects "to support capability development and sustainable capacity-building in key areas."[125] In June 2020, Ukraine became one of NATO's Enhanced Opportunity Partners, a cooperative status currently granted to six of NATO's close strategic partners.[126] NATO members provide training to and conduct joint exercises with the Ukrainian armed forces in a multinational framework (see "Foreign and Military Aid," below).

Ukraine supports NATO peacekeeping and maritime operations. Ukrainian forces have long contributed to the NATO-led Kosovo Force. Ukraine contributed to the International Security Assistance Force and follow-on Resolute Support Mission in Afghanistan, the counterterrorism Operation Active Endeavour maritime mission, and the antipiracy Operation Ocean Shield. In addition, Ukraine has supported NATO's maritime Sea Guardian operation. Ukraine also participates in the NATO Response Force, a rapid reaction force.

In recent years, the Ukrainian government has sought to deepen its relations with NATO. In 2017, Ukraine's parliament voted to make cooperation with NATO a foreign policy priority.[127] Ukraine's 2020 National Security Strategy includes as a priority the development of a special partnership with NATO and the pursuit of NATO membership. In 2021, President Zelensky and other Ukrainian officials called on NATO to grant Ukraine a Membership Action Plan, which they see as a stepping stone to membership.[128]

Closer integration with the EU and NATO does not appear to have enabled Ukraine to improve its near-term prospects for membership in these organizations. According to recent polls, more than half of Ukrainians support membership in the EU (polls do not include occupied Crimea or Russia-controlled areas of eastern Ukraine).[129] The EU is unlikely to consider Ukraine a candidate for membership soon, however, given Ukraine's domestic challenges, the conflict with Russia, the EU's own internal challenges, and the lack of support for further enlargement among many EU members.

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and European Commission, "Coronavirus: Eight Macro-financial Assistance Programmes Agreed to Support Enlargement and Neighbourhood Partners," press release, August 11, 2020.

[124] NATO, "Relations with Ukraine," updated August 27, 2021.

[125] Since 2014, trust fund project areas have included Command, Control, Communications and Computers; Logistics and Standardization; Cyber Defense; Medical Rehabilitation; Military Career Transition; and Explosive Ordnance Disposal and Countering Improvised Explosive Devices. NATO, "Relations with Ukraine," updated August 27, 2021.

[126] NATO's Enhanced Opportunity Partners are Australia, Finland, Georgia, Jordan, Sweden, and Ukraine. NATO, "Partnership Interoperability Initiative," updated August 24, 2021.

[127] Steven Pifer, "Ukraine Overturns Its Non-Bloc Status: What Next with NATO?" *Kyiv Post*, December 26, 2014; and *RFE/RL*, "Ukrainian Parliament Makes NATO Integration a Priority," June 8, 2017.

[128] Dmytro Kuleba, "Why Is Ukraine Still Not in NATO," Atlantic Council, February 16, 2021; Roman Olearchyk and Michael Peel, "Ukraine Pressures NATO to Speed Path to Membership," *Financial Times*, April 6, 2021; and Olga Stefanishyna, "Ukraine Needs a Clear Path to NATO Membership," *Foreign Policy*, April 12, 2021.

[129] Interfax Ukraine, "Most Ukrainians Support Joining EU—Poll," March 23, 2021; and IRI, "IRI Poll in Ukraine Finds Continued Support for European Integration Against Backdrop of COVID-19 Pandemic," May 17, 2021.

Ukraine also faces a challenge to NATO membership. In 2008, NATO members formally agreed that Ukraine and Georgia would become members of NATO, but neither state has been granted a clear path to or timeline for membership.[130] Many observers believe NATO will not move forward with membership as long as Russia occupies Ukrainian territory and the conflict remains unresolved. Ukrainians themselves remain divided over NATO membership. Since 2014, about 40%-50% of opinion poll respondents support membership in NATO (compared to about 25%-30% against); these polls do not include occupied Crimea and Russia-controlled areas of eastern Ukraine, where support for NATO membership likely would be lower even in the absence of conflict.[131]

U.S.-Ukraine Relations

U.S. relations with Ukraine are deep and multifaceted. In 1994, former National Security Adviser Zbigniew Brzezinski justified U.S. engagement with the newly independent Ukraine by arguing that a strong Ukraine would not only benefit Ukrainians but also help prevent the rise of a new Russian empire, bolstering regional and global security. "It cannot be stressed strongly enough that without Ukraine," Brzezinski said, "Russia ceases to be an empire, but with Ukraine suborned and then subordinated, Russia automatically becomes an empire."[132]

Less frequently cited are Brzezinki's 1994 assessment of Ukraine's fragility and his ensuing policy prescriptions, which successive U.S. administrations appear to have followed:

> American policymakers must face the fact that Ukraine is on the brink of disaster: the economy is in a free-fall, while Crimea is on the verge of a Russia-abetted ethnic explosion. Either crisis might be exploited to promote the breakup or the reintegration of Ukraine in a larger Moscow-dominated framework. It is urgent and essential that the United States convince the Ukrainian government—through the promise of substantial economic assistance—to adopt long-delayed and badly needed economic reforms. At the same time, American political assurances for Ukraine's independence and territorial integrity should be forthcoming.[133]

Soon after Brzezinki's article was published, the United States provided "political assurances" to Ukraine with the signing of the 1994 Budapest Memorandum (see "Crimea," above). Twenty years later, after Russia's 2014 invasion of Ukraine, U.S. officials came to express more emphatically and frequently U.S. support for Ukraine's sovereignty and territorial integrity within its internationally recognized borders.

In 2019, U.S. relations with Ukraine became a prominent issue in U.S. domestic political affairs. In September 2019, House Speaker Nancy Pelosi announced that the House would begin an impeachment inquiry related in part to alleged presidential actions regarding Ukraine.[134] On

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[130] In the Bucharest Summit Declaration of April 2008, heads of state and government of NATO member countries declared that "NATO welcomes Ukraine's and Georgia's Euro-Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO." NATO, "Bucharest Summit Declaration," April 3, 2008.

[131] Gerard Toal, John O'Loughlin, and Kristin M. Bakke, "Is Ukraine Caught between Europe and Russia? We Asked Ukrainians This Important Question," *Washington Post*, February 26, 2020; and Center for Insights in Survey Research (IRI), "Public Opinion Survey of Residents of Ukraine, March 13-21, 2021," at https://www.iri.org/sites/default/files/wysiwyg/public_-_03.2021_national_eng-_public.pdf.

[132] Zbigniew Brzezinski, "The Premature Partnership," *Foreign Affairs* 73, no. 2 (March/April 1994), p. 80. Hereinafter Brzezinski, "Premature Partnership."

[133] Brzezinski, "Premature Partnership."

[134] Speaker of the House Nancy Pelosi, "Pelosi Remarks Announcing Impeachment Inquiry," press release, September

December 18, 2019, the House of Representatives agreed to H.Res. 755, which impeached President Trump on charges of abuse of power (Article I) and obstruction of Congress (Article II).[135] The first article of impeachment in part accused the President of

> soliciting the Government of Ukraine to publicly announce investigations that would benefit his reelection, harm the election prospects of a political opponent, and influence the 2020 United States Presidential election to his advantage. President Trump also sought to pressure the Government of Ukraine to take these steps by conditioning official United States Government acts of significant value to Ukraine on its public announcement of the investigations.

President Trump and White House officials acknowledged the President's interest in Ukrainian investigations but said those interests were tied to legitimate concerns. White House officials generally denied that U.S. government acts had been contingent on an announcement of such investigations.[136] Other U.S. officials presented their views during the impeachment inquiry. On February 5, 2020, the Senate adjudged that President Trump was not guilty as charged in the two articles of impeachment (for more, see "Foreign and Military Aid," below).

The Biden Administration has sought to renew close relations with Ukraine. Secretary of State Antony Blinken visited Ukraine in May 2021, and Secretary of Energy Jennifer Granholm represented the administration at the August 2021 Crimea Platform Summit in Kyiv. President Biden twice spoke by telephone with President Zelensky in April and June 2021 and hosted President Zelensky at the White House in September 2021 (see text box below).

President Zelensky's 2021 White House Visit

During Zelensky's visit to Washington, DC, in August-September 2021, the United States and Ukraine released Joint Statements on the U.S.-Ukraine Strategic Partnership and on Enhancing Bilateral Energy and Climate Cooperation. Officials signed a new Strategic Defense Framework and a defense research, development, test and evaluation agreement, as well as a Memorandum of Understanding aimed at enhancing trade and economic cooperation. U.S. officials also announced the extension of a U.S.-Ukraine Science and Technology Agreement and the establishment of a new secure communication line through the National and Nuclear Risk Reduction Center. According to Biden Administration officials, "in the 30 years since Ukraine achieved independence, [the U.S.-Ukraine] strategic partnership has never been stronger than it is now."

Sources: White House, "Joint Statement on the U.S.-Ukraine Strategic Partnership," September 1, 2021; U.S. Department of Energy, "Joint Statement by and Between the United States Department of Energy and the Ministry of Energy of Ukraine on Enhancing Bilateral Energy and Climate Cooperation," August 31, 2021; U.S. Department of Defense, "U.S., Ukraine Leaders Discuss Strategic Partnership During Pentagon Meeting," August 31, 2021; Export-Import Bank of the United States, "EXIM Signs Memorandum of Understanding with Ukraine's Ministry of Economy," September 1, 2021; and White House, "Background Press Call by Senior Administration Officials on the President's Upcoming Meeting with President Zelenskyy of Ukraine," September 1, 2021.

24, 2019. On October 31, 2019, the House agreed to H.Res. 660, which directed certain committees to continue ongoing investigations as part of an impeachment inquiry.

[135] Also see U.S. House of Representatives, Trial Memorandum of the United States House of Representatives in the Impeachment Trial of President Donald J. Trump, January 18, 2020. For additional documents and materials associated with the impeachment process, including related to Ukraine, see U.S. House of Representatives, Committee on the Judiciary, "The Impeachment of Donald John Trump, Evidentiary Record from the House of Representatives," at https://judiciary.house.gov/the-impeachment-of-donald-john-trump/, and "Markup of H. Res. 755, Articles of Impeachment Against President Donald J. Trump," at https://docs.house.gov/Committee/Calendar/ByEvent.aspx?EventID=110331.

[136] See, e.g., White House, *Trial Memorandum of President Donald J. Trump*, January 20, 2020.

Security

U.S. officials have said that U.S. support for Ukraine's sovereignty and territorial integrity is "unwavering."[137] This applies to both occupied Crimea and Russia-controlled areas in eastern Ukraine. In 2018, then-Deputy Secretary of State John J. Sullivan said in Kyiv that "Crimea is Ukraine.... We will never accept trading one region of Ukraine for another. We will never make a deal *about* Ukraine *without* Ukraine."[138] In July 2018, then-Secretary of State Pompeo issued the "Crimea Declaration," which

> reaffirms as policy [the United States'] refusal to recognize the Kremlin's claims of sovereignty over territory seized by force in contravention of international law. In concert with allies, partners, and the international community, the United States rejects Russia's attempted annexation of Crimea and pledges to maintain this policy until Ukraine's territorial integrity is restored.[139]

The Crimea Declaration explicitly links U.S. policy to the Welles Declaration of 1940, which marked the start of a U.S. policy not to recognize the Soviet Union's annexation of the Baltic states (Estonia, Latvia, and Lithuania).[140]

The Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA) states that it is the policy of the United States "to never recognize the illegal annexation of Crimea by the Government of the Russian Federation or the separation of any portion of Ukrainian territory through the use of military force" (§257).[141] Since FY2015, foreign operations appropriations have prohibited foreign assistance to governments that take "affirmative steps" to support Russia's annexation of Crimea and have restricted funds from implementing policies and actions that would recognize Russian sovereignty over Crimea (P.L. 116-260, §7047(b)).

U.S. officials have called attention to Russia's human rights abuses in occupied Crimea. These abuses include "a brutal campaign of repression against Crimean Tatars, ethnic Ukrainians, and members of other minority ethnic and religious groups in Crimea."[142]

The United States supports the efforts of the Trilateral Contact Group and the Normandy Four in implementing the Minsk agreements (see "Conflict Resolution Process," above).[143] U.S. officials criticize Russia for failing to fulfill its commitments under the Minsk agreements and condemn Russia's aggressive actions in and around Ukraine.[144] In April 2021, President Biden spoke with

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[137] See, e.g., White House, "Readout of President Joseph R. Biden, Jr. Call with President Volodymyr Zelenskyy of Ukraine," April 2, 2021.

[138] U.S. Department of State, "Remarks at the Ministry of Foreign Affairs' Diplomatic Academy," February 21, 2018.

[139] U.S. Department of State, "Crimea Declaration," July 25, 2018.

[140] U.S. Department of State, Office of the Historian, "Press Release Issued by the Department of State on July 23, 1940," at https://history.state.gov/historicaldocuments/frus1940v01/d412. Also see U.S. Department of State, "Seventy-Fifth Anniversary of the Welles Declaration," July 22, 2015.

[141] Title II of P.L. 115-44, Countering America's Adversaries Through Sanctions Act (CAATSA). The Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA) also states that the United States "does not recognize territorial changes effected by force, including the illegal invasions and occupations" of Crimea and eastern Ukraine, as well as of Abkhazia and South Ossetia (in Georgia) and Transnistria (in Moldova) (§253).

[142] U.S. Department of State, "Crimea Is Ukraine," February 25, 2021.

[143] From 2017 to 2019, U.S. policy on the Ukraine conflict was directed mainly through the office of a newly-established U.S. Special Representative for Ukraine Negotiations. Ambassador Kurt Volker resigned from this position in September 2019 prior to the start of the presidential impeachment inquiry in the House of Representatives. The Trump Administration did not appoint a successor, and neither has the Biden Administration.

[144] See, e.g., U.S. Department of State, "Russia's Decision to Grant Expedited Citizenship to Residents of Russia-Controlled Eastern Ukraine," April 24, 2019; and U.S. Department of State, "Secretary Antony J. Blinken and

President Putin to "[voice] concerns over the sudden Russian military build-up in occupied Crimea and on Ukraine's borders, and called on Russia to de-escalate tensions."[145] In addition, the State Department called on Russia "to cease its harassment of vessels" in the Black Sea region.[146]

The United States supports Ukraine against Russian efforts to reduce Ukraine's role as a transit state for natural gas exports.[147] CRIEEA states that it is U.S. policy to "oppose the Nord Stream 2 pipeline given its detrimental impacts on the EU's energy security, gas market development in Central and Eastern Europe, and energy reforms in Ukraine" (§257). On President Trump's last full day in office, the Trump Administration imposed sanctions on a Russian-related entity and a pipelaying vessel for participating the construction of Nord Stream 2. The Biden Administration imposed a second round of sanctions on that entity and vessel, as well as on 21 other entities and vessels.

The Biden Administration appears to have shifted its focus away from working to prevent the completion of the Nord Stream 2 pipeline to mitigating the potential negative impacts of an operational pipeline. This includes by issuing a U.S.-Germany joint statement in July 2021 that pledges, among other things, to bolster Ukraine's energy security and to support sanctions in response to further acts of Russian aggression toward Ukraine.[148] In August 2021, Secretary of State Antony Blinken appointed Amos Hochstein to serve as Senior Advisor for Energy Security, focusing on the "implementation of measures to reduce the risks posed by the Nord Stream 2 pipeline."[149]

U.S. Concerns About Technology Transfer to China: Case of Motor Sich

Since 2018, U.S. officials reportedly have sought to deter Ukraine from approving the sale to Chinese companies of Motor Sich, a Ukrainian company that is a major producer of airplane and helicopter engines. In 2017, official documents revealed that a Chinese state-linked company had acquired majority ownership of Motor Sich. A Ukrainian court froze a percentage of the Chinese-owned shares after the Security Service of Ukraine said the company was intending to move Motor Sich's assets abroad. U.S. concerns about the sale relate to the transfer of sensitive technologies that could boost Chinese domestic military production and cooperation with Russia. U.S. officials warned Ukraine that the sale could lead China to displace Ukraine as a leading aircraft engine exporter.

Ukrainian President Volodymyr Zelensky has taken further steps to prevent China's takeover of Motor Sich. In 2020, Ukraine's Anti-Monopoly Committee rejected proposals to formally establish joint Chinese-Ukrainian control over Motor Sich. In February 2021, the Ukrainian government imposed sanctions on the pertinent Chinese companies and their owners (following a U.S. decision to place one of the companies on the U.S. Military End-User List, restricting certain U.S. exports to that company). In March 2021, Ukrainian authorities said the government intended to take control of Motor Sich. Chinese investors said they would contest Ukraine's actions.

Sources: Askold Krushelnycky, "Washington Worries Over Kyiv Defense Ties to China," *Kyiv Post*, September 14, 2018; Alla Hurska, "The Battle for Motor Sich," Center for European Policy Analysis, November 20, 2020; U.S. Department of Commerce, "Commerce Adds China National Offshore Oil Corporation to the Entity List and Skyrizon to the Military End-User List," press release, January 14, 2021; and Brett Forrest and Alan Cullison, "Ukraine to Nationalize Defense Firm, Keeping China Out in a Nod to U.S.," *Wall Street Journal*, March 16, 2021.

Ukrainian President Volodymyr Zelenskyy at a Joint Press Availability," May 6, 2021.

[145] White House, "Readout of President Joseph R. Biden, Jr. Call with President Vladimir Putin of Russia," April 13, 2021.

[146] U.S. Department of State, "Russia's Intention to Restrict Navigation in Parts of the Black Sea," April 19, 2021.

[147] For more, see CRS In Focus IF11138, *Russia's Nord Stream 2 Natural Gas Pipeline to Germany*, by Paul Belkin, Michael Ratner, and Cory Welt.

[148] U.S. Department of State, "Joint Statement of the United States and Germany on Support for Ukraine, European Energy Security, and our Climate Goals," July 21, 2021.

[149] U.S. Department of State, "Senior Advisor for Energy Security," August 10, 2021.

Reforms

The United States promotes domestic reforms in Ukraine. During the Obama Administration, U.S. officials criticized the Yanukovych government for suppressing the Euromaidan protests. U.S. officials supported a negotiated resolution to Ukraine's domestic crisis and the establishment of an interim government before Yanukovych fled to Russia in 2014.[150]

During Poroshenko's presidency, the Obama Administration supported a wide range of governance and economic reforms in Ukraine, including the establishment of new anti-corruption institutions.[151] In 2015, then-Vice President Biden reportedly told Ukrainian officials the United States would withhold a $1 billion loan guarantee (the third since 2014) if Ukraine's then-prosecutor general did not resign.[152] U.S. and European officials had criticized the prosecutor general's office for hindering corruption investigations (for more on U.S. aid, see "Foreign and Military Aid," below).[153]

Trump Administration officials also expressed support for Ukraine's domestic reforms. In 2017, then-Secretary of State Rex Tillerson said, "It serves no purpose for Ukraine to fight for its body in Donbas if it loses its soul to corruption. Anti-corruption institutions must be supported, resourced, and defended."[154] In 2019, then-U.S. Ambassador to Ukraine Marie Yovanovitch called for the replacement of Ukraine's anti-corruption prosecutor "to ensure the integrity of anticorruption institutions."[155]

The Biden Administration has stated the United States is a "full partner" in Ukraine's domestic reform efforts.[156] Visiting Kyiv in May 2021, Secretary Blinken said Ukraine "faces twin challenges: aggression from outside coming from Russia, and in effect, aggression from within coming from corruption, oligarchs, and others who are putting their interests ahead of those of the Ukrainian people."[157] The State Department has elaborated that "building institutions with

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[150] U.S. Department of State, "Statement of Events in Ukraine," December 10, 2013; and U.S. Department of State, "Situation in Ukraine," February 20, 2014.

[151] See, in particular, testimony of Victoria Nuland, in U.S. Congress, Senate Foreign Relations Committee, *U.S. Policy in Ukraine: Countering Russia and Driving Reform*, hearings, 114th Cong., 1st sess., March 10, 2015; *The Economic and Political Future of Ukraine*, hearings, 114th Cong., 1st sess., October 8, 2015; and *Ukrainian Reforms Two Years After the Maidan Revolution and the Russian Invasion*, hearings, 114th Cong., 2nd sess., March 15, 2016. Also see White House, "Fact Sheet: U.S. Assistance to Ukraine Since February 2014," June 15, 2016.

[152] Steve Clemons, "The Biden Doctrine," *Atlantic*, August 22, 2016; Council on Foreign Relations, "Foreign Affairs Issue Launch with Former Vice President Joe Biden," January 23, 2018; and Matt Viser and Paul Sonne, "Inside Joe Biden's Brawling Efforts to Reform Ukraine—Which Won Him Successes and Enemies," *Washington Post*, October 19, 2019.

[153] *RFE/RL*, "U.S. Ambassador Upbraids Ukrainian Prosecutors over Anticorruption Efforts," September 25, 2015; Victoria Nuland, in U.S. Congress, Senate Foreign Relations Committee, *The Economic and Political Future of Ukraine*, hearings, 114th Cong., 1st sess., October 8, 2015, at https://www.foreign.senate.gov/download/nuland-testimony-100815; James Risen, "Joe Biden, His Son and the Case Against a Ukrainian Oligarch," *New York Times*, December 8, 2015; and Daniel McLaughlin, "EU Hails Sacking of Ukraine's Prosecutor Viktor Shokin," *Irish Times*, March 29, 2016.

[154] U.S. Department of State, "Remarks to NATO-Ukraine Commission," U.S. Department of State, March 31, 2017.

[155] U.S. Embassy in Ukraine, "Remarks by Ambassador Yovanovitch on the Occasion of the 5th Anniversary of the Ukraine Crisis Media Center's Founding," March 5, 2019.

[156] U.S. Department of State, "Secretary Antony J. Blinken and Ukrainian President Volodymyr Zelenskyy at a Joint Press Availability," May 6, 2021; and U.S. Department of State, "Secretary Antony J. Blinken and Ukrainian Prime Minister Denys Shmyhal Before Their Meeting," May 6, 2021.

[157] U.S. Department of State, "Secretary Antony J. Blinken and Ukrainian President Volodymyr Zelenskyy at a Joint Press Availability," May 6, 2021.

integrity and ensuring accountable governance in both state institutions and in the corporate sector is the key to Ukraine achieving its Euro-Atlantic aspirations and building a prosperous, secure, and democratic future."[158]

Foreign and Military Aid

Since independence, Ukraine has been a leading recipient of U.S. foreign and military aid in Europe and Eurasia. In the 1990s (FY1992-FY2000), the U.S. government provided almost $2.6 billion in total aid to Ukraine ($287 million a year, on average).[159] In the 2000s (FY2001 to FY2009), total aid to Ukraine amounted to almost $1.8 billion ($199 million a year, on average).[160] In the five years before Russia's 2014 invasion of Ukraine (FY2010 to FY2014), State Department and U.S. Agency for International Development (USAID) bilateral aid allocations amounted to about $105 million a year on average.[161]

After Russia's invasion of Ukraine, the United States began to provide higher levels of annual assistance to Ukraine across multiple accounts. From FY2015 to FY2020, State Department and USAID bilateral aid allocations to Ukraine (including foreign military financing, or FMF) totaled about $418 million a year on average (see **Table 1**). For FY2021, State Department and USAID allocations to Ukraine totaled about $464 million, including $115 million in FMF.[162] The President's FY2022 State/USAID request for Ukraine is about $459 million.

Table 1. Primary U.S. Assistance to Ukraine, FY2015-FY2022

(selected account allocations, in thousands of dollars)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (estimate)	FY2022 (request)
State/USAID	361,872	667,099	454,315	421,817	445,654	447,049	463,556	458,900
of which, FMF	*47,000*	*85,000*	*99,000*	*95,000*	*115,000*	*115,000*	*115,000*	*115,000*
Ukraine Security Assistance Initiative (DOD)		226,530	148,636	195,450	214,800	256,701	275,000	250,000

Sources: Department of State Congressional Budget Justifications and Department of Defense Budget Requests, except FY2021 (State Department estimate).

Notes: Amounts include development and security assistance provided via regular bilateral programming accounts. Table does not include humanitarian assistance or security and nonproliferation assistance periodically provided via other accounts (*inter alia*, Cooperative Threat Reduction, Section 333, Europe and Eurasia Regional

[158] U.S. Department of State, "The United States and Ukraine: Strategic Partners," May 5, 2021.

[159] Foreign aid totals from FY1992 to FY2000 include all agencies and accounts. See U.S. Department of State, *U.S. Government Assistance to and Cooperative Activities With the New Independent States of the Former Soviet Union* (submitted pursuant to Section 104 of the FREEDOM Support Act, P.L. 102-511), FY2000 Annual Report (Appendix), January 2001, at https://2009-2017.state.gov/p/eur/rls/rpt/nisasst/index.htm.

[160] CRS calculations, based on data available in the U.S. Department of State's annual *U.S. Government Assistance to and Cooperative Activities with Eurasia* reports for FY2001 to FY2009, at https://2009-2017.state.gov/p/eur/rls/rpt/c10250.htm.

[161] Since FY2010, the U.S. government has not provided a comprehensive accounting of foreign aid to post-Soviet states similar to that included in the annual Section 104 reports issued through FY2009. From FY2010, State Department and U.S. Agency for International Development (USAID) assistance cited in the text refer to actual funds, as reported in the State Department's annual Congressional Budget Justifications.

[162] U.S. Department of State, FY2021 estimate data, June 15, 2021.

FMF, Global Security Contingency Fund). For FY2016, State/USAID amount includes a loan guarantee subsidy cost of $290 million.

U.S. assistance to Ukraine extends beyond State Department and USAID funding. U.S. security assistance includes the Department of Defense's Ukraine Security Assistance Initiative (USAI; P.L. 114-92, §1250), which is intended to support Ukraine's sovereignty and territorial integrity and to help Ukraine defend against further aggression. From FY2016 to FY2021, Congress appropriated more than $1.3 billion for USAI. Ukraine also has received security assistance through additional DOD and other accounts, including emergency and reprogrammed aid in 2014-2015, the European Deterrence (formerly Reassurance) Initiative, the Global Security Contingency Fund, Section 333 (Building Partner Capacity), regional FMF, and International Military Education and Training (IMET). In all, the United States has allocated more than $2.5 billion in security assistance to Ukraine since Russia's 2014 invasion.[163]

In addition, the U.S. government has provided more than $351 million in humanitarian assistance since FY2014 to assist internally displaced persons (IDPs) and other victims of conflict.[164] Nonproliferation and threat reduction assistance administered by the Department of Energy and the Department of Defense (DOD) has totaled more than $205 million in obligated funds since FY2014.[165] The United States also has provided three $1 billion loan guarantees to Ukraine.[166]

Lethal and Nonlethal Security Assistance

The Obama Administration provided nonlethal security assistance to Ukraine, due to concerns about potential conflict escalation.[167] Such assistance included "body armor, helmets, vehicles, night and thermal vision devices, heavy engineering equipment, advanced radios, patrol boats, rations, tents, counter-mortar radars, uniforms, first aid equipment and supplies, and other related items."[168] Both the Trump and Biden Administrations have provided nonlethal aid and defensive lethal weaponry to Ukraine.

From 2017 to 2021, security assistance has included

[163] U.S. Department of Defense, "Defense Department Announces $150 Million in Assistance for Ukraine," June 11, 2021; and U.S. Department of State, "U.S. Security Cooperation with Ukraine," July 2, 2021.

[164] See U.S. Department of State, "United States Announces Humanitarian Assistance for Ukraine," September 2, 2021; and USAID's end-fiscal year *Ukraine—Complex Emergency Fact Sheet* for FY2015 to FY2020, at https://www.usaid.gov/humanitarian-assistance/ukraine/ukraine-archive.

[165] Nonproliferation and threat reduction assistance refers to obligated funds from the Department of Energy Defense Nuclear Nonproliferation and Department of Defense Cooperative Threat Reduction (CTR) accounts, as reported by USAID and the State Department, at https://foreignassistance.gov/. FY2014 CTR funds include some assistance provided in response to Russia's invasion of Ukraine.

[166] On loan guarantees, see CRS In Focus IF10409, *U.S. Foreign Assistance: USAID Loan Guarantees*; and USAID, "USAID Announces U.S. Issuance of $1 Billion Loan Guarantee to the Government of Ukraine," press release, September 30, 2016.

[167] Testimony of John Kerry, in U.S. Congress, House Foreign Affairs Committee, *Advancing U.S. Interests in a Troubled World: The FY2016 Foreign Affairs Budget*, hearings, 114th Cong., 1st sess., February 25, 2015; testimony of Victoria Nuland, in U.S. Congress, House Foreign Affairs Committee, *Ukraine Under Siege*, hearings, 114th Cong., 1st sess., March 4, 2015; and U.S. Department of State, "Remarks on Transatlantic Cooperation and the Crisis in Ukraine," March 5, 2015. Also see Fiona Hill and Clifford Gaddy, "How Aiding the Ukrainian Military Could Push Putin into a Regional War," *Washington Post*, February 5, 2015.

[168] White House, "Fact Sheet: U.S. Assistance to Ukraine," November 21, 2014. Also see Lolita C. Baldor and Nedra Pickler, "U.S. to Send Ukraine Drones, More Aid, But No Lethal Weapons," Associated Press, March 11, 2015, and Adriane Elliot, "Security Enterprise Builds Partner Nation's Defenses," U.S. Army, July 20, 2016.

> capabilities to enhance the lethality, command and control, and situational awareness of Ukraine's forces through the provision of counter-artillery radars, counter-unmanned aerial systems, secure communications gear, electronic warfare and military medical evacuation equipment, and training and equipment to improve the operational safety and capacity of Ukrainian Air Force bases.[169]

In 2018 and 2019, DOD notified Congress of two Foreign Military Sales to Ukraine for a total of 360 Javelin portable anti-tank missiles, as well as launchers, associated equipment, and training.[170] According to media reports, these missiles were to be stored away from the frontline.[171] In September 2021, the Biden Administration announced plans to provide "a new $60 million package for additional Javelin anti-armor systems and other defensive lethal and non-lethal capabilities."[172] U.S. military assistance to Ukraine also has included armed Mark VI patrol boats and Coast Guard Island-class patrol boats.[173]

Ukraine Aid and the 2019 U.S. Presidential Impeachment

In August and September 2019, some Members of Congress expressed concern about a reported hold of security assistance funds to Ukraine that were to expire at the end of the fiscal year (September 30, 2019).[a] The Department of Defense had notified Congress of its intent to obligate a total of $250 million in Ukraine Security Assistance Initiative (USAI) funds in February 2019 and May 2019. The Administration released the USAI funds on September 12, 2019. In addition, the State Department notified Congress of its intent to obligate $141.5 million in Foreign Military Financing for Ukraine on September 11, 2019.[b]

Questions persisted about the hold, especially after media reports alleged that a whistleblower complaint received by the Office of the Inspector General of the Intelligence Community in August 2019 was related to presidential communications regarding Ukraine.[c] After the Acting Director of National Intelligence (DNI) declined to transmit the complaint to Congress, House Speaker Nancy Pelosi announced on September 24, 2019, that the House would start an impeachment inquiry. The next day, the White House released a memorandum of a July 25, 2019, telephone conversation between President Trump and President Zelensky; in addition, the Office of the DNI provided Congress with a declassified version of the whistleblower complaint.

The December 2019 articles of impeachment in part accused President Trump of linking security aid and a head of state White House meeting to an agreement by the Ukrainian government to announce investigations into two matters: (1) what President Trump alleged was potential Ukrainian interference in the 2016 U.S. presidential election and (2) the role of then-Vice President Joseph Biden in securing the removal from office of Ukraine's then-Prosecutor General Viktor Shokin in 2016 (see "Reforms," above).

President Trump and White House officials said the hold on Ukraine's security aid had been in place while they assessed Zelensky's commitment to combatting corruption and the amount of aid European states were providing to Ukraine.[d] In January 2020, the U.S. Government Accountability Office (GAO) concluded that the withholding of aid by the Office of Management and Budget (OMB) was a violation of the Congressional Budget and Impoundment Control Act of 1974. The OMB, which in December 2019 stated that the hold had been a legal "pause in obligations," said that it "disagree[d] with GAO's opinion."[e]

Sources: [a] Caitlin Emma and Connor O'Brien, "Trump Holds Up Ukraine Military Aid Meant to Confront Russia," *Politico*, August 28, 2019; U.S. Senator Rob Portman, "Portman, Shaheen Lead Bipartisan Ukraine Caucus Leadership Letter Urging Trump Administration to Release Military Security Assistance Funds for Ukraine," press

[169] U.S. Department of Defense, "Defense Department Announces $150 Million in Assistance for Ukraine," June 11, 2021. Also see U.S. Department of State, "U.S. Security Cooperation with Ukraine," July 2, 2021.

[170] Defense Security Cooperation Agency, "Ukraine—Javelin Missiles and Command Launch Units," Transmittal No. 18-02, March 1, 2018; and Defense Security Cooperation Agency, "Ukraine—Javelin Missiles and Command Launch Units," Transmittal No. 19-70, October 3, 2019.

[171] Mike Eckel and Christopher Miller, "Next Up for U.S. Weapons Supplies to Ukraine? Possibly Surface-to-Air Missiles," *RFE/RL*, June 11, 2019.

[172] U.S. Department of Defense, "Readout of Secretary of Defense Lloyd J. Austin III's Meeting With Ukrainian President Volodymyr Zelenskyy and Minister of Defense Andrii Taran," August 31, 2021.

[173] U.S. Department of Defense, "DOD Announces $250M to Ukraine," June 11, 2020; and U.S. Department of State, "Former U.S. Coast Guard Patrol Boats to Serve Again in the Ukrainian Navy," July 2, 2021.

release, September 3, 2019; and U.S. House Committee on Foreign Affairs, "Three House Committees Launch Wide-Ranging Investigation into Trump-Giuliani Ukraine Scheme," press release, September 9, 2019.

[b] Caitlin Emma et al., "Trump Administration Backs Off Hold on Ukraine Military Aid," *Politico*, September 12, 2019.

[c] Ellen Nakashima et al., "Whistleblower Complaint About President Trump Involves Ukraine, According to Two People Familiar with the Matter," *Washington Post*, September 19, 2019.

[d] See, for example, White House, "Remarks by Vice President Pence and President Duda of Poland in Joint Press Conference," September 2, 2019; White House, "Remarks by President Trump and President Niinistö of the Republic of Finland in Joint Press Conference," October 2, 2019; White House, "Remarks by Vice President Pence in a Press Gaggle," October 10, 2019; and *New York Times*, "Read Mulvaney's Conflicting Statements on Quid Pro Quo," October 17, 2019.

[e] Office of Management and Budget, "OMB OGC Letter to GAO on Authority to Pause Obligation of Ukraine Funds," December 11, 2019; U.S. Government Accountability Office, *Office of Management and Budget—Withholding of Ukraine Security Assistance*, B-331564, January 16, 2020; and Andrew Duehren, "Hold on Ukraine Aid Violated Law, Nonpartisan Watchdog Finds," *Wall Street Journal*, January 16, 2020.

Since 2015, U.S. forces from the U.S. Army and National Guard, together with military trainers from U.S. allied states, have provided training and mentoring to members of the Ukrainian Armed Forces as part of a Joint Multinational Training Group-Ukraine.[174]

The United States and Ukraine host regular joint military exercises in Ukraine with the participation of NATO allies and partners. Sea Breeze, a maritime exercise, has been held regularly since 1997; in 2021, training objectives included "amphibious warfare, land maneuver warfare, diving operations, maritime interdiction operations, air defense, special operations integration, anti-submarine warfare, and search and rescue operations."[175] Another exercise, Rapid Trident, has been held annually since 2011. Originally a peacekeeping exercise for NATO and Partnership for Peace members, Rapid Trident has evolved to "enhance readiness and build interoperability" among Ukrainian and partner forces. Rapid Trident is the "culminating event of an ... annual training exercise to prepare Ukrainian Land Force units for the challenges of real world situations and deployments."[176]

The United States provides cybersecurity assistance to Ukraine. The United States and Ukraine are planning to hold a fourth Bilateral Cybersecurity Dialogue in Kyiv in October 2021.[177] U.S. interagency teams visited Ukraine in 2016 regarding 2015 cyberattacks against Ukrainian power companies.[178]

[174] U.S. Department of Defense, "Pentagon Press Secretary Updates Reporters on DOD Operations," February 22, 2021.

[175] U.S. Navy, "U.S. Sixth Fleet Announces Sea Breeze 2021 Participation," June 21, 2021; and Robyn Dixon, "The U.S.-Ukraine Sea Breeze Naval Exercises, Explained," *Washington Post*, July 2, 2021.

[176] Spc. Michael Sword, "Secretary of Army Witnesses Rapid Trident 2011 in Ukraine," U.S. Army, August 5, 2011; and U.S. Army Europe and Africa, "Exercise Rapid Trident 20 to be Held in September," September 14, 2020.

[177] U.S. Department of State, "The United States and Ukraine Hold Third Cyber Dialogue," March 3, 2020; and White House, "Joint Statement on the U.S.-Ukraine Strategic Partnership," September 1, 2021.

[178] ICS-CERT, U.S. Department of Homeland Security, "Cyber-Attack Against Ukrainian Critical Infrastructure," February 25, 2016; and Kim Zetter, "Inside the Cunning, Unprecedented Hack of Ukraine's Power Grid," *Wired*, March 3, 2016.

Bilateral Trade

The United States granted Ukraine permanent normal trade relations status in 2006.[179] From 2014 to 2016, bilateral trade declined in line with an overall decline in Ukraine's trade after Russia's invasion. U.S.-Ukraine trade began to recover in 2017. In 2020, the United States was Ukraine's 5th-largest source of merchandise imports and 14th-largest destination for exports.[180] The value of U.S. merchandise exports to Ukraine—mostly motor vehicles, coal, and industrial machinery—was $1.9 billion in 2020. The value of U.S. merchandise imports from Ukraine—primarily iron and steel—was $1.3 billion in 2020.

In 2017, President Trump and then-President Poroshenko agreed to increase the sale of U.S. coal to Ukraine, stating that it could help replace now-halted supplies of coal from the nongovernment-controlled areas of eastern Ukraine.[181] In 2020, U.S. coal accounted for about 28% of Ukraine's total coal imports.

Role of Congress

Since 1991, Congress has supported Ukraine's independence, sovereignty, and democratic trajectory.[182] Congress supported Ukraine's democratic transition during the 2004-2005 Orange Revolution.[183] Congress also has agreed to several resolutions to commemorate the 1986 Chernobyl nuclear disaster, which took place in Soviet Ukraine, and to support related U.S. and international assistance.[184] Congress has commemorated the Soviet Ukraine famine of 1932-1933, most recently in 2018 (H.Res. 931/S.Res. 435).[185]

During Ukraine's 2014 Revolution of Dignity, Congress supported a peaceful resolution to the political turmoil. Before ex-President Yanukovych fled to Russia in February 2014, the House and Senate agreed to resolutions to support Ukrainians' democratic aspirations, call for a peaceful resolution to the standoff between the government and protestors, and raise the prospect of sanctions "against individuals responsible for ordering or carrying out the violence" (S.Res. 319, H.Res. 447).

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[179] P.L. 109-205. Before 2006, Ukraine was subject to Title IV of the Trade Act of 1974 (P.L. 93-618; 19 U.S.C. 2101 et seq.), pursuant to which Russia and other post-Soviet states were denied permanent normal trade relations status. The Trade Act had originally imposed restrictions on trade with the Soviet Union, due to its nonmarket economy and prohibitive emigration policies (the latter through Section 402, popularly cited as the Jackson-Vanik amendment). After the collapse of the Soviet Union, these trade restrictions formally continued to apply to Russia and other post-Soviet states, even though they received conditional normal trade relations in 1992.

[180] Data in this section are from the State Customs Committee of Ukraine and U.S. Census Bureau, as presented in Global Trade Atlas.

[181] Ari Natter, "Ukraine Coal Exports Part of Trump Bid to Counter Russia," Bloomberg News, July 31, 2017; and Alessandra Prentice, "How a U.S. Coal Deal Warmed Ukraine's Ties with Trump," Reuters, February 19, 2018.

[182] See, e.g., H.Con.Res. 120 (1996), S.Res. 205 (2002), and S.Res. 422 (2010).

[183] See S.Res. 473 (2004), S.Res. 487 (2004), and H.Con.Res. 16/S.Con.Res. 7 (2005).

[184] See H.Res. 440 (1986), H.Con.Res. 167/S.Con.Res. 56 (1996), H.Res. 703 (2006), and S.Res. 153 (2011).

[185] Historians attribute the famine, which Ukrainians refer to as the *Holodomor*, to the coercive policies of Joseph Stalin's regime. The famine killed almost 4 million Ukrainians, according to current estimates. In 1985, Congress established a Commission on the Ukraine Famine (P.L. 99-180), which held hearings with eyewitnesses, published findings, and conducted a related oral history project. In 2006, Congress passed legislation authorizing the government of Ukraine to establish a memorial on federal land to honor the victims of the Ukraine famine (P.L. 109-340). The memorial was established in 2015. Anne Applebaum, *Red Famine: Stalin's War on Ukraine* (Doubleday, 2017); Commission on the Ukraine Famine, *Investigation of the Ukrainian Famine, 1932-1933*, April 22, 1988; and Askold Krushelnycky, "How Washington Holodomor Monument Won the Race Against Time," *Kyiv Post*, February 23, 2020.

Since 2014, many Members of Congress have condemned Russia's invasion of Ukraine, promoted sanctions against Russia, and supported increased aid to Ukraine.[186] The Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES; P.L. 113-95; 22 U.S.C. 8901 et seq.) was enacted in April 2014. SSIDES authorized aid to help Ukraine pursue reform, provided security assistance to Ukraine and neighboring countries, directed the U.S. government to assist Ukraine to recover assets linked to corruption, and established a variety of sanctions (see "Sanctions Related to Russia's Invasion of Ukraine," below). At this time, Congress also passed legislation authorizing increased funds to boost programming in Ukraine, Moldova, "and neighboring regions" by U.S. government-funded broadcasters Radio Free Europe/Radio Liberty (RFE/RL) and Voice of America (VOA) (P.L. 113-96).

The Ukraine Freedom Support Act of 2014 (UFSA; P.L. 113-272; 22 U.S.C. 8921 et seq.) was enacted in December 2014. UFSA stated that it is the policy of the United States "to further assist the Government of Ukraine in restoring its sovereignty and territorial integrity [and] to deter the Government of the Russian Federation from further destabilizing and invading Ukraine and other independent countries in Central and Eastern Europe, the Caucasus, and Central Asia." The act required or authorized a variety of expanded sanctions; authorized increased aid to Ukraine; and authorized an expansion of RFE/RL and VOA broadcasting throughout the post-Soviet states.

The Countering America's Adversaries Through Sanctions Act (CAATSA; P.L. 115-44; U.S.C. 9501 et seq.), with CRIEEA as its Title II, was enacted in August 2017. CRIEEA codified Ukraine-related executive orders (E.O.s) establishing sanctions on Russia, strengthened sanctions authorities initiated in Ukraine-related E.O.s and legislation, and established several new sanctions, including ones related to Russia's Nord Stream 2 pipeline (see "Sanctions Related to Russia's Invasion of Ukraine," below). It also established congressional review of any action the President takes to ease or lift a variety of sanctions. Among other measures, the act authorized $30 million in FY2018-FY2019 to promote energy security in Ukraine and required the State Department to submit a semiannual report to Congress on U.S. efforts to promote energy security in Ukraine (§257).

Since 2014, Congress has supported the provision of defensive lethal weapons to Ukraine. UFSA authorized the President to provide "defense articles ... including anti-tank and anti-armor weapons [and] crew weapons and ammunition."[187] The FY2016 to FY2021 National Defense Authorization Acts (NDAA) authorized "appropriate security assistance" to Ukraine, including "lethal assistance" such as "anti-armor weapon systems, mortars, crew-served weapons and ammunition, grenade launchers and ammunition," and (since FY2020) "coastal defense and anti-ship missile systems." Since FY2016, defense appropriations have provided military assistance to Ukraine, to include "lethal weapons of a defensive nature" and (since FY2019) "lethal assistance." In 2019, S.Res. 74 affirmed the United States' "unwavering commitment to ... providing additional lethal and non-lethal security assistance to strengthen Ukraine's defense capabilities on land, sea, and in the air in order to improve deterrence against Russian aggression."

[186] For House resolutions, see H.Res. 499, H.Res. 726, and H.Res. 758 in 2014, and H.Res. 50, H.Res. 162, and H.Res. 348 in 2015. For Senate resolutions, see S.Res. 378 and S.Res. 520 in 2014, and S.Res. 52 and S.Res. 72 in 2015.

[187] From 2014 to 2016, the House and/or Senate repeatedly expressed support for providing lethal defensive weapons to Ukraine. See H.Res. 758 (2014), P.L. 113-291 (2015), H.Res. 162 (2015), S.Res. 72 (2015), and H.R. 5094 (2016).

The FY2021 NDAA required the Secretary of Defense and the Secretary of State to jointly submit a report to Congress on the capability and capacity requirements of Ukraine's military forces, as well as a resource plan for U.S. security assistance (§1236).

Some Members of Congress have expressed concern about the emergence of far-right movements in Ukraine.[188] Since FY2017, defense appropriations have prohibited funds from being used "to provide arms, training, or other assistance to the Azov Battalion" (P.L. 116-260, §9015).

In 2018, Members of the 115th Congress agreed to resolutions condemning Russia's attack on Ukrainian naval vessels (S.Res. 709, H.Res. 1162) and calling for the cancellation of Nord Stream 2 and the imposition of sanctions on entities for investing in or supporting the project (H.Res. 1035).

In 2019, during the 116th Congress, the Senate agreed to S.Res. 74 to mark the fifth anniversary of Ukraine's Revolution of Dignity "by honoring the bravery, determination, and sacrifice of the people of Ukraine during and since the Revolution, and condemning continued Russian aggression against Ukraine."

Also in 2019, Congress passed the Protecting Europe's Energy Security Act (PEESA), which established more sanctions related to the construction of the Nord Stream 2 pipeline and other Russian natural gas pipelines (P.L. 116-92, Title LXXV; 22 U.S.C. §9526 note). In January 2021, Congress amended PEESA to clarify and expand its pipeline-related sanctions (P.L. 116-283, §1242).

Other Legislative Initiatives

The Ukraine Cybersecurity Cooperation Act of 2017 (H.R. 1997), which passed the House during the 115th Congress, called for greater cybersecurity cooperation with and aid to Ukraine.[189]

In March 2019, the House of Representatives voted 427-1 to pass H.R. 596, the Crimea Annexation Non-recognition Act, which would assert that it is the policy of the United States not to recognize Russia's claim of sovereignty over Crimea, its airspace, or its territorial waters. The act was re-introduced during the 117th Congress as H.R. 922.

Other bills and resolutions introduced or re-introduced during the 117th Congress include the following:

- Ukraine Security Partnership Act of 2021 (S. 814). This act would, among other measures, appoint a Special Envoy for Ukraine and authorize $300 million a year for FMF assistance and $50 million a year for other aid from FY2022 through FY2026.
- The Ukraine Religious Freedom Support Act (H.R. 496, S. 1310). This act would, among other measures, seek to deny U.S. visas to Russian officials if they committed particularly severe violations of religious freedom in occupied Ukrainian territory. The act would require the President to consider such violations for the purposes of making a determination of whether to designate Russia as a country of particular concern for religious freedom (H.R. 5408, S. 3064). The act was ordered to be reported in the House in April 2021.

[188] Rep. Ro Khanna, "Rep. Khanna Leads Bipartisan Members in Condemning Anti-Semitism in Europe," April 25, 2018; and Rep. Max Rose, "Rose Leads Dozens of House Dems in Asking State Dept: Why Aren't White Supremacist Groups Listed as Foreign Terrorist Organizations?" October 16, 2019.

[189] A related bill, S. 2455, was introduced in the Senate.

- Restraining Russian Imperialism Act (H.R. 3144). This act would impose "all available sanctions" under existing authorities with respect to Russia until the President "determines that the Government of Russia has removed all of its armed forces from the Donbas region of Ukraine."
- An amendment to the House-passed version of the FY2022 National Defense Authorization Act (H.Amdt. 110 to H.R. 4350) would require the President to impose sanctions related to the planning, construction, or operation of the Nord Stream 2 pipeline and would repeal PEESA's national interest waiver.
- A resolution, S.Res. 360, introduced in September 2021, would celebrate the 30th anniversary of Ukraine's independence and affirm the United States' "unwavering commitment" to support the Ukrainian government's efforts to restore Ukraine's territorial integrity.

Sanctions Related to Russia's Invasion of Ukraine[190]

In 2014, the Obama Administration said it would impose increasing costs on Russia, in coordination with the EU and others, until Russia "abides by its international obligations and returns its military forces to their original bases and respects Ukraine's sovereignty and territorial integrity."[191] As of the start of October 2021, the United States has imposed Ukraine-related sanctions on about 735 individuals and entities.[192]

A series of executive orders issued in 2014 (E.O.s 13660, 13661, 13662, and 13685), based on national emergency authorities and codified by CRIEEA, provides a framework for sanctions on those the President determines have undermined Ukraine's security, stability, sovereignty, or territorial integrity, or have misappropriated state assets. The E.O.s also establish sanctions on Russian government officials and persons who operate in the Russian arms sector, other key sectors of the Russian economy, or occupied Crimea. In addition, they prohibit U.S. business, trade, or investment in occupied Crimea. Among those designated are Ukrainian individuals and entities, including former government officials and Russian proxy authorities in occupied Crimea and Russia-controlled areas in eastern Ukraine. Sectoral sanctions imposed in response to Russia's invasion of Ukraine apply to certain kinds of transactions with specific entities in Russia's financial, energy, and defense sectors.

SSIDES and UFSA, signed into law in 2014, expanded on the actions the Obama Administration took in response to Russia's invasion of Ukraine. In 2018, President Trump cited SSIDES, as amended by CRIEEA (§228), to designate two Ukrainian individuals and one entity for committing serious human rights abuses in territories forcibly occupied or controlled by Russia. SSIDES and UFSA contain additional provisions the executive branch could use, including potentially wide-reaching secondary sanctions against foreign individuals and entities that facilitate significant transactions for Russia sanctions designees.

Section 232 of CRIEEA authorizes sanctions on those who invest at least $1 million, or $5 million over 12 months, or provide goods, services, or support valued at the same amount for the construction of Russian energy export pipelines, including Nord Stream 2. On January 19, 2021,

[190] This section draws on CRS In Focus IF10779, *U.S. Sanctions on Russia: An Overview*, by Dianne E. Rennack and Cory Welt. Also see CRS Report R45415, *U.S. Sanctions on Russia*, coordinated by Cory Welt.

[191] White House, "Fact Sheet: Ukraine-Related Sanctions," March 17, 2014.

[192] These designations include about 75 designations for a wider range of malign activities.

the Trump Administration imposed sanctions on the Russian vessel Fortuna, which Gazprom was using to complete construction of Nord Stream 2, and its corporate owner.

PEESA, as amended, establishes sanctions on foreign persons whom the President determines have sold, leased, provided, or facilitated the provision of vessels for the purpose of subsea pipe-laying activities related to the construction of Nord Stream 2 and TurkStream, or any successor pipeline. As amended, PEESA also targets those who provide underwriting services or insurance, or who provide certain upgrades or installation services. Sanctions do not apply to nonbusiness entities of the EU, member states, or some other non-EU governments.

PEESA provides for exceptions and waivers and authorizes the President to terminate sanctions if the Administration certifies to Congress "that appropriate safeguards have been put in place"

- to minimize Russia's ability to use the sanctioned pipeline project "as a tool of coercion and political leverage" and
- to ensure "that the project would not result in a decrease of more than 25 percent in the volume of Russian energy exports transiting through existing pipelines in other countries, particularly Ukraine."

In February 2021, the Biden Administration identified the previously designated Fortuna and its owner as also subject to sanctions under PEESA. In May 2021, the Administration designated 13 more vessels and 4 entities under PEESA; in August 2021, it designated another four entities and vessels. However, the Administration has waived the application of new sanctions on Nord Stream 2 AG, its chief executive officer, and corporate officers (Nord Stream 2 AG is a Swiss-based company Gazprom established to construct and operate the pipeline). Some Members of Congress have urged the Administration to impose additional sanctions to prevent the pipeline from becoming operational.

Like the United States, the EU has imposed sanctions ("restrictive measures") against Russia for its invasion of Ukraine. EU sanctions are similar, although not identical, to U.S. sanctions. Most EU sanctions are imposed for a defined period of time (usually six months or a year) to incentivize change and provide the EU with flexibility to adjust the sanctions as warranted. Unanimity among EU member states is required to renew (i.e., extend) EU sanctions. Ukraine and other countries, including Australia, Canada, Japan, Norway, and Switzerland, also have imposed sanctions on Russia in response to its invasion of Ukraine.

Outlook

More than seven years after Ukraine's Euromaidan protests and Russia's invasion, Ukraine continues to grapple with a number of internal and external challenges. Issues that Members of Congress may consider in seeking to influence or shape U.S. relations with Ukraine could include the following:

- How to assist Ukraine in its efforts to restore sovereignty over its territory, achieve a sustainable political settlement, and promote security and humanitarian needs in and around conflict-affected regions;
- Whether to consider measures to impose further costs on Russia for its ongoing aggression against Ukraine;
- How to exercise oversight over the Biden Administration's diplomatic efforts to address Ukraine's conflict with Russia, bolster Ukraine's security, and manage negative consequences resulting from Nord Stream 2 pipeline construction;

- How to exercise oversight over the Biden Administration's implementation of several recently introduced U.S.-Ukraine bilateral initiatives;
- How to assess the effectiveness of current levels and kinds of economic and security (including lethal) assistance to Ukraine;
- Whether and how to further assist Ukraine's government in sustaining a democratic and reform-minded trajectory;
- How to monitor Ukraine's consolidation of governance and anti-corruption reforms supported by the international community and Ukrainian civil society;
- How to further promote Ukraine's energy and cyber security; and
- How to increase Ukraine's benefits from its free trade agreement with the EU and its security partnerships with NATO and the United States.

Author Information

Cory Welt
Specialist in Russian and European Affairs

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