

Who are the "Friends of Ukraine"?

By <u>Andrey Polevoy</u> Global Research, February 02, 2015

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by Andrey Polevoy

On Jan. 11, 2015, the Ukrainian website "GordonUA" published a rousing article (in Russian) with the suggestive title of "<u>The Best Friends. The Countries Offering Assistance to Ukraine in 2014.</u>" Let's read that document carefully.

"The past year has turned out to be an extremely difficult one for Ukraine. After President Viktor Yanukovych fled the country in February 2014, Ukraine teetered on the brink of default, and the fighting that began in the eastern provinces in the spring only made the situation worse."

Apparently, ex-President Yanukovych was an irreplaceable good-luck charm for Ukraine, and when he disappeared that instantly devastated the entire country's financial well-being. And from his self-imposed exile Yanukovych continued to undermine Ukraine's financial stability, even at a distance. In February 2014, Ukraine's gold and currency reserves were worth \$20.41 billion, but by Dec. 1 their value had dwindled to \$9.97 billion. Now they have been reduced to approximately \$7 billion.

European Union



The European Union was the first to step forward and offer financial assistance to Ukraine. It was the EU that set up a donors' forum to provide assistance to Ukraine, in coordination with the United States, Japan, China, Canada, and Turkey. Former European Commission President José Manuel Barroso declared that the entire world should take part in condemning Russia's actions and offering assistance to Ukraine, noting that the EU was ready to provide a loan of €1 billion. EU member states furnished help to Ukraine in the form of financial and humanitarian assistance. In addition, over the course of the year the EU imposed a number of sanctions against Russia, and also against the Crimea she had annexed. In December Ukraine was presented with a second installment of that loan, amounting to €500 million."

And it's true that on May 20 Ukraine received 100 million euros from the European Commission, another 500 million on June 17, and 260 million on Nov. 12. <u>The total value</u> of the support came to 860 million euros.

It is no secret that the "entire world" did not join in the condemnation of Russia, which was confined to the US and its satellites. The tangible material assistance Ukraine received was even more modest. Although China and Turkey were included on the list of

coordinators, they did not give Kiev any money. In March 2014, Turkey merely declared its readiness "to assist in the stabilization of Crimea," and China agreed to send humanitarian aid under the auspices of the UN, in the event that such a program was initiated.

Instead of condemning Russia, these states have significantly expanded their bilateral relationships: China signed a strategic contract with Russia that promises to deliver hydrocarbons for the next 30 years, and a "southern" route for Russian gas supplies headed for Europe was redirected to Turkey. Prime Minister Erdogan has proposed the creation of a regional alliance of Turkey, Iran, and Russia, and ships flying the Turkish flag freely enter Crimean ports, disregarding all menacing sanctions.

EU sanctions against Russia have led to protests by business owners as well as economic problems within the EU itself. It is no secret that the German business community is putting increasing pressure on that country's political leaders, demanding that the sanctions - which are affecting European businesses rather than American ones although they were imposed at the order of the US - be revoked.



Petro Porshenko during his meeting with Barack Obama.

USA

The United States of America was one of the first countries to condemn Russia's policy toward Ukraine. Over the last year, the US government has provided Ukraine with money, as well as humanitarian aid and nonlethal weapons. However, the sanctions against Russia are one of the most effective forms of assistance the US can provide to Ukraine. In December, the US adopted the Ukraine Freedom Support Act, which allowed for the expansion of military support – the provision of anti-tank and other weapons, counter-mortar radar, unmanned drones, and other military equipment. America's 2015 budget includes \$100 million for these items, and an additional \$125 million is allocated for each of the next two years. In 2014 the US granted 20% more visas to Ukrainians than in 2013. As a result, the United States allocated more than \$450 million to Ukraine last year.

And that's not counting the <u>cookies</u> handed out on Maidan, although their symbolism was priceless. So is \$450 million a lot or a little? In 2013 the US Department of Health and Human Services spent \$500 million on a program to solve the problem of five-year-olds who "cannot sit still" in their kindergarten classrooms.

DHHS spent \$319 million setting up the Healthcare.gov website, and at least the same amount on marketing and advertising. And to cover America's defensive needs, \$550 million each year is budgeted for the US army's military bands.

Canada

Last year the Canadian government introduced a series of sanctions against Russia to protest its



aggression, and also <u>forwarded a total of \$11 million to Ukraine</u>. Canada has contributed nonlethal weapons, protective equipment, and money to treat injured Ukrainian soldiers. **In addition, the government has announced its intention to offer Ukraine lethal weapons, if permission is granted from NATO.** The government of <u>Canada has revived its dialog on establishing a free trade zone with Ukraine</u> and has issued a <u>loan of 200 million Canadian dollars</u>.

In reality, Ukraine received that money from Canada two days before the war - and if you believe President Poroshenko, one day of his punitive operation costs \$6.3 million - and his country has slipped further into a black hole of debt.

Poland

The official position of the Polish government toward Ukraine has been repeatedly borne out by its actions. In addition to cash remittances, Poland has budgeted over €3 million in material and logistics assistance, as well as funds to treat and rehabilitate combatants injured during Ukraine's anti-terror operation. The Poles have contributed \$500,000 just for medicine alone. Several dozen National Guard soldiers and Euromaidan protesters have been sent to Poland for treatment and rehabilitation. That country has also expressed concern for the fate of those who have been displaced from their homes, providing them with \$1 million in financial assistance. Poland has supported the sanctions against the Russian Federation, ratified Ukraine's agreement with the EU, and stated its willingness to sell Ukraine lethal weapons. Late last year the Ukrainian and Polish governments agreed to establish joint operations in customs services and military/technical production. In the fall, Poland, Lithuania, and Ukraine formed a joint military brigade.

According to the Polish military prosecutor's office, 1,500 blankets and about the same number of mattresses never reached their intended recipients – Ukrainian soldiers. In meaningful terms, Poland's medical assistance was the equivalent of about 50 good-quality prostheses, and three million euros will cover the costs of combat for approximately one day. With respect to the effect of the sanctions – Poland lost about a billion dollars when the Russian market for her agricultural products was closed off, and she is now stubbornly demanding compensation from the US and EU for her masochism.

Judging by the recent <u>statement</u> from Poland's Gaz System, it appears that at the beginning of the year <u>Poland cut off its reverse flows of gas to Ukraine</u>, depriving that country of 21.6 million cubic meters per day.

Czech Republic

The Czech government has allocated financial aid for Ukraine on more than one occasion, for a total of over \$2 million. In addition, the Czech Ministry of Defense has sent winter uniforms for the Ukrainian army as well as cash to treat Ukrainian activists, and later – wounded soldiers. The country has also admitted several dozen Ukrainian citizens for treatment and rehabilitation who were wounded in the region where Ukraine is conducting its anti-terror operation, and several activists who suffered injuries during the battles on Euromaidan have been granted political asylum. In 2014 the Czech government decided to simplify the procedure for obtaining visas for Ukrainians.

"Several activists" who played a more-than-prominent role in sparking the

conflicts on Maidan, as well as all the subsequent events tied to the coup that took place before the civil war, are in no hurry to return from the Czech Republic to their native land now that democracy has triumphed there. The winter uniforms the Ukrainian army received had already been classified as surplus by the Czech Ministry of Defense, and consisted of 2,000 warm coats dating back to 1997, 800 pairs of boots from 1995, and 3,000 fur hats.

Japan

The government of Japan has provided Ukraine with \$1.5 million in economic aid and another \$7 million to restore the social infrastructure of the Donbass that has been damaged by the fighting. In addition, that country has invested heavily in nine health and education projects in Ukraine. In October, the Japanese government canceled a visit by Russian President Vladimir Putin, due to the events in eastern Ukraine.

After a series of bilateral meetings, Japan was granted the dubious privilege of updating and repairing Ukraine's power plants and coal mines, with the assistance of Japanese loans and specialized personnel.

Programs that focus on medicine and equipment present a similar picture. However, the Japanese are only prepared to allocate money once the question of Ukraine's possible sovereign default has been resolved and the dust has settled from the war in Novorossia.

Three weeks ago, the Japanese parliament re-elected Prime Minister Shinzo Abe, who has cited rapprochement with Russia as his most important policy goal. New consultations on political and economic issues are scheduled to be held as soon as this February with Russia. The prime minister has also repeatedly stated his intention to sign a peace treaty with Moscow during his term in office.

Lithuania

In 2014 the Lithuanian government staked out a position that could be described as exceedingly courageous. While upholding a number of European sanctions against Russia, Lithuania also announced the introduction of its own national sanctions and its readiness to completely forgo the use of Russian gas. In addition, the government of Lithuania has ratified the agreement between Ukraine and the EU and has offered to help the Ukrainian government build a

Poroshenko with the president of Lithuania

terminal for liquefied natural gas. Over the course of the last year, <u>Lithuania has volunteered to treat and rehabilitate several dozen Ukrainian citizens</u> (at first taking in the activists who were injured on Maidan, and later – soldiers) and declared her readiness to accept at least another 50 wounded combatants in 2015. The Lithuanian government has also provided humanitarian assistance on many occasions, both for combatants injured in the anti-terror operation as well as internally displaced persons. **Lithuania has allocated 420,000 litas (\$150,000) to mitigate the humanitarian situation in Ukraine, and 150,000 litas to provide medical treatment to Ukrainians (\$52,000).**

It's hard to say much the calamitous humanitarian situation in Ukraine can be improved for \$150,000 or how many people can be treated for \$52,000. In theory, Lithuania's economic picture is not much better than Ukraine's, and one can't expect the

Baltic states to display great financial heroism.

But in this instance, as in Poland, what has triumphed is the country's willingness to overwhelm its national economy with an unbearable burden, merely out of solidarity with Ukraine – so as to then suggest that Ukraine replicate this experience. **Because of the LNG terminal, Lithuania herself now has the privilege of paying \$150 dollars more for her gas from Russia than she did before.**

United Kingdom

The UK has had very harsh words to say about Russia's policy toward Ukraine. The country's leaders have called on Russia to respect the choice the Ukrainians have made, noting that a further escalation of the conflict could lead to war between Russia and NATO. Notably, Prince William has called the destabilization of the Donbass a threat to the whole of Europe. Over the last year, the British government has sent Ukraine several shipments of humanitarian aid, including winter clothing and medical supplies, as well as nonlethal weapons. British financial assistance to Ukraine intended to address the situation in the Donbass has amounted to one million pounds. Also, the country has admitted five Ukrainian soldiers for medical treatment.

All in all – \$1.5 million out of the 15 million previously pledged, plus five hospital beds.

Germany

Germany exerted great effort all last year to reach a political solution to the crisis, and has proven herself to be a reliable partner for Ukraine. In addition to the introduction of a number of sanctions against the Russian Federation, about 3% of German companies have stopped doing business in Russia. The German government has also delivered more than \$12 million in humanitarian aid to Ukraine and has provided €2.5 million to rebuild Ukrainian cities that have been damaged in the fighting. Several dozen combatants injured during the anti-terror operation have been sent to Germany for treatment and rehabilitation. As of Nov. 1, 2014 the government of that country has waived its visa fee for Ukrainians.



There's no question but that waiving visa fees for Ukrainian citizens represents a very significant investment in their well-being. And equally so – the refusal of some German companies to work in Russia. Twelve million humanitarian dollars were spent on heaters, hygiene kits, blankets, and diesel generators, which crossed the Ukrainian-Polish border but never reached their intended destinations in Novorossia. No serious plans can be made to rebuild ruined towns until the hostilities have ended – which means that no one knows when this will happen.

Thus, to date Ukraine has been able to scrape together no more than \$1.5 billion in loans from around the world, for which they were forced to trade in their national sovereignty, plus the remaining shreds of their self-esteem, all at an extremely unfavorable exchange rate. In January 2015, Ukraine is supposed to pay off \$403 million in debts – and this amount has been put in reserve at the state treasury. But Ukraine also needs to part with approximately another \$11 billion in 2015 to cover its previous loans, and no one knows where that money is going to come from.

But only a year ago Russia gave Ukraine twice as much money as the latter's international "friends" have provided her - \$3 billion. And Moscow was prepared to issue another 12 billion, along with a massive program to update the Ukrainian economy, plus favorable rates on energy supplies.

So who was and still is a true friend of Ukraine?

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Articles by: **Andrey Polevoy**

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