

UKRAINE UNDER SIEGE

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

—————
MARCH 4, 2015
—————

Serial No. 114-21
—————

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/> or
<http://www.gpo.gov/fdsys/>

—————
U.S. GOVERNMENT PUBLISHING OFFICE

93-669PDF

WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
DANA ROHRABACHER, California
STEVE CHABOT, Ohio
JOE WILSON, South Carolina
MICHAEL T. McCAUL, Texas
TED POE, Texas
MATT SALMON, Arizona
DARRELL E. ISSA, California
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
MO BROOKS, Alabama
PAUL COOK, California
RANDY K. WEBER SR., Texas
SCOTT PERRY, Pennsylvania
RON DeSANTIS, Florida
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
CURT CLAWSON, Florida
SCOTT DesJARLAIS, Tennessee
REID J. RIBBLE, Wisconsin
DAVID A. TROTT, Michigan
LEE M. ZELDIN, New York
TOM EMMER, Minnesota

ELIOT L. ENGEL, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
BRIAN HIGGINS, New York
KAREN BASS, California
WILLIAM KEATING, Massachusetts
DAVID CICILLINE, Rhode Island
ALAN GRAYSON, Florida
AMI BERA, California
ALAN S. LOWENTHAL, California
GRACE MENG, New York
LOIS FRANKEL, Florida
TULSI GABBARD, Hawaii
JOAQUIN CASTRO, Texas
ROBIN L. KELLY, Illinois
BRENDAN F. BOYLE, Pennsylvania

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

CONTENTS

	Page
WITNESS	
The Honorable Victoria Nuland, Assistant Secretary, Bureau of European and Eurasian Affairs, U.S. Department of State	5
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Victoria Nuland: Prepared statement	9
APPENDIX	
Hearing notice	44
Hearing minutes	45
The Honorable Edward R. Royce, a Representative in Congress from the State of California, and chairman, Committee on Foreign Affairs: Statement by Ambassador of Ukraine Olexander Motsyk	47
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement	49

UKRAINE UNDER SIEGE

WEDNESDAY, MARCH 4, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. Ambassador Nuland, welcome.

This hearing will come to order, and our topic today is “Ukraine Under Siege.” And Ukraine is under siege by Russia at this moment, and unfortunately, the response to Russia’s aggression by the administration has been quite tepid.

A year ago, Russia invaded and seized Crimea, and some thought that Vladimir Putin would stop there. Not so. And last April, Ranking Member Eliot Engel and I led a delegation to Ukraine. We traveled to the Russian speaking-east. I think we had eight members on that delegation. We went into Dnepropetrovsk, which is bordering Luhansk and Donetsk.

And I have to share with the members here that the many Ukrainians that—and these are Russian speaking Ukrainians in the far east that Mr. Engel and I met with, wanted to be Ukrainians. They did not want to be separatists.

We spoke to the women’s groups there, to the lawyers’ groups, civil society, the Jewish group, various ethnic minorities, the governor, the mayor. At Passover, Mr. Engel spoke at the largest Jewish community center in Eastern Europe, the largest synagogue.

And I can just share with the members here what—I’ll attest to the attitude was—one of the thoughts shared with us is it seems that Russia has recruited every skinhead and every malcontent in the Russian speaking world and are trying to bring them into the east. And they said we are holding them in a brig here until hostilities are over, because we can spot them, but they are coming in from Russia in order to try to overthrow our Government.

And so we have seen this situation where Moscow moved from annexing Crimea to aggressively supporting militant separatists in eastern Ukraine and indeed bringing Russian troops into the country. And Russia may now try to secure a land bridge to Crimea. That is the great concern here. That was the worry we heard that they would further expand this conflict; that they might try to seize the strategic port of Mariupol.

Now when we talked to the U.N. agencies on the ground, they count over 6,000 civilians who have been killed in this conflict.

There are 1.7 million Ukrainians that have now been made refugees. To date, the actions taken by the U.S. and our EU allies, including economic sanctions and aid and diplomatic isolation, have not checked Putin. Indeed over the past year he has become bolder, even menacing NATO countries as he seeks to divide the alliance.

The Obama administration and our European allies have put hope in diplomatic and ceasefire arrangements, but it is not working. Last week, I met with the First Deputy Speaker of the Ukrainian Parliament who said that his country urgently needs anti-tank weapons such as the Javelin. He needs radar to pinpoint enemy fire in order to do the counter-battery work to suppress that artillery, and he needs communications equipment to overcome Russian jamming.

Ukrainian forces cannot match the advanced equipment that Russia is pouring into eastern Ukraine. And by the way, when you see tanks come into eastern Ukraine those are not Ukrainians in those tanks. Those are Russians. There is no shortage of the will to fight, only a shortage of defensive weapons.

But at the committee's hearing last week, Secretary Kerry said that President Obama has still not made a decision on whether to send defensive lethal military aid to Ukraine. Six months after President Poroshenko told a joint session of Congress in his words, "One cannot win the war with blankets," it was not surprising, but still discouraging, to see him have to shop for defensive weapons, and unfortunately it has been very, very difficult for Ukraine to find any defensive weapons.

And I was just as discouraged to read in this weekend's Wall Street Journal that U.S. intelligence sharing with Ukraine keeps Ukraine in the dark. Satellite images are delayed and obscured making them less useful. Frustrated, Ukraine is approaching other countries like Canada to share such information. This isn't U.S. leadership. Moscow is also undermining Ukraine's economy. Today Russia is using its natural gas and other energy sources for political coercion and to generate economic chaos in the country.

Ukraine is facing an economic precipice. It desperately needs help. Meanwhile, Russia is winning the battle on the airwaves and they are doing it by broadcasting out conspiracy theories and propaganda. Anyone who has monitored what has been up on the air is well aware that this propaganda is offensive, is aimed at sowing confusion and undermining opposition to its aggression in Ukraine and elsewhere.

But we are barely in the game of countering this with the facts. As I told the Secretary last week, I would like to see more administration support for the effort Mr. Engel and I have undertaken to reform our international broadcasting. The Broadcasting Board of Governors is broken. If we can't begin to change minds, then the struggle over Ukraine today will become a generational struggle for the future of Eastern Europe. Ukraine's fate has security implications for well beyond its borders.

Now we passed this bill into the Senate last year. We were not able to bring it up and get it out of the Senate. We did not have the administration's support for it. But we have vetted this and have a great deal of support in this institution for getting back up on the air with Radio Free Europe, Radio Liberty type broadcasting

that we did years ago to great effect with a message that will get the truth effectively into Eastern Europe and into Russia. It is time for strong and unwavering support of Ukraine. It is time for this right now, and many of these committee members on this committee, I believe, are concerned U.S. policy toward Ukraine may soon become, "too little, too late."

And I now turn to the ranking member for opening remarks that Mr. Engel of New York might wish to make.

Mr. ENGEL. Thank you very much, Mr. Chairman, and thank you for calling this very timely and important hearing. At the outset I want to acknowledge the Ukrainian Days participants who are in the audience today.

And Ambassador Nuland, welcome back. We thank you for testifying today. We thank you for your decades of service. And on a personal basis, let me also say that I have had to pleasure of working with you and I am a fan of your hard work, knowledge and tenacity. Thank you for all you do.

In Ukraine, the events of the past year and the ongoing Russian aggression threatens the security and stability of the entire region and undermines decades of American commitment to and investment in a Europe that is whole, free and at peace. In fact this is a threat to the whole international order.

So today we face grave questions. What can and should be done, and who should contribute to solving this problem? The United States is providing substantial assistance to the Government of Ukraine including billions of dollars in loan guarantees and non-lethal military aid. We have also imposed significant sanctions on Russia. We have sanctioned officials supporting Russia's aggression in Ukraine and targeted key sectors of the Russian economy. And we have seen results. Russia's economy has been taking on water, and this has only been magnified by the recent dip in oil prices.

These policies are good, but only up to a point. They don't go far enough, in my opinion. Russia's military gains in Ukraine have slowed, but Putin continues to grab land along the line of contact in violation of the Minsk ceasefire agreement, which mandates that Russian supported rebels pull back their forces.

The government in Kyiv is committed to reform, but leaders there struggle every day to preserve Ukrainian sovereignty. And while our financial assistance has kept Ukraine's economy afloat, they still confront a bleak economic outlook and the risks of a financial meltdown loom large.

Now when Ukraine gave up its nuclear arsenal in 1994, the United States made a commitment to help protect Ukrainian territorial integrity. That commitment was also made by Russia, U.K., China, other countries as well, but now our commitment is being tested. Let me also say that I think NATO made a grave mistake in 2008 when it refused to admit Ukraine and Georgia into NATO. I know that Germany and France resisted. The United States tried to push it. I didn't work. And I think we are paying the price today. I don't think that Putin would have been as aggressive if Ukraine was a part of NATO.

So last month I met with President Poroshenko. Met with him in Europe. His request was simple. Provide Ukraine with key weapons and military technology to defend itself. Specifically,

Ukraine needs light anti-tank missiles to protect itself against rebels attacking with heavy, Russian supplied armor, not to evict the thousands of Russian troops inside Ukrainian borders. Ukraine needs longer range counter-battery radars to pinpoint attacking artillery and tanks, not to win a protracted war against Russia's military. And Ukraine needs better communications technology to deal with Russian efforts to jam their signals, not to advance on Moscow.

I was laughing when at that conference in Munich, Madam Secretary, you and I both attended, to hear the Russian Foreign Minister denying that Russian troops were in Ukraine, saying it was just Ukrainian rebels. Lies, lies and more lies.

I have spoken on the House floor calling on our Government to supply defensive weapons to Ukraine.

So Mr. Chairman, and I know you agree with me, Ukraine is not going to win a war against Russia, but it can impose a greater cost on Vladimir Putin's aggression and slow Russia's advances. And it has a chance to remain on its feet when all is said and done if it can impose a greater cost on Putin's aggression and slow Russia's advances.

Yet for nearly a year, the administration along with the vast majority of our European allies has resisted providing such assistance. Now to be sure, there are risks involved but there are also risks in allowing Putin to continue his aggression in Ukraine and to threaten other peaceful neighbors on Russia's periphery. And if Russia's aggressive pressure on the West reach the frontiers of our NATO allies, the dangers to Europe increase tremendously; the dangers to the NATO alliance increase tremendously.

In December, Congress unanimously passed the Ukraine Freedom Support Act. This legislation authorized the provision of lethal defensive aid. I was proud to lead House efforts to pass this legislation and happy that President Obama signed it. But I have been disappointed that the administration has not used any of the tools provided in this law.

It is time to ask the hard question. Are we willing to stand up to Vladimir Putin's aggression before he kills more people, does more economic damage, further destabilizes Europe and threatens our NATO allies? Or are the risks just so great that we will simply cut our losses? As time passes, our options grow fewer and less effective. That is why I am announcing today my plan to introduce new legislation. It will offer Ukraine greater assistance on a variety of fronts. It will dial up the pressure on Vladimir Putin for his reckless, destructive and destabilizing policies, and it will send a clear message that the United States stands with the people of Ukraine against Russian aggression. I look forward to working with Chairman Royce and other colleagues as we move ahead with this effort.

And finally, let me just add that our European allies need to confront these same questions of strategy and political will. In my view, wealthy countries such as Germany, France and others have a lot more skin in the game economically and strategically. They should be doing more to assist Ukraine on the economic front as they seem even less willing than we are to provide needed military assistance. They should double down, dig deep, and ensure Ukraine

does not endure a financial meltdown. This would be a win-win, keeping Ukraine solvent and preventing an even greater catastrophe on the EU's borders. The people of Ukraine are watching, the government in Kyiv is watching, and the whole world is watching. We cannot sit idly by and allow Putin to continue his aggression.

So again Ambassador Nuland, thank you for appearing here today and I look forward to your testimony.

Chairman ROYCE. So this morning we are very pleased to be joined by Ambassador Victoria Nuland. And before assuming her position as Assistant Secretary for the Bureau of European and Eurasian Affairs with the Department of State, Ambassador Nuland served as the Department of State's spokesperson. She also served as the United States Permanent Representative to the North Atlantic Treaty Organization from 2005 to 2008, and she focused heavily on NATO-Russia issues during that period of time.

And without objection, the witness's full prepared statement is going to be made part of the record. Members will have 5 calendar days to submit any statements to the committee, any questions and extraneous materials for the record which we will ask the Ambassador to respond to in writing.

So we would ask, Ambassador, if you would please summarize your remarks and then we will go to questions.

STATEMENT OF THE HONORABLE VICTORIA NULAND, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Ambassador NULAND. Thank you very much, Chairman Royce, Ranking Member Engel, members of this committee, for having me back today to speak about the situation in Ukraine and for your personal investment in that country's future.

Let me also take this opportunity to say that we share this committee's sadness and outrage over the murder of freedom fighter and Russian patriot and friend to many of us, Boris Nemtsov. The outpouring of concern from Congress again demonstrates bipartisan U.S. respect for those in Russia and across the region who are working for reform, clean government, justice and dignity.

Today Ukraine is central to our 25-year effort for a "Europe whole, free and at peace." With your permission, I would like to focus on three areas in particular today. First, on the hard work that Ukraine is doing with U.S. and international support to build a more democratic, independent and European country.

Second, I will address both the opportunity that Russia has to implement the February and September Minsk agreements as well as the further costs that the United States and our European allies will have to impose if Minsk is further violated. And finally, I will touch very briefly on three other new threats to European security that we are working on—energy vulnerability, corruption and propaganda, as noted by the chairman—that the Ukraine conflict also brings into high relief and all we are doing on them.

First, a quick reminder of why we are here. Fourteen months ago, the Kyiv Maidan and towns across Ukraine erupted in peaceful protest by ordinary Ukrainians who were fed up with the sleazy, corrupt regime that was bent on cheating its people of their

democratic choice for a more European future. They braved frigid temperatures, brutal beatings and sniper bullets. Ultimately the leader of that rotten regime fled the country, and then he was voted out by the Parliament including most members of his own party. And then Ukraine began to forge a new nation on its own terms.

I want to take a small opportunity here to highlight the very hard work that your counterparts in the new Ukrainian Rada have undertaken just since they were seated in November. The Rada has been a beehive of activity, passing laws to tackle corruption in the public and private sector; to reduce government inefficiency; to strengthen the banking system; to clean up the energy sector; to establish a new police service; to improve the climate for business and attract new investment.

It has also been moving forward on political decentralization to give the Ukrainian regions more authority in advance of local elections. These reforms have been politically difficult, but they will also stabilize the economy, and we are seeing the hryvnia start to stabilize even today. And they will also support the swift disbursement of IMF and other international donor support. I can ask you only to imagine what it would have been like if you had been asked to pass that much legislation that quickly and that painfully.

As Ukraine has stood up, the United States and our European allies and partners have stood with her. This past year, the United States provided almost \$355 million in foreign assistance to strengthen energy assistance to aid Ukraine's poorest citizens as gas costs rise; to help fight corruption; to strengthen the Ukrainian border guard and its military, \$118 million in security support alone; and to support political reforms, elections and clean government.

And there is more on the way. As Secretary Kerry testified last week, the President's budget includes an FY16 request of \$513.5 million, almost six times more than our FY14 request, to build on these efforts. Today we are working with Europe, the Ukrainians and the IMF to strengthen the country's economy and support the government's reform plan, particularly in implementing this package of legislation, including a new \$1-billion U.S. loan guarantee and up to another \$1 billion later in 2015, if you and we agree that the conditions warrant and if Ukraine is able to meet its reform targets.

This brings me to my second point. Even as Ukraine has begun building a peaceful, democratic, independent nation across 94 percent of its territory, Crimea and eastern Ukraine have suffered a reign of terror. Today, Crimea remains under illegal annexation and human rights abuses are the norm, not the exception, for Crimea's most vulnerable populations, especially Crimean Tatars, Ukrainians who won't give up their passports, and for LGBT citizens.

In eastern Ukraine, Russia and its separatist puppets have unleashed unspeakable violence and pillage. Hundreds and hundreds of Russian heavy weapons and troops have poured across the border; a commercial airliner was shot down this summer; Donetsk airport was obliterated; Ukrainian pilot Nadiya Savchenko languishes in a Moscow jail on day 82 of her hunger strike; and the

city of Debal'tseve, outside the Minsk ceasefire lines, fell to separatists 6 days after the February 12th Minsk Agreement was signed. Overall, as you have said Mr. Chairman, 1.7 million Ukrainians have been forced out of their homes and over 6,000 have lost their lives.

The United States and the EU have worked in lock-step to impose successive rounds of tough sanctions including deep sectoral sanctions on Russia and its separatist cronies as the costs for these actions, and those sanctions are biting deeply on the Russian economy. Our unity with Europe with regard to Ukraine remains the cornerstone of our policy toward this crisis and a fundamental element of our strength in standing up to Russian aggression.

It is in that spirit that we salute the efforts of German Chancellor Merkel and French President Hollande in Minsk on February 12th to try again with President Poroshenko and President Putin to end the fighting in Ukraine's east. The Minsk agreements of September 5th and September 19th, and the February 12th implementing agreement, offer the promise of peace, disarmament, political normalization and decentralization in eastern Ukraine, and along with them the return of Ukraine's state sovereignty and border control in the east. For some in Ukraine, conditions have already begun to improve since February 12th. In parts of the east, the guns have been silenced and the OSCE has begun to gain access. But the picture is very, very mixed.

And just today we have OSCE reports of new heavy shelling from separatist positions around the Donetsk airport and in the towns outside Mariupol, particularly the strategically important town of Shyrokyne; and we have reports of a new 17th Russian convoy going over the border from Russia into Ukraine with no opportunity for Ukraine or the ICRC to inspect that convoy. And we all know what they have contained in the past.

So in the coming days, here is what we and our international partners have to see. We need to see a complete ceasefire all along the ceasefire line in eastern Ukraine. We have to see full, unfettered access to the whole zone for OSCE monitors. And we have to see a full pullback of all heavy weapons as stipulated in the agreement.

If fully implemented, these steps will bring peace to eastern Ukraine for the first time in almost a year, and they will also allow for the implementation of the follow-on steps of Minsk, namely, access for Ukraine to its citizens in the east so they can begin a political dialogue; they can begin real work with their own population and eventually so we can see that international border closed.

As we have long said, the United States will start to roll back sanctions on Russia when the Minsk agreements are fully implemented, and so will our European partners. But as the President has also said, we will judge Russia by its actions not its words. And we have already begun, this week, intensive consultations with our European partners on further sanctions pressure should Russia continue fueling the fire in the east of Ukraine or in other parts of the country, fail to implement Minsk, or grab more land as we saw in Debal'tseve.

Finally, just a quick note to remind that traditional military force is only one of the threats to European security that we are

working on. There are others including energy dependence from a single, unreliable source; the cancer of corruption; and the Kremlin's pervasive propaganda campaign where truth is no obstacle. We are working across all those fronts to harden European resilience to these new threats.

Just briefly, and there is more in my longer statement. On energy security, project by project, we are working with the EU and key countries to change Europe's energy landscape and to make it more secure, resilient and diverse. On corruption, we are working with governments, civil society and the business community, particularly across central and Eastern Europe and the Balkans, to close the space for dirty money to go in and undercut democratic institutions and pervert the business environment.

And on Russia's propaganda, we are working with the Broadcast Board of Governors to ramp up efforts to counter lies with truth. We are also requesting more than \$20 million in foreign assistance and public diplomacy funds for State Department programs to counter Russian propaganda.

Mr. Chairman, Mr. Ranking Member, members of this committee, America's investment in Ukraine is about far more than protecting the choice of a single democratic European country. It is about protecting the rules-based system across Europe and globally, and it is about saying no to borders changed by force, to big countries intimidating small, and to demanding spheres of influence. It is also as you said, Mr. Chairman and Mr. Ranking Member, about protecting the promise of a Europe whole, free, and at peace. I thank each of you and I thank this committee as a whole for its bipartisan support and commitment to these policies. Thank you very much. I look forward to your questions.

[The prepared statement of Ambassador Nuland follows:]

Victoria Nuland
Assistant Secretary
Bureau of European and Eurasian Affairs
March 4th, 2015
Written Testimony

Chairman Royce, Ranking Member Engel and members of this committee—thank you for the opportunity to speak to you today on the situation in Ukraine and for your personal investment in that country’s future. As many of you know from your travels, your meetings and your bipartisan engagement, Ukrainians deeply appreciate this committee’s support on behalf of their country’s security, democracy, sovereignty and future prosperity.

We also share your sadness and outrage over the murder of freedom fighter, Russian patriot, and friend, Boris Nemtsov, who was senselessly gunned down in central Moscow last week. The outpouring of concern from Congress, including this Committee, again demonstrates bipartisan U.S. respect for those in Russia and across the region who are working for reform, clean government, justice and dignity.

Today Ukraine is central to our 25 year Transatlantic quest for a “Europe whole, free and at peace.” With your permission, I’d like to focus on three challenges. First, I’ll focus on the work Ukraine is doing—with U.S. and international community support—to build a more democratic, independent, European country. Second, I will address both the opportunity Russia has to implement the February and September 2014 Minsk Agreements as well as the further costs the United States and our European allies and partners will have to impose if Minsk is further violated. Finally, I will talk about other new threats to European security –energy vulnerability, corruption and propaganda –that the Ukraine conflict brings into high relief and what we’re doing to address them.

First – a quick reminder of why we’re here. Fourteen months ago, the Maidan and towns across Ukraine erupted in peaceful protest by ordinary Ukrainians fed up with a sleazy, corrupt regime bent on cheating the people of their sovereign choice to associate with Europe. They braved frigid temperatures, brutal beatings and sniper bullets. The leader of that rotten regime fled the country, and he was voted out by the parliament—including most members of his own party. Then, Ukraine began to forge a new nation on its own terms –signing an Association Agreement with the European Union; holding free and fair elections—twice—while under siege; and undertaking deep and comprehensive economic and political reforms.

In the four months since the new Rada was sworn in, it has been a hive of activity, passing important but difficult economic reforms just two days ago which will help to stabilize the economy and support the swift disbursement of additional support by the IMF and other international donors. The parliament has passed laws to enhance transparency in public procurement; reduce government inefficiency and corruption; make the banking system more transparent; and measures to improve the climate for business and attract foreign investment. New laws passed recently by the Rada will clean

up Ukraine's energy sector while bringing parity between state-owned and private energy companies to enhance competitiveness. The Rada is also moving forward on political decentralization to give Ukraine's regions more authority in advance of local elections this October. Previous action by the Rada and the Cabinet includes: the creation of a new anti-corruption agency, steps to strengthen the Prosecutor General's Office to go after more offenders; making strides on judicial reform; and standing up a new police service in Kyiv.

As Ukraine has stood up, the United States and our European allies and partners have stood with her – supporting programs to keep homes warm, secure more of the border, protect citizens' rights and to meet urgent defensive, non-lethal needs of the Ukrainian military and security forces. Since the crisis began, the United States provided almost \$355 million in foreign assistance—in addition to the May 2014 \$1 billion loan guarantee—to strengthen energy security; insulate Ukraine's poorest citizens from the impact of rising gas costs; help fight corruption; strengthen the Ukrainian border guard and military—\$118 million in security support alone—and to support political reforms, elections and cleaner government.

And there's more on the way. The President's budget includes an FY16 request of \$513.5 million – almost six times more than our FY14 request – to build on these efforts. Today we are working with Europe, the Ukrainians, and the IMF to strengthen the country's economy and support implementing the government's reform plan, including a new \$1 billion U.S. loan guarantee. If Ukraine continues making concrete progress on its economic reform agenda and conditions warrant, the U.S. Administration will also be willing, working with Congress, to consider providing an additional loan guarantee of up to \$1 billion in late 2015.

Which brings me to my **second** point –even as Ukraine began building a peaceful, democratic, independent nation across 93% of its territory, Crimea and parts of eastern Ukraine suffered a reign of terror. Today Crimea remains under illegal occupation and human rights abuses are the norm, not the exception, for many at risk groups there – Crimean Tatars, Ukrainians who won't surrender their passports, LGBT citizens and others. In eastern Ukraine, Russia and its separatist puppets unleashed unspeakable violence and pillage; MH17 was shot down; hundreds of Russian heavy weapons and troops poured across the border, fueling the conflict; 16 Russian uninspected "humanitarian convoys" entered Ukraine in violation of agreements with the Ukrainian government, the ICRC and the international community; Donetsk airport was obliterated; Nadiya Savchenko languishes in a Moscow jail on day 82 of her hunger strike; Debaltseve, a key rail hub beyond the ceasefire lines, fell to the separatists and Russian forces six days **after** Minsk was signed, following a vicious assault that resulted in over 500 deaths, according to the UN; overall, 1.7 million Ukrainians have been forced to flee their homes; and over 6000 have lost their lives.

This is a manufactured conflict – controlled by the Kremlin; fueled by Russian tanks and heavy weapons; financed at Russian taxpayers' expense and costing the lives of young

Russians whose mothers, wives and children are told not to investigate their deaths too closely if they want to receive benefits.

The United States and the EU have worked in lock-step to impose successive rounds of tough sanctions—including sectoral sanctions—on Russia and its separatist cronies as the costs for their actions. In Crimea, we have shown through our sanctions on investment that, if you bite off a piece of another country, it will dry up in your mouth. Our unity with Europe remains the core of our policy toward this crisis.

And it is in that spirit that we salute the efforts of German Chancellor Merkel and French President Hollande in Minsk on February 12 to try again to end the fighting in Ukraine's East. The Minsk Package of Agreements—September 5th, September 19th and the February 12th implementing agreement—offer the promise of peace, disarmament, political normalization and decentralization in eastern Ukraine and the return of Ukrainian state sovereignty and control of its territory and borders. The package—if implemented—represents a fair deal brokered and agreed to by all sides. Russia agreed to it; Ukraine agreed to it; the separatists agreed to it. And the international community stands behind it.

For some eastern Ukrainians, conditions have begun to improve; the guns have quieted in some towns and villages; some weapons have been withdrawn; some hostages have been released. But the picture is very mixed. Progress is fragile.

In the coming days, not weeks or months – here is what we need to see:

- A complete ceasefire in all parts of eastern Ukraine.
- Full, unfettered access to the whole conflict zone including all separatist-held territory, for OSCE monitors. They are getting this access in Ukrainian government controlled territory, but the separatists to date have allowed only sporadic access at agreed times on major roads, and;
- A full-pull back of all heavy weapons—Ukrainian, Russian and separatist—as stipulated in the agreements, under OSCE monitoring and verification;

If fully implemented, these steps will bring peace, true quiet to eastern Ukraine for the first time in almost a year. And it will allow Ukraine access and the opportunity for dialogue and political normalization with its own people.

Russia's commitments under the Minsk agreements are crystal clear and again the choice is Russia's. The United States will start rolling back sanctions on Russia only when the Minsk agreements are fully implemented.

As the president has said, we'll judge Russia by its actions, not its words. We have already begun consultations with our European partners on further sanctions pressure should Russia continue fueling the fire in the east or other parts of Ukraine, fail to

implement Minsk or grab more land as we've seen in Debaltseve.

Finally, as this committee knows, traditional military force is only one of the threats to European security. There are others: the danger of overdependence on energy from an unreliable and, at times, hostile neighbor; the cancer of corruption that weakens institutions and undermines security and sovereignty; and the Kremlin's pervasive propaganda campaign poisoning minds across Russia, on Russia's periphery and across Europe. We are working across all fronts to harden European resilience to these vulnerabilities.

On energy security—project by project—we are working with the EU and key countries to change Europe's energy landscape to make it more secure, resilient and diverse; first, by working with European Allies to increase reverse flow capacity from Slovakia, Poland and Hungary to Ukraine; then, by building out LNG infrastructure in Northern Europe and the Baltic states; and now working to establish interconnectors, new pipelines and LNG networks in Southern Europe to provide energy options to Bulgaria, Croatia, Hungary, Serbia and other countries in Central Europe and the Balkans.

On corruption—we are working with governments, civil society, and the business community across Central and Eastern Europe and the Balkans to close the space for dirty money to undercut democratic institutions and pervert the business environment. And with these efforts, we're also helping to protect these nations' sovereignty from malign outside influence.

And on Russia's propaganda, we're working with the Broadcasting Board of Governors to ramp up efforts to counter lies with truth. This year, the BBG is committing \$23.2 million to Russian-language programming, a 49 percent increase over FY14, and is requesting an additional \$15.4 million for FY16. We are also requesting more than \$20 million in foreign assistance and public diplomacy funds to counter Russian propaganda through training for Russian-speaking journalists; support for civil society watchdogs and independent media; exchange programs for students and entrepreneurs; and access to fact-based news on the air, on front pages and online.

Mr. Chairman, members of this committee, America's investment in Ukraine is about far more than protecting the choice of a single European country. It's about protecting the rules-based system across Europe and globally. It's about saying "no" to borders changed by force, and to big countries intimidating their neighbors or demanding spheres of influence. It's about protecting our 25 year American investment in the prospect of a Europe whole, free and at peace and the example that sets for nations and people around the world who want more democratic, prosperous futures.

I thank this committee for its bipartisan support and commitment.

Chairman ROYCE. Thank you, Ambassador Nuland.

As I mentioned in my opening statement, I do have concerns that our intelligence sharing is really in name only when it comes to Ukraine. And I know we can't get into great details here on this, but do you believe our intelligence sharing with the Ukrainians is robust enough for them to protect themselves? Because we get the information from them about the struggle they are having. We know the Canadians are trying to assist them in this, but at the end of the day they have got to prevail against these Russian backed rebel forces and Russian forces that are on their territory now with tanks.

Ambassador NULAND. Mr. Chairman, in this unclassified setting let me simply say that our intelligence cooperation with Ukraine as well as with the Ukrainian intelligence services and armed forces has been improving over time. There are certain constraints as you know, but we are continuing to look at what more we can do in a manner that protects our own assets and that we are sure will be used properly.

Chairman ROYCE. And let me ask you another question. Because I noticed from the head of NATO to the Director of National Intelligence to the new Defense Secretary, it seems like nearly every U.S. official supports providing defensive weapons to the Ukrainians. And indeed a letter from many Members of Congress including myself, Mr. Engel, the Speaker, will soon go to the President on this subject. Where are we on this decision? Because President Poroshenko continues his appeal to us obviously.

Ambassador NULAND. Thank you, Mr. Chairman. As I mentioned in my testimony, as you know we have provided \$118 million in security and border assistance to date. This is all in the defensive non-lethal area, but some of it is on the high end of defensive including the very important counterfire radar batteries that we were able to provide just over the last few months, which Ukrainians report to us have saved lives particularly in the most intensive conflicts around Donetsk airports and Debal'tseve.

With regard to the question of providing more lethal assistance, as my Secretary, Secretary Kerry, testified last week, that question is still under discussion and the President has not made a decision.

Chairman ROYCE. But I want to get back to this issue of Russian tanks that are firing on cities and on Ukrainian positions. If they cannot get precision anti-tank missiles or weapons to use on the ground, there isn't the capability to stop those tanks.

And we are not talking about transferring offensive weaponry like tanks or selling those to Ukraine. What we are talking about are weapons that are purely defensive but are absolutely necessary if there is going to be any credible deterrents to what the Russians are doing town by town now in the east. The request here isn't for more blankets or meals. I saw the inventory of what we have sent them. What they are requesting is quite precise—defensive weaponry that will allow them to hold their positions.

Ambassador NULAND. Well, Mr. Chairman, as I said these issues are still under review including the types of equipment that you note which would respond directly to some of the Russian supply. Just to state for the record here, some of what we are seeing we have since December seen Russia transfer hundreds of pieces of

military equipment to pro-Russian separatists, tanks, armored vehicles, rocket systems, heavy artillery.

Chairman ROYCE. And part of the point that I am making is that this is not all being transferred to Russian separatists. There is no way that separatists are in those tanks. They are not the tankers. They are not driving those tanks. Those are Russian soldiers driving those tanks. And I would just make the point to not decide is to decide.

Ambassador NULAND. Understood.

Chairman ROYCE. And that is the point we have made.

Lastly, per your observation on the broadcasting I just wanted to make the point in terms of the dysfunction. Yesterday, it was reported that the new CEO of the agency Andy Lack, in terms of the BBG, is resigning his post after 6 weeks on the job. Now we know, we know the problems that staff and others have had over at the BBG. We have heard from our former Secretary of State, Secretary Clinton, that the agency is defunct. It is defunct.

Myself and Ranking Member Eliot Engel and other members of this committee put a lot of time and effort working with those who have a very real interest in reforming this, getting a consensus. That legislation is necessary to get this agency back up to the business that it did very well in the 1980s in terms of disseminating information into Russia and into Eastern Europe. That legislation needs to have support from the administration, and I would just leave you with that request, Ambassador.

Ambassador NULAND. May I just quickly—

Chairman ROYCE. Yes.

Ambassador NULAND [continuing]. Respond? As you know, as Secretary Kerry said, we do join you in supporting reform of the BBG. We are working with you on that. We have some differences, slight, with your proposed legislation. But I do want to do a shout-out to BBG and its affiliates for the work that they have been doing over the last year to counter Russian propaganda and particularly to support broadcasting in Ukraine. They have devoted \$22.6 million to Russian language programming, a 104-percent increase over Maidan spending. RFE, RL, and VOA have now launched a half hour, new Russian language program, current time, which helps fill the gap in clean news. It is being pulled down by broadcasters all across the periphery of Russia and parts of the Russian speaking populations in Ukraine are also receiving it, and they are now reaching about 6.6 million viewers. So they have been good partners to us, and our budget requests supports doing more together.

Chairman ROYCE. We follow that very closely.

Ambassador NULAND. Good.

Chairman ROYCE. And we also are in consultation with those in theater about the effectiveness. And trust us when we say reforming the BBG is necessary at this time. We have to be able to take some decisive actions to get this back up and running the way it worked effectively in the 1980s.

And I am going to go to Mr. Engel of New York, the ranking member of this committee, for his questions. Thank you.

Mr. ENGEL. Thank you, Mr. Chairman. And Madam Secretary, let me also put my weight behind what our chairman has said. I

agree with every word he said. I want to read you the first part of a report put out by Radio Free Europe and Radio Liberty yesterday, and I would like you to comment on it.

“U.S. Commander Says Some 12,000 Russian Soldiers In Eastern Ukraine. The U.S. military estimates some 12,000 Russian soldiers are supporting pro-Moscow separatists in eastern Ukraine. U.S. Army Europe Commander Ben Hodges said the Russian forces are made up of military advisers, weapons operators and combat troops. Hodges also said some 29,000 Russian troops are in Crimea, which Moscow annexed from Ukraine last year.

“Hodges said in Berlin on March 3 that helping Ukraine with weapons would increase the stakes for Russian President Vladimir Putin at home. He added that ‘when mothers start seeing sons come home dead, when that price goes up, then that domestic support [for Putin] begins to shrink.’ Hodges said what Ukraine wants ‘is intelligence, counterfire capability and something that can stop a Russian tank.’

“The White House still hasn’t decided whether to send arms to Ukraine, and Hodges reiterated Washington wanted a diplomatic solution. Hodges also said U.S. plans to train three Ukrainian battalions have been put on hold to see if a cease-fire deal forged last month in the Belarusian capital Minsk will be fully implemented. General Martin Dempsey, chairman of the U.S. Joint Chiefs of Staff, also voiced support for arming Ukraine on March 3.

“Speaking before the Senate Armed Services Committee, Dempsey said Washington ‘should absolutely consider’ providing Kyiv with arms through NATO. Dempsey said Putin’s ultimate goal was to fracture NATO.”

And I would add to that to destabilize Ukraine.

“Meanwhile, U.S. President Barack Obama and European leaders have agreed that a ‘strong reaction’ would be necessary if the Minsk cease-fire agreement is violated.”

It is almost like when I was a little boy, and Gary Ackerman used to tell this story too. That his mother would tell him to do something and she would say, I am going to count to three and you better have this done when it is three. And she would go one, two, and then two and a quarter, two and a half, two and three quarters, and she would give it more and more time.

That seems to me what we are doing. We are so waiting and hoping that things happen that Putin, really, in my opinion, just looks at this as a sign of weakness. And I think the strongest thing that we can do now is to provide Kyiv with defensive lethal weapons.

Ambassador NULAND. Well, thank you, Mr. Ranking Member. Obviously this hearing gives us an opportunity for all of you on both sides of the aisle to register your views on this important subject. I would say as I said in my testimony that we are watching very intensively whether or not the Minsk agreements are implemented.

I cited some concerns already today following on the vicious taking of Debal’tseve. And, as I said, we have other tools in our arse-

nal including deepening of the sectoral sanctions and we are in consultation with our allies now on how that would go if we see more violations.

Mr. ENGEL. In your written testimony, Ambassador, in your written statement you mentioned, and I am quoting you, "In the coming days, not weeks or months, we need to see full, unfettered access to the whole conflict zone including all separatist held territory for OSCE monitors." Does this include territory along the border with Russia and will we press for OSCE's ability to inspect the so-called humanitarian convoys regularly entering Ukraine from Russia?

Ambassador NULAND. We have been pressing for that in particular at the two border posts that OSCE has been able to monitor on the border. Unfortunately, these convoys seem to find roads ten kilometers north or ten kilometers south of where the OSCE monitors are and just wing right by.

But yes, the Minsk implementation agreement of February 12th calls in the first instance for monitoring and verification of ceasefire along the internal line as well as these pullbacks of heavy weapons. What is required by the agreement is not simply to see tanks and artillery pieces on roads moving back but to be able to count them; to be able to see them in permanent storage; to be able to come back on a regular basis to ensure that they haven't moved or been redeployed elsewhere; but also eventually to be able to have access to the entire special status area. And that will certainly be necessary if the political pieces of Minsk are to be implemented, new elections, et cetera, so that we can be sure that they are free and fair and that ODIHR and other OSCE elements can get in.

Mr. ENGEL. And let me just ask you one final question. I am really concerned that the Minsk implementation agreement does not provide Ukraine control over its own border with Russia until the end of this year following Constitution reform in Ukraine that is acceptable to Russia. Can you allay my fears and help me to make sense of this?

Ambassador NULAND. Well, you are correct, Mr. Ranking Member, that the way the implementation agreement was sequenced on February 12th restoring Ukrainian sovereignty on the eastern border is the last item and it doesn't happen until the end of 2015. But, as I said in my statement, we are also firm with our allies and partners that that means we will not be rolling back sanctions on Russia until Minsk is fully implemented. So that is part of what we have.

Now the Ukrainians, as you know, are in the process of working intensively to reform the Constitution. The Rada has taken new steps to accelerate that work including this bill that I mentioned to provide greater powers to the regions, even in advance, to all the regions of Ukraine even in advance of constitutional reform. So we are cautiously optimistic that with European and U.S. help, there will be constitutional reform in Ukraine in 2015 that will meet the standards and we will see whether the separatists are willing to work with the government and whether we actually have elections and new eastern Ukrainian authorities who can work on decentralization there.

Mr. ENGEL. Well, thank you. I think you hear my frustrations, the chairman's frustrations, but thank you personally for your hard work and your good work. Thank you.

Ms. ROS-LEHTINEN [presiding]. Thank you very much, Mr. Engel. I will recognize myself.

And Madam Ambassador, many members of our committee will continue to hammer the Obama administration on this damaging and unnecessary and senseless delay in providing the lethal aid that Ukraine so desperately needs, so you will continue to hear this line of questioning. Because despite this fragile ceasefire, Ukraine continues to suffer casualties at the hands of separatists backed by Moscow, and the Ukraine Government fears that Putin's thugs are simply using this opportunity, this ceasefire, to regroup their forces in preparation of yet another offensive.

Ukraine is in such tragic need of lethal aid from the U.S., and as you have heard both the head of our nation's intelligence community and the head of our Defense Department agree. Yet just last week Secretary Kerry testified before our committee as you have heard from the chairman and the ranking member that no decision on lethal aid has been made yet. And so we ask and continue to ask what is the hold up? Our allies need our assistance now. Enough with the excuses.

So in what part of the interagency process is the decision on lethal aid for Ukraine currently stalled? Does the State Department believe that the United States should send lethal aid to Ukraine, yes or no? And you said that the President has not made a decision yet, but you didn't say what you believe and what the State Department believes, and I would like to hear that.

Also the Magnitsky Act and that list, the tragic murder a few days ago of the Russian opposition leader came just days as we know as he was about to publish evidence of the Russian military in Ukraine. Has his murder been sanctioned as human rights violators under the Magnitsky Act? And can you give us an update on the progress or lack thereof of adding names on that Magnitsky Act so we can sanction those violators?

And also Secretary Kerry has said that the Russian Foreign Minister lied to his face about Russian involvement in Ukraine. What is the extent of Russian involvement? Are Russian soldiers in Ukraine? Are we prepared to say that participating in the conflict?

And on the 123 Agreement, and I will ask you to give me written responses to these because there is a series of questions. I have been advocating for the administration to withdraw from the U.S.-Russia nuclear cooperation agreement, the 123 Agreement, to prevent the potential future use of U.S. nuclear technology and assistance against our own interests. And given Putin's continued aggression, will the administration suspend the Russia 123 Agreement?

And lastly, I have been critical of how the administration plans on using funds to promote democracy and human rights in Russia especially after 2012 when Putin kicked out USAID from Russia. Please update the committee on what the administration plans to do with that money that has been left over from the U.S.-Russia investment fund.

Ambassador NULAND. That is a lot, Congresswoman. Let me go through them quickly. And thank you for letting me take the 123 question in writing because I want to make sure our agencies get it right for you.

Ms. ROS-LEHTINEN. Thank you.

Ambassador NULAND. With regard to the process, the President did ask covenant agencies for recommendations and advice. Those recommendations and advice have gone forward to him. I think you will forgive me if I take the same position my Secretary took when he was here that we will provide that advice confidentially and I will decline to speak to it in an open hearing.

With regard to the brutal murder of Boris Nemtsov, I think you know that before this we had met our annual statutory requirement to provide more names under the Magnitsky legislation, but that was of course before this event. So as we look at our list at the end of this year we will see what we can learn about who the perpetrators are. We have made absolutely clear publicly and privately to the Russian Federation that the international community will expect an investigation that meets international standards, and that finds not only the shooter but the orderer of the murderer.

Ms. ROS-LEHTINEN. And not headed by Putin, heading the investigation. I know my time is expiring, but if we were to add, aggressively add more names to that list of human rights violators I think we would see a change. And Russia knows that we are not serious about implementing that legislation. But I would love to get the answers to my questions in writing. Thank you, Madam Ambassador.

And we will go to Brad Sherman of California.

Mr. SHERMAN. Ambassador, one thing I noticed about your opening statement was your lavish praise for the Ukrainian Parliament passing so much substantive legislation and you compared it to Congress.

Ambassador NULAND. I didn't compare it—

Mr. SHERMAN. I would just note for the record, and maybe it wasn't a comparison but came very close, that every day someone in the administration urges me to work hard to block legislation they don't like. And 99 percent of the bills that the administration does not want on the President's desk are not there due to the hard work of your allies here in Congress. So if you want lots of legislation passed, be sure that that is a consistent view of the administration.

Now many of my colleagues at the beginning talked about how we need a strong policy and who would come here and advocate a weak policy, but we do need to put this Ukrainian situation in context. America has limited power and we seem to face unlimited challenges—Iran, ISIS, China in the South China Sea, the Afghanistan, some difficulties in Pakistan. So we have to go with strength and nuance, although frankly I think in this case we need a little bit more strength, a little bit less nuance.

There is talk about capturing Mariupol and then going and building a land bridge to Crimea. My concern is they will want to build a land bridge to Trans-Dniester or Moldova and take all of Ukraine's coastal territory and access to the Black Sea.

A lot of discussion of whether we should provide lethal weapons, albeit defensive lethal weapons to Ukraine, and such lethal aid would have an effect on the battlefield but also a political effect. These aren't weapons they are getting their hands on from Paraguay. These are weapons from the world's superpower. We can give Ukraine money or we could give them weapons. If they had money they could buy weapons. If the Ukrainian Government had sufficient money is there anything, looking at the defensive weapons that are being discussed, that they could not buy from some source? So the real question here is can we have the battlefield effects suggested by my colleagues by providing money?

Ambassador NULAND. First of all, Congressman, I certainly didn't mean any invidious comparison. I was simply giving props to these legislators who have taken some tough decisions.

Mr. SHERMAN. I understand. I understand.

Ambassador NULAND. Please.

Mr. SHERMAN. Yes.

Ambassador NULAND. With regard to your concern about a race all along the southern rim of Ukrainian territory, not only a land bridge to Crimea but onward to Moldova, we worry about that, too. That is why we are paying such close attention today to these villages between the ceasefire line and the—

Mr. SHERMAN. If you could focus on the question I asked.

Ambassador NULAND. Exactly. With regard to what one can buy on the international market, a number of the things that the Ukrainians have requested are not readily available unless the U.S. were to license onward export. And we have a number of countries including our allies—

Mr. SHERMAN. We are just talking anti-tank weapons. I mean I see those in the World War II movies.

Ambassador NULAND. They have also been out shopping on the world market and have had a lot of difficulty getting countries to provide in the absence of the U.S. providing.

Mr. SHERMAN. And yet our enemies turn money into weapons with great ease. You mentioned the importance of—if we can have order in the committee. You mentioned the regions and devolving power to the regions. That is controversial in Kyiv, and yet if power is devolved to the regions that undercuts Russian propaganda. It creates more support for a Ukrainian state.

Is it true that under the present Constitution the governor of each state is appointed by Kyiv? I know we have some gentlemen here from Texas who are wondering whether President Obama will appoint their governor. I don't think that would be a way to be popular in Texas. Have the Ukrainians changed their system so each region can elect its own governor?

Ambassador NULAND. Congressman, that is one of the issues that is going to be debated as they move through constitutional reform. As you know, their system is very similar to the system in Russia and other post-Soviet states where the executive is appointed and the Parliament is elected locally. But on this issue of decentralization—just to say that it is actually broadly popular across Ukraine, not just in the east. One of the ways that the oligarchs in power in Kyiv manage things—and that Moscow was able to help them manage things—was because everything was

centralized. So there is broad support for decentralizing budget authority, tax authority, local policing, all these kinds of things, and I think you will see that.

Mr. SHERMAN. And hopefully electing your own governor would be part of that. Because our friends in Kyiv need to help themselves, not just ask for our help, and they could help themselves a lot by countering that Russian propaganda.

I yield back.

Chairman ROYCE. We go now to Mr. Chris Smith of New Jersey, chairman of the Africa, Global Health, Global Human Rights, and International Organizations Subcommittee.

Mr. SMITH OF NEW JERSEY. And welcome Madam Ambassador. Just a couple of points. First of all, I do believe delay is denial and I think we have a de facto defensive weapons arms embargo on Ukraine. And it is reminiscent to me at least and perhaps many others to the Balkans War when we in a totally misguided fashion ensured that Bosnia and the Croats, the Croats, did not have the ability to defend themselves against Milosevic's aggression, and now we see a reprise of that happening to our good friend and ally Ukraine.

When you get the Secretary of Defense Ash Carter, James Clapper, and as one of my colleagues already mentioned and I have read his speech and it is an excellent speech that was given by our top military commander, Lieutenant General Ben Hodges, he has made a number of important points, I think, in his speech, perhaps chief of which is that while Ukraine's defensive capability might not necessarily turn the tide overnight or soon, when it comes to the military situation it will make the diplomatic solution more probable.

And that is exactly what happened as we all know when the Croats broke the arms embargo. It wasn't NATO bombing that initially turned it all, it was the Croats were able to break the arms embargo and put Milosevic to flight. And I think the Ukrainians are waiting for the kind of ability to defend themselves.

The President's advisors are all saying do it Mr. President, and he has refrained from doing it. It is baffling. When you get two world leaders between September and yesterday publicly admonishing President Obama in joint sessions of Congress, it is time to wake up, I believe, respectfully, and take their views into much greater account.

As my colleagues have said, and I believe it as well, delay is denial. People are dying. Over 6,000 are dead. Many of those are children and women. And I do think it may even be speak another issue and that is the hollowness of our military increasingly. We are not there yet, thank God, but we are on a glide slope to being weakened because of defense spending.

But as General Hodges pointed out, Germany, and we know Angela Merkel has admonished not to go with the military defensive capability, only 42 of Germany's 106 Typhoon fighters are available because of maintenance, 38 of its 89 Tornado bombers. Special forces had to pull out of the joint exercise because there was no working helicopter. A hollow force is an engraved invitation to Vladimir Putin to continue his aggressive ways, so I think the alli-

ance itself and the United States needs to step up and help the Ukrainians.

I was in Europe 2 weeks ago for an OSCE winter meeting, and the Ukrainians, and while they don't want to say this publicly, just like Netanyahu was effusive in the opening speech, part of his speech with praise for Obama, they don't want to say it publicly, they need us. So they have to tread lightly and walk on eggshells.

But they told me off the record how profoundly disappointed they are in President Obama especially in light of people around him saying please Mr. President, this is a time for American leadership. So when will that decision be made? The pipeline took 6 years and then finally we found out where the President really stood when he vetoed the bill for the Keystone Pipeline. What, is it next week? Is it tomorrow? There is statements by Poroshenko today admonishing the, and it is right from our Embassy, admonishing the European Union not to be premature, his word, in being optimistic about where Minsk II is taking us.

And again there are also parallels that I thank God for the 452 OSCE monitors that are on the ground doing wonderful work, but it is reminiscent again of what happened in Croatia and Bosnia when the European monitors were there. And I remember meeting with them with their white suits on and scorepads. How many people are being killed? How many are being raped? It was horrible stuff and they were brave as could be, no weapons, while the OSCE monitors are in that same boat. They need defensive weapons and they need them now.

Yield. The answer tomorrow maybe are we going to find out from the President? Delay is denial.

Ambassador NULAND. Thank you, Congressman. I think as you heard in my opening statement, we are watching the implementation of Minsk. We do have concerns now about new firing on the ground in the last couple of days. I do think that the environment and whether this is implemented will affect the calculus both on the sanction side and on the security support side.

Mr. SMITH OF NEW JERSEY. Okay, but hopefully soon. I mean the Ukrainians are suffering so much. Nadia Savchenko the pilot, remember, of the Parliament? She is in her 82nd day of a hunger strike. What do we know about her and what are we doing to try to affect her release?

Ambassador NULAND. We have grave concerns about her condition. We believe she was illegally abducted across the border and that she is being illegally held; that if Russia wanted to give a humanitarian gesture there would be nothing more impactful that they could do quickly than to release her. Today we have concerns about her health. She was seen by a European doctor last week or 2 weeks ago. But as you know, when you are taking in no calories, every day matters. So in every meeting we have at every level, notably including Secretary Kerry's meeting with Foreign Minister Lavrov over the weekend, we raise her condition and ask that she be released immediately.

Chairman ROYCE. Thank you. We go now to Mr. Gregory Meeks of New York, ranking member of the subcommittee on Europe.

Mr. MEEKS. Thank you, Mr. Chairman. And let me just say for me this is very complicated. I don't think that there is one solution

to it, whether it is giving weapons if that is going to be the be-all and end-all that is going to resolve this problem or not. I am not even sure where I am at on that.

Let me just ask this question. I just want to ask one. I know we have been a lot on weapons. Because I think by now everybody is clear I am a multilateralist. I think that the world is different. We can't just do things on our own. I think it is leadership when you are bringing countries together and you have it in the work and stick together. I think that is leadership. But it is difficult. It is easy to do things by yourself. It is harder to do things in conjunction with others, and that is real leadership in my estimation.

Now where is, and I am not sure even on the weapons because like I say I am not sure where I am at because you don't like to see this, but have we had dialogue and where is our EU partners on giving defensive weapons to Ukraine? And in my mind I am still unclear what is defensive weapons, what are offensive weapons, whether or not those weapons, if you are in battle everyone says that Ukraine cannot beat Russia. Can Russia take those weapons away from the Ukrainians? But where is our EU partners on the issue of arming Ukraine?

Ambassador NULAND. Thank you, Congressman, and thank you for your support for Europe as the new ranking member of a subcommittee.

I am multilateralist, too. I would say with regard to managing our response on Ukraine, we spend almost as much time working with NATO and EU partners as we do working with Ukrainians, because that unity is so important and it makes it impossible for the Kremlin to divide us.

All 28 allies have provided, NATO allies have provided, some form of security assistance to Ukraine. That was one of the commitments we made to each other at Wales. It can take the form of training. It can take the form of support for the medical needs of the military, those kinds of things.

The U.K. and Poland have just announced, as you probably saw in the press, that they will start training Ukrainians along the lines of the notifications that we have sent up to you all. Where the divide happens and where the debate is happening, and there are allies and partners on both sides of this debate as there are folks in Washington, is on the question of the lethality of the weapons. So non-lethal defensive weapons everybody has been supportive of what we have done, what this committee has funded.

On the question of lethal, I think the debate is very similar with different allies on different sides. The President obviously has discussed this with all of his partners, most notably with Chancellor Merkel when she was here. The Vice President had a chance to talk to a lot of Europeans at Munich as did Secretary Kerry. So that conversation continues.

Mr. MEEKS. Let me ask this question a little bit different. Because what my concern really is even before we can deal with what is taking place militarily, a few folks that I have spoken with they are really concerned with the dire straits of the economics, of the economy of the Ukraine. In fact some has said to me that the economy and corruption could cause the Ukrainian, this Ukraine, the government to fold even before we get further down the road. And

that even the money that we give some questioning whether or not it is going to where it is supposed to go or is it getting into corrupt hands.

So my question is what is new in this government and its legislation that changes our calculation on this front and gives encouragement? Because in many I am told, politically, all politics are local, that many of the individuals in Ukraine are more concerned about the economy and corruption right now as their first concern before we even move off from that. So where are we there?

Ambassador NULAND. Thank you, Congressman, for raising this point. This is the other major line of vulnerability for Ukraine and where we have to shore her up. And again we thank you for your support and generosity on this committee for, first, last year's \$1 billion loan guarantee, then again our request for the second \$1 billion loan guarantee which is the U.S. contribution to the multilateral effort that the IMF is leading.

As you have seen in the last few weeks, as the Ukrainians have started the very hard legislative work and implementation work to attack the problems in the economy, it has been extremely intense. I gave a long list in my opening statement. You will see a fuller list in my long statement of all the legislation that they have passed to establish an anti-corruption bureau; to clean up public procurement; to open the banking system to scrutiny; to get oligarchs and others to start paying their taxes; to break up public and private energy monopolies, these kinds of things. But that is going to require implementation. And most of the economic support funds we have asked you all for Ukraine, for '15 and again for '16, go to the U.S. mentors and advisers, our ability to work with them on implementing legislation, help them be public in these things.

But it is a long, long road but they are seizing it by the horns. That is why we have structured our support to ask you for the second billion-dollar loan guarantee now, but not to come back to you for the third one until the fall when we see how they implement because our assistance, like everyone's assistance, is tied to performance. The Ukrainian people expect no less. That is what they stood in the snow for and that is what we expect as well.

Chairman ROYCE. Thank you.

We go now to Mr. Dana Rohrabacher of California, chairman of the Europe, European and Emerging Threats subcommittee.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman. Let me agree with Mr. Meeks that this is a very complicated issue and perhaps a lot more complicated than the black and white alternatives that we have been hearing about today.

At one point we have heard that the Ukraine desperately needs economic help, and I would hope that our goal is to do what is right by Ukraine and bring peace to Ukraine and not our goal being to basically defeat and humiliate Russia for actions that it has taken. Because if that is our goal, the people of Ukraine will continue to suffer and suffer and suffer.

Back to the Ukraine desperately needs economic help, this whole incident in history started when the government of what you call the rotten regime that preceded the current Government of Ukraine went to our European allies to ask for help that it desperately needed for its economy. And the deal that was offered by

our European allies was not sufficient, and in fact was much less than what the Russians offered them instead.

And when that deal was taken by the rotten regime that you have mentioned, all of a sudden that is when it became so rotten that we no longer, or the people could no longer put up with it. The pivotal moment was when it accepted the deal that was offered by Russia to help them in their desperate economic situation which our European allies were not willing to do. That ignited this situation. That is what turned policies type of situations, and perhaps the overturn of a rotten government through an electoral process into instead the overturn of the rotten regime by violent demonstrations and non-democratic means of overthrowing that regime. Two years later they could have kicked that Yanukovich out with a free election. They didn't wait.

Let me ask you about—okay, so let us hope that what we are doing now is aimed at trying to end the conflict that started in that more complicated way than black and white.

The people are advocating that we send weapons to Ukraine, the defensive weapons. Would any of these weapons be under, do we see any of these weapons becoming part of the arsenal of that part of the Ukrainian army that is financed, which I believe a third of the Ukrainian army now that is in conflict is financed by an oligarch, a private citizen who happens to be a multi-billionaire.

Ambassador NULAND. First of all, Congressman, thank you. I will respectfully take issue with some of the facts that you presented here because—

Mr. ROHRBACHER. Please go right ahead. I am happy to do that. That is fine.

Ambassador NULAND. First of all, in the fall of 2013 the reason that folks went to the Maidan was not because money was taken from Russia. It was because former President Yanukovich turned his back on the EU Association Agreement that he had for 6 months been promising his people. It got worse after—

Mr. ROHRBACHER. Have you read that agreement?

Ambassador NULAND. I have.

Mr. ROHRBACHER. And do you believe that that agreement—I have as well. Do you believe that that agreement was superior to what the Russians were offering?

Ambassador NULAND. Let me speak to that. So in the same period in the fall of 2013 when Yanukovich was talking to the EU about association he was also working with the IMF on an IMF package similar to what was offered later and what we have now. I was working as the U.S. Government's representative to him to try to get him to meet IMF conditions. I had more than 30 hours of meetings with him and declined to meet with—

Mr. ROHRBACHER. Excuse me, I only have 25 seconds where they cut me off.

Ambassador NULAND. Okay.

Mr. ROHRBACHER. I want to make this point.

Ambassador NULAND. Let me speak to the weapons issue.

Mr. ROHRBACHER. It is not your time. They are going to cut me off in 15 seconds. I hope that what we are doing is trying to bring peace to the Ukrainians and not to humiliate the Russians. And there is a lot of people—and I understand, I was a big Cold Warrior

as well. Our goal should be to try to have peace in that part of the world, not to try to humiliate Russia again and again and again. There is too many people being killed out there.

And I would hope that with decentralization which seems to be accepted by both sides that that area of eastern Ukraine can remain part of Ukraine even though that now we have this separatist violence going on that with promise of decentralization and respect for everybody's rights and an end to the violence that we can end this situation.

And that should be our goal and I would hope that we don't get caught up in trying to reestablish a Cold War with Russia because we have so many people who have grudges. And by the way I understand that. Russians during the Cold War murdered how many Ukrainians, but our goal shouldn't be right now to make them pay for that what they did during Stalin's era, but bring peace to that region. And I would hope that we could work together on that. I am sorry but they are going to cut me off right now.

Chairman ROYCE. Okay, we are going to go to Mr. Gerry Connolly of Virginia.

Ambassador NULAND. Mr. Chairman, can I just quickly—

Chairman ROYCE. Yes, Ambassador.

Ambassador NULAND. I think it is important for the record to say that the only thing that the United States and our European partners want from Russia with regard to Ukraine is to leave Ukrainian territory. Leave Ukrainian territory with their military, with their advisers, to allow the border to close, to allow sovereignty to be restored. And as we said, these sanctions will be eased when Minsk is fully implemented. There is no effort.

What my concern is it is the policies of the Kremlin that are hurting the Russian people now. Hurting them economically. Having their sons come home in body bags. That is what I worry about. I have spent 25 years of my life trying to integrate Russia into Europe and into the international system, and I worry about the fate of Russia's citizens as much as Ukraine's.

Chairman ROYCE. We are going to go to Mr. Gerald Connolly of Virginia. Fairfax, Virginia.

Mr. CONNOLLY. Thank you very much, Mr. Chairman. I would just say I have heard my friend from California. I have got to say the logic of the Ukrainian Government made bad decisions and therefore Russia had to respond is a pretty chilling message to others in Europe, including the Baltics and former Soviet satellite states. Sovereign nations get to make decisions, even decisions that may be unpopular in the Kremlin. And they can do so without the fear of being invaded and their territory annexed illegally, and I would hope that all of us would keep that in mind.

Madam Secretary, Minsk, the Minsk agreement. Does the Minsk agreement include inter alia the de-occupation and de-annexation, illegal annexation of the Crimea?

Ambassador NULAND. Congressman, it does not. It only addresses eastern Ukraine. So the problem in Crimea will continue.

Mr. CONNOLLY. Well, but I have got a problem then with you and with our policy. You say in your statement the United States will start rolling back sanctions on Russia only when the Minsk agree-

ments are fully implemented. Well, that means you have conceded Crimea. Is that U.S. policy?

Ambassador NULAND. It is not, sir.

Mr. CONNOLLY. Why would you roll back—I swear I am not playing with the audience. This is a passion with me. It started with Crimea. Why would you make a statement like that? You are saying as long as you clean it up in the eastern part of the Ukraine we will roll back sanctions. That is what you say on Page 3 of your testimony.

Ambassador NULAND. I do indeed. Let me explain if I may.

Mr. CONNOLLY. Yes.

Ambassador NULAND. Thank you for the opportunity to do so.

Over the course of 2014 we with the Europeans put in place four or five rounds of sanctions. The first two were a direct response to Crimea, and then in December we added sanctions on Crimea which effectively make it impossible for any U.S. firms to invest there. Those sanctions will not be rolled back unless there is a return of Crimea to Ukraine. So the sanctions that we are talking about rolling back are other sanctions that were applied in response to actions in eastern Ukraine, but Crimea sanctions will stay in place. And the point here is to demonstrate that if you bite off a piece of another person's country it dries up in your mouth.

Mr. CONNOLLY. Well, but you have got kind of two categories of sanctions. Crimea sanctions and non-Crimea sanctions.

Ambassador NULAND. Yes, sir.

Mr. CONNOLLY. Well, if you are Vladimir Putin, how seriously do you take that?

Ambassador NULAND. Well, you take it quite seriously because there is no U.S. or European investment going into Crimea now and it is incredibly expensive for them to maintain this occupation that they have now started.

Mr. CONNOLLY. But, well, I would respectfully suggest Madam Ambassador that frankly we need to reexamine that policy, because it clearly isn't efficacious. It certainly isn't deterring behavior by Putin right now in the eastern part of the Ukraine. People are dying. You yourself in your opening statement documented illegal movement of military equipment across the border with impunity.

And it seems to me that you have unwittingly sent a message to the Kremlin, wink blink, get out of the eastern Ukraine and maybe everything can return to some sense of normalcy in the bilateral or multilateral relationship. That may not be your intended message, but when you are a KGB thug who happens to be the head of another state, the aggressor in this case, that is the message he is hearing. The evidence on the ground would suggest that is the case.

Ambassador NULAND. First of all, if I may, I think it might be helpful if we sent our sanctions team up to show you the breakdown between what we hold for Crimea and what we hold for eastern Ukraine. I think that might be—

Mr. CONNOLLY. You mean the State Department's sanction team? Is that what you said?

Ambassador NULAND. State and Treasury, yes. If that is helpful.

Mr. CONNOLLY. Okay. Well, that would be a novel thought having the State Department brief a Member of Congress.

Ambassador NULAND. We will make that happen as soon as they come back from Europe. But I want to make clear as I also said in my statement, we have begun consultations already this week with our European partners on deepening sanctions if we do not see Minsk implemented.

Mr. CONNOLLY. How many violations have there been on Minsk II? We have a count that says there have been over 300 violations of the current agreement. Would that be roughly in the ballpark from your point of view?

Ambassador NULAND. I don't have the OSCE figures in front of me, but they have logged more than 100 in terms of—

Mr. CONNOLLY. Isn't part of the problem of Minsk that there isn't really much teeth? With the best of intentions Merkel and Hollande are trying to negotiate with nothing backing it up. Wouldn't it be useful to have the United States and its NATO partners at least threatening to provide defensive equipment and defensive weapons and training for the Ukrainian military so that that is a piece of what is behind the Minsk agreements?

Ambassador NULAND. Well, as you know it was in the week leading up to Minsk that the conversation between us and our European allies about this question went public. So it is very much in the ether here. But I think equally importantly is to be in line with Europe on the additional sanctions that will be imposed if Minsk is further violated or if there is a further land grab, and that is what we are working on now.

Mr. CONNOLLY. Thank you.

Mr. Chairman, my time is up but I want to echo, I think, your opening comments.

Chairman ROYCE. Mr. Connolly, yes.

Mr. CONNOLLY. One wonders when the United States Government at the State Department decides a policy is not working and rethinks it. Because people are dying because of the lack of efficacy of this policy despite the best of intentions, and I hope we come to some point where we rethink our policy with respect to the Ukraine. And Crimea. Thank you, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Connolly.

We go now to Mr. Matt Salmon of Arizona, chairman of the subcommittee on Asia.

Mr. SALMON. Thank you, Mr. Chairman. Thank you so much for being here today, Ambassador. To date, the sanctions that have been imposed on Russia have had really little impact on Putin's decision making. The administration has stated that additional sanctions are being considered, but without the commitment of some of our allies, some of our European allies to enforce those sanctions with us or impose sanctions as a body, the likelihood of those sanctions having much effect are not real great.

Are there other sanctions that the administration is considering and do you believe that it will impact Putin's decision making in the near term? You stated in your opening comments that what has really impacted him is the price of oil and that it has really brought their economy to their knees.

So I am wondering if maybe it is time also for us to consider our policy in selling natural gas to our European allies. The process just hasn't moved very quickly. And one of the reasons I know that

Germany has been so reticent to allow us to sell arms or provide arms to the Ukrainians is because of their heavy reliance on natural gas from Russia. Same thing has been true on support of sanctions. Isn't it time for us to just really pull out the stops and start selling LNG to our allies in Europe?

Ambassador NULAND. Thank you, Congressman. Well, as you know most U.S. LNG now goes to Asia because the price is higher. Under the Transatlantic Trade and Investment Partnership, if we have a deal between the 28 Europeans and the United States, then they would go to the top of the queue in terms of acquiring LNG. But it is a fair point whether we could or should do more.

With regard to sanctions, we have not yet changed his decision making decisively but we are having a profound effect on the Russian economy and we do think it is the trifecta of sanctions, low oil prices and 15-plus years of economic mismanagement in Russia. I can go through some of the statistics but I think you know them. Foreign currency reserves down \$130 billion just over the last year. Credit at junk, inflation running 15 percent, and 40 percent in food prices.

So he is—Kremlin policy is under stress here which is why it is important to keep these sanctions in place and to consider deepening them. We are, as I said, working now with the Europeans on what more we would do sectorally if we do not see Minsk implemented, if we do not have an end to the ceasefire violations, if we do not have a heavy weapons pullback, on and on. But also even deeper sanctions if we have a further land grab, and we are, as I said, watching these at-risk villages on the road to Mariupol, et cetera, now. And our sanctions team is in Europe this week.

Mr. SALMON. The chairman mentioned in his opening statement that we made a pretty ironclad promise to Ukraine when they agreed to get rid of their nuclear arms, and to date the U.S. and NATO response to the Russian aggressions has been pretty muted at best. In fact, out of the \$118 million of non-lethal assistance the U.S. pledged last year, my understanding is only half of it or about half of it was delivered by year-end.

Don't you believe that there will be long-term consequences for the U.S. and NATO if we fail to live up to our commitments to defend our allies? And when are we going to make that decision as far as whether or not to provide at least defensive weapons to Ukraine? I know that question has been asked and hopefully that is something you carry back to your boss. Because as far as we are concerned nothing is going to get better unless we step up to our commitment to honor the promises that we made. And my feeling is nobody is going to trust us in the region if we don't honor those commitments.

Ambassador NULAND. Thank you, Congressman.

Chairman ROYCE. Thank the gentleman for yielding back. We now go to Brian Higgins of New York.

Mr. HIGGINS. Thank you, Mr. Chairman.

Secretary, how many Russian soldiers are in Ukraine today?

Ambassador NULAND. Congressman, I am not in a position to give you a definitive number in this unclassified setting. You have seen Ben Hodges make a calculation from U.S. Army Europe. I would say it is in the thousands and thousands. I am sorry.

Let me also, just while I have you here, say that what we can say in this unclassified setting is that since December, Russia has transferred hundreds of pieces of military equipment including tanks, armored vehicles, rocket systems, heavy artillery. The Russian military has its own robust command structure in eastern Ukraine ranging from general officers to junior officers. As the President said not too long ago, they are funding this war. They are fueling it. They are commanding and controlling it.

Mr. HIGGINS. In practical terms does that constitute an invasion?

Ambassador NULAND. We have made clear that Russia is responsible for fueling this war in eastern Ukraine.

Mr. HIGGINS. Yes or no, constitutes an invasion.

Ambassador NULAND. We have used that word in the past, yes.

Mr. HIGGINS. If Ukraine was a member of NATO, under the collective defense posture of Article 5 what would the consequence of Russia's invasion of Ukraine be?

Ambassador NULAND. Well, Article 5 would give all of the 28 allies a responsibility to defend Ukraine from aggression. Just to make clear that even in 2008 when Ukraine was discussing with NATO an improvement in its relationship, at that stage we were only at the Membership Action Plan which is the preparatory phase.

Mr. HIGGINS. Is it in reality Putin's concern about America encroachment and NATO encroachment on what was formerly the Soviet Union?

Ambassador NULAND. I can't speak to what is in President Putin's head. That is a place that I don't think I can go. But what I can say is that there is no justification for being concerned about countries peacefully associating with a defensive alliance. We have said for 25 years that NATO is not a threat to a Russia that does not threaten us.

Mr. HIGGINS. Russia's defense spending has tripled since 2007. Today it is involved in about a \$300-billion program to modernize its weapons. New types of missiles, bombers and submarines are being readied for deployment over the next 5 years. Spending on defense and security this year will increase by 30 percent in Russia representing one third of its Federal budget. Putin has said very clearly that nobody should try to shove Russia around when it has one of the world's biggest nuclear arsenals. At last count, Russia had 8,000 nuclear weapons. He has threatened to use nuclear weapons on a limited basis, if that is possible, to force opponents, specifically the United States and NATO, to withdraw from a conflict in which Russia has a stake such as in Georgia and Ukraine. That is pretty ominous. That is a pretty ominous statement. Your thoughts?

Ambassador NULAND. Well, we obviously have great concerns about the massive increases in Russian defense budgeting over the recent years. It is particularly concerning given what is happening to the Russian economy and to the Russian people. As I said before, inflation across the country is now running 15, 17 percent. Food prices rampantly increasing including 40 percent in some areas. Credit at zero. The inability of Russians now to travel and to buy new apartments because they can't get loans, et cetera. And at the same time he is pouring money into the military. So this is a

Kremlin that is prioritizing foreign adventures over the needs of its own people and that is worrying.

Mr. HIGGINS. Okay. I yield back. Thank you.

Chairman ROYCE. We go now to Mr. Randy Weber of Texas.

Mr. WEBER. Thank you, Mr. Chairman.

Madam Ambassador, you mentioned earlier the body bags, the boys going back to Russia. It had to be tough on them. Do you know what the body bag count, the numbers of soldiers they are losing?

Ambassador NULAND. It is not possible, Congressman, to have a final count because of what Russia has done to mask these numbers. As you know they have criminalized discussion of it inside Russia. They have threatened mothers and wives and family members with pensions.

Mr. WEBER. Okay, so you don't know.

Ambassador NULAND. But the Ukrainians assert that it is at least 400, 500 people.

Mr. WEBER. And if they check into it too deeply they will lose benefits.

Ambassador NULAND. Absolutely.

Mr. WEBER. So what is the body count for Ukrainians?

Ambassador NULAND. As I said in my statement, close to 6,000 Ukrainians have lost their lives in this conflict.

Mr. WEBER. So 6,000.

Ambassador NULAND. Or over 6,000, I believe.

Mr. WEBER. How long do you think we have before Ukraine becomes another Crimea? It is annexed into Russia.

Ambassador NULAND. Well, as I said, Congressman, the entire thrust of our policy is to stop it where it is and roll it back if we possibly can. That is why we have been imposing these increasingly tough sanctions and you see the Russian economy suffering as a result, providing increasing amounts of security assistance albeit on the non-lethal side.

Mr. WEBER. But the sanctions haven't stopped the body bags from flowing both directions have they?

Ambassador NULAND. They have not, and this is what we continue to try to seek is a full implementation of the commitments that Vladimir Putin himself just made less than 2 weeks ago in Minsk.

Mr. WEBER. Do you trust him?

Ambassador NULAND. Trust is not a word I use in that connection, sir.

Mr. WEBER. Okay, I think you are wise at least in that one regard. You said it is difficult for Russia to sustain their occupation of Crimea in your comments earlier.

Ambassador NULAND. I am sorry. I didn't say it was difficult for them to sustain it. I said they were hemorrhaging money. It is extremely expensive for them to sustain it.

Mr. WEBER. Well, maybe that is part of our problem in Congress. That should be viewed as a difficulty. So they are hemorrhaging money. So you don't think that that makes it difficult for them to sustain their occupation?

Ambassador NULAND. Well, they still have as you know more than \$300 billion in sovereign wealth. What they are doing now is

using the money of the Russian people, the hard earned money that should go for their long-term protection to prop up this puppet annexation occupation.

Mr. WEBER. So we have made it difficult for them to sustain their—you don't want to use the word "difficult." You have made them spend money to sustain their occupation.

Ambassador NULAND. We are declining to invest in this territory that is now occupied, yes.

Mr. WEBER. Okay, so they are spending a lot of money. How do we make it that difficult and more so for them to be in the Ukraine?

Ambassador NULAND. Well, as I said, as we continue to watch this implementation or nonimplementation of Minsk we are looking at the next range of sectoral sanctions either to deepen in the sectors where we already have sanctions—on the finance side, on the energy side, on the defense side—or to add sectors of the Russian economy that we—

Mr. WEBER. Would you agree that we can make them hemorrhage money in Ukraine if we are destroying their tanks as they enter the country?

Ambassador NULAND. Well, they already have been hemorrhaging money on their weapons.

Mr. WEBER. No, but that is not my question. If we are knocking out their tanks left and right, does that cost them a lot of money?

Ambassador NULAND. It certainly would be money down the rat hole for sure.

Mr. WEBER. And we would rather them having body bags going back to Russia than we would have body bags on this side of the border. Is that accurate?

Ambassador NULAND. What we want is peace and an end to the body bags in any direction.

Mr. WEBER. Do you think that Putin understands peace or do you think he understands force?

Ambassador NULAND. Again I am not going to get inside his head. It is not a place to be.

Mr. WEBER. Okay. Well, fair enough. If you are married like I am sometimes it is difficult to get into your spouse's head. So let us put you over in the President's head then. Can I do that?

Ambassador NULAND. You are welcome to try, sir.

Mr. WEBER. No, I think the comment is you are welcome to try. Is the President disengaged or not worried about this?

Ambassador NULAND. Absolutely not. The President has been the leader of this Ukraine policy. He has been enormously engaged. I have been in meetings with him where he was passionate—

Mr. WEBER. He has 21 months left. How many more body bags have to take place in Ukraine before we send them lethal? And I will just call them lethal weapons. I hate the words "defensive weapons." I mean a weapon is a weapon. So how long is it going to take? How many more body bags before we get in gear and make this decision? What do you think the President is thinking?

Ambassador NULAND. Again these are his decisions to make. We will certainly convey to him your concerns.

Mr. WEBER. Okay, then your decision from my vantage point is what kind of pressure, what kind of information are you giving to the President? This is Mr. President we need to act.

Ambassador NULAND. Congressman, as I said a little bit earlier on in this hearing, I am going to take the same position that my Secretary took when he was here last week. The President has asked us for our advice. We have provided it to him, but I am going to keep that advice confidential for purposes of this hearing.

Chairman ROYCE. Mr. David Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Mr. Chairman. And thank you, Ambassador Nuland, for your testimony. I want to begin by also recognizing the tragic murder of Russian freedom fighter Boris Nemtsov who was brutally murdered in the streets of Moscow last weekend to of course urge our Government to do anything it can to ensure the perpetrators of this horrific crime are brought to justice. And I know many in this country are sending their thoughts and prayers to his family and to his friends and his colleagues. Unfortunately these so-called tragic events are quite common for those who dare to criticize Mr. Putin and his cronies, and I think it is important that we acknowledge the extraordinary efforts of this freedom fighter.

I thank you for your testimony, and I want to just focus on the corruption efforts that are underway. As you well know, Ukraine has historically had the distinction of being, or dubious distinction of being one of the most corrupt countries in the world, and I wonder if you would speak to how the new government in Kyiv is addressing this problem.

Are their reforms on pace? Are they going far enough? What are we doing to support those efforts? And are we seeing the tough decisions that need to be made and the kind of prosecutions and firings and the development of an independent judiciary to help advance the anti-corruption efforts that was a source of so much of what happened at the Maidan? And I just wondered if you would speak to some of those issues.

Ambassador NULAND. Thank you, Congressman. Corruption has been a country killer for Ukraine. It has also been an opening for malign influence from the outside in Ukraine's business. So not only because Ukraine's own citizens demand it, but because the democratic health of the country demands it, this has been a major source of focus of collaboration within the Ukrainian Government. As I said at the outset, they have just over the last 3 months passed an enormous amount of legislation, much of it designed to tackle corruption. Just to name a few things, a new anti-corruption strategy; a new public procurement system; the creation of an anti-corruption bureau and national agency for prevention of corruption; strengthened anti-money laundering regulations; disclosure of public officials' domestic and overseas assets for the first time; partial judicial reform including of the prosecutor general, more to come.

The U.S. is providing some \$38 million in the assistance money that you have given us for that purpose. We have advisers and trainers in many of these entities. We are also supporting civil society for oversight and reform. Other new positive developments that go to the corruption and past dirty money practices, they are standing up a new patrol police. The police as you know have historically

been subject to bribery. The new prosecutor general, Viktor Pshonka, has issued arrest warrants, new arrest warrants for some of the corrupt ex-officials.

There is a new business ombudsman appointed. They have slashed the corrupt energy subsidy. They have cut payroll taxes to reduce incentives for unreported wages; eliminated eight regulatory agencies and consolidated them into one; increased transparency of state-owned companies; made banking recapitalization more transparent. A lot of this is legislation on the books. We now have to see it implemented. We have to see oligarchs and everybody pay their taxes, be immune from special and sweetheart deals. We will watch like a hawk. The Ukrainian people will watch like a hawk. I think the parties will be judged by this in local elections in October. But Ukraine is on the path. They have to stick to it now.

Mr. CICILLINE. Great, thank you. And just to turn to a new subject. Could you sort of speak a little bit about what role the Ukrainian reliance on Russian energy is playing in this conflict and what the U.S. and our allies are doing to help alleviate Ukrainian reliance on Russia? And are European allies able to separate themselves from their own energy needs as this sort of conflict continues?

Ambassador NULAND. Congressman, as you know energy has long been a noose that the Kremlin has had around the neck of subsequent generations of Ukrainian leaders. This government is bound and determined to break that. Our first effort was to help them get gas from parts of Europe other than Russia, so we worked with Hungary, Slovakia, and Poland last year to start reversing gas flows into Ukraine.

We have worked with the European Union as they have brokered the gas deal that Ukraine cut, which was a much fairer deal for the winter of 2014–15. We are now working with them as I said to open up, demonopolize the energy sector to help them get more of their own energy out of the ground, to work on energy efficiency. If you have ever been to Kyiv in the winter and had government windows open you know how badly that is needed. About a third of the heat is going out the windows. It shouldn't.

So we are working on all of those things to break the dependence, but also to help Ukraine get to that place where it can be an energy supplier for Europe.

Mr. CICILLINE. Thank you.

I yield back. Thank you, Mr. Chairman.

Chairman ROYCE. Thank you. We go now to Mr. Scott Perry of Pennsylvania.

Mr. PERRY. Thanks, Mr. Chairman.

Ambassador, great to see you. Please don't take any of the comments personally, but as an American, quite honestly I am disappointed and disgusted with the ineffectual and pathetic response from this administration regarding this circumstance in Ukraine.

And I am just wondering, to start out, does the administration agree—because we have heard in other forums about grievances, legitimate grievances. So does the administration agree with the justification from Putin regarding the protection of ethnic Russians in any way, shape or form?

Ambassador NULAND. There is nothing that justifies the kind of violence that we have seen Russia unleash in eastern Ukraine or in Crimea.

Mr. PERRY. I agree with you.

Ambassador NULAND. However—

Mr. PERRY. But do they have legitimate grievances? Does Russia have legitimate grievances in this regard?

Ambassador NULAND. Russian speaking citizens in eastern Ukraine, like citizens in other parts of Ukraine, have long wanted some of the things that Russia championed for them—language, rights, decentralization. But all of those things were on offer first from the transitional government of Yatsenyuk from March onward, and since then with President Poroshenko and the new Rada. So there is no reason for 6,000 dead.

Mr. PERRY. Okay, so I just want to make sure, because history sometimes get lost on us as we go through our days. But I just want to make sure that the administration is familiar and aware of the history of Stalin and Khrushchev in the '20s and the '30s and the terror, the Terror-Famine and the starvation of the Ukrainian people and the displacement and deportations and the reestablishment of Russians into the Ukraine.

And so when Putin says that he is going to protect these Russian speaking citizens, with all due respect they were moved into Ukraine by killing the Ukrainians. And it is important to know that history when we talk about legitimate grievances. So I am concerned. I too agree that we should send defensive weapons to Ukraine. I am in the agreement camp on that.

So does the current posture of or the strategic patience that I hear about, does the White House's—well, how does that fit in? How does the decision not to send defensive weapons at this point, how does that fit into strategic patience or is it a part of it?

Ambassador NULAND. Nobody has been patient with what we are seeing in eastern Ukraine. Just to remind we have sent—

Mr. PERRY. The Ukrainians have been patient because they have no choice.

Ambassador NULAND. We have sent as you know \$118 million in—

Mr. PERRY. Defensive weapons, so forget all that other stuff. Defensive weapons. I imagine you have been to a war zone. I have.

Ambassador NULAND. Yes.

Mr. PERRY. Okay, blankets and all that stuff, they don't stop bullets. They don't stop tanks. You must defend yourself. Harsh words and we will get back to you and we are deciding, that doesn't help. So I am talking about defensive weapons and strategic patience. Where does one hinge on the other? How do they fall together?

Ambassador NULAND. Some of the things we have sent do fall into the category of defensive non-lethal weapons. I would note again that the counterfire radar batteries that we have sent did save lives. They enabled the Ukrainian forces to target where firing was coming from so that they could defend against it. We have also provided support in the intelligence—

Mr. PERRY. Okay, listen. I get it. With all due respect that is the absolute minimum standard. It is not going to be effectual, which

is why my opening statement about pathetic and ineffectual is valid in my opinion.

Let me ask you this. Can you explain the concerns within the context, the concerns about providing defensive weapons within the context that the President requested hundreds of millions of dollars from this Congress for training and equipping for moderate fighters in Syria?

So in that context where we are going to send those folks weapons, weapons, not defensive weapons, but weapons and training that somehow Ukraine and the people that have been there that are more like us than the other, they can't have those weapons. How do we reconcile that? What is the calculation there?

Ambassador NULAND. Well, as you know the training and equipment request for Syria goes to the need to defeat the ISIL threat, which is a central threat as well to the homeland. I don't work on Syria policy so I am going to refrain from commenting.

Mr. PERRY. Do you find that to be a little incongruent? We don't know who the Syrian fighters are. We don't know—look, today they are fighting ISIS, tomorrow they are fighting Assad, the next day they are fighting us and we are going to train them and send them weapons? Don't you find that a little incongruent? Have Ukrainian people ever said that they were going to fight the United States, kill us and the Great Satan? Have they ever said anything like that?

Ambassador NULAND. Well, certainly we will register your strong position on this issue, Congressman. I would say that \$118 million in security support is not nothing. I hear you that you want to hear more.

Mr. PERRY. At the end of my time here. We hear that sending defensive weapons will escalate the problem. Not sending them that won't escalate the problem; there won't be a problem because there will be no more Ukraine.

Thank you very much, I yield back.

Chairman ROYCE. We go now to Lois Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chair, and I was on that trip with you and Mr. Engel when we went to Ukraine last year.

Thank you for your testimony. I want to say that I feel anxiety when I hear some of my colleagues with their unflattering remarks and I will tell you why. I have three questions. When we were in Ukraine we heard—I am going to follow up Mr. Cicilline's question because he was with us. We heard time and time again how the corruption of the Ukrainian Government undermined the government, created an environment which I think you alluded to allowed Russia's aggression to proceed, but it was not just the laws it was cultural, and so I would like you to, if you could, expound.

The number one is, first of all, would you have even considered giving weapons to the previous government, Yanukovich, would you have considered that? And is the culture or the corruption that was in Ukraine which you are waiting to see if the reforms take place, how does that affect whether or not you are willing to turn arms over now?

That is question number one.

Number two, could you tell me the sanctions on Russia, what are the implications relative to the issues that we are facing in Syria

and Iran? Have there been any implications? And number three, if you can get to it, can you tell us in your opinion what are the implications on our allies and relative to the Budapest Agreement if we do not resist Russia's aggression?

Ambassador NULAND. Well, the last one is a big one, so let me just quickly go through the first ones. Our security relationship with Ukraine has gone through ups and downs after independence in '91 partly related to the quality of governance at the top. In recent years under the Yanukovich regime it was severely constrained not only because of our concerns about the military but also because of our concerns about his human rights record including with regard to Yulia Tymoshenko. So we were doing very little.

With regard to our current cooperation, we are subject to Leahy standards and appropriate vetting of units. One of the major lines of effort that we have going in our advisory effort with the Ukrainian military is to root out corruption and infiltration of that military. So that is something that we work on very hard.

We have, as Secretary Kerry has made clear when he was up here and at every time he is before you, worked hard to continue to be able to work with Russia on global interests where our interests align. So that takes you to the work we do together in the P5+1 on Iran. That cooperation continues not as a favor by Moscow to the United States, but because they too have no interest in a nuclear-armed Iran. Similarly our work on Afghanistan, our work to try to come to terms with the violence in Syria, which has not been completely successful, but those conversations continue. So we judge that they do it out of their own interests—not as a favor to us.

With regard to the threat to allies, we didn't talk today but we have in the past about the intensive effort underway in the NATO space to ensure that the Article 5 deterrent is absolutely visible—land, sea and air. We have young Americans as you know in the three Baltic states and Poland and soon in Bulgaria and Romania showing presence. We are working on new headquarters elements and other ways to be able to reinforce them very quickly if we need to. But, obviously, if the violence sweeps across Ukraine, if Ukraine breaks apart, falls, et cetera, I personally don't think that the effort to gobble countries will end there.

Ms. FRANKEL. And what, you said before the President is taking, or considerations as to whether to give further weapons or give weapons to Ukraine, what are the considerations?

Ambassador NULAND. Without getting into it in too detailed a way in this setting, just to say again that we are giving a significant amount of non-lethal security support defensive weapons to the Ukrainians. The issue is whether to increase the lethality. The issue is the kind of systems. On the one hand it goes to the Ukrainian need and desire to defend against the incredibly lethal offensive things that Russia has put in place since January-February. On the other side it goes to whether this actually serves to harden or whether it escalates and is considered provocative and makes it worse.

Ms. FRANKEL. Thank you.
Thank you, Mr. Chair.

Chairman ROYCE. Thank you. Let us see, I am going to yield to the chair here, to Mr. Tom Emmer of Minneapolis, Minnesota. Would you like to—why don't you go ahead and chair this? I have a meeting that I am late for.

Mr. EMMER [presiding]. Thank you, Mr. Chair.

Madam Secretary, you have already answered quite a few questions, but I want to run through something so you can clear this up for me. The Minsk agreement, you have referenced what Russia had agreed to implement. Could you please quickly tell me what did they agree to implement and what have they implemented since the agreement?

Ambassador NULAND. Thank you, Congressman. Well, first just to remind that the February 12th agreement was an implementing agreement on prior commitments made by both Russia and the separatists on September 5th and September 19th.

Mr. EMMER. Right.

Ambassador NULAND. So the full package includes obligations both for the Ukrainian side and for Russia and the separatists. First and foremost, in the February 12th package, is a full ceasefire on the fighting line; a full pullback of heavy weapons to their ranges by both the Ukrainians and the Russians and separatists; full access for OSCE monitors to that zone to inspect and verify and to the rest of Ukraine. And then on the Ukrainian side thereafter—

Mr. EMMER. Why don't we just stop on the Ukrainian side.

Ambassador NULAND. Yes, okay.

Mr. EMMER. Can you tell me if any of those three have actually been done in the last 3 weeks, 4 weeks?

Ambassador NULAND. As I said at the outset, we have seen some progress in some parts of the fighting line, but we are concerned—

Mr. EMMER. Madam Secretary, I am sorry but we are limited on time. So again, the fighting has continued. There has been no ceasefire.

Ambassador NULAND. It has.

Mr. EMMER. The heavy equipment has not been pulled back.

Ambassador NULAND. Not completely.

Mr. EMMER. And nobody is getting access as you said in response to Representative Weber's questions to figure out what the death totals are, et cetera, you just don't have access. Funny how the fighting has continued after the most recent, the February 12th, and you testified that the President is engaged and that the "environment" will affect the calculus on the sanctions and the release of—and I am tired of calling them defensive weapons. They are weapons, weapons that the Ukrainians need to protect themselves. Russia continues to violate agreement after agreement. Ukrainians continue to die.

What about the current "environment" needs to get worse before the President and his advisers adjust their calculus? Because you had said what the environment will determine whether we need to adjust the calculus, what about the environment needs to get worse for the Ukrainian people and for the stability in the region for this administration to adjust its calculus?

Ambassador NULAND. Well, again we are watching the implementation of this agreement. I don't disagree with you that it is very spotty, and we are more concerned today than we were yesterday by serious violations. The President is very engaged. He talked, as you saw the White House release yesterday, to five of his major European colleagues and to EU Council President Tusk. We are watching this day-to-day and he is evaluating day-to-day.

Mr. EMMER. You know what, Madam Secretary, that is wonderful, and I am sure the Ukrainians appreciate the fact that somebody is watching what is happening from this side of the world. But when is it going to get bad enough that the President and this administration are actually going to follow through on promises that have been made to the Ukrainian people?

Ambassador NULAND. Well, again with regard to the promises that have been made for strong economic support and for strong security systems with your help—

Mr. EMMER. Well, I want to go back to if you disarm yourself to maintain stability in the region and we will be there.

Ambassador NULAND. We will certainly convey your concern about this, Congressman.

Mr. EMMER. Thank you.

The Chair will now recognize next Mr. Bill Keating of Massachusetts.

Mr. KEATING. Thank you, Mr. Chairman. I just want to thank you for your work. I can only speak personally, but the briefings that I have had including classified briefings with you and with the Ambassador Pyatt have been extraordinary. The communications are great. I want to thank you for that.

I also, I am going to deviate from my question, because at least once in this hearing I think we have to put this perspective in because it is reality. So many of the questions have been unilateral. It is the U.S. It is Russia. It is U.S. The reality is that is not where our strength is. The center of gravity in all of this, I think, from a military perspective was described by General Breedlove when he said our unity of effort with the Europeans is that strength, and it is what Putin didn't bank on. So I am going to give you the opportunity to discuss how important the coalition is to the success of Ukraine.

It is my feeling that without that unity with the U.S. that we are not going to be strong in our response and Ukraine won't have the opportunity to move forward itself. So could you comment on that? Because it is lost somewhere in today's hearing.

Ambassador NULAND. Well, thank you for that, Congressman. I think I said earlier in the hearing that we in the European Bureau spend almost as much time working with Europeans on Ukraine as we do working with Ukrainians on Ukraine, because this unity has been so essential and because that unity is constantly being tested and probed by the Kremlin. Because if they can split us, obviously that is their best line to imperil Ukraine.

So first and foremost, on the economic side where it has been a combination of our strong transatlantic support for the IFIs, our strong transatlantic contributions, both U.S. and European, that have made the \$17.5-billion package that we have on offer for Ukraine possible now. Without that it wouldn't have been.

In the four to five rounds of sanctions that we have done, if the U.S. had done this unilaterally we would have had a situation where European companies could have just come in and backfilled. If we had not matched what Europe was willing to do, the opposite would have been true or you could have seen efforts to drive a wedge between us. We do believe that, particularly in September and December, the Kremlin underestimated both our unity and our ability to work together. It is not always as quick as we would like because we have 29 countries to coordinate, 34 if you include our other allies in NATO, but it does make us really strong in defense of Ukraine.

Mr. KEATING. Yes, and when you look at Minsk and when you look at the back end that we would not have preferred in terms of Russia's border issues, and when we are having these other discussions and these other questions about why can't the U.S. just do this, simply do this, isn't it important that we do this in a unified manner with Europe? And what would happen if we didn't? What would happen if we just veered off the way some of these questions have been pointed today on our own and just done this? What would our prospects for success be diplomatically and militarily?

Ambassador NULAND. Well, again it would have just provided an opportunity for the Kremlin to divide us from major allies like Germany and France. I mean one of the reasons that we shout out Chancellor Merkel and President Hollande is that they are the ones who spent the 17 hours of hard diplomatic work with President Putin. And he had to hear that not only do we disapprove of what is going on and have serious concerns, but that all of Europe does too. And without that, he might have felt he could get away with it.

Mr. KEATING. Yes. I have my own feelings that I would like to see defensive weapons in place myself, but I also can't have this hearing and without commenting on the fact that we have to do this with partners and it is a dynamic decision. And if we move away from that we weaken ourselves.

With that I yield back, Mr. Chair.

Mr. EMMER. The gentleman yields back. The Chair now recognizes Representative Grace Meng from New York.

Ms. MENG. Thank you, Mr. Chairman. Thank you, Ranking Member. And thank you, Ambassador, for being here today. I have a question. The Journal has been reporting on a \$5.7-billion deal this week between the German utility RWE AG and an energy investment fund led by the Russian billionaire Mikhail Fridman in which the fund purchased RWE's oil and gas arm DEA.

This deal gives Mr. Fridman the assets to launch a new oil company with assets throughout Europe. DEA produces about 100,000 barrels of oil per day. This is disconcerting for two reasons. One it is the sort of business that we are supposed to be deterring, and two, it provides for Russian control over significant European energy supplies. Mr. Fridman is not currently subject to U.S. sanctions despite his close ties with the Kremlin. Do you know whether he is or he might be a potential target for sanctions?

Ambassador NULAND. Thank you for that. I am going to get back to you on some of the details, but just to make absolutely clear that U.S. and European sanctions have targeted Russian public and

government assets and entities. Mr. Fridman runs one of the few remaining private companies in Russia, and as such has had his own strong views as a private citizen about appropriate Russian-European relations.

But let me get back to you on how we have evaluated that particular deal. But it is not a Russian Government deal. It does not deepen the Russian Government's ties into the European energy net or Europeans' dependence on the Russian Government.

Ms. MENG. Okay, thank you. My second question, a U.S. law currently allows for the vesting of frozen assets pursuant to IEEPA under certain circumstances. Such circumstances include when the U.S. is directly engaged in conflict with another country or when we have been attacked by another country. In such cases, the President has the authority to make designations of the frozen assets.

Should we consider broadening the law to allow for vesting of frozen Ukrainian assets? Ukraine is in need of cash and this would be a good way to get cash into the country.

Ambassador NULAND. Okay. I am going to admit you have stumped the witness. I am going to take that one and look at it with our Treasury colleagues.

Ms. MENG. Okay, great. Thank you. And my last question. I would like to get your impression on Russian influence in Europe. Russians own media properties in Great Britain, and Russia has close ties with political parties in Britain and France, mainly the U.K. Independence Party as well as the National Front in France. We know of close German relationships as well. Some of the ties such as the energy relationships are clear, others are more in the shadows.

Can you shed some light on Russian influence in the European media and finance sectors and give us a sense of who in the Western European political landscape are close with the Kremlin?

Ambassador NULAND. Well, thank for that question. This is something that we are watching extremely closely. I think the Russian investments in government propaganda in Europe are clear for everybody to see, the massive investment that their new platform, Sputnik, has made in Germany and France, et cetera. Interestingly, there has been quite a public backlash in both Germany and France to the kind of propaganda Russia is trying to sell, and the market share for that kind of effort has not been as big as they hoped. Just as in the United States, the market share for Russia today is relatively small because people want truth not Kremlin fabrication.

That said, the more nefarious dirty money sloshing around is what you highlight. This question of funding candidates and political campaigns out of Kremlin coffers, setting up of false NGOs to look like they are representatives of civil society but really they are representatives of a foreign government's view, we are watching all of this very closely with our allies and working together to expose it and make sure that the public in those countries knows where this money is coming from.

Mr. EMMER. The gentlewoman yields back. The Chair now recognizes Mr. Ted Poe from Texas.

Mr. POE. Thank the chairman.

Thank you, Ambassador, for being here. Like a lot of folks, including you, I am concerned about Russian aggression. The Russians go into Georgia in 2008, they take one third of that country away from them, and the Russian tanks are still in that third and they are not going to leave. The West pontificated and said that that was bad, and meanwhile Putin is still there. And Russia goes into Crimea, takes over Crimea. Now they are in Eastern Europe. I believe when they successfully take over eastern Ukraine they will keep moving, maybe to the Baltics.

Last year when you were here, May 8th, to be exact, I asked you the purpose of U.S. sanctions. And the question, and I have the transcript here if you want to see it, was is the purpose of our sanctions to stop the Russians or is the purpose of our sanctions to make the Russians leave Crimea? And you answered that the purpose of our sanctions was to make the Russians leave Crimea. Is that still the purpose of sanctions against Russia regarding Crimea? To make them leave?

Ambassador NULAND. Yes, sir. We want Crimea restored to Ukraine. We have designated sanctions vis-a-vis Crimea which as you know we deepened significantly in December, essentially denying U.S. companies the ability to invest in Crimea. Our European partners have done the same. We talked a little bit earlier in the hearing about the impact that that has had in Crimea and we will continue to keep those in place unless and until—

Mr. POE. So are the Russians leaving Crimea?

Ambassador NULAND. It has not resulted in changing Russian policy. It has driven up the price for Crimea for the Russian coffers.

Mr. POE. Well, that may be the sanctions. It may also be the world price of oil has dropped, which is the main reason for the Russian economy.

Are the Russians building military installations in Crimea?

Ambassador NULAND. Well, as you know the Russians have had bases historically in Crimea.

Mr. POE. Are they building more?

Ambassador NULAND. There is significant evidence to indicate that they are putting new improvements into those bases and new equipment. We can get you a classified briefing if you would like.

Mr. POE. So the sanctions at least haven't stopped Russian building of military installations in Crimea. Are any of those installations nuclear installations?

Ambassador NULAND. I think we would like to speak to you about dual-use capability in a different setting, if I may.

Mr. POE. Anyway they are building up their military presence in Crimea.

Ambassador NULAND. Yes, sir.

Mr. POE. That would seem to me like they are there to stay. What do you think?

Ambassador NULAND. I think we have to maintain the pressure and we have to maintain the cost. And we have to keep faith with Ukraine so that it can continue to try to get its territory back.

Mr. POE. Well, when I talked to the President of Ukraine last year asking what we could do, he replied, paraphrasing, that they would prefer that we send something other than canned food to them, MREs, which is what we were doing. Are we still talking

about helping them fight for their own freedom in the sense that we are giving them military aid? Are we still talking about that or are we actually doing that?

Ambassador NULAND. Sir, we have over the last 14 months provided \$118 million in security assistance. I can give you a rundown of what we have bought with that, but it includes things like counterfire radar batteries, communications equipment, counter jamming, full suite of emergency medical, all those kinds of things, training. And we will continue to look at what more we can do.

Mr. POE. That is all non-lethal aid. We sending them any guns, bullets?

Ambassador NULAND. No, sir.

Mr. POE. Why not? That is what they want to defend themselves.

Ambassador NULAND. As I said, we have continued to look at other requests from the Ukrainians including on the lethal side but no decisions have been made.

Mr. POE. So the Russians are now in eastern Ukraine besides being in Crimea, which I do not think they are going to ever try to leave Crimea. Other nations, and I am meeting some Ambassadors today, are they concerned that they are next in the Russian aggression? What is our policy regarding Russian aggression, whether it is the Baltics or whether it is other countries of the former Soviet Union? What is our policy to thwart that? If we do have a policy.

Ambassador NULAND. Well, Congressman, I didn't go through it in length in this testimony. I have in past testimonies. But we are, with regard to NATO allies, starting with the decisions taken at the Wales Summit in September which you now see implemented, we are providing concrete visible reassurance to our NATO allies all along the eastern edge on land, sea and air.

We have some 300 young Americans in the Baltics, in Poland. We will have new deployments in Bulgaria and Romania. They are exercising, et cetera. We are also working with those nations to establish headquarters elements that will allow NATO forces to move quickly in a contingency. We are standing up a very high readiness NATO force. All of this designed——

Mr. POE. Are we helping non-NATO countries——

Ambassador NULAND. We are as well. Just to say all of this designed to make it absolutely clear to the Kremlin that we will defend every inch of NATO territory and to set a deterrent. We are also providing security assistance to Georgia and to Moldova, the two countries most under threat, and continuing the relationship with other countries in the region.

Mr. POE. Thank you, Mr. Chairman.

Mr. EMMER. The gentleman's time is expired.

We appreciate the Ambassador's time this morning. As you can tell, the committee is gravely concerned by the situation and specifically the dismemberment of Ukraine. We can't wait forever. We look forward to following up on these critical issues.

And with that the hearing is adjourned.

[Whereupon, at 12:17 p.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

March 4, 2015

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, March 4, 2015
TIME: 10:00 a.m.
SUBJECT: Ukraine Under Siege
WITNESS: The Honorable Victoria Nuland
Assistant Secretary
Bureau of European and Eurasian Affairs
U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Wednesday Date March 4, 2015 Room 2172

Starting Time 10:09 a.m. Ending Time 12:17 p.m.

Recesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Edward R. Royce, Chairman; Rep. Heana Ros-Lehtinen; Rep. Tom Emmer

Check all of the following that apply:

Open Session
Executive (closed) Session
Televised

Electronically Recorded (taped)
Stenographic Record

TITLE OF HEARING:

Ukraine Under Siege

COMMITTEE MEMBERS PRESENT:

See attached sheet.

NON-COMMITTEE MEMBERS PRESENT:

None.

HEARING WITNESSES: Same as meeting notice attached? Yes No


(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

*SFR - Edward R. Royce, Chairman
SFR - Rep. Gerald E. Connolly*

TIME SCHEDULED TO RECONVENE 10:09 am

or
TIME ADJOURNED _____



Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS

FULL COMMITTEE HEARING

<i>PRESENT</i>	<i>MEMBER</i>
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
X	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
	Joe Wilson, SC
	Michael T. McCaul, TX
X	Ted Poe, TX
X	Matt Salmon, AZ
X	Darrell Issa, CA
	Tom Marino, PA
X	Jeff Duncan, SC
	Mo Brooks, AL
	Paul Cook, CA
X	Randy Weber, TX
X	Scott Perry, PA
X	Ron DeSantis, FL
	Mark Meadows, NC
	Ted Yoho, FL
X	Curt Clawson, FL
X	Scott, DesJarlais, TN
X	Reid Ribble, WI
X	Dave Trott, MI
	Lee Zeldin, NY
X	Tom Emmer, MN

<i>PRESENT</i>	<i>MEMBER</i>
X	Eliot L. Engel, NY
X	Brad Sherman, CA
X	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
X	Brian Higgins, NY
	Karen Bass, CA
X	William Keating, MA
X	David Cicilline, RI
	Alan Grayson, FL
X	Ami Bera, CA
X	Alan S. Lowenthal, CA
X	Grace Meng, NY
X	Lois Frankel, FL
	Tulsi Gabbard, HI
X	Joaquin Castro, TX
X	Robin Kelly, IL
X	Brendan Boyle, PA

**Statement by Ambassador of Ukraine Olexander Motysk
for the Hearings of the House Foreign Affairs
Submitted by Chairman, Edward R. Royce of California
US House of Representatives**

(March 4th, 2015)

Distinguished Members,

Ladies and Gentlemen,

Over a year has passed since the beginning of encroachment on sovereignty and territorial integrity of Ukraine. This was a year of challenges to global order and international law, which Russian aggression against my country brought about. It was also a time of strong unity of the civilized world in the face of fundamental threat to freedom and democracy.

This threat has emerged as a response to aspirations of the Ukrainian nation to return to its European roots. The Revolution of Dignity on Kyiv's Maidan has evoked admiration around the globe as an unbreakable ambition to break with the past and strive for prosperous future. At the same time, it was perceived as an existential threat by the Russian leadership which deems liberty and democracy as obstacles on a path to realization of its goals.

The events of last year have demonstrated the true intentions of Russia's actions. It has now become obvious that Moscow sees destabilization of Ukraine as an instrument of forestalling its development into a modern democracy. The primary goal is to prevent European integration of Ukraine, keep it in Moscow's orbit or to dismember it altogether.

Kremlin uses any means to fulfill this task, including the attempted illegal annexation of our sovereign territory of Crimea, manufacturing conflict, based on false pretext, in eastern Ukraine and directly participating in it by flooding the region with weapons, military equipment, mercenaries, Russian armed forces and resorting to vicious propaganda campaign.

The results of these actions are tragic, but could be even more devastating if it were not for the decisive response of the civilized world. Still, this counteraction was not enough to stop the aggressor. Over the last year, Moscow's persistence in realization of its goals shows that despite the central role Ukraine plays in Kremlin's geopolitical calculations, it is only one of the key elements in the implementation of Russia's strategic objective - restoration of some form of the Soviet Union by creating a circle of instability in the region.

In the 21st century, when progress is achieved through cooperation and measured by well-being, Russia resorts to force, coercion, intimidation and violation of international law as the means of imposing its will on the global arena. Chances are high that this line of action will not be limited to Ukraine and will reach other countries such as Moldova, Georgia and Kazakhstan, and even NATO allies, primarily the Baltic States.

Throughout this conflict, Ukrainians demonstrated an unswerving will to protect their country from the Russian aggression. This fight, however, is not only about us. By countering the forces of oppression and authoritarianism, Ukraine serves as a powerful line of defense of freedom and democracy. Our success in this struggle today is the guarantee that the full-scale war will not come knocking on the doors of the West tomorrow.

We highly appreciate the understanding of these implications by US Congress, Administration and the American people. Over the last year, American lawmakers played a major role behind the process of assistance provided to Ukraine in its fight for freedom. A number of declarative and legislative actions have created a formidable framework of cooperation between our countries in general, and in countering the Russian aggression in particular. Combined with strong stand and decisive action by the Administration, they established the leading role of the United States in this process and reinforced the unity with Europe as a major factor in its success.

Today, the financial assistance of Western partners is a defining factor in overcoming difficult obstacles facing Ukrainian economy and in implementation of much-needed reforms carried out by our Government. We hope that this support will be expanded into a comprehensive program similar to the Marshall Plan, which once

helped Europe to recover from the consequences of a devastating war.

We also believe that a decision in favor of providing Ukraine with defensive weapons would considerably affect Russia's calculation. We recognize legitimate concerns associated with such a step. At the same time, we share the view of those in the United States who believe that prompt action in this direction would significantly raise the cost of the Russian aggression. It will incline Moscow to negotiate or at least waive any remaining doubts about its strategic intentions.

On our part, Ukraine can provide assurances that the arms will not be used to escalate the conflict. We are a peaceful nation whose land is temporarily occupied by a more powerful and aggressive neighbor. Even so, we are still committed to finding common ground and reaching a settlement through diplomatic means.

That is why last month at the Minsk Summit, Ukraine negotiated an agreement with Russia, with the participation of Germany and France. Although extremely fragile, the deal can lay a reliable foundation for a peaceful settlement of the conflict. Our major concern in this regard is the inclination of the Russian side and the separatists it supports to stick to their obligations.

Over the period since the Minsk agreement, Russia and its proxies have continued to flood the territory of the occupied Ukrainian territories with weapons and military personnel. After seizing the city of Debaltsevo, contrary to the agreement, Russia is carrying through a major build-up of equipment and personnel in close proximity of Mariupol – a port of strategic significance, which can grant the aggressor with a land access to Crimea.

All of these developments seem to suggest that the Kremlin is willing to continue its invasion into Ukrainian territory. If this turns out to be the case, the response of the West has to be robust with all options on the table. These can include traditional means of raising the cost for aggression, such as new round of economic sanction, but also new measures – exclusion of Russia from international organizations and SWIFT banking system, and deprivation of the right to host the FIFA World Cup 2018.

Moscow has to be put before a simple choice: either it will comply with international law or suffer difficult consequences. In order for good relations with Moscow to be restored, Russian forces, mercenaries and arms must leave Ukraine's territory, including Crimea, and the Kremlin must stop its interference in our internal affairs.

Such an outcome would be in the interests of not only the Ukrainian people, but also of Russia itself and Europe as a whole. This task can be fulfilled through strong and decisive actions of the democratic world aimed at restoring the stability of international system and negating the prospects of another global conflict. We are looking forward to the continued U.S. leadership in this process.

*Statement for the Record
Submitted by Mr. Connolly of Virginia*

The ongoing violence in Ukraine emanates from the Kremlin. Russian troops are in eastern Ukraine, and Russian weapons are bombarding Ukrainian towns. The Russian President has negotiated ceasefires only to have them continually violated by Russian-backed separatists, and Russia has illegally annexed Ukraine's sovereign territory in Crimea. If Russia is willing to go to such lengths under the false guise of protecting Russian minorities, certainly the West can muster a response that defends the inviolability of European borders. Disunity, weakness, and a lack of resolve only invite further confrontation with Russia.

Despite the overwhelming evidence of a massive Russian incursion into eastern Ukraine, President Putin has adopted a policy of denial and deception in his dealings with the West. When Russian troops were identified as fomenting unrest in Crimea in February 2014, President Putin adamantly denied involvement. By April, Russia had illegally annexed Crimea, and Putin had come clean about the blatant Russian intrusion, admitting that Russian troops had been deployed to Crimea before the illegal annexation on March 21, 2014. The 12-point ceasefire plan agreed to in Minsk on September 5, 2014 has never been fully implemented, and there have been 1,300 deaths since the agreement was signed. Minsk II has proved to be similarly fragile. Despite the agreement, Putin's proxy forces continued their assault on Debaltseve until they surrounded Ukrainian troops and pushed them out of the strategically important rail hub. Our European partners have certified hundreds of violations of Minsk II, and the death toll for the conflict recently exceeded 6,000. As we speak, Ukrainian forces are preparing to defend the industrial port city Mariupol from attack.

The Minsk II agreement stipulated the withdrawal of heavy weapons from the front lines of the fighting in eastern Ukraine. However, the threat posed by Russia's aggression extends far beyond the reach of Russian tactical ballistic missiles. The Baltic states, members of both the European Union and NATO, are nervously watching as Putin justifies Russian aggression with the need to protect Russian minorities. The increasing frequency of NATO intercepts of Russian military aircraft over the Baltic Sea certainly does not allay any fears.

In Georgia, Moldova and now in Ukraine, Russia has claimed a national prerogative to interject itself into the domestic affairs of former Soviet Republics under the guise of minority rights. Russia fine-tuned this model early in the post-Cold War era. In 1992, it supported the armed resistance of separatists in the Transnistria region of Moldova and the South Ossetia and Abkhazia regions of Georgia. It has since used a steady stream of trade sanctions and involvement in domestic opposition movements to foment unrest and instability in former satellite states. At times, the resulting domestic strife has escalated into Russian military aggression as it did in Georgia in 2008 and as is currently the situation in Ukraine.

Russia's illegal annexation of Crimea undermines Ukrainian sovereignty and sets a dangerous precedent that cannot be overstated. Russian expansionism by way of deception and military aggression threatens the stability of European borders. Secretary Kerry recently raised the issue of human rights abuses in Crimea at the United Nations, and that is certainly a welcome step to providing testament to Russia's brutal intervention. However, Putin continues to effectively exploit a lack of resolve in Ukraine, and the U.S. has limited credibility objecting to Russia's aggression without a firm stance on Ukrainian sovereignty of Crimea.

The U.S. must make a simple, declarative statement on Russia's illegal annexation of Crimea. H.R. 93, the Crimea Annexation Non-recognition Act, bipartisan legislation, which I introduced in this Congress, does just that. The legislation prohibits any federal department or agency from taking any action or extending any assistance that recognizes or implies recognition of the de jure or de facto sovereignty of the Russian Federation over Crimea, its airspace, or its territorial waters. The FY2015 Omnibus, Consolidated and Further Continuing Appropriations Act included several provisions that seek to reinforce a non-recognition policy concerning Russian sovereignty over Crimea. The State Department should work with Congress to codify a statement of policy that signals to Putin that the U.S. will not recognize Crimea as anything other than sovereign Ukraine territory.

The U.S. and our European allies have issued successive rounds of sanctions and warnings against Russia, and this Congress has signaled its support for Ukraine. The Ukraine Freedom and Support Act (P.L. 113-272) authorized the President to expand sanctions against Russia and provide Ukraine with military assistance and investments in the Ukrainian economy and its energy independence. In addition, I joined a bipartisan coalition of my colleagues in writing to the President to request that the U.S. provide Ukraine with military assistance, some of it lethal but none of it "offensive" in nature.

The domestic picture in Russia has worsened as a result of the conflict. The Russian ruble is down 50 percent, the economy has experienced \$151 billion of capital flight, and according to economic projections, Russia will go into recession this year. Boris Nemtsov, a former deputy prime minister and frequent critic of President Putin and the conflict in Ukraine, was gunned down in the streets of Moscow last week. What is perhaps the most disturbing aspect of the incident is the likelihood we will never know what happened to Mr. Nemtsov given the severe deterioration of the rule of law in Putin's Russia.

There are many questions for today's hearing. What are Putin's ultimate designs on Ukraine, and do we believe Minsk II will falter if it simply does not accommodate his intentions? What can the U.S. do to enhance solidarity with our European allies and present a united front, not just in Ukraine, but in every instance where Russia would recklessly disrupt post-Cold War peace and stability? I hope our witness can provide guidance on the Administration's appraisal of Putin's behavior, and its reverberations throughout Europe. Further, we would welcome an enumeration of our objectives in Ukraine to ensure that U.S. policy is consistent with the preservation of lasting security and stability in Europe.