



Remarks at GLOBSEC 2014

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QUESTION: Assistant Secretary, do you believe you're on top of the scale of the Ukraine crisis, given the level of shock that has clearly been felt in Washington, at NATO, the European Union, and indeed by your ambassador in Moscow at the time, Michael McFaul, who said this took everyone by surprise.

ASSISTANT SECRETARY NULAND: Well, Nick, I think that we all understand that this is a challenge not simply for Ukraine, not simply for the transatlantic relationship. Some of the choices that Russia has made have challenged the world order, so we have to think about it in those terms. And as the United States, we're feeling the ripples of this as we go around and talk to our Asian partners – China is watching, Japan is watching, Southeast Asia is watching. Secretary Kerry was just in Africa, and there was a lot of concern there about changing borders by force, and certainly in Latin America. So I think we sit here in Europe and we think about this as about Ukraine, as about Europe, but it's actually global.

QUESTION: There are those who say out there that this is a change now to normative thinking about Russia, particularly. And we heard from the Deputy Prime Minister and Foreign Minister here, it's a wake-up call. We were too complacent; we took too much for granted. In other words, has there been a massive step change in your reassessment of the Russia you're dealing with now?

ASSISTANT SECRETARY NULAND: Nick, you know, I would put it differently. We, and many other people in this room, have been involved for some 22 years since the Soviet Union broke up, in trying to knit Russia into the fabric of Europe, into the fabric of an open democratic system. We've had success and some setbacks over this period, but the premise of the case has always been that we should be encouraging Russia to make the kinds of reforms so that it could join us in our institutions, so that it could be a partner. But that required, and that was based, on an understanding that the rules of global governments, the rules that undergird the Helsinki community, were sort of a compact among us. So what has happened is not so much that we've

changed, but that President Putin has made a choice that those rules no longer apply to Russia, so that requires an adjustment, of course.

QUESTION: Do you in Washington get how profound this change is?

ASSISTANT SECRETARY NULAND: I think I started there, that it's profound for us not just in a Ukrainian or European context, it's profound for us in a global context because countries all around the world -either who aspire to have a chunk of somebody else's territory, or who are afraid that somebody will take a chunk of theirs - are watching very carefully.

QUESTION: Foreign Minister Rinkevics about half-an-hour ago said that President Putin aims to keep Ukraine as unstable as possible. Is that your assessment?

ASSISTANT SECRETARY NULAND: You know, I personally, and I think we corporately, long ago have stopped trying to read the mind of President Putin, so I won't predict where he is going. But clearly, we would not consider what he is doing stabilizing, we would not consider it good neighborly behavior, and we would ask why it's to Russia's advantage for Ukraine to be unstable, for Ukraine not to come together as a unitary state, economically supported by the West in a manner that could be a good trade partner for Russia. Why does this benefit Russia's economy or anything else?

QUESTION: From the Oval Office downwards now, is there a kind of acceptance that the unthinkable now has to be thinkable?

ASSISTANT SECRETARY NULAND: Meaning?

QUESTION: With Russia. In other words, what might have not seemed possible or probable say back in December when it came to Ukraine and Crimea, is the kind of thing that could easily happen, and therefore you have to make a judgment that that is possible now as opposed to totally unlikely.

ASSISTANT SECRETARY NULAND: Well, I think there was a concerted effort when they started challenging Crimea to encourage them to step back. That obviously failed. Then, after Crimea, to encourage them to allow the rest of Ukraine to move forward. But now we see this intense challenge in the east, which one could argue, is a renewed effort to take another chunk of Ukraine. Where does it stop? I think this is the concern, and this is why you see us working with the European Union, you see us working with partners globally to try to set forward a very clear and well-understandable deterrent – namely to say that if the May 25th elections don't go forward, if Russia continues to destabilize Ukraine, that there will be further, deeper, and now sectoral economic sanctions on Russia, and we do believe what we've already done is starting to bite. So there are questions and tradeoffs and choices for Putin to make.

QUESTION: You say they're starting to bite. I have to say there's skepticism in this room and elsewhere that, really, sanctions are having any impact at all. We heard from Andrei Illarionov, who's now at the Cato Institute, but former economic advisor to Presidents Yeltsin and Putin,

that they're not having any effect, they're not taken seriously at all. Do you have any metrics, any evidence to suggest that actually they are biting in a way which you hoped for?

ASSISTANT SECRETARY NULAND: Yes, there are plenty of metrics, so I'm not sure what metrics Mr. Illarionov is looking at, but our metrics include some \$30 billion spent to prop up the ruble just since March; some \$60 billion in capital flight just since the beginning of the year, almost as much as all of 2013; bond ratings now hovering just above junk; the IMF saying that Russia is on the verge of recession. So the numbers are actually quite profound, particularly when you consider that between us we've sanctioned some 45 people; we haven't even gone to sectors of the economy.

QUESTION: Let me open it up. Who would like to ask any questions? Over here, please. The microphone here. Anyone else? You've got 15 minutes. Gentleman here, and make the microphone move at high speed to there and to the front please. And would you identify yourself, and can we have a little more light so the Assistant Secretary can see you?

ASSISTANT SECRETARY NULAND: I was going to say, it's a good trick here. I can see vague shadows but I can't tell who is speaking.

QUESTION: (inaudible), at least that's on my passport. Very small country, which has also been invaded a few times, namely Luxembourg.

ASSISTANT SECRETARY NULAND: I was in Luxembourg yesterday.

QUESTION: Oh yes.

ASSISTANT SECRETARY NULAND: An important NATO ally.

QUESTION: You saw my friend Jean Asselborn.

ASSISTANT SECRETARY NULAND: I did, and the new prime minister.

QUESTION: But I don't agree with him. [Laughter]

ASSISTANT SECRETARY NULAND: We won't tell him.

QUESTION: He's a very nice fellow. But are we not – people know me, I'm always a bit contrarian or something. I wonder whether – and I should have asked this question in the previous session – whether we are not a bit too self-complacent when we are dealing with Russia. And whether what we are doing now is really in our – I say our, even a part of it – long-term interest. I personally, I am astonished about this one-sided Russia bashing, and also the one-sided way we look at Ukraine. I wonder whether this will not dissolve policy, which also perhaps is not intellectually completely harmless, will not backfire at another time and prove counterproductive. I think should such a meeting not be about going into a new analysis, having a sober and lucid and sober look into what is really happening. So that's my question for today and for tomorrow.

QUESTION: I think we've got the question.

QUESTION: I tried to be very reserved and polite, sorry.

QUESTION: Assistant Secretary, whether the old way of thinking is conditioning too much the new reality you have to confront?

ASSISTANT SECRETARY NULAND: I think our interest, whether we're talking about the United States, whether we're talking about Europe, whether we're talking about the globe, is first and foremost having a Russia that will live within a rules-based system, will be a predictable partner, and will be a predictable nation in the global ensemble. So when you have a Russia that, at will, decides that it can use force to take a chunk of its neighbor, and can continue to use force to pressure that neighbor, where does it end? And where does it end if you allow that kind of behavior within the global system to go unchecked? As some have said, not only does the grass grow back over the global garden but the whole jungle starts to grow.

QUESTION: Assistant Secretary, I would like to ask you about the readiness of the U.S. to sustain its policy of military assurance for the Central and Eastern European allies, because the response has been much appreciated, very much visible, and the question is if the current policy of Russia continues, is the U.S. ready to revisit its policy towards its military footprint in Europe (inaudible)?

ASSISTANT SECRETARY NULAND: Well, the good news about the NATO reassurance mission is it's not just the United States providing a visible presence on land, sea, and air - but it's now a NATO mission. As we like to say, 28 for 28. And we are beginning to see more than half of the allies offering assets moving forward. So we've agreed that we will keep this mission going through the end of 2014 and will reevaluate at our NATO summit in Wales whether conditions have improved such that we can scale back, or whether they have gotten worse such that we need to think about a longer timeline or perhaps a different array of posture going forward.

QUESTION: Assistant Secretary, we have five minutes left. Let me take one here, please, and whoever's got the microphone here. Two quick questions please.

QUESTION: A simple question. What would be the reaction of the U.S. administration to the proposal that Russians are part of the peacekeeping force in Ukraine?

QUESTION: And who's got the microphone here please?

QUESTION: Just a quick question on the elections. If the elections on the 25th of May are as important as we think they are, is there more that we should be doing to ensure that they can go ahead in all parts of Ukraine? Because it seems pretty clear that Russian-backed forces are trying to disrupt them as much as possible, and to delegitimize them by doing that.

ASSISTANT SECRETARY NULAND: Well, to the first question, it's hard for me sitting here to imagine a scenario in which the Ukrainians, either the government or the vast majority of the

people, would invite Russian peacekeepers. And if they were not invited, if they invited themselves, then obviously they would not be welcomed by Ukraine, nor would they be welcomed by us or, I would hope, the majority of the EU states, if not all of them. So we know this ploy, we've seen it before. You light the fire, then you come in as the firemen, and then you occupy the building. So that's what we need to prevent. That's what we saw in Abkhazia, that's what we saw in Transnistria, that's what we saw in Crimea, and we need to ensure that that is not where we end up with eastern Ukraine or the rest of Ukraine indeed.

With regard to the elections – they are absolutely critical. The OSCE, I think you know, is mounting one of the largest monitoring missions in transatlantic monitoring history with some thousand observers. There'll be at least 4,000 Ukrainian local observers as well. The OSCE will put out another election spot report tomorrow, so I would encourage everybody to look for that. But our information from them, from the Ukrainians, as of today, were the election to be held today, it obviously can't be held in Crimea, although there'll be accommodations made for Crimeans who want to vote, and a number of them have already registered to vote outside of Crimea. It'll obviously be difficult in places like Slovyansk and Kramatorsk, but even in the vast majority of Donetsk and Luhansk Oblasts, the Ukrainian government expects to be able to conduct elections. So then you have to go to the security conditions between now and then, and the hope and expectation that the separatists will be contained and there will not be a loss of more territory. But then it's all going to be about Election Day. It's all going to be about security on Election Day. It's all going to be about the Ukrainian people having not only the will and the interest, but the commitment in those places to say “no” to separatists and “yes” to expressing themselves individually through the ballot. And there's a massive get out the vote campaign now. But all of us have an interest in individual Ukrainians choosing from the 20 people on the ballot, or 23 people on the ballot, rather than having their choice stolen from them by separatists or at the barrel of a gun.

QUESTION: Final question. That word that President Putin used after the so-called referendums of the weekend - “respect.” What did you read into the fact that he said “respect?” Does that indicate a slight backing off in your view, in Washington, or not?

ASSISTANT SECRETARY NULAND: I think it remains to be seen. We don't judge President Putin by his words, we judge him by his actions. He used that word with regard to the Crimea referendum just before his “peacekeepers” went in, as I said, to occupy the building, so to speak. So, one has to be cautious. What's most important is that the people of Donetsk and Luhansk get a chance to vote on May 25th, and we will see what they have to say about their future.

QUESTION: Assistant Secretary, I've got to stop it there. Thank you very much indeed for sparing time to be here.

ASSISTANT SECRETARY NULAND: Thank you.

ENDS