

Crimea Regain Strategy

The regain of the ARC (Autonomous Republic of Crimea) to Ukraine will commence with Ukrainian troops entering the peninsula. No referendums to confirm the mandate of Ukraine for the return of Crimea are needed because Ukraine did not recognize any illegal referendum on its separation. So, how do we approach that happy moment of restoring the territorial integrity of our country?

The strategy of Ukraine should consider the following areas:

- The Ukraine-Russia confrontation in the military and economic spheres with a focus on economic sanctions that must consider the humanitarian aspect;
- Ukraine has to take care of preserving and enhancing a sense of social support in the Crimea and in mainland Ukraine in its endeavor to retake Crimea that should substantiate Ukraine's claim for the peninsula besides sheer legal aspects;
- Consideration and mobilization of the factors to promote and impede the return strategies in the Ukrainian domestic politics; reserving a place for the newly formed structures of the civil society (the "Maidan factor".)
- Enhancement and effective use of relationships with key external partners and allies to achieve the goals of the regain strategy.

1. The effective confrontation should be based on the strategy of "economic exhaustion" of the Kremlin and creation of the situation when keeping Crimea in the RF (Russian Federation) will prove to be economically destructive for Russia and for the Crimea itself.

It is important to successfully combine national interests with foreign economic sanctions, as well as certain bans and claiming fines via international arbitrary court. Specifically, the focus sectors of the return strategy are the infrastructure, the food market, energy and the tourist business of Crimea. Ideally, the application of sanctions should produce negative attitude towards the Kremlin in regard to the annexation from the side of the Russian regions and big business in order to force it to give up the annexation policy. Another key strategy element is Ukraine's diplomatic efforts to keep Russia in deep international isolation.

No less crucial are the military efforts that have to accomplish three main goals: preventing the land corridor between Crimea and the RF, strategic deterrence and securing the "arrival" of the Ukrainian authority in Crimea at the right moment.

2. The social foundation of the regain strategy should be the protection and care of the Crimean residents loyal to Ukraine – both those who relocated to the mainland and those who have remained in Crimea and do not instigate them to actively oppose the Russian occupation authorities at the initial phase. Admittedly, the pro-Ukrainian residents of Crimea will not exceed 50% of the population. The main focus sectors for the strategy should be the Crimean Tatars, ethnic Ukrainians, representatives of SME and students.

3. Ukrainian government should create conditions that would stimulate Ukrainian businessmen and oligarchs who have businesses in the peninsula and wealthy citizens who own real estate in the recreation area to push for its return to Ukrainian jurisdiction.

4. The crucial part of the return strategy should include specific government steps in the following areas of the Ukrainian domestic policy:

- Purging the authority structures, primarily the Parliament and state apparatus, (starting with the security and defense sector) of the pro-Russian elements disloyal to the Ukrainian state;
- Increasing citizens' trust to the government strategy through significant decrease of the corruption level;
- Incorporating the newly emerged civil society - "the Maidan factor" - into the system of state authority (as the fourth branch of power), unless the state would keep feeling the unnecessary internal pressure. Better yet, the state should directly engage Maidan structures in the strategy realization. Since the decision on that issue requires changes in the thinking patterns by state servants, their lustration is viewed as inevitable.

5. The strategy would fail in case the government doesn't manage to secure international support of its efforts from the side of strong and generous allies, as well as interested "third" countries:

- Regarding the Western countries friendly to Ukraine, their launch of the third-stage sanctions against the specific sectors of the Russian economy should be our priority. Those should target personal assets of Crimea's authority and owners of prominent business on the peninsula, these sanctions should cause Ukrainian business to stop operating in Crimea and minimize it considerably in RF, particularly in the critical domains like investments, arms industry, infrastructural projects and energy.

- As for the third countries (PRC, Turkey, etc.), the government's priority should focus on disruption of any possibility for them to proceed with doing business as usual in Crimea and to minimize their business activity in Russia to the utmost, keeping specific attention on critical spheres like energy, arms industry, investments, banking sector, and to encourage these countries to join the Western sanctions against Russia and Crimea.

All recent events in Crimea, starting with February 20th when the process of "liberating Crimea" began, followed by the seizure of the Crimean Parliament, the March 1 decision of the Council of the Federation of the RF on allowing Russian military forces to be engaged on the territory of Ukraine and the March 16 "referendum" on the status of Crimea – indicate that it was the final stage of Russia's efforts to subjugate Ukraine and occupy Crimea that had included such phases

as “Meshkovshchina” in 1993¹, Tuzla in 2003², the Russian-Georgian war in 2008³ and the “Kharkiv accords”⁴ in 2010.

The Annexation Lessons

If the Ukrainian government is serious about returning Crimea under its jurisdiction, it should first learn the lessons taught by the annexation:

1. For both Russia and Ukraine, geographically and economically, Crimea is de-facto an island that is completely autonomous from Russia and almost completely autonomous from Ukraine with the exception of the key transportation infrastructure,⁵ electrical energy, food supply and agricultural irrigation. Meanwhile, among the key factors that influenced the public opinion in the peninsula were the prospects of considerably higher pensions for military retirees, Russian promises of tangible investments into the Crimean economy and to end to corruption (the last proved to be bluffing). That shows that the Ukrainian policy in the peninsula for a long time did not match the expectations of its residents. Russian latest investments into certain Crimean projects, specifically in the real estate area on the eve of annexation created an air that its intentions were promising.
2. The military presence of the RF Black Sea Fleet in Crimea has contributed decisively to the success of the Russian military servicemen to grab the peninsula, both from the legal and the logistical perspective. Besides, an important factor contributing to the success of the annexation was the Crimean illegal paramilitary units⁶ that on the initial stage created a steady forceful pressure on the pro-Ukrainian activists and then, on February 20, instantly were transformed into the “self-defense” militia units fronting the activity of the Russian armed forces, who tended to keep low profile.

¹ Yuriy Meshkov served as the only President of Crimea from 1994 to 1995 with main political platform to facilitate much closer relationships with the Russian Federation up to the possible annexation of Crimea by Russia.

² In October 2003 there was a territorial dispute over the ownership of the Tuzla island in the Black Sea area between Ukraine and Russia which ended with a compromise in favor of Russia.

³ The Russo-Georgian War, a conflict between Georgia and Russia, along with the separatist regions of South Ossetia and Abkhazia, took place in August 2008, which resulted in favor of Russia.

⁴ The Agreement between Ukraine and Russia on the Black Sea Fleet in Ukraine (the Kharkiv Pact or Kharkiv Accords) was a treaty whereby the Russian lease on naval facilities in Crimea was extended beyond 2017 until 2042, with an additional five year renewal option in exchange for a multiyear discounted contract to provide Ukraine with Russian natural gas. The accords gave Russia tremendous advantage to stiffen its grip of Crimea.

⁵ A sole railroad and two mainland motorways

⁶ Cossacks

3. The ideological component of the annexation strategy appeared to be the most developed with a longest implementation period of all, but it has played the key role in securing the friendly attitude of the locals to the Russian military men during the annexation process.⁷

- From the very beginning of Ukraine's independence, the RF had persistently created and supported on the highest level a variety of the pro-Russian political parties, movements and associations in Crimea. Among other, their purpose was to intimidate pro-Ukrainian activists and to create ongoing public pressure on the government preventing the implementation of programs in the field of National Defense -- for instance, sabotaging the "Sea Breeze" military exercises by means of resonant protest actions and local authority elections. Direct foreign financing of these structures proved to be a vital element of such activity.

- The language issue should be noted as an important propaganda factor since it is simple for understanding by the locals, provocative by nature in the Crimean realities and can be easily used to manipulate public opinion.

- Another important element of the Russian strategy was their efforts on creating and propagating a false notion that residents of Crimea were a separate ethnic group kin to Russians and alien to Ukrainians – a myth based on distorting the Crimean history--, sabotaging Ukrainian language and history instruction, securing Russian monopoly on the media with the emphasis on the "human rights protection" via the structures of Nikonov's "Russian Mir."⁸

- The specifics of the Crimean mentality that due to its economic realities puts self-profit ahead of patriotism has also contributed to the success of annexation. This feature was enhanced and actively exploited by the separatist propaganda, which resulted in the minimal pro-Ukrainian resistance movement.

4. The political component included support to separatism on the top political level of the RF with the involvement of major politicians, such as Senators and the Mayor of Moscow. Another factor that played a strong role in securing support to the annexation was the myth about the illegitimacy and the fascist essence of the interim Ukrainian government, which among the residents of Crimea created an illusion that the annexation was, in fact, legitimate.

⁷ On the eve of the annexation, up to 35% of Crimean residents shared the separatist attitudes – the consistently highest level in all the territory of Ukraine.

⁸ Russkiy Mir Foundation is a Russian soft power initiative created by decree by Vladimir Putin in 2007, as a government-funded organisation aimed at promoting the Russian language, and "forming the Russian World as a global project", co-operating with the Russian Orthodox Church in promoting values that challenge the Western cultural tradition.

5. One of the ingredients of the successful annexation was treason of the top political leadership of Ukraine and the Crimea who were facilitating Russian grab of the peninsula beginning at least with the summer of 2013. In 2010 Russia managed not only to bring to power in Ukraine the pro-Russian political force of Yanukovich, but also, to install its officers to the top seats of the country's defense and security sectors to carry out Kremlin's policy here on a completely legal basis (contrary to clandestine operations). As a result, they had destroyed and invalidated the operational forces of SBU, MDU and MIA⁹ and secured non-resistance of these structures' units in Crimea during the annexation. That allowed Russia to conduct the campaign without any military resistance and thus, added "legitimacy" to that illegal enterprise. Crimea turned out to be the staunchest bastion of the old political elite, headed during all the years of the Ukrainian independence predominantly by the representatives of the Party of Regions and the Communist Party of Ukraine. The latter two were enhanced with the presence of the Russian BSF¹⁰ and its ground units in the atmosphere of the consistent pro-Russian mood on the peninsula that the local elite persistently encouraged, contrary to the national interest.

6. Another component worth noting is a strong moral factor that emerged as a result of the annexation of the Crimea in the Russian Federation and in Ukraine and has started to affect the morale of the population and political stability. In Russia, the annexation of Crimea caused euphoria and led to a significant increase of the level of confidence in the senior political leadership. At the same time, in the Ukrainian society, the annexation and its circumstances caused a powerful wave of distrust to the leaders of the new government. That fact will continue to undermine confidence in its legitimacy and commitment to the national interests in the long run and will poison the relations between the authorities and the public in the event of a murky or incomplete investigation and punishment of those responsible. There is a broad belief in the society, that Ukrainian government had every possibility to defend militarily its territory, but that it had simply let Russia get the Crimea solely as a result of the state treason. The annexation of Crimea without armed resistance has undermined the morale of the Ukrainian nation and installed distrust to the entire political class.

7. The annexation of Crimea has not ended Russian land grab in Ukraine, but has only initiated the process. The insular nature of the Crimean economy pushes Russia to pursue other territory annexations in order to connect the peninsula with Russian mainland via a

⁹ Ministry of Defense and Ministry of Internal Affairs

¹⁰ Black Sea Fleet

land corridor that in particular, would include the Donbas, Odessa and Kherson regions. A considerable number of the Crimean "self-defense" units have been fighting against the Ukrainian army in Donbas. On the other hand, residents of Donbas retain strong economic relations with the Crimea: many of them own summer property in resort areas there. Many refugees from Donbas have temporarily left the ATO¹¹ areas for the Crimea where they keep suffering from the impact of Russian propaganda and thus, after return home, may represent a certain threat as bearers of anti-Ukrainian ideology.

8. The legal aspect of the Russian strategy remains its weakest link, but the leadership of the Russian Federation strives to compensate it with bullish behavior, blatant lies and sheer reliance on military force. During the annexation of Crimea, the Russian leadership made it clear that it operates and intends to proceed far beyond the framework of international law, which was confirmed by its defiant March 18 statement made in the Georgiyevsky Hall on signing the treaty,¹² as well as the Kremlin's reaction to the adoption of the UNGA resolution in support of the territorial integrity of Ukraine.¹³ Having decided to "nationalize" public and private property of the Ukrainian owners in Crimea, Russian has de-facto overstepped its own legal framework.
9. The methodology of the Russian annexation embraces creation of illegal military units, commitment of a violent coup, establishing a regime of terror, torture and murder of political opponents, fabrication of the "referendum" returns, putting in place the propaganda machine to effectively brainwash, formation of the enemy the image, establishment of the authoritarian regime. Since 2004 this was complemented by massive bribery practice to corrupt Ukrainian officials as well as by subversive activity to downgrade the effectiveness of the defense and security sector capabilities of the state.

It is worth noting that the occupation of Crimea caused not only negative effects, but also created a number of positive consequences in the political life of Ukraine, which would be reasonable to utilize while realizing the regain strategy, namely:

- Ukraine at last got disillusioned about Russia's true capacity to honor its international commitments and now fully comprehend that it is only brutal force that Russian regime respects, that this country is ready to break whatever treaty or international obligation if such course of action may prove beneficial for its imperial ambitions. Now it is evident, that not a single international treaty can substitute a powerful national military combined

¹¹ Anti-Terrorist Operation

¹² The Treaty on Accession of the Republic of Crimea to Russia. On March 21 the Treaty was ratified by the Council of Federation of Russia, which cemented the annexation of Crimea and Sevastopol.

¹³ UNGA resolution 68/262 from March 27, 2014.

with transatlantic collective defense and common security. Besides, Ukraine faces a rare chance to appreciate the true sense on kinship with Russian society, the idea that was heavily pushed by Kremlin propaganda efforts for years, suffice it to scan the list of Russian cultural figures, which supported eagerly Putin's occupation of Crimea and his intervention in Donbas.

- At the same time, Ukraine has lost around a million strong constituencies who had consistently casted votes in favor of pro-Russian political forces and disassociated themselves from implementing the political project of a new Ukraine. Also, the country has received a national idea based on universal values like freedom, national identity different from the Russian "brotherly nation", on its betrayal and unjust aggression. Consequently, this idea gave momentum for the internal mobilization and national unity needed to protect at least in the medium run the country's independence from a specific external threat, that comes from a neighboring state.

- Crimea's regain strategy should become a worthy goal with a capacity to mobilize the nation in the permanent competition with Russia, which includes the growth of living standards, establishment of an effective state bureaucracy, the creation of the economy of equal opportunities, the emergence of social mobility, the revival of the armed services and the humanitarian sphere. Keeping this in mind, even the goal to actually regain Crimea might prove to Ukraine to be subordinate.

Key Strategy Approaches

It would be safe to base a realistic return strategy on the following consideration:

- In the short run, the Crimean population will not appear to be disappointed by being a part of Russia since for now, the Kremlin would do its best to turn the Crimea into a showcase. For the Russian budget however these efforts would turn to be a costly enterprise.
- It should be reasonable to expect that brainwashing activity of the population will continue to safeguard the residents' belief that they have made a right choice in favor of Russia.
- In the short run perspective the very fact of being part of Russia would be important for the majority of Crimea's residents to get a correct appreciation since the relevant biased sentiments and hopes have been fueled by Russia during last two decades.
- The absence of legal procedure in Russian law for Crimea (as for any other subject) to freely quit the Federation created another peculiarity for return strategy, though dubious as far as lately Russia revealed its non-obligatory attitude to international legal commitments, its domestic included.

For the official Kiev it would make sense to lay the organizational foundations of its regain strategy now, far before the end of the ATO in Donbas, and those should be based on the

understanding that the “keys” to the Crimea are in the Kremlin, not in Simferopol. Consequently, the strategy of the Crimea’s regain should become a part of a new comprehensive strategy of constructing the relationship between Ukraine and Russia. So, some of the steps should put pressure on the leadership of the RF, while others – to influence the internal political and social situation in Crimea proper.

1. The return strategy should be based on a reasonable and flexible balance of efforts, aimed to apply economic pressure on Russia and Crimea by Ukraine and its Western allies respectively. The factors that play into those efforts are the rapid criminalization of Crimea and Russia’s policy of violating private property and business rights, shifting the composition of the population in Crimea and turning it into a “gray” gaming zone. On the background of the increasing economic difficulties in Crimea, the goal of the Ukrainian authorities should be to create institutional framework to accumulate and wisely channel the corresponding dissatisfaction energy in such a fashion that this process does not weaken or break the ties between the Crimean residents and Ukraine. It is important to conduct the policy of economic pressure in carefully predetermined target areas in such a way that it does not lead to the conflict between Ukraine and international human rights organizations. The maintenance of Crimea as an under-developed subsidy-dependent region combined with the western sanctions has the potential to exhaust the budget resources of the RF and, thus, to create favorable conditions for returning Crimea to Ukrainian jurisdiction. Therefore, the most viable strategy for Ukraine under the circumstances is viewed the strategy to exhaust Russia and Crimea economically, both in terms of turning the business of maintaining Crimea to be burdensome for Russian budget and reducing Russia’s national income due to sanctions imposed by western countries friendly to Ukraine with the aim to influence the Russian constituency by means of downgrading its living standards.

2. Application of direct military force aimed at regaining Crimea does not seem promising since Russian military have considerable advantage over the Ukrainian, while the attempt to change that balance will unjustifiably exhaust the already fragile Ukrainian economy. At the same time, any return strategy would be doomed without creating effective and reliable force of strategic deterrence of the enemy. Wherein, considering the psychology of the current political leadership of the RF on one side, and our Western friends - on the other, Ukraine has to consistently demonstrate its appetite to withstand the aggression militarily.

3. The foreign policy endeavors of Ukraine should target the accomplishment of the following goals:

a) Western countries: Ukrainian diplomacy should provide considerable pressure on the western companies which do business both in Crimea and in Russia with Russian partners, who strive to do business in Crimea directly or via their subsidiaries; Western aid should become the key to upgrade Ukraine's defense capabilities.

b) RF: Ukrainian diplomacy should secure the launch and maintenance of the long-term western sanctions against Russian companies that do business in Crimea directly or via their subsidiaries. It should be also noted that without our own economic sanctions against Russia Ukraine cannot count on the consolidated long-term support of our allies on that issue.

c) Third countries, such as Turkey, China and CIS states (e.g., Belarus and Uzbekistan) that have business and property in Crimea: Ukrainian diplomacy should make sure that they take a clear stance on Crimea's return to the Ukrainian jurisdiction. This should envisage such steps as quitting any business activity in the occupied Crimea (i.e. blockade of any economic cooperation), and also with the Russian companies who conduct business in Crimea by means of implying political pressure on the respective governments and companies in the territory of Ukraine and worldwide utilizing the instruments provided by UN System of organizations.

The Military Component

A military operation against Russia by means of troop deployment to the ARC can hardly be regarded as a realistic scenario of successful returning Crimea to Ukrainian jurisdiction. Moreover, there is every reason to believe that Russia seeks to transform Crimea into a powerful military base to prevent such a scenario, among other purposes. However, this does not mean that the Armed Forces of Ukraine will not play an important role in the strategy of regaining Crimea:

1. Assuming that the return of Crimea under Ukrainian jurisdiction will start with the entry of our troops to the peninsula, the Armed Forces of Ukraine should get prepared in advance to accomplish that task. Hopefully, that scenario will be a part of the political agreement with the leadership of the Russian Federation.

2. The annexation of the Crimea was only the beginning of a larger military aggression of Russia against Ukraine under the disguise of separatism, so combat operations in Donbas area have a direct impact on the strategy of regaining Crimea. Russia's political defeat in Ukraine has the potential to significantly change the military-political situation and create

favorable conditions for the regain of Crimea, but does not guarantee that by itself. On the other hand, the military defeat of the ATO forces in the Donbas and the transfer of hostilities to other regions of Ukraine will make a strategy of Crimea's regain look dim.

3. Ukraine must quickly establish and persistently improve reliable strategic deterrence forces to confront Russian Armed Forces in the tactical depth of up to 500 km. Those should include tactical missiles either with conventional warheads or precision-guided munition that are similar in action to the weapons of mass destruction, but do not fall under the restrictive international treaties.

4. There are several other options for Ukraine to effectively confront the Russian Federation in prompting the latter to withdraw from Crimea. However, they are risky as their implementation will not only change the strategic nuclear balance, but can also trigger rapid catastrophic consequences for the Russian economy that, in turn, may push Russia towards a full-scale war against Ukraine. Specifically:

a) Ukraine continues to control the export of at least a half of the Russian natural gas to the EU, the interruption of which even for a brief time, (due to the declaration of war or even a threat thereof) can strand the budget of the Russian Federation with full consequences to social security programs;

b) Ukraine's "Yuzhmash" (Southern Machine-Building Plant) continues to maintain the key component of the Russian strategic nuclear missiles RS-20 (SS-18 Satan) ready for action. Ukraine's denial of that service or even a threat to commit that would lead to significant reduction of Russia's strategic nuclear potential in mid-term perspective. Consequently, that option remains an important leverage on Russia, while the Ukrainian forces of strategic deterrence should play a key role to ensure its effectiveness.

Strategy of Military Deterrence

Crimea is a vast area with multiple economic ties to Ukraine in all areas of that are absolutely vital for the peninsula, so Russia needs to make huge efforts to fully switch all the resource flows -- water, energy, freight, passenger traffic -- from Ukraine to Russia. The huge cost of such switch for Russia and its citizens is high and the objective of the strategy - to further raise it as much as possible.

Previously, more than half of the budget of the ARC (approximately 64% in 2013 FY) came from the Ukrainian national budget using a budget levelling mechanism, while Crimea's own income made less than half of its budget. In October 2014, according to unofficial data (Crimean authorities hide realistic statistical information), the budget of Crimea is funded from Russian federal budget as much as 95%. In 2015 FY Russian authorities plan to put a deadline for federal dotation to Crimea on 75%. Russians bet to quadruple the tax collection, but the preliminary analysis reveals it as a mere wishful thinking due to the fact that more than 10.000 local businesses recently shifted their registration to Ukraine's mainland, all enterprises - major taxpayers included.

For the sake of Crimea, the Russian government is ready to sacrifice other investment projects: the region is supposed to receive the funding initially allocated for the construction of a bridge across the Lena River and the port of Taman, the amount of which was as big as 112 billion rubles¹⁴. The construction and reconstruction of Crimea's infrastructure (motorways, energy, housing and communal services, bridge project across the Kerch Strait) required 500-900 billion rubles before 2020. The Russian authority doesn't seem to be confused with the fact, that private national and foreign (Chinese) investors refused to invest in a Kerch Strait bridge project worth up to \$8 bln., instead the government intends to allocate public funding and entrusted the project implementation to its own arm Federal Road Agency. Russia is going to realize in Crimea its Family Housing program that involved the construction of budget housing¹⁵ required 100 billion rubles, of which 54 bln rubles was to be issued by Russia's Vnesheconombank, as well as loans attracted by issuing infrastructure bonds. However, due to the Western economic sanctions, the latter became impossible and the project had to be dropped.

At this point, it is hard to estimate the price tag of Russia's plan to turn Crimea into a powerful military base, to reanimate abandoned soviet-epoch military bases and enterprises on its territory and logistically support the RF military contingent there that has already grown from 12.5 thousand to 22 thousand and is expected to reach 32 thousand, but it is apparent that those costs will be significant and burdensome for the RF budget.

Threats:

The easiest way to solve the problem of economically sustaining the 90% subsidized and geographically disconnected from Russia Crimea is to use military force in order to establish a "corridor" that would link the ARC with the Russian Federation via Donetsk and Kherson or with Transnistria via Odessa and Mykolaiv regions. The second threat lies in the fact that after

¹⁴ 71 bln rubles were allocated for the port of Taman and 41 billion - for the Lena bridge project.

¹⁵ Priced at 30 000 rubles for 1m3 or 20% less of an average market price.

the annexation of Crimea and the outbreak of hostilities in Donbas under the guise of separatism, Russia has not yet accomplished its main mission in Ukraine -- namely, establishing a weak and Russia-dependent political regime in Kyiv.

Russian actions: the simultaneous outbreak of hostilities against the AFU in Donbas and an initial attempt, even though unsuccessful, to destabilize the situation in Odessa on May 2 and later attacks on Mariupol indicate that the threat of creating the Crimea-RF "corridor" is real. In addition, in order to control the Black Sea region and as a leverage to influence on Ukraine, Russians began to turn Crimea into a powerful military base and are planning to increase the number of troops there up to 30 thousand. Moreover, the Crimean "self-defense" militia units are currently getting combat experience in Donbas area that would allow them to quickly become combat-ready, unless they are destroyed by the AFU.

Our strategy:

1. Continue ATO under any favorable circumstances, rapidly turning it into a real military operation, since the return of Crimea is impossible before the end of the armed conflict in Donbas. It is desirable to increase the number of combat-ready units without increasing the total number of AFU. The focal point here is to demonstrate to both the Ukrainians and foreign allies that Ukraine is ready to defend itself militarily, preserves strong belief that it will prevail, reversed the decline of moral both in the society and the military in the aftermath of shameful surrender of Crimea without armed resistance.
2. For Russia, it is highly beneficial to carry out aggression in "peacetime," so our strategy should deprive the enemy of that advantage. Provided that Ukraine officially declares the state of war with the Russian Federation based on the latter's aggression in Crimea and Donbas, the imposition of martial law in Donbas would allow to conduct a full-scale military operation and to level the legal nonsense of the current situation. In other words, finally, the official enemy of the AFU will not be exclusively the local separatists, but the Russian Armed Forces. However, that step is not without its risks, it provides the Russian Armed Forces with a window of opportunity to carry out offensive operations on the Ukrainian territory on a broader scale. Therefore, without reliable military support from the United States in the event of the direct aggression, such step is not practical.
3. Reforming Ukraine's military with the support of the United States, Britain and others; expanding the advisers pool in the defense and security sector; lustration of the top commanders; training the military reserve personnel in the military academies of the NATO member countries; strengthening the counter-intelligence defense; promoting professionals to the top commandment posts.
4. Establishing the forces of strategic deterrence based on the domestic defense industry.

5. Preparing the AFU for the deployment to Crimea at the right moment.

Threats:

Russians had formed illegal militia units from the Crimean residents under the disguise of "self-defense" and used them against the Ukrainian military during the annexation of the Crimea and also, continue to use them in Donbas. Thus, that practice generates hatred between those residents of Crimea and Ukraine for the future, in the event the attitude in Crimea population regarding returning to Ukraine changes to favorable. The tactics is important since many residents of Crimea who remained in the peninsula feel certain shame for having betrayed Ukraine. That feeling of guilt may be skillfully transformed into hatred towards the former motherland.

Russian actions: the available information indicates that the Russian leadership plans to develop Crimea not as a resort, but solely as a military base. It seeks the ways to institutionalize the "self-defense" militia units. It looks reasonable to expect that the Russian Federation will continue to pursue a policy of encouraging hatred towards Ukraine among the security forces personal of the peninsula by means of using them in combat operations on the mainland Ukraine.

Our strategy: Ukraine should implement policies of fueling the feeling of shame among the residents of Crimea for the betrayal of Ukraine by the former members of the security forces and "self-defense" units. Specifically:

- Establish Crimean and particular Crimean Tatar volunteer defense or National Guard units to participate in the ATO in Donbas. They should have symbolically Crimean names, such as "Tauris-Dnieper" (akin to "Normandie-Niemen"), "Ai-Petri," "Salgir," etc. It is important, however, that they are created by means of NGOs to avoid the general sense that they were forced by Ukrainian authorities. The purpose of the step is to channel the patriotism of some residents of Crimea who stayed in the ARC by giving them an option to participate in the ATO in the Donbas on our side as a starting point to liberate Crimea next.

The strategy of "economic exhaustion"

This direction should be considered the key one in the regain strategy, given the existing resources of Ukraine, our leverage against the aggressor and the position of our Western friends. For the convenience of planning and implementation, it is advisable to divide the efforts into

three areas – Ukrainian actions affecting the Crimean economy, Ukrainian actions affecting the Russian economy and third-party actions affecting both.

Threats: Crimea is connected to mainland Ukraine via railways and highways. Keeping in mind the absence of the Kerch bridge and the imposition of international ban on flights to Simferopol, the combined traffic capacity of seven Crimean commercial and fishing ports, including two ferry services, remains short on providing the volume of cargo and passengers necessary to meet the needs of the peninsula. The weak point of the Crimean economy is its dependence on the water supply for agribusiness in the northern and central Crimea, on electricity supply from Zaporizhia Nuclear Power Plant and on Ukrainian holidaymakers' traffic to secure the standard operation of its tourist industry which employs 20-30% of the ARC population in season.

Russian actions: judging from the latest statements, the Russian leadership understands that economic support the ARC without a bridge looks problematic. Russia clearly anticipates the launch of Ukrainian exhaustion strategy as the most probable course of actions and the following steps indicate on RF response activity in Crimea to be in the full swing:

- Construction of the railroad and highway bridge across the Kerch Strait is treated a key project.
- Expansion of the capacity of the Novorossiysk – Kerch and the Feodosia ferry services.
- Increase of the capacity of the Crimean trading ports for handling fuels and lubricants, foodstuffs and holidaymaker passenger traffic.
- Dramatic increase of flights from Russia to Simferopol.
- An attempt to ensure a sustainable transportation link across the territory of Ukraine by means of the Russian Railways and the newly created "Crimean Railway" in spite of the de-facto state of war with our country.
- An attempt (failed) to provide ARC with solely Russia-produced foodstuffs.
- Introduction of a ban on the operation of Ukrainian banking institutions in the ARC.
- Introduction of administrative support to Crimean tourist industry by mandating the Russian security forces personal to vacation in Crimea.

Our actions: The strategy should cover the following areas:

- File a claim for compensation from the Russian Federation for the economic losses of Ukraine resulting from the illegal use of Ukrainian assets and resources during the occupation period,

including defense industry enterprises (about 30). That should be done in the international courts, making sure that the latter do not require recognizing the jurisdiction of the RF over Crimea.

- Terminate economic cooperation and introduce our own trade sanctions against Russia in the areas that best meet the goal of regaining Crimea. In other words, revise the whole system of trade, economic and investment cooperation between Ukraine and the Russian Federation and its existing institutional structures, as well as apply the "package" approach to the contracts with Russia that would automatically offset Ukrainian losses from the annexation of Crimea. For example, the price of the Russian gas should include the losses of Ukraine in the Crimean state company "Chernomorneftegaz" as well as and other state property.

- Given the underdeveloped transport infrastructure between the ARC and the Russian Federation, determine the key areas to terminate or limit the economic cooperation between Ukraine and the ARC, specifically in the areas of water, electricity and food supply, all kinds of transportation and tourism business.

- Given the international support for the territorial integrity of Ukraine, identify the means of terminating normal commercial connections of the ARC worldwide, namely, utilizing the Crimean port, airport infrastructure and aircraft service by foreign partners. That would devastate the budget of the peninsula and result in the necessity of massive subsidies from the RF federal budget. Doing business investment activity on the peninsula should bring foreign firms under financial sanctions.

- To coordinate the Crimea-related actions by government and non-government institutions in Ukraine, create the Cabinet of Ministers of Crimea - an executive body under the Cabinet of Ministers of Ukraine that should conduct the hands-on work on implementing the strategy to regain Crimea and serve as the interim administration of the Crimea peninsula immediately after its return under Ukrainian jurisdiction and in the time frame before the new local authority is established. The CMC should be financed both from public funds, the NGO structures and have appropriate mechanisms in place to encourage the citizens who have property and business interests in the ARC to contribute to its work financially and otherwise.

- Ukraine should modify its energy strategy, which is now completely dependent on Russian energy supplies. The reason is two-fold: first, Russian practice to utilize Ukraine's energy dependence as a political leverage doesn't fit new realities, secondly, 56% of the Russian budget revenues come from energy exports. Ukraine must start implementing a strategy of diversifying its energy import.

- While annexing Crimea, Russia assumed that Ukraine would not resort to blocking the Russian gas transit to the EU, because consequently our country would lose support of key EU member states. However, recently EU indicated its intention to substantially reduce the Russian gas import volume due to strategic reasons. Such a development creates a potentially new situation for us, which requires analysis.

- After gas, the export of crude oil and coal remain the key sources of the Russian Federation budget revenues. The decrease of those export revenues would inevitably lead to serious economic and social problems in the Russian Federation, taking into account that the existing reserves will cover the needs during only 3-5 years.
- In accordance with the existing agreements, until 2018, Yuzhmash services provide the most important part of Russian strategic nuclear deterrence forces, the incapacitation of which would significantly modify the parity of the Russian Federation and the USA in favor of the latter.
- Our actions should increase the tax and economic burden on the ARC budget to the point when the execution of social security programs in Crimea fails to reach the level under Ukraine's jurisdiction. That will inevitably lead to the raise of broad protest moods among the population.

Legal entities

The policy suggested below will affect the companies listed in the system *унд* the United State Register of Legal Entities and Individual Entrepreneurs of Ukraine and is based on the assumption that the Crimean economy is integrated with the mainland Ukraine feebly but in the following areas:

- a. Transport infrastructure: railway (70% dependence of cargo and passengers traffic), automotive and aviation. Port facilities do not have crucial value for the ARC.
- b. Tourism: Ukrainian visitors make up the lion's share of the tourist business of Crimea in general and the Southern coast of Crimea in particular. ¹⁶
- c. Energy industry: ARC is dependent only on the electricity supply from Zaporizhia NPP, and on coal for residential heating water facilities, its gas needs are fully met by the Crimean "Chornomornaftohaz," while petroleum is exported from the Russian Federation.
- d. Water: ARC is self-sufficient in terms of the drinking water supply. The North Crimean canal provides 80% of the irrigation needs, specifically, rice, fodder, vegetable and fruit production.
- e. Food staff: Ukrainian producers keep up to 80% of Crimean food market with the tendency to expand, while local producers persistently shrink their shear and two attempts of Russian authorities to ban Ukrainian food import (in May and in August) failed to materialize , though keeping in sight another one in January 2015.

Transport infrastructure enterprises: on the eve of annexation Ukrainian businesses in this field were state-owned, which later were subjected to be "nationalized" by the new ARC authorities.

¹⁶ 4 million of 5-6 million total.

Russian actions: a controversial from the legal stand point "nationalization" of state-owned businesses creates prerequisites for lawsuits on behalf of Ukraine.

Our actions: the basis of the strategy in this regard should be based on implementing the following principles:

- Questioning the right of ownership: losses from the nationalization of the Ukrainian state assets should be compensated through international arbitration. Given that the process is complex and lengthy, it justifies another approach – every illegally seized state property of Ukraine (trains, aircrafts, etc.) should be confiscated at the point of crossing the Ukrainian border.
- Questioning the ownership of private assets: helicopters, boats, etc. in the international courts in order to implement the principle that if the illegal property cannot be returned to the rightful owner via a lawsuit, it should not be used outside the ARC.
- Implement legal and political measures in the international arena preventing the use and maintenance ARC transport infrastructure due to illegality of annexation of Crimea by Russian as third countries' businesses, which should result in decline of the entire infrastructure.
- **Termination of direct passenger railway transportation** connecting a country-aggressor with an occupied Crimea; skip to the mode of using exclusively Ukrainian trains for this purpose, thus introducing an obligatory transfer point.

The railroad service connecting ARC and Ukraine must continue, but Ukrzaliznitsya¹⁷ should charge a fare policy, so that it should cover the cost for the whole trip from Ukraine to the final destination in Crimea contrary to the administrative border, as it is practiced after annexation. At the same time:

- **Additional tariffs** imposed by the ARC authorities on goods and passengers transportation in order to meet the needs of the Crimean segment of the railway should cause negative motivation for the railway customers.

- **The rolling stock** of Prydneprovska Zaliznytsya railway company is currently used by ARC illegally, thus it should be returned to Ukrainian owner, or otherwise restricted for usage exclusively on the territory of the peninsula.

¹⁷ Ukrzaliznitsya, also known as Ukrainian Railways, is the State Administration of Railroad Transportation in Ukraine, a monopoly that controls vast majority of the railroad transportation in the country with a combined total length of track of over 23,000 km, which makes the Ukrainian railroad network the 14th largest in the world.

With regard to the *aviation infrastructure* owned by the state of Ukraine, the state needs to start claiming compensation for its illegal usage in the international courts. Simultaneously, we should initiate lawsuits regarding illegal confiscation of movable private assets, such as helicopters and small aircraft.

All of the above equally applies to the illegally seized port facilities.

As for motorway infrastructure, the strategy should be aimed at making its normal operation impossible, primarily to ensure unreliable transportation connections between the Russian Federation and the ARC. (The strategy in this direction requires a separate analysis).

Recreational facilities:

Threats: almost 200 state-owned vacations residencies, sanatoriums and resorts from Ukraine's State Presidential villas to the Ukrainian Ministry of Health's have been illegally seized by the ARC authorities.

Russian actions: these objects form the basis of the ARC resort business and they were in the focus of Russia's efforts of support the Crimean economy by mandating state servants to vacation there. However, those efforts have certain weak points that should be used to our advantage:

- The initial declarations of Russian leaders to development Crimea as a nationwide resort contradicts Russian efforts to turn it into a powerful military base for "projecting" power in the Black Sea region, keeping in mind, that Russia has already spent recently \$50 bln on recreation development in Sochi and Adygea;

- Preferential treatment of Crimea will evoke discrimination sentiments in other regions of Russia and will breed discontent, so the proposed measures can be only temporary.

Our actions: we should consider the fact that resort industry is the main business for the majority of Crimean population, so our efforts should be balanced in order not weaken the positive relationship with the Crimean presidents, prevent a rise of a significant wave of

unemployment and a flow of economic refugees to Ukraine. So, the impact of each step should be carefully monitored and adjusted accordingly.

- Special efforts should be directed at those Russian travel agencies that do business in the West and which issued vacation vouchers to RF state employees. These travel agencies can be affected by the Western sanctions.
- To question in the courts the legitimacy of the "nationalization" of the state and trade-union recreation institutions: health centers, summer residencies, resorts and others with the goal to force the new owners to pay compensation for their illegal use.
- Crimean SME in tourist business suffered the most powerful financial losses as a result of annexation. This segment of the Crimean business is worth treating as a specific target group and Ukraine's actions should not lead to the deterioration of attitude to this group of citizens to us.

Energy companies:

Threats: Crimea's dependence on electricity from Ukraine remains significant: it buys 80% of it from Zaporizhia NPP via Kherson major electric grids, 5% is supplied by Melitopol while 15% is generated by Crimea itself. In other words, Crimea produces only 300 MW¹⁸ and is 800 MW short of its need, since the peak electricity consumption in the Crimea is about 1.2 GW, of which about 50 MW falls on the "inalienable objects" - - the peninsula's social infrastructure and the Black Sea Fleet. ¹⁹

Russian actions: Russians hope that disconnecting the Crimea from the power supply is economically disadvantageous to Ukraine: Crimea strategic economical assets are "Crimean Titanium" and "Crimean Soda Plant". Since Russia does not exclude the possibility of severe sanctions on our part, it will try to turn Crimea into a special economic zone where independent power generation should become a priority within the next 3 years and until then, its import to Russia to preserve Ukraine's import.

Utilizing the capacity of "Energomerezhproekt "and" Gazprompromgaz " research institutes, the Russian authorities are striving to develop several options of the electricity- and gas-supply to Crimea and currently, are considering three options, each costing 90-100 bln rubles.

¹⁸ Via Simferopol, Kerch and Saki TPP and a number of wind farms

¹⁹ Crimea's normal electricity usage is 800MWt

The first one is the construction of a generating facility with a total capacity of approximately 1,320 MW, consisting of three stations, each -- with two 220 MW units, plus construction of a gas pipeline on the bottom of the Black Sea from the Krasnodar region, as an offshoot of the "South Stream". The generator will be a gas one. The method requires additional 1.5-1.7 billion cubic meters of gas per year in addition to the current consumption of the peninsula, which stands at approximately 1.7 billion cubic meters per year.

Gazprom has proposed a to realize a project of a 400 km long gas pipeline Krasnodar – Sevastopol with the capacity of 10 billion cubic meters worth \$1 billion (5-6 billion rub.) or a 100-300 km long Anapa-Sevastopol one. The proposed pipeline will run underwater along the Black Sea coast similar to the Dzhubga - Lazorevskoe – Sochi one constructed for the Olympics. The initiative received a negative public response in the Russian Federation as a suspected attempt to lobby yet another costly corruption project.

As a temporary solution for the case of blockade there is a proposition to use mobile diesel units, as there are no energy-intensive industries in Crimea. The drawback would be the high price of such electricity - at least 10 rubles per kWh - which is 10 times higher than the current one.

The second one is to supply the peninsula via the electric power line from the Taman peninsula without the construction of local generation facilities in Crimea. It involves laying down underwater cables or constructing a power line across the straits. However, at present, the Taman peninsula has no such generation capacity, so in order to span a power line to Crimea, the RF would first need to build a special power plant in Taman, which according to the Russian estimates, would bring the cost of the project to approximately 100 bln rubles. The cost of laying underwater cable would be comparable to that.

As an alternative, the "Rossetti" company also envisions to lay down an underwater cable from Russia to Crimea and build two gas-powered plants in Krasnodarski krai region to supply power to the Crimea.

The third option is intermediate and includes the construction of a generating facility with the 500-600 MW capacity in Crimea as well as supply via regular or underwater power lines.

There were statements about the possibility of reviving the nuclear power plant project in Crimea, but its materialization is highly problematic beginning from delivery of nuclear fuel ending with waste processing. The unlucky location for abandoned long ago Schyolkovo NPP project doesn't give hope to such revival intentions.

Our actions: Russian Statements that Crimea can be supplied with power bypassing Ukraine should be considered nonsense. We propose:

- Start an economic blockade of Crimea on energy export, forcing Russia to quickly build a bypass gas pipeline for new gas energy stations to meet the needs, thus raising the costs.
- Alternatively, set the monopolistically high price for electricity for Crimea and use this situation as a leverage for "package" agreements with Russia regarding gas prices etc. Russian Prime Minister Dmitry Medvedev already aired the necessity to negotiate Crimean energy supply with Ukraine.
- To question the illegal utilization of Ukrainian energy sector in Crimea with the aim to get compensation. The head of "Property Management Agency" Olga Dergunova stated about the absence of plans to take control on these assets in Crimea, but Russian Ministry of Energy and "Rossetti" corporation begun to consider the option of renting them by a newly created entity.

In June "DTEK Krymenergo", the monopolist in supplying electricity to Crimea, owned by Akhmetov, started accepting payments in rubles and underwent registration in Crimea according to Russian legislation. That situation requires contemplation to be used advantageously.

Water supply:

The total amount of water usage in the ARC is 1.200-1.500 billion m³. The infrastructure has 23 reservoirs, 15 of which are natural filled and 8 – man filled: Theodosia (80.4% of the filling water level), Tayganskoe (69.3%), Belgorodstkie (51.1%), Simferopol and Mezhgornoye (42%). Since October Crimea began suffering from drinking water shortage, which was normally fully supplied from 8 reservoirs in the amount up to 200 million m³ total. On April 25, Ukraine ceased supplying water to the North Crimean Canal (CCM), but is ready to resume the supply it under three conditions to be met by the Crimean authorities:

- Repayment of 1,740 thousand UAH, which is the total debt of several ARC businesses: Krasnoperekopsky Water Management (1200 thousand UAH), the Feodosia "Voda Kryma" (21 thousand UAH) and its Feodosiya branch (479 thousand UAH).

- The ARC should return to Ukraine the technology and equipment, which belongs to the Service Center in Kakhovka, New Kakhovka and Kakhovka and Beryslav areas (Mainland Ukraine), 83 units total, specifically, the bulldozers, tractors, trailers, buses and cars. The ARC authorities have preliminary agreed to fulfill that condition.
- What is critical is to establish rates for water supply. Ukraine refuses to continue providing water to Crimea at the subsidized pre-annexation cost, ARC agrees on a token rise and insists on establishing a bilateral task-force to settle the problem.

Ukraine has constructed a temporary dam - a retaining wall to maintain a technical water level in the channel on the territory of Ukraine, and established water counter for the purpose of selling water in the ARC. In June Crimean authorities estimated the losses from blocking the channels in the amount of 250 million rubles.

Threats: The ARC has 40 000 rice paddies and rice sales generate up to 1 bln UAH to the budget annually. From total 1.300 million m³ of water supplied via the North-Crimean Canal (NCC), the paddies consume 300 million m³, primarily in Krasnoperekopsk district (250 mln m³) that produces 67% of Crimean rice yield. At the moment the district is non-irrigated land, with ruined rice production, which results in unemployment, lack of wages and taxes. Most enterprises tend to terminate their activity within two years the entire agribusiness of the area will crash.

Fish farming: the shortage of water in the amount of 20-22 million m³ threatens the survival of the pond fish farming in the Krasnoperekopsk area, which could lead to an ecological catastrophe. 150 fish farms with the total area of 2.5 thousand hectares designed for 1.5 mln fry currently stand empty lacking 18 million m³ of water.

North Crimea Industry: The Crimean Soda Plant and the Crimean Titanium Corporation, both the city-forming Crimean industry giants, provide employment to 9.000 out of 25.000 dwellers of the town Armiansk. However, the lack of water casts uncertainty on their work. In the warm season the Crimean Titanium draws 1,000 m³ of water per hour from the NCC. In winter, the water is drawn from the Titanium reservoirs, previously filled from the CCM. This summer, due to limited water supply, the plant operated at 40% capacity and balanced on the verge of termination.

Russian actions: Since rice production has been essentially killed, the ARC is shifting towards production of corn, wheat and rye, but inadequate irrigation will ruin those projects. The ARC

authorities promise to compensate farm losses and plan to build a reservoir for agricultural needs in 2015, resorting to the following measures:

- to redirect Biyuk - Karasu and Slgir rivers to the Feodosia reservoir via the NCC to supply Sudak and Feodosia,
- to reconstruct the Feodosia – Sudak water pipeline system to reduce water losses up to 40%,
- to construct a 190 km long water pipeline system to supply Sudak, Kerch and Feodosia.

2.5 bln rubles are supposed to be allocated for that purpose from Russian public funds: more than 1 bln rubles will come from Ministry of Natural Resources as an ARC water supply budget transfer, another 875 mln rubles and 319 mln rubles for Crimea and Sevastopol, respectively, will come through the Ministry of Construction.

Our actions:

- Restore water supply for the needs of agribusiness in Crimea via the North-Crimean channel at high monopoly ‘market’ prices;
- Utilize the terms and pricing for the water supply as a leverage in a "package deal" with Russia while negotiating on a wide range of economic issues, primarily gas pricing.
- Question the legitimacy of the "nationalization" of the state agribusiness enterprises in Crimea, particularly in the wine-making industry as the agro-industrial conglomerate Massandra and the New World sparkling wine- factory.

Mobile telephony and the internet:

Threats: Ukraine should recognize that mobile market is an element of the national security policy. There is a single non-Russian cellular transmission company on the Ukrainian market - Life²⁰ whose market share is 19%.

Russian actions: cell phone communication in Ukraine is still controlled by Russian operators (Kievstar on 43% belongs to Alpha Group, MTC is 100% owned by Mobile Telesystems), is

²⁰ Astelit, Netherlands, offshore company Eurasia Telecommunications Holdings, Turkey 55%, 45% SCM (Akhmetov, Ukraine).

therefore vulnerable to Russian special services and FAPSI²¹ manipulations. This situation persists and already had negative affects both during the annexation of Crimea and in course of the ATO in Donbas.

Our actions:

- A critical element of the strategy of returning Crimea should be a conscious government policy to significantly limit or completely squeeze out Russian mobile and internet operators from mainland Ukraine²², including creation of a brand new network of 3G.

- The very fact that these Russian companies continue to work in the market of annexed Crimea, allows us insists on sanctions against them, both in Ukraine and in the West.

Ukraine – RF

The strategy should be based on the following consideration: the aftermath of the annexation of Crimea should turn for the Russian budget economically unacceptable or too burdensome.

Threats: Ukraine is critically dependent on Russia for gas imports, which can be significantly reduced provided that diversification of supply and energy saving policies are implemented. In addition, the Ukrainian defense industry closely interacts with Russian partners in production process.

Russian actions: Ukraine remains one of Gazprom's biggest customers, but the company will be ready to sacrifice a part of its revenue gains in the short term, and its reputation in the EU for the sake of driving Ukraine to bankruptcy.

Nine of Ukrainian defense industry key enterprises remain critical to the implementation of an ambitious RF military modernization plans by 2015 and maintaining strategic nuclear parity with the United States. In summer Ukraine partially ceased its defense industry cooperation with Russia, but we believe it to be important to save the high-tech enterprise.

²¹ Federal Agency of Government Communications and Information.

²² As of 2013, the Ukrainian mobile market is controlled by the three companies -- Kyivstar, MTS, and Life.

Our actions: We must recognize from the very beginning that the strategy of economic exhaustion will require from us economic sacrifices for the sake of achieving political goals and moral unity of the nation, whose powerful positive effects will be delayed in time. In this context, we need to identify the factors as those Ukraine can and cannot influence on.

1. **Factors we can influence:**

a. **Western economic sanctions:** first, the introduction of a third and the following round of sanctions against the individual sectors of the Russian economy should be a part of the Ukrainian foreign policy. But without Ukraine itself joining these sanctions, the success is doubtful. Ukrainian sanctions package may be agreed upon either in the government, or on a private sector level in case the government decides to keep low profile.

b. **Economic sanctions against legal entities of the Russian Federation** that do business in the ARC, both directly and through affiliates in order to avoid possible Western sanctions. The companies vulnerable to these sanctions may be only those doing business worldwide, using western financial system and operating in the Western jurisdiction. Capability to monitor business activity in Crimea remains crucial in this endeavor.

c. **Achieving real energy independence through diversification of supply.** In the areas of supply of gas, oil, petroleum products and nuclear fuel elements the issue requires additional study.

d. **Achieving real independence in the field of defense industry:** to refocus on domestic needs and terminate cooperation in crucial areas for the defense of Ukraine.

e. **Resumption of the national control over the cell communications and internet markets** by means of gradual elimination of the Russian operators' monopoly on the Ukrainian market.

f. **Creation of a national cryptographic state communications system:** at present, Ukraine now has no reliable government and military communications. The issue requires a separate study.

Regarding the SME and individual nationals of RF who do business or own property in Crimea, Ukraine needs to implement measures aimed at blocking such businesses in the occupied area by means of discrediting such persons and their businesses in Ukraine's mass-medias, introduction of sanctions against them, both by Ukraine and the Western countries if there are means to do that. The subject requires a separate study.

2. **Factors we cannot influence**, but whose effects we can use to our advantage:

a. Growth of discontent of the residents and businesses of the RF federal districts with the annexation of Crimea due to growing economic problems, additional taxes or fees

charges by the Russian authorities to support the Crimean venture. The introduction of an additional 1% tax for maintaining the ARC already caused a surge of discontent.

b. Rise of negative attitude toward the Kremlin's policy on behalf of intellectuals, scientists and politicians.²³ We should encourage the manifestation of those protest moods.

c. In the perspective Ukraine can join the domestic efforts of specific Russian regions to split the country by pushing separatism, especially in Dagestan, Tatarstan and in the Kuban region. The subject requires a separate study.

The humanitarian dimension

Support of the Crimean residents loyal to Ukraine:

Threats: Even under the best conditions, in Crimea Ukraine can count on the support of only certain categories of citizens (focus - groups), and considering intensive Russian propaganda, that support base is not constant. At the same time, the return of Crimea looks viable only in case a significant part of the population there clearly demonstrates its loyalty to Ukraine. Otherwise, the return of Crimea will be perceived by certain as an act of occupation.

Russian actions: Russian leadership understands the threat and will continue its propaganda, emphasizing the following areas: combating corruption, bringing order into real estate sphere, especially in resort areas, as well as rising living standards for the military personnel, state employees and retirees, especially military ones. However, its weak point will be the Crimean Tatars' policy, real progress in combating corruption that will turn into a bluff, rise in crime, deterioration of the situation in the areas of democracy, self-government and freedom of speech and tough prosecution for pro-Ukrainian sentiments. It is reasonable to expect from Russia to maximally limit the technical access to Ukrainian mass media and internet resources on the peninsula.

Our actions with respect to the inhabitants of Crimea remaining in the occupied territories:

The risks of working with this group of citizens lie in the fact that they will be constantly affected in occupation area by hostile propaganda.

²³ opposition and former allies of Vladimir Putin

1. Ukrainian authorities should find ways to support the numerous (around 50%) active pro-Ukrainian Crimean residents by simplifying their taxation and simplifying doing-business procedures, if those remain registered in Ukraine. The issue requires additional study and should keep in mind the introduction of draconian administrative measures in Crimean to push Russian citizenship acquisition and business registrations.

2. The occupation of the Crimea causes gradual increase of internally displaced persons who are pro-Ukrainian and require assistance and care. At the same time, the Ukrainian official non-recognition of the state of war with Russia creates a serious legal conundrum for these citizens. Under these circumstances they find themselves unable to get assistance from the international human rights organizations while the state resources remain limited. We should expect a significant increase of the people in that category due to the blocking of the North Crimean Canal and keep alert to prevent possible ensuing protest moods against the Ukrainian government.

3. Our efforts should focus on socially and economically active population, whose relatively weak pro-Russian sentiments can change direction if their financial expectations from the Crimea joining the Russian Federation are not met. The relevant steps may be as follows:
 - a. In the field of Ukrainian vs ARC bank interaction with we need resolve the issues of accessing loans and deposits, asset freezing and possible preferences in banking institutions in mainland Ukraine for some categories of the Crimean residents;
 - b. In the area of the real estate property rights in the ARC, we need to balance freezing property with preferences in the mainland Ukraine for certain population groups.

Our actions towards the inhabitants of the Crimea who will become internally displaced persons in Ukraine:

Threat: the deteriorating economic situation in the Crimea, in particular, the collapse of agribusiness in the northern and central Crimea where reside 1 mln. residents, due to the cessation of the normal North-Crimean Canal operation, as well as the deterioration of the resort business, can lead to a significant increase in the flow of refugees from Crimea to mainland Ukraine. It would challenge a weak Ukrainian economy and social services system in Ukraine,

strengthen discontent with the Ukrainian authorities among the Crimean refugees and will lower social support to Ukraine in Crimea in the event of reintegration.

Russian actions: in general, the Russian Federation does not stimulate the collapse of the ARC economy, tries to support the business of the state-owned resorts, though Russia contributes to shortage of food supply by sporadic blocking of Ukraine foodstuff import. Russians intend to address the water supply problems by developing local resources of Crimea, specifically, maneuvering with the existing water infrastructure -- canals and river estuaries—and by accelerated drilling of artesian wells, without taking into account environmental considerations, however.

Our actions: Ukraine should catch a reasonable balance between the strategy of economic exhaustion that will result in rapid unemployment increase in Crimea, and an increase of refugees' flow to mainland Ukraine versus maintaining humanitarian relations with the loyal population in Crimea as a support base of the regain strategy. It is critical to create structure to effectively assist those citizens in the following areas:

- In the area of private SME and investment activity: introduction of simplified re-registration procedure, legal assistance with appeals on property confiscation and hostile business takeovers in the ARC, introduction of a friendly business climate in mainland Ukraine.
- In the area of consular services: facilitation of travel opportunities to Western countries which imposed visa sanctions on ARC residents with Russian passports. With respect to the ARC residents with Ukrainian passports, Ukraine should leave itself room for maneuver.

In the banking area:

- Introduction of "credit holidays" for those nationals of Ukraine who have unpaid loans in Ukrainian banks since Crimea annexation: they should be granted freeze repayment penalty-free regime until the end of the Crimea occupation. Also, while in mainland Ukraine, those citizens should be served by Ukrainian banks as usual, provided they have a Ukrainian passport and a satisfactory credit history.
- 'Deposit preferences': after annexation of Crimea certain Ukrainian banks with developed network and the biggest deposit stocks like Privatbank, froze these assets thus making them unavailable to their owners, and treated them as 'inactive accounts' deposits'. We propose to transform these assets into a political instrument to stimulate

protest moods in the peninsula. The procedure needs be elaborated by National bank with, commercial banks` community and should operate under state supervision.

In the area of property rights, it should be noted that in the process of occupation of the ARC, the RF authorities embarked on the tactics of violating private property, which contradicted RF's own legislation and created a legal conundrum. That creates a basis to effectively discredit Russia and permits to develop the tools to influence the attitudes of the ARC residents to benefit the regain strategy. Specifically:

1. ***Real estate objects in mainland Ukraine*** owned by the ARC residents. Those include "second homes" of the Crimean government officials, deputies and other corrupt wealthy citizens of the ARC and inheritance property, since numerous residents of Crimea have relatives in mainland Ukraine. All this can be utilized as leverage or a tool to resolve property disputes regarding the illegally confiscated real estate objects of mainland Ukrainians in Crimea.

2. ***Real estate objects in the West*** owned by the residents of the ARC - mostly corrupt government officials and deputies - that can be transformed into instruments of influence on their owners.

In the field of private SME and investment activity, Russian authorities have also opted to violate private property rights, which Ukraine should utilize to create leverage to influence the mood of the ARC residents and those residents of mainland Ukraine who have real estate and business interests on the peninsula. In that area, the return strategy should be based on the following principles:

1. We should support the ARC SMEs which continue to operate within Ukrainian taxation system²⁴ and the corresponding incentives should be designed and applied both in public and private regulation sectors, specifically, private banks and Ukrainian business partners.

²⁴ According to the data available in November, more than 10.000 Crimean SMEs shifted their registration to mainland Ukraine as an aftermath of annexation, a considerable part of which continues to operate in Crimea.

2. It is worth encouraging private business in mainland Ukraine, especially the owners of second property²⁵, business or investments in the ARC, to support the efforts of the state to return Crimea to Ukraine. Those may be both coercive measures, such as:

- Introduction of taxation of real estate in Crimea by means of passing amendments to Taxation Code, and a variety of incentives;

- Apply stimulus measures to re-establish perished businesses in Crimea due to occupation on mainland Ukraine utilizing a proposed 'occupation tax scheme', including the establishment of an import-substituting production with preferential taxation regime.

3. We need to adopt a system of measures to discourage the systemic businesses of the Russian Federation and other countries from doing business in the ARC. Lack of strong investment flow will quickly bring the economy of the peninsula to collapse and will make the Russian budget to carry an excessive burden for keeping stability in Crimea.

The target groups of Crimea

Analysis of the causes and course of the annexation of Crimea makes it obvious that not all the social groups of its almost 2.5 million inhabitants can potentially be treated as pro-Ukrainian supporters. Therefore, the regain strategy envisions to maintain and strengthen the loyalty of the pro-Ukrainian target groups, while, at same time, to weaken the anti-Ukrainian target groups, both of which may be identified at this point.

Unreliable or disloyal to Ukraine groups of citizens

Retirees

Threats: in Crimea, that category is extremely numerous - 677 thousand or 35% of the population, which makes them a politically important part of society. Their motivation is primarily financial; due to the specifics of that contingent's formation, their level of pro-Ukrainian sentiment there is remarkably low. Anti-Ukrainian sentiments remain particularly strong among the military retirees.

²⁵ Primarily small hotels.

Russian actions: Russians rightly believe that retirees, especially military ones, are their priority target group. Their pensions have already been raised by a special law, since July the level on pensions doubled in Crimea, starting from January 1, 2015 the pensions will be accrued in accordance with the general legislation of the Russian Federation. At the same time the real purchasing capacity of the pensions are somewhat marred by swift rise of prices on practically every commodity, including foodstuff, as well as rapid decline of revenues from unregistered resort-related business. To sum up, the major bulk of Crimean pensioners feel satisfied with their new pensions.

Our actions: we should not have unrealistic expectations of a radical attitude changes among this group. Retirees aggravate their families` attitude to the fact of annexation. Thus Ukraine should implement the principle to deprive traitors of the state financial support, while rewarding and supporting loyal citizens. It is proposed to materialize by introducing a stimulus approach – preserve pension payments to certain Ukrainian citizens in Crimea eligible for it on the eve of annexation under following provisions that need to be broadly conveyed to Crimean residents:

- Pension payments will be accumulated on personal savings accounts in Oshchadbank²⁶ without access delayed until the end of occupation, while they should be available immediately after accomplishment of registration procedure for those relocated to continental Ukraine²⁷.
- Certain citizens of Ukraine of this category should be deprived of the right to receive Ukrainian pensions due to their active cooperation with the occupation authorities, participation in anti-Ukrainian events and organizations and denouncing their Ukrainian citizenship²⁸.
- We should bear in mind, though, that demonstrative actions of Ukraine in that area might cause protests from the leading international human rights organizations, so the legality and implementation procedures of these measures should be balanced.

The specific steps to encourage the most socially active citizens in this category – our potential allies require further insight. We should bear in mind, that that establishment of the relevant

²⁶ Largest Ukrainian state-owned bank

²⁷ The issue of relocation of personal pension dossiers should be treated by representatives of a State Pension Fund of Ukraine in contact with their counterparts in Crimea, as far as citizens are unable to do this on a personal basis.

²⁸ The issue requires legal procedure to modernize the citizenship as a whole in Ukraine, which should foresee the measures to curb certain Constitutional rights for specific crimes (Criminal Code) and offences (Administrative Code) in the event of active collaboration with an enemy, and the measure in question should be its element.

formal structures in Crimea is currently undesirable since the FSB²⁹ actively monitors the attitudes in this critically important for the ARC group. So, Ukraine needs to devise its own ways to do the same.

Civil servants:

Threats: the group comprises as much as 16.000 individuals in state authority bodies, resort and health institutions, schools and state-owned enterprises, the majority of them defected to Russian side and received lucrative salaries from a federal budget. Meantime, there is a group of state employees like Ukrainian language and history school teachers, some university professors who failed to find their place in the occupied Crimea and tend to turn refugees. Besides, numerous civil servants paid from local budget found themselves in disadvantage and frustration due to relatively low salaries.

Russian actions: this is the most corrupt part of the Crimean society that will be the focal point of Russian authorities' efforts to strengthen their loyalty by raising wages in the governmental bodies and, on the other hand, by replacing the residents of Crimea on top positions with more loyal employees transferred from the Russian mainland. Crimean scientists will be integrated into the Russian scientific environment, which will lead to the loss of Ukrainian scientific developments.

Our actions: Ukraine should not expect any pro-Ukrainian sentiments within this group. At the same time, it is reasonable to search their property, financial assets and businesses in mainland of Ukraine (that could be also registered in the family members' names) in order to confiscate or freeze them until the end of the ARC occupation. These efforts should result in putting in place an important leverage to deal with Russia. In this respect it is worth:

- To create and continuously update the database of such individuals aiming to gather facts and legal evidences of their anti-state activities in order to legally prosecute them.
- It is also advisable to search these citizens' own real estate, financial assets and businesses in the West in order to legally prosecute them.

The deputy corps of the ARC

²⁹ Federal Security Service of the RF

Threats: the deputies of the central and local levels comprise 2914 individuals, almost all of whom defected to the occupiers and should be treated as disloyal. The most corrupt of them are the deputies in Simferopol, Sevastopol, and in the resort area on the southern coast of Crimea. The overwhelming majority of those people are wealthy, they have considerable assets, including mainland Ukraine and the West.

Russian actions: On 14 September Russians orchestrated early local elections in Crimea in order to bring additional air of legality to a new status of Crimea as well as to opportunist local elite. They succeeded to partially rotate the elite, traditionally resorted to bribe the most prominent by proposing them inadequately high salaries³⁰.

Our actions: Ukraine should not expect any part of this social group to be pro-Ukrainian, so they should be treated in the same way as the public servants.

Former employees of the Armed Forces, Interior Ministry and secret services of Ukraine:

Threats: 85-90% of the Ukrainian security services and Armed forces personnel in Crimea preferred to stay there, which indicates an exceptionally high level of disloyalty within that category. ‘Availability of housing’ principle of personnel acquisition for these structures appears to be one of the reasons of this unhappy outcome. This principle puts material considerations ahead of patriotic ones. In addition, mainland Ukraine found itself unready to accept the services of a certain part of their security forces in Crimea, who preliminarily expressed the desire to continue their service in other regions of mainland Ukraine.

Russian actions: FSB views this group as potentially unreliable, in particular, the former AFU and SBU³¹ servicemen. The transfer of this contingent of servicemen to other regions of Russia is well underway. Some of the local Berkut³² employees have left to continue service in Moscow, while others joined the “self-defense” militia units and serve as a backbone of the Russian commandos in Donbas.

³⁰ The prominent deputies of Sevastopol city council were granted with salaries running as high as 220.000 rub, compared to 11.000 rub of average salary scale in the city.

³¹ Ukrainian Security Service

³² A special anti-riot police detachment in Ukrainian Ministry of interior, now disbanded.

Our actions: this category of citizens should be broken into the following groups:

- Those loyal to Ukraine who have housing in Crimea, have reached retirement age, haven't found employment in mainland Ukraine and in the end, after the annexation, retired in the peninsula. This is a relatively small part that could potentially be useful for the cause of regaining Crimea. We should be aware though, that this group will be under strict supervision of the FSB. Nevertheless, that category should be treated with care and respect. We need to develop a separate program targeting them, as it is still a relatively young, well-educated and socially active group of the population.

- Partially loyal to Ukraine, who had expressed desire to move to mainland Ukraine, but were denied appropriate positions and housing and therefore, consider themselves "forced" traitors. During the annexation process, that servicemen of this category were intensely encouraged by the Russians to defect and after the annexation were deservedly considered unreliable by the RF. Russia has already initiated the transfer process to move them to other regions of the Russian Federation (Dagestan, Far East, etc.), replacing them with the security forces personnel from the RF. It is reasonable to expect the shifting process to be systematic, as they pose a target group for the Russian authorities. Our work with that category is highly sensitive and risky, and keeping in mind their transfer to other regions of the Russian Federation, not very promising, even despite the fact that they possess property and have kinsmen in the ARC.

- Absolutely disloyal group, "traitors" who immediately and deliberately defected are fighting against the Ukrainian servicemen in Donbas. Those are mostly the activists of pro-Russian organizations, members of the "self-defense" and Cossack units and the "little green men"³³ who committed crimes, received certain material benefits from the RF, including the positions and property on the peninsula. They should be subjected to considerable economic and moral pressure:

- introducing sanctions, lawsuits against them connected with their illegal activity during the annexation,

- enlisting them for the international courts and Interpol prosecution,

- subject them to visa restrictions on their own and their family's visits of the mainland Ukraine and western countries,

- confiscate and freeze their property and assets beyond the ARC and the Russian Federation

³³ Little green men is an expression (internet meme) that refers to unmarked soldiers with Russian equipment. It was first used during the occupation of Crimea by Russian irregular forces in the beginning of 2014.

- enlist them in “shame” lists to be published on the internet to be utilized by politically active civil society groups in the protest activities.

Loyal to Ukraine target groups

Local businessmen in the ARC:

Threat: This category is very large, employing 83% of the working population of the Crimea, and at the same time, very vulnerable to any disruptions. Their successful operation often depends on loyalty to the local authorities, but their business- interests compel them to be as flexible as possible.

Russian actions: Russians recognize the importance of that category and plan to support them from the federal budget: three funds to support Crimean SME with the budget of 1 bln rubles has already been established.

Our actions: mainland Ukraine should keep on strong contacts with that category of citizens, utilizing business – contacts, their real estate in mainland Ukraine, relationship with Ukrainian banking institutions (current accounts, loans, and other financial obligations), Schengen visas availability, the necessity to preserve Ukrainian passports and vulnerability to Ukrainian and Western economic sanctions. In the event the negative economic trends in the ARC intensify, that category will be the most vulnerable to it and will form the basis of the protest moods.

Local businessmen loyal to Ukraine who remain doubtful about the new status of Crimea and do not plan to leave the Ukrainian jurisdiction, who re-register their businesses on mainland Ukraine while doing business in the ARC, financial transactions through shell companies, and operating beyond the legal framework of both Ukraine and Russia. It is important to support and encourage their loyalty to Ukraine, take efforts to increase their numbers providing certain measures, specifically:

- Introduce “***credit holiday***” regime for credit repayment (the government should negotiate those terms with private banks).
- Introduce a ***special tax reporting mode*** to avoid collisions with Ukrainian legislation while doing business in occupation within the dual legal framework.

- Given the RF tactics to confiscate or grab Ukrainian businesses, significant deterioration of the business climate due to the rapid criminalization of the peninsula, it is reasonable to provide that group with state-supported legal assistance to file their lawsuits against Russian authorities in international courts for their property rights violations.

Refugees from the Crimea to the mainland territory of Ukraine:

Threats: at present, their number reaches 20 thousand. There are reasons to expect that their number will continue to increase, especially in view of the following factors:

- The collapse of SME tourist business which leads to significant increase in unemployment;
- Problems with the water supply in the northern and central Crimea, where up to 1 million people live now, and consequent problems with the agribusiness, in the industrial sector and in fish farming;
- Intensified political repressions against the Crimean Tatar population;
- Environmental degradation;
- Aggravation of business climate in Crimea due to the rupture of relations with Ukraine.

Russian actions: Russians are definitely aware of the problem, but seem unlikely to spend heavily on its solution. Their possible behavior looks as follows:

- To blame Ukraine in all the problems;
- In order to strangle the sprouts of protest moods in Crimea of pro-Ukrainian activists, including Tatars and Muslim clerics to stimulate their migration towards mainland Ukraine;
- To resort to modest on-budget expenditures on social security programs in Crimea during transition period.

Our actions: Ukraine should get prepared to gradual increase of the amount of refugees from the Crimea and Donbas, specifically:

- Promptly define the legal status of refugees in question as "internally displaced persons" by amending the current Law on the Occupied Territories, which enables them to receive international assistance;
- Develop the specific forms of state and non-state interaction mechanism to address the need to support the refugees;
- Engage business community to creatively address the acute need of refugees` employment.

The Crimean Tatar community:

Threat: the Crimean Tatar community numbers about 300 thousand people, which is close to 15% of the voters of the peninsula³⁴. About seven thousands of them have already left for mainland Ukraine³⁵, mostly to Kiev, Galicia and the Kherson region. At present, this is the most pro-Ukrainian part of the Crimean population, which should be cherished and supported in every way.

Russian actions: the prospects for sustaining significant pro-Ukrainian moods in Crimean Tatars` community as well as instrumental to implementation the strategy, for now looks effective only in the short term perspective, up to five years utmost. The success rate of Russian authorities` efforts, particularly FSB, will be a crucial factor to define precisely whether the role of that community as of a pro-Ukrainian factor remains meaningful. So far we can reasonably expect the following efforts on their part:

- The tactic to "blur" the national identity of the Crimean Tatars by merging it with that of the Kazan Tatars. The idea that will be pursued and widely circulated is that the Crimean Tatars are one people with the Kazan Tatars, who already have a "homeland" in Tatarstan. Therefore, all claims of the Crimean Tatars to be the indigenous people of Crimea will be discarded;

- Instigating a split in the leadership of the Kurultaj and Mejlis that affect 85% of the Crimean Tatar community, by gradually replacing the pro-Ukrainian-minded activists with the pro-Russian ones and undermining the funding sources of these organizations by replacing their current sponsors with the pro-Russian ones;

³⁴ 2012 estimates

³⁵ May 2014 estimates

- Expansion of the practice of intimidation of activists and community by the Russian security structures and the Cossacks with the aim to crush their will to peacefully resist the occupation.

Thus, we should be prepared to see a certain part of the community be forced to cooperate with the occupiers in order to survive and that should not evoke negative reaction of Ukrainian authorities, as far as it is a standard situation. The process will gain momentum when Russia accomplishes its efforts to ban the dual citizenship before 2016.³⁶

Our actions: the official Kiev should focus its efforts on supporting internal migrants as the most loyal segment of the Crimean Tatars' community, using both state and non-state funding sources, keeping in mind the following objectives:

- Preserve Mejlis as the most massive and pro-Ukrainian community structure, whose presence would:

1) Reinforce Ukrainian political claims for the peninsula in the future by using the "indigenous people" argument;

2) Serve as an institutional channel for the systemic support of that community.

- We should ensure the compact accommodation for refugees of that community on mainland Ukraine, preferably in close proximity to the ARC, in particular, in the Kherson region, for a wide range of prospective tasks, such as:

- To maintain a constant information links with the peninsula by means of its own TV channel and utilizing kinship and friendly relations in Crimea, which is crucial in the environment of informational blockade, launched by the RF;

- To launch propaganda 'in contrast', i.e. instigating the protest spirit of those who stayed on the peninsula by giving the refugees an opportunity to self-organize under spirit of real freedom of expression;

- To maintain business connections with the community on the peninsula in order to facilitate their economic survival;

- To provide legal support to ethnic businesses on the peninsula facing confiscation, harassment and other human rights violations.

³⁶ On 5 June 2014 Russia passed amendments to the national Law on citizenship, which introduced starting since January 2016 criminal liability for hiding double citizenship with a penalty ranging from a stiff fine to forced labor.

It looks reasonable to ensure the study of the Crimean Tatar language, of its people and of the peninsula itself in selected universities in Ukraine in order to attract ethnic students-refugees.

Students:

Threats: This category³⁷ is the most active in promoting the ideological foundations of the regain strategy objectives, but at the same time, is dependent on the parents and their financial support. It should be considered as one of the most promising target groups, so appropriate measures should be put in place to successfully engage that potential.

Russian actions: Russians are planning to keep 7000 budget-supported³⁸ places in the universities of Crimea and Sevastopol for 2014 and additionally, allocate 8-9 thousand more same class places in the universities of Russian Federation. That covers virtually the total of graduates in grades 9-11³⁹. The graduates may choose between a Russian and a Ukrainian high school diploma. A certain number of Crimean students who currently studied in mainland Ukraine Universities were eager to transfer to RF Universities, so Russia stood ready to facilitate that⁴⁰. It is worth mentioning, that Russia did not obstruct students' transfers from Crimea to Ukraine and vice versa (this process is approximately equal in numbers). For now, the stipends levels will remain the same, but this is a temporary measure.⁴¹

Our actions: Right on the eve of the referendum, the Ukraine's leadership declared its readiness to transfer all 15 thousand of willing Crimean students to universities in mainland Ukraine and also guaranteed school graduates to stand independent testing⁴². Ukrainian Universities in Kyiv, Lviv and Kharkiv accepted transfer students from Crimea via a simplified procedure before the end of the semester. All Crimean students who moved to Kyiv were accepted to Taras Shevchenko National University of Kiev.

³⁷ It numbers about 15 thousand in Crimea and a certain number at the mainland universities

³⁸ Tuition-free

³⁹ Ukrainian secondary education has the total of 11 grades

⁴⁰ Russian Minister of Education, D. Livanov made a statement in May 2014.

⁴¹ Crimean students received scholarships 800-900UAH, while the Russian scholarship is 300-400 UAH.

⁴² ZNO, General Independent Testing taken in high school and required for University admission.

Third countries

Threats: Ukraine is only gaining strength, but launching its sanctions against specific target groups in Crimea and the Russian Federation, as well as sectors of economy, such as the defense industry, foodstuff trade, sanctions against Crimea regarding electricity and water supply, has a potential to aggravate Russian economy. One should also recognize that engaging prominent Western partner like USA and EU to a policy of sanctions targeting key sectors of Russian economy can significantly influence Russian policymaking. However, the Western partners are very wary of such steps, as they would cause tangible economic losses to their respective economies.

Russian actions: Russian diplomacy and the pro-Russian lobbyists in the West is mobilized by the Kremlin to prevent the introduction of the “third level” economic sanctions against Russia. Moreover, so far, Moscow believes that its Western partners’ pragmatic thinking would guarantee the abandonment of the very idea to resort to sanctions against it.

Our actions: Ukrainian diplomacy should focus its efforts to ensure the launch of "the third level" Western sanctions, making them its top priority.

Concerning the countries which carry on business projects, or possess businesses or real estate in Crimea, the strategy of Ukraine should result in increase of political pressure of the international community on the leadership of the Russian Federation in order to reverse the illegal annexation of Crimea. Specifically:

Western economic sanctions against Russia

- To discouraging western companies and firms from doing business in the ARC after its annexation⁴³. Such cases should be identified, documented and become the objects of a public protest campaign, then turn to an issue in a political dialogue between Ukraine and the leadership of those countries.

⁴³ On the market of Crimea some Western commercial networks like Auchan, France, and METRO, Germany, still operate

Help of the Western countries to strengthen Ukraine's defense capabilities: U.S.A., Germany, France, Great Britain, Poland and Japan. That may include assistance in the production and supply of arms in the following areas:

- Establishment of a national missile defense system, independent from Russia,
- Establishment of national strategic deterrence forces,
- Establishment of a national space guidance system for short-range missiles,
- Establishment of a national cryptographic military communications system,
- Upgrading of national Air Force capabilities,
- Acquisition of modern anti-tank weapons,
- Acquisition/joint production of night vision systems, collimator sights, modern 5th and 6th levels personal protective equipment, tactical means of military intelligence, such as drones, etc.
- Acquisition of modern small firearms.

Third countries

- ***China*** – to block its investment activity in the ARC and the Russian Federation,
- ***Turkey*** – to block its investment activity in the ARC and the Russian Federation;
 - o To engage it in blocking Russian oil transit through the Bosphorus with the United States and other NATO countries.

We should bear in mind, though, Turkey's limited capacity to counter the Russian Federation due to its dependence on energy import, never overestimate its ability to impact the situation in Crimea by supporting the Crimean Tatars.

- ***Japan*** – to block its investment activity in the ARC and the Russian Federation.

Management dimension

The strategy is designed to regain Crimea covers around 5 years⁴⁴, accordingly its realization requires a separate organizational structure. Given that the annexation resulted in defecting of almost all the ARC deputies that does not allow to create the ARC "Parliament-in-exile," the work should be conducted by an executive body preliminary titled as the ARC Government.

- ***The executive body of Crimea in the government of Ukraine*** should become the key tool of the strategy implementation. It is advisable that it's funding be mixed and comes from public funds as well as from private and non-government community, that would entrust it with a necessary level of confidence and legitimacy.

- Lessons learned from the annexation indicate that high treason of the ARC leadership and deputies appeared key to the operation's success. Consequently, ***the eradication of disloyal elements from the body of civil servants*** who may constitute future ARC legislative, executive and judiciary corps as well as special efforts to keep away Russian agents of influence should become an important domain in regain strategy. It requires a separate and consistent action plan.

- At present state's resources will remain insufficient to effectively implement the regain strategy. Therefore, the ***civil society should create a necessary network of structures*** to:

- breaking the information blockade as the most sensitive areas,
- contribute to replacement efforts to refugees from the Crimea.

- We should establish an effective network to cooperate informally and formally with the different spouts of ***fragmented Russian opposition forces*** to put pressure on the Kremlin in a coordinated fashion.

Ideological dimension

Threat: Donbas and Crimea crises have shown that ideology plays a role that if skillfully used, exceeds the traditional material resources in the scale of its destructive power and consequently, in its importance. Therefore, the ideological component has to be re-thought, comprehended, and implemented from the very first steps of the strategy realization, bearing in mind that the "return" on that effort always comes with delay.

Russian actions: we should expect Russia to continue strong ideological propaganda efforts in Crimea in the short term perspective to "consolidate the results" achieved in the result of

⁴⁴ That is based on the financial resources of the RF national fund in the amount of 200 billion dollars plus the RF National Bank reserves of 500 billion dollars (data valid on May 2014).

occupation. Russians are preparing to shut down the fiber optic cable from the mainland of Ukraine and are completing the installation of their own cable traversing the Kerch Strait. Ukrainian TV channels are partially banned and the programs of studying Ukrainian language at schools are being closed down as well as Ukrainian vision of Crimea's history.

Our actions: the basis of the ideological component of the return strategy should consider the following aspects:

1. For a long time, Crimea has been under the ideological influence of the Kremlin, so false stereotypes are widely spread and serve as strong factors that determine the attitude of the Crimean people in Ukraine, namely:
 - From residents' of Crimea standpoint, the Ukrainian government is illegitimate and the parliament is short-lived or has a questionable legitimacy, to which contributes the adoption of a Law on Tax-free Economic Area in Crimea⁴⁵.
 - The political orientation of the Ukrainian government is portrayed as "fascism," which was further fueled by the events in Odessa on May 2 and the course of the ATO in Donbas. The dominant view is that the separation of Crimea from Ukraine was the peninsula's salvation from chaos and military confrontation.
2. Crimea has strong economic ties with Donbas since Donetsk residents possess numerous holiday real estate objects in the resort area. Hence, a significant number of Donbas residents are now sitting out the ATO in Donbas, thus, spreading and further increasing negative attitude to the actions of the central government in Donbas among residents of Crimea.
3. The course of actions within the framework of ATO in Donbas and its likely outcome remain the most powerful factor of influence on ideology of residents of Crimea.
4. The rise in prices for goods and services, general economic distress of the "transition period" is regarded as a significant, though temporary and secondary factor.
5. Healthy skepticism of residents of Crimea both to Russian and Ukrainian TV channels, that are considered equally partial, remains a positive factor for us. Although the number of Internet users in the Crimea is only 17% of the population, that channel still remains a

⁴⁵ On 27 September President P.Porochenko signed a bill on turning occupied Crimea into a Free (Tax-free) Economic Zone, which de-facto recognized the annexation and put the residents of the peninsula beyond Ukrainian legal framework, thus served as a powerful demotivation factor to Regain strategy.

powerful independent factor to influence them. At the same time, we should bear in mind that residents of Crimea staunchly sympathize to the pro-Russian fighters, not to pro-Ukrainian forces in mainland Ukraine.

6. Residents of Crimea remain sensitive to the issue of corruption: they have a significant negative experience of it during being part of Ukraine, but do not yet have such an experience with Russia, so it's delayed subject.
7. Negative economic consequences of occupation and new political realities in the Russian Federation may appear a possible factor of disillusionment for the residents of Crimea, if the measures of the Russian leadership for leveling them prove unsuccessful. Those include a significant increase in the prices of goods and services despite double increase in pension and salary level for state employees, poor business climate for SME and inadequately high level of despite implementation of state aid programs aimed to support this business, the problems of the resort business despite Russia's extraordinary efforts to save it.
8. A plausible factor of frustration for residents of Crimea may prove to be new standards of "democracy" and "freedom of speech and assembly" in Russian realities.

Legal dimension

The strategy should provide the answers to a number of legal issues that are crucial to preserve the integrity of Ukraine's legal field in the process of the strategy measure's implementation and to maintain key legal principles. The latter include inevitability of punishment for committed crimes, personal, rather than group, responsibility, justice for all citizens without exception, and others. In this context, we can highlight the following work areas:

1. The legal framework most beneficial to Ukraine in regard to resolving the issue of returning the ARC:

Quick events between February 20 and March 21, 2014 that allowed the Russian Federation to annex the territory of Crimea, appeared to be possible due to a number of factors, most important being the legal status of the annexation process - peacetime. Politically and militarily, Ukraine was in a state of chaos, but no military or emergency status was introduced in the ARC, nor was Ukraine announced in de-facto state of war with Russia. It is important to emphasize that Russia deliberately conducted aggression in the form of a "hybrid war", in other words, in a latent form,

so that Ukraine had no legal basis not only to declare itself at war with Russia, but even to establish martial law. It is necessary to distinguish three legal options to implement the regain strategy:

The status quo, i.e. peacetime, is the legal framework that is preserved in Crimea since the beginning of the hidden aggression. That "peacetime" allowed Russia to:

- To simulate holding a referendum⁴⁶,
- To deploy numerous Russian troops to Crimea without armed resistance on the part of Ukrainian military treating them as legal actions under the Black Sea Fleet Agreement.
- To block Ukrainian servicemen on the peninsula to counter aggressors militarily, even in violation of military statutes, by effectively using their illegal proxies⁴⁷.
- To avoid their actions be qualified as aggression in the UNSC,
- To continue their covert aggressive actions in mainland Ukraine, and to deliver arms and munition to separatists posing as its actions as humanitarian convoy operations⁴⁸.
- To manipulate in the process of establishing a new border line between Ukraine and Russia\separatist enclave as far as their link to the line dividing troops at the start of the peace talks will appear to be legally invalid.

Thus, the preservation of the legal "peacetime" in the ARC is the best option for preserving the "status quo" for the Russian Federation and the most unfavorable, although the safest, for Ukraine in legal terms. Under the legal "peacetime," it is most difficult for Ukraine to prove Russia's covert aggression for our friends in the West and to apply the relevant rules of international law. It is safe to predict that Russia will do its utmost to obstruct Ukraine's attempts to change this legal status.

Conclusion: to ensure the success of regain strategy Ukraine should change the legal status not even now, but preferably, retroactively, since the very beginning of aggression. In the worst case scenario, that issue should be a card in political bargaining with Russia.

Martial law: that legal status considerably expands the powers of central authorities of Ukraine in the region to which it is applied. However, in the case of Crimea, it has significant drawbacks:

⁴⁶ Ukrainian legislation forbids a referendum to be held in a state of emergency, of war, martial law.

⁴⁷ the interim and illegal ARC authorities

⁴⁸ In September 5 Minsk Accords Russia appallingly had a status of a mediator, not a party in the military conflict

- martial law is introduced for a limited time and requires approval by the Parliament;
- its introduction demands solid internal circumstances , which is not the case with Crimea;
- from a legal standpoint, its introduction is inapplicable post factum, which doesn't serve Ukrainian goal in this case.

Ukraine declares itself in a de-facto state of war with Russia as a victim of covert aggression:

this status bears certain risks, but simultaneously it opens the options for the government to succeed with the regain strategy that no other one provides. Specifically:

- Military risks: the move creates a legal window of opportunity for Russian military to cross Ukrainian borderline, but it doesn't serve as a solid pretext for any aggression.
- Advantages: the move provides an opportunity to acknowledge the aggression retroactively, as of February 20, with the option to apply international law (i.e. recognize Russia as an aggressor) as well as to back up the argument that March 16 independence "referendum" was invalid.
- Duration: unrestricted as far as it is directly linked to factual cessation of hostilities / signing a peace treaty. It requires the parliamentary approval, though its procedure will turn to be a mere formality.

Possible strategy scenarios

At present, we can distinguish at least two possible options to implement the strategy:

1. "***The resumption of status quo.***" Russia voluntarily denounces the decision of the Federation Council of the Russian Federation about the admission of the ARC and Sevastopol into the RF⁴⁹ and the ARC referendum results from March 26, 2015 and Crimea peacefully leaves the jurisdiction of the RF.

Here are the reasons that may lead to such a scenario:

⁴⁹ March 21, 2014

- As an aftermath of the effective trade war engaging economic sanctions with a devastating effect to the Russian economy, which might cause the Russian leadership to give up Crimea`s occupation voluntarily as a lesser evil.
- Due to serious deterioration of domestic political situation, caused by rise of broad separatist sentiments, that will switch available resourced to address that kind of problems.
- Due to an armed conflict between the Russian Federation and another neighbor-country, for example China or a country in Central Asia under similar to Crimea scenario.
- Due to the outcome of military operation in the Donbas unfavorable to Russia.

2. "**Independent Crimea.**" Russia denounces the decision of the Federation Council of the Russian Federation about the admission of Crimea and Sevastopol into the RF, but living valid the independence referendum results of March 26, 2015. Crimea leaves the jurisdiction of the RF, but does not join Ukraine.

Here are the factors that might lead to realization of such scenario:

- Ukraine actually "gave up" Crimea to Russians without armed resistance, thus losing to some extend the moral right to claim the regain of the peninsula.
- This scenario may be promoted by the Mejlis of the Crimean Tatars as far as it is favorable to accomplish their super-goal of establishing their own independent state⁵⁰.
- In order to "save face" by half-measures confronting the demands of Ukraine and the West, Russia's political leadership may resort to give up the occupation of Crimea on condition it would not return under the Ukrainian jurisdiction.

3. Unfortunately, the scenario of **complete strategy failure** should be also considered. It means that Crimea remains under the jurisdiction of the Russian Federation, while Ukraine and other countries are gradually moving away from complying with the UN resolution regarding the annexation of Crimea. That may occur under the following conditions:

⁵⁰ Some leaders of the Crimean Tatars like Ali Khamsin, the leader of the Majlis in Simferopol, has directly alluded to such option

- The political class in Ukraine appears unable to unite itself and effectively combat corruption, which will result in a de-facto recognition of the new status of Crimea (assuming happy for Ukraine outcome of Russian aggression in Donbas).
- Ukraine military is defeated in Donbas by the Russian forces and local commandos, including Crimean, the region detaches from Ukraine, but the geographical isolation of Crimea remains.
- Ukraine military is defeated in Donbas while hostilities transgress to Kherson and other south-eastern regions, whereby Russia acquires a land access to Crimea. That scenario is certainly the worst one for Ukraine.

Recommendations to the Government

Here come the recommendations to the Government on strategy implementation presented as a list of its basic principles and objectives, which are dispersed in the paper. For convenience, we propose a summed-up version:

1. Formation of a new identity of Crimean residents as of an integrated part of Ukrainian citizens.

Action: Encouragement of society to support the regain strategy and to engage in post-occupation readjustment of Crimea.

Tools:

- To initiate broad public discussions on the issues how best to accommodate and employ Crimean refugees and the prospects to realize a new model for Crimea as a part of Ukraine.
- To put in place a distance learning center for Crimean youth, which still reside on the occupied territory, the center should be authorized to issue diplomas and certificates. The effort aims to create a cadre reserve to manage the forthcoming state and municipal structures.
- To put in place an electronic voting device in order to provide the residents of Crimea loyal to Ukraine an access to participate in Ukrainian election campaigns, thus ensuring their Constitutional rights.
- Issuing of plastic IDs to help the residents of Crimea use electronic special banking accounts in mainland of Ukraine.

Expected results: a new Crimean identity with a strong sense of Ukrainian citizenry will be formed. Public in Crimea will perceive Ukraine as a caring, maternal land.

2. To purge public structures in order to form a new identity of residents of Crimea

Action: lustration.

Tools: to classify the population into specific target groups tested for loyalty. Those are: state sector employees (i.e. leadership and apparatus of state bodies, municipal authorities, judges, deputies of all levels, employees of health and educational organizations, the Ministry of Interior, Security Service, the GPU⁵¹, cultural and art institutions, the Revenue Service and other structures); entrepreneurs of small and medium-size businesses; big business owners and retirees.

Expected outcome: to provide effective purge of the socio-political and management strata from collaborators who at have in Crimea a reputation of being corrupt.

3. To prevent further militarization of Crimea

Action: to push the issue of a partial demilitarization of Crimea

Tools: to draw attention of the international community to the issue of deployment of nuclear weapons in Crimea.

Expected outcome: an appropriate attitude will be formed to Russian military build-up in Crimea that treats it as a threat to collective security in the world in general, and the Black Sea region, in particular.

4. To recognize Russian language spoken in Ukraine, including Crimea, as well as the Stavropol and Kuban regions of the RF, as an official Ukrainian version of the Russian language.

⁵¹ Military Intelligence Service of Ukraine, affiliated to Ministry of Defense of Ukraine

Action: to create an appropriate scientific basis and compile a dictionary (i.e., similar to Webster's Dictionary of the American Language). After broad discussions, to amend the Constitution accordingly.

Tools:

- to introduce the idea to the scientific community for public discussion on seminars and round tables, as well as in researches and dissertations, discuss in the media and as part of cultural projects.
- to cultivate a positive perception to such changes in all citizens of Ukraine by means of their broad discussion, involving non-governmental organizations.

Expected outcome:

- Russian language that is spoken in Ukraine, including Crimea, as well as the Stavropol and Kuban regions of the RF, should be recognized as an official Ukrainian version of the Russian language.
- Residents of Crimea and other Russian-speaking regions will grasp the idea that there is no danger of a ban on Russian language and that the state's attitude to its use in Ukraine is favorable.

5. Reducing the corruption level to an acceptable one

Action: Amendments to existing legislation

Tools:

- To adopt a law to ban the possibility of holding any position in the state or municipal government or being elected and to partial restrictions on working in state institutions for those persons who have stained themselves by collaborating with the occupation regime.

Expected outcome: The pro-Ukrainian Crimean residents will get a signal of the changes in the Crimean management. Those with the neutral position would see an opportunity for a real change in the Crimean life.

6. Development of the religious denominations

Action: Support

Tools: Establishment of public funds for supporting the development of Islam in mainland Ukraine and the creation of madrassas here. Simultaneously, these or similar funds should assist in the development of the UOCKP⁵²

Expected outcome: strengthening of the patriotic sentiments among the Muslims and of the position of the UOCKP.

7. Improving the state's attitude to the Crimean residents.

Action: Support

Tools:

- Enabling the transfer of business activity from Crimea to mainland Ukraine.
- Re-registration of businesses on mainland Ukraine.
- Freezing all their credit obligations to the commercial banks of Ukraine and softening the conditions for repaying them in the future.

Expected outcome: increase in the pro-Ukrainian sentiments and attitudes among the Crimea residents of all nationalities.

8. Strengthening the social protection of the Crimean residents

Action: Creating a priorities choice between Ukraine and Russia.

Tools:

- Create electronic social accounts for Crimean residents that the state would transfer social security funds to.
- Issue debit and credit cards to the residents of Crimea that can be used only in the continental Ukraine. Cards should be issued only after making sure that the person does not receive social funding from both countries at the same time.
- Freezing all the credit obligations of residents of Crimea until the complete regain of the peninsula.

⁵² Ukrainian Orthodox Church – Kyiv Patriarchate (UOC-KP) is one of the three major Orthodox churches in Ukraine, alongside the Ukrainian Orthodox Church (Moscow Patriarchate), and the Ukrainian Autocephalous Orthodox Church. The church is unrecognized by other canonical Eastern Orthodox churches, including the Ukrainian Orthodox Church (Moscow Patriarchate).

Expected outcome: Demonstration that the state is ready to fulfill its social obligations to its citizens.

9. General outlines of the economic war for Crimea

Action:

- Inhibit the Crimean logistics systems to successful integrate into those the RF (Krympochta⁵³, Crimean railway and others);
- Further deterioration of the economic situation in Crimea i.e., the decline in living standards and increase in the cost of subsidies from the Crimean budget.
- Partial compensation for the property and tax losses, caused by annexation occupation of Crimea.

Tools: To build and maintain confidence among the locals that Crimea cannot remain part of the Russian Federation:

- Invalidating the commercial fishing licenses of the Crimean enterprises in the Black, Azov and Mediterranean Seas, the Atlantic Ocean, Pacific and Indian Oceans and the Antarctica.
- Complicating the food supply situation. Initially, the price of the Ukrainian food supplies to Crimea should be increased to the RF level. Afterwards, we should establish a complete moratorium on the Ukrainian foodstuffs to Crimea.
- The same actions should be applied to other product groups.
- Establishment of the "occupational excise tax" for SME supplying goods to Crimea (market trade) via the continental Ukraine. (see Annex №1, 2)
- Creating an atmosphere to completely deny the status of Crimea as a vacation spot by all citizens of Ukraine and foreign countries that supported the UN resolution⁵⁴.
- Search for property belonging to Crimean collaborators and their families on mainland Ukraine. Arrange external management for it.

⁵³ Crimean Postal Service

⁵⁴ United Nations General Assembly Resolution 68/262 is a resolution adopted on March 27, 2014 by the sixty-eighth session of the United Nations General Assembly in response to the 2014 Crimean crisis and entitled "Territorial integrity of Ukraine". The resolution, which was supported by 100 United Nations member states, affirmed the United Nations commitment to recognize Crimea within Ukraine's international borders and underscored the invalidity of the 2014 Crimean referendum. Armenia, Belarus, Bolivia, Cuba, North Korea, Nicaragua, Russia, Sudan, Syria, Venezuela and Zimbabwe all voted against the resolution. There were also 58 abstentions, and a further 24 states did not vote through being absent when the vote took place.

Expected outcome: shrinking of the business activity in the ARC, job cuts, increase of burden on the Crimean budget, the destabilization of the social and economic environment.

Tools: Steps to partially compensate the damage resulting the annexation:

- Arrest of trains, cars, airplanes, buses, cars, yachts, passenger and cargo ships and other vehicles that cross the administrative border between Crimea and Ukraine, as well as of other countries.
- Full freezing of all kinds of transportation between the mainland Ukraine and Crimea.
- Elimination of all kinds of transportation connecting Crimea with other countries, both via the Ukrainian territory and other routes.
- Construction of the navigation channel linking Ukrainian ports of the Black and Azov Seas.
- Freezing any investment activity in Crimean economy.

Expected outcome: Severe complications will be caused to Crimean overseas transportation system.

- Economic pressure on illegal Crimean leadership, partial compensation for loss of property in Crimea, forced additional budget expenditures;
- Turning the southern part of Ukraine into a fortified area capable to withstand attacks from the territory of Crimea. Facilitating the access of vessels coming from Donetsk region ports to the Black Sea, bypassing a Russian-controlled Kerch – the Enikalsky Straits.
- Facilitating poor business environment to cause degradation of business, to enhance rise of unemployment, to disrupt budget revenue income. Putting economic pressure on illegal Crimean leadership, forcing them to additional budget expenditures.

Tools: Denial to Crimean scientists the option to defend their Doctoral Theses in Ukraine until the end of the occupation.

Expected outcome: Inhibition of the peninsula's scientific potential, eradication of a misleading illusion spread among residents of Crimea that it is possible to benefit from both states; compulsion to take sides.

Tools:

- Forcing the impact on the price rise on electricity supply.

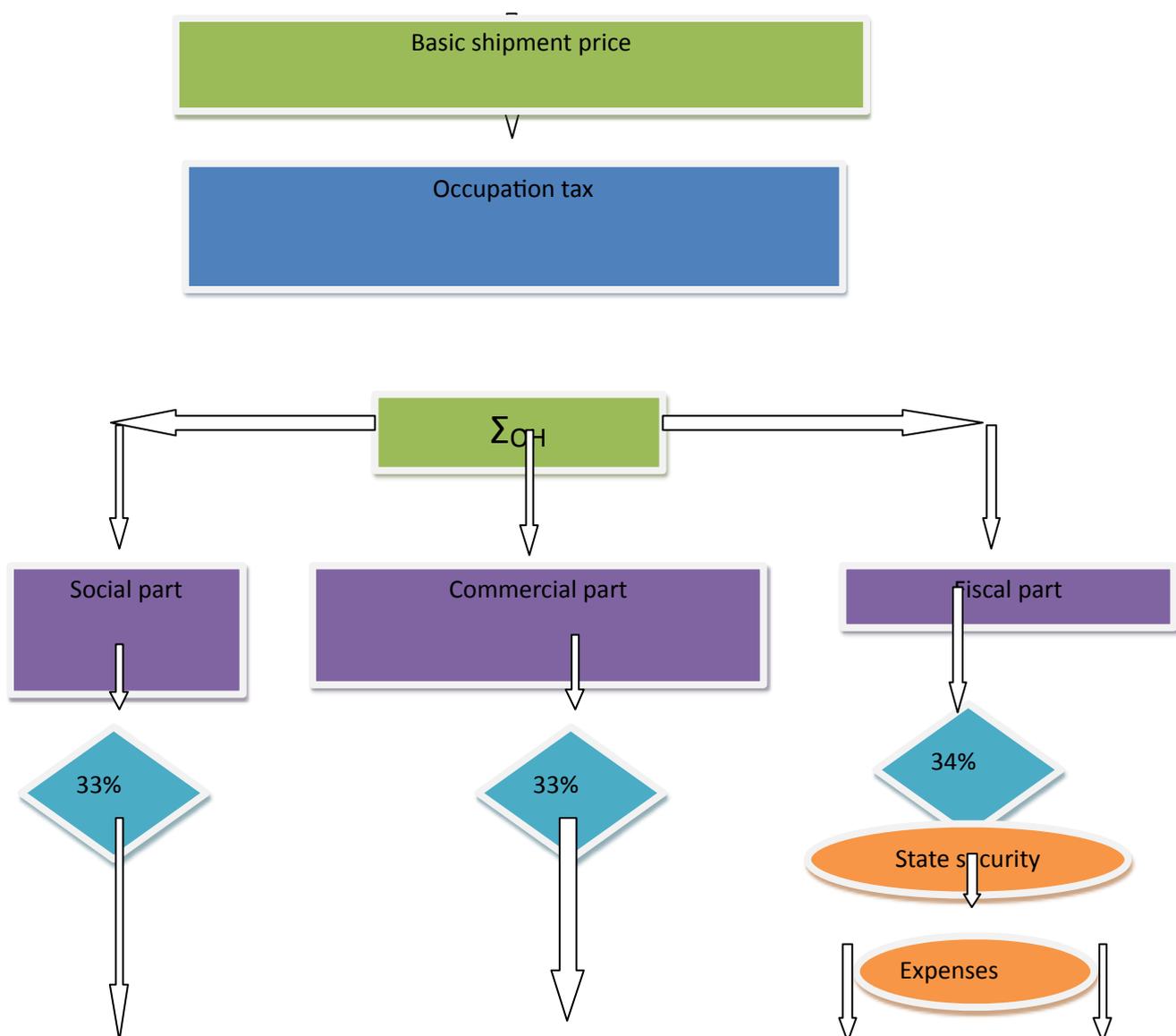
- Forcing the impact on the price rise on water supply via the North-Crimean Channel.

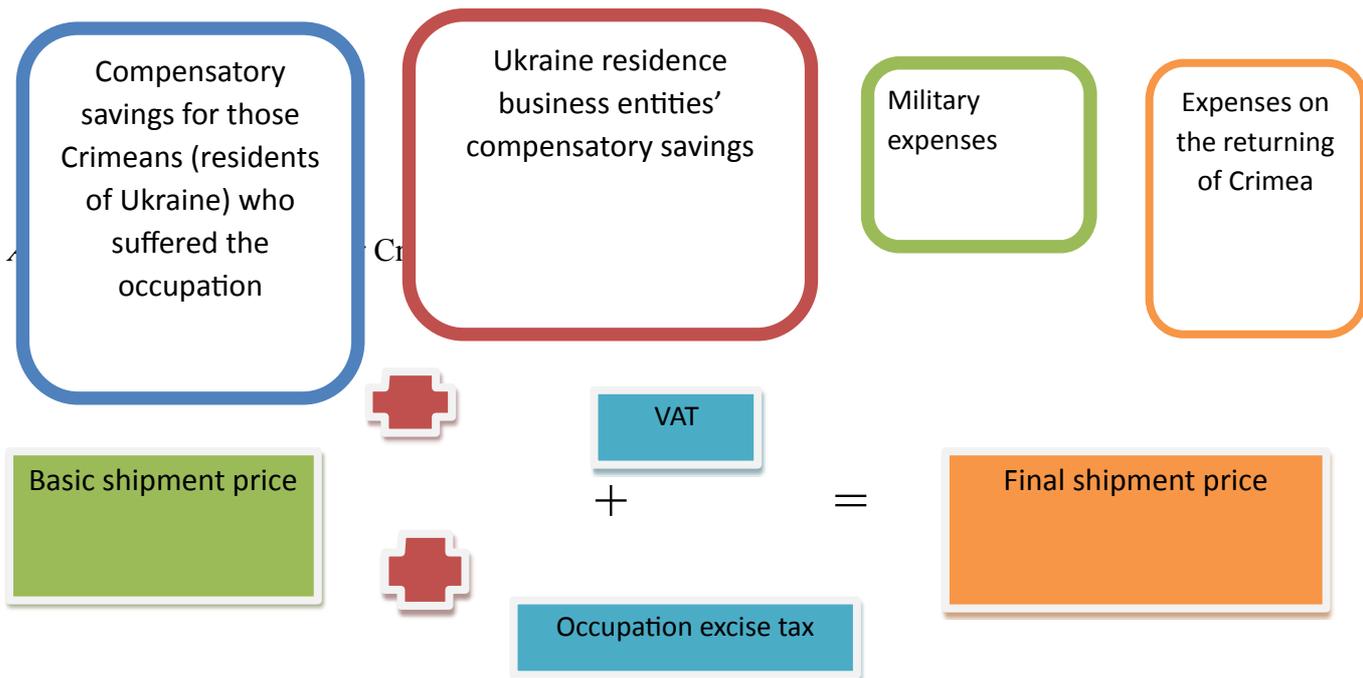
Expected outcome: rise in prime costs in Crimea; decrease in living standards; growth of social discontent; economic pressure on the illegal Crimean leadership; forced additional expenditures from the Crimean budget.

Tools: Compensation of the property losses resulting from the annexation of Crimea by the seizure of property in mainland Ukraine.

Expected outcome: economic pressure on the illegal Crimean leadership, partial compensation for the loss of state property in Crimea, forced additional expenditures from the Crimean budget.

Annex 1: Regulation and implementation of pricing policy in the temporary occupied Crimea





«Crimea Regain Strategy» and «Recommendations to the Government» were written and prepared for publication by experts of Maidan of Foreign Affairs Oleksiy Kuropyatnyk and Yuriy Smelyanskiy accordingly. Experts A.Klimenko and T.Puchkova also actively participated in this effort. Special thanks from Maidan of Foreign Affairs for their valuable contribution into “Crimea Regain Strategy” deserve Mykola Sungurovskyi, Refat Chubarov, Natalia Belitzer, Iryne Kuropyatnyk and Alice Kolesnikova.