



Not only Donbas: Ukraine in German Foreign Policy

Adam S. Czartoryski, Lidia Gibadło

Since 2014, the priority of Germany's policy towards Ukraine has remained to stabilise the situation in its eastern regions. At the same time, Ukraine's importance has gone beyond the conflict in the Donbas: it is increasingly becoming an element of the realisation of Germany's European and global interests and a target of German investments, especially in the energy sector. This evolution will be favoured by a change of the ruling coalition in Germany, which may occur after the Bundestag elections.

[The escalation of the Russia-Ukraine conflict](#) drew the attention of the German authorities to Ukraine again. However, Germany's reaction did not deviate from its previous behaviour in similar situations: calls for an end to military activity and compliance with the Minsk agreements. Although security issues remain at the centre of Germany's interest, in a broader perspective, the country is increasingly focusing on other areas of cooperation with Ukraine. The growing importance of Ukraine for Germany, resulting from the international situation and the expansion of economic relations, may encourage the latter to increasingly resolutely support the former in the economic and political sphere.

Ukraine in German Foreign Policy. The breakthrough in Germany's approach to Ukraine, perceived primarily in the context of relations with Russia, was the Russians' seizure of the Crimean Peninsula in 2014 and involvement in the Donbas conflict, which meant that the Russian authorities had violated, among others, the provisions of the OSCE Final Act and the 1994 Budapest Memorandum guaranteeing the territorial integrity of Ukraine. Thus, Russia has undermined the multilateral international system based on compliance with international agreements, which is one of the pillars of German foreign policy. The violation of the agreements that formed the basis of the European security system after 1990 and the commencement of military operations in the EU's neighbourhood also posed a threat to Germany. That is why it, along with France, was involved from the very

beginning in the process aimed at ending the conflict, which was reflected in the participation of Germany in the negotiations in Minsk in February 2014 and the Normandy Format meetings.

The escalation of the conflict in Ukraine in April this year once again opened a discussion in Germany on the continuation of [the current eastern policy](#). The lack of progress in the implementation of the Minsk decisions, [the prospect of Belarus' integration with Russia](#) and the attempt to poison and then imprison Alexei Navalny are arguments for supporters of a tighter course towards the Russian authorities and greater support for Ukraine. This position is represented by the Greens and the FDP and some Christian Democratic deputies. Opponents of the revision of the existing eastern policy are politicians from the CDU/CSU, the SPD, as well as the extreme opposition parties: the left-wing Die Linke and the right-wing AfD. Supporters of [Ostpolitik](#) revision also point to the costs of maintaining the current course, primarily in the context of the construction of the Nord Stream 2 (NS2) gas pipeline. Support for the completion of the project and emphasis on its economic nature is a burden on Germany's image in relations with Ukraine and Central European countries.

The importance of Ukraine is also influenced by the evolution of its role in German foreign policy. Currently, it is presented by the German authorities as an example of a country that is successfully transforming its system with the support of the EU, [despite the persistent problems with corruption](#). A report by the European Parliament Research

Bureau monitoring the implementation of the goals listed in the document “Eastern Partnership—20 results by 2020” shows progress in the areas of public administration and research and innovation. Ukraine’s foreign policy is also an important argument in the systemic dispute between Western liberal democracies and authoritarian states: the Ukrainian authorities, in their integration with NATO and the EU, see an opportunity for modernisation and economic development and obtaining security guarantees. Their position shows that although membership in both organisations is subject to a number of conditions, it is more attractive than immediate economic aid from China or Russia.

Bilateral Relations and the Tools Used. The basis of German-Ukrainian relations is economic cooperation, however, marked by asymmetry: Germany is Ukraine’s most important European trade partner, while Ukraine ranks only in the top ten in German exchange statistics. Despite this disproportion, this year, the volume of trade in goods and services between Germany and Ukraine increased by 36.5% compared to 2014. The Ukrainian market has become more attractive for Germany than, for example, Russia, with which in the same period Germany recorded a 34% decline in trade. Germany is also one of Ukraine’s most important investment partners: in 2019, it invested around €1.6 billion in the Ukrainian economy, which is 5.1% of the total volume of all foreign direct investments in the Ukrainian economy. That ranks it fourth among the main investment partners. There are also more than 1,200 companies with German capital operating in Ukraine.

Germany supports the political and economic reconstruction and stabilisation of Ukraine using funds contained in the “Ukraine Action Plan”, coordinated by the German Ministry of Foreign Affairs, in which federal ministries as well as partner and implementation organisations are involved, including German Credit Institute for Reconstruction (KfW), private business, and NGOs. The plan includes both short-term measures to alleviate crises and medium and long-term projects that address key issues in the Ukrainian reform process, including in the economy, energy and infrastructure, decentralisation, and local self-government. Germany also finances programmes to expand cooperation with Ukrainian civil society, investing more than €40 million since 2014 in bilateral and regional projects supported by German intermediary organisations, such as the German Academic Exchange Service (DAAD).

Germany is strongly involved in [the energy transformation process in Ukraine](#). By providing advisory and financial support, Germany is promoting a model based on increasing energy efficiency thanks to the abandonment of

coal and nuclear energy in favor of renewable energy sources (RES). There are currently two major projects initiated by the German government. The first is the Ukrainian Energy Efficiency Fund, whose aim is to reduce CO2 emissions by means of thermomodernisation of multi-family residential buildings. The second is the project to produce “green hydrogen” consisting of the construction of electrolyzers in Ukraine that use renewable energy, then the transport of hydrogen produced there to Germany through existing gas pipelines. The total German budget earmarked for hydrogen investments in Ukraine will amount to about €600 million. Thanks to its involvement in the Ukrainian energy sector, Germany wants to win the local market for German companies. Such activity can also be treated as an attempt to mitigate the conflict of interest between the two countries caused by the construction of NS2, which threatens Ukraine’s status as a transit country.

Conclusions and Perspectives. Germany will strive to maintain a mediator role in the Russia-Ukraine conflict. This will block the development of cooperation in the field of security policy and means that Germany will not consent to the supply of weapons to Ukraine. Additionally, fearing that relations with Russia will worsen, Germany will be unlikely to support Ukraine’s quest for membership in NATO and the EU for the time being. In view of the U.S. consent to the completion of NS2, Germany’s policy towards Ukraine will become a credibility test for the current and future German government: as the main supporter of the construction of the gas pipeline, Germany’s responsibility for ensuring Ukraine’s security is increasing.

The conflict in Donbas is a challenge for the current German Ostpolitik, but it may be overshadowed by an internal political struggle ahead of the autumn Bundestag elections. A possible correction of Germany’s eastern policy can be expected after the formation of a new federal government. Much will depend on the balance of power in the government coalition. The evolution of *Ostpolitik* is more likely in the case of a CDU/CSU alliance of the Greens than if the Greens formed a government with the left-wing SPD and Die Linke, which are less willing to change on this issue.

From Poland’s perspective, the situation of Ukraine and the prospect of completing the construction of NS2 constitute arguments for strengthening the defence potential of the Eastern Flank countries and for the German Ostpolitik’s revision towards intensifying cooperation with the Eastern Partnership countries and creating real prospects for their membership in the EU. Partnership Security Compact, which would allow to strengthen the security of the EU’s eastern neighbourhood.