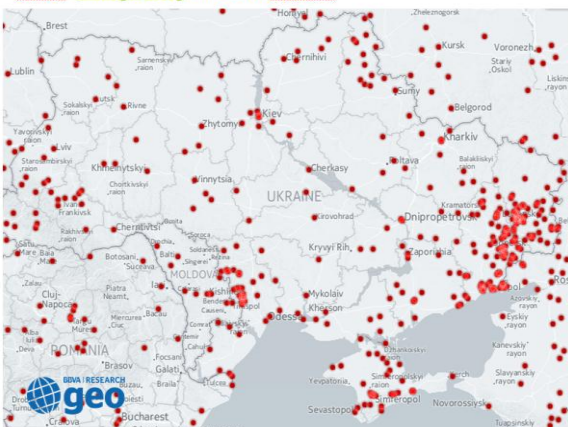


## Global Hot Topics

## Minsk II: fragile, but still an open opportunity before a new deterrence strategy

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The Minsk II agreement signed last week became effective last Sunday thanks to the efforts of European countries. The initial signs are not promising and the deal is still fragile. However, the opportunity window is still open to move to a new equilibrium in which the two big players (Russia and the USA) will extend discussions. If not successful, Minsk II will lead to a new strategy by the US administration with increasing “deterrence” and a potential escalation to a more serious situation.

**The situation in Ukraine: Conflict Index**Source: [www.gdelt.org](http://www.gdelt.org) and BBVA Research**The Minsk II Agreement: still fragile**

The leaders of Russia, Ukraine, Germany and France reached an agreement over the crisis in Eastern Ukraine in Minsk. **The agreement was the result of a big push by the US administration, which opened the possibility of increasing deterrence** (by a tougher tone from Vice-president Biden in Munich, but also through several [think tank reports](#) in Washington considering a change in strategy) and of providing lethal weapon support to Ukraine. **This led Germany and France to increase their diplomatic efforts to mediate between Ukraine and Russia.** While Ukraine accepted “the new reality” (helped by the IMF’s new USD17.5bn financial support line, bringing the total financing package of around USD40bn), **Russia relaxed its position** as the new terms and promises were

relatively favourable. **The technical details of the agreement are similar to the first one** (Minsk I) and include:

- A call for a **full-scale cease-fire** which began at midnight on 15 February and the withdrawal of heavy weaponry thereafter.
- Calls for a withdrawal **of all foreign armed forces and mercenaries from territories in Eastern Ukraine** (monitored by OSCE with the support of the Trilateral Contact Group).
- It will **provide certain political rights for the separatist-controlled territories** (ability to hold local elections, local self-governance, special status of the Donetsk and Luhansk provinces and changes to the Ukrainian Constitution to enshrine these measures into law).

**If successful, Minsk II should lead to further negotiations with an increased involvement of the two big players in the game: Russia and the US Administration. The absence of details in the plan will leave the success of the agreement dependent on the goodwill of both Russia and Ukraine: Russian control over the rebels is not total** (and therefore is subject to accidents), Russia could decide on its own not to fulfill the deal and last, but not least, the political cost of the agreement for Ukraine is high as they will have to change the Constitution.

In fact, **the beginning of the truce has not been promising.** Fighting between pro-Kiev forces and pro-Russian separatists continues today around the disputed transport hub of Debaltseve, despite the ceasefire that went into effect on Sunday. US Vice-president Joe Biden accused Russia of violating the accord, agreed in Minsk last week, while the Russian Foreign Minister Sergei Lavrov said Ukrainian forces had been encircled and were forced to battle their way out and. Ukrainian President Petro Poroshenko said that 80% of Ukraine’s troops left on Wednesday morning, with more to follow.

**Summing Up**

**The Minsk II agreement has opened a small opportunity window for all sides to move towards a better equilibrium. If successful, it could lead to further negotiations** which a greater involvement of the big players: **the US and Russia.** The **initial steps are not promising and if uncorrected will lead to the next stage in the conflict: the US will increase “deterrence” strategy with the lethal military support to the Ukrainian and potential escalation of the conflict with Russia.**

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