

[The Great Debate](#)

War is decided on the battlefield. Why peace is decided in Berlin.

By Lucian Kim

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[ANGELA MERKEL](#) | [ARSENIY YATSENYUK](#) | [BERLIN](#) | [CRIMEA](#) | [GERMANY](#) | [RUSSIA](#) | [UKRAINE](#) | [VLADIMIR PUTIN](#)



German Chancellor Angela Merkel and Ukraine Prime Minister Arseniy Yatsenyuk pose for media prior to a Ukrainian-German economic conference in Berlin, Germany, October 23, 2015. REUTERS/Hannibal Hanschke

John Herbst, a former U.S. diplomat, wasn't trying to flatter his German hosts when he took a dig at Washington late last month — he was just describing a new reality.

"Berlin is the critical capital in the West for settling a just solution to the crisis in Ukraine," he said while introducing a think-tank panel discussion on human rights in Crimea.

Outside, the traffic was backed up through the Tiergarten, the central park that merges into Berlin's glass-and-steel government quarter. Israeli Prime Minister Benjamin Netanyahu was making his way to a meeting with Chancellor Angela Merkel. The next day, U.S. Secretary of State John Kerry was expected in town, as well as his European Union counterpart Federica Mogherini.

Everybody wants to talk to the Germans — about Syria, Iran, Russia, Ukraine and all the other trouble spots in the world. Without even trying, Berlin has become the "it" capital of the Western world. Russian President Vladimir Putin will go to war to prove how important he is, but Merkel, in all her unpretentiousness, has become the indispensable leader Putin craves to be. The Obama administration's disinterest in Europe has forced the German chancellor to become the default arbiter of war and peace on the continent.

The Russia-Ukraine conflict came to Berlin in October, though in suits and ties rather than combat fatigues. Ukraine, known for its homespun civic activism, put on a glitzy investment conference in an effort to attract German business and shore up its ailing

economy. Russia, where non-governmental organizations are being strangled, held a civil society forum. The symbolism was striking: Ukraine needs money, Russia a sense of normalcy after Germany froze relations following the annexation of Crimea.

Neither Ukraine nor Russia can muddle through without Germany, the main guarantor of the so-called Minsk peace accord, which foresees a step-by-step de-escalation of the conflict in the separatist regions of Donetsk and Luhansk. Putin is trying to persuade Merkel that it's already time to lift EU sanctions imposed because of the Russian intervention in Ukraine; the Ukrainian government wants to convince her of the exact opposite.

Merkel, who was unequivocal in her condemnation of Russia's unilateral changing of borders, pushed through the sanctions despite Germany's close business ties to Russia. In spite of a refugee crisis that threatens to bring down her government and spiraling violence in Syria, she is throwing her support behind beleaguered Ukrainian Prime Minister Arseniy Yatsenyuk, [whose approval ratings are rock bottom](#) amid disillusionment over the pace of reform and allegations of high-level corruption.

The implicit deadline for implementation of the Minsk accord is December 31, 2015 — and [EU sanctions come up for renewal in January](#). Many Ukrainians suspect that Putin is temporarily complying with the Minsk deal so he can focus Russia's war effort on Syria and sow discord among Europeans on the need to extend sanctions.

Merkel faces mounting pressure to relax her position as a fragile ceasefire holds in eastern Ukraine. Germany's influential business lobby, the Committee on Eastern European Economic Relations, [advocates lifting sanctions against Russia](#) as a way of facilitating the implementation of the Minsk agreement — rather than as a reward for compliance. The viewpoint is widely shared among the Social Democrats in Merkel's coalition government.

Putin is betting that in the end business — and energy business in particular — will outweigh outrage over his transgressions in Ukraine. Germany imports more than one-third of its natural gas from Russia, and the Kremlin is pushing to expand Nord Stream, a pipeline bypassing Ukraine via the Baltic Sea. The Ukrainian government is concerned about losing up to \$2 billion in transit fees if the expansion goes through. Merkel insists the project can't be realized at Ukraine's expense.

Merkel is trying her best to reassure Ukraine that Germany won't back down its support. She opened the recent Ukrainian investor day, met with Yatsenyuk, and blessed [the founding of a bilateral chamber of commerce](#) to stimulate German investment into Ukraine. She also pledged that sanctions won't be lifted until the Minsk deal has been fully implemented. And she reiterated Germany's support for an EU free-trade agreement with Ukraine that comes into effect on New Year's Day.

Even as Merkel was praising the Ukrainians' rocky road to reform, a delegation from Moscow was trying to jumpstart the "Petersburger Dialog," an annual forum that the German side boycotted last year because of Russia's military involvement in Ukraine. With regular meetings between the two governments halted, the Russian side will take any opening to start normalizing relations. Russia's loss of Germany as a partner was one of the greatest unintended consequences of the Ukraine crisis — and came as a shock to the Kremlin.

Of course for Germany, Russia still towers over Ukraine in economic significance. Last year, Russia was Germany's 12th-largest trade partner, with a turnover of 68 billion euros, while Ukraine came in 48th place with 5 billion euros, [according to Germany's Federal Statistical Office](#).

The Kremlin is using Europe's dependence on Siberian gas as a way of changing the subject from the dismemberment of Ukraine to the realpolitik of business. Less than a week after the Petersburger Dialog, Putin hosted Merkel's Social Democratic vice chancellor, Sigmar Gabriel, to discuss the expansion of the Nord Stream pipeline.

In the current political climate, it's hard to see the project going ahead as planned. Whether the additional capacity really goes online in 2019 will be decided in Berlin — not Moscow.

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