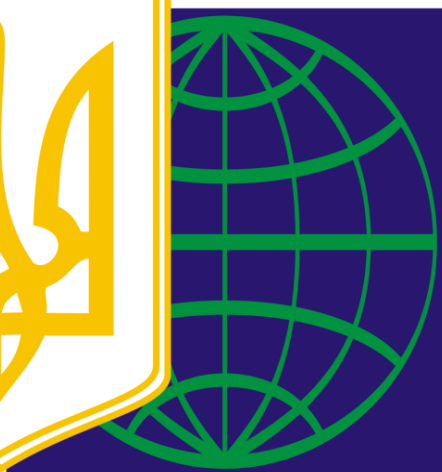


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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS

‘Vlasenko’s question’ in the context of Ukraine’s European integration

On March 6, 2013 the Supreme Administrative Court of Ukraine upheld the claim of the Verkhovna Rada speaker Volodymyr Rybak for the early termination of the mandate of state deputy and representative of opposition party ‘Batkivshchyna’ ex-premier Yulia Tymoshenko’s lawyer Serghiy Vlasenko, due to the incompatibility of the parliamentary mandate with advocacy activities. Vlasenko said that his forthcoming arrest was also being planned. The opposition has claimed the decision is politically motivated. The government, on the other hand, has shifted the issue onto the legal plane. It should be noted that Party of Regions state deputy A. Verevskiy was also earlier unseated due to a judicial decision.

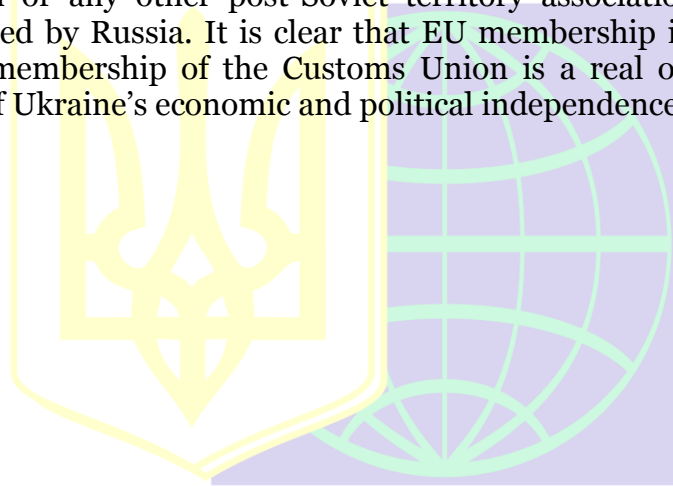
This decision by the Supreme Administrative Court on the withdrawal of Vlasenko’s mandate is significant not only in the context of the internal political conflict between the government and the opposition, and the peculiarities of Ukrainian democracy, but also in line with its impact on the international position of the country. It is about fulfilling the requirements necessary for signing the Agreement for political association and economic integration with the EU during the Eastern Partnership summit in Vilnius scheduled for November 2013, including reforming the electoral law of the country and avoiding selective justice.

While considering the Supreme Administrative Court’s decision on the case of S. Vlasenko, on March 13, 2013 the European Parliament held a debate concerning the situation in Ukraine, once again emphasizing the importance of the state fulfilling the decisions of the 16th EU - Ukraine Summit, which would make the signing of the Agreement initialed last year possible. Another prerequisite is Ukraine’s progress towards fulfilling the abovementioned requirements in May 2013. In general, the decision by the highest Ukrainian judicial institution on Vlasenko’s mandate was perceived by the EU and the US in line with the policy of selective justice or politically motivated judgment, just as in the cases against former Interior Minister Yuriy Lutsenko and former premier Yulia Tymoshenko.

The Eurointegration intentions and declarations of the Ukrainian government are viewed positively by European officials, particularly concerning the National Security and Defense Council’s recent decision, enacted by presidential decree, for urgent measures for Ukraine’s European integration, which provides all the necessary steps towards signing the State Association Agreement this year. However, ***the EU is rather skeptical of the Ukrainian authorities’ actions concerning the implementation of the official statements.*** Analysts believe the current Ukrainian

leadership is more interested in political survival, security issues, ensuring their own interests as well as future presidential elections than in European integration, liberalization of the visa regime with the EU and implementation of economic reforms. ***Ukraine tends to believe that its unique geopolitical position and, as a result, desire of Americans and Europeans to prevent its falling into Russia's sphere of influence will make the signing of that agreement possible.*** The geopolitical factor is undoubtedly important, but even if it is sufficient to sign the bilateral agreement itself, it is unlikely to ensure further ratification by the parties without Ukraine's implementation of these requirements. There is still a question of whether the EU really needs as unreliable and unpredictable a partner as Ukraine is, a partner which does not comply with European values and standards. Therefore, the EU is likely to insist on Ukraine's fulfilling the commitments before the Association Agreement can be signed.

Ukraine's actions in the international arena resemble implementation of the multi vector policy: a so called Euro 'pause' and activation of the Russian vector foreign policy. However, at the present stage of development of bilateral relations with the two integration centers of gravity their effective coexistence within Ukrainian practice is impossible. It might include either free trade and political association with the EU, or the Customs Union or any other post-Soviet territory association, which would be completely dominated by Russia. It is clear that EU membership is a distant prospect for Ukraine while membership of the Customs Union is a real one, though possibly leading to the loss of Ukraine's economic and political independence.



UKRAINE – NATO



KEY THEME ANALYSIS

Panel Discussion on the topic: “NATO Secretary Annual Report for 2012: defense is important”

On March 14, 2013 the Diplomatic Academy of Ukraine of the Ministry of Foreign Affairs of Ukraine played host to the expert discussion on the topic **“NATO Secretary Annual Report for 2012: defense is important”**, organized by the **NATO Information and Documentation Centre in Ukraine** and the **Foreign Policy Institute of the Diplomatic Academy of Ukraine of the Ministry of Foreign Affairs of Ukraine**. Welcoming remarks were made by Gregory Perepelytsia, director of the Foreign Policy Institute, and Natalia Nemylivska, director of the NATO Information and Documentation Center in Ukraine.

Dr. Gerlinde Nihus, head of the Department for working with partner countries and NATO members Public Diplomacy division at NATO headquarters, opened the discussion with a presentation concerning the NATO Secretary’s Annual Report for 2012. Dr. Gerlinde Nihus outlined three main categories included in the report: NATO operational priorities, defense guarantees for the future and expanding partnerships.

Gerlinde Nihus highlighted the situation in Afghanistan. NATO is currently changing its attitude and approach to this operation. If the operation was only of a fighting nature at the very beginning, starting from 2014 NATO would mainly provide support and help also with guidance and mentoring. The Afghan government and security forces will completely have taken over these responsibilities by 2014. In addition, Dr. Gerlinde Nihus stressed that the majority of the Afghan population lived in safety, though there were exceptions. She said that not only NATO but also the international community would be committed to the issue of Afghanistan’s support in order to obtain a reliable and stable partner after 2014.

The next question focused on by Dr. Gerlinde Nihus was combating piracy. She stressed that NATO and the EU cooperated in this area. She also mentioned Ukraine’s important contribution to the piracy fighting ‘Ocean Shield’ operation.

Another important issue, which was highlighted by Dr. Gerlinde Nihus, was collective defense. These days NATO finds itself under considerable financial pressure. In this regard, Ms. Nihus outlined the tendency to decrease defense spending. But despite this fact, the capacity and ability to deploy and transfer military forces has significantly increased recently. However, there are still some problems associated with maintaining this capability.

The Chicago Summit has introduced two initiatives relevant to the issue: smart defense and the interrelated forces initiative. The smart defense idea calls for the uniting of all countries into some kind of an alliance led by one strong country. This is fully consistent with the philosophy of integration and sharing of resources. As an example one can think of a number of already existing projects including ground surveillance, missile defense and intelligence joint systems. The Ground Surveillance project involves 13 NATO member-countries. Last year's NATO discussions resulted in the UK and France co-financing this system. The two countries will provide material and technical support.

The next project (i.e. missile defense) is a very important issue as far as relations with Russia are concerned. As the Alliance is greatly concerned about ballistic missile proliferation, NATO finds it necessary to preserve public safety with the help of the missile defense system. Dr. Gerlinde Nihus emphasized that NATO was willing to cooperate with Russia, but the latter preferred to use complex systems being rejected by the Alliance.

The last example concerned the joint intelligence system. Experience gained through NATO operations in Libya highlighted the importance of possessing all relevant data. Building military surveillance and intelligence is one of the fundamental principles of any military operations.

Gerlinde Nihus also focused on the cyber security problem. The number of cyber attacks on the NATO structure has increased. NATO is in the process of improving its cyber security policy. Cyber security was identified as a new actively growing threat to our security. Ms. Nihus noted the extreme complexity of evaluation of the potential negative impact of cyber attacks.

During the Lisbon summit sittings the Alliance pledged to build a world without nuclear weapons. These days NATO is working towards achieving the goal in accordance with Barack Obama's vision of it, but as long as the nuclear weapons themselves exist, the nuclear concept and nuclear weapons remain in NATO's arsenal.

The last column in the field of ensuring security is expanding partnerships. The network of NATO's partnership is currently growing both geographically and in depth. Central and Eastern European countries were the first ones to unite under the 'Partnership for Peace' concept. A number of other projects were initiated later including the Mediterranean Dialogue and the Istanbul initiative. These days the number of NATO partner countries is growing constantly. There is a current discussion concerning cooperation with Asia-Pacific countries, such as India, China, Japan, Australia, New Zealand and others. Certain projects in Iraq, Korea, and Mongolia have been completed recently. A political framework with Australia has already being formed.

Dr. Gerlinde Nihus stressed that the partnership with the Alliance is based on mutual relations, common interests and issues of concern. This relationship is as broad and deep as partners and NATO wish it to be.

Cooperation with Russia is one of the key priorities for NATO. The Alliance wants to establish strategic partnerships with Russia as both entities have a lot of mutually relevant and important issues. A special NATO-Russia Council cooperation program has recently worked out dealing with the military sphere mostly as Russia is interested in NATO experience in the process of armed forces modernization.

Ukraine, according to Gerlinde Nihus, is NATO's key strategic partner. In particular, she thanked Ukraine for its contribution to NATO operations, putting the case of Afghanistan as an example, with Ukraine intending to maintain its further support. Dr. Nihus outlined the importance of Ukraine in the 'Ocean Shield' operation, which demonstrated the quality of NATO-Ukraine military cooperation. She also mentioned NATO support in the area of security and defense sector reform. Many

projects are of a purely practical orientation. They include utilization of surplus military equipment and ammunition, cooperation in the field of public diplomacy and others.

The discussion was enriched by the presentations by **Oleg Alexandrov**, chief consultant of the Department for defense strategies and military-technical policy of the Institute for Strategic Studies. Oleg Alesandrov stressed out that although the official declaration of Ukraine's aspirations to join NATO was left in the past, their cooperation is still being preserved. Constructive partnership, being a format Ukraine is developing its cooperation with NATO, gives it the opportunity to get experience in shaping the international security climate. In addition, he noted that the Annual National Program (ANP) was a possibility to extend further cooperation. Moreover, the latest program was highly evaluated by the NATO-Ukraine Commission. Finally, as Oleg Alexandrov said, any calendar year had to be started with already approved programs, but not with expectations for their approval at the highest political level.

Oleksiy Melnyk, the co-director of the foreign policy programs and international security of the Razumkov Center, gave a presentation, which focused on the distribution of Ukraine's budget, being unacceptably low compared to NATO member-countries' standards. Mr. Miller said that despite the change of government, any deterioration in relations between NATO and Ukraine had not happened: although the ultimate goal was changed, nothing paradoxical happened. He also stressed that the main problems included the traditional ability of the Ukrainian authorities to implement system reform and conduct its foreign policy.

Oleksandr Sushko, the research director at the Institute for Euro-Atlantic Cooperation, stressed the important role of the Annual National Programme (ANP) as a comprehensive document regulating the bilateral cooperation. He noted that Ukraine was the only country that officially declared no intention to join NATO, though implementing (ANP), which was a document that described the very process of joining NATO. In addition, Mr. Sushko said that (ANP) is a bridge, a kernel, a sense of NATO-Ukraine cooperation. However, he stressed that in recent years one could trace reduced publicity and accessibility of state documents relating to cooperation between Ukraine and NATO. The overall conclusion of Oleksandr Sushko's speech was that the (ANP) is an exotic element in Ukraine making possible analysis and drawing conclusions on cooperation between Ukraine and NATO.

The presentations resulted in a discussion regarding the role and place of Ukraine in cooperation with NATO and priorities for cooperation between Ukraine and NATO. The discussion was contributed to by leading Ukrainian experts in the field of national and international security, as well as the Foreign Ministry and the Ministry for Defense of Ukraine's representatives.

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS

What will President Viktor Yanukovich's visit to Russia bring in the near future?

On March 4, 2013 the President of Ukraine Viktor Yanukovich visited Russia, where he met with his Russian counterpart Vladimir Putin in his suburban residence Rus (formerly Zavidovo, Tver region). This form of visit did not stipulate the signing of any important international agreements, but only included discussions of the issues in bilateral relations, with no specific agreements needed.

During a long conversation lasting many hours the two presidents discussed issues concerning cooperation in the field of nuclear energy, in particular completion of the third and fourth blocks of Khmelnytsky nuclear power plant and co-production of the AN planes. The leaders did not bypass the issue of the Transdnistrian settlement in the context of regional security and stability as well as Ukraine's OSCE presidency.

However, special attention was paid to the 'gas' issues (the price for Russian energy carriers, status of the Ukrainian GTS) and the economic integration within the Customs Union of Russia, Belarus and Kazakhstan, and Ukraine's interaction model. Despite the economic (at first glance) character of these bilateral relations issues; they have strategic value because of possible problems related to the loss of state sovereignty and political independence of Ukraine under condition of its participation in the Russian supranational associations.

The 'gas' problems being discussed by the Presidents included the possibility of reducing the price of Russian natural gas from US \$ 426 to US \$ 260 per 1,000 cubic meters through creation of a bilateral joint venture, which would lease the Ukrainian GTS. The situation would be similar to the RosUkrEnerg one, with the Russian side being represented by 'Gazprom' and the Ukrainian side by some company close to the president's circles. Russia also is supposed to commit itself to transporting at least 60 billion cubic meters of gas annually and to provide guarantees for the fulfillment of payment for transit services. There is also a possible agreement on cheap Caspian energy transportation through the territory of Russia, particularly in line with the recently signed 'gas' memorandum between Ukraine's 'Naftogaz' and 'Turkmengaz' for Turkmen gas supplies to Ukraine.

However, Ukraine is required to ensure some legal perpetual lease of the national GTS in case of a change of the powers. It is a well-known fact that any bilateral gas agreements with Russia will cost Ukraine increased energy and, hence, political dependence on its north-eastern neighbor, preserving energy non-effectiveness, corrupt

practices of fuel imports, and rejection of integration into the European energy market. With losing control over the domestic GTS, the Ukrainian leadership could become dependent on Russia, which, with its industrial assets, would humble the Ukrainian oligarchy, consequently leading to a loss of economic independence and, ultimately, reformatting Ukrainian-Russian relations into the **vassal - customer** scheme.

Eventually, the Russian gas discount issues are also of a short-term nature, as Russia will gradually raise energy prices anyway, making Ukraine lose in the long run, especially given the tendency of gas prices to fall in global terms. However, rising gas prices will lead to an increase in utility tariffs and, hence, make powers ratings fall against approaching presidential elections in 2015. Therefore, officials can not help repeating statements about the impossibility of the Ukrainian GTS modernization without the Russian monopolist Gazprom's help.

The next strategic prize for Russia after appropriation of the Ukrainian GTS has to be Ukraine's accession to the Customs Union of Russia, Belarus and Kazakhstan. The President of Ukraine Viktor Yanukovich stated that the question of Ukraine's immediate entry into the Customs Union is not on the agenda yet. It rather refers to the format of relations not only at the level of governments of Russia and Ukraine, but also the executive body of the Customs Union, which will be discussed after the appropriate processing by experts during the meeting of four presidents in April 2013. There are only talks about the format of "3 +1" at the moment as well as the further interaction of our country that should not contravene its international obligations and WTO rules. Clearly, the Russian side seeks full integration of Ukraine, promising Ukrainian GDP to increase in case of accession to this international association up to 1.5-6.5% depending on the degree of integration.

In addition to the "3+1" format and Ukraine's full membership in the Customs Union, the formula of the 'associate membership' of Ukraine is also being processed. That can give our country access to all documents, the opportunity for its representatives to study the decision-making practices, participate in meetings of the Customs Union bodies as an observer without any voting rights. After two years has passed Ukraine has to decide on its full membership in the Customs Union. This formula resembles the format of Ukraine's participation in the CIS (being one of the founding members, it has not signed the Charter of the Commonwealth), which failed to become an effective form of cooperation between the former Soviet countries. However, such 'associate membership' is not provided by the Customs Union statutory documents and is unresponsive to the political interests of Russia. Moreover, Ukraine's either associate or full Customs Union membership threatens the EU Association Agreement as the EU free trade zone is incompatible with Ukraine participating in the Customs Union of Russia, Belarus and Kazakhstan.

Ukraine, currently standing at the European threshold, does not see any benefits of the situation, so the previously declared format of bilateral cooperation within the "3 +1" formula is the best form of relationship with the post-Soviet integration.