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UKRAINE – THE EUROPEAN UNION



KEY THEME ANALYSIS: *The 2012 Elections and the prospects of cooperation between Ukraine and the EU*

Practically the whole world was watching the election campaign in Ukraine, and there were more than 4,000 international observers at the election precincts. Moreover, conclusions, reports and statements of the European Union representatives determine the further prospect of cooperation between Ukraine and the EU for Ukraine.

The initialing was on **March 30, 2012** in Brussels. But initialing is only the first step towards the signing of the agreement, moreover, this type of procedure, does not in fact mean the compulsory signing of this agreement. Back in March, after the initialing of the Association Agreement between Ukraine and the European Union, EU representatives said that the further fate of the document depends on the parliamentary elections in Ukraine. Accordingly, the EU closely followed this process. Kyiv tried to show observers that Ukraine can ensure fair and free elections. For this purpose, cameras had been installed at the election precincts (to make the voting process more transparent).

The first formal EU ¹ pronouncement appeared only late in the evening on October 29 2012. In this statement Catherine Ashton, EU High representative for the Common Foreign and Security Policy, and Stefan Füle, EU Commissioner for Enlargement and European Neighbourhood Policy, paid most attention to the most sensitive procedure for possible fraud, namely - ***the process of counting votes and tabulation***. In their statement they emphasized that the final assessment will depend on post-election development of events, after which the European Union will monitor closely.

The next **remark** from the European Union in this application **concerned Yulia Tymoshenko and Yuriy Lutsenko**, who are in prison. But, again, the EU representatives tried to avoid naming names openly, which emphasizes caution in statements made regarding elections in Ukraine. Another **disadvantage**, which was accentuated by the Europeans, was the fact that the **ruling party had more access to the methods of election campaigning**, moreover, the Ukrainian **media supported it**.

But on November 3, 2012, a new statement of above-mentioned European Union representatives appeared, which stressed that the EU closely monitors the elections in Ukraine and is very concerned about the fact that the consolidated results have not yet been announced 5 days after the vote. They are calling on the government and all

¹JointstatementbyHighRepresentativeCatherineAshtonandCommissionerStefan FüleontheparliamentaryelectionsinUkraine.

[Електронний пєсyпс:http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/133255.pdf]

stakeholders to take necessary steps to complete the tabulation of votes, the announcement of the results, and the administration of complaints as soon as possible in full accordance with established rules and procedures.²

Though the European Union representatives criticize the elections in Ukraine, they are not trying to predict the further development of cooperation between Ukraine and the EU and the fate of the Association Agreement between Ukraine and the EU. We are not talking about the application of any sanctions against Ukraine. However, due to the tabulation of votes process, massive fraud and violations of the laws and principles of elections, it is unknown whether these elections will be recognized by the European Union and the international community as a whole.

All of the statements made by representatives of the European Union make it clear that they took a wait-and-see approach. *The EU does not intend to stop cooperation with Ukraine immediately after the elections*, because, ***firstly***, the foreign policy vector of the latter will be conclusively directed towards the Russian Federation, since that way the ruling party can maintain its power. ***Secondly***, no matter what, Europe did not lose hope that the new government will act in the interests of European orientation. ***Thirdly***, the EU is interested in close cooperation with Ukraine, but at the same time, it can not betray its democratic values undermining its authority.

To conclude it should be noted that the EU predicts rectification of relations with Ukraine. The frozen state of the Association Agreement will not change. ***The main question at the moment is: whether Europe will acknowledge the vote returns as legitimate and whether it will apply sanctions against Ukraine.*** In any case, the Association Agreement is unlikely to be signed by the end of the year, as is predicted by the government. In addition, Europe will not budge on democratic values in its policy and the policy of its partners. The EU, to some extent, supposes a possibility of escalation in political conflict in Ukraine after the parliamentary elections of 2012 and that can lead to V.Yanukovych bowing to Russia. In any case, the final evaluations and statements are expected to be made by the EU in 2 months regarding elections to the Verkhovna Rada of Ukraine in 2012. In essence, when the composition of Parliament will finally be formed.

²Statement by the Spokespersons of High Representative Catherine Ashton and Commissioner Štefan Füle on the parliamentary elections in Ukraine.

[Електронний ресурс: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/133281.pdf]

UKRAINE – NATO



KEY THEME ANALYSIS: *Ukraine Intends to Continue Its Participation Within the Framework of a New NATO Mission in Afghanistan Even After the Scheduled Date for the Withdrawal of Troops in 2014*

On 18-19 October 2012 the North Atlantic Council and ambassadors of several NATO partner states paid a visit to Afghanistan where they met President Hamid Karzai, members of the Government and Parliament in Kabul, regional leaders, and had meetings with the commanders of the International Security Assistance Force (ISAF) and the Afghan National Security Forces from the regional headquarters “East”, “South West” and “North”. The main reason for such a mass trip was the increase in the number of so-called “insider” attacks during which members of the Afghan National Security Forces began to use weapons against NATO servicemen under the influence of the Taliban and ‘Al Qaeda’. This year 52 foreign soldiers have died because of such incidents. According to the reports of the Alliance servicemen, such attacks pose a threat not only to the ISAF soldiers, but also to Afghan soldiers, policemen and civilians. Accordingly, now the most important thing is to take steps to reduce the risk of such attacks, including the perfected clearance and selection inspection, counterintelligence and culture and traditions training. So, in fact, one can assume that such a situation will only reinforce NATO’s commitment to maintaining its presence in the country within the framework of a new mission after the scheduled date for the withdrawal of troops in 2014.

Today the total number of ISAF is 112 210 people from 50 contributing countries (including all the NATO Member States), which formed 24 groups to rebuild the infrastructure of the provinces of Afghanistan. The Afghan National Security Forces continue to take over responsibility for security in Afghanistan. However, there is a need to increase the assistance in the training of these forces. Despite the fact that today in the country there are 350 000 Afghan soldiers, their training remains the issue which the Alliance strives to work on in future, expanding the so-called “mission on training, assistance and support”. Although the majority of Afghans live in a relatively safe and stable environment, for the last ten years the production of heroin in the country has increased 40 times, and at the beginning of 2012 130 000 hectares were occupied by the opium poppy. According to the estimate of the US Senate Committee on Foreign Relations, every year the Taliban receives USD 150 million from the production of drugs (according to the Federal Drug Control Service of the Russian Federation, in Afghanistan these revenues are about USD 4 billion). Therefore, NATO has yet to make

significant efforts to implement the mission “to prevent the recreation of a shelter for terrorists in Afghanistan”.

So, the presence of foreign troops in the country should continue after 2014, firstly, on the basis of the request of the Government of Afghanistan, and, secondly, on the basis of the UN Security Council decision. The UN Security Council has prolonged for another year (until 13 October 2013) the presence of international forces under NATO command in Afghanistan. In fact, after that date, the foreign military will act in the country only on the basis of bilateral agreements between individual Alliance Member States and Kabul. If the country's leaders agree to this “renewed” format of relations, the NATO servicemen would hamper the activity of the Taliban fighters, giving the Afghans time to take control of the country. However, on the other hand, such obsession of the West only amplifies the aggression of local rebels, preventing the legitimate Government from taking control of the situation.

In the context of these trends, ***on 10 October 2012 the delegation of Ukraine headed by the Ukrainian Defence Minister Dmytro Salamatin took part in the meeting of the NATO North Atlantic Council at the level of Defence Ministers together with the ISAF contributing countries***, during which they discussed the current progress of the transitional period, the forms of cooperation in Afghanistan beyond the transitional period, and the format of the NATO-led mission after 2014. It was emphasized that, maintaining the unity of the Alliance in its intention to continue supporting of the Afghan Government after the transitional period and transferring of the responsibility for security in the country, Ukraine is also interested in the continuation of its participation in the international efforts in Afghanistan. Now our country is actively involved in the planning of the new NATO-led mission in the “28 + 6” format (28 Member States and 6 Alliance partner nations: Finland, Sweden, Australia, New Zealand, Georgia and Ukraine) which will surely contribute to the development of optimal political and military decisions from the long-term perspective.

In fact, this statement has some basis because our state, using the existing levels of cooperation with the West, relies on a suitable response. *Firstly*, the Annual National Programme of NATO – Ukraine Cooperation remains a key policy document on the systematic short- and medium-term cooperation with the Alliance. *Secondly*, our country remains an extremely important factor in Euro-Atlantic security taking quite an active part in the peacekeeping operations under NATO command. *Thirdly*, the Ukrainian authorities are trying to “cling” to Afghanistan economically by participating in the reconstruction programmes in the country. Moreover, in September this year, during the visit of Dmytro Salamatin to Afghanistan, the parties expressed mutual interest in the training of military specialists at the Ukrainian educational institutions that should become the basis for the further strengthening of friendly relations between the two countries.

In addition, on 18 September 2012 the Verkhovna Rada of Ukraine adopted the Law of Ukraine № 5286-VI “On the Amendments to Certain Laws of Ukraine on Participation of the Armed Forces of Ukraine in International Peacekeeping and Security Operations” which allows Ukrainian soldiers to take part not only in the humanitarian and peacekeeping missions, but also in the combat ones. Accordingly, our state counts on much ‘closer’ cooperation with the Alliance.

However, these ‘measures’ will hardly prove to be sufficient. Against a background of the negative NATO reaction to the parliamentary elections in Ukraine, Kyiv cannot still hope for interaction with the Alliance “on all fronts” of its foreign policy. In addition, the non-block status of our state and its “excessive cooperation” with Moscow is also the limiting factor in such relations.

On the other hand, taking into account that the firms from the countries which have not sent their contingents to Afghanistan receive the current 'Afghan' contracts, Ukrainian hopes for the participation in such projects as the laying of the TAPI pipeline (Turkmenistan – Afghanistan – Pakistan – India) and the construction of small hydropower plants, in which the Ukrainian 'Turboatom' could take part, remain futile. Moreover, having no economic benefit from its 'Afghan vector', Kyiv incurs direct economic losses. *Firstly*, the specification for NATO missions stipulates that the contingents of each country should be financed exclusively by the countries themselves, at the expense of their own budgets. *Secondly*, in 2015-2017, for the assistance of Afghanistan, Ukraine will allocate from its state budget a sum equivalent to USD 500 thousand. On 21 May 2012 the Cabinet of Ministers of Ukraine approved the Draft Decree of the President of Ukraine "On delivery of humanitarian assistance to the needs of the Government of the Islamic Republic of Afghanistan". This Draft Decree was elaborated "in order for Ukraine to support the multinational efforts in restoring and ensuring lasting peace and stability in Afghanistan involved in armed conflict".

Accordingly, one can envisage a situation where Kyiv will need to organize the proper allocation of funds, sending troops to Afghanistan and contacts with the Alliance in order not to remain in isolation.

FOREIGN POLICY OF UKRAINE



KEY THEME ANALYSIS: ***Strategic intentions and tactical results: V.Yanukovych's official visit to Moscow***

The end of October was marked among foreign policy events by President V.Yanukovych's official visit to Moscow. On October 22nd, he met with Russian President, Vladimir Putin, in the presidential residence Novo-Ogaryovo. It is obvious that the meetings of the two presidents in 2012 were not distinguished by high intensity. In comparison with 2010 their number has decreased by half. This fact definitely confirms the cooling off of the political dialogue between Ukraine and Russia at the highest level.

The Kremlin has a clear strategic advantage in dealing with Kyiv. The Gas Agreement in 2009 allowed Russia to effectively implement "the strategy of depletion" when the price of 426 dollars per thousand m³ depleted the Ukrainian economy, its financial system and currency reserves. This made the government of Ukraine more compliant and amenable in the realization of geopolitical projects such as the Customs and Eurasian Unions.

On the other hand, a clear setback from democratic principles and electoral fraud on the majority constituency that became apparent during the tabulation of votes in the constituency election commissions will make Ukraine's European integration increasingly illusory. Moreover, this situation will lead to sanctions and other measures of international isolation of the country's leaders by the West. So, at one point it can appear that the road to Moscow may be the only one in President V.Yanukovych's schedule of foreign visits. This extremely narrows Ukraine's political play on the international arena, and thus significantly strengthens the position of the Kremlin in Ukrainian-Russian relations, and more.

It is obvious, that in such a difficult foreign policy situation Kyiv tries to intensify relations with Russia so as to unblock the key questions of their economic relations and achieve, if not support, then at least political loyalty from the Kremlin in solving the problem of lowering the price of Russian gas, improving the trade climate and signing an agreement on delimitation of the frontiers in the Azov sea and the Kerch Strait.

Despite the urgency of solving these problems it is becoming clear that they have not been resolved during the visit. V.Putin once again made the reduction of the price of Russian gas conditional on Ukraine's entry into the Customs Union. So, yet again, it becomes obvious that the political and diplomatic tools to solve this problem have completely been exhausted. The right direction for this issue is to reduce direct purchases of Russian gas and to import it from Europe. These are the measures that the government has already begun to implement and they certainly have a greater impact on Russia than persuasions to make gas price concessions during the presidential meeting.

Despite both presidents' colourful assurances about the prospects of growth in total goods turnover between the two countries of up to 50 billion dollars, they are quiet about the huge negative balance of the goods turnover for Ukraine and the reduction of goods turnover by almost 10% compared to the previous year. The recently ratified Agreement on the free trade zone with CIS also did not give results, since all the advantages from the free trade zone are transferred to the Customs Union.

The plan of bundling the signing of the Agreement with delimitation of frontiers in the Azov Sea and the Kerch Strait in exchange for the Black Sea Fleet rearmament also does not seem productive, as the geopolitical weight of these agreements is incomparable. Perhaps it would be better to postpone the signing until Ukraine overcomes the complexity of the international situation in which it turned out to be and when it has a stronger position in negotiations with Russia.

It is becoming obvious that the format of these presidential meetings does not bring about the desired result, at least for Ukraine. We need a new strategy that can take the limited resources on which Kyiv relies in solving these problems, and the controversial grounds on which Ukrainian-Russian relations develop into account.

As a result it can be said that strategic issues of a bilateral relationship turn out to be unresolved yet again. It is no coincidence that their consideration was postponed until the November meeting of the two presidents, when the new Verkhovna Rada of Ukraine will start its term. Just then it will become clear whether Ukraine will change its position and enter into the Customs Union, capitulating before the Kremlin or resist this temptation. Maintaining its current position can also be considered a success. Furthermore two intergovernmental documents were signed during V.Yanukovich's visit to Moscow that can be attributed more to the merit of the Prime Ministers than the presidents of the two countries.

Among the signed bilateral documents are: an Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on readmission and operating protocol on the disposal procedure of the Agreement between the Cabinet of Ministers of Ukraine and the Russian Federation about readmission, which regulates the cooperation issues between the two sides in the transfer, by the relevant authorities, of persons who arrived or stay on the territory of the country with violation of migration legislation. The mechanism for the implementation of this interstate agreement is established in the Operating Protocol.

Another important document was the Protocol between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the supply of goods for industrial cooperation in 2012. It allows the parties to implement the provisions of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation about industrial cooperation from April 24, 1998, according to which the goods (services), supplied by industrial cooperation are not taxable on value added and excise taxes. The document directly regulates the terms and conditions of the bill of goods formation that are supplied by industrial cooperation by the economic entities Ukraine and the Russian Federation in 2012, as well as the amounts of supplies and the list of these economic entities ³.

³ Bilateral documents are signed in the presence of the Presidents of Ukraine and Russia.
<http://www.president.gov.ua/news/25859.html>