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## ***UKRAINE – THE EUROPEAN UNION***



### ***KEY THEME ANALYSIS***

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#### ***THE VILNIUS SUMMIT: FAILURE OF UKRAINE AND OF THE EU***

Only half of the four major events planned for the Vilnius summit of the Eastern Partnership were realized. On November 28 2013 in Vilnius the EU initialed the Association Agreements with Georgia and Moldova. It had been planned previously that a similar agreement would be initialed with Armenia, but two months before the summit Moscow's pressure forced Yerevan to choose the Customs Union. And on the eve of the summit it became clear that Ukraine wouldn't sign the Association Agreement and DCFTA with the EU.

Two initialed agreements instead of three initialed and one signed (with Ukraine as the largest country of the Eastern Partnership) – was an obvious failure of the EU's Eastern policy. Previous waves of EU enlargement had been strongly supported by Washington, but the Obama administration preferred to stand aloof from European affairs in favor of increasing its presence in the Asia-Pacific region. So the Eastern Partnership became the first serious maturity-test of the EU's own foreign policy. The EU failed the test when it lost the 'competition' with Russia for Ukraine and Armenia. And it should be stressed that the EU prevails over its 'competitor' by all parameters, except by area and number of nuclear missiles.

Kyiv and the European capitals bear equal responsibility for having allowed a third party to impose its own rules and to win the game. The current Ukrainian authorities could have calculated beforehand the possible economic losses from complications of trade with Russia, and could beforehand (rather than two weeks before the summit) have searched together with the European Union for compensatory mechanisms.

In September, immediately after the Russian president had managed to 'persuade' his Armenian colleague to abandon the Association with the EU in favor of the Customs Union, the most clear-headed European politicians proposed to take effective economic mechanisms to protect Kyiv from Moscow's pressure, or even to sign the Association Agreement and DCFTA without waiting for the Vilnius summit. But their voices were ignored in September, as well as in the middle of November when several visits to Russia dramatically changed the rhetoric of the President and Prime Minister of Ukraine – instead of the usual statements about the economic benefits of European integration they started talking about the need for significant investment for the modernization of Ukrainian enterprises to meet European standards, and about the absence of the EU's proposals to compensate for the loss of the Russian market.

Statements by the Head of the EU Delegation to Ukraine Ian Tombinski that the EU

does not intend "to pay the Ukrainian debts" or "to buy" it<sup>1</sup>, as well as resentment of the European Commissioner Štefan Füle on the figures of \$20 billion for the adaptation of Ukrainian enterprises to European standards<sup>2</sup> – were not the right responses to bring the parties closer to the signing of the Association Agreement. On November 26, on the Polish TV channel 'TVN24' Aleksander Kwasniewski recognized that the EU had underestimated the importance of Ukraine for the implementation of Vladimir Putin's plan to create a Eurasian Union. Mr. Kwasniewski also said that €20 billion is an allowable amount for the EU, which had spent hundreds of billions to rescue Greece<sup>3</sup>.

The position of the Ukrainian delegation at the Vilnius summit, as well as the violent crackdown of the pro-European protesters at Kyiv's Independence Square on November 30, and forcing the negotiations with Moscow – all these factors are evidence in favor of the fact that the Ukrainian authorities currently have no intention of signing the Association Agreement and DCFTA with the EU. While it is obvious that in order to keep room for maneuver Viktor Yanukovich had met some requirements of the EU, though not in strategic, but in minor and tactical issues. One should recall the release of former government officials from prison, including Yuri Lutsenko (this should be evidence of the desire to overcome selective justice); as well as Victor Yanukovich's meeting with the MPs from the Party of Regions to urge them to support the EU integration laws; and October's foreign visits of the Minister Leonid Kozhara to discuss bilateral relations in the prospects of Ukraine's intention to sign the Association Agreement and DCFTA with the European Union.

It is likely that *the Ukrainian authorities' choice of the foreign policy vector had depended mostly on two interrelated issues: the economic aid and the prospects to retain powers after the presidential election of 2015*. It is obvious that Moscow succeeded in giving satisfactory answers to both questions, while the vigilance of Brussels was lulled by the deliberately reckless public statements of Russian President's Advisor Sergey Glazyev, which became the cover for effective non-public negotiations.

A new chance to renew the cooperation between Ukraine with the EU was given by mass protests of Ukrainian citizens against the foreign policy turn towards Russia. Despite the predictions of boycott, foreign ministers of the EU attended the OSCE summit in Kyiv on 5-6 December 2013, and this indicates their readiness to continue the dialogue. Secretary General of the Council of Europe Thorbjørn Jagland offered his mediation in establishing the contacts between the Ukrainian government and the protesters. However Foreign Minister Leonid Kozhara said that there was no need to involve international organizations in resolving the situation in Ukraine<sup>4</sup>.

Opinion polls show that the majority of Ukrainian youth from all the regions support the rapprochement with the EU; and brutal Russian political and economic pressure significantly increased the number of supporters of European integration among the older generation<sup>5</sup>. So **in perspective the European choice of Ukraine is inevitable**. The question is *when* it will happen – now or in a few years, and *how* it will happen – peacefully or through civil conflict, which can be provoked if the force is used.

***Yielding to Moscow's pressure, Kyiv is sending a bad signal to Brussels and other world capitals, which may conclude that the Ukrainian***

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<sup>1</sup> Посол ЕС: щоб дістати допомогу, Україна мусить реформуватись. -

[http://www.bbc.co.uk/ukrainian/politics/2013/11/131116\\_tombinsky\\_reforms\\_hk.shtml](http://www.bbc.co.uk/ukrainian/politics/2013/11/131116_tombinsky_reforms_hk.shtml)

<sup>2</sup> Евросоюз не расслышал предложения Украины. - <http://kommersant.ua/doc/2352676>

<sup>3</sup> Kwasniewski o Ukrainie: cud się nie wydarzy, szukamy planu "B". - <http://www.tvn24.pl/wiadomosci-z-kraju,3/kwasniewski-o-ukrainie-cud-sie-nie-wydarzy-szukamy-planu-b,374827.html>

<sup>4</sup> Глава МЗС: міжнародна допомога поки не потрібна. - <http://www.pravda.com.ua/news/2013/12/6/7005230/>

<sup>5</sup> DW-Trend: більшість українців - за вступ до ЄС. - <http://www.dw.de/dw-trend-більшість-українців-за-вступ-до-єс/a-17230854>; Европейский выбор Украины в контексте украинско-российских отношений. -

<http://rb.com.ua/rus/projects/omnibus/8813/>

**government better understands the language of ultimatums than public negotiations.** Ukrainian exports depend equally on the EU and Russia, so the sanction of either party (Moscow's sanction for European integration, or Brussels' sanction for political repression) could painfully hit the economy. Chairman of the EP Committee on Foreign Affairs Elmar Brok has already threatened to ban entry to the EU of the officials involved in the crackdown on protesters at Independence Square<sup>6</sup>, although just a few days before the European officials had refused to talk about the possibility of sanctions.

***Ukraine and the EU obviously need more effective and more frank dialogue than they had in recent months. Ukraine must keep the civil peace, sovereignty and statehood. And the EU should learn to persuade effectively their partners and to protect them effectively from external pressure. Otherwise the agreements with Georgia and Moldova will also remain merely initialed, not signed.***

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<sup>6</sup> ЄС пригрозив забороною на в'їзд винним у розгоні Євромайдану. - <http://www.unian.ua/news/610138-es-prigroziv-zaboronoyu-na-vjizd-vinnim-u-rozgoni-evromaydanu.html>

## UKRAINE – NATO



### KEY THEME ANALYSIS

#### ***NATO IS CONCERNED ABOUT THE ABANDONMENT OF THE EUROPEAN INTEGRATION OF UKRAINE AND ABOUT THE POSSIBLE INTERFERENCE OF RUSSIA***

The change of Kyiv's foreign policy vector and mass protests in Ukraine against the abandonment of European integration caused a vivid discussion in the NATO headquarters in Brussels. On December 1 NATO Secretary General Anders Fogh Rasmussen actually expressed support for the protesters and urged the authorities not to use force: "Tonight in Kyiv, many Ukrainians continue to show their strong support for their country's closer relations with the European Union ... I call on Ukraine, as the holder of the Chairmanship in Office of the OSCE, to fully abide by its international commitments to respect freedom of expression and assembly."<sup>7</sup>

On December 3 the situation in Ukraine was discussed by the Foreign Ministers of NATO member states at the North Atlantic Council. In their statement they "condemned the use of excessive force against peaceful demonstrators", and "urged Ukraine, as the holder of the Chairmanship in Office of the OSCE, to fully abide by its international commitments and to uphold the freedom of expression and assembly." The statement noted that "a sovereign, independent and stable Ukraine, firmly committed to democracy and the rule of law, is key to Euro-Atlantic security."<sup>8</sup> The mention of the importance of **a sovereign and independent Ukraine** for Euro-Atlantic security was obviously not just a diplomatic overture, but a hint to Moscow that Russian attempts to interfere in the internal affairs of Ukraine would be considered as a threat to NATO security. NATO Foreign Ministers discussed the reaction of the Alliance to the possible sending of Russian security forces to suppress protests in Ukraine. Russian Foreign Minister Sergei Lavrov was outraged by this discussion and said that Russia had no intention of interfering in the internal affairs of Ukraine.<sup>9</sup>

On December 3, U.S. Secretary of State John Kerry in his speech to the media at NATO headquarters in Brussels urged Ukrainian authorities to listen to the people: "We urge the Ukrainian government to listen to the voices of its people who want to live in freedom and in opportunity and prosperity. We urge all sides to conduct themselves peacefully. Violence has no place in a modern European state ... We stand with the vast majority of the Ukrainians who want to see this future for their country ... I look forward to

<sup>7</sup> Statement by the NATO Secretary General on events in Ukraine. -

[http://www.nato.int/cps/en/natolive/news\\_105302.htm](http://www.nato.int/cps/en/natolive/news_105302.htm)

<sup>8</sup> NATO Foreign Ministers' statement on Ukraine. - [http://www.nato.int/cps/en/natolive/news\\_105435.htm](http://www.nato.int/cps/en/natolive/news_105435.htm)

<sup>9</sup> Лавров: Россия не вмешивается в ситуацию в Украине. - <http://www.golos-ameriki.ru/content/lavrov-ukraine/1803549.html>

visiting Ukraine when it too gets back on the path to European integration and economic responsibility".<sup>10</sup>

It should be noted that on December 4, Head of the Mission of Ukraine to NATO Ihor Dolgov took part in a meeting of the North Atlantic Council at the level of Foreign Ministers with the Nations contributing to the International Security Force in Afghanistan, chaired by Anders Fogh Rasmussen. At a press conference after the meeting Igor Dolgov said that Ukraine was "fully satisfied with the constructive partnership with NATO", and planned to increase cooperation, particularly in the fields of standardization, military education, and Smart Defence. Mr. Dolgov also expressed the hope for Kyiv's joining the projects, which might involve the capacities of Ukraine's military-industrial complex.<sup>11</sup>

However, ***it is clear that in the case of abandoning European integration and returning of Ukraine to Russian orbit of influence – there would be neither deepening of cooperation with NATO, nor placing of orders for Ukrainian defense industry enterprises by the Alliance member states.***

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<sup>10</sup> US Calls on Ukraine to Listen to Its People. - <http://www.voanews.com/content/reu-us-urges-ukraine-to-listen-to-its-people/1802981.html>

<sup>11</sup> Україна задоволена партнерством з НАТО. - <http://tyzhden.ua/News/95738>



## FOREIGN POLICY OF UKRAINE



### KEY THEME ANALYSIS

***RUSSIA IS TRYING TO SHAPE THE AGENDA FOR UKRAINE BY NON-PUBLIC DIPLOMACY. SIGNIFICANT FINANCIAL INVESTMENTS SHOULD NOT BE EXPECTED.***

After the failure of European integration, the Ukrainian authorities hoped to enlist economic support from China, which could balance the increased pressure of Moscow. Victor Yanukovich's press service informed that during his visit to China on December 3-6, 2013 a number of agreements were signed: Agreement on Friendship and Cooperation between Ukraine and China, Joint Declaration of Ukraine and China on Further Enhancement of Strategic Partnership Relations, Intergovernmental agreement on economic-technical cooperation, and a number of other bilateral documents aimed at strengthening the position of Ukrainian producers in the Chinese market.<sup>12</sup> In particular, the documents concerning the expansion of Ukrainian agricultural products exports to China, the projects in the field of renewable energy, and possible orders for the Ukrainian JSC 'Motor Sich' and PJSC 'Kryukovsky Railway Car Building Works', which currently critically depend on the Russian market. The Chinese side also expressed its intention to invest in the construction of a deepwater port in Crimea, and in the construction of plants for the production of synthetic gas, which would save up to 4 billion cubic meters of natural gas annually.<sup>13</sup> The press service quotes Viktor Yanukovich that, by preliminary estimates, about \$8 billion of Chinese investments would be attracted to the Ukrainian economy.<sup>14</sup>

However, besides the promised investments, Ukraine needs credits to maintain its economy over the coming months and years. Experts believe that Moscow asked Beijing to refrain from financial aid for Kyiv. Under such circumstances the Ukrainian authorities can hope only for Russian aid, but the Belarusian experience proves that Moscow is not inclined to generosity towards partners who have no other choice, especially when the economic situation in Russia itself is desired to be better.

Moscow is aware of all the advantages of its negotiating positions. This fact is indicated by the words of the chief editor of 'Russia in Global Affairs' Fyodor Lukyanov,

<sup>12</sup> Several bilateral documents have been signed in Beijing. - <http://www.president.gov.ua/en/news/29691.html>

<sup>13</sup> У ході державного візиту Президента України Віктора Януковича до Китайської Народної Республіки Міністр енергетики та вугільної промисловості України Едуард Ставицький підписав Угоду з Китайською національною хімічною інжиніринговою корпорацією та її дочірньою компанією "Вухуань Інжиніринг". - [http://mpe.kmu.gov.ua/fuel/control/uk/publish/article?art\\_id=257271&cat\\_id=35109](http://mpe.kmu.gov.ua/fuel/control/uk/publish/article?art_id=257271&cat_id=35109)

<sup>14</sup> President: Ukraine and China switch to practical implementation of joint projects in various economic spheres. - <http://www.president.gov.ua/en/news/29692.html>

who is considered to be close to the Kremlin: "If possible economic collapse happens against the background of the political crisis, it will be the end of Yanukovich's rule, that's for sure. Therefore, he should understand what Russia is ready to offer, and how soon Russia is ready to offer it."<sup>15</sup> Another pro-government Russian political analyst Mikhail Rostovskii in his article for 'RIA Novosti' advises the Kremlin not to hurry up with help for Viktor Yanukovich: "Trying to outsmart everyone, Viktor Yanukovich outsmarted himself ... Russia should not make a fuss and rush to help weakened Yanukovich ... Even if Yanukovich goes down, Russia's arguments will remain strong and convincing".<sup>16</sup>

On December 6, on his way from China to Ukraine, Viktor Yanukovich flew to Sochi, where he held a meeting with his Russian colleague Vladimir Putin. The traditional lack of official information on the details of negotiations created a lot of rumors in Ukrainian and international media about the possible discussion of Ukraine's accession to the Customs Union and transfer of a number of strategic enterprises to Russia in exchange for a loan and a discount on gas. Press services of both Yanukovich and Putin denied such information and reported that Ukraine's accession to the Customs Union had not been discussed. The press services informed that the parties had discussed the issues related to cooperation in areas of industry, high technology, finance, credits and energy. Prime Minister Mykola Azarov stated: "It's an already prepared 'road map' for restoring full cooperation and I hope that after yesterday's talks, virtually all of the major controversial issues are removed. The other important topic of the meeting of the two presidents was preparation for final talks on the gas issue".<sup>17</sup>

It is clear that whatever the content of the negotiations with Russia, the Ukrainian position would be much stronger if Kyiv has room for foreign policy maneuver. Such room can be provided only by the restoration of negotiations with the European Union and by the peaceful resolution of the internal political crisis. The experience of Poland and the Baltic states proves that ***Russia presses only until it understands that the pressure does not work. If Ukraine signs the Association and the DCFTA with the EU, Russian and Chinese business will be among the first to invest billions in the country, which has open access to the world's biggest European market.***

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<sup>15</sup> Несподіваний візит Януковича до Путіна викликав чимало запитань. - <http://www.radiosvoboda.org/content/article/25192561.html>

<sup>16</sup> Почему России не стоит лезть в украинскую драку. - <http://ria.ru/columns/20131205/982140725.html#ixzz2mpLfMS9f>

<sup>17</sup> The Prime Minister Mykola Azarov delivers a statement. - [http://www.kmu.gov.ua/control/en/publish/article?art\\_id=246904479&cat\\_id=244314975](http://www.kmu.gov.ua/control/en/publish/article?art_id=246904479&cat_id=244314975)