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Foreword
by H. E. Borys Tarasyuk,
Minister for Foreign Affairs of Ukraine

The last decade of the 20th century has witnessed radical changes in the European political and geographic landscape, which resulted in the disintegration of the bipolar European security system formed during the post-war period. A great number of new countries have appeared on the “old continent”. For many reasons, these countries had been deprived of their own statehood and, accordingly, of possibilities to defend their national interests and implement their own foreign policies. Ukraine, too, is among these states located in the center of Europe.

It is not surprising that the revival of the independent Ukrainian state, its ancient and splendid history, the current process of state-building and consolidation within the great family of European nations and its foreign political orientation, as well as its strategy in the area of security, are of great interest to researchers in Europe and the whole world.

Presently, there is a great deficit of objective publications on Ukraine, most importantly of monographs, especially on topics as specific as the state foreign and security policy. This is why we greatly appreciate every work of this nature, every interesting research and analysis. I would like to use this opportunity to express my gratitude to the editors of this publication, Prof. Dr. K. R. Spillmann, Prof. Dr. A. Wenger and Dr. D. Muller of the Center for Security Studies and Conflict Research in Zurich, and to all who made the publication possible for this significant contribution to an unprejudiced promotion of information about the Ukrainian state and the main aspects of its foreign policy.

Today Ukraine has already gained a considerable reputation on the international stage owing to its consistent, deliberate and reliable foreign policy, to its independent view on key issues of European security, to its skills in finding solutions of compromise to problems in its relationship with other states. Integration into the European and Euro-Atlantic structures and strengthening of our country's position within the family of European nations, with whom we share common historical and cultural traditions, as well as values and views on the future of the continent, remain the consistent orientation of Ukraine.

Some scholars who study the process of state-building in Ukraine mistakenly consider in their calculations the year of 1991 to be the originating point of the existence of the Ukrainian state. In this respect I would like to draw attention to the fact that Ukraine has covered a difficult, in many respects untraditional, way to obtaining its statehood. On this path there were significant stages which were closely linked with each other: the state of the *Kievan Rus* in the 9th-13th century, the Galician-Volhynian Kingdom in the 12th-14th century, the Cossack's state and the Hetmanate in the 16th-18th century, the Ukrainian National Republic, the Hetmanite Ukrainian state, and the Western-Ukrainian National Republic in 1917-1920, and last of all the Ukrainian Soviet Socialist Republic. Even before the revival of independence, Ukraine played its role in international life. One of the founders of the United Nations Organization, Ukraine fully participated in the activities of this universal international organization, received and commissioned high-level delegations, signed agreements, and hence was a subject of international relations.

The revival of independent Ukraine was a logical result of state-building efforts through many centuries, the unbreakable striving of the Ukrainian people to freedom and establishment of their own state. This is why the main tasks of Ukraine's foreign policy – which are of great importance to its national security – are to preserve state independence, to assure its stable development and prosperity, together with full and equal integration into the European and worldwide community.

Our people have the will and potential to reach this goal, and we count on the understanding and support of the world. Publications like the present book will contribute to this process, and I am honored to recommend it to readers who are not indifferent to the present and future of Ukraine.

B. I. Tarasyuk
Minister for Foreign Affairs
of Ukraine

Preface

Ukraine's security is an important part of European security. However, eight years after Ukraine became an independent state, few Westerners who are not specialists in international relations or security studies know much more about this country of fifty million people in Central Eastern Europe than the fact that it is a former Soviet republic and has a difficult relationship with Russia. In October 1999, Ukraine will elect its president, a decision highly relevant to the direction of the country's future foreign and security policy. Meanwhile, for European security policy, 1999 is the year of NATO's intervention in Kosovo. Against the background of these important developments at both the domestic and international level, this book aims at a timely assessment of Ukraine's foreign and security policy.

This book is a result of an international research and publication project conducted by the Center for Security Studies and Conflict Research at the Swiss Federal Institute of Technology in Zurich, bringing together Western scholars of Ukrainian studies and analysts of relevant Ukrainian institutions to explore key issues of Ukrainian foreign and security policy. The project is part of a broader academic cooperation program with leading research institutes in Ukraine and the Russian Federation.

In conducting international research projects, the Center for Security Studies and Conflict Research relies on the many contacts established within the *International Relations and Security Network (ISN)*,¹ an Internet-based initiative to promote dialogue and cooperation in security matters at an international level. As a part of Switzerland's participation in NATO's *Partnership for Peace* program, ISN is supported by the Swiss government, whose financial assistance is highly appreciated.

1 ISN can be found at the web-address <http://www.isn.ethz.ch>.

The editors thank all the authors – Mrs. Olga Alexandrova, Mr. Taras Kuzio, Mr. Aleksandr Parfionov, Mr. Anatolii Grytsenko, Mr. James Sherr, Mr. Oleksandr Potekhin, Mrs. Iris Kempe, Mrs. Oleksandr Pavliuk, Mr. Aleksandr Levchenko, Mrs. Ivana Klympush, Mr. Arkadiy Moshes and Mr. Hryhorii Nemyria – for their contributions and professional and fruitful cooperation.² The views expressed in the chapters of this book are those of the authors and do not necessarily reflect the opinions of the institutions they are associated with and the editors' point of view. The latter is expressed in the concluding chapter.

The editors also thank Mrs. Iona D'Souza (Tonbridge, Kent) for her appreciated efforts in language editing and their colleagues of the Center for Security Studies and Conflict Research staff for their encouraging support. Special thanks are conveyed to Mr. Andrii Veselovskii, head of the Department of Political Analysis and Planning at the Ministry of Foreign Affairs of Ukraine (Kyiv), Mr. Andrii Fialko, deputy head of the Foreign Policy Directorate at the Administration of the President of Ukraine (Kyiv), and Mrs. Nina Kovalska, ambassador of Ukraine in Switzerland (Bern), for their encouragement, occasional facilitating efforts and serious interest professed in this publication. The kind commitment by H. E. Borys Tarasyuk, Minister for Foreign Affairs of Ukraine, is most highly appreciated.

Zurich, August 1999

Kurt R. Spillmann
Andreas Wenger
Derek Müller

2 Ukrainian names, as well as bibliographic references, are transliterated according to the *Ukrainian-English Transliteration Table*, adopted by the Ukrainian Legal Terminology Commission (Decision no. 9, 19 April 1996). For the Russian language, the Library of Congress transliteration is applied.

Abbreviations

ARC	Autonomous Republic of Crimea
BSEC	Black Sea Economic Council
BSF	Black Sea Fleet
CEFTA	Central European Free Trade Association
CEE	Central Eastern Europe(an)
CEI	Central European Initiative
CIS	Commonwealth of Independent States
EBRD	European Bank for Reconstruction and Development
EC	European Council
EU	European Union
FSU	Former Soviet Union
G-7	“Group of Seven”
GUAM (GUUAM)	Informal grouping Georgia-Ukraine-Azerbaijan-Moldova (since April 1999 including Uzbekistan)
MIC	Military-industrial complex
NISS	National Institute for Strategic Studies
NPT	(Nuclear) Non-Proliferation Treaty
OSCE	Organization for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PfP	Partnership for Peace
RF	Russian Federation
RFE/RL	Radio Free Europe/Radio Liberty
TACIS	EU Program <i>Technical Assistance to the CIS</i>
UHR	Ukrainian Hryvnia
VR	Parliament of Ukraine (<i>Verkhovna Rada</i>)

Introduction

In-between Russia and the West?

Since independence, and more especially since 1994, the Ukrainian foreign and security policy has made impressive achievements in establishing a favorable international position and wide recognition of the country as “a key component of European stability and security” (1997 joint US-EU statement). 1997 was the high watermark of success of Kyiv’s so-called “multi-vectored” foreign policy, marked by the signing of the often postponed *Treaty on Friendship, Cooperation and Partnership* (the “Big Treaty”) with Russia and the *Charter on a Distinctive Relationship* with NATO.

Among the many directions of Ukraine’s foreign relations – or “vectors”, according to the official terminology – the eastern and the western vectors are the most important. Until independence, Ukraine was a part of imperial (Soviet) Russia. Today, it is part of the new Eastern Europe, more precisely of Central Eastern Europe (CEE), and is bound to play an active role in the post-Cold War world. Owing to the complex and often very difficult common past, bilateral relations with the Russian Federation are delicate. The “civilized divorce” of Russia and Ukraine is a challenging case with a long record of mutual accusation and attempts at dispute settlement. While the signing of the 1997 treaty and the agreement on the division of the former Soviet Black Sea Fleet was an important diplomatic achievement, the ratification of the agreements proved to be a burdensome process. The most obvious explanation for these problems is the socioeconomic interlocking of the two states and the apparent difficulty for Moscow’s elite to overcome the legacy of an “imperial” mentality. Although a formal Ukrainian-Russian integration, on bilateral or multilateral levels, is not a viable option, there are strong dynamics for an “integration from below”, yielding an inclination of Ukraine’s economy and a growing part of the population towards Russian markets.

The relationship with its mighty neighbor has a large impact on other aspects of Ukrainian foreign and security policy, especially on the “southern vector”. Ukraine’s role in the Black Sea and Caspian regions, as well as within the CIS in general, is perceived in “zero-sum” terms both by Kyiv and Moscow. To a certain extent, this is also

true for another “vector” of international activities, which aims at enhancing Ukraine’s position in Central Eastern Europe. The fact that neither Western Europe nor its Eastern European neighbors were willing to support Ukraine on an anti-Russian basis was one of the vexing lessons the newly independent country had to learn. The traumatic historic experience of being a mere object of world history, whenever Russia and the West came to terms on security issues on a global scale, was revived in 1992/93, when the first post-Soviet president and the nationalist elite led the country into international isolation.

The development of the “western vector” is ambiguous. While Ukraine’s strategic importance is skillfully reflected in the “distinctive partnership” with NATO and Kyiv’s cautious, but serious, participation in the *Partnership for Peace* program, the sociopolitical integration with the Euro-Atlantic world, let alone the socioeconomic integration with the European Union, seems to be difficult. The EU, whose objective is to integrate the national economies of the “ins”, and not to open itself to the “outs”, has not yet developed a comprehensive strategy *vis-à-vis* Ukraine, with whom the Union will live in direct proximity after completion of the “first round” of eastward enlargement. Kyiv’s request for an upgrade to an Associate membership is perceived as “premature” in Brussels, which is partly explained with political and moral arguments. While Ukraine’s Western critics are entitled to deplore the unfriendly environment for investments and disapprove of certain features of the Ukrainian political and business culture,¹ Kyiv implies that it is a victim of double standards applied by the European Council. Against this background, it is no surprise that the USA are seen as Ukraine’s most reliable and pragmatic partner in the Western world.

1 See *Kleptocracy in Ukraine*. IISS Strategic Comments. May 1998.

The Principles of Foreign and Security Policy

Ukraine's foreign and security policy is primarily the president's competence. While the parliament enjoys considerable controlling powers – mainly in approving the state budget and in ratifying international treaties – as well as the constitutional competence to determine the principles of foreign policy (art. 85.5), the president – “guarantor of the state sovereignty” (art. 102) – is charged by the constitution to safeguard the country's national interests and to conduct the foreign and security policy (art. 106.1 and 3). He is also the Commander-in-Chief of the armed forces (art. 106.17) and heads the *National Security and Defense Council*, which is the main instrument of coordination for Ukraine's foreign and security policy.² The important function of the secretary of the Security Council is performed by Volodymyr Horbulin, a former rocket engineer from Dnipropetrovsk and long-time ally of the president.

The constitution describes the foreign policy of Ukraine as a means of “ensuring its national interests and security” (art 18). The latter are identified and assessed by the 1997 *Concept of the National Security of Ukraine*.³ National interests and objectives of state security policy include elevating living standards, improving social security, reforming the national economy, enhancing the efficiency of government structures, strengthening the civil society, fighting corruption, and protecting the national resources. Owing partly to the absence of an adequate military doctrine (the 1993 version is largely outdated, and a new doctrine will not be adopted as long as there is no consensus on the

2 Art. 107. The powers of the council are described in the *Law of Ukraine on the Council of National Security and Defense*, no. 183/98, adopted on 5 March 1998.

3 *Concept (Foundations of the State Policy) of the National Security of Ukraine*, resolution of the Verkhovna Rada, 3/97, 16 January 1997.

Unless specified otherwise, official legal documents are quoted from the on-line database provided by the National Institute for Strateg Studies (<http://www.niss.gov.ua/liga>).

defense reform) neither the security concept nor the constitution are very concrete about military issues.⁴

The objectives of international activities are outlined by the 1993 parliamentary resolution *On the Main Directions of the Foreign Policy of Ukraine*. This early guideline document contains many outdated provisions and reflects the “romantic” approach towards Ukrainian sovereignty and independence typical of the period until 1994. Today, the Ukrainian elite regards integration into the European Union as the first priority. The president’s program of preparing the country for EU membership, decreed just a few days after the first meeting of the *Cooperation Council EU-Ukraine*, was supported generally by all Ukrainian political forces.⁵

A peculiar feature of Ukrainian foreign relations is the principle of non-alignment or neutrality. An equidistant position between the Euro-Atlantic world and Russia’s sphere of influence has always been the common denominator of Ukraine’s struggling political forces, but this compromise is increasingly put into question by the president’s team of professional foreign policy makers. The pledge of constant neutrality, as expressed in the 1990 *Declaration of State Sovereignty*, is reaffirmed by the above-mentioned resolution *On the Main Directions of the Foreign Policy of Ukraine*, as well as the early *Military Doctrine*. However, an important distinction, which is characteristic for today’s assessment of national interests, was introduced already at this early stage: “The commitment to neutrality and non-alignment must not prevent [Ukraine] from a comprehensive participation in the all-European security architecture.”⁶

4 One of the few concrete constitutional provisions about military issues is the prohibition of stationing of foreign troops on the territory of Ukraine (art. 17 par. 7), which is relevant for the Ukrainian-Russian dispute over the Black Sea Fleet.

5 Presidential Decree 615/98 *On the Approval of the Strategy of Ukraine’s Integration into the European Union*, 11 June 1998.

6 *The Main Directions of Ukrainian Foreign Policy*. Resolution of the Verkhovna Rada 3360/XII, 2 July 1993, title III.4.b.1.

The *Concept of the National Security* does not explicitly endorse the principle of neutrality. Representatives of the executive branch, the most prominent being the president, have repeatedly stated that NATO membership would serve the country's national interests better than a further non-alignment policy. This view is strongly challenged by a vast majority of parliamentarians, who have retaliated against the president's decree of the *State Program on Cooperation with NATO* (1998)⁷ by passing a resolution which makes the *Verkhovna Rada* a party to the CIS parliamentary assembly. The leftist forces in the parliament claim that a majority of Ukraine's population is on their side, and they are determined to block any further *rapprochement* between Ukraine and NATO.

Aspects of Ukrainian Foreign and Security Policy

The aim of this book is to discuss the achievements, challenges and perspectives of Ukrainian foreign and security policy, focussing on some of the most important aspects and issues. The contributions to this work are prepared by specialized Ukrainian researchers and analysts, as well as scholars of Ukrainian studies from England and Germany. While most of the chapters touch upon relevant historic aspects, the focus of the analysis is on current problems and the probable development of Ukrainian foreign and security policy. The impending presidential elections, forcing Ukraine to appraise the course of politics performed by the present team and to choose between continuation or new paradigms, offers a timely occasion for such an assessment.

7 *State Program for Cooperation between Ukraine and NATO for the Period until 2001*. Presidential Decree 1209/98, November 1998.

The domestic dimension

Chapter 1, prepared by Olga Alexandrova (Federal Institute for International and Eastern European Studies, Cologne) is dedicated to the legislative and institutional foundations of Ukraine's foreign and security policy and the underlying national interests and threat perceptions, as expressed in the relevant parliamentary resolutions and presidential decrees. Fully acknowledging the impressive achievements in the field of international relations, the author identifies a growing contrast between the performance in foreign politics and that of domestic, especially economic, politics.

In Chapter 2, Taras Kuzio (University of North London) explores an important aspect of domestic sources of Ukrainian foreign and security politics. Drawing on his profound expertise – his recent monographs include works on Ukrainian nation building and domestic politics – the author shows that while Ukraine's elite is divided into “Westernizers” and “Slavophiles” a pragmatic camp of representatives of both groups ensures stability of domestic politics. In terms of foreign relations, this stability is expressed by the fact that neither the proponents of the “Baltic”, nor the partisans of the “Belarussian” option, have the power to promote their course, either of which could be damaging to Ukraine's territorial integrity and independence.

Chapter 3, prepared by Alexandr Parfionov (Ukrainian Center for International Security Studies, Kyiv) provides additional information on the foreign policy views of the country's relevant political parties, enabling an assessment of the influence of the left-oriented forces, which have retained their dominance after the March 1998 parliamentary elections.

In Chapter 4, the development of Ukraine's defense sector and the implications for the country's foreign and security policy are explored. Anatolii Grytsenko (National Security and Defense Council, Kyiv) explains the necessity and difficulties of the defense reform, problems related to the role of the Armed Forces *vis-à-vis* the other “power structures” and the development of the Ukrainian military-industrial complex and arms exports. Various aspects of the military's role in Ukrainian society are discussed, including the important issue of

civilian control over the military, as well as political problems of cooperation between the president and the parliament for defense policy. The author calls for an opening of the debate on military issues and a clear commitment to international non-alignment as preconditions for a successful defense reform.

Ukraine's place in Europe

The second part of this book is dedicated to Ukraine's international activities aimed at enhancing the country's status within Central Eastern Europe and the Euro-Atlantic world, i.e. to the "western vector" of Ukrainian foreign and security policy. In Chapter 5, James Sherr (Royal Military Academy, Sandhurst) describes the successes of integrating Ukraine into the Euro-Atlantic security architecture as a result of the advantageous post-Cold War environment, allowing Kyiv to benefit from NATO's leadership in Europe and Russia's weakness. Besides internal constraints impeding a further development of this rewarding process, the author identifies the possible deterioration of NATO's reputation after the intervention in Kosovo as a potential danger which is liable to put into question the paradigm of Ukraine's successful foreign and security policy.

Chapter 6, prepared by Olexandr Potekhin (Center for Peace, Conversion and Foreign Policy of Ukraine, Kyiv) describes the short and successful history as well as the present state of Ukraine-NATO relations. Among others, the author provides a summary and interpretation of the *State Program on Cooperation with NATO*, decreed by the president in late 1998 and immediately challenged by the parliament. Based on expert polls conducted by the Center for Peace, Conversion and Foreign Policy of Ukraine and recent public polls, the author identifies a growing gap between the present administration's commitment to NATO membership and the opinion of Ukraine's population at large, calling for well-balanced relations with both the Alliance and Russia.

In Chapter 7, Iris Kempe (Maximilian Ludwig University, Munich) explores some aspects of the relationship between Ukraine and the European Union. The interests and strategies are described from the

latter's perspective. Direct neighborhood with a country that can neither be integrated into the Union in the short-term, nor excluded on grounds of conflicting principles – as will be the result of the first enlargement round – is a new experience for the EU. The Union's main objective is to support the complex process of Ukrainian transition in order to iron out the differences in the economic and political culture.

Chapter 8 is dedicated to Ukraine's foreign and security policy in Central Eastern Europe. Oleksandr Pavliuk (EastWest Institute, Kyiv) focuses on strategic partnership with Poland, identifying the broad common interests of both states to maintain the high level of cooperation beyond Poland's admission to the EU. Preventing the Ukrainian-Polish border from becoming a new dividing line in Eastern Europe is a key objective of Euro-Atlantic security policy, which is, however, not fully reflected by the EU's policies, as the firm commitment to implement the Schengen agreement demonstrates.

The second part of the book concludes with an assessment of Ukraine's foreign policy options and strategies in the Black Sea and Caspian regions, i.e. the so-called "southern vector". Among others, Chapter 9, prepared by Alexandr Levchenko (Ukrainian Center for International Security Studies, Kyiv) focuses on the emerging regional grouping GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova).⁸ Kyiv attaches a growing interest to this structure, which it perceives as a potential means of assisting Ukraine in decreasing its dependency on Russian energy supplies by offering participation in the exploitation of the Caspian oil. The author describes the complex pattern of often conflicting interests of the various global and regional actors as well as the risk of Kyiv's present policy, which consists in an unbalanced identification with US-American and Turkish interests.

Ukrainian-Russian relations

8 Before the accession of Uzbekistan in Spring 1999, GUUAM was called GUAM. Some chapters of this book were written before and refer to the grouping as GUAM.

The third part of this book is dedicated to various aspects of neighborly relations between Ukraine and the Russian Federation. In Chapter 10, Ivana Klympush (Ukrainian Center for Independent Political Research) gives an overview of bilateral political relations, focusing on the development that led to the conclusion of the so-called “Big Treaty” and the agreements related to the Black Sea Fleet in 1997. Apart from Ukraine’s growing economic dependency on Russia (for which neither side seems to be able to offer a solution), the author identifies the remaining problems in the field of mentalities (criticizing an alleged “imperial” approach applied to the “Ukrainian question” by influential political groups in Moscow) and in the fact that most of the numerous bilateral agreements are not implemented.

Many of these views are challenged by Arkadiy Moshes (Russian Academy of Sciences), the author of Chapter 11. From Moscow’s perspective, the bilateral relations are described in terms of a “chronic crisis” for which both countries involved are held responsible, a deep-rooted confidence crisis, inadequacy of the instruments of economic relations and an ever-growing agenda of bilateral controversies. *Inter alia*, the author offers a Russian interpretation of the difficulties related to the ratification of the “Big Treaty” and the Black Sea Fleet agreements by the Russian State Duma, an issue also discussed in the preceding chapter. Quoting some more outspoken supporters of the “Russian perspective”, Moshes explores what is perceived as Kyiv’s “anti-Russian” stance and discusses the most controversial issues of the bilateral agenda.

Chapter 12, prepared by Hermann Clement (Eastern Europe Institute, Munich) discusses the highly important aspect of economic and trade relations between the disproportionate neighbors. Ukraine’s dependency on Russia – especially for energy supplies – is described as a deep-rooted legacy of the Soviet economy and both a cause and a reason for the apparent incapability of economic reform. The author provides an unbiased explanation of many disputed issues of foreign economic relations, such as the impact of the barter agreements between the Ukrainian government and the Russian monopolist *Gazprom*, or the 1997 “trade war” related to protectionist measures applied by Russia.

With Chapter 13, an analysis of the regional interests of the largely Russian-dominated Eastern Ukraine and its implications for the country's foreign and security policy, the book's focus returns to the domestic dimension. Hryhorii Nemyria (Taras Shevchenko University, Kyiv) describes how the regional elite's interests tend to counterbalance the destabilizing force of the "great divide" between the Russia-oriented regions and other parts of Ukraine. He argues, therefore, that the regional potentials should be regarded as agents for change and not as permanent risk factors, and expects the center-region relationships to play a considerable role in Ukraine's future political system, although the 1996 Constitution has rejected any notion of administrative reform. The book concludes with a summary and evaluation by the editors, a short selection of relevant publications and remarks about the authors.

OLGA ALEXANDROVA

Chapter 1

The Premises of Ukrainian Foreign and Security Policy

After a short initial period of difficulties (1991-1993), Ukraine's foreign policy has become successful, but persists featuring some internal contradictions. It is not only marked by continuity despite the change of presidency, but also by the divide between eastern and western Ukraine, yielding diverging foreign policy orientations. The left-right polarization of domestic politics and the gap between the elite's foreign policy visions on the one hand, and the population's perceptions on the other hand, preclude a national consensus on important foreign and security policy issues. This gap, impeding the process of state- and nation-building as well as civic integration, is liable to threaten the cohesion and delicate balance in the society in times of crisis, whether domestic or international.

After the dissolution of the Soviet Union, Ukraine faced difficulties in asserting itself as an independent actor in international relations. The fledgling Ukrainian Foreign Office did not have access to influential circles and lobbies in the foreign offices, parliaments, and political parties of the West. It lacked a comprehensive long-term concept for its foreign and security policies. Policy inconsistencies resulted from various attempts to come to terms with the rapidly changing domestic and international environment.

Ukraine's foreign and security policy conceptions were outlined in general terms as early as 1990, when Ukraine was still a part of the Soviet Union. Following the country's declaration of sovereignty on 16 July 1990 both the short- and long-term objectives of Ukrainian foreign

policy were defined in principle.¹ The most important short-term objectives were the international recognition of Ukraine as a sovereign state, the establishment of bilateral relations with as many countries as possible, and an active role for Ukraine in international organizations. Already at that early stage, the full integration into European structures was defined as the primary long-term target.

Since then, a number of fundamental documents were adopted by the *Verkhovna Rada* as legislation or decreed by the president, in historical order: the *Declaration of Independence* (August 1991), the *Law on Defense* (December 1991), the *Main Directions of Ukrainian Foreign Policy* (July 1993),² the *Military Doctrine* (19 October 1993),³ the *Constitution of Ukraine* (June 1996), the *Concept (Foundations of State Policy) of National Security* (January 1997),⁴ the presidential decree *On the Approval of the Strategy of Ukraine's Integration into the European Union* (June 1998),⁵ the presidential decree *On the National Program of Cooperation Between Ukraine and the North Atlantic Treaty Organization for the Period until 2001* (November 1998).⁶ These documents provide for a general outline of Kyiv's foreign policy priorities and national interests, as well as possible threats.

Foreign and Security Policy Principles

- 1 "Declaration on State Sovereignty of Ukraine" *Literaturna Ukraina*, 19 July 1990.
- 2 "Osnovni napriami zovnishnoyi polityky Ukrainy." *Polityka i chas*, September 1993, 94-96.
- 3 "Voenna doktrina Ukrainy." *Narodna Armiia*, 26 October 1993.
- 4 *Holos Ukrainy*, 4 February 1997.
- 5 Decree of the President of Ukraine *On the Approval of the Strategy of Ukraine's Integration into the European Union* of 11 June 1998, 615/98. For further information see Ponomarenko, Anatoly. *Die europäische Orientierung der Ukraine*. Discussion Paper, 39. Bonn: Zentrum für Europäische Integrationsforschung, 1999, 13-17.
- 6 *Pro Derzhavnu programu spivrobotnyctva Ukrainy z Organizacieiu Pivnichnoatlantynogo Dogovoru (NATO) na period do 2001 roku*. Ukaz Prezidenta Ukrainy vid 4 listopada 1998 r., no. 1209/98.

With the international recognition of Ukraine's independence in December 1991, the country achieved its first foreign-policy objective and completed the first stage in the formulation of an autonomous foreign policy. As mentioned above, in 1993 the *Verkhovna Rada* codified Ukraine's foreign and security policy priorities in two basic documents, i.e. the *Main Directions of Ukrainian Foreign Policy* and the *Military Doctrine*, according to which Ukraine's security is an integral component of international (Euro-Atlantic) security – *vice versa*, international stability is considered to be one of the most important factors of national security.

According to these documents, Ukraine has no territorial claims on any neighbors and rejects any territorial demands from other countries. Ukraine's interests are described as strictly regional. Relations with Russia play a central role in Ukrainian policy. The internal situation in Russia is and will be of primary importance for the security of Ukraine. The neutrality principle and the non-nuclear status of Ukrainian foreign and security policy are reaffirmed. Ukraine condemns war as a means of politics and repudiates violence as an instrument of conflict resolution. Ukraine's most important long-term goal is described in terms of full incorporation into the process of European integration and in European political, economic and security structures. The continuation of the overall European process (the eastward enlargement of NATO and EU) is seen as a vital element of Ukraine's national security. Ukraine perceives the Central Eastern European states – first and foremost Poland – as assuming the role of intermediaries on its road to Europe.

The *Main Directions of Ukrainian Foreign Policy* identify four principal directions of foreign activity: firstly, to enhance bilateral relations and deepen the "special partnership" with Russia. Secondly, to participate in regional cooperation, especially in the activities of the CSCE (later the OSCE) as an organization of all-European security, as well as the United Nations and its organizations. Already, an active cooperation with NATO and Ukraine's full membership in the European Council is envisaged. Thirdly, to enhance cooperation with and within the Commonwealth of Independent States (CIS). The CIS was seen as a mechanism of multilateral consultations to cope with the

problems stemming from the dissolution of the Soviet Union, and hence an instrument for handling the “peaceful divorce”, as the first Ukrainian president, Leonid Kravchuk, called it. The development of bilateral relations with the new independent states was seen as a priority before multilateral cooperation within the CIS. Fourthly, to develop bilateral relations, especially with the neighboring states and with geographically proximate states and with NATO and EU members.

National security is understood in a broader sense than a purely military context. This notion of security embraces political, economic, social, environmental, information and humanitarian aspects as well as military ones. Ukraine’s security concepts concentrate on the following areas: national sovereignty and state independence, territorial integrity, the problem of ethnic minorities, the economic situation, ecology, and information.

According to the *Constitution of Ukraine* (June 1996), the president is responsible for the country’s foreign policy, ensuring “state independence” and “national security”.⁷ The president is also the chairman of the Council of National Security and Defense of Ukraine, which is the coordinating body for national security and defense issues and controls the activity of the executive branch in this field. Decisions of the Council are put into effect by presidential decrees.⁸

New accents since 1994

Under president Kuchma, who was elected in late 1994, Ukraine has pursued a more differentiated foreign policy than under the first head of state. While bilateral relations with the other CIS members, with the Baltic states and with the countries of Central Eastern Europe were activated, Ukraine’s relations with Russia and with leading Western powers, as well as international organizations, continued to be the main

7 The president “represents the state in international relations, administers the foreign political activity of the State, conducts negotiations and concludes international treaties of Ukraine”. *The Constitution of Ukraine*, Article 106.

8 *Ibid.*, Article 107.

focus of Ukrainian foreign policy. President Kuchma has displayed continuity in the most important issues and approaches, even if some accents have clearly been shifted. He was able to achieve a lot on the international scene and succeeded in strengthening Ukraine's position in the world.

In November 1994 the *Verkhovna Rada* endorsed the country's accession to the Nuclear Non-Proliferation Treaty. In return for its renunciation of nuclear weapons, Ukraine was given security assurances by the nuclear powers. Although it was a purely symbolic gesture on the part of the former, it nevertheless was significant for Ukraine. In consequence, Ukraine became an active participant in NATO's *Partnership for Peace* program.

In November 1995, Ukraine was accepted as a full member of the Council of Europe. In June 1996, Poland and Ukraine declared their relationship to be a "strategic partnership", and Ukraine became a member of the Central European Initiative. Since October of the same year, bilateral relations with the United States are also referred to as a "strategic partnership".

In May 1997, the presidents of Poland and Ukraine, Aleksandr Kwasniewski and Leonid Kuchma, signed a *Joint Statement on Mutual Reconciliation* between Poland and Ukraine. In the same month, the *Treaty on Friendship, Cooperation and Partnership* with Russia was signed (it came into effect in March 1999, after a long and contradictory procedure of ratification by both the chambers of the Russian Parliament). In June 1997, the very important *Treaty on Good Neighborly Relations and Cooperation* with Rumania was signed.

In July 1997, the heads of state and government leaders of the 16 NATO member states and the Ukrainian president signed the *Charter on a Distinctive Partnership between North Atlantic Treaty Organization and Ukraine*. And in March 1998, the *Partnership and Cooperation Agreement* between the European Union and Ukraine came into force.

This impressive enumeration of activities illustrates that Ukraine has become an active international participant and more insistent in the European direction of its policy since 1995. The new formula of

Ukraine's "two-track" foreign policy, i.e. "co-operation with the CIS, integration into Europe" clearly set the priorities.⁹

Neutrality and nuclear weapon-free status

Two fundamental principles of Ukrainian foreign and security policy were expressed in the first official documents: neutrality and the status of a non-nuclear power. The proclaimed intention to become a non-nuclear power and a "permanently neutral state which does not participate in military alliances", as expressed in the *Declaration on State Sovereignty*, reflected the fact that at that time Soviet strategic and tactical nuclear weapons were still stationed in Ukraine.¹⁰ In the Ukrainian Military Doctrine, the commitment to these principles was reaffirmed, but the document linked the nuclear disarmament process to security guarantees for Ukraine by other nuclear states and to financial compensation. However, the questions of how and when these principles should be put into practice became the subject of fierce debate.

In the early years of independence, Ukraine's position on the issue of nuclear weapons was a central theme in the domestic security debate. It was also a contentious issue in relations with Russia, with the United States, with other nuclear powers, and with NATO. What the West saw as a stubborn and irrational position of Ukraine stemmed from a justified and at the same time unfulfilled need for security. For a long time, Ukraine was considered by Western policymakers mainly as a proliferation problem and as an impediment to nuclear disarmament. This overriding concern with nuclear weapons, however justified, has sometimes been exaggerated (particularly immediately after the dissolution of the Soviet Union), and it has at times overshadowed

9 Kupchyshyn, Oleksandr. "Spivrobotnytstvo – z SND, intehtraciia – z Yevropoiu." *Polityka i chas*, July 1996, 13-16.

10 The three non-nuclear principles: not to accept, not to manufacture and not to acquire nuclear weapons. See *Declaration on State Sovereignty of Ukraine*, as in footnote 1.

other security considerations and diverted attention from other threats. In respect to the West's preoccupation with nuclear weapons, Sherman Garnett has noted:

Washington's early focus on these [nuclear] ambitions obscured or distorted the real security problem, which is to ensure Eurasian stability in a time of great turmoil and transition. It is the breakdown of stability within and between the countries like Ukraine and Russia that threatens the region as a whole, as well as existing nuclear command and control structures and the security of nuclear technology and know-how in Eurasia.¹¹

The question of ownership of nuclear weapons became a key issue in the debate over the country's sovereignty. Hopes of financial gains for giving up claims on nuclear weapons gave the issue its economic twist. It was only in January 1994 under strong American pressure that Ukraine agreed to sign a trilateral agreement with Russia and the USA on the removal of the Soviet strategic nuclear weapons from its territory to Russia. At the end of that year, the *Verkhovna Rada* endorsed the country's accession to the Nuclear Non-Proliferation Treaty as a non-nuclear state.

On 1 June 1996, after the last nuclear warhead stationed in Ukraine had been transported to Russia, Ukraine officially became a nuclear-weapon-free state. It seemed as if the issue of nuclear status had been closed forever. But in March 1999, after NATO's decision to bomb Yugoslavia, the *Verkhovna Rada* adopted a resolution *About the Situation in Connection with the Aggressive Actions of NATO against the Republic of Yugoslavia* in which it called on the cabinet of ministers to prepare a draft law cancelling Ukraine's obligations regarding its non-nuclear status. However, the president firmly rejected any possibility of denouncing the nuclear-weapon-free-status.

The second principle – neutrality and non-alignment – confronted Ukraine with a challenging problem. How was it to comply the non-bloc status with formulating a new comprehensive foreign and security

11 Sherman W. Garnett. "The Sources and Conduct of Ukrainian Nuclear Policy." In *The Nuclear Challenge in Russia and the New States of Eurasia*, ed. George Quester. The International Politics of Eurasia, vol. 6, New York, London, 1995, p. 126.

policy? The issue has an obvious impact on Ukrainian discussion about the emerging European security architecture and Ukraine's role in this system. On the one hand, the Ukrainian side felt restricted in its external activities by the non-aligned status; on the other hand, it also allowed Kyiv to reject Russia's insistence that Ukraine accede to the Tashkent Treaty on collective security of the CIS.

However, it soon became the off-the-record motto that a neutral and non-aligned status is hardly compatible with the desire of integration into European security structures. The wisdom of Ukrainian neutrality was increasingly challenged. Ukraine, it has been argued, faces significant potential threats but has none of the security guarantees on which states traditionally rely, such as strong independent armed forces, an effective, internationally integrated economy, or membership in a larger defense alliance.

It is remarkable that the Military Doctrine has failed to pronounce strict adherence to neutrality and non-alignment. The *Main Directions of Foreign Policy*, too, state that "in view of the cardinal changes that took place after the disintegration of the USSR (...) Ukraine's declared intention to become, in future, a neutral and non-bloc state has to be adapted to new conditions and must not become an obstacle to its full-scale participation in an all-European security structure". The relevant articles of the constitution (17 and 18) do not give any reservations or definitions of the nation's status *vis-à-vis* affiliation to security structures. Respectively, the *National Security Concept* defines participation in international security systems as a principal means of ensuring national security. This includes "joining existing and creating new security systems" or "participation in bilateral and multilateral executive and legislative bodies (political, economic, military, etc.)".

President Kuchma is one of Ukraine's politicians who is skeptical about the country's neutral status. He repeatedly described the legal commitment that Ukraine should not join any military alliance as "nonsense".¹² At the NATO summit in July 1997 in Madrid he exer-

12 President Leonid Kuchma in an interview with the weekly magazine *Der Spiegel*, 3 July 1995, p. 126.

cised, however, greater restraint. At present, he said it is “good” for Europe as well as for Russia that Ukraine is not a member of any military alliance.¹³ The influential Institute for Strategic Studies, which is subordinated to the Council of National Defense and Security, recommends a “step-by-step implementation of the strategy of ‘active neutrality’”, as opposed to the passive policy of ‘self-proclaimed neutrality’”, which would enable a status similar to that of Sweden in Ukraine’s relations with European and Euro-Atlantic security structures.

National Interests

It is in general very difficult to determine specific national interests that go beyond common sense notions. In Ukraine, formulating a coherent system of national interests was aggravated by the fact that the nation-building process had not yet been finished. The *Main Directions of Foreign Policy* identified three main groups of national interests. In broad terms, Ukraine’s key interest was – very conventionally – seen in the development of a cooperative international environment, in which good neighborly relations create the basis for stable national independence and development.

Firstly, *strategic and “geopolitical”* interests are identified, relating to the consolidation of national security. These interests include the maintenance of national sovereignty and territorial integrity and the creation of an adequate national security system on the one hand, and the creation of a stable international environment in which the potential for war and disruption would be minimized, and in which the new Ukrainian state could establish beneficial contacts with new partners, on the other hand. They also include Ukraine’s integration into regional and global security structures.

13 *Frankfurter Allgemeine Zeitung*, 10 July 1997.

Secondly, *economic* interests relate primarily to the country's integration into the global economy. In order to guarantee the country's independence and security Ukraine should diversify the sources of its imports (this point regards the problem of energy imports from Russia) and the destination of its exports. Moreover, access to new markets and to the global trade system is described as one of the major objectives of the Ukrainian foreign and foreign economic policy. Thirdly, *regional, subregional and local* interests are described.

The resolution on the *Main Directions of Foreign Policy* was the first comprehensive document on Ukrainian foreign policy, and in this sense it was certainly useful. But it only proposes a very general description of the commitment to preserve the country's integrity, to expand foreign economic cooperation, to ensure international security, etc. The document fails to identify clear and specific goals and to provide more details on Ukraine's policy towards Russia, the West, the CIS and the European and Euro-Atlantic security organizations.

Threat perceptions

Ukraine's international relations were also influenced by the perception of threats, especially in the initial period, when Kyiv's leadership perceived threats to Ukraine's national interests almost exclusively in terms of external – political and military – factors. In the first half of the 1990s, the Ukrainian policymakers based their security concepts on the assumption of a potential military threat which was perceived as emanating primarily from Russia, although the official documents avoided explicitly identifying Russia as the main threat to Ukraine's state sovereignty and territorial integrity. The main threats to Ukraine's national security were identified at that time as interference in Ukraine's internal affairs; territorial and other claims on state sovereignty; political and military instability and violent conflicts in neighboring states; and separatist tendencies in some regions or represented by definite political forces.

The *Main Directions of Foreign Policy* and the *Military Doctrine* describe economic, political, territorial, national-ethnic, and religious contradictions as the main potential causes of wars or military con-

flicts. The Military Doctrine does not identify potential adversaries that could threaten Ukrainian security, but declares that no state can be identified as an enemy of Ukraine. At the same time, the Ukrainians were faced with the task of building their state and national security with practically no allies. Many politicians and experts were skeptical about their country's ability to ever guarantee its own security, since it lacked the main preconditions for national security, i.e. military strength, economic power, a high degree of political and economic integration in the world economy and participation in a powerful military alliance.¹⁴

In the second half of the 1990s, the necessity to revise some premises, to reduce the emphasis put on external threat factors and to recognize endogenous threats to stability became evident and urgent. The outcome of this reappraisal was reflected in the new *Concept (Foundations of the State Policy) for National Security of Ukraine*, adopted in January 1997 by the *Verkhovna Rada*.¹⁵ The basic threats to Ukraine's national security are now being perceived as the following:

- *Politically*, the encroachment upon the constitutional system and the state sovereignty of Ukraine; interference in Ukraine's internal affairs on the part of other states; separatist tendencies in some regions of the country, supported by some political forces; massive violations of human rights of Ukraine's citizens within and outside the country; aggravation of ethnic and confessional conflicts.
- In the *military* sphere, the build-up of troops and weapons near the borders of Ukraine likely to trouble the existing balance of power; large global supplies of nuclear weapons and the growing number of states which produce nuclear weapons; the possible use of nuclear and other weapons of mass-destruction; military conflicts liable to infringe upon Ukraine's national interests and security; military and political instability or conflicts in neighboring states

14 See, for instance, Goncharenko, Alexander. *Ukrainian-Russian Relations: An Unequal Partnership*. RUSI Whitehall Paper Series 1995, London, 1995, Chapter 2.

15 *Holos Ukrainy*, 4 February 1997.

with the possibility of ethnic violence spreading to the territory of Ukraine or involving the country in an ethnic conflict; deteriorating combat readiness of Ukrainian military structures and politicizing of the so-called “power structures” (armed forces, police, troops of the Ministry of Internal Affairs, and security service).

- *Economically*, the absence of an economic security system; the inefficiency of state regulation of the economy; structural disproportion and producer monopolies; the country’s financial and technological dependency on other states; the economic isolation of Ukraine; the “brain-drain”, i.e. the flight of human capital; the shadow economy and criminality. The economic dimension has been described as the most important factor of the all-European security system by president Kuchma, who emphasizes the “economy” aspect of foreign relations as a key area of Ukrainian security and foreign policy.¹⁶
- In the *ecological, social* or other spheres, the inefficient use of natural resources, the use of ecologically hazardous technologies; the ecological consequences of military activities; the rapidly declining standard of living of large parts of the population; the backwardness of the scientific-technological sphere; and information expansion of other states.

Against the background of a lingering economic crisis and the unfinished process of nation-building, every component of national security – political, military, economic, social, or ecological – becomes a true challenge for the country.

Regional Security Interests

Relations with Russia

¹⁶ See Kuchma’s speech at the economic summit of the Central and East European countries in Salzburg on 10 July 1997, in *Uriadovyi kurier*, 12 July 1997.

The relationship with Russia has always been one of the most complicated problems confronting Ukrainian foreign policy. To loosen ties with Russia and to choose a new westward orientation were the decisive steps towards gaining its own identity. In the early years of Ukrainian independence, Russia was implicitly – and often even explicitly – understood as the major agent of security problems and threats to Ukraine. The varying patterns of perceptions and self-perceptions represented a constant source for misunderstandings and tensions in the Russian-Ukrainian relationship. For example, the dichotomy between Russia's view of itself as a great Eurasian power and Ukraine's self-understanding as a European state had strong implications for both countries and their role in Europe. It has become commonplace to hold Russia responsible for bilateral tensions, on the grounds of Moscow's inability or unwillingness to come to terms with an independent Ukrainian state. Ukraine's independence was interpreted by many Russians as an equivalent of Russia's defeat. All concrete items on the troublesome bilateral agenda – the “Crimean question”, the Black Sea Fleet issue, the delimitation of the borders, the situation of the Russian-speaking population in Ukraine, or others – have always been closely related to the above-mentioned psychological problems.

However, Ukrainian-Russian relations have significantly improved in the meantime, especially after the Russian Federal Assembly finally ratified the “Big Treaty” in February 1999. The focus has shifted to the economic sphere. Importantly, the friendship and cooperation treaty codifies bilateral relations as “strategic partnership”. The Ukrainian foreign policy with respect to Russia now needs to support and develop equal and mutually beneficial economic, political, social and cultural relations. From the Ukrainian perspective, the key problems include the persistent dependence on Russian energy imports (which is perceived as an issue of national security), a large proportion of Russian production in Ukraine's overall trade turnover (despite the fact that bilateral trade continues to decrease, especially after the economic crisis in Russia in 1998), and the industrial-technological interdependence.

Ukraine in the post-Soviet area

Ukraine's politics towards the Commonwealth of Independent States has always been closely linked to the nature and the state of Ukrainian-Russian relations on the one hand and Russia's policies towards and within the CIS on the other. Although the CIS seems to be subsiding into a meaninglessness or virtual existence, it was an important factor of Ukrainian foreign policy for a number of years. The most important principle, however, was that Ukraine's national interests and security take priority over CIS interests. Participation in CIS structures must be in line with the Ukrainian constitution, the Declaration of Sovereignty, the Declaration of Independence and other relevant Ukrainian laws. Attempts to impose supra-state structures on the CIS, let alone attempts by single states to dominate the inter-state organizations, are seen as infringing upon state sovereignty. Concepts of an all-embracing "re-integration" are rejected, while gradual, evolutionary integration in the economic field must not interfere with Ukraine's relations with the leading industrial nations.

Kyiv has consistently refused to sign the CIS statutes and agreements on collective defense and on common courts. However, Ukraine felt compelled to become an Associate Member of the CIS Economic Union and the Inter-State Economic Committee.¹⁷ The consequent CIS policy undertaken by the Kuchma administration can be described as follows: to reject the idea of political or military integration or re-integration of the post-Soviet area while supporting integrative trends in the economic sphere, especially in bilateral relations. Ukraine's active participation in the informal regional grouping GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova), established to promote joint projects of oil transportation from Azerbaijan via Georgia and Ukraine to Central and Western Europe, is a prominent example of a new tendency of CIS politics. The potential strength of GUUAM is the fact that it functions on the basis of the vested economic interests of all the states concerned.

17 In the meantime both organizations became totally meaningless and the latter was dissolved at the CIS-Summit in April 1999.

Ukraine in Central Eastern Europe

In its aim to extricate itself from its dependence and to react to the demands and pretensions emanating from Russia, Ukraine has been actively searching for new allies outside the territory of the former Soviet Union. A special feature of Ukraine's foreign and security policy is the desire to play an active part in regional cooperation within Central Eastern Europe "from the Baltic to the Black Sea".

Ukraine's neighborly relations in this region – especially with the Czech Republic, Hungary, Poland, and Slovakia – are understood to be vital. These countries play an important role in Ukraine's aim of integrating into European structures. They have a genuine interest in supporting Ukraine's bid to become a part of Europe. The process of NATO and EU eastward enlargement has made regional security and stability the number one issue in relations between Ukraine and Central Eastern Europe.

It was of great importance for Kyiv to put its relations with the neighboring states on a formal footing. The bilateral treaties with Central Eastern European neighbors allow Ukraine to defend its territorial integrity, defuse possible ethnic conflicts and consolidate its existence as an independent state. Enhancing mutual relations within this region has another important dimension. Through integration into Central Eastern Europe, Ukraine is seeking a new identity. President Kuchma regards the fact that Ukraine belongs simultaneously to Eastern, Central Eastern and southeastern Europe as an exceptional factor of the country's "geopolitical situation". In his keynote speech to the Polish Seim in June 1996¹⁸ he declared that one of his country's paramount goals was to establish itself as a Central Eastern European country. While friendly relations with regional neighbors is a prerequisite for Ukraine's integration into European structures, into the development in Europe, they cannot resolve the two serious challenges to Ukraine's

18 "Vystup Prezydenta Ukrainy L. Kuchmy u Seimi Respubliki Polshsca (Varshava, 26 chervnia 1996 r.)" *Polityka i chas*, July 1996, p. 82.

security, i.e. the country's potentially jeopardized outer security and its critical economic situation. Both, the assistance of the West and a benign policy on Russia's part, are indispensable in this context.

The European and Euro-Atlantic Dimension

Despite the rhetoric about its "European choice", Ukraine neglected the European aspect of its international activity in the early years of independence. For the sake of enhancing bilateral relations with the USA, the United States were seen as the only power able to counter-balance Russia's policy towards Ukraine. Since the mid 1990s, however, Ukrainian foreign policy conceptions and official declarations have increasingly focussed on integration into European structures and cooperation with the international community organizations. This European accent is a sign of Ukraine's growing self-confidence in the field of international politics and emancipation from Russia. One of the main foreign policy challenges in this respect is to overcome the contradiction between the desire to build a state with a stable European future and the continuing concentration of the country's economy on the post-Soviet area, especially on Russia.

Ukraine regards itself as an European state with regional interests but without global claims. Integration into European structures is *the* long-term goal, although this goal is realistically considered remote at present. Ukraine's proximity to Russia renders the matter of a possible membership in the EU, the Western European Union and NATO all the more sensitive for all parties concerned. At the same time, Ukraine has manifested its interest in finding a role in international institutions and conflict settlement mechanisms in Europe, and in developing economic and technical links which will foster the economic restructuring and regeneration of the country. Since 1994, Ukraine's cooperation with various international organizations such as the Organization for Security and Cooperation in Europe, the Council of Europe, the European Union, the International Monetary Fund, and NATO has increased noticeably in intensity and significance. Notwithstanding,

Ukraine is unlikely to become an EU, WEU or NATO member in the foreseeable future.

In his speech at the Economic Summit of the Central Eastern European countries in Salzburg in July 1996, president Kuchma presented a very ambitious program for Ukraine's participation in the European integration process, claiming the status of a regional Central Eastern European great power. Among others, the president demanded assurances from the EU, NATO and WEU that their doors will remain open not only to Hungary, Poland and the Czech Republic. He claimed that the status of an Associated WEU partner would "re-establish the historical justice of the rightful return of Ukraine to Europe", and he requested a "partially" associated membership in the EU with special reference to the political and military-political sphere as well as a special NATO-Ukrainian relationship. Furthermore, he discussed Ukraine's involvement in the political dialogue between the European Union and Central Eastern European countries.¹⁹

Relations with the European Union and NATO

In 1992-1993, the relations between Ukraine and the European Community were rather formal. Ukraine had not announced its membership intentions. The European Community made the development of relations with Ukraine dependent on the country's compliance with the START-1 and NPT provisions. In 1993, the negotiations on a *Partnership and Cooperation Agreement (PCA)* with the European Community began. The agreement, which was signed in May 1994, falls short of the Association Agreements concluded with the Central Eastern European and Baltic states, envisaging their full EU membership in the future. The PCA is apparently already being considered as obsolete in Kyiv, especially after the appointment of Borys Tarasyuk as the new minister for Foreign Affairs. EU associate membership has become one of the main goals of Ukrainian diplomacy in Western Europe. Leading the Ukrainian delegation at the first session of the EU-

¹⁹ *Uriadovyi kurier*, 11 July 1996.

Ukrainian Cooperation Council, prime-minister Pustovoytenko requested for Ukraine the immediate status of an Associate member, which was rebuffed by the majority of EU foreign ministers. Kiev values close ties with the EU both for economic and political reasons. In June 1998, president Kuchma endorsed by decree an aspiring *Strategy of Ukraine's integration into the European Union*.²⁰

The Strategy is designed for a period of ten years (until 2007), to meet the preconditions necessary for acquiring the status of an Associate member (with the ultimate goal of becoming a full-fledged EU member). The Strategy embraces practically all aspects of the envisioned integration process and of Ukraine's cooperation with the EU:

- *Legislation*: Reform of Ukraine's legal system – private, labor, health, financial, tax and customs legislation, laws dealing with environment, consumer rights, transport, etc. – and its adaptation to European standards.
- *Economy and trade*: Opening of markets, promotion of investments from the EU, elimination of competition limitations and restriction against protectionism.
- *Security*: Development and strengthening the European security system in all its dimensions; development of cooperation between Ukraine and the Western European Union as one of the major components of Ukraine's integration into the EU.
- *Political consolidation and strengthening of democracy*: Deepening of political dialogue between Ukraine and the European Union; strengthening of democracy and the rule of law; building of a civil society in Ukraine.
- *Social policy*: Adaptation of a social policy according to European standards; with the help of the EU's technical assistance program (TACIS), reforming social insurance, labor protection and the public health system, as well as the employment policy.

20 *On the Approval of the Strategy of Ukraine's integration*, as in footnote 5.

- *Culture, education, science, technology*: Introduction of European standards in education, science and technology; promotion of Ukrainian achievements in these spheres in the EU; promotion of the European cultural identity in Ukraine.
- *Regional cooperation*: Support of direct contacts between regions, local governments, territorial communities, etc., of Ukraine and EU candidates and members.
- *Environment*: Cooperation within the legal framework of international treaties and agreements, aimed at the establishment of a safe all-European ecological area.

Integration into the European Union is perceived as a two-dimensional process. The *organizational* and *institutional* aspect consists in achieving compatibility of the national legislation with the standards, norms and rules set by the EU, while the *structural* and *economic* dimension necessitates the creation of an effectively functioning market economy. Evidently, Ukraine has a long way with respect to both dimensions of integration. At the same time, Ukrainian politicians are increasingly disappointed with the EU's policies towards Ukraine, which they perceive as "ambiguous", "unreceptive" and "conceptually flawed".²¹ Some of the most delicate issues include the closure of the Chernobyl nuclear power plant, the threat of suspending Ukraine's membership in the Council of Europe, and an unanswered Ukrainian request for a partial moratorium on its external debt.

Another important component of Ukraine's integration policy, cooperation with NATO, is also to be implemented on the basis of a special presidential decree, i.e. the *State Program for Cooperation Between Ukraine and the NATO for the Period until 2001*.²² Like the *Strategy of Ukraine's integration into the European Union*, the *State Program* is based on the respective provisions of the Constitution, the *Main Guidelines of Foreign Policy*, the *Military Doctrine*, the *National Security Concept* and other acts of legislation. The main objective of

21 *Jamestown Monitor*, 29 June 1999.

22 *Derzhavnu programu*, as in footnote 6.

the program is the implementation of the tasks determined by the *Charter on a Distinctive Partnership* with NATO. It provides for cooperation in the political, military, economic, scientific and technological spheres.²³

Political cooperation with NATO intends to safeguard political independence, territorial integrity and inviolability of Ukraine's borders by providing for regular political consultations, crisis consultations if needed, regional cooperation and cooperation with NATO bodies. In the field of *civil-military relations*, enhanced cooperation is aimed at improving the system of democratic control of the Armed Forces in Ukraine and the process of defense budget formation. *Military cooperation* includes, among others, NATO assistance for Ukraine's military reform, Ukrainian participation in the Combined Joint Task Force and peacekeeping activities, cooperation in the field of armaments and interoperability. Cooperation in the field of *military economy* includes assistance in the conversion processes and measures to ensure the effectiveness of Ukraine's defense industry and to attract investments in the military-industrial complex.

The future development of Ukraine-NATO relations and even the implementation of the *State Program*, is uncertain. An important reason for Western reluctance to further deepen relations with Kyiv is the inevitable consideration of Moscow's reaction. Moreover, the ambiguous view of NATO shared by large parts of the Ukrainian public, which is likely to have deteriorated as a result of the Kosovo crisis, makes Ukraine's future NATO policy difficult to predict.

Conclusion

With the profound changes taking place in the international arena in general and in the post-Soviet area in particular, some aspects of Ukraine's foreign and security policy conceptions have changed since

23 The *State Program* is discussed extensively below in chapter 6, p. 150ff.

the early years of independence, others do not meet the new requirements and have become obsolete. Important aspects are still in the process of formulation, or impeded by the country's serious economic crisis and political struggle. Many documents leave room for divergent interpretations and different approaches. To a certain extent, the politics of ambiguities and of muddling through appears to have become Ukraine's trademark.

Geographically and politically Ukraine is situated between Russia and Europe. Paradoxically, this is both a strength and a weakness of the country's geostrategic position. While its position makes Ukraine essential for European stability, it also makes the country feel especially vulnerable in the sense of its own security. Ukraine has managed to evolve from an alleged potential risk factor in European security to a European security asset. To resolve its security problems, Ukraine needs support from and cooperation with the international community, primarily from European institutions. Until recently, the Ukrainian foreign policy has been clearly Western-oriented. Its primary aim is full integration into European political, economic and security structures. The *Partnership for Peace* program, the NATO-Ukraine Charter and the PCA with the European Union give Ukraine a firm anchor to the West, but its precise role and position within the greater European security framework remains to be determined. Abandoning the "distinctive partnership" with NATO and the vision of long-term integration into Europe would make Ukraine dependent on Russia's economy and at the mercy of Russian goodwill.

Ukraine's relations with the West are not without problems. Ukraine's recent undeniable foreign policy achievements are in contrast with the increase of domestic political problems, government crises, and setbacks of economic reform.

The future of Ukraine's relations with its partners in the west, in the south, and in the east will depend to a large extent on the success of political and economic reforms – should they fail, Ukraine and the European states will increasingly go their separate ways.

TARAS KUZIO

Chapter 2

Slavophiles versus Westernizers: Foreign Policy Orientations in Ukraine

This chapter sets out to locate the domestic sources of Ukraine's security policies by focusing upon how national identity,¹ political culture, regionalism and national minorities impact upon its foreign orientation.² The chapter also seeks to answer why Ukraine has adopted a middle of the road foreign policy strategy of "multi-directionality" rather than either of the two polar extremes of a dash for Europe (termed here the "Baltic option") or retreating back to that of a Russian dominion (termed here the "Belarusian option").³ "Under such (domestic) conditions", Volodymyr Horbulin, secretary of the National Security and Defense Council, advised that, "Ukraine is destined to pursue a policy of balancing within the force fields of geopolitical interests".⁴

By focusing on the domestic sources of Ukrainian security policy in such a manner we find that the opinions of the elite and the public are roughly divided into two foreign policy orientation camps – Westernizers and Slavophiles. The only exception to this rule is the small radical right which is *both* anti-Russian and anti-Western, while nev-

1 See Kuzio, Taras. "Europe or Eurasia? National Identity, Transformation and Ukrainian Foreign Policy." In *National Identity and Foreign Policy*, ed. Rick Fawn. Cambridge: Cambridge University Press (forthcoming).

2 See Kuzio, Taras. "The Domestic Sources of Ukrainian Security Policy." *Journal of Strategic Studies*, no. 4, 1998, 18-49.

3 See Kuzio, Taras. "Belarus and Ukraine: Democracy Building in a Gray Security Zone." In *Democratic Consolidation in Eastern Europe: International and Transnational Factors*, eds. Jan Zielonka and Alex Pravda (forthcoming).

4 Interviewed in *Vechirnyi Kyiv*, 17 January 1997.

ertheless arguing that Ukraine is a part of “Europe” (their definition of “Europe”, shared with national democrats, excludes Russia).⁵ But, these two camps (Westernizers and Slavophiles) are themselves subdivided into “romantics” and “pragmatics”.

Although foreign policy in the Russian Federation is also divided between Westernizers and Slavophiles the debate and division in Ukraine is different. Consequently, it should not be assumed that foreign policy orientations are the same in Russia and Ukraine because they reflect different world views. As William Zimmerman points out, “Ukrainians tend to define their answers in ways which imply underlying parameters that set the terms of the foreign policy dialogue in ways that Russians do not”.⁶ Yuri Shcherbak, former Ukrainian ambassador to the USA, has given the Black Sea Fleet as an example of how Russia and Ukraine have diverging interests. Unlike Russia, Ukraine has no plans for military confrontation in the Black and Mediterranean Seas which would require both states to have a joint navy. There is also no longer any need for Sevastopol, in Ukrainian eyes, to therefore act as a military bridgehead.⁷

This chapter will argue three points. Firstly, in the pre-Soviet era Ukrainian political culture and national identity were overwhelmingly that of Westernizers. All political tendencies, ranging from social democrats to nationalists, believed that Ukraine was a part of “Europe”.⁸ The Slavophile tendencies which existed in Ukraine in the

5 See Kuzio, Taras. “Radical Nationalist Parties and Movements in Contemporary Ukraine Before and After Independence: The Right and its Politics, 1989-1994.” *Nationalities Papers*, no. 2, 1997, 211-242.

6 Zimmerman, W. “Is Ukraine a Political Community?” *Communist and Post-Communist Studies*, no. 1, 1998, 53.

7 Shcherbak, Yu. *The Strategic Role of Ukraine, Diplomatic Addresses and Lectures (1994-1997)*. Cambridge, MA: Ukrainian Research Institute, Harvard University, 1998, 81-82.

8 See the introduction in Lindheim, Ralph and George S. N. Luckyj, eds. *Towards an Intellectual History of Ukraine*. Toronto: University of Toronto Press, 1996, 3-52. – Zabuzhko, O. S. *Filosofiiia Ukrainskoi Idei ta Yevropeskyi Kontekst*. Kyiv: Osnovy, 1993. – Huzar, Iryna *Ukraina v Orbiti Yevropeskoii Mysli*. To-

pre-Soviet era differed fundamentally from those found in Russia as they were not Pan-Russian or Pan-Eastern Slavic, an ideology which defined Ukrainians as merely a regional branch of “Russians” (i.e. “Little Russians”).

Secondly, the creation of a large Slavophile foreign policy camp is primarily a consequence of the Soviet era because Slavophiles only exist in the ideological left in Ukraine.⁹ But, Ukrainian Slavophiles reject the majority view still existing in the Russian Federation that Ukrainians are merely “Little Russians” (the only two parties which continue to support this viewpoint are the Civic Congress and the Slavic Unity Party).¹⁰ They therefore, like Slavophile Belarusian president Alyaksandr Lukashenka, may pay homage to Moscow but will not accept proposals for Ukraine or Belarus to become a Russian *gubernia*. This reflects the success of Soviet state building within the republics which were designated the homelands of recognized titular nations. Instead, contemporary Slavophiles in Ukraine and Belarus look to a revived USSR or new post-Soviet union (such as the Russian-Belarusian union).

Thirdly, unlike in the three Baltic states, the Westernizers camp in Ukraine is divided. These divisions are a consequence of Tsarist and Soviet nationalities policies which divided the Ukrainian titular nation by region, language and culture. If, for example, the Ukrainian titular nation was not divided in such a manner ethnic nationalism and national democrats would be far more popular in Ukraine than they have proved to be. The Westernizers camp would be more united, former national communists would not have won the presidencies in December 1991 (Leonid Kravchuk) or July 1994 (Leonid Kuchma), political and

ronto-Lviv: Shevchenko Scientific Society, 1995. – Nalyvaiko, Dmytro. *Ochyma Zakhodu. Retseptiia Ukrainy v Zakhidnii Yevropi XI-XVIII st.* Kyiv: Osnovy, 1998.

9 See Wilson, Andrew. “The Ukrainian Left: In Transition to Social Democracy or Still in Thrall to the USSR?”. *Europe-Asia Studies*, no. 7, 1997, 1293-1316.

10 See Kuzio, Taras. “National Identity and Foreign Policy: The East Slavic Conundrum.” In *Contemporary Ukraine: Dynamics of Post-Soviet Transformation*, ed. Taras Kuzio, 221-244. Armonk, N.Y.: M. E. Sharpe, 1998.

economic reform would be quicker and, more importantly for the purposes of this chapter, Ukraine would have adopted the “Baltic option” of dashing for “Europe”. The pragmatic Westernizers camp is therefore largely a product of the division of the titular nation by language and region with romantics mainly based in western-central Ukraine where national consciousness is higher (as in the three Baltic states).

This chapter is divided into three parts. The first outlines some domestic sources of Ukraine’s security policies. The second discusses foreign policy orientations while the third discusses the Westernizers and Slavophile camps.

The Domestic Sources of Ukrainian Security Policies

Since it became independent in 1992 the foreign policies of Ukraine have been relatively consistent. Under both Kravchuk and Kuchma, Ukraine has sought to restrict its involvement in the Commonwealth of Independent States (CIS) in bilateral economic issues, while opposing Russian attempts to transform it into a new confederation or federation. These policies towards the CIS were coupled with attempts at obtaining legal recognition of its borders by its neighbors (particularly Russia) and with improving relations with its neighbors. Under both Ukrainian presidents the country’s major strategic aim has been to fully integrate into European and Trans-Atlantic structures. Nevertheless, despite supporting this same strategic goal there have been major tactical differences between Kravchuk and Kuchma.¹¹

Under president Kravchuk (December 1991-June 1994) an alliance of national communists and national democrats promoted the “Baltic

11 On Ukraine’s foreign policy see Kuzio, Taras. *Ukrainian Security Policy*. Washington D.C.: CSIS, 1995. – Kuzio, Taras. *Ukraine under Kuchma. Political Reform, Economic Transformation and Security Policy in Independent Ukraine*. London: Macmillan, 1997, 179-226.

option”. This depicted Russia as Ukraine’s negative, foreign “Other”, looked upon the CIS as merely a vehicle for a “civilized divorce”, and clamored for rapid integration into “Europe”. These policies failed. Ukraine’s relations with Russia rapidly deteriorated while large numbers of Ukrainian citizens disagreed with the depiction of Russia as Ukraine’s “Other”. The lack of domestic progress on political or economic reform also hampered Ukraine’s desire to integrate into “Europe”.

Under Kuchma an alliance of liberal and social-democratic political and business interests came to power in July 1994. These pragmatists also supported the strategic agenda of the Kravchuk era of “returning to Europe”, but proceeded to adopt different tactics to achieve the same goal. To Ukraine’s ruling elite Russia remained Ukraine’s main external threat;¹² at the same time, Russia was no longer portrayed as Ukraine’s “Other”. Ukraine began to look upon the CIS as not only a vehicle to promote a “civilized divorce” but to maintain economic, energy and cultural contacts. In addition, a more sober – and realistic – timetable was placed on Ukraine’s likelihood of integration into European and Trans-Atlantic structures.¹³

Under Kuchma, Ukraine broke out of its foreign policy isolation by targeting three areas. Firstly, the nuclear weapons question, which had harmed relations with the West, was resolved between January 1994 and June 1996 with the ratification of the START I and Nuclear Non-Proliferation Treaties and the removal of all nuclear weapons from Ukrainian territory. Secondly, Kuchma launched a relatively radical program of economic reform in October 1994. This was coupled with a breakthrough in political reform by the adoption of the post-Soviet constitution in June 1996.¹⁴ Finally, Ukraine normalized relations with

12 Chumak, V. M., Ye. Ye. Kaminskyi and V. A. Chumak. *Ukraina-Rossia: Mizh Stratehichnym Partnerstvom I Konfliktmistiu*. Kyiv: National Institute of Strategic Studies, 1997, 38, 62 and 68.

13 I have reviewed the ideologists of the Kuchma era in *Journal of Ukrainian Studies*, nos. 1-2, 1997, 145-164, and no. 1, 1998, 137-140.

14 Kuzio, *Ukraine under Kuchma*, as in footnote 11, 90-178.

Russia when they finally signed an inter-state treaty in May 1997 (ratified in January 1998 by the Ukrainian *Rada* and in December 1998 and February 1999 by the Russian State *Duma* and Federation Council respectively).

By 1998 these three policies succeeded in their short-term objective of making the West perceive Ukraine as the “linchpin of European security”, giving the West an important stake in Ukraine’s continued independence and territorial integrity.¹⁵ In June and November 1998 Ukraine had outlined two detailed government action plans for cooperation with the EU and NATO.¹⁶ A “belt of stability”, as Ukrainian security specialists describe it, had also been established around Ukraine with the legal recognition of its borders by all of its neighbors.¹⁷ Meanwhile, the CIS seemed to have little future as Russia’s leadership stagnated and it became divided into two camps, one led by Russia and the other including Ukraine (the GUUAM group). The GUUAM group within the CIS (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova) represents those countries whose ruling elites are pragmatic Westernizers (promoting a pro-Western multi-directionality in their foreign policies which lies between “Baltic” or “Belarusian” options).¹⁸

15 See Garnett, Sherman W. *Keystone in the Arch. Ukraine in the Emerging Security Environment of Central and Eastern Europe*. Washington D.C.: Carnegie Endowment, 1997.

16 See Kuzio, Taras. “NATO Enlargement: The View From the East.” *European Security*, no. 1, 1997, 48-62. – Kuzio, Taras. “Ukraine and NATO: The Evolving Strategic Partnership.” *Journal of Strategic Studies*, no. 2, 1998, 1-30.

17 President Kuchma told the diplomatic corps that “it is understood that unconditional and resolute endorsement of Ukraine’s political sovereignty, territorial integrity and the inviolability of its borders will remain the focal point of our foreign policy” (*Uriadovyi Kurier*, 14 January 1997).

18 Deputy foreign minister Yevhen Bersheda divided the former Soviet states into three camps: the Balts, GUUAM and the Russian-Belarusian union (i.e. pro-Russian states). See “Interesy I Priorityty u Stosovno ES: Vybir u Haluzi Polityky Bezpeky.” *Stratehichna Panorama*, nos. 1-2, 1998, 23-24.

Despite these successes in Ukrainian foreign policy between 1994-1998 Ukraine was unable to keep up the momentum because it was both isolated from its domestic policies and there was a gulf between the foreign policy orientations of Ukraine's elite and the public at large.¹⁹ Then foreign minister Hennadii Udovenko complained that "our foreign policy resources have been exhausted in the light of the fact that our economic situation does not change".²⁰ Two factors accounted for this. On the one hand, it was not certain on the external front when Ukraine would be admitted into "Europe". The EU had not included Ukraine in the "slow-track" group of five countries for future membership. Its demands to be admitted as an Associate Member were even rejected by the EU as "premature". Ukraine's relations with NATO are very close but Russia, a member of the six-nation Contact Group, insists upon a veto over membership in the alliance for any former Soviet republic. On the domestic front, after a promising start in late 1994 domestic reform had stagnated after 1996-1997.

Ukraine's foreign policy strategic goal of "returning to Europe" increasingly therefore clashed with two realities – the medium/long-term possible realization of that objective and the weakness of the domestic reform effort which were not adequately preparing Ukraine for this strategic aim. Ukraine therefore risks being left on the margins of both "Europe" and Eurasia, where declarations take the place of concrete action and Ukraine becomes a *de facto* buffer.²¹ Ukrainian foreign minister Borys Tarasiuk lamented:

After all, our desire is not enough to put the strategic goal announced by the president into practice. Persistent, and I would even say titanic work of

19 On the views of Ukraine's elite see Hopmann, Terrence P., Stephen D. Shenfield and Dominique Arel. *Integration and Disintegration in the Former Soviet Union: Implications for Regional and Global Security*. Occasional Paper 30. Providence, RI: Brown University, 1997, 16.

20 Interviewed in *Ukraina moloda*, 14 April 1998.

21 See Derchachov, Oleksandr. *Ukraine in the Euroatlantic Space*. UCPCCRS Occasional Report 49. Kyiv: Ukrainian Center for Peace, Conversion and Conflict Resolution Studies, 1998. – Zamiatin, Viktor. "Zovnishopolitychnyi balans po-ukraiinskomu." *Den*, 28 April 1998.

the entire society is needed. It is necessary to realize that EU membership and the preparation for it are problems not only of the Ukrainian Foreign Ministry but also of all ministries and departments with no exception. (...) Is Ukraine ready for such profound cooperation? Let us frankly say that it is not completely ready for this. After all, this requires a real national infrastructure, including at the level of experts, in which every ministry and department would have at least a few experts who would understand the different EU affairs.²²

Ukrainian Foreign Policy Orientations

Most observers of Ukrainian foreign policy have looked to its economic and political domestic constraints. These are understandably important, particularly the former. At the same time, as argued at the beginning of this chapter, questions of political culture, national identity, regionalism and historical legacies play as important a role in constraining and influencing Ukrainian foreign policy. Therefore, overcoming the legacies of Tsarist and Soviet nationalities policies through state-nation building are also an essential component of Ukraine's overall post-Soviet transition. Through the "consolidation" of society (i.e. state-nation building) Ukrainians are likely to re-orientate their foreign policy preferences towards "Europe".²³ This assumes – correctly – that those Ukrainians in support of the four stages of Ukraine's transition (economic-political reform and state-nation building) are also likely to be Westernizers. During the March 1998 parliamentary elections the majority of the 30 registered parties and blocs did not focus upon foreign policy.

It is difficult to neatly categorize political parties in Ukraine according to their foreign orientations. As mentioned, Slavophiles in Ukraine are largely confined to the ideological left. Nevertheless, the majority of

22 Interviewed in *Uriadovyi Kurier*, 18 April 1998.

23 V. Horbulin in *Demokratychna Ukraina*, 3 February 1996. – Shcherbak, as in footnote 7, 111.

these Slavophile parties and blocs are of the pragmatic type. The left, as such, is not opposed to Ukraine's membership in the EU²⁴ – all the Slavophiles are anti-NATO in varying degrees. This has led to Ukrainian foreign policy officials exaggerating that, “all political parties support a European orientation”.²⁵ The only die-hard romantics in this camp are, of course, the Communists and the small Union party, which is the remnant of the former Russia bloc in the Crimea. The center-right national democrats all espouse an anti-Russian, pro-European orientation we define as romantic Westernizers. These parties agitate in favor of Ukraine adopting the “Baltic option” and were influential in the Kravchuk era.

If we disregard the two extreme right blocs (Few Words and the National Assembly), whose ideology is *both* anti-Western and anti-Russian,²⁶ we can see that the remaining largely centrist parties and blocs reflect a large proportion of Ukrainian public opinion. The major orientation here is pragmatic Westernism, commonly associated with the Kuchma leadership. We should not contrast Kuchma with his defeated predecessor, Kravchuk. Since his failure to hold on to the presidency in Summer 1994 Kravchuk has evolved away from the romantic to the pragmatic Westernizers' camp after becoming a member of first the Liberal and now the United Social Democratic Parties.

24 UNIAN, 9 May 1998. In a speech to Odesa local deputies *Rada* chairman Oleksandr Tkachenko, a high ranking member of the Peasant Party, pointed to how Ukrainian society should be moving towards the higher standards of living of the EU, where there were no delays in the payment of wages and pensions (*Holos Ukrainy*, 9 December 1998).

25 Bukkvoll, Tor. “Ukraine and NATO: The Politics of Soft Cooperation.” *Security Dialogue*, no. 3, 1997, 369. The comments are attributed to the then deputy foreign minister Konstantin Hrishchenko.

26 These views sometimes spread into national democratic parties. Mykhailo Pavlovskyi, a prominent member of the Congress of Ukrainian Nationalists, opposed the use of US and European models for Ukraine's transition. The model should be found in Ukraine based on its own national values. See his article, “Natsionalna idea v Ukraini sebe vycherpala chy ii zradly?” *Holos Ukrainy*, 29 December 1998.

Kravchuk is a close ally of Kuchma in the October 1999 presidential elections (he jointly heads Kuchma's re-election bloc, *Zlahoda*).

Westernizers versus Slavophiles

In an address to the *Monolit* Production Association in Kharkiv president Kuchma complained that Ukraine's foreign policy orientations were always based on two polar opposites: "either embracing absolute state ideas or negating them completely". This was certainly the situation in the Kravchuk era: "Some people would like to see the CIS as a path towards restoring the former Soviet Union, while others would like to separate themselves from it by a thick wall".²⁷

Both of these two polar opposites, i.e. revival of the USSR (the "Belarusian option") versus rapid integration into "Europe" (the "Baltic option"), were romantic foreign policy orientations. The Kuchma era has thankfully introduced a large measure of pragmatism into the foreign policy debate within both the Westernizers *and* Slavophile camps. This pragmatic spectrum lies between the Socialists and Peasants among the Slavophiles to social democrats, liberals and business interests in the Westernizers camp.

Westernizers

In the view of some Western scholars, "The nationalist position on the future course of Ukraine's foreign and defense policy is clear enough, and can be neatly summarized as anti-Russian and pro-European".²⁸ Although this could be said to be the case for Romantic Westernizers it ignores the fact that a large number of Westernizers are *not* anti-Russian but are still pro-European (the pragmatic Westernizers).

27 *Uriadovyi Kurier*, 6 November 1997.

28 Wilson, Andrew. *Ukrainian Nationalism in the 1990s. A Minority Faith*, Cambridge: Cambridge University Press, 1997, 173.

This view also ignores the link already alluded to earlier between a Westernizing foreign policy and support for reform and state-nation building.²⁹ Integration eastwards is viewed by all Westernizers therefore as “the way to the past”,³⁰ a rejection of “Western civilization” and a threat to Ukrainian sovereignty. Mykola Ryabchuk has convincingly demonstrated how *both* romantic and pragmatic Westernizers, “have accepted the new West European utopia – the utopia of First World Civilization – and its main values”. This was, he believed, because, “this utopian vision’s roots run too deep in Ukraine”.³¹ Both president Kuchma and Ukraine’s foreign minister Tarasiuk reflect this utopian vision:

The European integration vector remains the top priority task in Ukraine’s foreign policy.³²

The desire to restore its identity as a full-fledged European state has preordained European integration as the only acceptable development path for Ukraine.³³

The People’s Democratic Party (PDP) is the party most commonly labeled as president Kuchma’s “party of power” (Prime-minister Valerii Pustovoitenko is head of the PDP). Yet, it supports Ukraine’s full integration into European and Trans-Atlantic structures, up to, and

29 Parties and blocs were divided by one author into two: those supporting an independent state, market economy and democracy and those who favoured the “restoration of the Russian empire” and a communist-socialist system (*Nezavisimost*, 7 October 1997). Kuchma therefore had to adopt policies geared towards all of his Westernizers’ constituencies – liberal reformers, social development and national democracy (defense of statehood). See the interview with V. Horbulin in *Kievskiy vedomosti*, 3 February 1997.

30 Tarasiuk, then Ukrainian ambassador to the Benelux and NATO, in an interview in the *Wall Street Journal*, 9 March 1998.

31 Ryabchuk, M. “Between Civil Society and the New Etatism: Democracy in the Making and State Building.” In *Envisioning Eastern Europe: Ukraine*, ed. Michael D. Kennedy. Postcommunist Cultural Studies. Ann Arbor: University of Michigan Press, 1994, 147.

32 Kuchma, quoted in *ITAR-TASS*, 24 July 1998.

33 Tarasiuk to the Russian Diplomatic Academy, *Zerkalo Nedeli*, 21-27 November 1998.

including, NATO and EU membership.³⁴ Whereas national democrats were in favor of Ukraine's withdrawal from the CIS the NDPU recognize the continued importance of the CIS as a forum for economic questions. Likewise, the Greens, also pragmatic Westernizers, opposed Ukraine's membership of the CIS Inter-Parliamentary Assembly.³⁵ In fact, all the Westernizers opposed Ukraine's membership in this body, which they regarded as a threat to Ukrainian sovereignty. This is reflected in the largely left-wing votes in the *Rada* in favour of Ukraine's membership in this body. All Westernizers oppose the CIS with a political or military role. The main difference in their attitudes lies in that the romantics oppose the CIS *per se* while the pragmatists recognise that it possesses some important functions, primarily economic.

Romantic Westernizers place a heavy emphasis upon cultural and linguistic factors. They are strong advocates of limiting the influence of the Russian media in Ukraine's information space, while providing affirmative action to the Ukrainian-language media, book publishing and raising the usage and profile of the Ukrainian language. It would be wrong to assume though, as do some Western scholars, that these fears are only confined to the romantic Westernizers camp.³⁶ In reality, Russian television and radio have been pushed out of the Ukrainian information space to a greater extent under Kuchma than under his predecessor. Two factors account for this – national security (e.g. support given by the Russian media during elections to specific candidates) and financial (i.e. advertising revenues).

34 *Kyiv Post*, 24 November and 1 December 1998.

35 See the remarks by the deputy head of the Greens, Serhiy Kurykin, a member of the *Rada's* Foreign and CIS committee (*Ukraina moloda*, 10 October 1998).

36 Shulman, Stephen. "Cultures in Competition: Ukrainian Foreign Policy and the 'Cultural Threat' from Abroad." *Europe-Asia Studies*, no. 2, 1998, 287-303.

Romantics

Romantic Westernizers are mainly confined to the center-right national democratic camp whose main base of electoral support rests in regions of western-central Ukraine where national consciousness and Ukrainian language usage are higher. They have always opposed Ukraine's designation as "Eurasian" and thereby define Ukraine as "central European". This is coupled with demands to adopt the "Baltic option" of immediately applying for NATO and EU membership, regardless of the consequences or Ukraine's readiness for membership.³⁷ Romantic Westernizers also oppose Ukraine's definition as a "bridge" linking "Europe" to the Russian Federation, an argument advanced by pragmatic Westernizers.³⁸ The European Choice election bloc in the 1998 parliamentary elections deliberately chose this name to signal its orientation. Its symbol included a golden calf surrounded by 12 European stars on a blue background (also the colours of Ukraine's national flag).

During the late Mikhail Gorbachev era national democrats were the primary political force which mobilized Ukraine to independence from below through the force of ethnic nationalism (which has only been popular in western-central Ukraine). They were helped in this by support from above by national (sovereign) communists. National democrats grew out of two sources – the Soviet era dissident movements and the cultural intelligentsia.

During this period (1988-1991) there was a vacuum within the liberal, social democrat and socialist wings of Ukrainian politics.³⁹ The consolidation of Ukrainian independence after January 1992, the banning of the Communist Party of Ukraine in August 1991 and the rise of

37 See the Rukh faction statement in *Holos Ukrainy*, 26 March 1997 and the former Rukh leader, Viacheslav Chornovil's speech to the second Forum of World Ukrainians in *Chas*, 28 August/3 September 1997.

38 See the speech by V. Chornovil at the New Atlantic Initiative (*Chas*, 17 May 1996).

39 Kuzio, Taras and Andrew Wilson. *Ukraine. From Perestroika to Independence*. London: Macmillan, 1994.

business interests all helped the growth of those pragmatic political parties that lay between the two protagonists of the Gorbachev era (national democrats and communists).

Pragmatists

The election of Kuchma brought the social democrat and liberal wing of Ukrainian politics and business into the foreign policy debate. Kuchma's immediate allies in 1994 were the Inter-Regional Bloc of Reforms which united the New Ukraine bloc and the Union of Industrialists and Entrepreneurs. New Ukraine had grown out of the Democratic Platform of the Communist Party of Ukraine which had evolved into the Party of Democratic Revival of Ukraine (PDVU) and then, after uniting with the Labor Congress of Ukraine in 1996, became the current People's Democratic Party. The PDVU had been in opposition to Kravchuk throughout his presidency because of his disinterest in reform and was therefore the natural ally of a president who launched reform in October 1994.

This camp rejected the view of the romantic Westernizers that Ukraine only had national interests in the West. Its refusal to regard Russia as the "Other" also meant it could not continue to uphold Ukraine as a "buffer". Ukraine's foreign policy dilemma was defined as, "Without Russia we may not save our economy; without the West we may not build a law-governed independent state".⁴⁰

Under Kuchma the parameters of the foreign policy debate in the Kravchuk era – either a revived USSR or integration into "Europe", i.e. the "Baltic or Belarusian options" – were changed. Integration into "Europe" was no longer viewed as a reason for disinterest in the

40 *Zerkalo Nedeli*, 23 May 1998.

CIS or good relations with Russia. It also recognized economic, cultural and spiritual ties between Ukraine and the former Soviet republics.⁴¹ “Ukraine’s foreign policy should be neither pro-Western nor pro-European, it must be pro-Ukrainian”, Kuchma explained.⁴²

Nevertheless, pragmatic Westernizers still defined their priorities as integration with European and Trans-Atlantic structures and only cooperation with Eurasian institutions and countries.⁴³ Ukraine still continued a multi-directional foreign policy because they believed that the two polar foreign policy choices of the Kravchuk era (revived USSR or rapid integration into “Europe” without Russia) were a threat to Ukrainian statehood and its territorial integrity.⁴⁴ Ukraine could not both, “‘race to Europe’ while guaranteeing ‘Russian priority’”.⁴⁵ One or other of these policies would be damaged, as it was in the Kravchuk era.

Kuchma had not become, as Russia had believed he would, a Ukrainian corollary to Belarusian president Lukashenka. Russian foreign policy specialists were therefore surprised to see the Kuchma leadership carve out a pragmatic camp among the Westernizers as they believed that only western Ukrainians, Kravchuk and national democrats were in favor of integration into “Europe”.⁴⁶ In reality, because of the reasons outlined earlier, Kuchma has moved Ukraine further away from Russia than his predecessor was able to undertake.⁴⁷ In reality, both wings of

41 Kremen, Vasyl, Vasyl Tkachenko and Dmytro Tabachnyk, *Ukraina: Alternatyvy Postupu. Krytyka Istorychnoho Dosvidu*. n. p.: ARC-UKRAINE, 1996, 710-712 and 715.

42 *Interfax*, 17 April 1998.

43 Foreign minister Tarasiuk in *Kievskiy Vedomosti*, 12 May 1998.

44 Vydryn, Dmytro and D. Tabachnyk. *Ukraina na porozhchyni XXI stolittia. Politychnyi aspekt*. Kyiv: Lybid, 1995, 129.

45 *Vseukrainskiye vedomosti*, 17 October 1997.

46 See the remarks by Arkady Moshes, Ukraine expert at the Institute of Europe, Russian Academy of Sciences, in *Moscow News*, 4-10 July 1996.

47 Anatoliy Luzan and Sergei Luzan. “Ukraina i Rossiia: Faktoryi otchuzhdeniia i sblizheniia.” *Viche*, no. 6, 1998, 96-110.

the Westernizers camp were “state orientated and pro-Western orientated forces” opposed to the revival of the USSR or a confederal CIS.⁴⁸

Both the romantic and pragmatist wings of the Westernizers camp looked upon integration into the CIS and with Russia as a threat to Ukrainian statehood. Integrating with the West was not perceived by either wing of the Westernizers as harmful to Ukraine’s independence. Hence, both wings rejected any political or military dimension to the CIS and opposed attempts to provide it with supranational structures where the Russian Federation would play a dominant role. A stronger CIS is viewed by the entire Westernizers camp with “allergy” and “fear”, because any new “union” “is being associated with the concept of a ‘totalitarian state’”.⁴⁹ Ukraine under both Kravchuk and Kuchma has therefore refused to ratify the CIS Charter making it *de jure* not even a CIS member, but only a “participant”. At the same time, Ukraine initiated the adoption of a Charter for the Black Sea Economic Cooperation Agreement, which the Russian Federation has no ability to dominate.

The “utopian vision” and allure of “Western civilization” has proved hard for pragmatic Westernizers to resist. One of the most “pro-Russian” of the Westernizers, SLON, outlined its program as “the European path of development” where allegedly individual rights were prioritized over national ones, civil society flourished and market economies were free from organized crime.⁵⁰ This was indeed

48 Parakhonskyi, B. O. “Miste ta Rol Ukrainy u Suchasnomu Heopolitychnomu Prostorii.” *Stratehichna Panorama*, nos. 1-2, 1998, 41.

49 Yuriy Gaidai in *Holos Ukrainy*, 16 February 1999.

50 Copy in the author’s possession of the appeal issued by the inaugural congress of SLON.

a “utopian vision” shared by Hromada⁵¹ and all four social democratic parties.⁵² Pragmatic Westernizers sought to carve out for themselves a centrist path between the two dominant groups of the Kravchuk era (communists and national democrats). This centrist path *forwards* towards a “modern civilized society” still contrasted with those calling for “a *return* to the ‘happy’ past with lines in shops, deficits, censure, and ‘thorny wire’”. The former head of the Presidential Administration and leader of New Ukraine, Yevhen Kushnariov, linked the preservation of statehood and democracy to “prevent Ukraine from returning to the ‘radiant past’”.⁵³

Slavophiles

Slavophiles are also divided into romantics and pragmatists. The former are mainly confined to three groups – Communists, Progressive Socialists and Union (*Soiuz*) – who were defined as the only three of the 30 election blocs in 1998 opposed to Ukrainian statehood. Pragmatists within this camp are commonly associated with the “soft left” lying between the Social Democrats/Hromada on the right and the Communists and Progressive Socialists on the extreme left. Former

51 Hromada’s manifesto for the March 1998 parliamentary elections called for Ukraine’s integration into world and European structures, the development of a “strategic partnership” with the USA and “friendly relations with the CIS and Russia” (*Vseukrainskie vedomosti*, 18 December 1997).

52 See the interview with Marchuk, leader of the Social Democratic Union, in *Krymskaya Pravda*, 21 January 1999 where he supports Ukraine’s “integration in the European community”. Viktor Medvedchuk, head of the United Social Democratic Party of Ukraine, wanted Ukraine to “join the civilized European development process” (*Holos Ukrainy*, 25 December 1998). Yuriy Buzduhan, head of the Social Democratic Party of Ukraine, said his party, “orientates itself towards European examples of social-corporatist models” (*Kievskiye vedomosti*, 26 September 1998) Vasyl Onopenko, head of the Ukrainian Social Democratic Party meanwhile, described Ukraine as a “European state” which should “make a contribution to the building of a joint home” (*Kievskiye Novosti*, 9 January 1998).

53 Interviewed in *Uriadovyi Kurier*, 26 January 1999.

Rada chairman (1994-1998) and leader of the Socialists, Oleksandr Moroz, typifies the pragmatic group when he said “Anyone who does not pine for the USSR has no heart. Anybody who tries to re-establish it has no head”. This view finds greater resonance among the public at large than the romantic Soviet revivalists. Medvedchuk, head of the united Social Democrats, explains this in the following manner: “Most people think that Soviet power was more legitimate, humane, just and closer to people. However, most people think that returning to the Soviet system is not possible”.⁵⁴

Moroz believed that the former USSR was united on the basis of the Communist Party, which began to “naturally” decline in the early 1990s because socialism and Soviet power were “distorted”. To re-establish the former USSR would require a re-united Communist Party which is not likely in the short term. Moroz looked forward to it happening in the distant future but, he advised, “I cannot proclaim antiquarian slogans. The party is obliged to set realistic goals and achieve them”.⁵⁵ Hence, Moroz’s Socialists believed that Ukraine, “instead of going backward should move ahead toward socialism”. Moroz therefore hoped to become Ukraine’s equivalent of other post-Communist leaders in Central Eastern Europe. Pragmatic Slavophiles are less hostile to European integration (particularly the EU), oppose Ukraine’s membership of any military bloc (NATO or the CIS Tashkent Security Treaty) and remain evasive about the Russian-Belarusian union.

In contrast, the three romantic Slavophile parties back the full re-establishment of the former USSR. But, this did not mean that they regarded Ukraine as not belonging to “Europe”. Borys Oliynyk, communist head of the *Rada*’s committee on Foreign and CIS Policy for a second term, believed Ukraine could not “return to Europe” because it always had been a part of “Europe”.⁵⁶ Oliynyk agreed with Kuchma,

54 *Holos Ukrainy*, 25 December 1998.

55 Interviewed in *Holos Ukrainy*, 19 January 1999.

56 *Ukrainska hazeta*, 26 September 1996 and interview in *Silski Visti*, 27 February 1998.

Tarasiuk and Horbulin that Ukraine could not have only one vector in its foreign policy and that it was fated to eventually integrate into “Europe”.⁵⁷

The romantic Slavophiles, like their Russian Communist counterparts, are also far more hostile to the West, including financial aid, the IMF and other international financial institutions. Petro Symonenko, head of the Communist Party of Ukraine, has long attacked Ukraine’s “traitorous kow-towing to Western capital”.⁵⁸ Ukraine was being “transformed into the West’s semi-colony or protectorate” through a “tightening of the IMF’s debt garrote” and the “brutal interference” of international financial institutions. Ukraine had also become a “buffer” for NATO. Ironically, Communist criticism of Western assistance and calls to rely “on one’s own forces” is surprisingly similar to that espoused by the extreme right. Where they differ is the call by the Communists to revive the USSR and establish very close relations with Russia.⁵⁹

Rada chairman and Peasant Party member Tkachenko is far more nostalgic about the former USSR than Moroz, which has led him to make positive remarks about the Russian-Belarusian union. Frustrated at the pro-European foreign policy of the Kuchma administration Tkachenko and the left have attempted to use the *Rada* to define Ukraine’s foreign policy. This was heavily criticized by foreign minister Tarasiuk as aimed against Ukraine’s integration into “Europe” as well as the isolation of Ukraine so that it only maintained good relations with the former Soviet republics. Worst of all for Tarasiuk was that, “The hidden objective is to revive the USSR”.⁶⁰ Tarasiuk also therefore opposed Ukraine’s membership of the Russian-Belarusian union. Tarasiuk was correct to some degree to link the Russian-

57 ITAR-TASS, 27 October 1997 and interviewed in *Holos Ukrainy*, 16 September 1998.

58 Interviewed in *Silski Visti*, 9 April 1998.

59 Speech by P. Symonenko to the *Verkhovna Rada* (*Holos Ukrainy*, 23 May 1998).

60 Interviewed in *Ukraina moloda*, 6 October 1998.

Belarusian union to a revived USSR. The Communists certainly see the Russian-Belarusian union as a stepping stone to the revival of the former USSR (the three eastern Slavic republics dissolved the USSR in December 1991), but this is probably not the case for pragmatic Slavophiles.⁶¹

Conclusion

Ukraine's foreign policy orientations are divided into two camps – Westernizers and Slavophiles. Westernizers seek to integrate Ukraine into European and Trans-Atlantic structures. To accomplish this goal they have to also support, to varying degrees, state-nation building and political-economic reform. They perceive integration westwards non-threatening to Ukrainian sovereignty or its territorial integrity but part and parcel of Ukraine's returning to "European civilization". All Westernizers are opposed to political and military integration in the CIS or in Russia and look upon the Russian-Belarusian union as a stepping stone to a revived USSR.

Westernizers are divided into romantics and pragmatists. The former are primarily national democrats and the creative intelligentsia who argue in favor of the "Baltic option" of a headlong dash towards "Europe" after leaving the CIS. Support for these policies tend to come from those regions of Ukraine where national consciousness is higher (western-central Ukraine). Pragmatic Westernizers, on the other hand, tend to be grouped around social democrat, liberal and business interests. They believe that the CIS is still useful to Ukraine economically and recognize that some Ukrainian citizens have cultural and personal ties to the other former Soviet republics. Although they

61 Crimean Communist leader and Crimean Supreme Soviet chairman Leonid Grach said Crimeans would back a candidate who supported two state languages (Ukrainian-Russian), a change in economic policies and Ukraine's membership of the Russian-Belarusian union (ITAR-TASS, 11 November 1998).

are also in favor of Ukraine re-joining “Europe” they would like to do this either in strategic partnership with Russia or by not harming relations with Russia. In either case, unlike romantic Westernizers, they do not look upon Russia as lying outside “Europe”. Not surprisingly, the popularity of pragmatic Westernizers lies mainly in eastern and southern Ukraine, an area incorporated into the Tsarist Russian empire in the late eighteenth century where russification, de-nationalization and the influx of a large Russian minority has influenced local politics.

Prior to the twentieth century Ukrainian political thought of all persuasions was pro-Western and defined Ukraine as an inalienable part of “Europe”. Slavophiles are therefore confined to the ideological left because they are a product of the Soviet era and its legacies. They are consequently most popular in the Donbas, the main Communist stronghold since 1917-1918 in Ukraine, and in the Crimea, a region with a Russian ethnic majority transferred to Ukraine in 1954.

Romantic Slavophiles on the extreme left, such as the Communists and the Progressive Socialists, support the revival of the former USSR and tend to be hostile to the West. Romantic Slavophiles see the Russian-Belarusian union and a more tightly integrated CIS as leading to a revived USSR.

Like the extreme right, romantic Slavophiles are critical of international financial institutions and call for Ukraine to “rely on its internal forces”. There are fundamental differences between the extreme left and right though. The nationalist extreme right look upon integration in *either* direction (west or east) as a threat to Ukrainian sovereignty. The extreme left meanwhile, only look upon integration into “Europe” as a threat (the reverse of the threats to those perceived by Westernizers). The extreme left see integration into the CIS or a new revived union as actually reinforcing Ukrainian sovereignty and re-invigorating its statehood.

Pragmatic Slavophiles, on the other hand, have some close similarities to both romantic Slavophiles, on the one hand, and some social democrats and Hromada, on the other. They are less hostile to the West, for example not ruling out EU membership, and do not oppose *per se* Western investment and assistance. They look forward, rather than

backwards to a revived USSR, which they see as utopian. While not opposing Ukraine's membership in the CIS Inter-Parliamentary Assembly they do not see this as an alternative to, say, membership in the Council of Europe or the EU. Ukraine's membership of the Russian-Belarusian union is not seen as a stepping stone to a revived USSR. Pragmatic Slavophiles also prefer to maintain Ukraine's current non-bloc status rather than joining either NATO or the Tashkent Security Treaty.

The clash between romantic Westernizers (national democrats) and romantic Slavophiles ("imperial communists") was largely confined to the late Gorbachev and Kravchuk eras. Since the Kuchma era a large body of political opinion has emerged within the pragmatic camp stretching from the Socialists and Peasants on the left to the Liberals in the center. This pragmatic wing of Ukrainian politics is what makes Ukraine so stable and its sovereignty assured. It is unlikely therefore that there are currently strong enough political forces in Ukraine to promote either the "Baltic" or "Belarusian options", either of which could be damaging to Ukraine's territorial integrity and independence.

ALEKSANDER PARFIONOV

Chapter 3

Foreign and Security Policy Views of Relevant Ukrainian Political Forces

This chapter explores the attitudes and positions of the most important Ukrainian political parties in the field of foreign relations. The relevance of the presented findings is limited, however, owing to the fact that political parties in Ukraine differ strongly from Western parties and in general do not play a very important role in the political system of post-Soviet Ukraine – with the prominent exception of the reemerged successor organizations of the former Ukrainian branch of the Soviet Communist Party (CPSU).

Also, for most of Ukraine's population the parties' foreign and security policy views do not determine the choice at elections. Facing permanent economic decline, the main attention is paid to aspects of social, economic and domestic policy. Thus, foreign and security policy issues are scarcely reflected in the parties' programs. This chapter draws on party statutes and programs as well as election programs, published in 1998 in connection with the parliamentary elections, as a main source.¹

Historic Background

The Ukrainian political system has a very short history. An alternative to the CPSU was formed only in September 1989. The Ukrainian political forces are not completely formed yet and the current period can

1 *Politychni partii Ukrainy*. Kyiv: tov. "KIS", 1998.

be described in terms of transition to a democratic pluralistic political system.

To date, some sixty political parties have been registered with the Ukrainian Ministry of Justice. These parties differ from each other by the number of their members and by the level of influence on the political life of Ukraine. Of the thirty parties and election blocs participating in the March 1998 parliamentary elections, nineteen managed to win at least one seat in the *Verkhovna Rada*. Eight have passed the four-percent hurdle, multiplying their influence in the national parliament and yielding two thirds of all seats.²

Modern Ukrainian party history began with the turn of the decade some ten years ago. Two dates are important in this regard: in September 1989, the *National Movement for the Support of Perestroika*, later called *People's Rukh of Ukraine*, was founded.³ In April 1990, the first Ukrainian democratic party, *Ukrainian Republican Party*, was formed. The founders were former political prisoners and dissidents and members of the Ukrainian Helsinki Group.

Ukrainian parties are usually labeled leftist, rightist, or centrist. Traditionally, right-oriented parties would focus on national and ethnic issues, using anti-communist and anti-Soviet slogans, while Ukrainian leftist parties would do the opposite. The vast majority of parties de-

2 As of April 1998, the distribution of political parties in *Verkhovna Rada* is as follows. The main change since consolidation of the parliamentary factions was the dissolution of the "Hromada" faction as a result of the indictment against party leader Lazarenko.

Communist Party: 113 party members elected on party lists or in single constituencies, 120 faction members. People's Rukh: 44 party members, 47 faction members. Socialist Party/Peasants' Party: 34 party members, 35 faction members. People's Democratic Party: 29 party members, 90 faction members. Hromada: 23 party members, 39 faction members. Green Party: 19 party members, 24 faction members. Social-Democratic Party (united): 17 party members, 25 faction members. Progressive Socialist Party: 14 party members, 17 faction members (Source: *Politychniy kalendar. Vybory do Verkhovnoi Rady Ukrainy*. Kyiv 1998).

3 "Rukh" is the Ukrainian word for "movement".

scribe themselves as centrist. The classification used by today's political analysts – “left-centrist” and “right-centrist”, “left-radical” and “right-radical” parties – is hardly precise as many parties have radical, centrist, left or right views on different questions.

Right-oriented parties

The most influential in this group of parties is the *Rukh*, formed primarily as an opposition to the Ukrainian CPSU branch. It was only in 1993, following intense internal struggles, that the *Rukh* was transformed into a party. The election of Vyacheslav Chornovil, a former political prisoner and journalist, as chairman led to the party's first split. A large group of former *Rukh* members led by Jurii Badzyo formed the *Democratic Party of Ukraine*.

Today, the party is headed by Volodymyr Yavorivsky. The second right-oriented party created in Ukraine was the *Ukrainian Peasants' Democratic Party*, led by the journalist Viktor Prisyazniuk. This fringe party has practically lost its influence on Ukraine's political life.

Many political parties resemble joint-stock companies with a controlling packet of shares belonging to the head of the party. Attempts to remove party leaders have often resulted in splits. The first such schism occurred in 1992, when one of the leaders of the *Ukrainian Republican Party*, Stepan Hmara, was ousted and founded the *Ukrainian Conservative Republican Party*. The new party did not become a serious contender for the Republican Party, although Hmara managed to beat his opponent, republican chairman Mikhaylo Gorin, in the 1994 parliamentary elections.

The process of disintegration of the republicans continued in 1997, when a large number of members left the party to found the *Republican Christian Party*. The latest example of power struggles leading to party splits concerns the *Rukh*. In February 1999, party chairman Vyacheclav Chornovil was accused of authoritarian leadership by members of the *Rukh* parliamentary faction and dismissed as faction

chairman.⁴ The leader of the prevailing rival wing, Yury Kostenko, has pledged to reunite the party after Chornovil's tragic death in a car accident in March 1999.

Parties of Orthodox religious backgrounds are also considered to be rightist. The political impact of Christian "ideology", dominant mainly in western Ukraine, is not very strong. The *Ukrainian Christian-Democratic Party* was the first such body to be registered with the Ministry of Justice in 1991.⁵ Like other right-oriented parties, the Christian-democrats could not avoid a schism. A large group of members left the party in 1992. Two years later, another group of ousted partisans formed the *Union of Christians*.

Despite their large number, the Ukrainian rightist parties play a minor role in the country's political system. The leaders' individual ambitions have prevented them from forming durable coalitions, resulting in a decrease of support by the electorate. In the 1998 parliamentary elections, only the *Rukh* managed to reach the four-percent barrier established by the altered election law. While the ratio between members of leftist and rightist factions was 145 to 79 in the previous parliament, the 47 members of the only rightist faction are outnumbered by 172 deputies of leftist affiliation in the present *Verkhovna Rada*.⁶

Left-oriented parties

The end of the 1980s marked the beginning of a genuine Ukrainian left movement. A so-called "democratic platform" was established inside the Ukrainian branch of the CPSU intended to save the party of *no-menklatura* and, at the same time, to constitute independence from Moscow without ideological changes. This process took place in most of the republics of the Soviet Union.

4 *Den*, 10 March 1999.

5 It had existed since 1988 as the Ukrainian Christian-Democratic Front.

6 "Ukrainskiy parlament 13-ogo sklykannya." *Laboratoriya F-4*, 1995, 18.

Only a few months after the ban of the Soviet Communist Party, the newly founded *Socialist Party of Ukraine* (SPU) declared itself to be the “modernized” successor of Ukrainian party organization. SPU leader Oleksandr Moroz, one of the few politburo members in favor of the abolition of the Communist Party in September 1991, managed to attract a large group within the orthodox communist establishment and forged the SPU as one of the most influential political parties of post-Soviet Ukraine. The SPU has formed a close alliance and election block with the influential *Peasants’ Party of Ukraine*, whose leader, Oleksandr Tkachenko, presently chairs the *Verkhovna Rada*.

In 1993, the *Communist Party of Ukraine* (CPU) was re-established in Donetsk by Piotr Simonenko, who has since then served as First Secretary of the party. For a long time, the CPU was not officially registered because its program claimed that the party is the heir-at-law of the illegal Soviet Communist Party. Today, the CPU is the most influential Ukrainian party. It has the largest number of official members and of seats in *Verkhovna Rada* (120) and controls more parliamentary committees than any other fraction (6). The party is well organized and has a concrete program, ideology and goals.

What is important is the fact that former communist *nomenclatura* members still occupy very important positions in government structures. Its relative power has prevented the party from expanding its social base and attracting progressive-minded leaders and members. Analogous to Russia, the party’s largest problem is the fact that its leader, First Secretary Piotr Simonenko, is commonly associated with communist orthodoxy and is not popular. His candidature for the post of the *Verkhovna Rada* speaker was rejected several times. According to recent polls, other leaders of Ukraine’s movement, especially Oleksander Moroz, but also Natalya Vitrenko, the Progressive Socialists’ leader, enjoy higher popularity ratings than Simonenko.

The *Progressive Socialist Party of Ukraine* (PSPU) was founded in early 1996 by former SPU members Natalya Vitrenko and Volodymir Marchenko. PSPU is in aggressive opposition to CPU and SPU, assuming radical left positions. Its allies, the *Labor Party of Ukraine* and the *Party of Ukrainian Pensioners*, are not registered with the Ministry of Justice. Polls show that the influence of the Progressive Socialists is

growing. It won just slightly more than four percent of all votes and entered the parliament with 14 deputies. Many analysts consider the party a “Trojan horse” within the left movement, harboring the danger of splitting the left electorate. Natalya Vitrenko is expected to become a candidate for the presidency in October 1999, possibly taking a significant number of votes from Simonenko and Moroz, the main leftist presidential candidates.

Since 1991, a number of small leftist parties have been formed – the *Communist Labor Party*, the *Labor-Agrarian Party*, the *Bolshevik Communist Party*, the *Union of Ukrainian Workers*, the *Party of Ukrainian Communists*, and the *Union of Ukrainian Communists*. In January 1992 there was an attempt to unite a considerable number of these fringe parties. A joint meeting decided to form a new party called *Party of Communists (Bolsheviks) of Ukraine* and commissioned Eduard Oyaperoov to serve as its First Secretary.

Centrist Ukrainian parties

A number of social-democrat groupings appeared in Ukraine towards the latter part of the 1980s. Ideological contradictions among their leaders prevented social-democrat parties from assuming strong influence. Only two parties were actually founded during an initial organizational meeting of Ukrainian “Social Democrats” in early 1990, the *United Social-Democratic Party of Ukraine*, led by Volodymir Moskovka, and the *Social-Democratic Party of Ukraine*, chaired by Andrii Nosenko. Despite a clear demand by the potential electorate, a union of the two parties has not been achieved.

As a result of a complex and tiresome history of schisms and renaming, two Ukrainian social-democrat parties exist today: the important *Social-Democratic Party of Ukraine (united)* (SDPU (u)) with Vasyl Onopenko as its formal chairman, and the *Social-Democratic Party of Ukraine* headed by Jurii Buzdugan. The former has attracted important members from the political establishment, among others former president Leonid Kravchuk, former prime-minister Evhen Marchuk, and the influential businessman Grigorii Surkis, who won their *Verkhovna Rada* seats as members of the SDPU(u) election list.

Another party of social-democrat orientation is the *People's Democratic Party of Ukraine* (PDPU), formed in early 1996 by merging the *Labor Congress of Ukraine*, the *Party of Democratic Revival of Ukraine* and other small political parties and organisations. Former party leaders Anatolii Matvienko and Volodymir Filenko are PDPU chairman and secretary. Since numerous representatives of the Ukrainian government and the presidential administration have joined this party, PDPU is often referred to as the "party of power".⁷ It served as president Kuchma's propaganda and election apparatus in the 1998 parliamentary elections, yielding a surprising result of almost thirty seats in the *Verkhovna Rada*. Its real influence is indicated by the fact that the PDPU parliamentary faction comprises ninety deputies.

Liberal ideas are less popular in Ukraine. In 1990, the *Liberal-Democratic Party of Ukraine* was founded, and in 1992 the *Liberal Party of Ukraine*. Together with the *Constitutional-Democratic Party* the two formed a political grouping called *New Ukraine*, which split again in 1993 as a result of ideological differences inside the leadership. Two ousted leaders of *New Ukraine*, Olexander Turchinov and Sergii Lilyk, formed the so-called *Universal Ukrainian Union* – in Ukrainian *Hromada* – which gained temporary influence and popularity only after former prime-minister Pavlo Lazarenko became its chairman in late 1997.

Another centrist party of potential influence is the *Agrarian Party of Ukraine*, the product of a split within the leadership of the leftist Peasants' Party. The Agrarian Party, having attracted many high representatives of the agrarian sector and quickly growing since its foundation in 1996, has only just missed the four-percent mark but nevertheless won eight seats in the parliamentary election.

Foreign and Security Policy as Presented in Party Documents

7 The expression "party of power" is increasingly used collectively for SDPU(u) and PDPU.

Ukraine still lacks an up-to-date foreign and defense concept. While the draft of the military doctrine has not advanced since 1993, the *Concept of the National Security of Ukraine*, adopted by the *Verkhovna Rada* in early 1997, contains several contradictions owing to the differences between the most important political forces. Most Ukrainian leftists call for the integration of Ukraine within the CIS, some opting even for a political and military union with the former Soviet republics. At the same time, most leftist parties do not object to cooperation with western states and structures, especially in the economic field. While the parties of centrist and rightist orientation agree to rejecting the option of integration within the CIS, their approaches towards the West differ.⁸ Centrist parties tend to call for a gradual and careful integration of Ukraine within Western economic and security structures, while rightist parties do not have any concerns.

Not all political parties discuss foreign and security policy issues in their programs, because these questions are seldom considered to be of prime importance for Ukrainian society. Problems related to the economic crisis, the difficult social situation, and internal politics play a more prominent role for the self-definition of the political parties. For the Ukrainian population – with the possible exception of a few regions – the most important question of foreign policy still is the country's relationship with Russia. Therefore, most politicians make use of pro-Russian slogans during elections in order to appeal to the large Russian minority in the eastern and southern parts of the country. A few operate with anti-Russian rhetoric to attract the patriotic electorate in the western region.

The People's Rukh of Ukraine

As the leading rightist party the Rukh strongly supports the development of Ukraine's integration into western economic and political-

8 For further reading, see Budkin, V., E. Parakhonskaya and O. Potekhin. "Vneshnopoliticheskie orientacii kak faktor politicheskoy borby v Ukraine." *Politychna dumka/Political Thought*, no. 3, 1997, 95-103, esp. the table on p. 96.

military structures. At the same time, it is rather realistic in assessing the necessity of appropriate working relations with Russia and the other CIS countries in the economic field. Long-time leader Vyacheslav Chornovil stated that he “was the first in the country who – as far back as the beginning of the ’90s – actively supported the idea of NATO enlargement to the east and the gradual transformation of NATO from a military bloc into a system of collective security in Europe”.⁹ This western direction of foreign and security policy is expressed in the *Rukh*’s party program:

The People’s Rukh is convinced that the foreign policy of Ukraine should be based on the principles of economic, political and military integration into Europe, (...) i.e. into European Union and NATO. ... The foreign-political situation of Ukraine is complicated by the fact that it has common borders with Russia, a country that has not yet made its choice between democratic or imperial development, between Europe and Eurasia. (...) The way of Ukraine is the return to Europe.¹⁰

The split of the *Rukh* in early 1999 did not influence the foreign and security orientation of the party. All the leaders, including Jurii Kostenko, who leads the majority that has ousted Chornovil, have always been convinced supporters of Ukraine’s movement towards European structures and main opponents of left parties in the question of union with the countries of CIS.

Most other Ukrainian rightist parties share the *Rukh*’s foreign policy orientation, with one unexpected exception, the ultra-nationalist *Ukrainian National Assembly* (UNA). The party was represented by three deputies in the previous national parliament and is still rather

9 *Chas*, no. 36, 1997.

10 *Politychni partii Ukrainy*, as in footnote 1, 183

popular in western Ukraine. According to UNA, Ukraine's national interests in the field of foreign and security policy are those of a "Slavic regional power".¹¹

The People's Democratic Party of Ukraine

The influence of the People's Democratic Party (PDPU) was boosted by the fact that the president and the government, engaged in temporary alliance with the *Rukh*, the Agrarians, or other parties, needed constant support and a base of power for the parliamentary elections of 1998. With many representatives of the executive branch and the presidential administration joining, the PDPU was soon to be called the "party of power". It has become the core of the above-mentioned informal grouping *New Ukraine*, which unites some seven thousand individual members – mostly businessmen and officials – organizations and foundations.

PDPU has regional offices in all the administrative districts of Ukraine. The centrist party is rather numerous, though there is no official membership data. PDPU has been described as the party of Ukrainian *nomenclatura*, which implies that it cannot be very popular among the Ukrainian population. The relatively strong showing at the March 1998 elections (yielding 29 seats) came as a surprise for most political analysts.

As a party very close to the executive branch, the PDPU party program reads like the credo of Ukraine's present administration. Article 6 of the program, formulating the foreign policy goals of PDPU, states that "Ukraine should carry out a multi-vectoral foreign policy, keep a

11 "UNA is dedicated to forming Ukraine's union with neglected nations such as the Caucasian countries, Chechnya, possibly Iran, Yugoslavia, Transdnistriya, Belarus and the non-governmental organizations un-satisfied with the current state of international affairs. (...) A union with NATO is undesirable due to the expected limitations of independent domestic and foreign policies. (...) Ukraine is the main protector of Slavonic interests and the apologist of a Slavonic unity, demanding a change of orientation towards the Balkans. (...) Ukraine is the natural friend of the Turk nations" (*Ibid.*, 548-552).

balance of its relations with different states, taking into account the national priority interests”.¹² The latter are described as:

- Full integration into the European community, international and regional structures and organizations, especially the development of relations with the EU.
- Transformation of the CIS into a structure for coordinating all member-states’ interests. Strengthening of bilateral relations and economic cooperation with CIS countries in order to save Ukraine’s market and economic potential.
- Strengthening of the relations with the developing countries, many of which already are suppliers of oil and raw materials and emerging markets for Ukrainian goods.

According to the private opinion of many high official representatives, the PDPU party program states, that “a permanent neutral status does not correspond with the geopolitical location of Ukraine or with its political-economic needs”. A step-by-step retreat from neutrality while remaining a non-bloc country is described to be most favorable for Ukraine. The party supports the idea of a transformation of NATO into an international security organization. An unexpected detail was that the PDPU insists on financial compensation for Ukraine’s nuclear disarmament and calls for additional security guarantees by the UN and OSCE. According to the party program, “Ukraine should preserve its possibilities of developing nuclear technologies for peaceful aims and producing fuel for nuclear power stations”.¹³ The program calls for a quick implementation of military reform and expects “the formation of a small, professional armed force with a high level of social protection for military personnel”.

For PDPU, too, questions related to foreign and security policy are of minor relevance in contrast to social and economic issues. Like almost all parties, during the 1998 election campaign it called for prosperity, fast and successful economic reform, a fight against corruption,

¹² *Ibid.*, 220-221

¹³ *Ibid.*

agrarian and land reforms, and so on. Of the ten aspects discussed in the election program *Ten steps towards the Third Millennium*, only the last one raised the issue of foreign relations, featuring a *nuance* to the otherwise rather “rightist” party program. The PDPU election propaganda underlines the importance of “friendly relations with neighboring countries, especially with Russia”.¹⁴

The Universal Ukrainian Union “Hromada”

Hromada became the party of Ukrainian businessmen after former prime-minister Pavlo Lazarenko elected himself party president in 1996. As is well known, Lazarenko is accused by the State prosecutor of embezzling national property worth millions of US dollars. He is also pursued by Switzerland, but has fled to the USA, where he seeks political asylum, claiming that as a presidential candidate his personal security is no longer guaranteed in Ukraine. Meanwhile, Lazarenko’s parliamentary immunity has been lifted and the faction *Hromada* has practically disappeared after its influential leaders have turned away from this prominent representative of “kleptocracy”.¹⁵

As a party attractive to businessmen, *Hromada*’s main focus is on economic issues, but as a party pretending a leading role in Ukraine’s society, it cannot exclude foreign and security issues from its program. *Hromada*’s positions on foreign and security policy do not differ from the views of other centrist parties. The only difference is that it is more pragmatic with regard to the relations with CIS countries, especially in the economic field. “The restoration of lost market positions in CIS” is considered to be equally important to the expansion of Ukraine’s foreign economy activities in new international markets.¹⁶ *Hromada*’s pragmatic, if not opportunist, foreign policy positions are reflected in the party program:

14 *Ibid.*, 225

15 *IISS Strategic comments*, March 1998

16 Politychni partii Ukrainy, as in footnote 1, 48

The party *Hromada* is for a complete sovereignty and independence of Ukraine and will do all that is necessary to protect its independence. In connection with this, we will preserve the country's non-bloc status, continue a policy of integration in international and European structures, develop a strategic partnership with the USA, and keep friendly relations with CIS countries, especially Russia. We will take firm measures leading to the development of a system of national security in which the military organization, especially the Armed Forces – the guarantor of state sovereignty – play a major role.¹⁷

The Communist Party of Ukraine

As mentioned above, the CPU claims to follow the legacy of the Soviet Communist party. In the field of foreign relations, this leads the Ukrainian communists to a stand against NATO and the country's integration into European and worldwide "capitalist" structures. Ukraine's future is seen in a renewed union of former Soviet republics. In principle, the CPU does not oppose enhancing working relations with the EU or other international structures, but it prefers economic relations. CPU leaders never openly spoke against Ukraine's independence, and the party even opposed the idea of a referendum on a union with Russia and Belarus. Understandably, their own interest is to keep Kyiv independent, rather than take orders from Moscow. As opposed to other political parties, CPU pays great attention to national security. In this field, the party's orientation is clearly pro-Russia.

The Communist Party promotes the strengthening of the country's security and national defense on the basis of reasonable sufficiency and integration into the security system of the CIS countries. It is strongly against the use of military force in internal conflicts and condemns attempts (...) to incite them against (...) Russia and other friendly countries and natural allies. (...) Communists are against the plans of integrating Ukraine into the military structures of NATO, and transforming our country into a buffer zone or sanitary border between the Western states and Russia.¹⁸

17 *Ibid.*, 51. The Constitution refers to the president as the "guarantor of the sovereignty" (Art. 102).

18 *Ibid.*, 97-98.

The communist election program combined the above-mentioned factors. The West and capitalists are described as responsible for the poor economic and social situation. Allegedly, “counterrevolution, performed in 1991 by the international capitalists, mainly the USA” led to a “capitalist revanche and colonisation of the country”, introduced an “anti-human, pseudo-democratic, nationalistic” system and “deprived Ukraine of its past, present and future”.¹⁹ Ukraine is described as turning into a banana republic, a marionette of NATO and Western financial structures.²⁰ The election program promises that CPU will fight for an abolition of the *Charter on a Distinctive Partnership between NATO and Ukraine* and freeze the country’s activities within the Partnership for Peace program.²¹ On the other hand, a “union of brotherly countries, created by free will” is described as a necessary condition of the country’s rescue.²²

On the political level, an important step in this direction has been achieved by a combined effort of all leftist parties: strongly supported by the new speaker, Tkachenko, the communists managed to force the *Verkhovna Rada* to vote in favor of Ukraine’s participation in the CIS Parliamentary Assembly.

The Socialist Party of Ukraine

The Socialist Party (SPU) also claims to have succeeded the Ukrainian CPSU branch. Hence, its goals are often close to those of CPU, but generally more liberal. The primary aim of SPU is the “creation of a society based on equity, i.e. a socialist society, where the real freedom of the working people, not the formal bourgeois freedom of the individuals, dominate”.²³ The socialist party program focuses mainly on problems of social rights and on the fight against “capitalist ideals”. As

19 *Ibid.*, 105.

20 *Ibid.*, 106.

21 *Ibid.*, 111.

22 *Ibid.*, 107.

23 *Ibid.*, 500.

an economic basis for socialism, SPU claims that state and collective property must prevail over private property and protection against unemployment must be a constitutional right.²⁴

The SPU party program only minimally raises issues of foreign policy and international security and completely ignores the military aspect of security. Most importantly, cooperation with leftist forces in other countries is explored.²⁵ Security policy seems to be understood in a strict way. Only once, the SPU party program raises the issue of national security, claiming that, in the era of weapons of mass destruction, “peaceful coexistence with other states is a necessity for socialist production”.²⁶

Despite their firm support of Ukrainian independence, the socialists call for further integration of the country in the CIS, especially on the level of national economy. In its *Program minimum*, the party doctrine describes the objective of international cooperation as follows:

Parallel to the economic and political-legislative development there should be a development of Ukraine’s relations with the international community in the framework of a new economic-legislative order. This means first, the development of the CIS, second, the restoration of economic mutual help between countries of socialist orientation on the basis of new structures, and third, participation in all forms of international and regional cooperation, either bilaterally or multilaterally.²⁷

24 The SPU policy for the transition period is outlined in the party program section *To Socialism through the peoples-democratic social system (Program-minimum of the Socialist party of Ukraine)*: “The society is living in a steadily growing crisis, liable to turn into a national catastrophe. The ones in power today, guided by external forces, aim at pushing the society towards capitalism (...) and eliminating the state sector of the economy. Disguised as de-ideologization, nationalism is being introduced and historical achievements on the way to socialism are aggressively forbidden.” (*ibid.*, 509)

25 “SPU pays special attention to cooperation with parties of socialist and communist orientation in the CIS and parties of other countries supporting united actions on the principles of internationalism, friendship and party solidarity.” (*ibid.*)

26 *Ibid.*, 503.

27 *Ibid.*, 508.

The Peasants' Party of Ukraine

The agrarian sector has always been paramount to Ukraine's economy. Until late 1996, the Peasants' Party (PPU)²⁸ was alone in representing the interests of the rural sector in the national parliament. A split led to the formation of the *Agrarian Party of Ukraine*, which considers itself to be centrist rather than leftist. Since its establishment in 1992, the Peasants' Party has been the closest ally of the Socialist Party.

In February 1997, the two parties formed the electoral bloc *For Truth, for the people, for Ukraine* to jointly pass the four-percent barrier in the March 1998 parliamentary elections. The PPU statute describes the party's primary goal as "support of policies enhancing the development of Ukraine's agrarian-industrial complex, as a basis for renewing an independent Ukraine".²⁹ Practically, the party's objective is to lobby for the interests of the largely un-privatized agrarian sector, which is officially referred to as the protection of the peasants' rights and interests.

Even more than its "older sister", the Socialist Party, the PPU is concerned with social and economic issues. Only in the context of foreign policy, the PPU program deals with problems of Ukraine's foreign and security policy, calling for a "cardinal change of the foreign economic policy in the direction of protection of domestic manufacturing".³⁰

The joint PPU/SPU election program as well as some statements of the "peasants" leader, *Verkhovna Rada* speaker Oleksander Tkachenko, reveal more information on the party's foreign relations priorities. According to the 1998 election slogans, PPU (and SPU) intend to "exercise a foreign policy aimed at preventing Ukraine's transformation into a colony and appendix of NATO (...) and to develop good-neighborly, brotherly economic and political relations with foreign countries, principally with the Slavonic world, i.e. Russia and

28 Selyanskaya Partiya Ukrainy (SelPU).

29 Politychni partii Ukrainy, as in footnote 1, 416.

30 *Ibid.*, 421.

Belarus”.³¹ On the occasion of an early 1999 visit to Belarus, Olexander Tkachenko, who has always been an active promoter of Ukraine’s accession to the CIS Parliamentary Assembly, was quoted as suggesting that Ukraine joined the Russia-Belarus union.

The Agrarian Party of Ukraine

The Agrarian Party (APU) was founded in December 1996 by former Peasants’ Party members, among whom were the minister for agriculture, a vice-prime minister, and a *Verkhovna Rada* deputy. As more and more key representatives of the agricultural sector joined APU, the party grew impressively, counting some 100,000 members after a few months. In a short period of time the party opened local offices in all the districts of Ukraine and became one of the most numerous of Ukrainian parties. Politically, APU is of centrist orientation. Although it played an independent role during the parliamentary elections, APU was rather successful, collected 3.6 percent of the votes and won eight individual seats in the *Verkhovna Rada*. The party is widely considered to have a good chance in passing the four-percent barrier in later elections and of becoming an influential political force.

The APU statute and program – adopted at the first party congress in early 1997 – can be described as centrist, recognizing different kinds of property, including land, and calling for more social protection. The party is not only concerned with the agrarian sector but also with other aspects of national interests, including those of foreign and security policy. According to the party program, the latter should be

31 *Pravo vybory: politychni partii ta vyborchi bloky*. Kyiv: Institute of Post-communist Societies, 1998, 108-109.

based, *inter alia*, on the principle of non-interference into the internal affairs of other states, peaceful coexistence, and abstinence from joining aggressive military blocs.³²

Conclusion

The influence of political parties does not primarily depend on the number of members. Firstly, it depends on the presence of their representatives in the structures of legislative, executive and local state power; secondly, on their relations with public organizations, business structures, contacts with the mass media, and their ability to organize election campaigns. Also, the party leaders' images matter, which is demonstrated by the fact that *Hromada* has lost its influence literally from one day to the next with the fall of its leader, Lazarenko.

The parties' political weight and impact on foreign and security policy is indicated by their representation in the *Verkhovna Rada* committees. Although many important decisions are taken by the president and his staff, it is the parliament's constitutional competence to outline the main strategic directions of Ukraine's foreign relations.

Interestingly, the executive and legislative branch work independently and often in contradiction to each other in the field of foreign and security policy. Both committees responsible for foreign and security policy, i.e. the Committee on Foreign Affairs and Relations with CIS

32 *Politychni partii Ukrainy*, as in footnote 1, 20-21. Other premises are: consideration of Ukraine's national interests as a part of general international human interests. Implementation of all international treaties and obligations by Ukraine. Integration with economic, legislative and cultural structures of the international community on equal conditions. Establishment of security guarantees and prevention of external threats by means of an active foreign policy. Participation in international cooperation in the fight against crime, corruption, and terrorism. Diplomatic resolution of all issues within the CIS. Ratification of a non-nuclear military doctrine. Mobility, professionalism and self-sufficiency of military structures.

and the Committee on National Security and Defense, are headed by the Communist Party.³³ The leftist majority in both committees explains why the latest achievements of Ukrainian foreign relations concern the “eastern vector”. After joining the *Partnership for Peace* program in 1994, the European Council in 1995 and signing the *Character on a Distinctive Partnership* with NATO in 1997 there were no significant steps towards the West. The *Verkhovna Rada* has always refused to make even symbolic steps in this direction. The new Ukrainian parliament seems to be even more eastern oriented than its predecessor, although a clear constitutional majority is still lacking. The resolution to adhere to the CIS Parliamentary Assembly, passed only after repeated voting and tough, even physical argumentation, is a demonstration of intent to develop closer ties with parliaments of the CIS countries.

33 Chairmen Boris Oliynyk and Georgiy Kruchkov.

Chapter 4

Ukraine's Defense Sector in Transition: Impacts on Foreign and Security Policy

It is difficult for an insider to be unbiased when evaluating the defense reform progress in Ukraine: one sees either a half-full or a half-empty glass. Indeed, Ukraine's Armed Forces are *only* eight years old, too young to be judged by criteria applicable for adults. On the other hand, Ukraine and its Army are *already* eight years old. It is high time that it overcomes some of its infant illnesses. The defense sector has a large impact on Ukraine's foreign and security policy. There are several reasons for that. In 1991 Ukraine inherited from the former USSR quite a formidable military grouping. Ukraine's nuclear missiles, its first-strike conventional weapon systems, and about 750,000 armed and well-trained people suddenly became a focus of international attention.

Evidently, the military aspect has been a dominant one in Ukraine's relations with NATO, as well as in its bilateral relations with the USA and the UK. Defense reform, reliable civilian control over the armed forces, transparency in defense planning and weapon systems acquisition, disarmament and defense conversion are the leading topics for both bilateral and multilateral events under the *Partnership for Peace* program. Non-proliferation of dual-use technologies and materials also require appropriate attention on the governmental level in dealing with Ukraine's foreign partners and international organizations.

The military-industrial complex on Ukraine's territory represents almost 30 percent of the former Soviet defense industry. With hundreds of huge defense-related companies and 1.45 million people (only directly employed), Ukraine inherited a potential for continuous economic cooperation, although directed mainly towards former Soviet republics. It also obtained a real "headache", since under the new

circumstances the defense companies required quite sizeable investments and quickly became a source of unemployment. The presence of Russia's Black Sea Fleet in Crimea also influences Ukraine's foreign policy choices.

The Soviet Legacy and Problems of the Defense Reform

Ukraine's Armed Forces in a trap

The Armed Forces of Ukraine have been betrayed by the country's poor economic performance. On the one hand, the state cannot allocate sufficient resources to support the Army that today numbers 320,000 military personnel and about 100,000 civilians. On the other hand, the state does not have enough money to reduce the Army: downsizing costs much more than supporting the Armed Forces on the current "survival" level. Let us consider some figures to support this point.

As the table below shows, since 1991 the state has allocated a very modest share of Ukraine's gross domestic product for defense needs.

Fiscal Year	Defense Budget, GDP	Fiscal Year	Defense Budget, GDP
1992	2.40 percent	1996	1.90 percent
1993	1.57 percent	1997	1.35 percent
1994	1.46. percent	1998	1.35 percent
1995	1.80 percent	1999	1.5 percent (?)

In 1999, the Ukrainian Government plans to spend URH 1.7 billion for defense; that is about USD 450 million at present exchange rates. According to Western standards, this money would be enough to support only one-two army brigades or a modest naval sub-unit.¹ In terms

1 To compare: the United States allocated USD 1.5 billion for deployment of only 4,500 armed forces in Kosova.

of weapons acquisition, the Defense Ministry could afford 5-10 modern fighter aircraft on that allowance. Maintenance of an air carrier would require twice as much money per year.

In 1999, the Defense Ministry will probably receive even less financial resources than have been allocated by the budget. Firstly, owing to the expected development of exchange rates, the defense budget will be reduced.² Secondly, the Defense Ministry has already accumulated about a USD 280 million debt since 1996 (salary delays, food, gas, electricity bills, etc.), which makes it unlikely that the defense budget will actually reach UHR 1.7 billion.³

With a defense budget of USD 450 million, the average Ukrainian citizen pays less than USD ten per year for defense. In addition, this budget allocates some USD 1000 for an average serviceman per year. Despite these modest allocations, the Ukrainian Government requests an implementation of the ambitious defense reform program signed by president Kuchma in 1997.⁴

How can the Ukrainian armed forces retain combat readiness and continue their reform process with such a modest budget? The conclusion is simple, although rather pessimistic. No serious defense reforms in Ukraine can be expected unless the nation recovers economically. A second condition is that a “critical mass” of people within the political elite and defense structures develop the visions, the courage, the political will and support to make the necessary – though difficult – decisions in the defense sphere. Otherwise, the government

- 2 The new currency exchange corridor has an upper level of UHR 4.6 per USD. According to financial experts, it is doubtful that the National Bank will be able to keep the Hryvna within that corridor. If by autumn 1999 the Hryvna devaluates to 4.9-5.5 per USD, the defense budget will lose an additional 15-20 percent USD value.
- 3 In 1998, the Government accumulated merely 70 percent of the planned state revenues. Defense expenditure was cut accordingly. In January and February 1999 this figure was only slightly higher (74 percent).
- 4 For more details see: Grytsenko, A. *Civil-Military Relations In Ukraine: A System Emerging From Chaos*. Harmonie Paper, no. 1. Groningen: Centre for European Security Studies, University of Groningen, 1997, 12-36.

can only keep the Army at its “survival” level, by slightly reducing the personnel by 10,000-20,000 men per year.

It is important to understand that downsizing is a highly difficult venture. Under the current circumstances, the retiring of even a few officers would be a real financial disaster for any armed forces unit. The commander would have to pay the retirees all their delayed payments, i.e. five to six months’ salaries as well as other payments, such as annual incentives, separate professional and health support incentives, or financial compensation for the uniform. In addition, each officer is granted upon retirement half a month’s salary for each year of active service, totalling an additional twelve or more months’ payments per officer. For the executive branch, the legal requirement to provide the retirees with decent lodging is very difficult.⁵ This is why the *Verkhovna Rada* last December has endorsed a manpower reduction by only 10,000 armed forces and 10,000 civilians.

A short historical background

Until 1991 only utopians would have imagined that the 726,000 servicemen stationed on Ukraine’s territory would accept the idea of separating from the Soviet Army and serving a young independent state. Notwithstanding, by the end of the Soviet Union, the Soviet Armed Forces grouping based in Ukraine were peacefully converted into the Armed Forces of Ukraine.

In Soviet times, Ukraine’s territory was divided into three military districts. Some of the most powerful Soviet military formations were deployed in Ukraine, including three air armies, one air defense army, the 43rd Rocket army, some thirty military educational institutions and the Black Sea fleet with its enormous coastal infrastructure (under dual subordination), as well as a large defense industry. Soviet Army

5 A one bedroom apartment costs USD 20,000-25,000, a two bedroom apartment about USD 25,000-30,000, depending upon the region. Regrettably, more than 62,000 Ukrainian officers still have to rent apartments, since the state has been unable to provide appropriate living conditions, as the law requires.

formations on Ukrainian territory belonged to the first strategic echelon and were therefore well trained and combat-capable. The total capacity of the armaments – intercontinental ballistic missiles, strategic bombers, combat aircraft and helicopters, tanks, armored personnel carriers, and artillery systems – was rated as the third in the world (after the USA and Russia).

The Soviet Army grouping had a clear sense of mission and a high degree of internal cohesion – an effective force, oriented towards large-scale offensive operations outside Ukraine's territory. At the beginning of 1992 it was pulled out of the relatively well functioning Soviet military system. Together with this big army Ukraine also inherited a wide range of problems: harassment of recruits and corruption; poor living conditions of officers and their families; poor motivation; violation of military discipline; draft evasion, and so forth.

In addition, record numbers of officers requested discharges from service, while more than 100,000 others were waiting in line for transfer to Ukraine from the other former Soviet republics. Thus, Ukraine faced an extremely difficult task in 1991: firstly, to forge the national Armed Forces out of an assortment of troops stationed on its territory; secondly, to form state institutions and human capacities – military personnel or civilians – to manage the Armed Forces; thirdly, to make the military sector capable of producing weaponry autonomously and open to a non-governmental component of civilian control.

One of the first challenges was the de-politicization of the armed forces. The parliament undertook a series of steps directed at withdrawing the armed forces from the internal political struggle. The law *On the Armed Forces of Ukraine* has a special provision to keep the Army out of politics. The legislative activity in the military sphere has been rather productive. In September 1991 a special working group of military experts was established under the guidance of the *Verkhovna Rada* Defense Committee. By the end of 1991 the parliament adopted

the *Concept of Defense and Build-up of the Ukrainian Armed Forces* as well as several important laws.⁶

Parallel to re-arranging the military districts and transforming the operational formations (field armies) into the operational-tactical formations (army corps),⁷ the size of the armed forces was decided upon: the Land Forces should enroll 200,000 personnel, the Air Defense Forces 160,000 and the Navy 40,000.⁸ Up to 50,000 people would belong to separate units and institutions under the central command. Owing to economic realities, it was decided later to reduce the Armed Forces to less than 400,000 servicemen. The current level of the Armed Forces is 320,000 active duty servicemen and 100,000 civilians. The Reserve Forces of Ukraine consist of about one million men with military service of up to five years. It is determined by the parliament that by 2000 the Armed Forces must not exceed 310,000 servicemen.⁹

In building up the Army, Ukraine has strictly observed all its obligations under the international treaties, such as the Final Act of the Conference on Security and Cooperation in Europe (1975), the Stockholm Document on confidence-building measures, security and disarmament

- 6 *Laws On the Defense of Ukraine, On the Armed Forces of Ukraine* (December 1991), *On Alternative (Non-military) Service, On the Social and Legal Protection of the Servicemen and Their Family Members* and others. By the end of 1991 Ukraine had already had the necessary minimum of legislative acts for the creation of its own Armed Forces. To date, some 200 documents, including 40 laws, have been issued.
- 7 In terms of territorial deployment, the land component is divided among three Operational Commands, i.e. South, West and North.
- 8 An earlier plan to unify the Air Force and Air Defense Forces, implementation of which had already begun, was recognized to be premature. The current military leadership considers it necessary to reform them separately and discuss the expediency of their amalgamation into a single military service only afterwards.
- 9 At the beginning of 1999 there were 31,000 professional soldiers and sergeants in Ukraine's Armed Forces. The professional army perspectives run across economic hardships. Thus, the military experts from the General Staff do not see any real opportunity in moving further in that direction.

in Europe (1986), the Paris *Treaty on Conventional Armed Forces in Europe* (1990), the Vienna Document (1992), and others. As proclaimed in the *Declaration of State Sovereignty*, Ukraine became a non-nuclear state by virtue of international support. According to international agreements, the conventional weapons were cut back to the agreed levels.¹⁰ The CFE ceilings are high enough to allow the build-up of national Armed Forces. However, it should be considered that the capabilities inherited by Ukraine decrease every year due to physical wear and tear and the technological backwardness of the weapons.

Fragmentation of military structures

Besides the Armed Forces subordinated to the Defense Ministry, a variety of militarized organizations (power structures) have been created since the beginning of Ukrainian statehood in 1991.¹¹ They include Border Troops, Interior Troops, units of the Ministry of Internal Affairs, National Guard units, Security Service sub-units, Civil Defense formations (under the Ministry of Emergency), State Guard Service sub-units, Tax Police sub-units, Custom Service sub-units, State Communications Department sub-units, Ukrainian National Space Agency units, National Bureau for Investigations sub-units and other forces belonging to different ministries and agencies.

These military structures outnumber the Armed Forces – Ukraine has almost a million armed people and only 320,000 of them serve in the Armed Forces. In comparison with other armed structures such as the Ministry of Internal Affairs and the Security Service, the Ministry of Defense did not exist on the republic level in the Soviet period in

10 4,080 tanks, 5,050 armoured personnel carriers, 4,040 artillery systems, 1,090 combat aircraft, and 330 strike helicopters. By 1995 Ukraine had already fulfilled its commitments, ahead of the agreed deadline.

11 For details on Ukraine's different military structures, see Grytsenko, A. *Civil-Military Relations In Ukraine*, as in footnote 4.

Ukraine. Obviously, there is a considerable overlap of functions among the power structures that exist in addition to the Armed Forces.¹²

Their roles and missions are defined in broad terms, leading to an over-commitment which is harmful under the above-mentioned severe financial circumstances. One could cite the National Guard as an example. It is an independent military formation, established in November 1991 as part of the Ministry of Interior troops and subordinated to the president.¹³ Later, a number of units and elements of the Armed Forces were incorporated into the National Guard. Presently, they number over 25,000 servicemen in regular military units, special designation units and army aviation. Legislative documents suggest that the National Guard's duties overlap those of the Armed Forces as well as the Internal Troops.¹⁴ The National Guard is equipped with tanks, armored personnel carriers, anti-tank and air defense artillery systems,

12 There are no open sources reflecting the manpower figures of the above-mentioned military structures. On 22 December 1998 Colonel General V. Shkidchenko, Chief of the General Staff, presented the following data to the parliament: the Armed Forces: 320,000 servicemen and 100,000 civilians; the National Guard: 25,500 servicemen; the Border Troops: 43,500 servicemen; the Interior Troops: 39,700 servicemen; the Civil Defense formations: 10,900 military personnel. According to the well informed Ukrainian journalist Sergiy Zgurets, the Ministry of Internal Affairs troops dispose of 260,000 to 600,000 military personnel, the Security Service, State Guard Service, Tax Police, and National Bureau for Investigations sub-units: about 30,000 servicemen collectively (Radio Liberty, 24 February 1999). A *National Guard press release* of 10 February 1999 describes the manpower of this structure to be 26,600 people. According to a *UNIAN press release*, 10,218 people (including 9,550 servicemen) is a ceiling for Civil Defense formations. Despite these deviations, one gets a clear impression of the superfluous militarization of the state.

13 It was a very uncertain time, when the Soviet Army (subordinated to Moscow) was still on Ukrainian territory, and Ukraine's leadership had no military forces at its disposal. Today the situation is completely different and one doubts whether the existence of the National Guard as a separate formation still has more or less reasonable justification.

14 Grytsenko, A. and A. Gavrylov. *Overlapping Missions and Military Tasks of the Ukrainian Armed Structures*. Kyiv: General Staff Research Centre, 1996 (unpublished paper in Ukrainian).

and combat and transport helicopters. Like other armed structures, the National Guard has created its own sub-systems to provide logistics, military education and training, communications, command and control, and intelligence, etc. Similarly, the Border Troops have their own naval forces, air and air defense components, and military academy, as well as their own command and control system based on three Border Districts. The scarce attempts to unify the armed structures – to optimize the State military organization and to minimize the resources required – have since proven to be fruitless. Concerns about the sufficiency of coordination of the power structures' activities led to the establishment of the General Military Inspectorate directly subordinated to the president in 1995.¹⁵

The General Military Inspectorate has many mandates. In June 1996 the Inspector General actively intervened in the defense planning process. At his request a board of experts reviewed the defense reform plan for the president, yielding many productive recommendations which improved the quality of the final document. In February 1999 the Inspector General suggested the re-subordination of the National Guard under the Defense Ministry on the ground of cost efficiency. The main reason for the failure of this initiative was political: the Inspectorate is widely interpreted as an additional lever of civilian control over the Armed Forces. Objectively, although the Inspector General reports to his civilian superior, it is still rather "military control over the armed forces". The dimensional aspect of Ukraine's military establishment, i.e. the existence of different military formations with overlapping functions, had first been officially acknowledged in January 1997 with the adoption of the *National Security Concept of Ukraine*:

15 The former Commander-in-chief of Ukraine's Border Troops, Army General Gubenko, became the first Inspector General. Since 1998, the Inspectorate is headed by Colonel General Sobkov, former Commander-in-chief of Ukraine's Land forces.

The State military organization – which includes the Armed Forces of Ukraine, the Security Service of Ukraine, the National Guard of Ukraine, the Internal troops, bodies and units of the Ministry of Internal Affairs of Ukraine, the Border Troops of Ukraine, military units of the Ukrainian Ministry of Emergency, and other military formations organized in accordance with the Constitution of Ukraine – guarantees the defense of Ukraine, protection of its sovereignty, territorial integrity and inviolability of its borders; counteracts external and internal threats of a military character; struggles against organised crime; provides protection of the population in case of catastrophes, natural calamities, dangerous social conflicts, epidemics, etc.¹⁶

At present, all these military structures lack the necessary resources even for a functioning at the “survival” level. There is no budgetary funding for their development whatsoever. Under these circumstances, it does not make sense to reform just the Armed Forces without a redistribution of functions and without optimizing the whole State military organization.

The defense industry and arms exports

In the Soviet Union, Ukraine held the leading position in the production of military ships, space rockets and ballistic missiles, air defense and air-to-air missiles, battle tanks, high tech radar, laser and optical equipment, aircraft avionics and other items. According to some optimistic estimates,¹⁷ the Ukrainian defense industry would still have a potential of USD 8-10 billion annually for selling arms and providing military services, although it requires, to the same estimate, USD 28 billion of investments for restructuring to fully materialize that potential.

Although the experts rank Ukraine among the top ten arms exporters, there are obvious obstacles. First, the country has hundreds of defense-oriented plants and factories, but less than 20 percent of their

16 *National Security Concept of Ukraine*, chapter 5.

17 Perepelytsa, Hryhoryi. “Ukraine Is Able to Compete on the World Arms Markets”. *Den*, 10 April 1997.

production are arms of large world market demands. Second, Ukraine has only a few complete competitive arms production cycles. Meanwhile, cooperation with Russia in this sphere is hampered by political and economic problems. Third, there is a clear trend towards replacement of former Soviet hardware by NATO-compatible models in many countries. Fourth, despite promising announcements, Ukraine's western partners are only hesitantly supporting Ukraine's defense industry. Fifth, since 1991 some attractive markets, mainly in the third world countries, have been closed for Ukraine because of political pressure from the western countries. Finally, Ukraine's own economic crisis does not allow its Government to provide appropriate financial support to the most promising domestic designers and producers of arms.

Many western experts believe that there is a definite relation between the failure of defense conversion and growth of arms export in the former Soviet states. Ukraine had and still has the potential to produce high tech weapon systems superior to many developed countries. Weapons are always in demand on the world market, so someone will produce and deliver them. It is needless to stress how profitable this kind of business is and how many jobs a defense sector supports and generates. Ukraine's defense minister Kuzmuk has no doubt, that "the defense sector may become not only a consumer of the national product, but also an active producer. For instance, there are many examples in the world economy confirming that a breakthrough in the defense sphere served as a method of stabilizing and developing a national economy in crisis".¹⁸

Ukraine's government must take the strategic decision of how the Armed Forces and military-industrial complex should be restructured to provide a reasonable balance between the potential available and the mobilization requirements in an emergency. Colonel Muntiyan, Head of the Ministry of Defense Military Economy Department, believes that Ukraine's "defense economy is still functioning using the principles

18 Kuzmuk, O. "How Can One Reform and Develop the Armed Forces?" *Uryadovyi Kurier*, 19 October 1996.

established at the end of the 1960s”.¹⁹ Despite many obstacles, Ukraine is gradually winning a modest place on the arms market, firmly observing international commitments. Certainly, there are still a few “white spots” in Ukraine’s arms export record, leading the *Verkhovna Rada* to conduct an investigation into the 1991-93 weapons sales, which resulted in more questions and speculations than answers.

The state export control system was introduced in 1993 by presidential decree to establish the Export Control Commission which was initially a branch of the Ministry of the Machine Building Industry and only later became a separate ministerial structure. Besides *Ukrspesexport*, a state company created in October 1996 for arms export, few weapons producers have direct access to the arms market.²⁰ They produce tanks, jet engines, night vision equipment, radar systems, missiles, aircraft avionics, ammunition, and other items. In 1998 Ukraine’s arms export accounted for more than USD 600 million.

The State Export Control Service,²¹ which is a central executive body at ministerial level, ensures the prevention of sales to conflict zones and the proliferation of weapons of mass destruction (including delivery platforms). It monitors exports of conventional arms and military equipment, according to international control procedures.²² Despite

19 Among the questions deserving an urgent answer are the following: “What portion of weaponry and equipment should be manufactured in the country, and what is strategically possible and economically advantageous to import? What should the state policy be toward the military-industrial complex in peacetime? Do defense spending and the effort to maintain a strong defense base stimulate the country’s economic growth or impede it?” See Muntiyan, V. “Defense Spending and the National Economy”. *Ekonomika Ukrainyi*, September 1997, no. 9, 26.

20 In 1998 there were eight such companies, i.e. Topaz, Iskra, Kvant, Aviant, Artem, Progress, FED, and Motor-Sich.

21 The State Export Control Service is presently headed by General Gubenko, the former Inspector General.

22 Established by the Nuclear Suppliers Group, the Australian Group (non-proliferation of chemical and bacteriological weapons), the Missile Technology Control Regime, and the Wassenaar Agreement on conventional arms control.

serious efforts, Ukraine's proliferation reputation is ambiguous – unduly, as the former Head of the State Export Control Service, Vashchilin, complained: deliberate misinformation, “sometimes concerning our alleged deliveries of missiles to Libya, sometimes a non-existent Ukrainian firm offering MIG-29s to Iraq”, are used as a political means to reduce Ukraine's competitiveness on the world market.²³

A significant step was made in February 1999, when president Kuchma signed a decree aimed at enhancing state control over arms export. Since then, Colonel General Radchenko, former Head of the Security Service and now First Deputy Secretary of the National Security and Defense Council of Ukraine, is in charge of the military-technical cooperation sphere. Such an institutional arrangement will help to better coordinate the efforts of different ministries, agencies and producers, to balance their competitive interests, and to assure compliance with the state policy in this sphere.

The international arms trade is an important potential field of cooperation, materializing declared western support and enhancing Ukraine's compliance with international commitments and sanctions. The question is: what is prevailing on the western side: strategic visions and long-term security policy priorities or immediate domestic benefits? The joint projects *Sea Launch* and *Global Star* and an agreement with the Western European Union on the use of Ukrainian transport aircraft inventory in an emergency provide grounds for optimism. On the other hand, a tough western attitude towards the possible joint production of AN-70 transport aircraft or heavy US-American pressure to renounce

23 “We are talking about the most brutal competition, a struggle for sales markets. From time to time it is declared that it is Ukraine, disregarding embargoes, that has supplied weapons to this state or the other. Although, in fact, there has been no discussion on this topic. But the objective is to compromise Ukraine in the eyes of the world community as a violator of international treaties. Such methods are frequently applied by certain circles, primarily in the United States, and also in the Russian Federation.” See Vashchilin, V. “We Are Required to Promote Increased Domestic Weapon Exports”. *Nezavisimost*, 9 September 1997.

Ukraine's participation in a nuclear project in Iran could lead to pessimistic conclusions.

Military and Society: Political Dimensions of the Defense Reform

The stabilizing role of the Armed Forces for the society

Besides the defense of the country, the Armed Forces also contribute to Ukraine's internal stability. After all, the Army is an integral part of Ukrainian society and plays an important role in shaping the young state. At times of radical reform of all the state mechanisms, when society tries to recover from a deep crisis, when state resources are extremely limited, the Armed Forces of Ukraine – as an influential and respected instrument of state power – should be a stabilizing factor which guarantees the irreversible democratic development of society. Numerous opinion polls show that the Army is the most respected state structure in Ukraine. The Armed Forces get a high (often the highest) confidence rating in comparison with other state institutions such as the presidency, the government or the parliament. Certain polls suggest that the level of confidence in the Armed Forces is even higher than that of the Church.

Traditionally, the armed forces have always been charged with external functions. Performance of internal functions by the armed forces is generally regarded as a violation of democratic principles, as an instrument of political domination and social oppression. For this reason, the functions of the armed forces are embodied in and are clearly regulated by state legislative acts. However, in Ukraine, as in other countries, the Army fulfils different non-violent functions to assist local communities, regional authorities or the central government on a regular basis.²⁴ The Army may also be called upon to enforce a

24 To guard vital state objects; provide search and rescue operations; provide tech-

state of emergency; to provide support to the state authorities in case of social conflicts; and to provide support in combating organized crime and terrorism. Evidently, fulfillment of these functions does not rule out the possible use of arms.

Ukraine's Constitution cautiously limits the role of the Armed Forces in internal conflicts.²⁵ Ukraine's *Military Doctrine*, adopted three years earlier than the Constitution, "prohibits the use of the Armed Forces in dealing with internal political problems". Obviously, the domain is left to other armed structures of the state. Although the legislator has excluded here the use of the Armed Forces for such a purpose it can be argued that the question is still open. It is open even from a purely legal viewpoint, let alone the difficulties of the transition period that do not preclude that Ukraine could be faced with a serious internal security problem. The *National Security Concept of Ukraine*, adopted four years later than the *Military Doctrine*, states that

the State military organization (...) which includes the Armed Forces of Ukraine (...) counteracts external and internal threats of a military character; struggles against organized crime; provides protection of the population in case of catastrophes, natural calamities, dangerous social conflicts, epidemics, etc.

As one may notice, this last norm is more specific to the internal functions of the Army.²⁶ This provision will not hurt those who wish Ukraine to become a truly democratic state with reliable democratic

nical assistance and ensure life-support in case of catastrophes, natural disasters, epidemics and epizootic; participate in ecological monitoring; use military scientific and technical potential for development of dual-use technologies and fulfillment of national programs; train civilians in some technical fields; contribute to physical training of the population, promote a healthy life style; contribute to military and patriotic indoctrination of the population, and so forth.

25 Art. 17 paragraph 4: "The Armed Forces of Ukraine (...) shall not be used by anyone (...) with an intent to overthrow the constitutional order, subvert the bodies of power or obstruct their activity".

26 The author was a member of a working group, drafting for Parliament the final version of the National Security Concept; this thesis was written with his active participation.

civilian control over the Armed Forces. Provided that there is a strong notion of civilian control over the Armed Forces (which is repeatedly discussed in the security doctrine), this norm rather reflects Ukraine's specific circumstances, the predominantly internal character of the threats to the national security, past experience and current involvement of the Army in numerous non-violent missions inside the country; as well as an attempt to promote further legislative clarification of this norm in the laws, mainly to avoid unlimited use of the Armed Forces.

In line with the security doctrine, president Kuchma regards the increasing threat of the "fifth power" as a justification for the use of Armed Forces in domestic matters:

The power of the shadow economy and of illegally accumulated wealth, the power that grew and became strengthened by robbing the people and the state has been formed in Ukraine. This power has a real impact on state bodies at all levels, on law enforcement agencies, the mass media, and, consequently, on our economy and the development of public opinion.²⁷

The strength of the Interior Ministry is on a par with the strength of our Armed Forces. Do our people feel that almost an entire army protects them from criminals? No. ... People do not feel safe. They are unable to comprehend that criminal groups are using firearms, explosives, and carry out contract murders (...) in our cities.²⁸

Whenever necessary and in compliance with the law, the Armed Forces must provide support to the state authorities to protect the people, their lives and property. In some regions of Ukraine only the Army has the capabilities and appropriate assets to stop terrorist acts or extensive criminal activity. Obviously, this function is not the main one for the Army, but it is a very important one, given Ukraine's prolonged transition period and economic hardships. Moreover, the Armed Forces might be needed to prevent violations to the territorial integrity of Ukraine. There could be cases in which the territorial integrity of the

27 See president Kuchma's report at the expanded meeting of the Ukrainian Interior Ministry Collegium, published in *Holos Ukrainy*, 10 August 1994. Analyzing the current situation, one could conclude that the "fifth power" is mushrooming, despite the declared commitments of the Government.

28 *Ibid.*

state is in danger, especially if it is threatened by external provocation, directed at supporting a separatist movement in certain border regions of Ukraine. Today this threat is purely theoretical, but no one can rule it out in the long term.

It would be a mistake to deprive the Armed Forces of their internal functions. In an emergency the state leadership will call upon the Army to protect the integrity of the state. The armed forces uprising in Georgia (October 1998) is an example of this. If Georgian president Shevardnadze had not acted decisively to deploy regular armed forces against the rebels in military uniforms, thus compromising the letter of the Constitution, he would not have stopped the rebellion and ensured stability in Georgia. This function has nothing to do with compromising democracy and development of the civil society in Ukraine.

It is vital, however, that the legislative ensures that the executive branch uses the Army only in strictly limited cases and only in accordance with the law. It is necessary to introduce a legislative framework and specific procedures for potentially violent functions of the Armed Forces. All other internal functions should be only slightly regulated. There seems to be no clear understanding of this distinction within the *Verkhovna Rada*. The members of parliament usually speak about the internal functions in general, but they have in mind mainly the use of weapons against citizens. Parliamentary control over the armed forces – as one component of democratic civilian control – is extremely important, especially for a country which is only slowly moving towards true democracy.

Civilian control of the military: a skeleton with few muscles

In Soviet times civilian control over the Armed Forces consisted of the Communist Party's control at every level of the Armed Forces, directly and through special services. This control was neither democratic, nor truly civilian. But it was real, well institutionalized, and very effective within the overall totalitarian state structure. Every military unit down to a company level had its deputy commander for political affairs. Professional advancement depended on political loyalty. Therefore, most officers and certainly almost all the senior officers were members

of the Communist party. The break-up of the Soviet Union brought about an end to the old system of political control over the Armed Forces. Since the Soviet republics lacked other elements of democratic civilian control such as the presidency, the parliamentary defense committee or defense-related governmental structures, free media, the academia or NGOs, Ukraine had to start these from scratch.

Since 1991, Ukraine has created a reasonable framework for reliable civilian control over the Armed Forces, including the necessary constitutional provisions and a set of defense-related laws. This legislative basis assures a firm civilian control over any use of the Armed Forces and the prevention of abuse of power by the Army.²⁹ On the other hand, it is flexible enough to consider Ukraine's membership in collective security systems and military alliances in the future, and it leaves the option open for a professional army and alternative service in Ukraine.

The mass-media, using the right to information guaranteed by the Constitution, exercises a complementary means of civilian control over the armed forces. The citizens are nowadays more or less informed about how taxes are spent for defense. The public in general is aware of each stage of military reform, military training, combat readiness, social protection of military personnel, housing conditions, etc. Other components of democratic civilian control – academia, a few promising think tanks, numerous NGOs, political parties and other democratic institutions – have the necessary legislature for their activities and gradually grow more and more mature.

Outside experts, often retired military or civil servants, have an impact on public opinion in their functions as consultants, academics or NGO representatives. From a defense perspective, there are obvious difficulties in wide-range consultations, partly because of the complexity of the issues involved and partly because of the classified nature of information. However, the experts should play a more important part

29 For a comprehensive analysis of the legislative basis see Grytsenko, A. *Reforming the Military in States of Transformation: The Case of Ukraine*. Groningen: Centre for European Security Studies, University of Groningen, 1999, Chapter 2.

in the military policy process, allowing the Government to confirm its commitment to public accountability in the military sphere.

Thus, while a *skeleton* for stable civil-military relations has been set up in Ukraine, there is a need to build up *muscles* in order to make the system sustainable, affordable and truly accountable to the public. This concerns, first of all, the legislature. As the basic “military laws” were adopted by parliament in 1991-93 well before the Constitution and the National Security Concept, they do not fully reflect new realities and require substantial amendments. Some important aspects of military activities are not clearly covered by legislation yet. As an example, the draft law *On the Peacekeeping Activities of Ukraine* had been in the parliamentary “pipeline” already for more than two years, while the *Verkhovna Rada* continued to blame the president of Ukraine for taking unilateral decisions on sending Ukrainian sub-units abroad. Since 1996, Parliament has not even requested – and the executive has not presented – a draft law *On the Functions of the Armed Forces and Other Military Formations of Ukraine*, although such a document is envisaged by article 85 of the Constitution.

Hence, the legislation leaves the question of subordination and control over Ukraine’s military formations, other than the Armed Forces, open, although some Interior troops, Ministry of Emergency units, National Guard and Border troops are actively involved in *Partnership for Peace* activities abroad. Experience shows, however, that future UN peacekeeping missions will require exactly these kinds of forces in a post-conflict transition environment. Ukraine’s regional cooperation in the field of ecological and disaster relief must be regulated by law in order to allow sufficient civilian control.

Ukraine’s Peacekeeping activities

The Armed Forces of Ukraine increasingly become a participant in different international activities. This is in line with the strategic course of Ukraine toward closer integration into the world community, including European security structures. In July 1992, the *Verkhovna Rada* decided to send the Ukrainian 240th special battalion to Sarajevo, which was among the first to enter the burning city. Later, the 61st

battalion and a detached helicopter squadron joined the peacekeepers. In early 1996, having accomplished its mission, the 240th special battalion was transferred to Bosnia-Herzegovina.

Ukraine also sent three sub-units to eastern Slavonia, including the 70th special detached tank company and the 17th detached helicopter squadron. In recent years, Ukraine's participation in international peacekeeping operations has considerably expanded. Since March 1995, Ukrainian officers have been participating in the UN mission in Tajikistan as military observers. Since January 1996, 200 servicemen from the 901st detached pontoon bridge company have been establishing and servicing the bridges in Angola.

These international activities are of great importance to Ukraine. Firstly, they improve the country's prestige. For example, the special 240th detached battalion, which is currently stationed under a French division, is widely appreciated. The French defense ministry has honored Ukrainian servicemen with high awards. The Ukrainian soldiers' service has been highly appreciated by the command of the UN peacekeeping forces, particularly when Ukrainian pilots forced Serbian sub-units to give up their plans to destroy oil drilling equipment in northern Slavonia. Secondly, additional hard currency is made available to the country's budget. As of today, Ukraine has received over USD 70 million for its peacekeeping activities.³⁰

However, peacekeeping also means the defense budget expenditure. To maintain the presence of the 240th special battalion – as a central part of the multinational peacekeeping brigade in former Yugoslavia – Ukraine spends over USD seven million annually. Thirdly, Ukrainian servicemen gain invaluable experience by participating in multinational operations and staff work.

30 Ukrainians participated in the following peacekeeping missions: UNPROFOR, UNTAES, UNMOR, UNPRED, SFOR, UNAVEM III, UNMOT, MINUGUA (Bosnia, Macedonia, Eastern Slavonia, Angola and Tajikistan).

On the whole, more than 8,000 Ukrainian servicemen have benefited from this opportunity. Regrettably, 18 Ukrainian servicemen died and 60 were wounded in UN peacekeeping operations.

Ukraine supports the idea of forming international peacekeeping sub-units for the purpose of establishing friendly and mutually beneficial relations between states and strengthening their collective capacity to face new challenges, to counteract new threats and to ensure stability in the region. As a result of an agreement between Ukraine and Poland and with the support of NATO partners (in particular, the USA and UK), the formation of a joint Ukrainian-Polish peacekeeping battalion is currently in its final stage. The joint Ukraine-Poland battalion was created following the corresponding agreement signed in Warsaw in November 1997.

There is a political decision to form a trilateral Ukrainian-Rumanian-Hungarian peacekeeping battalion. Its primary mission will be disaster relief and humanitarian assistance in the Carpathian region. Ukrainian experts are also examining different proposals concerning a possible formation of a German-Ukrainian peacekeeping brigade, a Ukrainian-Russian peacekeeping battalion and a GUUAM peacekeeping battalion.³¹ There is clear awareness that working together on a day-to-day basis with the partners will help to better understand each other, eliminate contradictions and redirect efforts on tackling common issues instead.

Cooperation between the president and the parliament

Since the second half of 1998, relations between the president and the *Verkhovna Rada* have become more responsible and constructive, which provide an opportunity to approach unresolved defense issues without unnecessary politicization. The main reason for this pleasant situation is a certain decrease in personal competition between the

31 GUUAM is a loose coalition that embraces Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova united mainly around the trans-European oil pipeline project.

president and the speaker of the parliament, as well as a tendency more to pragmatism and less to romanticism within the legislative. The latter is probably due to the increased influence of the “faction” of businessmen, bankers, top-level managers, and former high-level state officials.

In general, the professional level of Ukrainian deputies has risen. Some of the parliamentary committees are presently headed by former ministers. Owing to the new election law Ukraine’s current parliament is more mature and politically better structured.³² The political parties delegate their most capable representatives to the “leading” committees. In its present composition, the leaders of the four or five most influential factions will reach a consensus – or at least a majority – much more easily than in the period from 1994-98.

The Defense and National Security Committee of the *Verkhovna Rada* seems to have increased its capacity to contribute to a resolution of urgent defense issues. Many committee members have gained profound experience and established good working relations with the “supervised” ministries and personal contacts with relevant government officials. The new committee chairman Georgii Kryuchkov, in spite of his affiliation with the Communist Party, is a rather flexible parliamentary worker with a wide outlook and the capability of balancing different interests and contributing to commonly acceptable decisions.

Nevertheless, there are serious disagreements regarding defense and security issues between the president and the parliament. One of the most sensitive problems concerns Ukraine’s relations with NATO. As is well known, the Communist Party of Ukraine, the Socialist Party of Ukraine and the Progressive Socialist Party of Ukraine have put a “review” of NATO-Ukraine relations on their political agenda. Some of the leftist leaders have been elected partly because of their commitment

32 A new Parliament has been elected on a mixed basis: 225 deputies have come from the regional districts (as before); the remaining 225 MPs – from the lists of those political parties that managed to attract more than 5 percent of popular support in one nation-wide district (this was done for the first time).

to nullify both the *Partnership for Peace* document (1994) and the *Charter on Distinctive Partnership between Ukraine and NATO* (1997).³³

Undoubtedly, the leftists' increasing anti-NATO stance is a part of their pre-election campaign. However, the roots of the problem are much deeper – to a large extent, this parliamentary “offensive” reflects the polarization and different perceptions of NATO by the different strata of Ukraine's society. There seems to be an evident mismatch between the mainly pro-NATO attitude of Ukraine's political elite and a more balanced attitude of the population at large and parliament in particular.³⁴

Certainly, the political elite and the government must not simply follow public opinion. In many cases the political elite must shape public opinion and offer objectives and solutions. However, if an objective is unfeasible and not affordable, the fruitless efforts to achieve it produce only frustrated hopes and disappointment. Ukrainian state officials would be more credible if less empty rhetoric and provocative slogans regarding membership in both the Russia-Belarus union and NATO were used. Ukraine's non-bloc status seems to be the most reasonable and affordable policy choice in the foreseeable future.

33 In December 1998, on the occasion of a separate hearing on Ukraine's policy toward NATO, Communist leader Simonenko called the *State Program on Relations between Ukraine and NATO for 1999-2001* the immediate motive forcing the leftists to insist on a thorough review of Ukraine's military policy priorities.

34 According to a January 1999 poll conducted by the *Institute for Social and Political Psychology* (2016 people from all the 27 regions interviewed), 39 percent of the population do not support the president's program on Ukraine-NATO relations (24 percent do agree). 50 percent support the idea of a common Russian-Ukrainian defense doctrine (23 percent do not support). 47 percent of Ukraine's population call for a joint Russian-Ukrainian Black Sea Fleet (32 oppose). 62 percent propose a “single information space” and 41 percent a single currency (18 and 35 percent respectively do not support).

As for NATO-Ukraine relations, they should start with enhancing the understanding of the Alliance and its international role within the Ukrainian population. To date, the NATO Information and Documentation Center in Kyiv, founded in 1997, has hardly fulfilled this task.

Opening the debates on military issues

Ukraine needs an open debate on military issues. Too many important questions are waiting for answers, and a widening of the “defense community” seems to be a promising measure, which does not even require substantial financial resources. The contribution of economists, lawyers, international relations specialists, technology experts and other civilians would be particularly important to assess long-term defense and security needs. The special knowledge offered by these specialists has not been very much sought after by the military to date. Open discussions on military issues will also provide the members of the *Verkhovna Rada* with detailed information, increase their knowledge of military matters and help to overcome the information monopoly of defense structures.

The upcoming presidential campaign might promote debates on the important military issues, although these questions will not be on the top of the agenda – economic and social issues will attract more attention. Meanwhile, military personnel will be closely watching these debates, since the outcome will directly affect their lives. The servicemen, retired officers, defense industry workers and their family members constitute quite a sizeable part of Ukraine’s electorate. Furthermore, they belong to the most active citizens and always take part in elections. They want to see a “light at the end of the tunnel” and deserve that.

Conclusion

Ukraine's leadership has managed to peacefully transform an almost 750,000-strong former Soviet military grouping into the Armed Forces of an independent Ukraine. Despite all the difficulties, the Army is evolving. Moreover, it remains an island of trust, credibility and stability during the turbulent transition period. An important function of the Armed Forces is the contribution to stability within the country. As an influential and respected instrument of state power the Army safeguards the "irreversibility" of democratic development. The Armed Forces widely represent the country on the international arena and positively shape its image among its foreign partners.

The Armed Forces of Ukraine have been betrayed by the country's poor economic performance. On the one hand, the state cannot allocate enough resources to support the Armed Forces, which currently numbers 420,000 military and civilian personnel. On the other hand, the state does not have enough money to reduce the Armed Forces. There is no reason to expect any serious defense reform in Ukraine unless the nation recovers economically.

Ukraine should take advantage of the profitable international environment described by the absence of military threats. A consensus at the highest political level on what exactly the functions of the Army should be and which resources should be allotted to the defense budget is a key prerequisite of the necessary defense reform. The defense reform must consider the dimensional aspect of Ukraine's military structure: Ukraine has almost a million armed people and only 320,000 of them serve in the Armed Forces. There is a considerable overlap of functions between the various "power structures" and thus a potential for a redistribution of expenditures.

Most of the necessary constitutional and institutional arrangements for civilian control over the Armed Forces have been completed in Ukraine in recent years. To assure a sustainable and reliable democratic civilian control over the armed forces the legislative framework needs to be amended and filled with an appropriate *substance*.

Arms development and production provides a potential for mutually beneficial cooperation between Ukraine and Western firms. It will be important for Ukraine and a challenge for its Western partners to develop this cooperation according to strategic visions and long-term security policy priorities rather than immediate domestic benefits.

Since the autumn of 1998, the relations between the president and the parliament have become more responsible and constructive, which gives grounds for the hope that important defense issues can be resolved without unnecessary politicization. At the same time, the president's decision to develop Ukraine's relations with NATO is likely to break the fragile balance.

Ukraine's executive branch has a wide range of policy options to achieve a popular consensus in defense matters and to prepare the field for a successful defense reform. They should include a more pragmatic approach to armaments production and arms export, an abstinence from polarizing rhetoric regarding the country's strategic alignments, the acceptance of Ukraine's non-bloc status for the foreseeable future, the enhancement of military cooperation with NATO in the framework of the already available opportunities, the shaping of public opinion, and the opening of public debate on military issues to a wider "defense community". The approaching presidential campaign should promote debates on military issues and help to find the right answers.

JAMES SHERR

Chapter 5 After Yugoslavia: Whither Ukraine?

Operation Allied Force, NATO's designation for its military intervention in Yugoslavia, has re-launched European history. To a number of jubilant Europeans, even to a number of chastened ones, "history" – the struggle to determine the character and destiny of the continent – ended with the fall of the Berlin wall in 1989 and the collapse of the USSR in 1991. By the beginning of 1999, even most of history's "losers" were reluctantly accepting the proposition confidently put forward in Ukraine's State Program of Cooperation with NATO: that the Alliance had become "the most effective instrument of collective security in Europe". What will occur if this proposition is now called into question?

There is no heresy in stating that the questioning will be savage if Operation Allied Force fails to achieve objectives that are consistent with those proclaimed by NATO at the start of its campaign. Yet even if the "end game" succeeds where the campaign has thus far failed, it is unlikely that Europe's status quo will be simply and calmly restored. Not only in the Balkans, but in Central and Eastern Europe, and in Western Europe itself, NATO's primacy has structured expectations and defined the "art of the possible". NATO's military strategy in Yugoslavia, or timely alterations to it, could restore this primacy, but it is bound to be a more controversial and contested primacy than it has been to date.

No state will be more alert to these controversies or more affected by them than Ukraine. A "border" state today as much as in the past – as the name *Ukraina* implies – Ukraine is at one and the same time the eastern extreme of Central Europe, the northern littoral of the Black Sea, a cross-roads between Europe and the Caucasus, a barrier to Rus-

sia (or alternatively a gateway to it) and to both Ukraine's and Russia's geopoliticians, the "rear area" of the Balkans. Its *mnogovektornaya* (multi-vectored) foreign policy has been a skilful and pro-active attempt to ensure that it does not become the object of "vectors" originating in these adjacent regions. Whatever its outcome, the Balkan conflict has already exposed Ukraine's dependency upon favorable geopolitical circumstances. In doing so it has also exposed Ukraine's weakness. This exposure is bound to subject Ukraine's foreign policy and its "European choice" to a stringent and searching audit. The balance of power inside the country – and the impending elections – offer no guarantee that this audit will be conducted soberly, let alone to Ukraine's benefit.

The Premises of Ukraine's Foreign Policy

Upon coming to power in July 1994, Ukraine's president, Leonid Kuchma, embarked upon a dialectical, indeed "Bismarckian" foreign policy, knowing full well that Ukraine lacked the economic and institutional resources which Bismarck could take for granted. By late 1997, the high water mark of this policy, Ukraine had harnessed the contradictions of its own position to secure a truly "distinctive partnership" with NATO, whilst remaining firmly non-aligned to it; it had established a uniquely close partnership with one historical adversary, Poland, excellent relations with another, Hungary, a constructive relationship with a third, Rumania, and by means of the Central European initiative (which it joined in June 1996), appeared to secure an *entrée* into Central Europe as a whole; it had successfully cultivated and encouraged the incipient pluralism of the CIS (realized in the establishment of the 1998 Georgia-Ukraine-Azerbaijan-Moldova forum, GUAM), and by an adroit mixture of defiance and compromise, resolved the seemingly irresolvable with Russia: Ukrainian sovereignty over Crimea and the leasing of Ukrainian facilities to the Russian Black Sea Fleet.

These successes rested upon an astute recognition, not to say exploitation, of Ukraine's own constraints, both internal and international. The well known divide between the eastern and western regions of Ukraine has often obscured the first of these constraints – the fact that the overwhelming majority of Ukrainians feel politically wary of Russia but culturally close to it. The fact that hostility to the Russian *gosudarstvo* (the Russian state) is largely unaccompanied by hostility to Russian *narod* (people) is one of the country's most impressive, if unnoticed strengths. Yet it also rules out a simple foreign policy course. The challenge is to “enter Europe” *and* improve relations with Russia. An iron curtain between Ukraine and Russia would be as damaging in human terms as it would be economically.

This challenge is reinforced by the political psychology of Russia and the West: the former willing to “respect” Ukraine's independence whilst remaining emotionally unreconciled to it; the latter, if not incurably Russo-centric, wary of “drawing new lines” in Europe. From the start, president Kuchma was determined to convince Russia that a fully independent but friendly Ukraine represented the best of all possible worlds. Yet he knew that Russia would not accept this proposition until Ukraine had strong ties with the West and the West had displayed a strong stake in Ukraine's success. By 1994 it was also clear that the West would not support Ukraine on an anti-Russian basis. Therefore, Ukraine had to establish a reinforcing, rather than antagonistic relationship between the two prime vectors of its policy.

Finally, at the start of his presidency, Kuchma recognized that an internal policy would be instrumental to success on both fronts. Ukraine's *nezalezhnist*, its formal independence, was the product of political collapse in Moscow and political determination in Kyiv. But its *samostiynist*,¹ its “ability to stand” (or, in president Kuchma's words, “determine its own course”) would largely depend on its success in overcoming the economic legacy of the USSR. This legacy, even if no more damaging to Ukraine than to Russia, was bound to prove more significant to a new state than to a well-established one. Failure to

1 The Russian words are similar: *nezavisimost* and *samostoyatel'nost*.

overcome it would merely reinforce Russia's conviction that Ukraine could never survive by itself.² It would render impossible, or at best artificial, any "integration" with the West and simply substantiate prejudices that Ukraine was unviable, eastern rather than central European in essence and, over the mid- or long-term, doomed to return to Russia's orbit.

Incentives and Improvements

Given the context of economic weakness and political division, Ukraine's Foreign Ministry has proved to be the country's greatest force multiplier. By the summer of 1997 – the summer of the three Black Sea Fleet accords (28 May), the "Big Treaty" with Russia (31 May) and the conclusion of a Charter on a Distinctive Partnership with NATO (8 July) – it appeared that Ukraine's foreign policy had not only succeeded, but that through these successes Ukraine had actually reshaped its own geopolitical environment. In fact, Ukraine had achieved a more modest feat: extracting the maximum benefits available from highly favorable geopolitical circumstances. The circumstances were twofold and related.

Profits from NATO's leadership...

The first, as we have noted, was NATO primacy. Ukraine has benefited not only from the most dramatic aspect of this primacy – the absence of a Russian counterpoise – but from other, less dramatic ones. For a start, NATO has had a far-reaching effect on the character of transformation in Central Europe. As the institution most easily equated with Western "victory" in the Cold War, NATO – and, more important, NATO membership – became synonymous with security in most of Central and Eastern Europe. The lure of NATO membership

2 "Samostoyatelnoy Ukrainy nikogda ne budet."

has made it comparatively easy for the West to persuade countries only recently under totalitarian regimes to resolve disputes with neighbors and adopt Western standards on a wide range of matters from minority rights to democratic, civilian control of the armed forces. These incentives have made Ukraine's western neighbors (Rumania first and foremost) more friendly and accommodating than they might otherwise have been.

No less important, by 1995 NATO had re-established its primacy within the West itself. This was far from inevitable to Europeans who, from the Gorbachev era onwards, were persuaded that the Alliance was retarding history rather than advancing it and that Europe had to acquire its own defense identity independent of NATO or in place of it. The reverses and humiliations of three years of *initially EU* peacekeeping efforts in Bosnia-Herzegovina exposed these claims as premature, if not pretentious. Not only did the "lessons of Bosnia" demonstrate that Europeans had to be more robust about defense; they persuaded even the most ambitious (the French) that NATO was destined to remain Europe's primary defense organization and that the European Security and Defense Identity had to be developed within this Atlanticist framework.

These complementary facets of NATO primacy made it almost axiomatic that by drawing closer to the Alliance, Ukraine would not only be enhancing its own security but drawing closer to Europe as well. Accession to Partnership for Peace on 8 February 1994, prior to the accession of any other CIS country, was the launch of NATO's most in-depth program of cooperation, embracing some 300 different items by 1997. In parallel, Ukraine and individual NATO members also established bilateral programs of defense cooperation, most extensively with the United States and the United Kingdom (whose program, second in scope to the USA, comprises 75 items in 1999).

This relationship has had more than a symbolic significance. Firstly, it has given political, rather than purely legal substance to Ukraine's independence and has reduced the risk that Ukraine could find itself isolated in its relationship with Russia. In the extreme eventuality that Russia should apply direct pressure on Ukraine, mechanisms now exist to set off alarm bells throughout the common Euro-Atlantic house.

Secondly, it has provided a solid basis of collaboration for the implementation of Ukraine's National Security Concept, adopted by the *Verkhovna Rada* on 16 January 1997. Far from aiming to prepare Ukraine for eventual NATO membership, this Concept is designed to furnish an intellectual framework for addressing Ukraine's distinctive security needs and, to this end, for devising a rational, cost-effective division of labor between national Armed Forces, military formations not subordinated to the Ministry of Defense, as well as other non-military arms of the state. The clear theme of the document is the relationship between internal vulnerability and external weakness and the risk that regional or national emergencies (economic, social, or ecological) could be exploited, not to say provoked by actors with wider political or geopolitical aims.

... and Russia's incapacity

The second favorable geopolitical circumstance for Ukraine has been Russian incapacity. By spring 1997, Russia's political leadership was accepting the gravity of pressures and threats no less significant than those confronted by Gorbachev some twelve years earlier. To the country's "democrats" as well as its "centrists" the inventory of worries was almost identical.³ This was an opportunity that Ukraine's foreign policy leadership exploited subtly and skillfully, boldly supporting the applications of the Baltic states for NATO membership (in the Tallinn communiqué signed by Kuchma, Polish president Kwasniewski and the three Baltic presidents on 27 May 1997), as well as

3 The threat from within, in the form of the increased fragmentation of the multinational Russian Federation (reminiscent of the "pre-crisis situation" confronting the multinational USSR in 1995). The threat from the south in the form of the Chechen tragedy and its continued reverberations throughout the Caucasus (reminiscent of the earlier trauma of Afghanistan). The threat from the West, in the form of NATO enlargement (reminiscent of the "change of attitude" in the West associated with Ronald Reagan, rearmament and SDI).

dropping studied hints that, where the mid- to long-term was concerned, NATO membership might become an option for Ukraine itself.

The result was a dramatic change for the better in Ukrainian-Russian relations. Whereas as recently as October 1996, Russia's government had acquiesced (and possibly connived) in the State Duma's attempts to sabotage accord on the Black Sea Fleet, by the spring Yeltsin and prime-minister Chernomyrdin had plainly resolved to make all the necessary concessions to secure not only an interstate *Treaty on Friendship, Cooperation and Partnership* (the so-called "Big Treaty", signed on 31 May), but also to conclude 14 inter-governmental documents (28 May) on the division, status and financing of the Black Sea Fleet. But in retrospect, it is clear that May 1997 marked not a new threshold, but the high water mark of Ukraine's international success.

Constraints and Perils

Internal factors

The first set of constraints is internal. Of these, the most obvious for a new state such as Ukraine is also the most worrying: the connection between the state's legitimacy and its success at fulfilling the hopes invested in it. From the time of independence in 1991, Ukrainian statehood has been defined in European rather than Eurasian terms, terms which not only evoke aspirations for integration with Europe, but for the realization of European values and standards inside Ukraine itself. These are ambitious aspirations because Ukraine did not inherit the institutions of a European, let alone an independent state.

The process of reforming – and for the most part creating – a legal system, political institutions, armed forces, security bodies and administrative structures has had to occur under conditions where most of the occupants of core institutions have served in and were trained under the old system. In these conditions, a gap between European expectations and post-Soviet reality was only to be expected. Yet for how long can this gap continue, let alone widen, without undermining

the legitimacy of state institutions or without impairing the state's ability to "rally people together at a crucial moment"?⁴ According to the most recent (April 1999) public opinion survey of the Ukrainian Center for Peace, Conversion and Foreign Policy, 80 percent of the population believe that the country is developing in a different direction from that which is intended and desired.⁵ If the worst has not happened – the emergence of significant numbers of people willing to abandon independence – large numbers of people now support politicians associated with a change in the identity, even if not the sovereignty of the state.⁶

The second internal constraint follows from the first: the unhealthy connection between economic weakness, international vulnerability and the balance of power in the country. By mid-1997, Ukraine's principal Euro-Atlantic partners, not to say world financial institutions, were concluding that the country's political authorities lacked both the will

- 4 President Kuchma to the Conference of Entrepreneurs on 10 February, 1998.
- 5 The same poll demonstrates very low levels of confidence in core state institutions: the Presidency (full confidence: 8 percent, 50/50 confidence: 31 percent), the Government (5 percent and 32 percent) the *Verkhovna Rada* (5 percent and 34 percent).
- 6 In the 15 April poll of the Ukrainian Institute of Social Research, 25 percent stated they would vote for candidates who advocate Ukraine's membership in the Russian-Belarus Union: Nataliya Vitrenko, chairman of the Progressive Socialist Party (18 percent), Petro Symonenko, leader of the Communist faction in the *Rada* (5 percent) and Oleksandr Tkachenko (2 percent), chairman of the *Verkhovna Rada*. In the same poll, President Kuchma received only 11 percent support, the principal left-wing candidate associated with a pro-independence position, Oleksandr Moroz, received 5 percent, three figures of the centre-right, former prime-minister Yevhen Marchuk, former foreign minister Hennadiy Udovenko and former Justice minister Holovaty, each received 3 percent, and former prime-minister Pavlo Lazarenko received 1 percent. This leaves 49 percent undecided. At roughly the same time, a poll by Sotsis-Gallup and Democratic Initiatives revealed 19 percent support for Vitrenko, 17 percent for Kuchma, 10 percent for Moroz and 8 percent for Symonenko. It should be noted that many supporters of the Russia-Belarus Union maintain that Ukraine's membership will not be incompatible with its independence.

and the means to break this connection, or at least significantly improve it.

This conviction has grown despite the bold macroeconomic reforms initiated by president Kuchma in 1994-95. This is because the challenge for Ukraine, as for other ex-socialist countries is to transform macroeconomic change into socioeconomic betterment. Macroeconomic policy cannot do this on its own. This demands reform in the microeconomic sphere and therefore legal and institutional reform as well. To pretend that “more rigorous” application of macroeconomic disciplines will achieve these results on its own is analogous to pretending that air power can win wars by itself. Today, “transition” has become a new status quo, with new rules and with oligarchies who have an interest in preserving them. Because these oligarchies are powerful enough to extract patronage and privileges from the state, loss-making enterprises drain resources (through open and hidden subsidies), rent-seeking activities (taxes, commissions, licensing and transfer fees) stifle legal entrepreneurship, speculation and brokerage have become the principal source of wealth and the “shadow economy” (unmeasurable, untaxable and unaccountable) continues to criminalize society and impoverish the state. This state of affairs, acerbically detailed by the president himself, has damaged Ukraine’s economy, its *samostiynist*’, and its national security.

Firstly, it has put the economy at the mercy of outsiders. In the first half of 1998, well before the Russian financial crisis peaked, over 62 percent of the budget deficit was covered by external credits, and 40 percent of international loans were used to finance debts already incurred. At the same time, 40 percent of the state budget was devoted to subsidy and benefit. According to the president, “the greater part of financial resources is being used to service the budget deficit and debts owed by the state”. In these conditions the distinction between debtor and creditor is almost impossible to draw, with state and regional budgets (as of August 1998) owed some *hryvnya* (HRN) 3.8 billion from over 105,000 enterprises, most of whom were owed money themselves for goods and services. The relative absence of money has not produced the bankruptcy of the inefficient and the “rational” redeployment of labor, but a barter economy which, according to

government statistics, accounted for 64.2 percent of internal trade as of August 1998. What credits are available naturally end up being offered on speculators' rather than investors' terms. According to Ukrainian experts, 86 percent of all loans were short-term credits; according to the *Economist Intelligence Unit*, 95 percent of Ukrainian bank loans were granted for a maximal term of 12 months. Thus, Ukraine not only finds itself in "bondage" to the IMF, as the left maintains, but in a state which makes the achievement of IMF objectives all but impossible.

Secondly, there is the risk of instability and insurrection. The dominance of the shadow economy and the absence of transparency – that state of affairs enabling us to know *what* decisions are taken, *where* they are taken and *by whom* they are taken – has led to what Kuchma properly terms the "amorphousness of all transactions". State transactions are not exempt from this rule, even at a time of crisis. Thanks to the 800 "intermediary" commercial organizations in the mining sector, development funds and wage arrears dispatched by the government to mine workers simply failed to reach their recipients, producing strikes, blockades and regional states of emergency in the spring of 1988. No imaginative effort is needed to understand why the authors of the National Security Concept dwell on the "precisely regional" aspects of security threats and the possibility that they can be exploited by "internal and external" forces "whose actions do not always meet Ukraine's national interests".⁷

Thirdly, it prolongs relationships of dependency upon those who do not support Ukraine's "Euro-Atlantic choice". In the absence of a coherent and stable body of laws, and a pro-business culture on the part of those enforcing them, membership of "European structures" has failed to attract European investment. Instead, business has been dominated by those who benefit from opacity, deception and "financial-informational struggle". It has also prolonged the life of Soviet era economic networks. In Western accountancy terms, both Ukraine and Russia lose from a dependency on Russian oil and gas which leaves Ukraine

7 As expressed by two of these authors, O. Spirin and V. Palamarchuk in *Uryadoviy Kurier*, 1 March, 1997.

permanently in debt and Russia permanently seeking payment. In practice, specific Ukrainian and Russian oligarchies gain from a system which nets sizeable transit fees for Ukrainian companies, which enables Russia to sell gas in Ukraine for five times more than it is sold in Russia and which, as an offset to Ukrainian debt, establishes a system of barter payments immensely profitable to “intermediate structures” in both countries. This is not the sole, perhaps not even the main reason, why Ukraine’s energy reserves and infrastructure remain undeveloped, let alone why Western energy companies have failed to secure entry to Ukraine on economic terms. But it is an important reason.

External factors

Two outside forces have contributed to these ills and prolonged them. The first of these is the European Union. Here the lesser challenge is EU policy; the greater challenge is posed by the EU’s nature. Two contrasts – between the EU-Russia relationship on the one hand and the NATO-Ukraine relationship on the other – have not only been marked, they have induced much disorientation in Kyiv. Is it purely on economic grounds that whilst Ukraine began to negotiate a Partnership and Cooperation Agreement with the EU six months in advance of Russia, its agreement came into force four months after that of its eastern neighbor?⁸ Is there an economic basis to the European Council’s decision to recognize Russia as a “market economy” – admittedly before the financial crisis seriously got under way – whilst leaving Ukraine’s “transitional economy” status unaltered? Whereas NATO has refused to tie cooperation with Ukraine to its level of cooperation with Russia – recognizing, were it to do so, that Russia

8 Ukraine’s PCA, concluded in June 1994 and ratified by Ukraine in 1995, only entered into force on 1 March 1998.

would acquire *de facto* control over a vital aspect of Ukraine's policy⁹ – the EU has never allowed Ukraine to advance closer to the EU than Russia and in some cases has kept it well behind, despite the fact that EU membership is not an officially proclaimed Russian goal. Although these comparisons might not prove that the EU is Russo-centric (as many Ukrainians believe), they suggest a lack of enthusiasm about Ukraine at the working level, as well as a lack of strategic vision at the top.

The more intractable difficulty is the EU's conception of itself. Here again, the contrast with NATO is stark. As the quintessentially Cold War institution, NATO came under pressure to transform or dissolve after 1991. Its principal response to this pressure, Partnership for Peace, has served to soften the distinction between membership of the alliance and partnership with it. NATO's professed aim, therefore, is to lower barriers between insiders and outsiders. Until the launch of Operation Allied Force, the traffic of proposals and initiatives between NATO and Ukraine had been vigorous and reciprocal.

But as a non-military institution, the European Union has largely escaped these pressures. Yet its model of integration, no less than NATO's model of defense, originated in the Cold War and, at least in part, reflected Cold War concerns: the need to give economic substance, definition and integrity to an emerging security community in Western Europe then very much under threat from another part of Europe. To this day, therefore, the EU's aim is not to soften barriers with non-members, but to deepen integration between members. In practice, "ever closer union" is a project designed to achieve further harmonization amongst member states whose legal systems, employment practices, welfare provisions and economic policies are, by post-Communist standards, remarkably harmonized already. Therefore, the

9 The point also holds for many national defense ministries of NATO members. The UK-Ukraine Program of Cooperation, is larger and of longer standing than the UK-Russian bilateral program. Russia's unwillingness to conclude such a program until recently played no role in the UK's decision to establish its program with Ukraine.

challenge for a non-member is not simply one of catching up, but catching up with a moving target.

If the effects promise to be problematic for those who have been placed in the first tier for accession, they risk becoming brutal for those excluded.¹⁰ Much as PfP has come to symbolize NATO's approach to non-members, so the Schengen agreement on frontier controls has come to symbolize the approach of the EU. Before the NATO-Yugoslav conflict, Ukraine could safely assume that Polish and Hungarian membership in NATO would draw Ukraine closer to NATO as well. At the same time Ukrainians worried that instead of having an analogous effect, the accession of Poland and Hungary to the EU would distance Ukraine from its two most important neighbors in Central Europe. This is no inconsiderable worry, bearing in mind that Poland is Ukraine's third largest trading partner (when the gray market is taken into account) and that cross border traffic (today visa free) currently amounts to almost two million people per month. As matters currently stand, EU enlargement is likely to create new dividing lines in Europe, or at least move old dividing lines east. The approach of the EU frontier is more likely to push Ukraine into Eurasia than facilitate its integration into Europe.

The dynamics of European enlargement have a highly paradoxical but profoundly unfavourable effect on the second international constraint, the Russian Federation. The constraint lies in the fact that Russia is both Ukraine's largest trading partner (accounting for 40 percent of trade turnover) and its most difficult one. The Russia-Ukraine free trade agreement of February 1995 was never honored; new agreements negotiated in November 1997 and January 1998 have been

10 The December 1997 Luxembourg European Council invited six states to begin accession negotiations with the EU (Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus) and also identified five second-tier states whose admission would be placed on a slower track (Bulgaria, Latvia, Lithuania, Rumania and Slovakia).

rendered moot by the Russian financial crisis.¹¹ The Ukrainian Ministry of Foreign Economic Relations and Trade blames this year's 25 percent drop in turnover (following a 17 percent drop in 1997) on non-implementation of the latest agreements,¹² but the fact is that the swift alteration of currency values and the vast volume of barter trade has made it extremely difficult to agree on standards and mechanisms for payment.¹³

Were Europe to open its markets to Ukraine as speedily as Russia was contracting them – and were Ukraine to open its own economy to foreign investment – then Russia's losses would be Ukraine's gain. But so long as Ukraine is shut out of Europe, and shuts itself out, then the declining market is doomed to remain the principal market and then, as Kuchma admitted to the Russian television, "if it is bad for you, it will be even worse for us".¹⁴ The paradox, therefore, is that Russia's

- 11 An informal summit between Kuchma and Yeltsin on 16-17 November 1997 produced an undertaking to rescind the imposition of VAT on Ukraine's exports to Russia (imposed by Russia on 18 August 1996) and end the "trade war" that had lowered the 1997 trade volume by 17 percent; at the same time, Russia at a direct cost of USD 250 million to itself, agreed to allow Ukraine a duty-free export quota of 600,000 tonnes and a 235 percent tax reduction on exports above that level. The summit also produced more detailed commitments to establish transnational financial-industrial groups, as well as an invitation to Russia to participate in the privatisation of Ukraine's energy sector. At the 30-31 January 1998 summit Russia and Ukraine signed a ten year "joint action program".
- 12 On 21 May 1999 the MFER&T blamed the drop on the fact that Russian pricing policy kept the cost of its own domestic produce artificially low, thereby making Ukrainian imports uncompetitive (according to ITAR-TASS, *BBC Summary of World Broadcasts*, 21 May 1999).
- 13 As noted by President Kuchma in his 20 May 1999 interview for Russian TV's "Here and Now" program, "there was no mechanism for mutual payments. (...) The events of 17 August threw us back very far indeed. Because of the rouble devaluation and the change in our own currency's rate, it has become practically impossible to handle payments between our countries".
- 14 Interview with RTR's "Here and Now" on 20 May 1999. Here Kuchma was reiterating the long-established axiom that "when Russia sneezes, Ukraine catches cold".

leverage over Ukraine can increase at times of weakness. This was plainly demonstrated on the morrow of the 17 August devaluation when Acting prime-minister Chernomyrdin introduced new conditions for honoring the latest trade agreements, including tighter schedules for debt repayment and the establishment of transnational financial-industrial groups.¹⁵ As long as Ukraine's "integration into Europe" remains a mere slogan, Russia-Ukraine relations will have either a "win-lose" or "lose-lose" character. The political implications of this pattern are as unfavorable as the economic ones, because Ukrainian weakness and Ukrainian-Russian rapprochement have routinely been viewed in Moscow as signs that reintegration is possible.¹⁶

This perception will only change when Ukraine gives economic substance to its "European and Euro-Atlantic course". By developing Western markets and attracting Western investments, Ukraine would strengthen its *samostiynist*. The opening of Russian markets and the appearance of Russian investors would then strengthen Ukraine further rather than weaken it even more. It would also benefit Europe because, amongst other things, it would pull Russia further into Europe — and it would give Russia a stake in supporting a Ukraine that was moving in the same direction. Today the risk is that Ukraine will embark on a course which its leaders warned against three years ago: "the

15 In Ukraine there are divergent opinions about the effect (and effectiveness) of these transnational production, financial and service structures. Some, including the President himself, view them as the only way to revive heavy industries which are uncompetitive in Western terms. A second group views them as entities, analogous to Stalin's "joint stock companies" in postwar eastern Europe, designed to exploit Ukraine economically and limit its sovereignty. A third group simply doubts their feasibility and notes that, despite agreement to establish six such entities, neither Russia nor Ukraine have demonstrated a capability to establish them.

16 Hence one of the strong adherents (and negotiators) of the May 1997 accords, the then Deputy prime-minister Valery Serov, stated on 6 January 1998: "Anyone who wishes can become a third party in the Belarusian-Russian Union. (...) Russia is developing relations with Ukraine now which are extremely important and of paramount significance. Ukraine is our main partner amongst the Slav states".

accelerated integration of underdeveloped markets”.¹⁷ The Yugoslav crisis has increased this risk greatly.

Implications of the Conflict with Yugoslavia

“New lines” in Central Eastern Europe

There have been attempts by Western governments and analysts to assess the effects of NATO’s military intervention on Russia’s position in Europe. In contrast, the attention devoted to its effects on Ukraine has been utterly deficient. This is surprising, because its effects could prove to be even more serious. Whereas Operation Allied Force has damaged Russia’s cooperation with NATO, it has damaged Ukraine itself. As we have noted, since 1991 Ukraine’s independence has been predicated on the “strategic course of entering Europe”. It is in European, not Eurasian terms that Ukraine defines its statehood. The first *and only* governments of a modern independent Ukraine have placed such strong emphasis on “integration with European and Euro-Atlantic structures” that setbacks and failures have naturally been seen as setbacks for the state.

Since July 1994 (and the handing of the torch from president Kravchuk to Kuchma), Ukraine has also pursued a “multi-vector” foreign policy, based on the premise that Ukraine would not be fully secure until Russia concluded that Ukraine’s independence (*and* its western course) served its own state interests. The pre-requisite of the multi-vector policy and “strategic partnership” with Russia has therefore been a friendly relationship between Russia and the West.

The Yugoslav conflict disrupts these equations in three ways. Firstly, and for the first time, it has presented NATO in a provocative and even threatening light to a population which for the most part had viewed it

17 Volodymyr Horbulin (Secretary of the Ukrainian National Security and Defense Council) on 17 July, 1996 (*BBC Summary of World Broadcasts*, 19 July 1996).

in benign, favorable and even protective terms – and which had been encouraged to do so by a government firmly convinced that NATO “projected security and stability in Europe”. Misconceived this shift of perceptions might be, but it is based, as in Russia, on sentiments of Slavic and Orthodox kinship, on deep fears of *any* state or coalition prepared to violate the sovereignty of small powers and (contrary to hysterical accusations of “Ukrainianization” by Russian nationalists) by the disproportionate influence in the country of the Russian media and its slanted portrayal of events.¹⁸ Secondly, it has raised the fear that continued cooperation with NATO – which thus far has meant *vigorous* cooperation through multilateral and bilateral programs of exercises, training, collaboration and assistance – could put Ukraine and Russia diametrically at cross purposes. Third, it has exposed Ukraine’s impotence: its failure to influence Western “partners” (and be included in the decisions that matter), the failure to “integrate” in anything more than cosmetic terms and the failure of these partners to treat Ukraine’s “pivotal” role in European security as anything more than a slogan. These perceptions, too, might be exaggerated, but the Washington summit – which devoted only 45 minutes to the NATO-Ukraine Commission – is bound to reinforce them.¹⁹

At the minimum, therefore, NATO’s policy over Yugoslavia has injured the standing of a pro-Western president and government on the eve of an electoral contest against reactionary, vengeful and very anti-Western opponents. But even if this contest is won, Ukraine may be forced to take a more bracing and critical look at the circumstances and

18 Even some influential organs of the Ukrainian media have presented a highly skewed, geopolitical reading of NATO’s intentions, indistinguishable to that put forward by Russia *intelligently*. See most strikingly, Mostovaya, Yulia. “50 Years of NATO: Gray Hairs in the Beard.” *Zerkalo Nedeli*, 24 April 1999. Amongst the six objectives she postulates for Operation Allied Force are “showing a Russia toothless from economic scurvy its place in the world political dispensation” and “unequivocally making China understand (...) that similar actions can be employed in Tibet”.

19 According to observers on the scene, President Kuchma’s speech about the Yugoslav crisis and its effects on Ukraine received very little attention and prompted only three replies from the other leaders present.

conditions which define its statehood, state interests and state policy. It will be very difficult for NATO to sustain the influence it has had until now; it will be even more difficult for NATO to demonstrate that its actions make Ukraine more secure rather than less.

Threats to Ukraine's national security

Damaging as the Yugoslav conflict is to the Kuchma administration internally, it is likely that Kyiv is far more concerned about the dangers the conflict might pose to Ukraine's security.

Firstly, were the conflict to damage NATO's standing not only in Ukraine but elsewhere, the geopolitical assumptions underpinning Ukraine's policy might need to be re-examined. Thus far it is not only Ukraine which has equated the enlargement of NATO with the "projection of stability and security". All Partnership countries have done so, with the exception of Russia and Belarus. In recent years it has been axiomatic (in the language of Ukraine's *State Program of Cooperation with NATO*) that "NATO is the most effective structure of collective security in Europe". This perception has not only structured expectations of what is and is not possible in Europe. It has provided those seeking admission to the Alliance with powerful reasons to resolve disputes with neighbors (the Ukraine-Romania friendship treaty being a noteworthy case in point) and conform to Western standards on a wide range of matters from minority rights to democratic civil control of the armed forces. Were Rumania and Slovakia to revise their thinking and begin to equate NATO with insecurity and risk (as some in Hungary now seem inclined to do), were Ukraine's Baltic partners for the first time to question NATO's ability to defend them, Ukraine could find itself in a fluid and unpredictable geopolitical environment.

Secondly, if the conflict leaves NATO in disarray and disrepute, Ukraine might find that the Alliance is no longer able to perform one of its core functions: integration into Europe. One outcome of the crisis might well be that the European Union takes on the wider, if softer, security functions that NATO has progressively assumed since 1991. Although membership of the EU has consistently been Ukraine's "long-term strategic objective", this would not necessarily be a favorable

outcome for Ukraine. Whereas NATO as an institution has been enthusiastic about Ukraine and pro-active in developing cooperation, the European Union has been more ambivalent and, from the perception of Kyiv, more Moscow centered. Whereas NATO, through the mechanism of PfP, has succeeded in eroding the frontier between members and partners, the EU, through such instruments as the Schengen agreement, has pursued a model of integration and enlargement which, from the perception of Kyiv, risks disrupting the integrity of regions and erecting new dividing lines in Europe (e.g. between Poland and Ukraine and between Hungary and Rumania). Were the EU to become Europe's sole agency of integration, Ukraine could find itself shut out of Europe.

Thirdly, the prolongation of the conflict, not to say its escalation, could provide sharp tests to the sovereignty of a state whose territory links the Russian Federation with the Balkans. The Russian "humanitarian convoy" halted by Hungary was, needless to say, halted on the Hungarian-Ukrainian border. Although the Hungarian authorities insisted that the convoy included vehicles, equipment and provisions in violation of UNSC resolution 1160, Hungary halted it and Ukraine did not. Moscow's subsequent announcement that it would henceforth send material via Rumania was revealing for what it did not say: that agreement with Ukraine had already been reached or, for some reason, was not considered necessary.²⁰ Similarly, Ukraine did not prevent the dispatch of the Russian reconnaissance vessel *Liman* from its own territory to the Adriatic. As the agreement on the BSF only obliges Russia to give Ukraine notice of movements of ships and aircraft, it does not stand to reason that Ukraine actively consented to *Liman's* transit. Contrary to worries expressed by Ukrainian nationalists and even by one of its most prominent centrists, Yevhen Marchuk, the risk is not that escalation will provoke NATO strikes on Ukraine, but that

20 Although a statement was issued by the Russian Embassy in Kyiv that Russia and Ukraine held consultations about the supply of material to Yugoslavia, it was swiftly contradicted by Ambassador Dubinin. But it would be surprising if in all the talks that have taken place since 24 March, the matter of convoys and ships was never discussed.

Ukraine's sovereignty will be progressively called into question by Russian activity as the conflict develops. In the extreme case that Russia is "drawn into the conflict", then Ukraine could be drawn in by default. Although a member of NATO, France exercised its sovereignty by denying the United States permission to transit its territory in its attack on Libya in 1986, as well as in two earlier Middle East wars. Although a non-aligned state, how likely is it that Ukraine would impose an analogous prohibition on Russia? Would NATO be able to honor its "assurances" to Ukraine if it did so?

Fourthly, as we have already noted, the conflict not only increases the risk that a more nationalist regime in Russia could succeed that of Boris Yeltsin; it also increases the challenges that such a regime would pose. In Ukraine's eyes, as in Russia's, Operation Allied Force creates worrying precedents which, in the name of human rights, could be used to justify the overriding of state sovereignty elsewhere. But whereas Russia is worried that NATO would take advantage of such precedents (in the Caucasus and Central Asia), Ukraine's worry is that Russia might do so. The worry is hardly hypothetical given the long-standing opposition that has been expressed on these very humanitarian grounds to Ukraine's sovereignty over Sevastopol (and at times Crimea as a whole) by Yuriy Luzhkov and Aleksandr Lebed. After all, Ukraine has not resolved a separatist challenge in Crimea, it has only curbed it, and it has done so in a geopolitical context of NATO partnership and Russian moderation.

Faced with the prospect of a weaker relationship with the West and a yet more problematic relationship with Russia, Ukraine has already moved to extract one silver lining from the conflict: the further drawing together of the GUUAM axis (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova) which, on 25 April became GUUAM with the addition of Uzbekistan.

A new security policy paradigm?

Yet Ukraine might find that it has to move further. This very necessity was raised by a dark horse in Ukrainian politics, Yevhen Marchuk, former SBU chairman and prime-minister, current presidential candidate, and a possible future prime-minister in the likely case that his bid for the Presidency fails. In an interview with his own highly liberal newspaper *Den*, Marchuk put a stark case for a new foreign policy course:²¹

History is not going to offer us a geo-economic cornucopia. (...) We are not Europe, which we immediately realize whenever we attempt to break through to the European markets. (...) Russian investors will not be able to make a decisive contribution to the restoration of Ukraine's economy. (...) The catastrophic state of Ukraine's economy greatly narrows the possibilities for defining Ukraine's priority national interests.

We are fated to have one identity throughout the next decade: We are Ukraine, independent and neutral. Neither external nor internal factors will let us change the status quo. (...) Our real interests at this stage simply cannot coincide with European, American or Russian ones. However, they may have much in common with all the aforementioned parties.

One of the dangerously erroneous trends is the wait-and-see policy and the use of the idea of a "bridge", "buffer", "link" and so on between the West and East. It replaces an active (...) search for foreign markets and the development of a corresponding foreign policy strategy. (...) The border of the EU will be the border of Russia's economic area, and there will be no "linking elements". (...) Ukraine should be much more resolute [than Russia] (...) in attracting foreign investments and fighting corruption, since we are potentially a less attractive partner than Russia. (...) The motto of Ukraine's foreign policy should be "be equidistant, moderate and focused on national interests".

Marchuk's analysis presents a blueprint for a Ukrainian foreign policy which is neither "western" nor "eastern". Unlike the current foreign policy, it assigns primacy to *internal* policy and the need for Ukraine to create opportunities for itself. It remains to be seen whether a second Kuchma administration will see the necessity for this course and

21 *Den*, 26 March 1999. Abroad, the interview attracted notice for its suggestion that Ukraine not oppose Russian weapons transfers across Ukraine's territory.

summon the will to adopt it. It also remains to be seen whether a post-Kuchma administration will continue to regard the West in favorable terms. The Balkan crisis has not been the best advertisement for the proposition that Ukraine plays a “pivotal” role in European security. But we should not be surprised if Ukraine develops in ways that remind us of its importance.

OEKSANDER POTEKHIN

Chapter 6

The NATO-Ukraine Partnership: Problems, Achievements and Perspectives

Ukraine Facing Eastern Enlargement

The accession of Poland, Hungary and the Czech Republic to NATO in the spring of 1999 has significantly changed the security policy environment in Eastern and Central Eastern Europe. This process of NATO eastern enlargement has already affected Ukraine's international position positively. Firstly, it has led the Russian Federation to certain, though inconsistent, steps towards a normalization of relations (the "Basic Treaty" signed and ratified by Russia's Federation Council and the agreements on the Black Sea Fleet activated a dialogue on various levels between political forces in both countries). Secondly, it enhances the settlement of disputable issues with Rumania. Thirdly it has inspired the Ukrainian-Polish dialogue and manifested the existence of mutual interests of both countries. Finally, it has urged the Russian Federation to a new consideration of its own interests.

The Charter on a Distinctive Partnership between NATO and Ukraine

Naturally, the mid- and long-term consequences of NATO enlargement cannot be foreseen. But it seems obvious that the framework for the development of the NATO-Ukraine relationship is set by the *Charter on a Distinctive Partnership between NATO and Ukraine* (henceforth called the Charter). According to the Charter this relationship is to be based on the principle of "invisibility of security" comprising all OSCE member-states, i.e. the understanding that one country's security depends upon the security of other countries. The Charter pledges that NATO members will support Ukraine in its efforts to safeguard its

sovereignty, political independence, territorial integrity and inviolability of frontiers, promote its democratic development and economic prosperity – which are described as key-factors of stability and security in Central and Eastern Europe and beyond – and facilitate Ukraine’s integration within all-European and Euro-Atlantic structures. NATO welcomes the fact that Ukraine received security assurances from all the nuclear-armed states.

Russia, too, signed a treaty with NATO in 1997, the *Founding Act on Mutual Relations, Cooperation and Security*. But the Founding Act and the Charter are essentially different principally in the attitude towards NATO by the two post-Soviet countries. The differences result not only from the fact that Russia claims to be an influential Great power and thus “more important” than Ukraine but also from entirely different approaches by the two countries to the process of NATO enlargement. In contrast to Russia, which has demonstratively adopted a parliamentary resolution against NATO “expansion” soon after signing the Founding Act, claiming that the enlargement process is a threat to Russian security, Ukraine considers the enlargement to be beneficiary to its own security.

While Russia and NATO declare that they will refrain from considering each other as adversaries, the treaty with Ukraine emphasizes NATO’s positive role in promoting peace and stability in Eastern and Central Europe. Not surprisingly, the provision that every state enjoys a freedom of choice regarding its security alignment is expressed in the Charter but not in the Founding Act. While the Charter foresees joint military maneuvers on the territory of Ukraine, NATO maneuvers within the territory of the Russian Federation can scarcely be imagined. Under the Charter both parties will consult each other on arms export and proliferation of weapon technologies, especially on exports to countries ruled by dictatorial regimes. For Russia this issue is rather irksome – Moscow’s leadership seems to regard NATO enlargement as an attempt to oust Russia from the international armaments market.

Similar differences concern NATO’s role in the implementation of military reforms, where NATO pledges support to Ukraine in order to enhance its civil control over the military. This subject is not addressed in the Founding Act. On the other hand, the Charter contains no

statement on strategic disarmament since Ukraine, as opposed to Russia, dismantled its strategic weapons in the summer of 1996.

Fundamental differences between the Charter and the Founding Act concern the joint consultative bodies, i.e. the NATO-Russia Permanent Joint Council and NATO-Ukraine Commission. In contrast to the NATO-Russia Council which is envisaged as a permanent functioning body, the NATO-Ukraine Commission can hardly be described as a capable and influential body. Nevertheless, the Ukraine-NATO Charter ranks rather high among members of the Ukrainian foreign policy elite. Experts think that the Charter will contribute to improving the already existing relations between NATO and Ukraine. The difference between the Charter and the Founding Act is described as resembling the differences between a partnership agreement and a non-aggression treaty.

In many dimensions the Charter is of a symbolic nature. Its significance lies in the fact that it demonstrates the importance that Europe and NATO attach to Ukraine's security, independence and sovereignty. For most Ukrainian politicians and commentators the Charter's paramount significance is that of recognizing Ukraine as a state belonging to Central and Eastern Europe.

Domestic disputes regarding Ukraine's place in Europe, the future European security architecture, or the nature of relations with the CIS relate to Ukraine's official status as a non-bloc country. The president and government of Ukraine question the compliance of this fundamental conception with the national interests, but they express themselves moderately and cautiously in view of a possible reaction by Russia. Ukraine's relationship with the Western Alliance is still being considered in the light of Russia's actions in the international arena. Taking this into account, the priority task of Ukrainian diplomacy and foreign policy is to emphasize the importance of a direct relationship with Ukraine for all relevant international structures.

NATO enlargement should be considered by Ukrainian decision makers not as an end in itself but an aspect of internal transformation, which will determine the Alliance's role in an all-European security system and its capacity to cope with some of the "new generation" security

threats. Certain problems of instability are of non-military origin and cannot be resolved by military means. There is an increased demand for utilizing peace-making measures and for reliable means of enforcing and maintaining peace. NATO is still better accommodated to military rather than civil operations and has no other effective means.

Another potential problem is caused by the probability that NATO will “close the door” after the first wave of enlargement, creating tensions rather than a stimulus for integration and establishing a new line of division in Europe. At the same time, expanding and transforming the Alliance to another kind of OSCE would sharply diminish its effectiveness. However, even with additional functions of collective security NATO might not decide to invite new members. The Alliance can choose the form of existence that would entwine all European states by a system of reciprocal agreements and commitments.

Already, as a result of NATO’s measures to settle the Bosnia crisis NATO has developed mechanisms and established structures which provide broad possibilities for non-members to take part in NATO operations under a UN or OSCE mandate (IFOR/SFOR, Combined Joint Task Forces, PfP, and others). For example, the Stabilization Force (SFOR) involved twenty countries, including Ukraine. In this context, the Charter can be regarded as an official international recognition and approval of Ukraine’s determination to take part in such operations, including military action. Under any scenario, until military force remains the only reliable guarantor of international security, Ukraine is interested in the existence of NATO, in preserving Atlantic solidarity and in the American presence in Europe. Another aspect of inclination to NATO is the unpredictability of Russian foreign policy.

Parameters and trends of Ukraine-NATO relations

Since 1997, two basic alternative foreign-policy orientations prevail among Ukrainian foreign and security policy decision makers.¹ One of them calls for Ukraine's accession to NATO, the other opts for a neutral and/or non-aligned status of the country. During the last two years the pro-NATO orientation became slightly more popular (46 to 51 percent of the interviewed decision makers) and rose to a remarkable 69 percent by the end of 1998.² The *State Program of Ukraine-NATO Cooperation*, put into force in late 1998 (see below) is estimated to be one of the most significant documents, yielding a highly positive effect on Ukraine's international security.

The following aspects of relations with NATO were described to be the most significant: firstly, meeting the preconditions for future NATO membership; secondly, providing additional security guarantees to Ukraine, thirdly, attracting direct assistance in implementing military reform; fourthly, policy coordination with regard to NATO enlargement. Other aspects included arms and warfare technology trade, joint development of military policy (including policies to maintain Ukraine's military-industrial complex (MIC)), and participation in "peace creation" operations or joint exercises.

The idea of granting Ukraine additional security guarantees seems to be another illusion dating from Kravchuk's presidency, caused by a misunderstanding of the 1949 Washington Treaty (which does not provide for an interim, associated membership to the Alliance) and the

1 This section is based on interpretations of expert polls prepared by the Center for Peace, Conversion and Foreign Policy of Ukraine. The quarterly poll entitled *Monitoring Ukraine's Foreign and Security Policy* comprises assessments and estimations of relevant MFA officials, researchers of state institutes, *Verkhovna Rada* deputies, Armed Forces officers, Ministry of Defense representatives, as well as leading journalists. Further information on methodology, results and subscription conditions of *Monitoring Ukraine's Foreign and Security Policy* is available at <http://www.public.ua.net/~potekhin/ucpccrs/ucpccrs.htm>.

2 Interestingly, the process of Ukraine's Western integration in general was perceived to have slowed down.

logic of NATO's nature as a defense alliance. One should agree with the importance of direct assistance in military reform for Ukraine, but this kind of cooperation is bound to face opposition by the executive structures of Ukraine, which are still unable to launch the processes of submission of the armed forces and other military structures to civil control.

It is significant that such aspects of cooperation as participation in peace-making operations and joint exercises were estimated as minor ones by an overwhelming majority of experts, explained by the conviction that NATO would allegedly derive greater profit from them than Ukraine. At the same time, any participation in joint operations and exercises will not compensate the feeling of inferiority and loss of potential profit in case the Ukrainian MIC fails to be recognized by NATO authorities as a junior partner. Unless cooperation in this branch of military sphere is based on equality, the leftist political forces will conduct a successful anti-NATO agitation blaming the NATO countries at least for unfair and expansionist intentions.

The State Program for Cooperation with NATO

The *State Program for Ukraine-NATO Cooperation* for the years 1999-2001 (further referred to as State Program) was put into force in November 1998.³ It provides for the implementation of the Ukraine-NATO Charter. The significance of the State Program is shown by the fact that it was immediately rejected and attacked by most leftist forces in the *Verkhovna Rada*, who claimed that the president's decree was unconstitutional. Objectively, the State Program was prepared and adopted in accordance with the president's constitutional competence and obligations. It is based on the provisions of the *Main Directions of*

3 Put into force by presidential decree 1209/98, dated 4 November 1998, and presented to NATO by Volodymyr Horbulin, head of the Ukrainian Inter-Agency Commission on NATO on 26 November 1998.

Ukraine's Foreign Policy, the military doctrine of Ukraine and the *Concept of Ukraine's National Security*, both of which had been approved by the *Verkhovna Rada*.⁴ The reason for the strong reaction of the leftists to the State Program is that its successful implementation would mean the establishment of a system of multidimensional, mutual dependence of Ukraine and NATO, and would thus render pointless a continuing discussion about Ukraine's geopolitical priorities. A complete implementation of the State Program will raise the relations between the partners to a level of cooperation higher than with any other non-member state, at least with regard to cooperation in advanced technology or space exploration spheres.

The State Program describes the full-scale integration with Euro-Atlantic security structures as Ukraine's strategic goal. This rules out all options of security alignment within the CIS framework or in the form of a union of "three Slavic states". Moreover, among all the existing security structures on the European continent, Ukraine "considers NATO the most effective structure" because of the "sizable contribution of this organization to safeguarding peace, stability and the overall climate of confidence in Euro-Atlantic space, to the creation of a new architecture of security in Europe, to deepening the process of disarmament, control over armaments and non-proliferation of mass-destruction weapons".⁵

Owing to the general perception of NATO by Kyiv, Ukraine is committed to take an active part in the work of the EAPC and in the *Partnership for Peace* Program. Developing its cooperation with NATO, "Ukraine aims at guaranteeing its independence, democracy and territorial integrity, strengthening external guarantees of national security, withstanding any emergence of new threats to stability and security in the region of Central and Eastern Europe, of which it is an inalienable part, and using the experience and assistance of Alliance member

4 Constitution of Ukraine, art. 106. The two documents containing the guiding principles were adopted by the *Verkhovna Rada* in 1993 and 1977.

5 *State Program*, General Provisions.

countries in building their own Armed Forces”.⁶ The Program envisages a crisis consultation mechanism to be developed jointly with NATO in the case of a threat to Ukraine’s territorial integrity, sovereignty or security.⁷

An Inter-Agency Commission on Ukraine’s Cooperation with NATO, to be established by the National Security and Defense Council of Ukraine and headed by the latter’s secretary, Volodymyr Horbulin, will coordinate Ukraine’s relations with the Alliance, while the Ministry of Foreign Affairs of Ukraine will draft guidelines and recommendations and prepare the agendas of the “16 plus 1” sessions and committee meetings in Brussels and Kyiv, as well as Ukraine’s activities within the EAPC. As provided for in the Charter, the President of Ukraine holds regular consultations with the NATO Secretary General and participates in NAC or EAPC summits and other higher level meetings. The minister for Foreign Affairs of Ukraine meets his Western colleagues at EAPC summits and, at least twice a year, at the NAC meetings and the subsequent Ukraine-NATO Commission meetings.

Besides the political consultations performed mainly by the president, the State Program raises the issue of regional cooperation between Ukraine and NATO.⁸ The experience of Central Eastern European countries in preparing their NATO membership is certainly very important for Ukraine. Besides bilateral and multilateral cooperation with the old and new member states as well as potential new applicants (Rumania, Slovenia, Bulgaria, Baltic states), sub-regional cooperation between NATO and GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova) is discussed.

6 *Ibid.*

7 The following activities are described: high-level consultations; direct telephone communications between the President of Ukraine and the NATO Secretary General; providing the NATO liaison office in Kyiv with the status of an authorized body to deal with crisis situations.

8 *Ibid.*, section 2, paragraph 7.

A broad range of security cooperation

The State Program departs from the principle of mutual openness in the field of military cooperation between Ukraine and NATO. Kyiv relies on the Alliance while “safeguarding Ukraine’s national security against external military challenges and threats” and reforming the country’s military structures, especially the Armed Forces and the military-industrial complex. NATO has a say with regard to Ukraine’s defense cooperation with its direct neighbors. Ukraine participates in peace-building, conflict prevention and conflict management activities planned and implemented by NATO.

Hence, the State Program aims to enhance the compatibility and interoperability of Ukrainian administration bodies and units of Armed Forces with the NATO United Armed Forces. As an example, units of the Armed Forces and the Ministries on Emergency Situations and Protection of the Population Against the Consequences of the Chernobyl Catastrophe, as well as representatives of the state military administration, should be trained jointly to qualify for participating in NATO search/rescue and disaster relief operations. Participating in the Combined Joint Task Force, Ukraine shows its determination to contribute to NATO-led peacekeeping forces and its will to receive training. Also, the State Program suggests that joint NATO-Ukrainian exercises are increased and Ukraine’s military infrastructure, in particular the Lviv (Javoriv) and Shyrokyi Lan training grounds and air testing ranges of Ukraine’s Ministry of Defense, is more widely used by NATO members’ forces.⁹

Military-political issues are dealt with by the minister for defense of Ukraine, most often on the level of EAPC and the Ukraine-NATO Commission (twice a year), as well as bilaterally.¹⁰ The minister for defense also participates in the NATO Defense Planning Committee and Nuclear Planning Group at ministerial level. Ukraine, supporting the Alliance’s efforts towards non-proliferation of weapons of mass-

9 *State Program*, section 4.2.

10 *Ibid.*, section 4.1.

destruction, pledges to contribute to non-proliferation and arms control and to observe the Chemical Weapons Convention.

The cooperation in the field of civil-military relations is coordinated by the Council of National Security and Defense, the cabinet of ministers and the ministry of foreign affairs of Ukraine. In addition, the representatives of the *Verkhovna Rada* of Ukraine, the Constitutional Court of Ukraine, judicial authorities, social and non-governmental institutions, mass media, and independent experts will take part in a step-by-step implementation of a system of democratic control and civil administration of the Armed Forces and other military units. The measures include information and transparency related to the defense budget and state spending. The Military Reform Joint Working Group, established under the aegis of the NATO political-military steering committee, plays an important role in this field.¹¹

Unifying procedures and product standards in the field of military technology is described as another aspect of interoperability, which, among others, implies cooperation with the NATO Logistics Directorate to consider the partial introduction of the NATO codification system and standards on military material development, production and testing.¹²

Research and development related to military technologies is a priority field of cooperation identified by the State Program. The aim of this aspect of cooperation is to enhance joint production with companies of NATO member states, to attract private investments from Alliance members and raise the demand for Ukrainian goods and services in the field of armaments and military material.¹³ Accordingly, Ukraine is to participate in sessions of the NATO Science Committee, where issues of high technologies and disarmament are discussed, results of scientific-technical research in the field of armaments are exchanged and the international armaments market is assessed.

11 *Ibid.*, sections 3 and 4.2.

12 *Ibid.*, section 12.

13 Among the most important activities are: training, repair and design.

Science and technologies is another field of cooperation discussed in the State Program, including the exchange of scientific research results in the fields of disarmament, ecological security, advanced technologies and computerization; as well as participation in scientific programs and projects which are implemented under the NATO aegis. The Ministry of Science and Technologies of Ukraine cooperates with NATO in this regard by participating in PfP Program measures, in preparation and fulfillment of the relevant part of the IPP and the Working plan of Charter Implementation, in the establishment of direct links with the NATO Directorate on Science Issues and by conducting joint measures with NATO in order to exchange experience. The Ministry of Science and Technologies is also expected to resolve issues of the institutionalization of relations with NATO by preparing a memorandum on mutual understanding between the Ministry of Science and Technologies of Ukraine and the NATO Directorate on Science Issues. Ukraine also seeks broad involvement in the NATO Program *Science for Stability*.¹⁴ The State Program declares the National Space Agency of Ukraine to be responsible for joint projects with NATO member states concerning the space industry and technologies.¹⁵

Additionally, the National Institute of Strategic Studies (NISS) has been asked to coordinate cooperation in scientific research on military-political issues, aimed at developing the principles of an all-European security architecture. Cooperation should be established by direct contacts of the NISS with the NATO Science Directorate and NATO Office of Information and Press, as well as with scientific-research institutions of NATO member states and partner countries for holding joint scientific research projects. These projects include, among others, a study of experience gained in carrying out military reform in Poland, Hungary, Czech Republic, Rumania and Slovakia.¹⁶

14 *Ibid.*, sections 4.1, 5, and 9.

15 *Ibid.*, section 13.

16 *Ibid.*, section 4.1.

Cooperation regarding information support in the military field is to be implemented by the Ministry of Defense of Ukraine.¹⁷ The latter is charged by the State Program to study the interaction of military leadership and the media, with American assistance to enhance the performance of the *Partnership for Peace* Information Management System (PIMS) in Ukraine, and to open an information office of Ukraine's Armed Forces within the Coordination Center of Partnership in Mons, Belgium. Jointly with the NATO Information and Documentation Center in Ukraine, the Ministry of Defense is to foster television programs and media publications covering the participation of Ukrainian military units in NATO actions and providing information about NATO transformation processes as well as the process of Ukraine's military reform.¹⁸

In terms of practical relevance, issues such as the fight against organized crime and terrorism and the prevention of illegal arms transfers, dual use technologies, radioactive and drug substances are of great importance for Ukraine-NATO cooperation.¹⁹ The State Program envisages close joint action against organized crime on an inter-agency basis among Ukrainian institutions, NATO's Special Committee and institutions of partner countries.

Cooperation in the field of civil emergency planning and environmental protection is discussed extensively in the State Program. Emergency planning cooperation aims primarily at drawing on NATO members' experience and financial and technological resources to improve the performance of the Ukrainian Ministry of Emergency and related formations and units of the Armed Forces and Ministry of the Interior.²⁰

17 *Ibid.*, section 4.3.

18 Prepare together with the MFA of Ukraine and the National Institute of Strategic Studies the publication of a White Book about NATO-Ukraine relations; create an educational program about NATO for officer personnel of Ukraine's Armed Forces.

19 *Ibid.*, section 8.

20 *Ibid.*, sections 7 and 10

Ukraine-NATO Relations and Domestic Politics

According to the above-mentioned representative group of experts interviewed by the *Monitoring Ukraine's Foreign and Security Policy* polls,²¹ *Verkhovna Rada* deputies of rightist orientation are the most outspoken supporters of Ukraine's Western integration and cooperation with NATO. Apart from financial and banking leaders, some businessmen, the general staff of the Ministry of Defense as well as the centrists within the *Verkhovna Rada* were identified as adherents to a Western-oriented approach. The significance of this group was estimated as roughly 11 percent in December 1997 and 8 percent in September 1998. Army officers and heads of military educational institutions were not regarded by the interviewed experts as expressing great concern about integration with NATO.

Since 1996, president Kuchma's administration has been proclaiming hesitantly the aim of Ukraine's future "complete integration" into European and Euro-Atlantic structures. Consequently, the executive authority has been urging the European Union to recognize Ukraine as an associate member but was turned down by Brussels for the time being. Moreover, the aggravation of the economic crisis since 1998 led to a further estrangement between Ukraine and those Central European states regarded as potential candidates for EU membership. Insisting on Ukraine's further integration into Europe without appropriate measures to adjust the economic and social conditions is likely to cause a further disorientation of society and Ukraine's foreign partners. In this regard, the claim to NATO membership resembles a "postponed demand". While a full-fledged membership is beyond political realities at present, the conviction has been growing that an enhanced cooperation with NATO is an unconditional imperative.

21 See above, footnote 1.

Perceptions by the Ukrainian population

The attitude of Ukraine's population towards NATO can be assessed by comparing the results of two polls conducted in January 1997 and March 1998 by SOCIS-Gallup.²² Changes and shifts of opinions are explained by the dynamics of Ukraine's foreign relations and aspects of domestic politics.²³ As a first result, the polls suggest that the section of the population that is well informed about NATO has grown from 9 to 13.5 percent while the number of citizens indifferent to the Alliance has decreased from 16 to 8 percent.

This led to a further divergence in the estimation of the Alliance. On the one hand, an increase in positive approaches to NATO was registered. The number of those estimating it as a defense alliance has grown (from 27 to 32 percent). On the other hand, the share of those appraising the Alliance as a peace-making organization decreased (from 17 to 11 percent), and the share of those perceiving an aggressive military bloc in it increased (from 16 to 22 percent). Fewer respondents than before failed to give their own estimation of NATO's character (39 percent in 1997, 34 percent in the following year). However, one third of the polled have no clear standpoint. The social-demographic distribution of the polled suggests that the higher the educational and professional level and the lower the age of the respondents the more positive their attitude towards NATO. As far as regional differences are concerned, the perception of NATO as an aggressive bloc prevails in the eastern region and Crimea. In most of the other regions, including the west and south-west, just about a half of the respondents consider NATO to be a defense alliance. In southern Ukraine, NATO tends to be considered a peace-building organization.

22 Both polls comprised 1200 respondents in all the regions of Ukraine.

23 Between January 1997 and March 1998, besides the adoption of the Charter, the most important events for Ukraine's international security relations were the participation in the NATO-led marine maneuvers "Sea Breeze", the establishment of Ukraine's mission to NATO, and a certain normalization of Ukrainian-Russian relations, leading to the signing of the bilateral "Grand Treaty".

The perception of NATO's character coincides with the population's attitude to relations between Ukraine and NATO. Thus, the number of "realists" who expect Ukraine to join NATO sometime in the future increased from 19 to 25 percent, while those who wanted Ukraine to do it as soon as possible decreased from 19 to 14 percent. As a whole, the pro-NATO potential, according to answers given to direct questions, makes up almost 40 percent of the polled. The number of convinced NATO opponents increased slightly from 21 to 26 percent. Besides, the number of those having no clear standpoint in this issue decreased to 35 percent (from 42 percent in 1997). Allowing the respondents to choose among several variants of geopolitical orientation led to a certain decline of pro-NATO sentiments (in favor of a non-aligned status). 34 percent of the respondents have agreed (and 24 percent have disagreed) with the statement that "Ukraine would become a truly European state if effective international security guaranties were granted". Altogether, supporters of close ties with the Alliance constitute slightly more than 30 percent of Ukraine's population. As described above, this percentage is twice as high within the country's political elite.²⁴

The strengthening of Ukraine's international status during the period between the two polls is felt by the population. Thus, in 1997 only 36 percent of the respondents expressed the certainty that during the following five years Ukraine would not encounter any threat of attack from a foreign state. In 1998 this optimistic expectation was shared by 53 percent of the interviewed. In this context, the estimation of confidence in NATO as a potential protector for Ukraine is interesting: 34 percent of the population expect NATO to defend Ukraine if it were a member of the Alliance (30 percent in 1997), while 13 percent (12 percent in 1997) count on this protection in any case, i.e. even if Ukraine preserves its current non-aligned status. In both years, more than 30 percent of the polled declared they were unable to imagine NATO's reaction to a conflict around Ukraine, showing a considerable reserve towards acknowledging the Alliance as the most important security provider.

24 The question "Should Ukraine access NATO?" was answered positively by precisely one third of the respondents

A growing number of respondents are afraid of Ukraine's being trapped in a "cordon sanitaire" status between NATO and the CIS military-political alliance.²⁵ 51 percent of respondents in the 1998 poll fear that president Kuchma's pro-NATO orientation undermines the stability of relations with Russia (40 percent in 1997). One half of the population regards Ukraine's relations with either NATO or Russia in terms of a zero sum game.²⁶

NATO's eastern enlargement, too, is faced with growing consciousness by the Ukrainian population. Only 7-8 percent were indifferent towards this process in 1999 (the percentage was twice as high in the previous year). In early 1998, 25 percent of the respondents felt that NATO enlargement had negative effects on European security, while 20 percent suggested the opposite. Accordingly, 25 percent regard the enlargement as a process harmful to Ukraine's security, and 17 percent expect positive effects for the country's external security. The ongoing process of NATO enlargement has led to a radicalization of its perception by the Ukrainian population. Thus, the support of Russia's resistance to the enlargement has grown from 24 percent in 1997 to 36 percent in 1998. The accession to NATO of Poland, the Czech Republic and Hungary was greeted as positive by 22 percent of the respondents in 1998 (14 percent in 1997) and condemned by 20 percent (10 percent in the previous year).

The perceived implication of the October 1999 presidential elections on Ukraine's security situation was assessed by a special poll in early 1999. 40 percent of the population have declared that their voting in the presidential elections will depend on a candidate's foreign policy orientation.²⁷ The most popular program would be a well-balanced development of Ukraine's relations both with Russia and the West. The

25 26 percent of the respondents in 1997, 36 percent in 1998.

26 This does not mean that the other half can be described as supporters of a "cooperative security" approach. Only 15 percent (10 percent in 1997) consider closer ties with NATO not dangerous to Ukrainian-Russian relations.

27 SOCIS Gallup poll of February 1999: "How will your vote be affected by the presidential candidates' foreign policy orientation?" Strong significance: 40 percent. No significance: 28 percent.

influence of the pro-Russian line has turned out to be rather essential whilst one third of the respondents manifested their desire for a renewed USSR. The lowest percentage of supporters had the candidate advocating Ukraine's membership in NATO.²⁸

The position assumed by the Verkhovna Rada

In view of NATO's air strikes against Yugoslavia, the *Verkhovna Rada* adopted a resolution on Ukraine's relations with the Alliance, demanding the president to express his categorical opposition to NATO aggression and plans to carry out land operations in Yugoslavia. Of 318 deputies registered, 226 – the required minimum – voted for adopting the resolution, while 42 members of the parliament voted against.

The resolution calls on the Parliamentary Committees, the cabinet of ministers and all state bodies to safeguard the national interests of Ukraine as expressed by provisions of the Constitution, the *Declaration on State Sovereignty* and the law on the *Main Directions of Ukraine's Foreign Policy*, i.e to respect the non-aligned status of the country, to refrain from joining military and political alliances. The *Verkhovna Rada* regards the decision of NATO's leadership to expand the Alliance's range of action beyond the territory of its member-states and the fact that NATO is doing so without a mandate by the UN Security Council as extremely dangerous. In view of the aggressive nature of NATO's new doctrine, the resolution requires that the State

28 Question: *How will your decision to vote for a presidential candidate be affected if he adheres to close economic and political union with Russia?:* positively: 71 percent, negatively: 15 percent, does not affect: 10 percent. ... *to the accession to a restored Soviet state?:* positively: 35 percent, negatively: 37 percent, does not affect: 16 percent. ... *to a wide-scale economic integration with the West?:* positively: 58 percent, negatively: 14 percent, does not affect: 17 percent. ... *to balanced relations both with Russia and the West?:* positively: 79 percent, negatively: 4 percent, does not affect: 9 percent. ... *to independent foreign policy, non-bloc status of Ukraine?:* positively: 41 percent, negatively: 19 percent, does not affect: 22 percent. ... *to an immediate accession to NATO?:* positively: 22 percent, negatively: 34 percent, does not affect: 18 percent.

Program (see above) be submitted to the *Verkhovna Rada* for consideration. In addition, the parliament wishes to reconsider all legal acts establishing the basis of Ukraine's cooperation with international organizations. The president has also been charged with fostering Ukrainian peace-building efforts aimed at resolving the Balkan crisis, and with proposing a UN-sponsored peace conference to be held in Kyiv.

The cabinet of ministers is charged with speeding up the drafting of as yet uninstituted laws on basic principles of national security, especially relating to the structure, strength and functions of Ukraine's Armed Forces and the conditions of cooperation with the Armed Forces of foreign countries. In this context, the resolution reminds the Ministry of Defense of the fact that joint military exercises with units of others states' armed forces represent a violation of the Constitution. The Parliament has also demanded a strict observance of Article 85 of the Constitution as regards mandatory parliamentary approval of decisions concerning the admission of units of foreign armed forces to the territory of Ukraine.

To secure the country's security, the government has been instructed to take immediate measures to stop the dismantling of strategic aircraft systems and silos. Additionally, the ministries of finance, economy and transport are called upon to assess the damages of NATO's action against Yugoslavia caused to Ukraine, especially related to a decrease in the volume of maritime and river transport.

As opposed to a more radical earlier draft (which did not get the support of a *Verkhovna Rada* majority), the resolution falls short of suspending the State Program implementation or urging the president to dismiss "the ideologists of the pro-NATO course", i.e. foreign minister Tarasiuk and National Security and Defense Council Secretary Horbulin. On his part, the former has described the *Verkhovna Rada* resolution – which is not a national law – as non-binding and insists that operational decisions in the field of foreign policies are the prerogative of the executive branch.

Will Ukraine Become a NATO Member?

As is well known, the question of Ukraine's possible future accession to the Alliance is interlocked with the problem of Ukrainian-Russian and Russia-NATO relations. Even the harshest critics of NATO enlargement would probably agree to Ukraine's membership if a "worst case scenario" in bilateral relations with Russia was to become a reality. On the other hand, the Russian politicians who oppose the ratification of the friendship treaty with Ukraine have pointed out that if disputable issues – for example the status of Sevastopol – remain unsettled, they would prevent Ukraine from becoming a NATO member. Certainly, the international community has no interest in Ukraine becoming "another Belarus". However, it is unlikely that the USA will encourage an immediate application of Ukraine to be included into the next round of enlargement. The state of bilateral relations and the level of political dialogue give no grounds for believing that the American leadership will welcome such a step in the short term – and Western European countries are even more reluctant. Generally speaking, after the first stage of eastern enlargement, the Alliance seems to be reluctant to accept new members in the near future.

Long-term policies to ease the path to NATO membership will have to focus on the following objectives: firstly, to raise Ukraine's political and strategic significance despite economic difficulties and the political crisis, secondly, to draw on lobbying by new NATO members, especially Poland, and to exploit possible differences between the USA and its European partners, France in particular. Thirdly, restructuring Ukraine's economy, especially the diversification of its foreign economic ties, is required in order to diminish the vulnerability of pressure by the Russian Federation. It would be naive to think that refraining from close relations with NATO could change the nature of Russian-Ukrainian relations for the better and could lead to concessions by Russia in economic and other fields. On the other hand, renouncing an application for membership could prove to be a bargaining token to request additional assistance from Western partners, mainly in the military and technical fields.

Other issues of practical relevance include the question of who will cover the NATO expansion financially. Most of the newly admitted NATO members expect their future military expenditure to be less than

the cost of the inevitable armed forces modernization in case of non-accession. This argument concerns Ukraine as well. Armaments, technical equipment and ammunition in the Armed Forces of Ukraine are outdated and require modernization.

In addition, tangible changes in political, economic, social, financial, military and technical fields are required from new members, who are thus facing the double challenge of investing in defense improvements as well as in economic and social reforms in order to approach the next important goal – membership in the European Union. At the same time – if the EU implements its plans regarding a more active foreign and military policy by, *inter alia*, restructuring the Western European Union – the new members might become involved in a closer cooperation with WEU, which would counterbalance an exclusive orientation at NATO.

NATO takes a considerable risk in admitting Central and Eastern European countries which have historically reciprocal claims to one another. Although a key condition for applicant countries was and is the demand to settle disputable issues with neighboring states there is no guarantee against a future deterioration in bilateral relations. NATO has no experience of successful settlement of conflicts between its members, as the example of Turkey and Greece shows.

Regardless of the limited likelihood of becoming a member of the Alliance in the near future, simultaneously with implementing the cooperation goals stated in the Charter, Ukraine should consider and prepare an application for NATO membership. It should define for itself the preferred terms and conditions of accession. Today this step seems to be rather remote. Former US presidential security advisor Brzezinski has been quoted as saying that in the future there will be no need for Ukraine to be a formal NATO member, whereas at the present moment membership is simply impossible. Nevertheless, in the case of a sharp change in the international security situation, joining NATO could become a necessity for Ukraine. Preparations for this potential step should be taken in advance by studying and generalizing the experience of new NATO members, by developing a broad cooperation in the military and political fields with these countries, especially with Poland, by implementing cooperation programs with NATO in the

Partnership for Peace framework or within the *Science for Peace* program.

To conclude, some of the positive consequences of Ukraine's possible NATO membership shall be named: firstly, the formal unification with Greater Europe would irreversibly symbolize the status of a modern democratic country and grant effective security assurances. Ukraine would overcome the dangerous status of a buffer state between NATO and Russia, guaranteeing its independence against any possible internal development within the Russian Federation. A formal guarantee against territorial claims – for example, from Rumania – will contribute to enhancing Ukraine's sovereignty and inviolability of frontiers. Also, the extension of NATO's "nuclear umbrella" to the territory of Ukraine has important implications for the global non-proliferation regime.

Secondly, closer and more productive relations with Poland, Hungary and other neighboring countries would contribute to an irreversible integration within Central and Eastern Europe, leading to an enhanced cooperation with the West in the field of direct investments and market reform assistance. The modernization of Ukraine's defense industry would provide for an acceleration of the Armed Forces reform. Thirdly – if an official decision to join the Alliance was supported by the majority of Ukraine's population in a national referendum – the security alignment will foster a decrease in influence of leftist political forces.

IRIS KEMPE

Chapter 7

The European Union and Ukraine: Interests and Strategies

Introduction

Since the dissolution of the Soviet Union, the Warsaw Pact and the Council for Mutual Economic Assistance (COMECON), new possibilities have emerged for both the European Union (EU) and Ukraine to develop their mutual relations. With the prospect of EU membership for aspirants who meet the so-called “Copenhagen criteria”, the Union has become an important regulatory power for transition in Central and Eastern Europe (CEE). The EU lays down clear guidelines for the transition of the economic, social and political systems and contributes to security and stability in Europe. The Union exercises an increasing influence on European security policy. With the end of the East-West conflict, the hard security risks in terms of military threat and ideological conflicts have given way to soft security risks.¹ Soft security risks are concerned for example with ethnic conflicts, migration, environmental disasters and trade conflicts. In all of these spheres the EU can call on its range of instruments and its experiences as a soft security provider. Independent from the development of the Common Foreign and Security Policy, these changes by themselves increase the Union’s responsibility for security policy.

1 Rittberger, Volker and Michael Zürn. “Transformation der Konflikte in den Ost-West-Beziehungen. Versuch einer institutionalistischen Bestandsaufnahme.” In *Demokratische Politik – Analyse und Theorie*, eds. Wolfgang Seibel, Monika Medick-Krakau, Herfried Münkler and Michael Th. Greven, 385-408. Wiesbaden 1997.

Because of its responsibility for security matters and for determining the objectives for change the EU is of two-fold interest to Kyiv. On the one hand, a clear and firmly defined socioeconomic orientation of Ukraine as a would-be EU associate should put an end to the present dilemma of imprecise and weakly defined reform trends. On the other hand, precisely because of its continuing economic crisis and its halfway, consolidated political system, Ukraine itself features as a potential source of soft security risks. By integrating these risks into an institutional network the EU could make an important contribution to European security.

A characteristic feature of post-Soviet societies – with a large impact on their foreign relations – is their weak consolidation of political systems. In formal terms decisions are made on the basis of the constitution and elections. In practice, however, they are not fully democratic systems, and decisions are made not as much by institutions and structures than by major figures and pressure groups in the economic and political spheres.² Consequently decisions recorded in laws or international treaties often have a lesser validity than agreements made in the context of personal networks.

A characteristic of Ukraine's political system is the fact that the foreign policy elite is not as strongly influenced by internal and economic special interests as in other post-Soviet states. Along with the discernible separation of foreign policy discourse from internal policy debates, the population shows little interest in international relations and focuses on policy areas such as social policy or internal security. The foreign policy discourse is concentrated institutionally and personally on the Presidential Administration, the Foreign Ministry of Ukraine as well as the National Security and Defense Council.³ The

2 O'Donnell, Guillermo, Philipp C. Schmitter. *Transition from Authoritarian rule. Tentative Conclusions about Uncertain Democracies*, Baltimore 1996. – Tomenko, Mykola. "Real and Ostensible Conflicts in Power Structures." In *The Demons of Peace and the Gods of War*, 373-381. Kyiv: Political Thought, 1997.

3 Dergachov, Oleksandr. "Geopolitical Contradictions and National Security." In *Ibid.*, 396-424. Also an interview with Hennady Udovenko, the then foreign minister of Ukraine, conducted by the author in Kiev in June 1997.

foreign policy influence of the president and the Security Council is further prescribed *de jure* in the constitution, which charges the president to fulfil the function of commander-in-chief of the army and chairman of the Security Council.⁴ Another key figure in Ukraine's foreign policy is the secretary of the Security Council, Volodimir Horbulin, who is appointed by the president. The two key foreign and security policy decision-makers, both originating from Dnipopetrovsk, have been connected for years through their personal networks.

The relations between the EU and Ukraine acquire special relevance in the light of the eastward enlargement of the Union. Ukraine borders on Rumania, Hungary, Poland and Slovakia, all of which are EU associate members. Furthermore the EU has been in membership negotiations with Poland and Hungary since 31 March 1998, whereby the EU will substantially extend its borders to the states of the former Soviet Union in the foreseeable future. As a result of the admission of Poland and Hungary to the EU in the first round of enlargement there will no longer be any third-party states between the EU and Ukraine, but direct neighborhood instead. From an EU perspective, direct neighborhood to a state, which can neither be *excluded* in principle on the basis of differing systems nor *included* as a suitable associate, is a peculiarity.⁵

Ukraine's sovereignty in foreign relations since 1991, the general trend of a change from hard to soft security risks, the special features of Ukrainian transition as well as the scenario of direct neighborhood between the EU and Ukraine determine the framework of European-Ukrainian relations. In this chapter, the individual dimensions will be analyzed together with the associated interests. Against this background the European and Ukrainian strategies for the regulation of these relations will be considered.

The Ukrainian Interests

4 *Constitution of Ukraine*, articles 106 and 108.

5 Kempe, Iris. *Direct Neighborhood. Relations between the enlarged EU and the Russian Federation, Ukraine, Belarus and Moldova*. Gütersloh: Bertelsmann Wissenschaftsstiftung, 1998.

Official Kyiv attaches the highest priority to strengthening ties with Brussels. The declared long-term goal of Ukrainian foreign policy is integration into the EU.⁶ Where the interests of Ukraine or of Ukrainian key decision-makers are analyzed below, it is particularly important to refer to the above-mentioned specific character of weak institutions and the influence of individual players. Ukrainian interests in relations with Western Europe can be sub-divided into the foreign policy interests with the EU, bilateral relationships with the CEE neighboring states in the context of their admission to the EU, as well as an interest in the Union as a factor of internal transition.

The basic common interest of Kyiv's foreign policy elite is the country's consolidation as a sovereign state. The stated objective of Kiev's foreign policy decision-makers is the creation of a balance between Ukrainian-Russian relations and integration into European and transatlantic structures.⁷ The strategic pursuit of these goals aims at the same time to consolidate Ukrainian sovereignty, to maintain the existing networks and contacts with Russia and to define Ukraine as a Central European state.

Since the dissolution of the Soviet Union in 1991 a number of potentials for conflict in Ukrainian-Russian relations have existed, such as socioeconomic relationships between the two states, their respective claims to the Black Sea fleet, some problems related to the unresolved demarcation of the common border, and the notorious "Crimean question". After years of dispute and many postponed summit meetings, the presidents of the two countries have agreed to reduce bilateral tensions and have signed a long-awaited "Big Treaty" *On Friendship, Cooperation and Partnership between the Russian Federation and Ukraine*. At the same time, the then prime-ministers of the two countries agreed upon a treaty to regulate the division of the Black Sea

6 Presidential Decree 615/98 *On the Confirmation of the Strategy of Ukraine's Integration into the European Union*, June 1998.

7 Alexandrova, Olga. *Die Aussenpolitik der Ukraine nach dem Machtwechsel*. Berichte des Bundesinstituts für Internationale und Ostwissenschaftliche Studien, no. 3, Cologne: BIOst, 1996.

fleet.⁸ By this Russia agrees to make annual leasing payments totaling USD one hundred million over a period of twenty years which will be offset against Ukraine's debts to the Russian State.

By regulating Ukrainian-Russian security risks in pan-European terms, these treaties make an important contribution to securing stability. Their weakness lies not in the terms themselves but in the limited regulatory validity of written agreements in the post-Soviet states. Although the treaty has greatly reduced Russian claims on Ukraine, Russian influence on Ukraine is still openly claimed by influential Russian politicians such as the presidential candidate and present mayor of Moscow, Yuriy Luzhkov.

Ukraine's foreign policy interests in Euro-Atlantic relations were at first concentrated on the USA and NATO. A change of direction towards the intensification of European relations coincided with president Kuchma's assumption of office in 1994.⁹ In essence Ukraine's interest in European relations is now concentrated on membership of the EU.¹⁰ The signing of an European agreement, as it has been offered to the CEE candidate states, is often claimed by Kyiv's political and economic analysts as the EU's minimum commitment to Ukraine.

8 Sokolovska, Janina. "V Kieve gotovy k neozhidannostyam." and "Bolshoy dogovor ostavil bolshie neyasnosti." *Izvestiya*, 31 May 1997 and 3 July 1997.

9 Osadcuk-Korab, Bohdan. "Die Aussen- und Innenpolitik der Ukraine in jüngster Zeit." In *Russland und die Ukraine nach dem Zerfall der Sowjetunion*, 163-180. Berlin 1996. – Alexandrova, as in footnote 7.

10 *Monitoring Foreign and Security Policy of Ukraine*. October/November, December 1998. Kyiv: Ukrainian Center for Peace, Conversion and Foreign Policy of Ukraine, 43-45. – "Kiew nimmt Kurs auf den EU-Beitritt" *Frankfurter Allgemeine Zeitung*, no. 188, 1998. – Bersheda, Yevgeny. *Interesy i priority Ukrainy po otnosheniyu k ES: vybor v oblasti bezopasnosti*. CAP Background Paper, Munich 1998. – "Die Ausweitung der Nato ist in nationalen Interesse der Ukraine." *Frankfurter Allgemeine Zeitung*, no. 59, 1999.

The wish to strengthen relations with the EU up to the point of membership derives from a self-understanding as a Central European state and an aim to permanently differentiate itself from Russia.

Support of transition in Ukraine

Apart from international recognition, the consolidation of Ukraine as a national sovereign state depends on the country's socioeconomic recovery. In contrast to achievements in the field of foreign relations, sustainable solutions to the most important transition problems have not been found. In economic policy, the success has been limited to the stabilization of exchange rates and the control of inflation. As a result of the Russian economic and financial crisis in August 1998 the until then stable Ukrainian inflation and exchange rates collapsed and Ukraine was not far from a serious economic crisis. Furthermore, structural reforms such as the formation and application of a comprehensive economic program and privatization have thus far remained inadequate.¹¹

This leads not only to a persistent decline in economic performance and development of production but also retards the whole process of transition. The persisting economic crisis affects the living conditions of the Ukrainian population. Measured against 1990, real wages in 1997 averaged 37.5 percent. Parallel with this massive decline in living standards the results of surveys indicate the population's lack of political confidence.¹² Apart from the lack of success in transition policies, the essential reason for this attitude is the weakness of the political system and the political culture of Ukraine. For example, there have been eight prime-ministers since 1991, often accompanied by serious accusations of corruption against the incumbents. The mingling of political and economic interests led, in the run-up to the

11 *Wirtschaftslage und Reformprozesse in Mittel- und Osteuropa*. Berlin: Bundesministerium für Wirtschaft 1998, 158-166.

12 *Monitoring Foreign and Security Policy of Ukraine*. Kyiv: Ukrainian Center for Peace and Conflict Resolutions Studies, 1997, 62.

parliamentary elections of March 1998, to restrictions on press freedom, intimidation of candidates and members of the electoral commission and the smearing of political opponents.¹³

The current economic and political developments suggest that while the introduction of the new Ukrainian currency, the adoption of the new Constitution, and the holding of elections are formal successes in the process of transition, the necessary medium-term structural reforms have not yet been achieved. According to Western estimations, Ukraine occupies one of the last places among Eastern European transitional states in its development progress.¹⁴ Beyond the socioeconomic and internal situation of the country, these problems also have an effect upon international relations.

Ukraine's decision-makers perceive the EU as a factor of internal stabilization for Ukraine. This is described in the so-called *Security Doctrine of Ukraine*, approved by the parliament in 1997.¹⁵ A prime objective is the enhancement of trade relations with the EU. Already, European countries, second to the former Soviet republics, account for 12.2 percent of Ukrainian exports and 17.5 percent of the country's imports. Kyiv's intentions are concentrated on the prospect of EU membership, as the foreign policy decision-makers never fail to assert. Critical interpreters in Brussels regard this aimed convergence with the

13 Beichelt, Timm. *Bericht zur Beobachtung der Parlamentswahlen in der Ukraine am 29. März 1998*. Bonn: Auswärtiges Amt, 1998. – Kempe, Iris. *Bericht zur Beobachtung der Parlamentswahlen in der Ukraine am 29. März 1998*, Bonn: Auswärtiges Amt, 1998. – Alexander Ott: *Die Parlamentswahlen in der Ukraine 1998*, Aktuelle Analysen des Bundesinstituts für Internationale und Ostwissenschaftliche Studien, no. 16, 1998. – "Macht und Medien im ukrainischen Wahlkampf." *Neue Zürcher Zeitung*, no. 71, 1998. – *Annual Report 1999: Ukraine*, ed. Interantional Helsinki Federation for Human Rights. On-line edition. (<http://www.ihf-hr.org/reports/ar99/ar99ukr.htm>)

14 *Wirtschaftslage und Reformprozesse in Mittel- und Osteuropa*, ed. Bundesministerium für Wirtschaft. Berlin 1998, 158.

15 *Concept (Foundations of the State Policy) of the National Security of Ukraine*, resolution of the Verkhovna Rada, 3/97, 16 January 1997.

EU as an attempt to cover up the internal policy and economic crises by means of external successes.

The Central Eastern European neighbors

While most of the political problems between Ukraine and its neighbors have been resolved by means of bilateral treaties, the economic and political uncertainties make Ukraine a somewhat unstable neighbor in Central Europe. Although Ukraine's neighbors, too, have repeatedly stated their profound interest in a stable relationship, good-neighborly relations, particularly with Poland and Hungary, are vital really for Ukraine. The main reason, again, lies in Ukraine's limited success in socioeconomic transition. In this regard, the CEE states are much more progressive and can offer possible solutions for political, social and economic reforms in Ukraine. Furthermore, Poland and Hungary are among the candidates for the first round of EU enlargement and as such represent for Ukraine an important point of contact for the strengthening of its European relations.

Obviously, there is a strong link between Ukraine's relations with neighboring CEE states and with the EU. These overlapping interests will greatly increase in the context of the Union's enlargement. On the one hand, the EU's association with the CEE states has increased Ukraine's interest in bilateral cooperation with its neighbors. On the other hand, neither the CEE states nor the EU want that the enlargement process leads to a deterioration of neighborly relations. Notwithstanding the opportunities for an improvement of European relations, the Ukrainian decision-makers also express numerous fears regarding an establishment of new dividing lines as a result of direct neighborhood to the future EU.

Specifically, criticism is directed at the introduction of EU trade restrictions, inevitable processes of standardization and customs regulations in the candidate states, putting a strain on their economic relations with Ukraine and jeopardizing trade in border areas. Another focal point is the alignment of Polish visa regulations to the standards and interests of the EU. This would mean, in whatever form, that visa-free travel between Poland and Ukraine would have to cease. Because of the

associated economic and political problems this question is already creating misgivings among the Polish and Ukrainian decision-makers.¹⁶

The most serious consequential problem for Ukrainian-CEE relations, however, is the increase in economic, political and social asymmetries. From an economic point of view, the EU's association with the CEE states is already leading to improved efficiency, increasing rates of growth and flow of capital, as well as to a reduction in legal, administrative and macro-economic difficulties in Ukraine. On the other hand, it cannot be excluded that Ukraine as a result of a "rejection shock" could further decline in its internal development.¹⁷ The resulting increased imbalances will not only endanger regional relations but in view of the related soft security risks might also represent a danger to pan-European security.¹⁸ Accordingly, it must be in Ukraine's but also in Europe's interest to link the question of Ukraine's bilateral relations with the neighboring CEE states to the admission of the latter to the EU.

The Interests of the European Union

Just like Ukraine the EU has specific interests in formulating bilateral relations. Ukraine has particular strategic significance for European security, firstly, *per se* as the largest country in Europe after the Russian Federation, secondly, because of its geopolitical position between

16 Vozniak, Taraz. *The EU marches to the East. Aspects of regional co-operation*. CAP Background Paper, Munich 1998. – Veselovskyi, Adryi and Przemyslaw Gruzinski *The Challenges of Regional Security: The Role of Ukraine*. Presentation at the conference "Ukraine, Great Europe and Euro-Atlantic Security: Challenges of the 21st Century". Paris: Ifri, 1-2 March 1999.

17 Brücker, Herbert, Wolfram Schrettl: "Entsteht eine neue wirtschaftliche Kluft in Europa?" *Aus Politik und Zeitgeschehen*, no. 44/45, 1997, 17-26.

18 Czempiel, Ernst-Otto. "Die Neuordnung Europas: Was leisten Nato und OSZE für die Kooperation mit Osteuropa und Rußland?" *Aus Politik und Zeitgeschichte*, no. 1/2, 1997, 34-45.

the post-Soviet and the Euro-Atlantic spheres of influence. It is among the EU's primary concerns to minimize the potential dangerous consequences of the security vacuum caused by the end of the Cold War.

In addition to its geopolitical situation, Ukraine is of strategic importance for Europe because of the Russian oil and gas pipe-line route across the country.¹⁹ Russia is one of the most important sources of natural gas for the European countries, and the EU has an interest in the stable, trouble-free provision of raw materials. Because of the slow pace of transition, Ukraine represents a source of soft security risks from the EU's perspective.

Stabilizing the process of Ukraine's transition is a key objective of the Union. Brussels regards the adoption of the new Ukrainian Constitution (1996) and the admission to the Council of Europe (late 1995) as signs of progress towards democratic conditions. The stabilization of the currency is seen as a promising beginning to economic reform.²⁰ At the same time, the inadequate structural reform, especially the minimal success in mass privatization and agricultural reform and the poor investment climate are criticized. The more successfully the Ukrainian transition proceeds, the more predictable the country will be as a partner in its European relations. Inversely, internal destabilization will mean an increase in soft security risks, which could create problems for the EU in the form of migration, environmental problems including nuclear disasters, economic crises and social conflicts.

19 Engerer, Hella, Christian Hirschhausen. *Die Energiewirtschaft am Kaspischen Meer: Enttäuschte Erwartungen - unsichere Perspektiven*. DIW Discussion Papers, no. 171, 1998. – Müller, Friedemann, Claude Zullo, eds. *The European Union and the Caucasus Region: Oil, Interest, and Influence*. Ebenhausen: Stiftung Wissenschaft und Politik, 1998.

20 See Günter Burghardt's opening address at the 3rd Conference of the German-Ukrainian Economic Forum, Dresden, 31 October 1996.

Direct neighborhood

As a result of the Union's enlargement towards Eastern Europe future relations between the EU and Ukraine will be influenced by direct neighborhood. This asymmetrical relationship will confront the EU with numerous potential problems such as decreasing prosperity, trade conflicts, cross-border criminality, environmental damage and migration. It is in the interest of the EU to minimize such neighborhood problems, *vis-à-vis* Ukraine, by making them more predictable through strategic cooperation. In this context it is necessary to resolve a number of administrative problems in such a way that they do not endanger the stability of the future EU on the one hand, and without creating a socioeconomic dividing line on the other.

A particularly controversial subject is the introduction of visa requirements between the CEE states and Ukraine. The as yet undemarcated Ukrainian-Russian border forces the EU to secure its borders to the east in order to prevent illegal immigration, smuggling, drug-trafficking and international criminality originating from the Russian Federation or other former Soviet republics.

All in all the EU's efforts in its relations with Ukraine are concentrated on avoiding new dividing lines along the eastern border of the future Union.²¹ The European Parliament stated this commitment in an April 1998 resolution, expressing that:

21 See the following EU documents: *European Union Action Plan for Ukraine*. Adopted by the Council on 6 December 1996. – *Communication from the Commission*, 20 November 1996. – *Entschiessung zur Mitteilung der Kommission "Die künftigen Beziehungen der Europäischen Union zu Russland"*. Resolution of the European Parliament – *Entschiessung zur Mitteilung der Kommission zum Aktionsplan "Die Europäische Union und Russland: die künftigen Beziehungen"*. Resolution of the European Parliament. (The above documents are available on-line at http://www.db.europarl.eu.int/dg7/...ata/pv_adopt/de/text/980402DE.htm.)

It is of the view that enlargement of the EU to include the Central and East European countries, which is a highly desirable objective, must lead neither to Russia and her neighboring countries being forced back behind a new boundary nor to the creation of a new division between the central European countries which are joining the Union and those which are not.²²

In contrast to the declared intentions of Ukraine for speedy association and membership of the Union, the interests of the European decision-makers are much more modest, limiting themselves to cooperation and the avoidance of new dividing lines. European interests are concentrated on the stabilization of the Ukrainian system transformation, both from motives of foreign and security policy and against the background of future neighborly relations. The objective is the systematic continuation of economic reforms at the structural level, as well as the democratization of state and society.

Long Term Goals and Approaches

Strategies of the European Union

The strategic approaches to the regulation of relations with Ukraine can be divided into three strands: approaches to direct neighborhood, the support for internal modernization and the Partnership and Cooperation Agreement (PCA) between the EU and Ukraine which is at the heart of institutional relations.²³ The PCA derives from the Trade and Cooperation treaty between the European Communities and the Soviet Union signed in 1989. Although the Russian Federation had assumed

22 *Ibid.*

23 *Vorschlag für einen Beschluss des Rates und der Kommission über den Abschluss des Abkommens über Partnerschaft und Zusammenarbeit zwischen den Europäischen Gemeinschaften und ihren Mitgliedstaaten einerseits und der Ukraine andererseits.* KOM (94) 226, Brussels, 1 June 1994. – *What is an Agreement on Partnership and Co-operation? A brief guide to the Agreement signed in Luxemburg between the European Union and Ukraine.* Phare and Tacis Information Center, 1997.

the legal obligations of the Soviet Union, the decision-makers of the EU strove for a formal re-regulation of relations with the Soviet successor-states including Russia and Ukraine. Political motives were to be taken more fully into account than in the treaty of 1989 especially as many of the CEE states by this time were already negotiating membership of the EU and the EU did not wish to cause a confrontation in pan-European relations. The contractual involvement with Ukraine was to be a middle course between the previous trade and cooperation treaty with the Soviet Union and the associate agreements with the CEE states.

In comparison with the negotiations between the EU and the Russian Federation which were characterized by conflicting interests and lasted for more than a year, the process with Ukraine ran much more smoothly. This brief and unproblematic process can be seen as indicative of the following factors: the government of Ukraine was by this time already aspiring to membership of the EU and regarded the PCA only as a provisional manifestation of relationships. Furthermore, in view of the relatively weak concern for foreign affairs among the general public the Ukrainian delegation had a wider scope for negotiation. This also means, however, that the discernible tendency for Ukraine citizens to concentrate on economic and social items facilitates the achievement of foreign policy decisions “from above”, although the weak social backing for foreign affairs considerably limits the scope of the decisions, since they are only understood and supported by a small number of the elite.²⁴

The PCA was signed on 14 June and came into force on 1 March 1998 after ratification by the EU, the EU member-states and Ukraine. In content it is a blend of the normal framework treaties which the European Commission has negotiated with a number of states throughout the world and the European Treaty.²⁵ It provides for institutionalized political dialogue and contains detailed regulations on trade

24 Dergachov, as in footnote 3, 401.

25 Hillion, Christophe. “Partnership and Cooperation Agreements between the European Union and the New Independent States of the Ex-Soviet Union.” *European Foreign Affairs Review*, no. 3, 1998, 399-420.

and investment which does not carry preferential treatment, i.e. the trading concessions do not exceed the preferences granted to GATT/WTO partners. Meanwhile the treaty contains a very vaguely expressed clause to look into the establishment of negotiations on a free trade agreement after 1998. In contrast to the treaty between the Russian Federation and the EU, Ukraine is not described as a transitional economy, whereby the EU has more extensive possibilities for taking anti-dumping measures against Ukraine.²⁶ Although the Ukrainian decision-makers had not included this aspect in their list of demands initially, the accepted view of a “state trading country” is being criticized from the Ukrainian side.²⁷

The PCA lays down the context for politically institutional relations between the EU and Ukraine, and detailed proposals are made by the joint council on cooperation. Their first meeting in June 1998 in Luxembourg was attended by the foreign ministers of the EU countries, Ukraine’s prime-minister and foreign minister as well as the ministers for finance, justice and foreign economic relations.²⁸ The main emphasis for cooperation agreed in Luxembourg for the years 1998 and 1999 are the development of the political dialogue, internal affairs and justice, the economic reform, the integration of Ukraine into the global economy, and the de-commissioning of the Chernobyl reactor with support provided by the West.

26 *Beschluss des Rates und der Kommission vom 30. Oktober 1997 über den Abschluss des Abkommens über Partnerschaft und Zusammenarbeit zwischen den Europäischen Gemeinschaften und ihren Mitgliedstaaten einerseits und der Russischen Föderation andererseits*. ABL L 327, 27 November 1997, and KOM (97), 557 endg. – Timmermann, Heinz. “Relations between the EU and Russia: The Agreement on Partnership and Cooperation.” *Journal of Communist Studies and Transition Politics*, no. 2, 1996, 196-223.

27 Pustovoytenko, Valery. *Ukraine expecting concrete Action from EU*. Press Releases and Speeches of the Ukrainian Embassy to the USA, 10 June 1998 (<http://www.ukreml.com/pres1006.htm>).

28 *Ibid.* – *Agence Europe*, 6 June 1998.

The second strand of EU policy in relations with Ukraine concerns support for the transition process.²⁹ The most important EU instrument in this respect is the TACIS program (Technical Assistance to the CIS) which exists since 1991.³⁰ Of the total of ECU 3286 million spent by TACIS between 1991 and 1997, ECU 378 million were allocated to Ukraine (11.5 percent).³¹ In this Ukraine is in second place among the recipient countries, behind the Russian Federation which received a total of ECU 1061 million (32.3 percent). Cooperation is concentrated essentially on the following areas: energy, support for economic structural change, reform of agriculture, the promotion of education and employment as well as the development of tourism.

Regional Strategies

Relations with the CEE neighboring states are an important component of Ukrainian strategies *vis-à-vis* the EU. By means of the closest possible ties to Poland and Hungary, the Ukrainian decision-makers are attempting to align both the transition process and its foreign policy orientation towards the West. The stated aims of the relationships operate both at the bilateral level between Ukraine and its CEE neighboring states as well as at sub-state level between the border regions.

At the time of Ukraine's declaration of independence some unresolved border and minority questions concerning the CEE neighbors still existed, aggravated by historically residual hostile images. Since 1994/95, the process of improved understanding accelerated considerably. The applications for EU and NATO membership increased the incentive and the interest on both sides to regulate relationships with Ukraine. Furthermore, the development of neighborly relations is part

29 Pavliuk, Oleksandr. *Ukraine's Transition and Western Strategies*. Paper presented at the conference "Ukraine in Transition and Western Strategy", Washington, 23-24 April 1998.

30 *Tacis Program. Annual Report 1997*. Brussels: European Commission, 1998, Kom (98) 416 endg.

31 *Ibid.*, 50.

of the admission conditions for candidates for membership of the EU and for its part Ukraine has a vital interest in strengthening its central European identity.³² While a *Treaty on the Principles of Good Neighborhood and Cooperation between Hungary and Ukraine* had been signed as early as December 1991,³³ corresponding agreements with Rumania and Poland were signed in 1997.³⁴ All three treaties provide for the regulation of previously disputed border questions and reciprocal minority problems as well as basic principles of cooperation, thus providing an important contribution to European understanding.

Not least in view of Poland's role as a member of the "first round" of EU enlargement, relations with its Polish neighbors are a priority for Ukraine's foreign policy. The high point of bilateral relations so far, the signing of the neighborhood treaty, was preceded by more than 70 treaties as well as the foundation of joint institutions such as the Ukrainian-Polish Presidential Committee.³⁵ In addition to political and economic cooperation the joint military-strategic interest has been emphasized by the founding of a Peace-Keeping Battalion.

A further major focus concerns cooperation in the border regions.³⁶ By means of cross-border projects for the development of the infrastructure and tourism, weaknesses in regional structures are to be reduced. In addition the Ukrainian, Hungarian, Polish and Slovakian border regions combined in February 1993 to form the so-called Car-

32 Pavliuk, Oleksandr. "Ukrainian-Polish relations: a pillar of regional stability?" In: *The effects of enlargement on bilateral relations in Central and Eastern Europe*. Chaillot Paper, no. 26, Paris 1997, 43-62. – Ludvig, Zsuzva. *Ukraine's place in Europe – a Central-European approach*. Paper presented at the Conference "Ukraine in Transition and Western Strategy", Washington, 23-24 April 1998.

33 Alexandrova, as in footnote 7, 19.

34 "Zur Versöhnung mit den Nachbarn im Osten." *Frankfurter Allgemeine Zeitung*, 20 May 1997.

35 "Polnisch-ukrainische Annäherungen: Konstruktiver Wandel an der künftigen Ostgrenze der Nato." *Neue Zürcher Zeitung*, 5 February 1998.

36 Vozniak, as in footnote 16.

pathian Euroregion.³⁷ The Euroregion originally extended to 53,200 sq. km with five million inhabitants. By including Rumania the total area of joint border region grew to 132,600 sq. km and 14 million inhabitants by 1997. The Euroregion is institutionalized in the form of a council of representatives of all member states, a permanent secretariat, and work groups organized by topics of cooperation. The priority objective is the improvement of living conditions in the border areas as well as increasing the transparency of the borders. In particular cross-border measures are being pursued in the spheres of economy, research, ecology, culture, sport and education. Cooperation with international organizations will also be strengthened. In practice, however, the Euroregion suffers from an extreme shortage of funds so that the financial resources barely suffice to finance the institutions.³⁸

In general the Ukrainian-CEE relations have succeeded in resolving disputed problems of borders, minorities and territories and building up an effective network for cooperation. This progress is clearly related to the forthcoming integration of Poland and Hungary into the EU. While this factor was so far effective as a positive catalyst, the achieved EU membership of the two leading CEE countries threatens to endanger relations with Ukraine, as long as the risks involved are not predictably defined by means of adequate strategies by the European decision-makers or those with responsibility for the regions.

37 Ludvig, Zsuzsa and László Póti. *Hungarian-Ukrainian relationship and cross border cooperation: the case of the Carpathian Euroregion*. Working Paper Forschungsgruppe Europa, 1998.

38 *Ibid.*, 15.

Conclusion

The basic consensus between the European and Ukrainian decision-makers consists in the stated intention of both parties to avoid new dividing lines through Europe and to develop relations in a spirit of cooperation. A point of consolidation would be the stabilization of Ukraine's transformation as well as the avoidance in international relations of the soft security risks involved. The crucial difference between the interests of the EU and those of Ukraine is in the extent of Ukraine's integration within the Union. From the European perspective the strategic interest is restricted to cooperation, while the Ukrainian decision-makers insist firmly on EU membership. In addition to strengthening the direct contacts between Kyiv and Brussels, the Ukrainian decision-makers seek to define Ukraine as a Central European state in order indirectly to develop its links with the EU. In particular, Ukrainian-Polish relations are of strategic importance both in the on-going determination of bilateral and European relationships and from the perspective of the EU's eastern enlargement.

Taking into account the Union's interests, the PCA and the TACIS program form quite an adequate framework for the development of bilateral relations. The deficits in this strategy lie in the inadequate consideration of the direct neighborhood between the future EU and Ukraine.

But both the European and the regional players have no clear proposals beyond the simple declaration of intention to prevent possible negative effects of EU enlargement on Ukraine. So long as it is not possible to resolve the problems of direct neighborhood, the danger of socioeconomic and political dividing lines cannot be excluded. While the European strategies for resolving future neighborhood problems are too limited, the Ukrainian leadership concentrates on an objective, which is unrealistic at least in the mid-term. Owing to Kyiv's fixation on EU membership and Brussels's lack of flexible visions, differentiated strategies for European-Ukrainian relations have not been developed so far. The key challenge of EU enlargement and direct neighborhood is thus to find a balance between the future Union's security needs and stability within the CEE region.

OLEKSANDR PAVLIUK

Chapter 8

The Ukrainian-Polish Strategic Partnership and Central European Geopolitics

A Promising Start

Ukraine is a medium-sized state, whose foreign policy interests and ambitions are of a regional nature and should lie primarily in the region of Central Europe (CE).¹ From the first days of its independence in 1991, relations with the post-communist Central European states, mainly with immediate geographic neighbors, have become one of the priorities of Ukraine's foreign policy. Given the lessons of history, the recognition by Ukraine's neighbors of its independence, national borders and territorial integrity was seen in Kyiv as the first and most important step in the process of the country's wider international recognition. Not surprisingly, the *Main Guidelines of Ukraine's Foreign Policy* adopted by the Ukrainian parliament in July 1993, emphasized that relations with immediate neighbors are that of strategic partnership.²

Furthermore, Ukraine saw itself as a CE country, and wanted others to recognize its geopolitical identity *vis-à-vis* the CE region. By recasting

1 Central Europe is understood here as a group of post-communist countries located between Germany and the Russian Federation, and between the Baltic Sea and the Black Sea. Such a definition of this region, including Ukraine and Moldova but excluding Belarus, is given, for example, in Zamfirescu, Elena. *Mapping Central Europe*. Clingendael Paper. Netherlands Institute of International Relations, May 1996, 57.

2 "Osnovni napriamky zovnishn'oi polityky Ukrainy." *Uriadovyj kurier*, 24 July 1993.

itself in Central Europe, Ukraine hoped to underscore its “European identity”, distance itself from Russia and the CIS, and diversify its international links. CE countries were also seen as windows to the West, and Kyiv counted on their support in its efforts to develop closer links with Western governments and institutions.

At the same time, CE countries, and Poland and Hungary in particular, also showed great interest in Ukraine almost immediately after the *Verkhovna Rada* adopted the *Declaration on State Sovereignty* in July 1990, well before the Soviet Union was formally dissolved. At that time Warsaw developed the so-called “two-track” or “parallel” eastern policy, aimed at keeping differentiated relations with both Moscow and the Union republics.³ Hungarian president Arpad Gontz was the first foreign head of state to visit Ukraine after the July 1990 declaration, and Warsaw and Budapest became the first to recognize Ukraine’s independence, only a few hours after the official results of the 1 December 1991 national referendum had been announced.

Thus Ukraine’s neighbors to the west acknowledged that an independent and stable Ukraine served the larger interests of regional security. For the first time in modern history, the CE countries found themselves geographically detached from Russia. With a spacious Ukraine between them and Russia, Warsaw, Budapest, Bratislava, and Prague feel geopolitical Russian influence less, and hence openly recognize that now there is no direct external threat to their national security.

Another impetus for intensive dialogue between Ukraine and its CE neighbors was the shared interest to find solutions to the problems of their national minorities living within the territories of neighboring states.⁴ The Hungarian authorities in particular took a strong interest in

3 More on this in Zajaczkowski, Woiciech. “Eastern Europe and Polish Diplomacy.” *Pro et Contra*, Spring 1998, 39-52. – Kaminski, Antoni and Jerzy Kozakiewicz, *Polish-Ukrainian Relations in 1992-1996*. Warsaw: Center for International Relations at the Institute of Public Affairs, 1997, 20-22. – Ananicz, Andrzej. “Polityka Polski wobec Rosji w latach 1991-1996”, in *Dynamika stosunkow polsko-rosyjskich w latach 1991-1996*. Krakow, 1997, 97.

4 According to the 1989 census in Ukraine, the country’s total population of 51.5

their countrymen living outside Hungary.⁵ As early as May 1991, the Ukrainian-Hungarian Declaration was signed guaranteeing the rights of national minorities and supporting the preservation of their ethnic, cultural, linguistic, and religious identities, thus setting a positive example for handling this delicate issue.

For these reasons, relations between Ukraine and other CE states between 1991 and 1993 were characterized by mutual interest and frequent contact at various levels. Ukraine's largest western neighbor – Poland – occupied a special place in Ukrainian foreign policy. Departing from historical grievances, the two states started to build a new relationship recognizing mutual interdependence and importance.⁶ In 1993, a Ukrainian-Polish presidential consultative committee was created to analyze bilateral relations and make practical suggestions for their further development.⁷

One of the first international issues Ukraine needed to resolve was the integrity of its borders in the aftermath of the Soviet Union's dissolution. This was an especially important undertaking given the fact that, historically, borders in Central Europe have often been redrawn and certain territories have changed hands more than once. In 1992, a political treaty on good-neighborly and friendly relations and cooperation was signed between Ukraine and Poland, which became the basis for development of bilateral relations. The treaty renounced mutual territorial claims, recognized the inviolability of existing bor-

million included 219,000 Poles, 160,000 Hungarians, and 135,000 Rumanians. At the same time, there are about 400,000 Ukrainians in Poland, 50-150,000 in Slovakia, and 70,000 in Rumania.

- 5 For Hungary at that time, the minority issue seemed to be the first, if not the exclusive, one to further its relations with Ukraine.
- 6 See De Weydenthal, Jan. *Polish-Ukrainian Rapprochement*. Radio Free Europe/Radio Liberty Research Report, 28 February 1992.
- 7 For more information about the Ukrainian-Polish political, economic, and cultural relations in 1991-93, see Gill, Wladyslaw and Norbert Gill *Stosunki Polski z Ukraina w latach 1989-1993*, Torun-Poznan, n.d. – Kaminski/Kozakiewicz, as in footnote 3.

ders and guaranteed the rights of national minorities. In 1993, similar treaties were concluded with Hungary and Slovakia.

Of all of Ukraine's immediate western neighbors, this process turned out to be long and complicated only with Rumania. During the presidency of Ion Iliescu, Bucharest unilaterally renounced the 1961 Soviet-Rumanian border treaty, while at the same time insisting that the infamous 1939 Molotov-Ribbentrop pact should be condemned in a Ukrainian-Rumanian bilateral treaty. Although the Rumanian government did not put forward direct territorial demands on Ukraine, Kyiv interpreted this position as a desire to leave open the possibility for future territorial revisions, especially considering the fact that some political forces and mass media in Rumania openly supported the "reincorporation" of northern Bukovyna and southern Bessarabia. In November 1996 after the election of opposition leader Emil Constantinescu as president of Rumania and Rumania's increased chances to get NATO membership in the first wave, negotiations between the two states were intensified resulting in a bilateral political treaty signed in June 1997.

In addition to bilateral ties, in 1992-93 Ukraine was also active in promoting CE multilateral regional cooperation. Having declared its intention to become a non-aligned, non-nuclear state, Ukraine was seeking exterior security guarantees and hoping that a system of CE regional security could provide such a guarantee, and at the same time help maintain its self-proclaimed non-aligned status. In line with this, Kyiv attempted in vain to join the Visegrad Group but was thwarted by the Visegrad members. In early 1993 Ukraine's first president Leonid Kravchuk put forward the idea of the establishment of "a zone of stability and security" in Central and Eastern Europe – another appeal which also failed to secure the support of the other CE states.⁸ Coming at a time when the CE countries were increasingly seeking bilateral

8 Such a "zone" was supposed to include Ukraine, Poland, the Baltic states, Hungary, Slovakia, the Czech Republic, Belarus, Moldova, Rumania, and Austria. For a detailed analysis of the proposal, see *Holos Ukrainy*, 10 July 1993. – Larabee, Stephen F. *East European Security After the Cold War*. Santa Monica: RAND Corporation, 1993, 108-109.

contacts with NATO, the proposal seemed out of sync with the prevailing political climate in the region. Despite the reassurances of Ukrainian officials, Ukraine's potential partners were reluctant to participate in any arrangements which they felt could lead to the possible creation of a security grouping in between NATO and Russia, and prevent their eventual membership in Western security structures, and thus, in their opinion, turn the region into a permanent "gray zone". In addition, Ukraine's western neighbors indicated that they did not want to alienate Moscow or be involved in Ukrainian-Russian disputes.⁹

Poland's negative reaction was a great surprise for Kyiv, as only a year before president Walesa himself had expressed interest in the concept of a regional security structure, which he dubbed "NATO-2".¹⁰ Both the Polish "NATO-2" idea and the Ukrainian concept of "a zone of stability and security" envisaged close regional cooperation in which Ukraine and Poland would have leading roles to play.¹¹ In 1993, however, Polish politicians discovered a shift for the better as far as Poland's future membership in NATO was concerned, and consequently re-considered the earlier plans for possible separate CE regional security arrangements, stressing the need for the strongest possible links with NATO.

Aspiring for membership in NATO and seeking better relations with Russia, Warsaw was inclined to put some distance between itself and

9 Warsaw in particular viewed this initiative by Kyiv as a Ukrainian "political game against Russia". Kozakiewicz, Jerzy. *Geopolityka Europy Srodkowo-Wschodniej po rozpadzie ZSRR*, in *Stosunki Polsko-Ukraińskie*. Krakow: Fundacja Miedzynarodowe Centrum Rozwoju Demokracji, *Studia i analizy*, no. 6, 1998, 33.

10 Many believe, however, that Warsaw saw its "NATO-2" idea not so much as an attempt to invent a possible alternative in case NATO membership remains unrealistic, but rather as a temporary creation led by Poland, which ultimately should have increased Poland's chances for early NATO membership. For a discussion of this see, Kobrinskaya, Irina. *Russia and Central and Eastern Europe after the "Cold War"*. Moscow: Carnegie Moscow Center, 1997, 34-35.

11 In addition, some political forces in both Ukraine and Poland also advocated the *miedzymorze* ("between the seas") concept promoting cooperative links among the countries of the Baltic/Black Seas region.

Kyiv. As believed by many in Warsaw at that time, closer ties with Ukraine could both hamper Poland's progress towards NATO and further antagonize Russia. As a result, Polish policy towards Ukraine was becoming less consistent and sometimes even contradictory.¹² Special concern in Kyiv was caused by the Polish government's agreement to the Russian plan of constructing a new gas pipeline Yamal-Western Europe to run via Belarus and Poland and thus by-pass Ukraine. In the new situation, the "two-track" eastern policy of Warsaw, which had played a positive role on the eve of Ukraine's independence, started to curb further development of Ukrainian-Polish relations.

Stalled Momentum

Ukraine's relations with Poland, as well as with all other CE countries, hit a low in 1993 through early 1995. Ukraine's delay in implementing economic and political reforms resulted in a severe economic crisis, including an unprecedented hyper-inflation in peace-time, increased the country's political and social instability and widened the gap between Ukraine and the other states in the region. The CIA worst-case scenario for Ukraine, prepared at the beginning of 1994, even envisaged a clash between eastern and western parts of the country. Others predicted that Ukraine would collapse under the overwhelming burdens of transition and would be reabsorbed by Russia. As a result, in 1993-94 Poland and other CE countries became increasingly concerned about the political instability in Ukraine, its stance on nuclear weapons, and the possible implications of an unstable Ukrainian-Russian relationship. Ukraine's CE neighbors even began to perceive Ukraine as a potential threat to their own security.¹³

12 Kuchinskaya, Marina. "A New Paradigm for Poland's Eastern Policy." *Pro et Contra*, Spring 1998, 11-38.

13 See, for example, "Hopes and Fears of Central and Eastern Europe: Russia, Ukraine, and the Clinton Initiatives", in *Report of the Second Conference of the*

This change in attitude of the CE countries towards Ukraine was also partially influenced by positions taken by the West. Two years after independence, Ukraine found itself in virtual international isolation. In 1992-93, the West was focused on Russia and failed to formulate a clear-cut policy towards Ukraine, viewing the country chiefly as an obstacle to nuclear disarmament and non-proliferation. In such a situation, the CE countries lacked the necessary political will and were not in a position to take any initiatives towards Ukraine. The Polish leaders, for example, continued to take into account Ukraine's strategic role in Europe at their meetings with European and, especially, American policy-makers.¹⁴ Yet in the situation when the West largely ignored Ukraine's interests, Poland's own Ukrainian policy lost much of its motivation and energy. In March 1994, Warsaw even refused to recognize that Ukrainian-Polish relations are of "strategic importance", as suggested by the Ukrainian side.¹⁵

Leonid Kuchma's election as Ukraine's president in July 1994 initially did little to revitalize relations between Ukraine and its CE neighbors. Kuchma's election platform was perceived by the CE leaders (as well as by many in Ukraine) as pro-Russian, and this raised further concerns in the CE capitals. The fact that Ukraine's relations with other CE states remained lukewarm, was also partially a result of Kuchma's proclaimed "pragmatism" in Ukraine's foreign policy which aimed to assure sources of financial support for the country's

IEWS Strategy Group on Strengthening Cooperation in Central and Eastern Europe (Warsaw, 25-27 February 1994), 14-18. – or *Report of the IEWS Expert Workshop on "Perceptions of Insecurity and Strategic Dialogue between Russia and Central and Eastern Europe"* (Moscow, 28-29 June 1994), 12-15.

14 Chabera, Tadeusz. "Status dla Ukrainy," *Wież*, 10 October 1996, 81.

15 Najder, Z. "Znak pamięci i poparcia," *Rzeczpospolita*, 23 January 1997.

economic reforms.¹⁶ Focused on relations with the West and Russia, Ukraine consequently paid little attention to Poland and other CE countries, and the latter remained uncertain as to Ukraine's foreign policy direction. Consequently, Ukraine's relations with most CE states became secondary for both sides, and were almost frozen in the second half of 1994 and the beginning of 1995.¹⁷ Even the Ukrainian-Polish presidential consultative committee was not convened for almost a year.

In addition, mutual misunderstandings and even suspicions were growing regarding the issue of NATO enlargement. Inspired by the prospects of quick integration, Ukraine's CE neighbors clearly stated their intention to become full members of NATO and preferred not to burden themselves with the "unpredictable and unstable" east, which included Ukraine. While they continued to acknowledge the importance of an independent and stable Ukraine for Europe's security, in practice they tended to ignore the Ukrainian factor when it came to the practical issues of creating a new security system in Europe. As one senior Ukrainian diplomat noted, these were "NATO-speedy enlargement plans that disrupted the very idea of regional cooperation".¹⁸ In turn, Kyiv emphasized the need for an "evolutionary approach" to NATO expansion, reflecting concerns that the process would lead to considerable deterioration in Ukraine's strategic position.¹⁹ In the light of Ukraine's complex internal and external dilemmas, its position was quite consistent and tolerant of the intentions of less vulnerable CE states. Nevertheless, this position was often interpreted as a veiled

16 As stated by presidential foreign policy advisor Volodymyr Furkalo, priority should be given to those countries which "can really assist our independence". See *Khreschatyk*, 4 February 1995.

17 See, for example, an interview of Ihor Kharchenko, the then director of the Policy Planning Department of the Ministry of Foreign Affairs of Ukraine, *Gazeta Wyborcza*, 25 July 1995.

18 Author's interviews with senior Ukrainian MFA and presidential administration officials, October-December 1995.

19 See quotation of the then First deputy foreign minister, Boris Tarasiuk, in *RFE/RL Daily Report*, 5 December 1994.

objection to NATO enlargement. The CE countries blamed Ukraine for “vagueness” and not clearly articulating its standing.²⁰

The decline of bilateral relations was further exacerbated by limited progress in the development of trade and economic cooperation between Ukraine and other CE states. After the collapse of the communist Council for Mutual Economic Assistance, the CE countries were quick to reorient their trade from the east to the west, viewing this as an important step towards the development of a market economy and integration into Western European structures. Consequently, the trade between Ukraine and its neighbors to the west declined sharply, reaching its lowest point in 1993. Ukrainian-Polish trade accounted for USD 280 million in 1993, and USD 550 million in 1994. The same year, the Ukrainian-Slovak trade volume stood at USD 430 million, and that of Ukraine and Hungary barely reached USD 400 million. The trade between Ukraine and Rumania, and Ukraine and the Czech Republic was even smaller: USD 290 and USD 280 million respectively.²¹

As a result, from 1993 to mid-1995 Ukraine’s relations with most other CE states were marked by “an extended period of stalled momentum”.²² And even the Ukrainian-Polish relationship lost most of its momentum, despite the fact that some analysts rightly pointed out its strong potential to become a “new strategic axis”.²³

20 The first question asked by the Czech journalists on the eve of Kuchma’s visit to Prague in April 1995, as well as by Czech officials during the visit, concerned Ukraine’s attitude toward NATO enlargement. See Kuchma’s interview in *Lidove noviny*, 25 April 1995.

21 *Mytna statystyka zovnishnotorhivelnnykh operatsii Ukrainy*. Kyiv: Derzhavna mytna sluzhba Ukrainy, 1996.

22 Garnett, Sherman W. *Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe*. Washington: Carnegie Endowment for International Peace, 1997, 85.

23 Brzezinski, Ian. “Polish-Ukrainian Relations: Europe’s Neglected Strategic Axis,” *Survival*, no. 3, 1993, 26-37.

Reinvigoration of Cooperation

A notable change for the better in relations between Ukraine and its CE neighbors has taken place since mid-1995. This improvement has come about as a result of new internal and foreign policies of Ukraine, as well as a radical shift in the West's (primarily the USA's) Ukrainian policy in the course of 1994-95.

Despite their limited nature, the economic reforms launched by president Kuchma, combined with Ukraine's accession to the NPT at the end of 1994, not only prompted support from Western governments and international financial institutions, but also laid the necessary foundation for more stable relationships with other CE countries. Ukraine speeded up its gradual movement towards Europe and the support of its more advanced CE neighbors was becoming crucial. Movement in the same direction of European integration has provided new impetus for revitalizing Ukraine-CE relations. Since the spring of 1995, officially Kyiv has begun to pay renewed attention to Ukraine's neighbors to the west. At the same time, Kyiv corrected its official position on NATO enlargement, and president Kuchma for the first time publicly endorsed NATO's extension to the east, stating that Ukraine recognizes the process of enlargement as inevitable and that "the door to NATO should be opened to everyone". Kyiv itself expressed a desire to seek a "special partnership" with NATO.²⁴

By taking a favorable position on NATO enlargement, Ukraine thus eased the way for its neighbors' accession to the alliance, and narrowed the options for possible Russian reaction. In turn, other CE countries, particularly Poland, became much more supportive of Ukraine in the international arena. Ukraine's neighbors to the west, along with the three Baltic republics, successfully lobbied for Ukraine's admission to the Council of Europe in the fall of 1995, and to the Central European Initiative (CEI) in 1996, as well as actively supported the idea of a

24 See statement by Volodymyr Horbulin, secretary of the Security and Defense Council of Ukraine and adviser on national security to the president, in *Update on Ukraine*. Kyiv: Council of Advisers to the Parliament, June 1995, and interview by Boris Tarasiuk in *Transition*, no. 13, July 1995, 19-22.

special relationship between Ukraine and NATO. Polish leaders, in particular, did not forget to stress the need for such a partnership not only between NATO and Russia, but between NATO and Ukraine as well. Autumn 1995 witnessed a rather unprecedented intensity of bilateral dialogue between Ukraine and CE states – a trend which continued well into 1996 and 1997.

The growing realization by the United States and Western Europe that “an independent and stable Ukraine, secure in its internationally recognized borders, constitutes a key factor of stability and security in Europe” has made Ukraine’s voice in various questions of European security more sound and important, and in this way also made other CE states pay more attention to the interests of Ukraine and to move from political declarations on Ukraine’s importance in the region to practical cooperation and support of Ukraine.²⁵

Since 1996, Ukraine’s position on European integration has become even more forthcoming. Integration processes in Europe on the one hand, and increased Russian efforts (stimulated by the 1996 presidential election campaign) to reintegrate the post-Soviet space on the other, highlighted the acuteness of the dilemma facing Ukraine, which wanted at least to become a weak buffer in between the two centers of power. In the course of the year, Ukrainian officials announced on several occasions that Ukraine’s strategic goal is to integrate into European and Euroatlantic structures, and that priority is being given to full membership in the EU.²⁶

For some time, official Kyiv was trying to condition its attitude towards NATO enlargement on the alliance’s and the applicants’ commitments of non-deployment of nuclear weapons on the territory of new members. In April 1996, Kuchma even put forward an idea of a

25 For the recognition of Ukraine’s role see: *Joint Summit Statement by President of the United States William J. Clinton and President of Ukraine Leonid D. Kuchma*, 11-12 May 1995.

26 Initially, this was emphasized by Kuchma in his address to the Parliamentary Assembly of the Council of Europe on 23 April, and in his speech at the Parliamentary Assembly of the WEU on 5 June.

nuclear-free zone in Central and Eastern Europe. The idea, however, met with NATO's resistance and irritated Ukraine's CE neighbors. Consequently, Kyiv down-played its initiative in the final stages of negotiations on the Ukraine-NATO Charter. Furthermore, Ukrainian leaders began to emphasize by the end of 1996 that while Ukraine is not ready to join NATO at present, its full membership should not be excluded in the future.²⁷ In June 1998, Kuchma signed the *Strategy on Ukraine's integration into the European Union*, and in November the 3-year comprehensive *State Program of Ukraine's Cooperation with NATO* was adopted.

Aware that the process of its integration into Europe will be long and complex, Ukraine has adopted two parallel approaches: direct integration, and integration through membership in the existing CE regional groupings, such as the CEI or the Central European Free Trade Association (CEFTA). In line with this approach, Kyiv pays primary attention to bilateral relationships and forms of regional and transborder cooperation which bring it closer to western integrated institutions, anchor it in Central Europe and help to avoid the emergence of a new dividing line on Ukraine's western border. Since 1997, Ukraine has become a central component in a number of newly emerging regional patterns: Ukrainian-Moldovan-Rumanian and Ukrainian-Polish-Lithuanian trilateral initiatives, GUUAM (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova), etc.²⁸ At the same time, Kyiv has tried its best to stay away from or prevent the further formalization of those intergovernmental structures that might distance Ukraine from its declared strategic objective, such as the CIS or the

27 On the evolution of Ukraine's attitude toward NATO see Pavliuk, Oleksandr. "NATO Enlargement and Ukraine." In *Central-Eastern Europe & Euro-Atlantic Security: The Eastward Enlargement of NATO, EU & WEU*, ed. Anton Bebler. London: Praeger, 1999 (forthcoming).

28 For a more detailed analysis of this see Pavliuk, Oleksandr. "Subregional Relations and Cooperative Initiatives in East-Central Europe." in *Building Security in the Wider Europe: The Role of Subregional Cooperation*, ed. Renata Dwan. New York: M.E. Sharpe, 1999 (forthcoming).

idea of a “Slavic Union” (Russia-Ukraine-Belarus) promoted by Belarusian president Lukashenka.

Thus relations between Ukraine and other CE states have become characterized by better mutual understanding, increased dynamics, and collaboration in their efforts to integrate into Europe. To a large extent, this new level of cooperation is a result of Kyiv’s strategic, albeit so far only declared, foreign policy decision. Ukraine’s western neighbors clearly set out on the path of European integration. Consequently, Ukraine’s current aspirations have made its foreign policy more Western-oriented, consistent and pro-active, and have become an important step forward towards its identity as a part of Central Europe. On the other hand, it became clear for the CE states that the process of their integration into Western institutions is likely to take more time than was initially expected. Furthermore, since the quality of the CE countries’ relations with their neighbors is one of the main criteria for joining NATO, potential candidates for full membership have become increasingly interested in resolving any remaining problems in relations with their neighbors, and have started to pay much more attention to their eastern policies, Ukraine included. For example, after several years of procrastination, a Ukrainian-Rumanian basic political treaty was signed on 1 June 1997. In this regard, contrary to the predictions of many critics and despite serious initial concerns, NATO eastward enlargement has so far contributed to further improvement of Ukraine’s relations with its immediate neighbors to the west, facilitated the resolution of some remaining problems and helped to forge new partnerships.

Towards a Strategic Partnership

Within this improving climate of closer regional ties, Poland has emerged as Ukraine’s most important regional partner, and relations between the two have become the most dynamic and promising among Ukraine’s relations with any of its neighbors. The victory of the socialist leader Aleksander Kwasniewsky in the presidential elections in

Poland in November 1995 caused some initial uneasiness in Kyiv in view of the new president's eastern policy.²⁹ However, president Kwasniewsky quickly demonstrated that Ukraine occupies an important place in Polish foreign policy, and very soon new life was instilled in bilateral relations. In less than a year after president Kwasniewsky's election, his foreign Minister Dariusz Rosati noted that Ukrainian-Polish relations "have never been as good as they are now".³⁰

Ukrainian-Polish contemporary rapprochement is especially significant, given the heavy burden of history in their bilateral relations. Historically, mutual enrichment and cohabitation went hand in hand with misperceptions, protracted political tensions, national confrontation and even armed conflicts.³¹ Not surprisingly, at the beginning of this decade there were concerns both in Kyiv and Warsaw about the possible return of old historical grievances. In this regard it is difficult to overestimate the significance of a Joint Declaration on Accord and Reconciliation, signed by presidents Kuchma and Kwasniewski in May 1997, after several months of negotiations. Lacking any legally-binding nature, this historic declaration possesses a strong moral authority, and is an important step toward full reconciliation between the two nations.³²

29 Kyiv remembered that when appointed in November 1993, the Polish leftist prime-minister Waldemar Pawlak showed much reluctance for cooperation with Ukraine, being unwilling to alienate Russia. See Burant, Stephen. "Poland's Eastern Policy, 1990-1995: the Limits of the Possible." *Problems of Post-Communism*, no. 2, 1996, 52.

30 Rosati, Dariusz. "Ciaglosc, postep i nowe wyzwania." *Rzeczpospolita*, 10 September 1996.

31 On the history of Ukrainian-Polish relations, see Potichnyj, Peter J. ed. *Poland and Ukraine: Past and Present*. Edmonton-Toronto: CIUS Press, 1980.

32 In particular, the declaration condemns such painful and sensitive moments in bilateral history, as Poland's anti-Ukrainian policies in the interwar period, persecutions of Poles in Volyn in 1942-43, and the 1947 "Vistula" operation against the Ukrainian minority in Poland. For the text of the Declaration, see *Rzeczpospolita*, 22 May 1997.

Today, both Ukraine and Poland recognize that their relationship is a true strategic partnership. In the past three years, the institutional network for bilateral cooperation, especially at the highest level, has been further expanded and consolidated. In 1998 alone the two presidents met six times – these were more meetings than Kuchma had with any other national leader in 1998. Since 1996, the presidential consultative committee has become a regular and productive forum. Political and military cooperation is developing dynamically. In October 1995, Kyiv and Warsaw agreed to create a joint peacekeeping battalion. It is hoped that this step would raise bilateral cooperation to a new qualitative level, and that with Poland's accession to NATO the joint battalion would become an important additional link between Ukraine and the North Atlantic Alliance. Both states have also been actively involved in transfrontier cooperation within the Carpathian Euroregion (together with Hungary, Rumania and Slovakia) and the Buh Euroregion, encompassing the Volyn oblast (region) in Ukraine and four border provinces of Poland.

There is a strong understanding in both Kyiv and Warsaw that current Ukrainian-Polish rapprochement corresponds to the national interests of both countries. As stated in a joint declaration signed by the two presidents in June 1996: "The existence of an independent Ukraine helps to consolidate Polish independence, while the existence of an independent Poland helps to consolidate Ukrainian independence".³³ This interdependence is explained not only by geographic and historical considerations, but geo-strategic and security interests of both countries as well. Poland is interested in securing stability on its eastern borders. The situation of the huge country of Ukraine with a population of 50 million people is of particular importance, as instability in Ukraine can destabilize the whole region and Poland first of all. As Belarus merges with Russia, Ukraine's position is becoming even more significant for Poland, and both Kyiv and Warsaw are against the isolation of Belarus. Warsaw wants to see in Ukraine a democratic, reliable and friendly neighbor, supportive of its integration with the West. It is also

33 Joint Declaration by the President of Ukraine and the President of the Republic of Poland, Warsaw, 25 June 1996, *Uriadovyi Kurier*, 29 June 1996.

in Poland's interest that Ukraine itself is linked to this process. At the same time, Kyiv sees a more advanced and friendly Poland as its key strategic partner and places much hope on Polish assistance and advocacy in its own efforts to join European and Euroatlantic institutions.

As a result, the two countries have expressed clearly their readiness for mutual support in their efforts to integrate into Europe, and develop their relations in the general European context. Seeing itself as a new regional leader, Warsaw has eagerly assumed the role of an "advocate of the independence, and democratic and Euroatlantic aspirations of Ukraine".³⁴ Poland is one of those very few countries which tries to help Ukraine not only with political declarations of support, but with specific actions. At various international fora and during bilateral meetings with Western officials, Polish leaders never fail to stress the importance of Ukraine for regional and European security, and the need for further support of Ukraine. In the spring of 1999, Kyiv and Warsaw launched a regular Ukrainian-Polish security conference to meet four times a year to discuss various issues of European integration. In turn, according to all the expert opinion polls conducted in Ukraine in the past two years, Ukrainian-Polish relations are defined as the most successful, and Poland is constantly ranked as Ukraine's foremost ally.³⁵

Successful Ukrainian-Polish rapprochement, which brings together the two largest states in Central Europe, has a strong potential to develop into a true linchpin of regional and all-European security and stability. Ideally, an Ukrainian-Polish strategic partnership could well become a pillar of stability in Central and Eastern Europe, much like successful

34 Lamentowicz, Wojciech (Under-Secretary of State, Office of the President of Poland) "Niezbędna korekta." *Rzeczpospolita*, 18 September 1996.

35 *Monitoring Foreign and Security Policy of Ukraine: 1998/1999*. Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, 1999, 16-17 and tables XXXIII-V, XLIII, XLIX.

Franco-German cooperation after World War II laid the foundation for stability in Western Europe.³⁶

Current Challenges

Despite significant progress in the past four years, many challenges persist in Ukraine's relations with its western neighbors, including Poland. These challenges are largely of the same nature as those currently facing Ukrainian foreign policy. First of all, there is a growing imbalance in the declared foreign policy political goals and ambitions on the one hand, and in Ukraine's failure to effectively organize itself at home, on the other.

In the spring of 1997, Kyiv officially declared that "the final fixation of Ukraine's status as an inseparable part of the Central European region" is one of the country's foreign policy priorities.³⁷ Establishing itself as an integral and essential part of Central Europe is crucial both for the ultimate success of Ukraine's internal transformation and for the shaping of its geopolitical future. This would be an important step towards European integration. Ukraine's identity *vis-à-vis* the region of Central Europe was explicitly recognized in the May 1997 Joint Statement of the Kuchma-Gore Commission, as well as in the Charter on Distinctive Partnership between Ukraine and NATO, signed at the NATO Madrid Summit in July 1997. The Ukrainian president and prime-minister have become regular participants in unofficial meetings of Central European leaders. Nevertheless, by and large, Ukraine has not yet become a true CE country. Its socio-political, economic, cultural and psychological characteristics still differ significantly from

36 See Pavliuk, Oleksandr. "Ukrainian-Polish Relations: A Pillar of Regional Stability?" In *The Effects of Enlargement on Bilateral Relations in Central and Eastern Europe*, ed. Monika Wohlfeld, 43-62. Chaillot Papers, 26, Paris: WEU Institute for Security Studies, June 1997.

37 President Kuchma's annual address to the parliament, *Uriadovyi Kurier*, 25 March 1997.

those of most of the other states in the region, while the level of existing cooperation between Ukraine and other CE countries is not enough to compensate for those differences. Moreover, Kyiv's CE policy is contradictory: on the one hand, Ukraine insists on its recognition as a CE country; on the other, in many cases it does not apply CE standards to itself, whether domestic transformation or international ambitions.

As a result, even the Ukrainian-Polish strategic partnership remains to some extent more declarative rather than truly substantive and irreversible. The very slow pace of Ukraine's economic reforms, the weakness of major political institutions, and an overly complicated bureaucracy further widens the inherited from the past differences in societal transformation between Ukraine and most other CE states. This gap is likely to grow after the more advanced CE states join the EU, thus leading to Ukraine's further economic, political and cultural distancing from its western neighbors and risking its ultimate regional marginalization and (self-)isolation.

Despite noted progress in the last few years, there is still no strong economic foundation under Ukraine's partnership with other CE countries. From 1994 to 1997, trade between Ukraine and the rest of the CE states was steadily growing. The most dynamic was the growth of Ukrainian-Polish trade: USD 280 million in 1993, USD 550 million in 1994, USD 1 billion in 1995, and about USD 1.5 billion in 1996, not including a lively cross-border "shuttle trade" in consumer goods.³⁸ As a result, Ukraine has become Poland's third largest trade partner (after Germany and Russia), while Poland is one of Ukraine's most important trading partners. Yet Ukrainian-Polish economic cooperation is far from matching the economic needs and potential of the two states, and the importance of these figures should not be overestimated. On the whole, bilateral trade between Ukraine and other CE states is still at a low level, especially seen as a share of their total trade volume: for example, Poland comprises 2.7 percent of Ukraine's total export and 3.3 percent of its total import, while Ukraine's share in overall trade volume of other CE countries does not accede 5 percent. Furthermore,

38 *Uriadovyi Kurier*, 21 January 1997.

due to the negative repercussions of the recent Russian financial crisis on Ukraine, in 1998 Ukrainian-Polish trade decreased by 14 percent according to Ukrainian data, and 10 percent according to Polish statistics. Economically, Ukraine remains oriented towards Russia which accounts for 41 percent of Ukraine's foreign trade. Besides, the structure of Ukraine's trade with other CE countries is dominated by mineral products (40 percent of Poland's total exports to Ukraine is coal, while 54.5 percent of Ukrainian exports to Poland are ore and various metals), while intra-industry links and mutual investments are embryonic (all Polish investments into the Ukrainian economy account for only about USD 25 million, while Ukrainian investment in Poland's economy stands at just USD 260,000). While CE small and medium businesses are increasingly interested in the vast Ukrainian market, the existing barriers – the inadequacy of Ukraine's national legislation, complicated and often changing tax rules, underdevelopment of Ukraine's banking system, the lack of proper mechanisms for mutual guarantees of credits and small investments, and various administrative obstacles – make their work extremely difficult, if at all possible.

Politically, aside from Poland with whom the Ukrainian policy is very dynamic, most other CE states often lack initiative (concentrating too much on westward orientation) or even remain ambiguous about Ukraine's relationship with Europe. Significant political and intellectual elites in the CE countries still find it difficult to consider Ukraine as historically and culturally a Central European country, seeing it instead as a part of Euro-Asian space and as a buffer between themselves (in an extended NATO and the EU) and Russia.³⁹ On the other hand, Ukraine has cooperated very dynamically and successfully with those CE countries which themselves take the lead in forging

39 For example, Czech President Vaclav Havel suggested in June 1996 to differentiate between “the Euro-Atlantic region” and a ‘large and influential Euro-Asian entity’. In the latter, Havel included “the entire Commonwealth of Independent States”, and went as far as to state that, “these two entities can cooperate creatively and build a deepening partnership only if both are clearly defined, have distinct boundaries and fully respect each other's identity”. For more on this see Pavliuk, Oleksandr. “Ukraine and Regional Cooperation in Central and Eastern Europe.” *Security Dialogue*, no. 3, 1997, 355.

regional partnerships (as is the case with Ukrainian-Polish relations). Ukraine's domestic socioeconomic difficulties and the lack of stable foreign policy consensus have in most cases prevented Kyiv from assuming a more proactive regional role.

The current rapprochement between Ukraine and its western neighbors also lacks a solid grass-roots social base. Regional relations in Central Europe largely remain the preoccupation of central governments, and very often they are directly driven by individual national leaders. Ukrainian-Polish relations, in particular, still rely too much on the two presidents, foreign ministers and other high level officials. While Ukrainian and Polish political elites, intellectuals and practically all major political forces now generally recognize the need and importance for close mutual cooperation, the public at large, business people, NGOs and even the political parties remain uninvolved in the process.⁴⁰ For example the Ukrainian-Polish Forum, initiated several years ago and designed to promote better ties among Ukrainian and Polish parliamentarians, does not work. As a result, domestic constituencies for mutual rapprochement are still weak, and there is a noted difference in the perceptions of the elites and the people in both countries. Stereotypes of the past are still alive among both the Poles and Ukrainians. Many Poles continue to distrust Ukrainians.⁴¹ In Ukraine, the government did very little to publicize the success and lessons of Polish reforms. Not surprisingly, people in the east of Ukraine still tend to compare their situation with that of Russia rather than of Poland and other CE states.

Finally, a serious challenge to regional relations, both bilateral and multilateral, is presented by EU eastward enlargement. With the most

40 More obscure is the position of the Ukrainian leftists who in general favor stronger ties with Russia, rather than with the West. In this context there is some risk that if the Left's candidate wins the 1999 presidential elections, this may provoke Ukraine's eastward turn, and consequently lead to the weakening of its links with the West in general, and with Poland in particular.

41 Burant, Stephen R. *Ukraine and Poland: Toward a Strategic Partnership*. Paper presented at the conference *Intellectuals, Culture, and Politics: The Experiences of Poland and Ukraine*, Kyiv, 5-7 June 1997, 32-34.

criticism focused on the potential dangers of NATO extension, much less attention was initially given to the possible negative consequences of EU enlargement. Recently, however, fears have been growing in Ukraine and some other CE countries that a new EU boundary could become a “dividing line”, that would be potentially more dangerous than the security implications related to NATO enlargement. Poland and other CE “first-runners” have found themselves under pressure from the EU to tighten their control over their eastern borders.⁴² Yet new restrictions on the borders would negatively affect human contacts, affect the situation of national minorities, damage bilateral trade, undermine transfrontier and regional intergovernmental cooperation, and thus would further widen the economic and psychological gap between Ukraine and its western neighbors, artificially pushing Ukraine eastward rather than anchoring it more firmly in Central Europe.

The change of the border-crossing regime will have a special detrimental effect on Ukrainian-Polish relations. Ukraine was the first “eastern” country with which Poland signed an agreement on a visa-free border regime. For Ukraine today, Poland is the most accessible country to its west. Millions of Ukrainians visiting Poland every year (4.8 million in 1998) undergo a similar psychological process as the Poles did in the 1970/80s when traveling to Germany and other western countries.⁴³ For the Ukrainian elite, Poland serves as an important additional link bringing Ukraine closer to Europe. For millions of average Ukrainians visiting Poland, Polish economic achievements are the best indication of the need for further market reforms in Ukraine itself. Consequently, a non-visa-free border regime between the two countries would have a major psychological impact on Ukraine, its people and the reform-minded and Western-oriented political forces in the country.

42 See de Weydenthal, Jan. “Tightening of Eastern Borders Gives Kyiv Western Contacts.” *RFE/RL Newswire*, 18 September 1998.

43 Zurawski vel Grajewski, Przemyslaw. *The Impact of the Accession of Poland to the European Union on Polish-Ukrainian Relations*. Paper presented at the conference *Lessons of European Integration Experiences for Ukraine*, Prague, 24-25 October 1998.

It is significant that this concern is on the Polish agenda as well. Although to a lesser extent, Poland is also interested in keeping its border with Ukraine reasonably open. This primarily concerns the economic interests of many Polish families, especially in the eastern regions bordering Ukraine. According to Polish data, an average Ukrainian visitor (usually involved in cross-border trade) spends in Poland USD 460 per day, while – for comparison – an average German tourist (who is not a trading one) spends DM 36.⁴⁴ Not surprisingly, Warsaw has already expressed its interest and intention to keep its visa-free border regime with Ukraine as long as possible.⁴⁵ Finding a proper solution clearly corresponds to the interests of both Ukraine and Poland.

Future Prospects

Immediately after the end of the Cold War, the newly emerged region of Central Europe looked quite coherent. With their specific historical identities, the CE countries shared many common interests and objectives. Ideas of CE regional cooperation were actively discussed at that time, and some of them became a reality. Soon, however, it became clear that Central Europe will not have a geopolitical future as a separate region. All CE countries have been striving to become a part of a new united Europe and have been looking for membership in Western integrated institutions. Nevertheless, it has also become clear that the enlargement process is going to be long and complicated. Its consequences, and its impact on Central Europe and intra-regional relations, are difficult to predict at present.

Owing to the different paces of domestic transformation, the development of Central European countries has been uneven and unequal,

44 Filip, M. "Przed kim zamykamy granice." *Rzeczpospolita*, 29 January, 1998, 6.

45 This, for example, was stated by Polish foreign minister Bronislaw Geremek: "Polska-Ukraina: jak najdluzej bez wiz." *Rzeczpospolita*, 26 February 1998, 5.

which is reflected in the speed of their integration in NATO and the EU. Some states have already joined NATO and started accession negotiations with the EU, others remain applicants, while Ukraine so far is not even viewed as a full participant in the process. As a result, for an extended period of time the region of Central Europe is certain to be divided into the “ins”, “pre-ins” and “outs”. The strategic situation of those CE states which in the near future (and some of them maybe forever) will remain outside the western integrated institutions, becomes quite complex.

The whole issue of whether security in Europe will be inclusive and transparent, or exclusive and divisive, depends to a large extent (in addition to relations between the West and Russia) on the situation of these countries, and particularly Ukraine, the largest among them. It is Ukraine that could play a stabilizing role during this transitional period.⁴⁶ Ukraine has already done so during the first wave of NATO enlargement, significantly contributing to the non-confrontational and non-dividing nature of this process. Will it be able to play the same role in a further extension of NATO and in the process of EU enlargement, which is likely to have far more serious consequences on the situation in the region?

In order to match this role, Ukraine needs to deliver three closely interrelated and interdependent factors: to stabilize itself at home, anchor itself in Central Europe, and stay firmly within the collective CE strategy on European and Euro-Atlantic integration. This choice corresponds both to Ukraine’s own national interests, as well as to the interests of regional and all-European security and stability. It is this choice that would help to realize Ukraine’s potential as a stabilizing regional power. A stable Ukraine, possessing a proper place in Central Europe and gradually integrated into Europe on the whole, will become an additional guarantor of regional security and a better partner for all. Among others, the consolidation of Ukraine’s position as a CE state should contribute to ultimate normalization of Ukrainian-Russian

46 As suggested by Sherman Garnett, “a thriving and independent Ukraine could stabilize this middle zone of states”. See, Garnett, as in footnote 22, 84.

relations. As such, Ukraine would become more confident and could finally start viewing its geographic proximity with Russia as beneficial, rather than threatening. Conversely, Ukraine's weakness, instability and isolation (or self-isolation because of its domestic problems) will threaten the security of all the states in the region and keep illusions alive in Russia that reintegration or a new "union" is still possible.

However, Ukraine's choice on European integration, as well as its decision to identify itself as a Central European country, remains mostly declarative. So far, Ukraine has failed to join its more advanced CE neighbors, and has yet to go a long way in reaching their level of political and economic reformation. The latest Russian financial and political crisis has become an additional reminder of the fragility of Ukraine's transition and of the need for speeding up its reforms and expanding trade and economic cooperation with the CE and western countries. The question for Ukraine is whether the distance between herself and the more advanced CE states would continue to widen or whether the country will make a strong effort to catch up with at least those states which count on being included in the subsequent "waves" of European and Euroatlantic integration.

Both Ukraine's CE neighbors as well as Western institutions and governments have a role to play to help Ukraine in this process. One may still argue whether NATO and/or EU enlargement is a good or bad idea. But once the process started, it would be a mistake to stop it abruptly and forever on Ukraine's western borders. It is important that in the case of Ukraine, both NATO and the EU pursue an open door policy in a similar manner as for other CE states. The Ukrainian strategic aspiration of becoming an EU member needs to be encouraged or at least explicitly recognized pending the country's ability to meet the required criteria. Among other goals, the possibility of joining NATO and the EU provides an important additional incentive for the acceleration of domestic economic and political reforms.

The question of the "first wave" joiners' policy towards Ukraine after their accession to Western fully integrated institutions is also open. It cannot be excluded that after joining these institutions, the EU in particular, they would have to focus mainly on strengthening their positions within those organizations and consequently their resources and

attention could be diverted away from the continuation of cooperation with Ukraine and other “outs”. As suggested by some Polish analysts, the accession to Western structures may radically change the political priorities of Poland, the Czech Republic and Hungary and decrease Ukraine’s importance within their political goals.⁴⁷

On the other hand, it is hoped that those CE states which get full membership in western organizations, could become stronger and ultimately more willing to maintain and intensify cooperation with their neighbors to the east. Since the Ukrainian vector has already become one of the most important directions of Polish foreign policy, Warsaw could well remain interested and stay active in its Ukrainian policy after accession. If so, this would give Ukraine a chance to obtain an ally and a friend in both NATO and the EU, willing and, hopefully, capable of lobbying for Ukraine’s interests – something Ukraine lacks today, especially within the EU. Mirroring the role of Germany in Polish-German relations in the past few years, Poland may use its expanded access to the EU’s financial resources for supporting closer cooperation with Ukraine. On this scenario, Polish accession would benefit Kyiv, while Ukraine’s direct neighborhood with new NATO and EU members would open new opportunities for Ukraine’s own integration. Such a Poland would help to strengthen Ukraine’s independence, widen its international capabilities and link it more strongly to the West.

The prospects of Ukrainian-Polish cooperation in the future will be affected by whether Poland would be able to keep its border with Ukraine reasonably open or whether it would have to accommodate its new circumstances by putting new restrictions on the movement of people and goods from Ukraine. To sustain Ukrainian-Polish strategic partnership in the future, it is important that a proper mechanism assuring maximum “openness” of the border for commercial and human purposes is developed before Poland and other CE countries join

47 Kozakiewicz, Jerzy. *Geopolityka Europy Srodkowo-Wschodniej po rozpadzie ZSRR in Stosunki Polsko-Ukrajnskie. Studia i materialy*.6. Krakow: Miedzynarodowe Centrum Rozwoju Demokracji, 1998, 23.

the EU. It is necessary to modernize and develop the existing border infrastructure: contrasting the number of border-crossings on the Ukrainian-Polish border (6) with the traffic on the German-Polish border (26) would be sufficient. In a situation when both Ukraine and Poland lack the necessary resources, EU support would be of great help.

Both Ukraine and its CE partners have yet to do a lot to build a broad social support for closer mutual ties and cooperation. There is a special need for more people-to-people diplomacy, academic and cultural contacts and exchanges to promote better mutual knowledge and understanding. In the case of Ukrainian-Polish relations, this could also include the work of joint historical commissions to agree and elaborate joint and balanced approaches (to be incorporated into school textbooks) to some controversial issues in the complex history of bilateral relations. The first attempt was made in 1994 when a group of Ukrainian and Polish historians issued a joint communiqué addressing a number of sensitive issues in the history of bilateral relations from 1918 to 1948.⁴⁸

Yet the primary responsibility for the success of Ukraine's participation in European integration and in CE regional cooperation rests with Ukraine itself. Ukraine should not remain a "special case" distinct from most of the other CE states. It is very important that both its foreign policy and domestic transformation proceed in parallel with that of its more advanced CE partners. It will be easier to minimize the existing differences between Ukraine and other more advanced CE states, if Ukraine moves in the same direction with those countries and energetically pursues the course for European and Euroatlantic integration. Comprehensive economic and administrative reforms are essential, as only economic recovery could make Ukraine more attractive for its neighbors to the west (as well as for the West itself) and bridge the existing difference between them.

It is also important to consolidate the country's identity and form a public consensus on Ukraine's role and place in Europe. Ukrainian

48 Gill/Gill, as in footnote 7, 114-117.

political forces, both within and outside the parliament, demonstrate practically no potential for cooperation when it comes to international issues. This task becomes particularly important in view of the forthcoming presidential elections. 1999 is a difficult year for Ukrainian foreign policy. The latter may either fall victim to domestic political fighting and economic stalemate or, on the contrary, manage to maintain its coherency and consistency and as such become an important anchor linking Ukraine to its western neighbors and keeping the window for European integration still open.

Kyiv's other important task in the coming years is to sustain the current momentum of burgeoning relationships with CE states and further expand them. Ukraine needs to develop much stronger links, first of all economic, with CE front-runners before they join the EU. If this happens, Poland would get much more interested and pro-active within the EU in arguing for its preferential relations with Ukraine. Construction of the Odessa-Brody-Gdansk pipeline could become one of such links, if this project is ever implemented. It would be also beneficial for Ukraine to learn and use Polish and other CE countries' experiences of their domestic transformation and European integration. So far it has not been actively applied by Kyiv, while CE countries and Poland in particular show increasing interest in sharing with Ukraine the lessons (both positive and negative) of their transition. The latest trilateral initiative of Ukraine, Poland and the US designed to help to bring Polish lessons and experience to Ukraine, can play a very positive role in this regard.

The next few years will provide a final answer to the question of whether Ukraine succeeds in establishing itself as a true Central European country or not. The answer to this question will also decide the ultimate fate of the Ukrainian-Polish strategic partnership and Ukraine's cooperation with the rest of the countries in the region.

ALEKSANDR LEVCHENKO

Chapter 9

Ukraine in the Black Sea and Caspian Regions

One important lesson Ukrainian foreign policy learned since independence is that a political intention to follow Western interests in Eurasia is not enough to receive sustainable recognition as a key Eastern European country. Unable to match EU requirements probably for decades, Kyiv must keep convincing its Western partners that Ukraine's independence represents a major interest within the international community in terms of the balance of political stability and security.

This is certainly true for the Black Sea and Caspian region, where the strategic interests of the global players, the economic interests of multinational companies, the national interests of regional powers as well as traditional international security alignments and domestic politics form a complex picture.¹ Active participation in the contemporary "Great Game" around the Caspian oil is an important challenge for Ukraine's foreign and security policy. Firstly, most Ukrainian politicians and analysts understand that cooperation in the Black Sea and Caspian region is helpful for achieving the ultimate goal, i.e. membership in the European Union and other Western institutions. Secondly, it provides an opportunity to partly resolve one of the pressing foreign-economic problems, i.e. the diversification of the

1 In this paper, the term Black Sea and Caspian region is applied in a political rather than a strictly geographic sense. It includes the littoral states of the two seas, i.e. Ukraine, Rumania, Bulgaria, Turkey, Georgia and the Russian Federation; Azerbaijan, Iran, Turkmenistan, and Kazakhstan, as well as Moldova and Armenia, who are directly involved in relations between other regional players.

energy supply, attraction of investments for the national economy and creation of new transportation routes, etc.

This understanding did not come about immediately. In the early years of Ukrainian independence, when the two factions of the new national elite were struggling for a quick EU/NATO membership or the restoration of the Soviet Union respectively, there was hardly any concern about Ukraine's national interests beyond the southern borders – even after the Istanbul Declaration on the Black Sea zone of economic cooperation (BSEC) was signed in 1992. The first signs of a growing consciousness were connected to the Chechen war on the territory of the Russian Federation, putting an end to the leftist parties' initiative on a Soviet restoration referendum. In May 1994 the Association of Middle East Studies held its first round table conference on the “southern vector” of Ukrainian national interests.² Among others, the conference participants pointed out that – unlike East-West relations, causing a permanent opposition between liberal/nationalist and leftist parties – the southern orientation of foreign relations is relatively independent from domestic politics.³ Today, the importance of the Black Sea and Caspian region seems to be generally accepted.

The Economic Dimension

Except for Turkey, the BSEC countries presently are not Ukraine's important trade partners.⁴ According to Ukrainian analysts, the reason for this is a “not always forward-looking and coherent foreign trade

2 “Ukraine should be considered a European country with special relations with the East and with an important southern vector of its policy”, see the presentations by S. Danilov, I. Semivolos and I. Intiuk at the Round Table *Ukraine-Arab World: Spheres of Mutual Interest*, organized by the Association of Middle East Studies, May 31, 1994.

3 *Ibid.*

4 Mhitarian, N. “BSEC and Relations of Ukraine with Trans-Caucasian states.” *New Policy*, no. 3, 1997, 42.

policy in early years of independence". Boris Parakhonsky of the National Institute of Strategic Studies (Ukraine), an outspoken supporter of the "southern vector" holds that

the strategic importance of the Black Sea region is that its transport communications unite the developed European centers with the raw materials and resources of the Middle East and Central Asia, as well as with the markets of the populous states of the Indian ocean and the Far East. Again, the Black Sea region unites northwest and central Europe with the Mediterranean countries. (...) Another factor determining the extreme importance of the region are the oil and gas fields to be exploited on the eve of the millennium.⁵

Boris Yatsenko of the Kyiv National University regards the Black Sea and Caspian region as the third source of oil and gas in the world after the Persian Gulf and western Siberia. He emphasizes that the region is rich in other mineral resources of worldwide importance, such as copper, chrome, lead, zinc, gold, iron-stone, uranium and chemical primary products, etc., and has a favorable climate for agriculture and a well-educated and comparatively well-qualified, inexpensive labor force.⁶ However, the newly independent states are incapable of exploiting these resources without enormous investments to develop the outdated transportation system and infrastructure.⁷

Transport corridors

This term is often used in official reports and non-scientific publications although there is no generally accepted definition. While the Working Group on Transport Corridors Development of the European Commission restricts the term to mean rail, road or waterway trans-

5 Parakhonskiy, B. "Ukraine in the Black Sea Region." In *Materials of the international conference The Black Sea-Caspian Region: Conditions and Perspectives of Development*, Kyiv: Association of the Middle East Studies, 1998, 27.

6 Yatsenko, B. "Problems of Trans-Eurasia Economic Relations. New Silk Road." In *The Middle East Express*. Kyiv: Association of Middle East Studies, 1998, 19.

7 *Ibid.*, 20. See also Mughisuddin, Oya Akgönenç. "Ventures in Regional Cooperation: The Balkans and the Black Sea Regional Cooperation." *Dis Politika*, 1994, 75.

port, Ukrainian officials suggest that pipelines, too, is referred to as transport corridors.⁸

In March 1994, under EU auspices, the Cyprus Pan-European Ministerial Conference adopted an inventory of nine international transport corridors (ITC), the so-called “Cyprian ITSs”. Four of them pass through Ukrainian territory, i.e. no. 3 (Berlin-Wroclaw-Lviv-Kyiv), no. 5 (Trieste-Ljubljana-Budapest-Bratislava-Lviv-Kyiv-Moscow), no. 7 (the Danube water carriage), and no. 9 (Helsinki-Moscow-Kyiv-Odessa-Kishinev-Dimitrovgrad-Alexandropolis). In May 1997, two other routes affecting Ukrainian territory were officially acknowledged as all-European transport corridors: the connection Gdansk-Odessa and the “Eurasian Ring Road” around the Black Sea within the framework of the BSEC.⁹ The Ukrainian executive branch has formed a Governmental Commission on ITC Matters, which has drafted a “Concept of a National ITC Network in Ukraine”.

In 1998, the trade between Europe and the East amounted to ECU 63 billion. 170 million tons of commodities were transported from the east to the west and 270 million tons in the opposite direction. In 2000, the volume of the east-west freight transport is expected to increase more than twofold, while the west-east transport volume might increase by as much as 16 times.¹⁰ Connecting the country to the international transport routes is obviously an important task, but the estimated implementation cost of some ECU 11 billion is a restrictive factor.¹¹ To take advantage of the favorable geographic position and play the role of a junction in a new “Silk Road” is likely to remain a dream.

However, Ukraine possesses a developed infrastructure for sea transport, including fourteen large and specialized Black Sea ports with

8 See Grinevetskiy, S. “International Transport Corridors: Perspectives for the Region.” *The Black Sea Region*, no. 1, 1998, 18.

9 *Ibid.*, 19.

10 Chumak, I, L. Sushkin, V. Korovkin and D. Borisov. “The Transport Corridor Europe-Ukraine-Asia and Transport Cooperation of the Black Sea Littoral States.” In *The Black Sea Transport Express*, May-June 1997, 20.

11 *Ibid.*

almost two hundred transship complexes. In 1996 Kyiv joined EU project TRACECA¹² which aims at improving the Euro-Asian transport corridor as an alternative to the Russian route, connecting Europe with the Chinese ports via Central Asia and Caspian and the Black Sea region. In the framework of TRACECA the European Union would provide assistance to improving the ferrying between Illichiovsk (Ukraine) and Poti (Georgia).¹³

The Caspian oil

The energy resources of the Caspian region are concentrated in Azerbaijan, Kazakhstan, and Turkmenistan. According to optimistic estimates, over 400 billion barrels could be exploited, with an expected reserve of another 200 billion barrels. The region would thus be the second largest depository of oil worldwide after the Persian Gulf. In addition, the area is destined to provide as much natural gas as the reserves of the USA and Mexico combined.¹⁴ To benefit from this economic potential, the new Caspian states must construct a secure pipeline network to transport their oil and gas to the developed European markets. The Caspian states share an interest in minimizing their dependency on Russia, whose present monopoly over the Caspian pipeline network is endangered, however, owing to a lack of investments.¹⁵

12 TRACECA - Transport Corridor Europe-Central Asia.

13 *Ibid.*, 22.

14 Kök, Havva. "The Problem of the Transportation of Caspian Oil." In *Materials of the International Conference*, as in footnote 5, 171.

15 *Ibid.*, 172.

As is well known, Ukraine's need to diversify is especially pressing as the country imports 90 percent of its energy from Russia and Kazakhstan.¹⁶

The shortest and most secure route for Caspian oil to the European markets would cross Ukrainian territory, transporting the oil from Baku to Supsa and Poti (Georgian Black Sea coast) and further to the marine terminal Yuzhnii at nearby Odessa. With an oil refining potential of more than 50 million tons per year and a considerable need for oil products, Ukraine would be an attractive market for the Caspian oil-producing companies themselves. Connecting Yuzhnii to the pumping station at Brody (Poland) and the famous pipeline "Druzhba" would enable Caspian oil to be delivered to refineries in Slovakia, the Czech Republic and Hungary by the end of 1999, and even to Austria, Germany and other European states. The extension of the Yuzhnii-Brody oil pipeline to the Polish city of Plock and the port of Gdansk would make new markets in Poland, Germany and the Baltic states accessible.¹⁷

Besides, this pipeline may also allow Ukraine to avoid total dependency of supply on Russia, even if the Caspian oil transportation becomes impossible for some reason. The project is actively backed also by the USA and Poland for obvious geopolitical reasons.

However, this favorable scenario for Ukraine is only one among many possible transportation routes. Most likely, the Caspian oil will be exported by several alternative routes; for example from Baku to the Russian Black sea port Novorossiysk (as the pipeline through Chechnya is not reliable at present, a circuit pipeline through Budionovsk and Tikhoretsk is planned), onward to Burgas (Bulgaria), and from there by pipeline to Greece and Albania, or to Constance (Rumania) with

16 See the project presentation *Caspian Oil to European Markets through Ukraine* by the State Committee for Oil, Gas and Oil Refining Industry of Ukraine at the Business Forum of the European Bank for Reconstruction and Development.

17 *Ibid.* See also "East-West Energy Corridors are Expanding." *Segodnya*, 17 February 1999. – "The Ukrainian prime-minister engaged INOGATE participants in Kyiv", "Zerkalo Nedeli", 20 February 1999.

alternatives for further transportation through connecting pipelines or waterways.

Other plans aim at connecting Baku to the southern Mediterranean port Ceyhan (Turkey) through Georgian, Armenian or Iranian territories. Despite the difficulties provided by the fact that this pipeline would run through Kurdish territories, the USA strongly supports this variant favorable to their ally Turkey. This project envisages also the construction of a reversible pipeline to the Black sea port Samsun which will allow a response to changing market conditions. Ukraine would plan to transport oil from Samsun to Odessa.¹⁸ The oil exploited at the fields in Kazakhstan and Turkmenistan would also be transported to the ports of Azerbaidjan and further to the Georgian Black sea or Turkish Mediterranean ports and finally to Iran.

The Foreign Policy Dimension

Common US-Ukrainian interests

According to the officially sanctioned report *National Security of Ukraine 1994-1996*, published by the National Institute of Strategic Studies under the supervision of the Department for National Security and Defense, the United States have a distinct economic interest in Turkey and Poland as new markets.¹⁹ The NISS researchers came to the conclusion that “the American interests in Europe are increasingly concentrated on the Black Sea-Baltic line. The position of Ukraine between Poland and Turkey is favorable to assist its far-reaching co-

18 Ukraine is also interested in the route from Trabzon (the Turkish Black Sea port) to Odessa. See in *ibid.* as well as data of the Institute of Oil Transportation.

19 *National Security of Ukraine. 1994-1996*. Kiev: National Institute for Strategic Studies, 1997, 109.

operation with these countries as well as with the USA, which is vital to Ukrainian national security and state interests".²⁰

As for Ukrainian-Russian relations, the report states "that the strategic interests of Ukraine do not coincide with Russia's interests" and suggests that Ukraine's foreign and security policy should focus on "the strategic course towards Europe".²¹ According to this view, the development of the international security system is determined by the leading role of the United States in creating a new Euro-Atlantic entity. Thus, Ukraine's integration in European structures and NATO is in line with American national interests and actively supported by Washington. This makes it imperative for Ukraine to develop special relations with Turkey and Azerbaijan in order to be a reliable partner in the Black Sea and Caspian region.

It should not be ignored, however, that Ukraine's most important partner in terms of economic cooperation is Russia, who is especially sensitive about the global process bound to undermine its role as a regional "Great power". Obviously, political reasons prevail over economic considerations among the decision makers in Kyiv. In the long run, the objective of Ukraine's orientation towards American interests is to counterbalance the gravitation to Russia and to open doors to Europe. This was explained by the Ambassador of Ukraine to the Republic of Turkey, Olexander Motsyk, in an interview with the *Turkish Daily News*: "As far as the integration of Ukraine in Europe has been proclaimed as a basic strategic foreign policy direction the development of the Black Sea cooperation system fully coincides with its national interests. It is one of the important tools for incorporating the southeastern European states with an overall European integration". Avoiding a mention of Ukrainian-Russian contradictions, the diplomat described his country's participation in the BSEC as "positively affecting the integration processes in Europe".²²

20 *Ibid.*, 110.

21 *Ibid.*, 111-113 and 116.

22 Interview with O. Motsyk, "Ukraine: Renewed Independence and Economic Outlook." *Turkish Daily News*, 24 August 1998.

In June 1998, the BSEC Yalta summit approved a declaration defining the creation of an “European common economic space” as the ultimate goal of international cooperation in the Black Sea region. Although the Russian Federation is also a signatory to this declaration, Kyiv does not expect Moscow to share its regional security interests. The above-mentioned NISS report describes two “factions” of Black Sea littorals with contradicting interests. While Russia is supported by Bulgaria, Greece and Armenia, the other group comprises Turkey, Ukraine, Azerbaijan and Georgia.²³

Contradicting national interests

A tendency to unquestioned submission to American interests is clearly manifested in the above-mentioned report on *National Security of Ukraine*, which fails to mention European interests, although the European Union is the largest international donor in the region through its TACIS program, humanitarian aid as well as reconstruction and financial assistance. There are officials and governmental analysts who question the adequacy of this policy in the light of the country’s national interests. The main arguments of this “dissident” approach – whose adherents would not like to be quoted – is the following:

As Ukraine’s key foreign policy goal is integration with the European Union it seems illogical to subordinate the national foreign policy to the interests of the USA, who play no decisive role in defining the EU’s enlargement policy. Kyiv should focus its attention primarily on EU-membership requirements implementation and keep a distance from the geopolitical European-American game. The example of Turkey shows that even serious American lobbying in Brussels does not ease the process of acquiring EU membership unless the candidate proves its compatibility with Western political culture and values. Hence, it could prove to be counterproductive for Kyiv to attach itself to Ankara with

23 *National Security of Ukraine*, as in footnote 19, 120. “The formation of the geopolitical triangle Ankara-Kyiv-Baku” is explained as the most promising approach to realizing the country’s economic and political potential.

declarations of mutual assistance in attempting to integrate with European structures.

Moreover, the American policy of supporting Turkey's ambitions to enhance its posture as a regional power may turn into a problem not only for Russia, but for Ukraine and southeast Europe as well, especially if the tendency of Islamic fundamentalism and pan-Islamic ideas leads to an end of the secular political system in Ankara. Turkey obviously has its own interests and plans in the Balkans, challenging Russia in this part of the world. There is no guarantee that the USA and EU will have enough influence on a strong Turkey, whose ambitions might lead to a renewed Christian-Islamic opposition on the European continent.²⁴

Despite common political interests within the "strategic triangle" of Ukraine-Turkey-Azerbaijan, neither Ankara nor Baku can be expected to sacrifice their own economic interests for Kyiv. For example, none of the regional partners seems to be willing to support Ukraine in its wish to realize the Baku-Supsa-Odessa-Brody oil transportation route. Azerbaijanian officials confine themselves to statements of general acceptance of the project,²⁵ but explain at the same time that decisions on this matter are to be taken in other capitals. In February 1999 representatives of *British Petroleum Amoco* – a key actor in the Caspian oil game – explained that Ukraine's proposal had not even been considered yet owing to complex "political realities".²⁶ This asks the question of who among Ukraine's "strategic partners" is blocking Kyiv's proposal – Ankara, Baku, London, or Washington? Another potential problem in Ukrainian-Turkish relations is Ankara's com-

24 In unofficial discussions many analysts do not exclude the fact that the USA may have this for an object to ensure both Europe's and Turkey's need under the American "security umbrella".

25 For details on the 17 February 1999 meeting of the Ukrainian and Azerbaijanian prime-ministers meeting in Brussels, see *Zerkalo Nedeli*, as in footnote 17.

26 "Turks will not pass through." *Segodnya*, 9 February 1999. A *British Petroleum* representative was quoted as saying that the company is ready to transport oil to Odessa, but not to invest money in the Odessa-Gdansk pipeline building (Ukrainian TV information program "Inter", 26 February 1999).

mitment to protect the Turkish market in case of need. In July 1998 Ukrainian exports were restricted.²⁷

In addition, the critics of Kyiv's far-reaching submission to American interests hold that while challenging Moscow in the sphere of international security politics, it might not receive the expected dividends to make up for the economic loss caused by the deterioration of Ukrainian-Russian trade relations. It would seem to be wiser for Ukraine to confine itself to regional economic cooperation without demonstrative political gestures. Active Ukrainian participation in driving Russia out of the Caucasus and Caspian region might not only lead to limitations of bilateral foreign trade and the preference of Belarus as *Gazprom's* partner in future pipeline construction. More seriously, Moscow could feel forced to make use of its potential to destabilize the Caucasian states and leave Ukraine without any oil. To a certain extent, even official Kyiv cannot exclude this possibility, which is implied by the fact that the deterioration of relations between Ankara and Kyiv is perceived as a strategic interest of Moscow.²⁸

The Security Dimension

There is a firm consensus among the Ukrainian political decision makers and analysts that Russia bears responsibility for all the conflicts within the former Soviet Union. Little research focuses on contradictions inside and among the littoral states of the Black and Caspian Sea or external players, i.e. the USA, Great Britain, Turkey, or

27 The export of products of the ferrous metal industry, the chemical industry, the textile and food industry and the engineering industry to Turkey account for 12-60 percent of Ukraine's exports.

28 *National Security of Ukraine*, as in footnote 19, 120.

Iran and their contribution to regional instability.²⁹ The Ukrainian political elite sees clear evidence that Russia aims at fueling conflicts in order to propose itself as the region's chief "peacekeeper". Understanding, Kyiv is unwilling to participate in Russian-led conflict management activities in the southern Caucasus. Ukraine refrains from contributing to regional peace-building other than in the framework of the OSCE or mandated by the UN Security Council. According to a senior NISS analyst, Kyiv's reluctance to become involved in Moscow's politics in the "near abroad" weighs heavier than an interest in regional stability.³⁰

Kyiv's distinct interest in diminishing the Russian presence and influence is shared by other governments, which led to the formation of a political *ad hoc* grouping of Azerbaijanian, Georgian, Moldavian and Ukrainian leaders. The regional association GUAM – Georgia, Ukraine, Azerbaijan, Moldova – was adequately perceived in Russia as an "alternative to the CIS on the territory of the former Soviet Union".³¹ Besides symbolizing the opposition to Moscow's "reintegration" plans, Ukraine's participation in GUAM pursues an important economic goal: to decrease the country's dependence on Russian gas and oil supplies.

Common interests of the GUAM members

The gradual *rapprochement* of the four GUAM countries reached a first peak in October 1997, when the presidents met on a quadrilateral level on the occasion of the Council of Europe summit in Strasbourg. After adopting a common declaration underlining the necessity of

29 See, for instance, Perepelytsa, Hryhoryi. "Basic Military Tendencies in the Black Sea Region: Ukrainian Perspective." In *Ukraine: Security Problems*. Scientific Report, 12. Moscow: Carnegie Endowment for International Peace, 1996. This simplified approach is shared by many Western analysts, for example, Cohen, Ariel. "The New Great Game: Pipeline Politics in Eurasia." In *Eurasian Studies*, no. 1, Spring, 1996.

30 Perepelytsa, as in footnote 29, 18.

31 "Old Ukraine Needs a New Russian Policy." *Nezavisimaya Gazeta*, 11 November 1997.

developing quadrilateral cooperation to strengthen European stability and security, the GUAM deputy foreign ministers signed an implementation protocol in late 1997. Most importantly, the four countries pledged themselves to coordinate their foreign policy, to engage themselves in regional conflict management and struggle against separatism, develop jointly Eurasian and Trans-Caucasian transport corridors, and to support each other in their aims of complete integration with European and Atlantic structures.

Political cooperation inside GUAM is described by Ukrainian officials as a further development of interaction and coordination of positions related to the activities of the OSCE. Ukraine supports the intention of Azerbaijan, Georgia and Moldova to approach the Euro-Atlantic security structures and become full-fledged members of the Council of Europe. Kyiv promotes the "GUAM format" within the framework of the Council of Europe and the *Partnership for Peace* program.

As for conflict management, Kyiv condemns all forms of separatism and interference with the internal affairs of other states. Ukraine acknowledges the territorial integrity of Azerbaijan, Georgia and Moldova, calls for the final withdrawal of Russian military structures from Moldova and declares its readiness to send military observers to conflict zones. Kyiv claims that peacekeeping operations in the region must be legitimated by a UN or OSCE mandate and be of multinational composition.

Clearly, the GUAM states face common problems and pursue common goals. All of them (although to a different extent) are threatened by possible disintegration due to separatist movements and are involved in potential or actual regional conflicts. All of them face the challenge of improving their national economies. They share a wish to participate in the exploitation of Caspian oil exploration and rely on improvements of their transport infrastructure. And all of them identify integration with Euro-Atlantic structures as a national strategic goal. This coincidence of threats, needs and perception of goals makes GUAM more liable to real cooperation than the CIS. Despite this set of common interests and goals, there are also different interests between the four states, related to different priorities of cooperation goals.

Different political priorities

While Kyiv, first of all, aims to gain access to the Caspian oil, the Azerbaijani elite – one of the key players in this game – seems to be largely preoccupied with securing its political and material power. Though there is no clear evidence of direct Russian involvement in the power struggle inside the country, president Gaidar Aliev and his clan, who exclusively control Azerbaijan's share of the international consortiums aimed at exploiting the wealth, cannot count on staying in power forever. The re-election as president is not an evidence of an absence of political and military opposition but an indicator that an authoritarian regime was successful in driving the opposition underground. Internal affairs are likely to lead to growing tension and, sooner or later, to political explosion. For president Aliev and his clan it does not matter which external force acts as a catalyst – Armenia, Iran or Russia – but officially Baku seems to suspect certain Moscovite groupings financing and fueling anti-Aliev unrest. According to unofficial sources, Aliev does not even trust his closest advisors. For his family's and his own security he is said to rely on Chechen soldiers, many of them are reported to have settled on the Caspian coast to guard the president's oil fields.

At the same time, Baku is interested in enhancing security cooperation in the GUAM framework and improving Azerbaijan's relations with NATO. Kyiv's failed initiative to hold NATO-GUAM consultations in the "16+4" format was warmly supported by Baku.³² The relations with Moscow further deteriorated when Aliev accused Russia of supplying MIG-29 and S-300 to Armenia,³³ leading to the decision of not prolonging Azerbaijan's membership in the Tashkent Treaty and inviting NATO to deploy troops on the former Soviet air-base in this country.³⁴ The timely coincidence of the renouncement of participation

32 NATO and Moldova rejected this proposal.

33 Moscow insists on the recognition of the fact that this armament is intended for a Russian military base. See *Segodnia*, 9 February 1999.

34 *Ibid.*

in the Tashkent Treaty by Georgia, Azerbaijan and Uzbekistan – the latter having officially joined GUAM in May 1999 – suggests that this decision followed consultations among the countries.³⁵

Tbilisi has intensified its demands that Russia withdraw its armed forces from Georgian territory. In January 1999 the last transport of Russian border guards left the Georgian city of Akhaltsikhe, while new squads are to be based in Sochi, Cherkessk, Nalchyk and Vladikavkaz along the Russian-Georgian border.³⁶ The decision to discard Russian assistance for joint border control is to be seen against the background of an increasingly open Georgian-Turkish border. Tbilisi is not able to control the Abkhazian Black Sea. President Shevardnadze's intention to decrease Russian influence is shown by his decision to stop the production of the SU-25 aircraft and to propose its productive capabilities to the USA and Israel.³⁷

Only Moldova, from the very beginning, has been reluctant to increase military-political cooperation within GUAM. For example, president Lucinschi rejected the idea of "16+4" consultations between NATO and GUAM. Also, the Moldavian defense minister did not attend the January 1999 GUAM ministerial meeting in Baku,³⁸ while the defense ministers of Ukraine, Georgia and Azerbaijan discussed GUAM cooperation in the framework of UN, OSCE or PfP activities, a joint position in the CFE Treaty negotiations and the creation of a tripartite peace-keeping battalion "to ensure regional security".³⁹

35 International analysts observed the coinciding timing of the GUUAM states' withdrawal from the Tashkent Treaty and Ukraine's decision to open the largest European military range "Yariviy" (outside Lviv) for PfP maneuvers.

36 "Russia retreats from the forefront." *Izvestia*, 29 January 1999.

37 "Tbilisi aircraft producing plant seeks partners in the West." *Izvestia*, 5 February 1999.

38 The author thinks that Kishinev, in contrast to Tbilisi, has a stronger feeling that a problem of territorial integrity depends mostly on Moscow's goodwill.

39 *ITAR-TASS*, 22 January 1999.

Military activities of the GUAM states

The considerable difference in commenting on the defense ministers meeting by Ukrainian, Georgian and Azerbaijanian analysts reveal ever-differing priorities among the regional elites in regard to military-political cooperation inside GUAM. While Kyiv supported the idea of a GUAM battalion to protect the Baku-Supsa oil pipeline, Baku and Tbilisi argued that the joint military unit would be useful with regard to the conflicts between Azerbaijan and Armenia, and in Abkhazia.⁴⁰ Understandably, many Ukrainian analysts express their fears about Ukraine becoming directly involved in Caucasian conflicts. Obviously, this region's permanent crises are too serious a challenge for Ukraine, whose political weight and military, economic and "psychological" potential does not seem to be sufficient. Moreover, Kyiv is an unlikely mediator in the conflict between Azerbaijan and Armenia because it is biased.

There are, however, serious arguments in favor of an active Ukrainian presence in the GUAM region. First of all, counterbalancing Russian influence would serve American and Turkish interests, contributing to closer ties with these countries and to safeguarding Ukraine's independence. Secondly, contributing to the security of the pipelines is liable to make Kyiv an indispensable partner in Caspian oil ventures. Thirdly, a higher regional profile will raise Ukrainian prestige in Europe, yielding positive effects with regard to Ukraine's integration policy.

The implementation of a GUAM battalion suggests that the supporters of an active regional foreign and security policy – which is implicitly aimed at challenging Russia – gain influence in Kyiv's establishment. However, because of the influence of the leftist forces in Ukraine's parliament, this policy is not likely to proceed any further. On the other hand, there is hope that after overcoming the pre-election rhetoric,

40 *Ibid.* In both countries analysts pityingly concluded that a battalion will hardly be useful for management purposes, as Ukraine has confined its participation to a military engineering unit.

Ukrainian foreign and security policy will concentrate on another important issue, i.e. the Ukrainian-Turkish initiatives on confidence measures in the Black Sea.

Confidence Measures in the Black Sea Region

An Ukrainian initiative

One of the first Ukrainian security policy initiatives in the BSEC framework was a proposal on *Economic Cooperation through Confidence Measures*, announced by president Leonid Kravchuk at the BSEC Parliamentary Assembly in 1994. The document suggested that the countries pledge not to allow their territory to be used for an aggression or subversive activity against another BSEC state, to officially recognize the inviolability of borders and to start the implementation of concrete measures in the Black sea region, including the limitation of naval activity.⁴¹ Ukraine's initiative was met with little support as the situation in the Caucasus, in Moldova and Crimea was still disquieting. Furthermore, one of the main military-political factors – the future of the former Soviet Black Sea Fleet – was far from being resolved. Later, the initiative was nevertheless considered and transformed into a general declaration on confidence measures in the Black Sea region. The so-called Vienna meetings of expert groups, who convene twice a year, are the most concrete results of this initiative.

Owing to the different, sometimes contradicting interests of the signatories, the declaration contains many compromises. The provision for a limitation of NATO naval activity in the Black Sea meets the interests of the Russian Federation, whose fleet strength is greater than that of all the other BSEC states combined (Turkey has no navy in the Black Sea).⁴² Russia has even suggested the expansion of the

41 Perepelytsa, as in footnote 29, 26.

42 *Ibid.* 34-35

declaration's range of action to neighboring regions, which is unacceptable for the USA and thus rejected by Turkey and Ukraine.⁴³

Judging from the country's objective long-term national interests, Ukraine's position is more between the parties than on the side of Turkey and NATO and against Russia. Clearly, Kyiv has no interest in provoking Moscow with an official suggestion of increasing NATO's fleet presence in the Black Sea. Russia's leverage with regard to stability in the Autonomous Republic of Crimea is still crucial. Moreover, as long as the relations between Ukraine and Rumania are not entirely stable (there are still unsettled border problems) and Ukraine is not a full member of the Alliance, it would be short-sighted to assist in increasing NATO and Turkish influence in the Black Sea basin – there is no guarantee against the Alliance and Ankara supporting Bucharest in future Ukrainian-Rumanian disputes. Rumania seems to be of greater importance for NATO's strategic position in Europe than Ukraine. And the scenario of a victory of Rumanian nationalists represents a threat to Ukraine's national security.

Another argument against too close an orientation towards Ankara is used by “geo-strategists” concerned with the demographic development in Crimea. In a few generations from now, the peninsula's population is expected to be dominated by Crimean Tatars, who might then increase their calls for cultural-political autonomy. If this development was actively supported by Ankara – such is this unlikely argument – the situation could be aggravated to resemble Kosova, leading to a scenario where the international community would pressure Kyiv to renounce its sovereignty over the peninsula.

Turkey's unofficial initiative

Another initiative on confidence measures and collective security arrangements was introduced in 1998 by Ankara. Turkey proposed the formation of a multinational navy unit in the Black Sea with Russia, Ukraine, and Bulgaria (BLACKSEAFOR). According to unofficial

43 Author's interview with Capt. Dr. Hryhoryi Perepelytsa, February 1999.

sources, representatives of the US military have also participated in drafting the BLACKSEAFOR concept, which describes the unit's primary tasks to foster mutual confidence and friendship and good neighborly relations among the Black Sea littoral states as well as to consolidate peace and stability in the region by deepening navy cooperation and interaction.⁴⁴ Technically, BLACKSEAFOR is designed as a unit acting "on call" at least once a year. Training activities include rescue operations, assistance to humanitarian aid, mine-clearing operations, environment protection and friendship visits.

The memorandum of understanding provides for a possible action of BLACKSEAFOR outside the Black Sea region and participation in peacekeeping operations under the auspices of the UN and OSCE (art. 5). The core of BLACKSEAFOR is to consist of frigates or destroyers, patrol boats, mine sweepers, amphibian and auxiliary ships. Each participating country would detach one warship on permanent duty. The contributions of Turkey, Russia, Rumania and Ukraine are not limited. Ukraine's frigate "Hetman Sagaidachni", the corvettes "Lutsk", "Khmelnitsky", Chernigiv" and "Vinnitsa" are combat-ready. Kyiv could also detach as much as a brigade of marines. The commander of BLACKSEAFOR is to be appointed every year.

According to supportive Ukrainian analysts, "the unofficial initiative of Turkey (...) seems to be well grounded, logical and quite realistic".⁴⁵ If Russia should reject this cooperation proposal, Turkey, Ukraine, Rumania, Bulgaria and Georgia should envisage creating their own multinational navy force without Russia, although this could lead to tensions between Kyiv and Tbilisi on the one side and Moscow on the other. Supporters of the initiative underline the fact that Turkey is a NATO member and hopes that naval cooperation in the Black Sea "will provide additional ground for a permanent NATO presence in the

44 Memorandum of Understanding on the creation of a navy unit in the Black sea, article 3 (unofficial translation).

45 O. Volovich, " Perspectives of multinational navy force creation in the Black Sea" In *Materials of Round Table "Ukraine-Arab World: Spheres of Mutual Interest."* Kyiv: Association of Middle East Studies, 1994, 200.

region”.⁴⁶ The opposite argument departs from the fear that an implementation of the Turkish initiative without Russian participation, or without a right of veto for all participants, the BLACKSEAFOR involvement in regional crises management would undermine the balance of influence in the region.⁴⁷

While cautious BLACKSEAFOR proponents warn that Kyiv should not bracket itself with Turkey on the way to EU-membership, the opponents do not completely reject the Turkish initiative. They, too, see the opportunity of confidence building in the region as well as the practical possibilities (emergency situations and rescue operations). Their main reserve concerns the growing role of NATO. Preliminary estimations, as most experts suggest, show that the Turkish initiative seems to be beneficial for Ukraine, but final conclusions should be made only when Russia and Greece express their approaches more clearly.

Conclusion

Integration in European and Euro-Atlantic structures is a strategic goal of Ukrainian foreign and security policy. The Ukrainian interests in the Black Sea and Caspian regions are of considerable, but subsidiary importance. Economic, political and security benefits that Ukraine may gain here must reflect Ukraine’s strategic goal. In this regard, Kyiv’s main objectives in the Black Sea and Caspian regions are as follows:

Economically, to assure access to the oil and gas fields in the Caspian region, thus decreasing Ukrainian dependency on Russia; to assure Ukraine’s participation in the emerging international transport corridors projects extending from Europe to the Caucasus, Central Asia and the Far East; to develop bilateral trade with littoral states.

46 *Ibid.*, 200-202.

47 Especially Greece objects to the expanding of BLACKSEAFOR into the Aegean Sea.

In terms of foreign and security policy, to make use of bilateral and multilateral cooperation liable to ensure and enhance Ukraine's sovereignty and independence, thus creating better conditions for integration into European and Euro-Atlantic structures; to enhance multilateral cooperation in the framework of the BSEC and GUAM as an instrument of a "collective" rapprochement towards the European Union and NATO, compelling Europe to consider regional formations to be a component of the overall European integration process.

To achieve these goals, Ukrainian foreign and security policy has been based on a subordination to the interests of the USA, which is a key factor for defining Ukraine's relations with Europe as well as with Russia, Turkey and Azerbaijan. However, while Ukraine's main strategic goal – integration with the European Union – is shared by the overwhelming majority of the national political elite, many officials and analysts doubt the adequacy of an unreserved orientation towards American regional interests.

IVANA KLYMPUSH

Chapter 10

Ukraine and Russia: Strategic Partnership vs. Mutual Dependence

Introduction

Ukrainian-Russian relations are very stable in their permanent uncertainty on specific issues, constant dispute settlement and continuous mutual accusations. Often bilateral relations are caught in a vicious circle of sincere dialogue, promising agreement and a crash of hopes. Declared to be a “strategic partnership”, the relations have been facing serious difficulties ever since the two states declared their sovereignty, and no radical change in this can be expected in the near future. Nevertheless, the record of bilateral relations is flourishing with official visits and meetings – with and without ties – and attempted tactical solutions for strategic problems. It features numerous signed agreements, declarations, statements of intentions and treaties, but also very slow progress in the mutual understanding of each other.

Russia’s official policy in the development of bilateral relations, being sensitively responsive to domestic expectations, has permanently influenced Ukraine’s internal development. The process of adopting the new Ukrainian Constitution was no exception, let alone the electoral campaigns. The constitutional process in Ukraine was thoroughly discussed, especially those issues concerning the withdrawal of foreign armed forces, the status of Crimean autonomy, the decision-making processes for territorial changes, dual citizenship and state language – all of which are directly connected with Russia’s interests in Ukraine. At the same time, Russian politicians have always placed a special accent on the “Ukrainian question” since it has a substantial weight in public ratings and belongs to the most important foreign policy issues in Russian public perceptions.

The division of property, responsibilities and territory was never an easy task for any “civilized divorce”, and the former Soviet states are not an exception. There are several key areas shaping the development of bilateral relations between Ukraine and Russia. First and foremost is the issue of energy sources and supplies (with Russian speculations on prices and threats to suspend gas and oil deliveries, with Ukraine not being able to pay off its debts, with mutual accusations, etc.). Geopolitical factors, coordination and adjustment of foreign policy orientation and economic priorities as well as so-called “humanitarian” issues represent further challenges to bilateral relations. Individual leadership, too, plays a decisive role in the relationship between the two states.

Ukraine has often been described as lacking a clear definition of its “multi-vector” foreign policy and trying to incorporate in its strategic choices simultaneously close relations with Russia and with the West. This may have caused dissatisfaction on the side of Ukraine’s partners who would have welcomed a transparent and consistent position and explanation of national interests. Meanwhile, Ukraine has practiced repeated shifts of accents and tactical changes in response and anticipation of its partners’ expectations. A preferred role for an independent and democratic Ukraine would be to serve as a catalyst for the development of democracy in Russia, taking the lead in the Eastern European region, catching up with its western neighbors and anchoring Russia’s future in Western civilization. However, so far Ukraine has failed to carry out this task.

Russia, not being in a position to fully cope with the loss of its extensive “breathing space” and geopolitical influence, has always attempted to exercise its power in the “near abroad” – which is officially referred to as a prime area of national interest – and claimed the authority to intervene in the internal affairs of the former republics. Russia’s official “re-integration” policy strengthens the widely spread belief that the “northern neighbor” will not refrain from exercising continuous pressure upon Ukraine, irrespective of the present political leadership.

The Black Sea Fleet Agreement

The division of the Black Sea Fleet (BSF) is a milestone in the development of the “strategic partnership” between Ukraine and Russia.¹ The BSF problem was the main symbol of bilateral tensions, including the quarrel about the status of Crimean autonomy, Russia’s intrusions in Ukrainian internal affairs, and Ukraine’s reactive policies toward Russia in the CIS framework.

During the whole process of negotiations, the members of both official delegations followed a restrictive information policy regarding the BSF agreements. Even in late 1996, when both countries’ positions were coordinated by the negotiators, the decision-makers would not reveal the major parameters of the agreements, so as not to endanger the signing process. Suspicion about the agreements mounted because the documents were kept secret even after the prime ministers of both countries had initialed the texts. After signing, they were not presented widely, nor openly discussed in the relevant parliamentary commissions. The negotiations were accompanied by conjectures and speculations, with the public opinion left to journalistic games, which precluded productive dialogue between the two states.

Ukraine has gone far in demonstrating its good will and intent to resolve the BSF issue, especially by passing a transition provision as an addendum to the Constitution. This provides the legal ground for a temporary stationing of the Russian fleet on Ukrainian territory, although the Constitution in principle prohibits the basing of foreign troops. During the whole negotiation process Ukraine silently listened to allegations by Russian leaders, such as the then foreign minister Primakov, who openly suggested that “the Helsinki Principle on border inviolability should not be applied to the former USSR states”.²

1 The agreements signed in Kyiv in May 1997 have formed the framework for further cooperation which was preliminarily settled by eight agreements signed between 1992 and 1997, including the so-called Yalta and Sochi agreements (1993 and 1995). The division of the Fleet leads to the formation of two separate entities, the Ukrainian Naval Forces and the BSF of the Russian Federation.

2 “Secrets’ of Russian-Ukrainian Negotiations.” *Vechirnyi Kyiv*, 10. December 1996.

The notorious parliamentary resolution on the “Russian status” of Sevastopol (passed by both Russian Houses in October/November 1996) could hardly be explained as an appeal to the domestic electorate at that time. Rather, it seems an expression of the traditional imperial way of thinking. This led to the so-called “war of declarations”, with the Ukrainian parliament passing a rigid statement suggesting that the Russian declaration was in fact a territorial claim violating international law. The tension grew when the *Verkhovna Rada* discussed a draft law requiring the withdrawal of Russian forces from Ukraine’s territory by January 2000. The Ukrainian parliament even appealed to international organizations on grounds of encroachment on state sovereignty.³ Later, the Russian parliament’s decision to suspend the process of dividing the BSF caused substantial irritation in Ukrainian executive power circles.⁴ Moscow, on its side, furiously rejected Kyiv’s suggestion to call on the USA for mediation in the BSF negotiations.⁵

Ukraine has never been successful in playing internal Russian political games, and has instead attached its expectations and hopes on the power of the Russian president. Leonid Kuchma has always relied on personal contacts with Boris Yeltsin, stating that issues such as the BSF could not be resolved by anyone except the presidents.⁶ Russia, too, failed to anticipate the relevant Ukrainian positions and reactions. For example, Moscow seemed to be astonished when president Kuchma – who is generally viewed as being “softer” than his predecessor Kravchuk – unexpectedly and radically announced that he would never give up Sevastopol. Russia still does not seem to understand that

3 The OSCE was viewed as the appropriate mechanism to appeal to the guarantors of Ukraine’s independence and territorial integrity, but Russia, having signed security assurances for Ukraine together with the USA, prevented the issue from being discussed in Vienna.

4 The decision was described as a “rude intrusion into the internal life of Ukraine” by the National Defense and Security Council secretary. See Volodymyr Horbulin in: *Vseukrainskie Vedomosti*, 10 December 1996.

5 “Leonid Kuchma is not saying everything.” *Nezavisimaya Gazeta*, 5 December 1996.

6 Interview of President Kuchma in: *Zerkalo Nedeli*, 27 December 1996.

Ukrainian presidents are elected with slogans of Ukrainian-Russian integration but will do their best to keep a distance to the “northern neighbor” in order to maintain their independence.

Problems and compromises

The idea that later became a part of the bilateral agreement – to offset Russian rent payments against the Ukrainian state debt for gas – left *Gazprom* in an unfavorable situation. The then Russian prime-minister Chernomyrdin lobbied *Gazprom* interests at the highest level and refused to settle the issue according to Ukrainian proposals. Related to the “Sevastopol problem”, the head of *Gazprom*, Vyakhirev, was quoted as saying that “building a transit pipe-line for gas over the territory of Belarus should be an effective medicine for Ukraine”.⁷

Ukraine initially suggested two approaches to fix the amount of the rent payments. According to one approach the annual rent owed by Russia would have totaled USD 744 million, according to the other the total rent would have amounted to some USD 1.2 billion. Later, Kyiv proposed much lower rates – USD 420 million – which were very close to world market rents but still rejected by Moscow. The annual sum that Ukraine earns from lending its territory to the Russian BSF according to the bilateral agreement renders the term “lease” to a political declaration rather than an economic agreement. After 20 years of lease, Ukraine will still owe its neighbor around USD 295 million. Russia will neither actually pay rent for the BSF facilities nor transfer money to compensate for the ships received from Ukraine (USD 50 million) and the equipment related to tactical nuclear weapons (USD 5 million). Instead, it will offset payments against Ukraine’s debt for energy sources (USD 3.074 billion on the date the agreement was signed).⁸

7 “In Kyiv Kuchma’s position is presented differently.” *Nezavisimaya Gazeta*, 5 December 1996.

8 While Russia in May 1997 was suggesting a total of USD 4.5 billion, Ukraine departed from a mere USD 3.735 billion. The sides still cannot agree on

The negative economic implications of the agreement is felt first of all by the city of Sevastopol, which is deprived of real economic benefits from the Russian presence. For 1998, the Russian BSF accumulated debts totaling 50 million *hryvnya* to Sevastopol and USD 10 million to the Mykolayiv shipyard. The expected cuts in Russia's defense budget will prevent the BSF from maintenance investments and force Ukraine to take the maintenance of the Russian Black Sea Fleet upon itself, to be accounted against the BSF's debt to the city of Sevastopol. This way of settling mutual debts, which has repeatedly been put forward by Russia, leaves everyone pleased except for the city of Sevastopol.

Only some ten percent of the military infrastructure is under complete Ukrainian control, while the only bay exclusively used by the Ukrainian navy (Streletskaya) does not allow the permanent basing of frigate-type ships. Basing in the most central and prestigious Sevastopol bay is only allowed temporarily and with the consent of the Russian BSF commander.⁹ Although the infrastructure seems to be sufficient presently, the Ukrainian Naval Forces might run out of space in the future. 52 newly transferred ships already put a strain on basing capacities. However, a serious expansion of the navy's size is not to be expected – ships built in the future are likely to replace the old ones inherited from the Soviet BSF.¹⁰

Potentially, the agreements allow Russia to maintain its military presence on the territory of Ukraine beyond the 20 years term. A prolongation of the lease is foreseen in the treaty. Russia has various means of leverage. For example, the *Treaty on Friendship, Partnership and Cooperation* is signed for 10 years, while the BSF agreements will be in force for 20 years. Therefore, the extension of the lease term could again be presented as a necessary precondition for the prolongation of the "Big Treaty", as was the case during the whole period of nego-

mutually acceptable figures, and the issue is being further discussed.

9 Perepelitsa, Hryhoryi. "For Friendship with Russia we won't count the cost." *Companion*, no. 16, August 1997.

10 Most of the ships currently serving in the Ukrainian Forces were built between 1954 and 1974.

tiations before 1997. Considering the strategic significance of the Crimean peninsula, Moscow is expected to assert its interest in the stationing of military forces as long as the Black Sea region remains important for Russia's security interests.

A hard line in military-political issues towards Ukraine is also suggested by president Yeltsin's decree *On the Strategic Course of the Russian Federation with the CIS Countries*, which calls for "preserving the objects of military infrastructure" and their use in Russia's interests. Also, the "system of military basing in the CIS countries" is described as a means of "intensive stage-by-stage involvement in collective decision making on military issues, on the issues of border protection and peacekeeping activities". These military-political objectives aim at achieving the major goal of Russia's regional security policy, i.e. to secure undivided control over the geopolitical area of the former USSR.

In March 1999, the Ukrainian parliament ratified the BSF agreements after months of extensive debate and, again, a considerable exercise of Russian influence.¹¹ The relatively close vote suggests that unanimous support is still lacking within the Ukrainian legislative. Many deputies argue that such a step threatens the national interests of Ukraine, while the Ukrainian leftists are in favor of intensifying political-military cooperation with Russia.

Despite the final ratification of the agreements by the Russian Duma (April 1999), a number of issues still remain unresolved. For example, there is no precise definition of the legal status of immovable property, i.e. the Ukrainian ownership rights over the facilities transferred to Ukraine is not legally fixed. This allows the commanders of the Black Sea Fleet of the Russian Federation to sublease separate facilities to commercial structures, as well as to remove assets and equipment.¹² Also, distinctive criteria of the rent rate remain questionable.

11 The law *On the Ratification of the Agreement between Ukraine and the Russian Federation on the Status and Basing Conditions of the Black Sea Fleet of the Russian Federation on the Territory of Ukraine* was adopted with 250 votes.

12 *Black Sea Fleet Agreements Ratified: Problems Remain*. Kyiv: Center for Peace,

Geopolitical implications

Another complicated issue still undetermined is related to Ukraine's position in case of a Russian military conflict with a third country. Under a UN General Assembly resolution, Ukraine could be regarded as a co-aggressor if Russian warships stationed on its territory take part in combat operations. The danger of such a precedent was discussed in the context of the Kosovo crisis. On the occasion of a meeting of Kuchma and Yeltsin in April 1999, the Russian president insisted on discussing "issues of interaction between Russia and Ukraine in curbing the NATO aggression against Yugoslavia and resuming the negotiation process aimed at settling the Kosovo problem". There is no legal title permitting Ukraine to prevent the use of force against a third party by the Russian BSF.¹³

The current settlement of BSF issues does not fully correspond with the Russian Federation's interests either. Intended to be a combat-ready, strategic operational structure, the BSF would require appropriate mobilization and deployment conditions. This is not provided for within the framework of the concluded agreements, which in turn has caused rumors about Russia insisting on negotiating a new set of agreements. Representatives of the Russian defense sector have been quoted as saying that some additional 18 agreements are necessary to ensure effectiveness of the BSF treaties beyond formal criteria.¹⁴

In addition, Russia endeavors to deploy tactical nuclear weapon carriers in the Crimea. Such measures would enable Russia to concentrate tactical nuclear forces in the Black Sea region and to enhance operational mobility. On the political and psychological level, the effect would be to make Ukraine look like a close strategic ally of Russia, and also give the impression that Ukraine might be willing to accept the use

Conversion and Foreign Policy of Ukraine, April 1999.

13 *RIA Novosti* (Moscow) 1 April 1999.

14 "About half of the ships and airplanes of the Russian Black Sea Fleet are not combat-ready." *DINAU* (Sevastopol) 11 February 1999.

of nuclear weapons against any country of the Black Sea region. According to its military doctrine and non-nuclear status, Ukraine cannot accept the presence of Russian tactical nuclear weapon carriers on its territory. Nevertheless, a substantial part of Ukraine's domestic political forces are openly favorable to empowered Russian military presence in the country.

Its official non-aligned status should prevent Ukraine from moving closer to Moscow and giving in to claims for re-negotiation of the BSF agreements. However, the open hints by high Kyiv officials that the present international balance of power might force Ukraine to give up its neutral status bears a certain danger. While these claims are presently being made by proponents for closer relations with NATO, they might be well formulated in the opposite direction by joining the Tashkent Treaty, in case Ukrainian leftists gain control over the executive power.

The “Big Treaty”

The Treaty on Friendship, Cooperation and Partnership between the Russian Federation and Ukraine was initialed in February 1995 by the First vice-prime ministers of the two countries, but it took two long years before the presidents were ready to sign the document and an additional one and half years for ratification by the parliaments of both countries.

It is often forgotten that the idea of a Ukrainian-Russian framework treaty was first presented by the Russian side in the beginning of 1992, the intention being to put bilateral relations on a more predictable treaty basis. Only later have the Ukrainian executive authorities realized that a bilateral agreement precludes Russia from presenting any territorial claims on the new sovereign state since a violation of the treaty would be considered an infringement of relevant UN and OSCE norms. By early 1996, Yeltsin's visit to Ukraine had already been postponed eight times and was finally put off after the presidential elections in Russia in

the same year. By May 1997, Russia was the only country which did not recognize Ukrainian borders.

Russian foreign policy is still conducted on the grounds of the above mentioned 1995 *Strategic Course of the Russian Federation with the CIS Countries*, a doctrine for the rebirth of “Greater Russia” on the territory of the former USSR by reintegration of the CIS countries. Important provisions aim at “seeking fulfillment of the obligation of non-participation in unions and blocs directed against Russia from the CIS members” (this requirement is met in Article 6 of the *Treaty on Friendship, Cooperation and Partnership*), and encourage “unification in a defense union on the basis of common interests and military-political goals”.

Psychological aspects

Mutual underestimation and misperception of the partner’s intentions and interests has become a permanent feature of Ukrainian-Russian relations, which was particularly obvious in negotiations on the most important issues. For example, the then Ukrainian foreign minister Udovenko explained that in late 1994, during the last round of negotiations between the two delegations, the Ukrainian side suggested that the phrase “the sides respect and confirm existing borders” be included in the “Big Treaty”, while the Russian delegation insisted on the sentence “the sides respect existing borders”. This was despite the fact that by that time president Yeltsin had already signed the Budapest Memorandum, which clearly states the inviolability of the Ukrainian borders. It is hard to believe that the Russian diplomats acted without coordination with the presidential administration, but the Ukrainian political establishment has been firm in its belief that the Russian president is “on their side”.

Similar problems were encountered during discussions on the issue of dual citizenship. Leonid Kuchma has been convinced that no contradictions on this issue exist between the two presidents. Thus, Yeltsin’s demands to include the dual-citizenship provision into the framework

treaty was unexpected for officials in Kyiv, who believed that the Russian president had just made a mistake.¹⁵ Numerous statements of the Ukrainian president prove his strong reliance on his Russian colleague. His faith in Yeltsin's alleged friendly attitude towards Ukrainian independence extended to the misled expectation that the Russian president would not link the BSF issue to the signing of the "Big Treaty". Besides mutual misinterpretations, a lack of comprehensive analysis regarding the domestic "balance of power" as well as the underestimation of the psychological, political and cultural background contribute to unduly high expectations, thus provoking additional tensions in the development of bilateral relations.

Opposing approaches to the issue of NATO enlargement and to cooperation with the Alliance have always caused tensions in bilateral relations. Russia's strong opposition to NATO moving closer to its borders and Ukraine's active engagement in all the possible mechanisms of cooperation with the Alliance characterize the countries' polar visions and interests. Ukraine's official position has always been that NATO enlargement eastwards serves to spread stability and security in Europe, while Russia firmly believes that NATO "expansion" represents a threat to its own security and to stability in the whole region.

The simultaneous preparation of the Founding Act between NATO and Russia and partnership charter of NATO and Ukraine in the second half of 1996 and early 1997 has underpinned the negotiations on the *Treaty on Friendship, Cooperation and Partnership* between the two states. Although it is not often used as an argument in the consultations on the "Big Treaty", the Russian suspicion of Ukraine's Western "alignment" is likely to have further delayed the signing process. Ukraine's readiness to cooperate with NATO was never seen as an independent issue, but understood in the wider context of approaching the Euro-Atlantic economic, political and security structures in general, as well as a decisive factor in Kyiv's position within the CIS.

15 Single citizenship is a key element of Ukraine's identity as an unitary state (Constitution of Ukraine, arts. 2 and 4).

With the ratification of the “Big Treaty”, the issue of ensuring state independence for Ukraine is resolved in principle. The number of substantial problems, which were directly related to the gradual strengthening of the Ukrainian position and the safeguarding of Russia’s interests in the region, however, has not been reduced.

Remaining Disputable Issues

Division of debts and property

One of the most complicated issues in bilateral relations is the division of assets and debts between the Russian Federation and Ukraine.¹⁶ The topic attracts little public attention and is predominantly discussed at diplomatic level. The Russian approach to resolving this aspect of Soviet legacy is the proposal of a so-called “zero variant”, which Ukraine was forced to legally accept in 1994. The issue arose even before the formal dissolution of the Soviet Union in early 1991, when the Ukrainian parliament requested the transfer of a part of the Soviet gold reserves and hard currency funds to Ukraine, and claimed a share of the assets owed to the Soviet Union by third parties.

A special governmental commission was formed to draft specific agreements on the division of the internal and external debt of the USSR. Unfortunately, neither then nor later did Ukraine receive precise and objective official information regarding the amount of the external debt and assets of the USSR and the Soviet state property abroad. The issue has not only an impact on bilateral relations of the Russian

¹⁶ Besides financial assets, i.e. debts of other states to the Soviet Union, fixed assets such as the property of joint venture companies, the missions of the Soviet companies, banks and embassies abroad were most valuable. The value of the Soviet gold, diamond and copper stocks was not known to Ukraine. Most of the Soviet debts to other states were accumulated in the Gorbachev period, especially in the second half of 1991, after Ukraine had already declared its independence.

Federation and other former Soviet republics, but it is also linked to the interests of Western creditors, such as the members of the Paris Club, or the commercial structures included in the framework of the London Club.

Three basic documents dedicated to aspects of the issue were prepared and signed between Ukraine and Russia in 1992.¹⁷ The further negotiations which should have provided practical solutions for the principles agreed upon were hardly favorable for Ukraine. While Ukraine's part of all of the Soviet assets and liabilities was agreed to total 16.4 percent, the Russian side did not support the Ukrainian claim of real estate outside the former Soviet Union. A proposal by the Ukrainian Ministry of Foreign Affairs to transfer items in more than sixty countries to Ukraine was turned down in 1993.¹⁸ Instead, it was suggested that Ukraine lease these properties. Later, a compromise was nevertheless found, and some of the real estate requested by Kyiv were transferred to Ukraine to be used mostly as diplomatic premises. Yet objects in 36 states have still not been transferred to Ukraine.

The 1993 presidential decree *On State Property of the Former USSR Abroad* was accompanied by Russian laws and executive decrees in the following years. Meanwhile, Russia has adopted the practice of using real estate abroad not only for direct purposes but for commercial reasons as well, and the transfer of property to Ukraine is no longer on the agenda of the Russian parliament or government. The implementation of the above-mentioned 1992 treaties is considered only under the condition of Ukraine ratifying the so-called "zero variant" agreement, signed in late 1994 by the then Ukrainian prime-minister Masol.¹⁹ By that time, Russian diplomacy had successfully excluded

17 The agreements of Dagomys (June), Moscow (July) and Yalta (August 1992).

18 The presidential decree *On State Property of the Former USSR Abroad* (February 1993) declared Russia to be the only successor state of the Soviet Union entitled to property rights abroad. See Rylach, Y. and V. Sviatun. "On the zero variant." *Polityka i Chas*, no. 6, June 1998.

19 Masol, who was quoted as saying that "today, nobody owes us anything and we do not owe anything to anybody", was later accused of having ignored directives by president Kuchma to sign the "zero variant" agreement only if certain

Ukraine from the international forum where the Soviet debt to foreign creditors was restructured.

The most important reason for the Ukrainian government to accept the “zero variant” was the fact that Russia was and is Ukraine’s major creditor. Moscow declared the signing of the agreement as a precondition for the restructuring of Ukraine’s debts to Russia. Additional pressure was exercised by the fact that all former Soviet republics had signed such agreements with the Russian Federation by that time. In 1997, the Ukrainian parliament postponed the ratification of the treaty again. As of today, the issue remains unresolved, and Ukraine still depends on Russia’s good will.

Economic problems

Despite deep-rooted cooperation traditions, similar technologies, acceptable prices, and the possibilities for dispute-settlement via long-standing personal networks, the economic relations between the Ukraine and Russia have repeatedly experienced crises periods, the most serious of which have been described in terms of “trade wars”. The introduction of a 20 percent tax for Ukrainian goods in late 1996 and of import quotas on Ukrainian food products – mainly sugar and alcohol – in early 1997 are only two examples.

Russia’s economic behavior has been described in terms of protectionism or even deliberate impairment of Ukraine’s national economy, which has the potential of becoming a core Eastern European economy, if macro-stabilization caused an industrial growth. According to many analysts, the unexpectedly sharp decline in trade turnover between Ukraine and Russia in the year 1997 was caused by tensions related to political issues – despite the fact that an intergovernmental agreement *On Major Directions of Long-term Economic and Scientific Cooperation Between the Russian Federation and Ukraine for 1997-2000, and for the Period until 2005* was signed in May 1997.²⁰

Ukrainian requirements were met.

²⁰ PyrozHKov, S. and A. Sukhorukov, eds. *Export Potential of Ukraine on the Rus-*

Ukraine, being substantially dependent on particular export markets, is highly vulnerable to Russian economic pressure and is more likely to suffer from disturbances in the economic relationship.²¹

Another often discussed aspect of bilateral relations is Ukraine's heavy dependency on Russian energy supply. As is well known, Ukraine is not only consuming natural gas delivered by Russian companies but also earning most of its foreign income from providing pipeline services to the same Russian companies. In recent months, these business relations have been disturbed by repeated accusations of "unauthorized use" of gas by Ukraine during transit through Ukrainian territory. In early 1999, the *Gazprom* chief executive openly blamed Ukraine for "gas piracy" totaling USD 5 million daily.

Answers to such accusations are not easy to find, as the business of gas and oil transit through Ukrainian territory is linked to the direct interests of "big capital" in both states. Many analysts believe that *Gazprom* realizes substantial profit increases with Ukrainian assistance out of reach of the Russian tax authorities. One of the tricks *Gazprom* is widely alleged to perform is to sell gas to Ukrainian companies at well above-market prices, buy it back after it has been transported through the territory of Ukraine and to sell it again at world market prices. The Russian company thus avoids paying for transport and taxes. It is speculated that Ukrainian companies, too, make impressive profits with gas resale, attracting state subsidies or dealing with gas trade licenses.

The internal debt of *Gazprom* to the Russian Federal budget makes Ukraine, the company's major debtor,²² a scapegoat in its domestic politics. Even Ukrainian experts admit that the "unauthorized use" of

sian Vector: Current State and Forecast. Kyiv: National Institute of Ukrainian-Russian Relations, 1998.

21 In 1998, 44.3 percent of Ukraine's trade volume was oriented to the Russian market.

22 Fines amounting to USD 300 million and about a total of USD 1.6 billion of unsettled accounts as of the end of 1998.

Russian gas by Ukrainian companies is technically possible.²³ But official Kyiv does not accept the accusation of stealing two and half billion cubic meters of gas. Several years ago, Russia politicians had made similar complaints to Ukraine, which were proved to be groundless later.

Political and social problems

The delimitation and demarcation of the state borders between Ukraine and Russia poses another challenge in bilateral relations. Since 1992 Ukraine has been insisting on the delimitation of land and sea borders, while Russia suggested that borders between former Soviet republics should be viewed as “transparent” internal CIS borders as opposed to “external” borders requiring common defense. For example, former prime-minister Primakov frequently argued that the Helsinki Agreements should not affect the “transparent internal borders of the CIS”.²⁴ Progress has nevertheless been achieved in the process of land border delimitation. But delimitation of sea borderlines – let alone demarcation – proves to be very difficult and will continue to be an important factor in the political and economic games between Russia and Ukraine.

Dividing the spheres of influence in the Azov Sea and Kerch Strait is expected by many analysts to become as painstaking an issue as the BSF division. The decisions already made at this stage of the negotiations are not favorable for Ukraine. Russia insists on regarding the Azov Sea and Kerch Strait as internal waters of the two states, although even in the Soviet period problems of this kind were settled according to the International Law of the Sea. After long reluctance, Ukraine has finally accepted this definition, and the two presidents declared that the natural resources will be exploited jointly.²⁵ Further

23 “Gas Scandal.” *Companion*, no. 4, 1999.

24 Kuzio, Taras. “Why Ukraine and Russia Will Not Sign Interstate Agreement.” *Den*, 13. May 1997.

25 “Sea Sickness.” *Companion*, no. 34, 1998.

diplomatic quarrels will take place to achieve an understanding of the responsibilities and rights as evident economic and geopolitical interests are related to the problem. The Azov Sea is the most biologically productive sea on CIS territory, and large oil and gas reserves are expected on the shelf.

The so-called humanitarian issues are an important challenge for constructive Ukrainian-Russian relations, although they have never been officially acknowledged as first-priority matters like economic, political and military questions. Nevertheless, the humanitarian dimension does matter owing to the impact of mentalities. While Ukraine as a state is undergoing the difficult process of self-identification, the predominant thinking in Russia perceives Ukraine – especially the eastern region and Crimea – as a natural and integral part of “Greater Russia”.

For example, the language issue will remain at the top of the agenda in the very near future. Official Russia would like to see Ukraine exercise a language policy similar to the Belarussian approach. Because of the state “Russification” policy, the number of classes in the Belarussian language in secondary schools has dropped substantially from 77 percent in 1994 to 29 percent in 1999.²⁶ Only some 15 percent of the population speak Belarussian today. Ukraine’s deviance from the “most favorable treatment” *vis-à-vis* the Russian language causes strong Russian reactions. Under the title of “forced Ukrainization”, Kyiv is often accused of suppressing the rights of the Russian-speaking population. The legitimate Ukrainian language policy has been described by a high Russian official as an “outspoken anti-Russian policy, equating dissemination of Russian literature and printed materials in Russian language to pornography propaganda”.²⁷ Russia’s declared dedication to defend the rights of the Russian minorities in the post-Soviet countries even by means of military intrusion is considered a threat by many Ukrainians.

26 In the western Belarussian city of Grodno, even 85 percent of secondary school classes were taught in the Belarussian language in 1995.

27 “Russian minister on Cooperation with CIS Countries, Aman Tuleev, Sees Pornography in Everything.” *Vseukrainskie Vedomosti*, 16 April 1997.

Insisting on preserving Russian-language schools in Ukraine contradicts Russia's own policy towards national minorities. For example, the Tyumen region, where about 600,000 Ukrainians are settled, does not feature a single Ukrainian school. Moreover, the alleged "Ukrainization" in the field of schooling appears to be rather modest at a closer look. The city of Donetsk still has only one Ukrainian school, and only one secondary school in Crimea (out of some six hundred) practices exclusive teaching in the Ukrainian language.²⁸ The Ukrainian law on national minorities issues is recognized by the European nations as one of the most democratic and progressive. If Ukraine still must improve its dealing with the smaller national minorities, the Russian and Russian-speaking population enjoys its right to practice its language and culture fully.

Conclusion

Ukrainian-Russian relations strongly differ from other bilateral relations due to a special kind of communication between the political elites and specific public perceptions in both countries determined by the shared Soviet legacy. Partly owing to a nostalgic look back to the former Soviet Union the majority of the Russian political elite remains sympathetic to the idea of re-integration of the former Soviet republics, especially the Slavic states. This is in line with the Russian "neo-imperialist" CIS relations doctrine, which attaches special attention to Ukraine but lacks strategic understanding of the partner. While the Ukrainian elite is united in the understanding that cooperative ties with Russia should be strengthened, it is divided with regard to the scope, level and accents of such cooperation. Estimations also differ about partner parity. Differences within the Ukrainian elite concerning the nature and range of bilateral relations and the country's role within the CIS have a large impact on domestic politics.

28 In the cities of Kharkiv and Odessa, Ukrainian schools are more dominant but still far below the level of the Ukrainian population in the region.

Despite an impressive amount of declared intentions of equal and mutually beneficial partnership, *real* cooperation is rare. The legal framework for cooperation and communication is provided by some two hundred treaties, agreements, declarations, and memorandums signed by representatives of the two countries, most of which, however, are not implemented. Potential bilateral crises are often deliberately invoked by Russia to improve its bargaining position, creating situations where even a small victory in defending Ukraine's interests is presented to the Ukrainian public as the best possible outcome. Moscow is rarely reluctant to use its economic advantages to force Kyiv to political concessions.

Notwithstanding all the problems with economic reform and political and social difficulties, Ukraine is still viewed by the West as an important pro-Western country, with a potential to develop a democracy and market-oriented economy and even find its place within united Europe. With its dedication to close political and military cooperation with the West and the long-term objective of integration with Europe, Ukraine cannot count on Russia's understanding and support of its strategic choice. Mutually respectful bilateral relations are yet to be established, and genuine partner relations are still to be developed. It is the responsibility of both sides to make an effort to abandon policies which are based on emotions and traditional rationales and prejudices.

ARKADIY MOSHES

Chapter 11 Ukraine and Russia: A Chronic Crisis

The importance of the relations between Russia and Ukraine for the future of Europe does not need to be emphasized, since in the international academic discussion of the 1990s it became a common phrase. However, this relationship was very often looked at through the prism of Russia's post-imperial development. Ukraine, politically independent and sovereign, was to serve as a shield against the resurrection of Russia as an empire. At the moment this scenario should be excluded as unrealistic. Although it can and, in fact, is used for domestic political purposes in both countries as well as an argument by those analysts who still think in terms of "zero sum game" theories, neither voluntary unification, nor forceful incorporation of Ukraine by Russia seem physically viable. Moreover, it is obvious that Ukraine is distancing itself from Russia further and further and that the latter with its weak state and collapsing economy cannot become a pole of attraction for the former.

Paradoxically enough, however, bilateral relations are still important for Ukraine and to a smaller extent for Russia, despite Ukraine's mentioned drift. This is linked to another scenario, not yet well-defined, but nonetheless highly likely. While moving away from Russia, Ukraine does not necessarily approach the West. While its Central European neighbors will be joining European and Atlantic economic and security institutions (the line drawn by the first wave of NATO enlargement along Ukraine's western border is an indicator in this regard), Ukraine may well remain a country with a poorly developed economy and sweeping corruption. To make a forecast on the type of relationship Russia and Ukraine would have under those circumstances is now premature and probably not possible at all, but to have this scenario in mind when exploring the current trends seems appropriate.

This chapter attempts to analyze the present state of Russian-Ukrainian relations which are seen as having taken the shape of a chronic crisis. “Crisis” is less important in this definition – it is a characteristic of a troubled relationship which is far from an open conflict, but even farther from the so-called strategic partnership. “Chronic” is the key word: like a chronic disease, problems in Russian-Ukrainian relations are not so painful, because public opinion on both sides is accustomed to have them, and similarly, the symptoms cannot be healed by urgently taken measures in the form of political “breakthrough” but require consistent negotiation and implementation “therapy”.

The main components of the chronic crisis – lack of confidence, inadequacy in the mechanism of economic relations and an increasing number of controversies on the bilateral agenda – will be addressed in corresponding subchapters.

A Confidence Crisis

The roots of the crisis

From the outset Ukraine viewed its independence not in absolute, but in relative terms, namely as *independence from Russia*. Consequently, such an understanding required leading government experts to recognize Ukraine’s strategic interests as “principally different” from those of Russia (“in the way they are seen by the majority of today’s political elite”).¹ The strategic goal of Ukraine’s foreign policy in Europe was defined as “exploitation of the European integration energy field for gradual weakening of the influence of the Russian Federation”. Russia

1 See *Natsionalna Bezpeka Ukrainy, 1994-1996 rr.* Kyiv: National Security and Defence Council, 1997, 111-113, 116. – *Ukrain-Rossia: Mizh Stratehichnym Partnerstvom i Konfliktnostu.* Kyiv, 1997, 19-23.

was given the status of the main external threat to Ukraine's independence.²

It took Russia several years before this mainstream of Ukraine's political thought became known. The reasons why realization came late included willingness, especially after Leonid Kuchma was elected, to believe the "partnership" rhetoric, widely-used during Ukrainian officials' visits to Moscow, hopes for pragmatic interaction based on societal and cultural ties between the two nations, and the lack of proper attention to Ukraine's political debate. But when this belated understanding was coupled with an absence of real progress in bilateral relations, it changed for the worse the perception of Ukraine in Russia which will be very difficult to change back. Although this view is not universal in Russia, predominantly, Ukraine is considered as a rather unreliable partner.

In turn, Ukrainian elites cultivated their suspicions *vis-à-vis* Russia. In its policy Russia provided little ground for these suspicions. It did not interfere in the crises in Crimea in 1994-95 which allowed Kyiv to settle those crises on conditions it preferred; Moscow agreed to restructure both Ukraine's state debt which amounted to USD 2.5 billion and indebtedness to *Gazprom* in March 1995; Russia withdrew Black Sea Fleet (BSF) troops from bases outside and even some in Crimea well before the Fleet controversy was finally resolved. But political declarations of first the Supreme Soviet and then the State Duma in 1993 and 1996 which were seen in Kyiv as territorial claims to Crimea and Sevastopol, as well as eloquent statements by the same kind of several Russian politicians, first and foremost Moscow Mayor Yuri Luzhkov, played their role in antagonizing Ukraine.

By the end of the 1990s all this resulted in creating a situation where the two countries did not trust each other, and each others' intentions, although official declarations may camouflage this mistrust. This is a

2 According to an expert poll, conducted in 1996, expansionist claims by some Russian political circles were ranking third among political threats to Ukraine, after corruption and low effectiveness of state control over implementation of decisions. Quoted in *Nationalna Bezpeka Ukrainy*, as in footnote 1, 34.

reality which should be taken into account. Two aspects of the confidence crisis are particularly interesting. One is a very nervous attitude towards respective foreign policy orientations, another one manifests itself in the lack of responsible institutional mechanism for managing bilateral relations.

Differences and misperceptions in foreign politics

There are two issues on the foreign policy agendas of Russia and Ukraine, where the confidence crisis renders a direct impact on the policies conducted. These are the relations of both countries with NATO and their attitudes to the CIS.

Russian opposition to NATO enlargement, especially to include the former Soviet republics, remains without change despite the fact that by signing the Founding Act with the Alliance in May 1997, Russia expressed an interest in establishing cooperation. Ukraine's official position in this regard is rather ambiguous. President Kuchma constantly reassures Moscow that Ukraine has no intention to join NATO, but Kyiv's other senior officials often state the opposite. In March 1998, for example, Boris Tarasiuk, then Ukrainian Ambassador to NATO, said that Ukraine might raise the issue of entry to NATO in 5-10 years.³ The question of whether Ukraine should apply for membership has been widely debated in the country at least since 1995. Although the charter, concluded between Ukraine and NATO at the Madrid summit of the Alliance, is not as far-reaching as the Russia-NATO Founding Act, Ukraine, unlike Russia, consistently tries to cooperate with NATO in practice.⁴

The ambiguity of Ukraine's political statements raises concerns in Russia that in reality Ukraine does intend to join NATO and to relinquish its non-bloc status, which would run contrary to Russia's inter-

3 Quoted in: *Aspects of Ukraine's External Relations*. F&CO Background Brief. London, November 1998, 7.

4 According to defense minister Kuzmuk, 99 joint events were planned within the framework of the cooperation program. *Nezavisimaia Gazeta*, 7 July 1998.

ests. Apprehensions grow stronger when Russia finds certain cases of Ukraine-NATO cooperation politically provocative, as it was with the scenario of the PfP “Sea Breeze-97” exercise, according to which a secessionist movement, supported by military interference from a neighboring country, triggered violence and disorder that required the deployment of a peace-keeping force. Thus the issue of NATO enlargement to include Ukraine, which is very far from a practical dimension, becomes a major underwater irritant in bilateral relations. Doubts regarding Ukraine’s intentions *vis-à-vis* NATO have already given birth to a situation, when during the debate on ratification of the political treaty between the two countries, opponents in Russia argued that the treaty should not be ratified since the ratification would facilitate the road to NATO for Ukraine. Otherwise, it is assumed, as a country entangled in territorial disputes with its neighbors, it would not have very good chances.⁵

The CIS context is somewhat more complicated. Russia is progressively coming to terms with the fact that the CIS as an organization managed the “divorce” of post-Soviet states well, but failed to establish new patterns of economic and political cooperation between them and, therefore, has to be reformed. However, at the moment, almost four years after the presidential decree on Russia’s course towards the CIS states appeared in September 1995, it is obvious that Russia has no clear vision of the Commonwealth’ future and no consistent policy in this field.

In Ukraine such an assessment of Russia’s CIS line of action would not be shared. Ukrainian elites, except the left wing of the political spectrum, but including those now in the executive power, remain hyper-sensitive to CIS-related topics. They continue to believe that this organization and its bodies, often incorrectly called supranational (they do not have superior jurisdiction), can and will serve as instruments of Russia’s influence and will be used to undermine Ukraine’s

5 See the article of K. Zatulin. “Rossiisko-Ukrainsky Dogovor: Obman Veka.” *Nezavisimaia Gazeta*. 26 January 1999.

sovereignty.⁶ At the same time Ukraine would like to use the CIS for strengthening economic ties, in particular, for introducing a CIS-wide free-trade zone in order to raise the competitiveness of Ukrainian goods on post-Soviet markets.⁷

Since this policy goal is directly threatened by regional groupings within the CIS, like the Customs Union, Ukraine is also concerned with their developments. Especially worrisome for Kyiv is the Russian-Belorussian rapprochement, because in case of further political integration between these two states, Ukraine could be exposed to strategic marginalization.⁸

The so-called GUUAM alliance, including Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova and founded in October 1997, can be considered as a counter-balance of its kind to Russia-led groupings within the CIS. For Ukraine, however, besides a political-declaratory function, GUUAM is supposed to play another important role, namely to help Ukraine to diversify the sources of energy supply and to retain a position of a transit state, which otherwise could significantly decrease in the long run, taking into account economic developments in Russian-Ukrainian relations. Despite the fact that GUUAM is mostly “a paper tiger” and plans of a Ukrainian route for Azeri oil may never

6 One recent example of this unfounded sensitivity was a fight in the *Verkhovna Rada* which broke out in January 1999 between the members of the Rukh faction and representatives of the left as a result of an attempt of the speaker A. Tkachenko to have the parliament vote on Ukraine's accession to the Inter-Parliamentary Assembly of CIS, during a similar vote held shortly before a motion was rejected.

7 See interview of the Ukraine's First deputy foreign minister A. Chalyi to *Nezavisimaia Gazeta*, 5 February 1999.

8 It is noteworthy that in their criticism of the Russian-Belorussian tandem, Ukrainian leaders easily use “pro-CIS” rhetoric as an argument, apparently assuming that it would look more powerful in Moscow. President Kuchma said, for instance, that to have different unions within the CIS is “nonsense, the way to destroy the Commonwealth”. Quoted in Perepelitsa, Grigoriy. *Belorussko-Rossiiskaia Voenno-Politicheskaia Integratsiia i Ee Vliianie na Bezopasnost Ukrainy*. Belarus at the Crossroads. Moscow: Carnegie Endowment for International Peace, 1998, 97.

materialize, the emergence of this alliance complicates Russian policy in the Black Sea-Caspian region.

Unreliable mechanisms of state-to-state interaction

The lack of an efficient mechanism for managing Russian-Ukrainian relations is one of the major challenges in the bilateral context. On the one hand, Moscow and Kyiv demonstrate political and legal redundancy. From 1992 to 1998 the two countries signed 180 bilateral agreements and treaties.

Negotiation tracks besides the usual diplomatic channels included the Joint Russia-Ukraine Cooperation Commission, headed by the two prime-ministers, and the Russian-Ukrainian Strategic Group under the leadership of highly-placed members of respective presidential administrations, the so-called Anti-Crisis group, not to mention meetings between the two presidents, at crucial moments held very frequently on the initiative of the Ukrainian side. On the other hand, a lion's share of all written and "gentlemen's agreements" was never implemented. Clarity with regard to which politician and which body should be considered responsible for a position expressed or a decision taken was absent.

Besides the fact that absence of a fully responsible partner deepened the confidence crisis, it had two other interconnected consequences. Firstly, Ukrainian politicians of the left started to portray themselves as better potential partners for Russia, obviously trying to raise the electoral support of those in Ukraine who were not satisfied with the current state of relationship between the two countries.

A good evidence of that was the December 1998 speech of the *Verkhovna Rada* speaker Tkachenko, a leading member of the Socialist and the Peasant's Parties bloc and presidential candidate, who, during a trip to Moscow to lobby for the ratification of the "Big Treaty", said that Ukraine was ready to have a common currency with Russia, to

open borders and to repeal custom tariffs.⁹ The Presidential Administration had to disavow his words, thus finding itself in a difficult situation *vis-à-vis* Russia on the eve of the ratification debate and in the eyes of a part of Ukraine's electorate. Secondly, the "partisan partnership", again mostly among the left on both sides, appeared as a potential substitute for inter-state relations.

The example of the May 1997 treaties

The Treaty on Friendship, Cooperation and Partnership was signed by Boris Yeltsin and Leonid Kuchma on 31 May 1997. It is a rather empty document, a political declaration which requires a lot of additional agreements in at least 14 fields, according to the text, to become a really comprehensive legal base of bilateral relations, although the positive political impact does not raise doubts. Even the treaty provisions on mutual recognition of territorial integrity, which are considered to be the main items of the treaty in Ukraine, are not an innovation: Russia recognized it many times in legally binding documents, including in those multilateral treaties agreed to in connection with the process of Ukraine's denuclearization. To put forward territorial claims on the Crimea and Sevastopol would therefore mean to dishonor those agreements thus facing enormous negative international resonance. If any government of Russia would decide to do so, it is highly unlikely that it would be constrained by any additional bilateral commitments. It is excluded that the present Russia's leadership would follow this way.

Nevertheless, ratification became a problem in bilateral relations. The explanation was to a large extent connected with the whole process of preparation of the document. It is well-known that the "Big Treaty" was signed in an informal package with the three agreements, regulating the division of the Black Sea Fleet, its basing in Crimea and payments for the lease; moreover, concluding the latter (done on 28

9 *Nezavisimaia Gazeta*, 22 January 1999.

May, for details see corresponding chapter in this volume) was a year-long Russia's precondition for signing the former.

However, under the pressure of those dissatisfied with the BSF agreements, Ukraine decided to break the package and to go on with the ratification of the political treaty only which was ratified in Kyiv on 14 January 1998.¹⁰ A strong legal ground was found, i.e. the fact that a foreign military presence contradicted Ukraine's Constitution, and that prime-minister Lazarenko had no legal powers to sign an agreement on this issue, which is a prerogative of the president (this contradiction was removed when the president introduced the agreements to the parliament for ratification). The agreements were applied temporarily, but without full formal ratification they became exposed to the risk of being abandoned by any Ukraine government wishing to renegotiate its terms, or compliance to them could be made an instrument to demand concessions from Russia in other fields. An interesting legal case that emerged fuelled the confidence crisis on the Russian side. The majority of the Duma did not trust Ukraine's readiness to ever ratify the BSF agreements and, therefore, ratification of the political treaty was postponed *ad infinitum* in Russia. The Russian position was made clear to Ukraine: in a joint statement on 27 February 1998 the two presidents recognized the importance of a speedy ratification of the BSF agreements.

Throughout 1998 numerous attempts of Ukraine's officials to ratify these agreements in Moscow were unsuccessful. On 25 December, however, rather unexpectedly, the Communist majority in the Duma changed its position and the treaty was ratified. Most probably, two factors were decisive for making the Communists vote in favor. Firstly, they wanted to demonstrate support for the efforts of the Rada speaker Tkachenko, their potential ally, whose activity would thus seem crucial in reaching the ratification as compared with the failures of the minister

10 See coverage of the reaction of Ukraine's political forces in *Nezavisimaia Gazeta*, 19 June 1997. According to the poll, conducted by an independent expert foundation, 48 percent of the elite agreed that the Russian troops should stay in Sevastopol no longer than 10 years, another 11 percent were for immediate withdrawal.

of foreign affairs Tarasiuk and even of president Kuchma. This would help to strengthen Tkachenko's positions both among the national democrats and even more so among the voters, oriented at cooperation with Russia. Secondly, they wanted to intercept an "integration" initiative from Boris Yeltsin who on the very same day was to sign a declaration with his Belorussian counterpart Alexander Lukashenko on forming a union state with Belarus.

But contrary to the Communists' expectations, the treaty did not pass easily in the upper chamber of the Russian Parliament, the Federation Council. Before the final vote, opponents presented many arguments against, and the ratification was postponed. It took place on February 17, 1999, but the treaty's full entry into force was made dependant on the Ukrainian ratification of the BSF agreements.

Three conclusions can be drawn from this case study. Firstly, by trying to outplay Russia diplomatically in an unfair manner – initially signing agreements it knew would not be fully legally valid and later taking part of the deal it preferred from the package – Ukraine undermined the credibility of its policy in Russia. If Ukraine had complied with both the letter and the spirit of the 1997 agreements, it would have been much easier to ratify the political treaty in Russia. Secondly, the credibility of Russia's foreign policy should also be questioned. In a certain way, the executive power abandoned its principal stand when it agreed to introduce the political treaty for ratification separately from the BSF agreements. It raised in Ukraine false expectations as to Russia's degree of flexibility or "conceding space". Thirdly, despite ratification the case will have a long-standing negative effect on bilateral relations and the confidence crisis will keep growing.

An Inadequate Economic Mechanism

The system of economic relations between Russia and Ukraine proved to be inefficient and inadequate to new emerging realities in three major aspects: it does not provide grounds for sustained development of trade and economic cooperation between the two states, it preserves a

“donor-recipient” nature and remains politicized in the sense that political tools are applied in attempts to resolve strictly economic problems.

Decreasing bilateral trade

Falling trade is probably the best visible indicator of a decreasing intensity in Russian-Ukrainian economic cooperation. In 1995 the volume of bilateral trade in current prices was USD 13.6 billion (6.7 billion: Russian exports, 6.6 billion: Russian imports), in 1996 it even grew slightly to USD 13.9 billion because of growing exports of Russia (7.6 billion and 6.3 billion correspondingly), but in 1997 it fell sharply to USD 11.2 billion (7.2 billion and 4.0 billion) as a result of a landslide in Russia’s import from Ukraine.¹¹ From January-September 1998, i.e. during a period when Russian trade was mostly unaffected by the August economic crisis, this trade further decreased and fell down to the level of USD 6.8 billion or 7.7 percent of Russia’s external trade (it was 11 percent in 1995).¹² It is a psychologically important low, since this number is lower than Russia’s trade with Belarus, the population of which is five times smaller than that of Ukraine. It is also noteworthy to remember that as much as two-thirds of this amount can fall on energy deliveries.

The trade decrease is accompanied by a decrease in industrial cooperation. If towards the end of the 1980s 70 percent of Ukraine’s cooperative ties were with Russia (45 percent for Russia), in the mid-1990s this indicator was estimated to be only 10-15 percent.¹³ Projects launched and widely advertised since that time (like the transport aircraft Antonov-70, or the multinational space project “Sea Launch”) have at the moment unclear prospects, but even if fully implemented, they do not seem to be able to completely reverse the situation. By the

11 *Rossia v Tsifrah*. 1998. Moscow: Goskomstat, 1998, 372.

12 *BIKI* (Bulletin of Foreign Commercial Information), no. 145, 8 December 1998.

13 Davydov, O. “Perekhodnyi Period v Torgovle s Ukrainoy.” *Nezavisimaia Gazeta*, 9 July 1996.

beginning of 1998 Russia invested in Ukraine only USD 150 million, Ukraine's investments in Russia did not reach the level of USD 13 million.¹⁴

There are several reasons for the on-going process of the economic separation of Russia and Ukraine: natural reorientation of economic ties, competition between analogous plants and whole branches of once-united economic organisms which required the two governments to be reciprocally protective, antagonisms between interests of producers and the state budget, resulting in high tariffs, and delays in deliveries and payments.¹⁵ But the main explanation is that the two economies – the Russian one to a much larger extent being less controlled by the state – are turning towards the world market. This process can be slowed down by the August crisis in Russia, that makes barter operations more attractive for a certain period of time when both economies are short of hard currency, but in Russia it is unlikely to be reversed.

If this assumption is correct and current trends continue, then two important implications should be expected. First, attempts to affect a market-determined situation with administrative measures only will more and more demonstrate their inefficiency, as was shown by the case of tax impediments to each other's exports. These impediments, introduced initially by Russia in September 1996, were lifted from

14 *Rossia v Tsifrah*, as in footnote 11, 401. – *Nezavisimaia Gazeta*, 27 February 1998.

15 Ukrainian producers among other things are exposed to quasi-political risks. For example, Ukraine which was supposed to participate together with Russia in supplying equipment to the "Bushe" nuclear power station in Iran, finally rejected the offer under apparent pressure by the United States after the visit of State Secretary Albright in March 1998.

February 1998, but bilateral trade continued to fall.¹⁶ Secondly, even preferential treatment in Russia will not compensate for the fact that Ukrainian products are not competitive. For example, Ukrainian producers in 1998 managed to sell to Russia only 15,000 metric tons of sugar, although Ukraine was granted a quota of 600,000 tons to be delivered to Russia tax-free, apparently because the price was not competitive.¹⁷

Growing energy debts

Concerning Russian gas, oil and later electric power deliveries to Ukraine, Russian-Ukrainian relations from the very beginning took a “donor-recipient” shape.¹⁸ The longer Russia remains in a state of economic turmoil, the more concerns this problem will raise and the more politically destabilizing it will be. At the moment the problem has three aspects. Firstly, deliveries are not paid for. In January-March 1998 Ukraine paid only for 13,5 percent of the amount purchased.¹⁹ In

16 After the repeal of these taxes Ukraine expected an export rise by one-third up to USD 400 million per month, Russian sources estimated a possible growth of export even higher, up to USD 500 million monthly that should produce a USD 1.5-2 billion trade increase. *Russkii Telegraph*, 3 February 1998, and 26 February 1998, *Nezavisimaia Gazeta*, 27 February 1998. As shown above, these plans did not materialize. In April 1998 Ukraine reinstated taxation of a part of Russian exports.

17 See an interview with the director of the company *Ukrintertsukor* with *Nezavisimaia Gazeta*, 30 January 1999. For Ukraine a poor performance in the Russian market is disastrous. According to the same source, if in 1990 Ukraine harvested 5.5 billion tons of sugar, in 1998 it produced only 1.6 million; the forecast for 1999 is 1.2 million tons which is considerably less than Ukraine's own demand.

18 In 1992-93 Ukraine received from Russia 50 million tons of oil and 130 billion cubic meters of gas for prices which were much lower than on the world market. The amount of subsidies Ukraine's economy received in this way was estimated at USD 7 billion. See “The Birth and Possible Death of a Country.” *The Economist*, 7 May 1994, 14-15.

19 Data of the president of Ukraine's *Gosneftegasprom*, Kovalko, see *Nezavisimaia Gazeta*, 9 April, 1998.

February 1998, according to the Russian *Gazprom* head Rem Vyakhirev, Ukraine's gas debt reached USD 1.1 billion by January 1999, after a decrease in summer, it rose to 1.6 billion.²⁰ The electricity debt amounted to USD 135 million.²¹

Secondly, Ukraine exploits its transit position to steal or, as it is called in the bureaucratic language, to use without "authorization" the gas running through pipelines in Ukraine to buyers in Western Europe. In January-February 1998 only, Ukraine took USD 180 million worth of gas, in December 1998, 2.5 billion cubic meters (USD 150 million worth or USD 5 million daily); in January 1999 it continued to take 50-60 million cubic meters daily, which resulted in under-deliveries to Turkey and the Balkan countries.²² Exercising this line of action consistently, Ukrainian officials realize, that they face no risk, since for technological reasons Russia will have to simply increase the volume of gas in pipes, because otherwise, if the gas pressure falls below a certain critical point, the whole system may collapse, which is inadmissible for Russian exports.

Thirdly, Kyiv tries to play with figures and simply does not recognize one part of the debt, despite the fact that the gas was delivered and consumed. In January 1999 Ukraine's estimate of the gas debt was USD 1.1 billion.²³ The major discrepancy between estimates results from Ukraine's refusal to recognize the debt of approximately USD 400 million, delivered under guarantees provided by the then prime-minister Pavel Lazarenko (the state did not recognize the signature of its prime-minister). Needless to say that under the impact of these

20 *Russkii Telegraph*, 13 February 1998. – *Nezavisimaia Gazeta*, 12 January 1999. It should be made clear, that this a new debt, accumulated mostly since 1997. The gas debt for 1992-1995 was restructured in March 1995, in 1995-96 gas deliveries were almost completely paid for.

21 *Segodnya*, 27 January 1999.

22 *Segodnya*, 6 March 1998. – *Nezavisimaia Gazeta*, 12 January 1999, and 9 February 1999.

23 Data of the First Deputy prime-minister of Ukraine, Volodymyr Kuratchenko, see *Nezavisimaia Gazeta*, 21 January 1999.

developments the above-mentioned confidence crisis has deepened considerably.

One component, which makes the whole issue extremely complicated, is the mechanism that was created in Ukraine to trade Russian gas and electricity inside the country. "In-between" non-state commercial companies are established (15 dealing with electric power, several in the gas field) which receive licenses from relevant governmental bodies. On the one hand, this system allows the Ukrainian government to affirm that it is free from responsibility for a large part of the debt, although it does not allow Russian suppliers to deal directly with selling companies.²⁴ On the other hand, it helps to understand why it is generally accepted in Ukraine that all major fortunes in that country are earned on Russian energy.

Thus far, Kyiv has felt rather convenient in this situation. Contrary to frequently expressed concerns, Russia has not exercised economic pressures to resolve the debt problem, partly for the above-mentioned technical reasons, mostly due to the fear of destabilizing the situation in Ukraine and of later facing the spill over of this process into Russia. Moreover, the Russian government, especially after the resignation of Victor Chernomyrdin in March 1998, prevented attempts by *Gazprom* to strike a deal with Ukraine. A lack of Russia's governmental policy explains the lack of willingness of Ukraine to change anything in this mechanism. The argument about Ukraine's inability to pay for a large part of what it consumes does not stand criticism: firstly, in 1996 the precedent of almost full payments was established and, secondly, Russia demonstrates an interest in receiving shares of Ukraine's enterprises as a form of payment, although after the August crisis this interest is declining. At the moment of writing (February 1999) the debt is growing and plans to recover at least part of it with food deliveries, potentially effective in the aftermath of August, are aired without any hopes for materialization.

24 According to the May 1998 Protocol between Gazprom and Ukraine's government, for example, out of USD 1.2 billion debt Ukraine recognised, USD 762 million were listed as a state indebtedness and USD 470 million as a companies' debt. *Nezavisimaia Gazeta*, 27 June 1998.

This system can be continued for a certain period of time. However, if the problem is not resolved, this will have negative implications for Ukraine in the economic field. A decrease of the Russian transit, retaining of which is a vital interest of Ukraine,²⁵ will become unavoidable in the long run after the pipelines through Belarus and Poland to Germany and on the Black Sea bed to Turkey will be laid and Ukraine's image of an unreliable transit country will seriously affect the decision-making concerning Azeri oil, and others.

The 1998 Agreement on Economic Cooperation

The economic cooperation agreement was signed during the first state visit of Ukraine's president to Russia in February 1998. It sets out principles for strengthening economic links, harmonizing reforms and moving towards the introduction of the free movement of goods, services, capital and labor. It is accompanied by a long-term program listing more than 40 joint projects in different fields. These documents are obviously intended to strengthen the cooperation potential between the two states. Nevertheless, they are cited here as another example of an inadequate economic mechanism.

It is doubtful that the program will be implemented at least to a considerable degree. First and foremost, it is based on the ideology of the Soviet-era integration ties which are eroding. Secondly, it includes new businesses to a negligible extent which is erroneous, but not incidental, since until recently Ukraine was very much against the penetration of

25 Ukraine's forecast GDP for 1999 is USD 30 billion, the whole state budget is 6 billion. Only for servicing the Russian gas transit Ukraine will receive 30 billion cubic meters of gas, or the equivalent of USD 2.4 billion, as payment. Quoted in: Laikov, M. "Gosudarstvo – Dorogoe Udovolstvie." *Sodruzhestvo NG*, no. 1, 1999. This explains an interest of Ukraine, which prime-minister Valeri Pustovoitenko expressed after his meeting with Rem Vyakhirev in June 1998, in signing a 10-year long agreement with Russia on gas transit, which would guarantee 110 billion cubic meters of annual gas transit through Ukraine, and up to 32 billion cubic meters of gas as annual payment. *Russkii Telegraph*, 26 June 1998.

Russian private capital into its market in order to keep control over the “sovereign” property. It is unlikely, taking into account the very low investment capabilities of the two states, that without private capital participation the program will ever lift off the ground. And it is absolutely excluded shortly after the August crisis.

Thirdly, the program is not a self-sufficient document in the sense that from the very beginning it had heavy political “attachments”, and therefore depended on political will. It was signed just three weeks before the parliamentary elections in Ukraine, when Kuchma along with the governmental National Democratic Party and its leader prime-minister Pustovoitenko needed additional points to gather the votes of a part of the electorate for which good relations with Russia were of value. The need to preserve a program was used as an argument to achieve the ratification of the political treaty. When new leaders come to power in Russia and Ukraine, they may find no personal political interest in complying with the provisions of the program. It is very probable that it will repeat the fate of many bilateral agreements which were never implemented.

New Controversies

A characteristic feature of the present stage of Russian-Ukrainian relations is that parallel to the evolution of old problems (the debt and an uncertain legal base), one can witness the emergence of new controversies which enhance the conflict potential and negatively affect the prospects for resolving those issues. Relations in the socio-cultural field appear as the main one among new stumbling blocs, but also border issues and new problems concerning the daily life of the BSF should be addressed.

Humanitarian issues

In Russia, the developments in Ukraine regarding the status of the Russian language, Russian culture and education in Russian raise

major concerns.²⁶ In a country with an enormous natural demand for education in Russian as well as information from Russia and about Russia the following happened.²⁷ In western Ukraine, where the Russian population is 300,000, in the region of Lviv the number of Russian-speaking schools was reduced from 24 to 5, in each Volyn and Ivano-Frankivsk, there is merely one Russian school left, in Khmelnytsk, Ternopyl and Rivne none. In Kyiv (600,000 Russians) the number of Russian schools fell from 155 to 19, in the Kyiv region there is 1 school left. It is reported that there is not a single college or university with Russian as an official language of instruction. On December 15, 1997 the Ministry of Culture required all colleges to use Ukrainian as the only language of instruction.

The number of Russian theatres from 1991-96 diminished from 43 to 13. Russian Radio-1 ceased to be rebroadcast in Ukraine in 1992, the popular “Mayak” station in 1994, Russian State Television RTR also in 1994, and ORT in 1996 (rebroadcast partially through non-governmental “Inter” channel). Russian printed media, except for four newspapers, are considered as commercial merchandise and are heavily taxed. Their circulation decreased from 36.8 million copies in 1992 to less than 1.7 million in 1998.

The rationale for Ukraine’s policy of this kind is understandable – the country wants to promote the state language – but it is unacceptable for Russia nevertheless. Firstly, in clear-cut terms, whether it is successful

26 The data used quoted in this section are from: “Pregrady Gumanitarnomu Razvitiyu.” *Sodruzhestvo NG*, no. 9, 1998. – Gutsal, A. *Virtualnoe Pole Ukrainsko-Rossiiskikh Otnoshenii*. In Proceedings of the conference “Ukraine and Russia: Lessons of Reforms and Prospects for Cooperation”, held in Yalta, 17-18 September 1998, Kiev, 1998, 41-42.

27 Russians make up 22 percent of Ukraine’s population. More than 54 percent of Ukrainians think that Russian is their native tongue. 72 percent of Ukrainians find the knowledge of Russian necessary. Russian TV channels, where available, occupy leading positions in Ukraine’s TV space. In the central, southern and south-eastern regions of Ukraine from 53 to 80 percent and over 90 percent in Crimea watch the partially rebroadcast Russian ORT channel. Ukraine’s state television UT ranks 8th. Cable TV companies of Odessa and Lugansk fill only 5 percent of their TV time with Ukrainian products.

or not, this is a policy aimed at cultural assimilation and not at integration, because in the long run it creates unequal conditions to receive higher education for those who do not speak Ukrainian. (It can be noted in parenthesis that this policy leads to the cultural “provincialisation” of Ukraine since narrowing the sphere where Russian is used is not accompanied by better teaching of other foreign languages.) Secondly, in the short run, the counter-reaction by a part of Ukrainian Russians provoked by attempts to “Ukrainize” the country too quickly may strongly destabilize bilateral relations. Thirdly, cultural ties between the Russian and Ukrainian nations weaken and may gradually undermine one of the pillars of stability in bilateral relations. Since the image of Russia and its historical role *vis-à-vis* Ukraine are taught mainly in a negative manner, already the next generation of Russians and Ukrainians may interpret common history in an antagonistic way with the relevant implications for mutual perceptions.

No progress with regard to official approaches to this complex issue seems to be taking place. The bilateral consultations in June 1998 only fixed differences in views on the cultural demands by the Russians in Ukraine and the Ukrainians in Russia.²⁸ The “Big Treaty” will make the situation even more complicated: its provisions on creating equal opportunities for the studies of Russian in Ukraine and Ukrainian in Russia and on TV and radio broadcasts in each other’s languages on a parity basis are irrelevant to the reality as long as the demand for the Ukrainian language in Russia is incomparably smaller than vice versa.²⁹ Russian private electronic media will neither produce nor buy products in Ukrainian. Since Russia will not comply with these two

28 See Protocol of Consultations, *Diplomaticheskii Vestnik*, 1998, no. 8, 37-38.

29 Ukrainians make up less than 2.4 percent of the population of Russia, their majority is Russified. Attempts to open schools in Ukrainian failed due to very passive enrolment. Several Sunday schools function in Moscow and Bashkortostan, as well as the Ukrainian Institute in Moscow as a part of the State Pedagogical University. However, in certain areas Ukrainian communities are rather large and their cultural needs should be addressed. Several achievements should be quoted, like the Days of Ukrainian Culture in Russia in October 1997 and construction of Ukraine’s Cultural Center on Arbat, a very prestigious street in Moscow, but clearly a lot has to be done to satisfy those needs completely.

provisions, the treaty will paradoxically set up a ground for Ukraine to lower further the status of the Russian language and culture.

The differences on humanitarian issues may raise additional tension in future also due to the personal involvement of the Moscow Mayor Yury Luzkov, who will be one of the leading contenders during the Russian presidential elections of 2000. It is well-known that the city government of Moscow allocated funds to open a school in Sevastopol and actively participated in attempts to establish a branch of the Moscow State University in Simferopol, the administrative center of Crimea. These activities, non-political in their nature, were nevertheless watched with suspicion by the authorities in Kyiv and made a political issue because of Luzhkov's position in favour of non-recognition of Sevastopol belonging to Ukraine, while he personally was close to being declared a "persona non grata" in Ukraine.

Border Delimitation

There are two border issues in Russian-Ukrainian relations where the approaches of the two states differ. One is of a more general nature. Ukraine would like to demarcate the border, while Russia agrees only to delimit it, i.e. to draw the borderline on maps. Ukraine looks at the problems from a political standpoint, the Russian view is more pragmatic. Russia is concerned that demarcation of the border at best will be a waste of diplomatic and other resources which will take a lot of time, taking into account the experience Ukraine had with Moldova and Belarus, and will give birth to hundreds of small quarrels on economic subjects (land in many bordering areas is fertile and precious). At worst, an expensive procedure of placing border stones, followed by the introduction of a full border regime, will hinder trans-border cooperation and worsen corruption among border officials on both sides.

Another problem is the legal status of the Sea of Azov and the Kerch Straits. Russia would like to declare the former a jointly controlled waterway, while Ukraine prefers to delineate it bilaterally in accordance with the Law of the Sea since it hopes to explore gas deposits, allegedly found near the Kerch Peninsula in the area which would

become a Ukrainian sector, and to receive incomes from the Kerch-Enikale channel, which belongs to the port of Kerch. Ukraine's vision of the area as a waterway open for international shipping is also problematic for Russia because of the unknown military-political future of Ukraine. Apparently, Russia would like to avoid the use of the Sea of Azov aquatoria for bringing NATO activity closer to its borders. In general, however, the impact of the border issues on the state of bilateral relations is not yet significant.

The Black Sea Fleet

The absence of a comprehensive solution to the problem of the BSF basing in Crimea renders a residual negative influence on Russian-Ukrainian relations.³⁰ There is a whole range of issues which raises Russia's complaints and questions concerning the tasks of Ukraine's policy towards the BSF. The most important complaints include an invitation by Ukraine to military delegations from third parties to the areas of the BSF deployment, refusal to provide corridors for Russian aircraft flying to the BSF, the need to put the fleet cargo through Ukraine's custom clearance and pay heavy taxes (after which the cost of fuel, for example, increases by 21 percent, food by 2 billion Rubles in 1998).³¹ A separate complaint is Ukraine's refusal to open the Russian consulate in Crimea. In turn, Ukraine justifiably claims to pay back the BSF debt for ship repairs and energy consumed.

30 Shortcomings of the agreements of May 1997 were obvious to both sides from the very beginning. The Russian defense minister Sergeev said already in June 1997 that 15 to 20 additional agreements should be concluded to establish all the legal rules of the Fleet activity in Crimea. *Nezavisimaia Gazeta*, 17 June 1997. A special subcommittee established to consider the use by the BSF of Ukrainian territory during its first meeting in April 1998 focused on 7. During the ratification debates it was reported that 18 agreements were under preparation.

31 For details see *Nezavisimaia Gazeta*, 21 and 24 February 1998, and 4 November 1998.

These problems could be avoided or resolved in part if the May 1997 agreements were fully, not temporarily in force, since in that case a legal base would be built upon it. At the same time they are not a panacea either. Prepared hastily, without proper attention to the details, in order simply to articulate an accidental political will, which emerged at certain moments and disappeared afterwards, the BSF agreements could only transform the issue, but not resolve it completely.

Conclusion

The analysis of the current state of Russian-Ukrainian relations gives no answers to the questions of how these two countries are to find a way out from the crisis relationship they have established, how they will react to the challenges they are facing, and whether they would like to do it at all. It is very likely that the present model will be maintained, which is based on nice words about “partnerships” and “unbreakable ties” and on decreasing interaction, to say the least, in all fields, which sometimes allows them to resolve or rather postpone or temporarily take away some problems without reaching measurable progress on the whole. The relations can get slightly worse, for example, if Russia decides to have a tougher policy on the debt issue, and then can improve to the present level, but they will not get better. The will to make the relationship better, which is a completely separate phenomenon from the will to use good or bad relations as a domestic political argument, seems to be absent in both countries.

The crucial problem is that Russia lacks a strategic vision of the future of its relations with Ukraine (should those be between partners or just neighbours?), of its interests (as compatible or incompatible with those of Ukraine?), and of its place in the region, stretching from the Black Sea to Central Europe. Ukraine, with all its intellectual confusion resulting from a still deep split between eastern and western regions and a contradiction between a declared recognition of democratic values and a somewhat different political behavior of its elite, is much closer to the answer. And this answer will not list Russia among its

partners. Partners mutually respect each other and each other's interests not in political declarations but by honoring contracts and deals, by respecting each other's property on their own territory, by avoiding dubious statements and actions which could be interpreted by the partner as unfriendly and provocative, and above all, by frankly and without hypocrisies making principal positions clear to each other. When Russia finds its own answers to these questions, it will pursue a consistent policy, aimed at defending strategic interests, not backing up declarations, at resolving problems, not signing agreements. Without such a policy the chronic crisis of today cannot be overcome.

HERMANN CLEMENT

Chapter 12

Economic Aspects of Ukrainian-Russian Relations

The economic relations of Ukraine and Russia are still heavily influenced, if not dominated, by legacies of the common Soviet past. Firstly, trade integration is still high and leads to strong dependencies. Secondly, Ukrainian imports are traditionally dominated by energy. There is no real alternative for Ukraine to obtain energy from other countries. Thirdly, Ukraine's economy is not competitive enough to find alternative markets and to reduce its dependency on the Russian market. This weakness persists in an inadequate transition policy. Fourthly, economic relations were still strongly influenced by political problems, especially the so-called Crimean issues, i.e. problems related to the Black Sea Fleet and the city of Sevastopol.

The Junior Partner in Economic Relations

After the collapse of the economic area of the former Soviet Union (FSU) Russia and Ukraine were the largest economies of the fifteen successor states. More than two thirds of the population and the economic potential and production were concentrated in both these states. But Russia and Ukraine were not equal. While 51 percent of the FSU's population settled on the territory of Russia, the share of Ukraine was only 18 percent. The difference in the economic potential was even larger – Russia's contribution to the Soviet GDP exceeded its share in population and production per capita, while Ukraine's share was lower. In resources' potential and production of energy and minerals the differences were even higher. Moreover, the energy production in

Ukraine consisted mainly of expensive coal whereas Russia exploited the more effective crude oil and natural gas.

A setback in economic dynamic and structure

In addition to the unequal natural distribution of resources, the specific growth and regional policy of the Soviet economy deepened the difference of economic development and structure. In the economic development strategy of FSU Ukraine took a central place up to the 1970s. It was a significant growth center of the Soviet Union based on its relatively high population density and reserves of coal and iron ore and a core center of Soviet heavy industry. However, in the 1970s when energy policies underwent some change and heavy industry lost its priority status, Ukraine's position deteriorated. Russia led the economic dynamic in the FSU. The vast reserves of hydrocarbon in Siberia and the more dynamic development of the machine-building industry in Russia hastened its momentum of economic growth. Ukraine's economy lost pace, and in 1988 the generated per capita national income in Ukraine reached a mere 90 percent of the union's average. This loss in status was also confirmed by indicators of national wealth, such as the expended national income, savings, living space and the average income of workers and employees. Ukraine's position also changed severely from an energy exporter to a high-grade energy importer.

Nevertheless, Ukraine's dramatic change of economic status was scarcely noticed by inside observers. Most of Ukraine's population and politicians seemed to be convinced that Ukraine only needed to separate itself from the Moscow center and Ukraine's "wealth" would be distributed amongst the Ukrainian people. Also, at the beginning of the 1990s many western observers shared this opinion. Only a few people were aware of the relative weakness and excessive structural problems of Ukraine's economy.¹

1 See, Clement, Herman. "Ukraine: Causes and consequences of Economic Ties with Russia and their Influence on Relations between the two States". *The Har-*

Integrated in the Russian economy rather than in the world market

As most of the former Soviet republics, Ukraine was hardly integrated into the world economy. Its relatively low share of Soviet foreign exports was concentrated on the COMECON states. Ukraine was strongly involved in the internal Soviet economic alliance, and economic relations between Russia and Ukraine were particularly close, especially in the defense industry and energy sector.² About one half of Russian exports within the Soviet Union went to Ukraine.

Owing to this close economic relationship and as a result of the traditional notion of a “wealthy Ukraine” (which did no longer correspond to the relative living standard compared to the central areas of Russia) Ukrainian politicians as well as many western researchers believed that the Ukrainian economy supported the Soviet and, especially, the Russian economy, within the unique economic area. Objectively, due to the distorted price relations and the central redistribution of investment and state budget incomes, it is difficult to judge which Soviet republic supported the others. Assessing Ukraine’s performance since 1991, it is hard to believe that Ukraine could have supported Russia, at least since the middle of the 1980s and in the early years of independence.³

Nevertheless, Ukraine did not face any problems with the energy supply from Russia or Turkmenistan, neither in real terms nor in current account imbalances, under conditions of the unique ruble area and the unified economic space. This situation changed dramatically after the collapse of the common economic space and the introduction of Ukraine’s own currency. Internal trade became foreign trade, requiring Ukraine to pay in foreign exchange or in Russian Rubles for imports which are to be earned by exports. At that time, the weak com-

riman Review. Peoples, Nations, Identities, The Russian-Ukrainian Encounter, Spring 1996, 148-161.

2 Intra-Soviet trade accounted for some 80 percent of Ukraine’s total trade. See Ukrainian-European Policy and Legal Advice Centre, ed. *Ukrainian Economic Trends*, June 1997, 90.

3 See Krasnov, Gregory V. and Josef C. Brada. “Implicit Subsidies in Russian-Ukrainian Energy Trade”. *Europe-Asia Studies*, no. 5, 1997, 825-843.

petitiveness of the Ukrainian economy on the world market became obvious. Ukraine was not able to sell enough goods to foreign markets to pay for its imports. More especially the industrial production in most sectors, highly protected by the Soviet market and industrial policy, proved to be vulnerable. The agricultural potential turned out to be poor owing to the non-observance of reforms. After becoming independent, Ukraine was not able to cope with the new conditions of the Russian and the world market. The regional structure of Ukrainian foreign trade did not change remarkably. Until 1993 Ukraine's foreign trade concentration on Russia increased according to Western analysts.⁴ According to IMF estimates, Russia's share of Ukrainian trade within the FSU rose from 71 percent in 1991 to 81 percent in 1992.⁵

Region	1987, world prices (USD million)		1995, BOP data (USD million)	
	Exports	Imports	Exports	Imports
Total	57104	63006	14244	16946
Within FSU	46408	48034	8103	11051
Russia	32119	38621	6293	9157
Belarus	3379	3255	610	603
Moldova	1666	758	168	71
Rest of the world	10696	14972	6141	5895
Fmr. <i>COMECON</i>	10161	13474	1254	1457
others	535	1497	4887	4438

Table 1 Ukraine's foreign trade structure before and after independence⁶

4 Mc Carthy, F. D., Ch. Pant, K. Zheng and G. Zandala. "External Shocks and Performance, Responses during Systemic Transition: The Case of Ukraine". *Ukrainian Economic Review*, nos. 1/2, 1995, 33.

5 See F. D. McCarthy, as in footnote 4, 31, table 2.

6 Source: Ukrainian-European Policy and Legal Advice Center. *Ukraine Economic Trends*. June 1997, 90.

As in these years the new pricing rules had a strong influence on the regional trade structure, the increasing share may be a more nominal phenomenon than a real change. However, Tables 1 and 2 show that in 1994 and 1995 the share of FSU and Russia in Ukrainian foreign trade was still very high, implying that Ukraine was still strongly dependent on developments in these markets.

Exports to:	EU-15	FSU	Russia	CEFTA
1994	9.0	57.8	43.1	5.5
1995	11.7	54.3	43.3	6.9
1996	10.9	54.1	38.7	7.4
1997	12.1	40.8	26.2	9.4
1998	16.9	35.1	23.0	9.4
Imports from:	EU-15	FSU	Russia	CEFTA
1994	13.3	76.3	60.6	4.4
1995	19.1	67.3	52.9	8.3
1996	14.1	67.8	48.0	6.0
1997	20.4	60.4	46.7	9.5
1998	22.7	56.4	48.1	9.9

Table 2 Ukraine's trade partners (percentage shares in merchandise trade)⁷

The comparison of Russia's share in Ukraine's foreign trade (table 2) and vice versa – less than 10 percent on average – reveal that the mutual dependencies are highly unequal: a part from means of political leverage, Russia's potential of influence via foreign trade is at

⁷ Source: *Ibid.* Calculations are based on data provided by the Customs committee, Ministry of Economy and Derzhkomstat. Data on the EU cover the 15 country-members throughout the period. Data on CEFTA comprise Poland, Slovakia, Hungary and Czech Republic throughout the period, Slovenia from 1995 and Rumania from 1997 onwards.

least five times higher than Ukraine's influence potential on Russia⁸ Owing to the fact that Ukraine's foreign trade integration is higher than Russia's and the unequal foreign trade structure, this unbalanced influential potential may be even higher than suggested by statistical data.

The orientation of Ukraine's regional trade structure on Russia is very strong in comparison to other former COMECON countries of Eastern Europe, which have also been highly integrated in the Soviet market. According to estimates based on so-called gravity equation models, Russia's long-term share of Ukrainian foreign trade can be expected to decrease to below 10 percent.⁹

The Challenge of Reducing Economic Dependence

The gravity equation calculations suggest that Ukraine's regional foreign trade pattern is far from optimum. The remarkable development during the aftermath of independence – owing to the opening of the formerly protected common Soviet market – stopped in 1993. Meanwhile, other former COMECON countries carry out about two thirds

8 Ukraine's share in Russian exports accounted for 10.2 percent in 1994 and fell to 7.6 percent in 1998. Imports accounted for 8.7 percent in 1994 and 7.6 percent in 1998 (with a peak of 10.9 percent in 1995). See Clement, Herman. *Das "Great Game" am Kaspischen Meer und die russische Integrationspolitik. Stand und Perspektiven der wirtschaftlichen Integration in Ostmitteleuropa und der GUS*. Arbeiten aus dem Osteruropa-Institut München. Working Papers, no. 216, 1998, 60. – *Ekonomika i zhizn*, no. 8, 1999.

9 Gravity models indicate that the amount of trade between countries A and B depends positively on their size (population) and the level of development (GDP per capita) and negatively on the distance between them. According to UECLAC long-term predictions (as in footnote 6, 90), Russia's share in Ukrainian exports will account for 8.0 percent, Belarus and Moldova 1.4 percent and 0.5 percent, the countries of the former COMECON 6.9 percent and other countries 81.8 percent. In 1995 the respective percentages were 44.1 (Russia), 4.3 (Belarus), 1.2 (Moldova), 8.8 (former COMECON), 36.8 (others).

of their foreign trade with partners of the European Union. Only since 1997 we see the beginning of a real restructuring of Ukrainian regional foreign trade. At least four reasons have caused this long-lasting dissatisfying situation.

Slow transformation and foreign trade development

Firstly, economic transformation was delayed in Ukraine up to 1994. No structural changes of the economy took place and no real pressure was introduced to strengthen the competitive position of Ukraine's economy. Traditional links with Russia guided the activities of Ukrainian exporters. The lack of real market conditions renders competitive production for the world market impossible and will lead Ukraine to lose its status as a relatively developed economy.

For example, Ukraine's machine-building industry was not able to find other markets to compensate for losses on the Russian market. The share of machinery and equipment in Ukraine's exports dropped from 20 percent in 1994 to 14 percent in 1996. Besides, Ukraine only can get incentives to develop world-wide competitive products and effective production processes from a well-developed market, and not from the Russian economy.

Therefore, a strategy of administrative measures and special incentives in order to balance Ukrainian foreign trade by concentrating exports on the Russian market would be harmful to Ukraine's economic development in the middle and long term as well as all attempts to hold on artificially to a large share of foreign trade with Russia.

High energy intensity

Secondly, despite a lack in structural changes and the widespread non-payment for energy, energy intensity is still extremely high. At the same time Ukraine was partly successful in exporting steel and other energy intensive basic goods to Western Europe, USA and the

Far East. Therefore, real energy imports only moderated the decline. Because of a steep price increase the value of energy imports grew rapidly.¹⁰

To decrease the dependency on energy imports, notably from Russia, Ukraine's structural policy must reduce energy intensity. This means that Ukraine must intensify exports of less energy-intensive industrial goods and processed agricultural products and reduce the export of basic products, especially steel, and basic products of the chemical industry. In the first ten months of 1998 the share of iron and non-iron metals and related products in total exports reached 44 percent and chemicals 11 percent. On the other hand, products of machine building and equipment accounted only for 6 percent.¹¹

Thirdly, due to the pipeline infrastructure and the weak financial position of Ukraine, Russia still is nearly the exclusive supplier of oil and gas. Pipeline connections for Ukrainian imports exist only with Russia. Hence, gas imports from Turkmenistan also cross Russian territory. Efforts made in the 1990s to diversify the regional energy delivery structure were barely successful. Currently, Ukraine is engaged in plans to construct transport lines from the Caspian Sea to Central Europe and the Baltic Sea. Ukraine could earn money to pay for energy and lessen the dependency on Russian deliveries.

Poor terms of trade and lack of competitiveness

Fourthly, the terms of trade changed dramatically in favor of Russia when the distorted price system of the Soviet economy disappeared and world market price relations were introduced in the FSU, dominating

10 In 1991 the rates for Russian deliveries to Ukraine reached only about 34 percent of world market figures for mineral oil and 46 percent for natural gas. In 1993 the delivery rates for mineral oil had already reached 75.7 percent and 56.1 percent for natural gas. In the meantime world market prices were the basis for the deliveries, as long as barter arrangements were not made.

11 *Informacijnij bjuleten*, no 9-10. Kyiv: Derzavnogo komitetu statistiki Ukraini, 1998.

the trade relations between Russia and Ukraine. Kyiv was no longer able to pay for its imports. The deficit in the trade balance increased remarkably. In the early years of independence Russia was the only state or organization willing to deliver large quantities of energy for prices below world market tariffs, against more or less freely agreed credit limits and despite notorious non-payment by the recipient country. Ukraine's debts to Russia rose dramatically until 1995. Government-to-government debts and delayed payments to *Gazprom* accounted for roughly two thirds of Ukraine's total foreign debts (USD 4.2 billion of USD 6.5 billion), as indicated in Table 3. According to deputy finance minister Makazariia, Ukraine's total foreign debt reached USD 11.2 billion in March 1999.¹²

Creditor	Agreed debts	Real debts
1. CIS	5.250	5.250
1.1 Russia, government to government	2.870	2.870
1.2 Russia, government to gazprom	1.400	1.400
1.3 Turkmenistan, govt. to govt.	0.950	0.950
1.4 Moldova, govt to govt.	0.030	0.030
2. Other countries	1.780	0.900
3. Multinational organizations		
3.1 World Bank	0.530	0.250
3.2 EBRD	0.180	0.060
Total	7.740	6.460

Table 3 Ukrainian governmental debts (USD billion, May 1995)

For a few years, Ukraine's debt to Russia was disputed. Russia claimed USD 4.3 billion, while Ukraine was only ready to accept USD 3.5 billion. In 1997 the parties agreed on USD 3.074 billion, to be paid back within ten years.¹³ USD 1.9 billion were credits granted by Russia

¹² VWD. *GUS-Republiken*, no. 68, 4 September 1999.

¹³ *Handelsblatt*, no. 101, 30/31 May 1997.

in 1993 and 1995 for energy deliveries and the interests for these credits. Part of this debt will be paid back “in kind” within the framework of the Black Sea Fleet agreement concluded in May 1997. Ukraine will get USD 526.5 million for the ships handed over to Russia and USD 97.75 million each year for lending part of the port of Sevastopol to Russia for a 20-year term. Additionally, Russia will pay USD 200 million for the nuclear missiles taken to Russia.¹⁴ For 1999 Russia agreed to accept barter deliveries of USD 200 million to settle the debts.

In September 1998 the debt of Ukraine to *Gazprom* accounted for USD 1.37 billion, USD 400 million of which were owed by private traders for which the state is not responsible.¹⁵ This corresponds to other information that mentioned Ukraine’s debt to *Gazprom* of USD one billion. In addition, debts for gas to Turkmenistan amounted to some USD 100,000.¹⁶ Turkmenistan is no longer willing to deliver gas without payment and has stopped the deliveries. Also, *Gazprom* sometimes stops the deliveries of gas, which is not part of the barter agreement providing Ukraine with gas against transit fees. Debt equity swaps to lower the debt burden for energy facilities have not been agreed by the Ukrainian parliament yet.

In general investment integration between Russia and Ukraine is still small according to official figures. Russian total capital investment in Ukraine up to the beginning of 1999 accounts for only USD 186.7 million or 6.7 percent of the total foreign direct investment. It is fifth in line behind USA, Netherlands, Germany and Great Britain.¹⁷ On the other hand Ukrainian direct investments in Russia are also extremely small. Total Ukrainian foreign direct investments in CIS in January 1999 reached only USD 19.8 million. This shows that capital integration between Ukraine and Russia has been extremely weak.

14 *OSTinvest*, no. 24, 13 June 1997.

15 *Izvestiya*, 19 September 1998.

16 *VWD Russland*, no. 64, 1 April 1999.

17 *NfA*, no. 44, 4 March 1999.

Exogenous Factors of Low Competitiveness

Is the declining share of Russia in Ukraine's foreign trade for the last two years a positive signal of increasing competitiveness of the Ukrainian economy on the world market and of a regional diversification of the county's foreign trade? The considerable decrease of Russia's share in Ukrainian trade in 1997 and especially in 1998 was not caused primarily by better foreign trade performance in general but by a remarkable fall in bilateral trade relations between Ukraine and Russia. The trade turnover decreased by about 30 percent. Ukraine's exports decreased by 45 percent in the last two years and imports by 19 percent. Yet, Ukraine still depends on the trade with FSU and especially with Russia. The Russian import share is still 48 percent while the export share declined to less than a quarter. The commodity trade balance deficit increased from USD 2.5 billion in 1995 to USD 4.7 billion in 1998. Thus, there is no evidence that the decrease in the Russian share in Ukrainian foreign trade is caused by a more competitive Ukrainian economy on the world market. Moreover, the commodity structure of exports shows that Ukraine's industry has apparent difficulties in finding new and profitable markets.

Also, the de-concentration of regional foreign trade was more pronounced on Ukraine's export side, while imports are still highly focussed on Russia. Both exports and imports of Ukraine to Russia were more influenced by politics and less by economic criteria. Ukraine's remarkable rise in exports to Russia in 1995 and 1996 followed a decision by the Russian government to take action against the ever-growing trade deficits. It accepted a strong increase of food imports from Ukraine, causing the trade deficit to narrow remarkably in 1995 and to decrease to USD 435 million, including services, in the following year. The lack of an economic background for this development is demonstrated by the fact that the deficit increased again in 1997 and 1998 to nearly USD 2 billion.

Russian protectionism

The bilateral trade flows of 1997 and 1998 were strongly influenced by a set of important foreign economy measures taken by Russia. Most significantly, in 1997 Ukrainian exports were hampered by Russian protectionism. In 1993 Russia and Ukraine had agreed on a free trade agreement, but no customs union was ever created. The free trade agreement also excludes about 200 categories of goods, among which many of Ukraine's main exports. Against the spirit of a free trade zone Russia introduced a value-added tax (VAT) and tariffs on foodstuffs and alcoholic drinks from Ukraine and other CIS-countries in 1997. Notably, a 25 percent duty was levied on imported sugar for all CIS countries that are not part of the customs union. This measure was especially hard on Ukraine, which used to export 1.1-1.4 million tons of sugar to Russia every year (accounting for nearly 90 percent of Russia's total sugar imports). Table 4 shows the dramatic decline in Ukrainian export by these measures. The export of total foodstuffs to Russia nearly halved in 1997. Sugar exports decreased by 55 percent and alcohol by more than two thirds. All in all foodstuff exports were responsible for more than half of the decrease in Ukrainian exports to Russia in 1997.

	Total	Food-stuffs	Chemicals	Metal products	Machinery	Others
1995	5470	1605	729	970	1300	866
1996	5228	1593	716	1259	1246	414
1997	3720	818	514	1168	976	244
1998	2898	585	457	836	756	264

Table 4 Ukraine's exports to Russia by selected commodity groups (USD million)¹⁸

18 Source: Customs statistics, UEPLAC calculations (cf. footnote 6). Totals may differ from those given by Derzhkomstat.

Russia's VAT and duty policy is to be judged within the context of the history of trade measures between CIS countries. VAT was traditionally collected on exports and not in accordance with the internationally used destination principle. This rule was to the advantage of Russia because it profits from a large export surplus in its trade with CIS countries and relatively high VAT rates.

In line with its negotiation for WTO membership Ukraine changed to the destination principle. In early 1995 Ukraine stopped charging VAT on its exports to Russia too. In mid-1996 it moved to a full destination principle by charging VAT on imports from Russia. By the end of 1995 Ukraine had also stopped charging excise duties on its exports. Russia's reaction was to claim unfair competition on the Russian market and to protect its own producers. It introduced VAT and excise duties on imports from Ukraine, diminishing the competitiveness of that country. Meanwhile, imports from other CIS states were exempt of VAT. But VAT was still collected on exports to Ukraine. Thus, Russian products were taxed twice. In addition, Russia threatened to impose import quotas on sugar, alcohol, spirits and light bulbs on levels far below Ukraine's current exports.

The two countries were on the brink of a trade war because these products used to be the most competitive ones on the Russian market. Ukraine argued that Russia's measures were violating the free trade arrangements of 1993 as well as international agreements. For example, sugar was not mentioned as a product excluded from the free trade agreement. More than once did Ukraine express its "deep concern about Russia's unfriendly and unilateral" actions and pointed out Russia's violation of GATT. The dispute was resolved by special agreements. Russia agreed not to impose any quantitative restrictions and to apply price-based protective measures only to the extent where domestic producers suffered. Russia abolished VAT on imports from Ukraine in February 1998.¹⁹ A special arrangement was made to

19 *VWD Russland mit GUS-Staaten*, no. 9, 14 January 1998.

resolve the “sugar problem”, allowing Ukraine to export about 600.000 tons of sugar per year free of tax to Russia.²⁰

	Total	Percentage of total turnover	Ukraine’s exports fob	Ukraine’s imports cif	Of which energy
1994	12105	52.9	4361	7744	4003
1995	13947	48.7	5698	8249	5059
1996	13914	43.5	5228	8686	5866
1997	11561	36.9	3723	7838	5596
1998*	9970	36.5	2906	7064	4697
				<i>Memorandum items</i>	
	Total	Ukraine’s balance	Manufacture balance	Services exports to Russia	Services with Russia (balance)
1994	12105	-3383	+620		
1995	13947	-2551	+2508	1526	+1290
1996	13914	-3458	+2408	3333	+3023
1997	11561	-4115	+1481	3214	+2869
1998*	9970	-4158	+539	2562	+2250

Table 5 Ukrainian-Russian commodity trade (USD million, current prices)²¹

* preliminary

Consequences of the economic crisis

20 *Vneshnyaya trgovlya*, no. 1, 1999, 2

21 Source: Customs statistics incorporating Derzhkomstat adjustments on: enterprise reporting, goods exempt from customs declarations, goods acquired in foreign sea ports and data on natural gas imports; UEPLAC calculations and estimates (see footnote 6). Data for 1994 are incomplete in customs statistics (most notably, on pipeline imports) subsequently mentioned from 1995 onwards.

In 1998 the situation changed. Financial restrictions became the most serious reason for the decline of Ukrainian exports to Russia. Obviously, Ukraine's supply was limited also because of a further decrease in production, especially in agriculture. The Russian import demand fell as a result of the August crisis. First, Ukrainian exports to Russia were directly influenced by the Ruble depreciation as far as they were accounted and settled in Rubles/Hryvnias. This mainly affected machinery, equipment and other goods. Barter trade, which is more widespread in other Ukrainian exports, was less influenced.

Secondly, the crisis also indirectly led to a sharp decline in demand in Russia, affecting consumer as well as investment goods. Hence, Ukraine's export of foodstuffs declined further, despite the bilateral agreements intended to resolve bilateral trade problems. In 1998 steel mills and manufacturing exporters suffered severely from the changing conditions and had to scale down their production activities considerably. These effects can be seen by the dramatic slide in Ukraine's manufacturing balance.

The fact that the decline in machinery delivery and the manufacturing balance had started already in 1997 suggests that the shrinking demand for Ukrainian products were at least partly caused by the ongoing lack of investments into the Russian economy. The investment problems of Russia's economy, especially in the energy sector, grew in 1997 and 1998 as a result of a sharp fall in energy prices.²²

Russian statistics show that a crisis in Russian foreign trade occurred in the fourth quarter of 1998. From January through September 1998 Russian total imports only declined by half percent and imports from CIS countries declined by 8 percent. In contrast, imports declined by 18 percent and the imports from CIS countries by 21 percent for the whole year of 1997. While all the CIS countries lost market shares in Russia, Ukraine lost its position as Russia's leading foreign trade partner – it is now only fourth behind Germany, USA and Belarus. The

22 For example, investment in energy declined in January through September 1998 compared with the same period in 1997 by 21.4 percent, while investment in general declined only by 5.9 percent. See: *Voprosy statistiki*, no. 2. 1999, 53.

fact that Ukraine's trade, too, decreased by 22 percent leads to the conclusion that, besides the financial crises, Ukraine's competitiveness on the Russian market in general will be declining further.

The Impact of the Energy Problem for Bilateral Relations

The statistics of both Ukraine and Russia suggest that imports from Russia are by far more stable than exports to Russia,²³ which is caused by three reasons. Firstly, it took many years to raise energy prices to the level of world market prices. During this period the value of Ukrainian imports of energy grew faster than the volume. Secondly, owing to the chronic low energy-elasticity of Ukraine's economy energy consumption did not decline in accordance with the increasing prices. The lack of structural transition measures freed Ukrainian companies from the pressure of abandoning energy-intensive production in favor of a less energy intensive production mix. Thirdly, this behavior was supported by the notorious non-payment of energy by firms as well as private households. Thus, price signals do not influence the consumers' behavior. Fourthly, there are still no alternative routes for oil and gas imports. Russia has a strong position *vis-à-vis* Ukraine and can protect its large share in Ukrainian imports. Moreover, the weak financial position of Ukraine and the lack of infrastructure hampered a successful diversification of regional energy imports.²⁴

23 To the problems of different data in the statistics of Ukraine and Russia see Ukrainian-European Policy and Legal Advice Center. *Ukraine Economic Trends*. December 1997, 70.

24 Since independence, Ukraine has been trying to find additional suppliers for energy. But up to now it has not been successful. The construction of additional port facilities in Odessa is delayed. Turkmenistan is unwilling to deliver more gas on credit and Russia hampers the delivery through its pipeline grid. In addition, Ukraine does not have enough foreign exchange to buy more energy on the world market.

Table 6 shows the strong dependency of Ukraine on natural gas imports from Russia.

						<i>Memorandum items</i>
	Imported volumes (bill. m ³)	Total domestic consumption (percent)	Value of imports (USD million)	Average import price (USD per 1000 m ³)	Agreed with Gazprom (USD per 1000 m ³)	EU average price (USD per 1000 m ³)
1994	69.0	74.7	3513	50.9	.	61.6
1995	66.3	77.6	3696	55.7	.	67.2
1996	71.1	82.6	5680	79.9	80.0	67.2
1997	62.4	76.8	5060	81.1	80.0	.
1998*	53.5	70.9	3484*	65.1	66.0	.

Table 6 Ukrainian natural gas imports from Russia²⁵

* Custom data on gas imports from Russia, according to the Ministry of Economy.

As mentioned, changes in world energy prices scarcely influence the volume of Ukraine's energy imports. To a large extent, prices of gas deliveries to Ukraine are bartered by transit services. The transit fees are of great importance as a balance in the enormous trade deficit. Both the price of gas and transit fees are negotiated by *Gazprom* and the Ukrainian government, often represented by decision makers at the highest level, *Gazprom* chairman Vyakhirev and prime-minister Pustovoytenko. As the transit services are exclusively bartered with gas supplies, this bilateral price "inbox" shelters Ukraine from developments on international markets, be they favorable or not.

In 1998, Ukraine imported 53.5 billion cubic meters of natural gas from Russia at an average unit price of USD 65 per thousand cubic

25 Source: Ministry of Economy, World Bank, Customs statistics, State Committee for Oil and Gas, Naftohaz Ukrainy. UEPLAC calculations and estimates (cf. footnotes 6 and 23. Additionally, see Ukrainian-European Policy and Legal Advice Center. *Ukraine Economic Trends*. September 1997).

meters.²⁶ According to the chairman of *Naftohaz Ukraïny*, Ihor Bakai, gas supplies from Russia as transit offset accounted for 31.7 billion cubic meters in 1998, i.e. about 60 percent of the total gas imported from Russia. Meanwhile, natural gas consumption in Ukraine dropped slightly from 81.2 billion cubic meters in 1997 to 75.5 billion cubic meters in 1998.²⁷ The import of gas and other energy from Russia equals 11 percent of Ukraine's GDP. A relatively large segment of the Ukrainian economy develops beyond market tendencies, paying tribute to the legacy of the Soviet-era "pipe linkage" between Ukraine and Russia. Nevertheless, besides the above-mentioned barter negotiations, this segment is relatively strongly influenced by the world energy price development. For example, Russia was forced to agree to reduce the unit price from an outstanding USD 80 to 66 per 1000 cubic meters in 1998, approaching what was described "the economically justifiable price level" set by the world market. However, due to the complete lack of transparency of Ukraine's energy market, this "reasonable price" is not necessarily being applied in Ukraine, where natural gas is currently being traded (or rather offered) at auctions for USD 30 per 1000 cubic meters on average.²⁸

The decline of gas and oil prices will reduce the share of energy in Ukraine's foreign trade and the share of the foreign trade in the GDP. Because this reduction affects primarily the import side it is an advantage to Ukraine. However, it seems unlikely that this trend will

26 Calculated from the customs data on imports value and the figure on imports in natural units provided by the Ministry of Economy.

27 *Ukrainian News*, 16 January 1999.

28 The aim is to bring the prices near to world market prices.

continue as the energy prices on the world market are expected to rise again. Besides, this decrease in prices – lowering the pressure to make more efficient use of energy – is not likely to initiate positive changes for the economy.

Parallel to the decrease of energy imports the production in the most energy-intensive industries declined in 1998. Thus, lower imports are not caused by an improvement in energy efficiency. For example, the steel industry recorded a 6.8 percent production decline compared to the previous year, owing to diminishing exports. In 1998 the value of steel products exports fell by 10.8 percent, while it rose by 15.3 percent in 1997 compared to 1996. The most distinct slide was registered in 1998 in exports of rolled steel (-18.6 percent) and steel pipes (-32.6 percent), the output of which shrunk by 8.7 percent and 17.7 percent respectively compared to 1997. This data suggests that the sectoral energy intensity has barely fallen. Because a considerable part of Ukraine's steel pipes and rolled steel is exported to Russia this development also was responsible for the decline in Russia's share in Ukraine's foreign trade.

Energy dependency as a transitional problem

Evidently, energy supply is a core issue of bilateral relations. To secure the delivery of energy for the coming years (up to 2010) Ukraine and Russia have signed a treaty for the transit of gas through the territory of Ukraine to the volume of 110-140 billion cubic meters.²⁹ But, as mentioned above, Ukraine's energy dependency on Russia is not primarily a foreign economy problem. Rather, it is the result of an uncompleted transformation policy. To a large extent, a market-oriented economy with world market price relations, structural flexibility and fewer subsidies would resolve the energy problem by reducing energy intensity in line with the restructuring of enterprises and the economy. As shown above, the energy-saving potential, to be activated by real structural reforms is as shown above – very high in Ukraine.

29 *Izvestiya*, 19 September 1998.

Besides energy-intensive production, energy waste is caused by partial metering, non-payment, as well as indirect subsidizing of companies.

Energy saving will not create energy self-sufficiency. Therefore, Ukraine must diversify its energy suppliers. However, attempts in this field have not been very successful, often caused by problems of Ukrainian domestic politics. For example, the enlarging of the port of Odessa was delayed unduly by internal struggles between the authorities of Odessa and the central power in Kyiv. Additional capacities of this port are of paramount importance for Ukrainian oil imports from outside Russia. Also, the construction of gas pipelines to deliver gas independently from the Russian territory is a very important challenge, as temporary suspension of deliveries from Turkmenistan demonstrate. Ukraine is committed to participating in pipeline projects connecting the Caspian Sea with Central Eastern Europe and the Baltic Sea with Georgia and the Black Sea.³⁰ These projects will be very difficult to realize, as the slow progress of high-level negotiations between concerned governments and interested multinational companies demonstrate.³¹

In the long run, the most important condition for securing the country's energy supply – and for becoming more independent from Russian energy deliveries – is to increase the competitiveness of the Ukrainian economy, i.e. to provide for enough revenues and foreign exchange to pay for energy imports. Without structural economic reforms Ukraine will not be able to manage the problem in the foreseeable future. Real market relations must be introduced, including real private ownership, efficient corporate management, competitiveness as well as stable financial institutions.

30 One of the projects is a pipeline from Odessa through Brody to Danzig in which Poland also is interested. It could bring oil from the Caspian sea through ports of Georgia via the Black Sea to the Baltic Sea.. See *VWD GUS-Republiken*. 29. September 1998.

31 As an example, BP renounced its participation in the consortium in March 1999. See *VWD GUS-Republiken*, no. 47, 9 March 1999.

Conclusion

The economic aspects of Ukrainian-Russian relations are interwoven with bilateral political relations. These were challenged in mid-1997 by the fact that Ukraine's independence was questioned by certain Russian political circles for a long time. The negotiations for a "Big Treaty" acknowledging Ukraine's independence, sovereignty and the inviolability of its borders seemed to last forever. The signing of the *Treaty on Friendship, Cooperation and Partnership* was widely interpreted as a means, among others, to foster and improve economic relations.³²

In January 1998, the *Verkhovna Rada* ratified the treaty, which provides for the settling of an USD 3 billion Ukrainian debt by finally dividing the Black Sea Fleet, not including almost USD 100 million per year for renting Sevastopol facilities to the Russian fleet.³³ However, the Russian Duma was not willing to consider the treaty signed by presidents Yeltsin and Kuchma unless the *Verkhovna Rada* also ratified the three executive agreements on the Black Sea fleet and Sevastopol.³⁴ It took almost another year and controversial debates in Russia until the treaty was ratified by the Russian Duma (December 1998) and the Council of Federation (February 1999).³⁵ In late March

32 For the full text of the treaty, see *Rossiyskaya gazeta*, no. 109, 5 June 1997.

33 *Ostinvest*, no. 4, 23 January 1998.

34 *Nezavisimaya gazeta*, no. 54, 26 March 1999.

35 Besides economic problems, the most important point for Ukraine is the official acknowledgment of independence and acceptance of territorial integrity of Ukraine by Russia. Yet many Ukrainian observers see new problems arising with the status of Crimea, as indicated by the rumors that *Verkhovna Rada* speaker Tkachenko has consulted important provisions of the new constitution for the Crimean peninsula with Moscow without submitting the draft to relevant parliamentary committees. The constitution grants greater autonomy to Crimea. See *Financial Times*, 18 February 1999.

1999 the Ukrainian parliament finally authorized the division of the Black Sea Fleet, giving the Russian Federation 460 and Ukraine 162 ships.³⁶

On the basis of this treaty and agreements, Ukraine and Russia signed an agreement on economic cooperation for ten years in 1998,³⁷ on the stipulation that trade between the two countries should grow by two and a half times until the year 2007.³⁸ Among others, direct cooperation between several Russian and Ukrainian factories and Russian investments in Ukraine are foreseen, which “provoked criticism from Ukrainian commentators, who accuse their government of surrendering Ukraine to Russia’s hungry capitalists”.³⁹ The painful ambiguity of Ukraine’s economy is in this notion – on the one hand, the Russian market and the supply of energy is of great interest to Ukraine, on the other, large investments of Russian capital is seen as a threat to Ukraine’s independence. Less dependence on the Russian market would thus contribute to easing political tensions between the neighbors. Liberalization of trade relations is recommended as a useful means of stabilizing bilateral relations. President Kuchma has repeatedly stated Ukraine’s willingness to create a true free trade zone within the CIS and expressed his interest in establishing a binding cooperation program with Russia.⁴⁰

36 *VWD GUS-Republiken*, no 64, 1 January 1999.

37 *Delovaya Ukraina*, no. 15, 27 February 1998.

38 *Financial Times*, 23 February 1998.

39 *Financial Times*, 28 February/1 March 1998.

40 *Izvestiya*, 19 September 1998.

HRYHORII NEMYRIA

Chapter 13

Regional Identity and Interests: The Case of Eastern Ukraine

Introduction: “Regionalism” in Ukraine?

Regions matter in Ukraine – not only with regard to domestic political and economic dynamics, but also to Ukraine’s foreign and security policy. This chapter intends to identify specific regional interests – including foreign and security policy interests – and patterns of influence of Eastern Ukraine. While this region is often referred to in a geographically broad way as the territory of the Donetsk, Luhansk, Kharkiv, Dnipropetrovsk and Zaporizhzhya oblasts, it is understood here narrowly as the Donbas region, consisting of the two Donetsk and Luhansk oblasts.¹ Methodologically, we address regions as sub-national, territory-based, social, political and economic phenomena.² Among others, the aim of this chapter is to discuss the “political setting within which regional interests develop and pursue their goals at

1 See Nemyria, Hryhorii. “L’état et les regions.” *L’autre Europe*, no. 30/31, 1995, 165-177. The terms *oblast* and “region” are often used interchangeably in Ukraine. For the purposes of this paper we will use the term “region” to denote a combination of several *oblasts*. One third of Ukraine’s population and 35 percent of all the employed live in five *oblasts* of broader Eastern Ukraine.

2 Hosking, Brian. “Regionalism: An International Relations Perspective.” In *The Political Economy of Regionalism*, eds. Michael Keating and John Loughlin. London: Frank Cass, 1997, 97. For analytical perspectives on regionalism in world politics and national identity, see Mayall, James. “National Identity and the Revival of Regionalism.” In *Regionalism in World Politics: Regional Organization and International Order*, eds. Louise Fawcett and Andrew Hurrell. Oxford: Oxford University Press, 1995, 169-198

various levels of political activity, often in cooperation with agencies in both national and sub-national tiers of the government". Security is understood in a broad sense.³

Ukraine, a country and society in transition, features a gap between a potential to become a democratic power moving towards full integration into the European and Euro-Atlantic community on the one hand, and indecision and an uneven pace of reform on the other. Very often, the Soviet legacy is used as an integrated explanatory paradigm for this paradox. To a large extent, this "legacy-oriented" discourse employs a concept of identity as a main analytical tool,⁴ linking analysis rather with the past than with the present and involving more arguments from history than from recent and current political dynamics. While this approach is by no means wrong or misleading, it is unavoidably limited in its explanatory power. An analysis of interests developed in Ukraine during the last eight years, including regional interests, contributes to an explanation of how multiple identities – ethnic, political, regional, etc. – linking both international and national politics, shape the interests of Ukrainian actors and the national security policy.⁵ Interests and identity are connected by virtue of their mutual impact – identity building is influenced by the development of firm, long-term or "strategic" interests, and interests are influenced to some extent by the

3 On the issue of broadening the concept of security, see Ullman, Richard. "Redefining Security." *International Security*, no. 1, 1983, 129-153. – Buzan, Barry. *People, States and Fear: The National Security Problem in International Relations*. London: Wheatsheaf Books, 1983.

4 See Smith, Graham, Vivien Law, Andrew Wilson, Annette Bohr and Edward Allworth, *Nation-building in the Post-Soviet Borderlands: The Politics of National Identities*. Cambridge: Cambridge University Press, 1998. – Burant, Stephen. "Foreign Policy and National Identity: A Comparison of Ukraine and Belarus." *Europe-Asia Studies*, no. 7, 1995, 1127-1144.

5 Katzenstein emphasizes that "definitions of identity that distinguish between self and other imply definitions of threat and interest that have strong effects on national security policies". See Katzenstein, Peter J. "Introduction: Alternative Perspectives on National Security." In *The Culture of National Security: Norms and Identity in World Politics*, ed. Peter J. Katzenstein. New York: Columbia University Press, 1996, 18-19.

same processes that contribute to identity formation. Both are simultaneously exposed to the regional environment, the national context and, increasingly, to the pressures of globalization.

Regional specifics within a unitary state

Despite some differences, eastern Ukrainian *oblasts* share a number of common characteristics which allow us to single out that region for the analysis of security interests and foreign policy preferences. These features include: a considerable number of ethnic Russians in the population; territorial proximity to Russia; prevalence of urban population and domination of state-owned heavy industry and military industrial sectors of the economy; the role of donors to the state budget; the role of “Soviet” identity in the social self-identification, value system and patterns of behavior; the existence of influential leftist political forces demanding closer integration within the CIS and strategic partnership or even union with Russia.⁶

In the light of this catalogue of features uniting a third of Ukraine’s population and most of its economic potential, it seems legitimate to ask whether the strategic foreign and security policy goal envisaged by official Kyiv – integration with Western Europe⁷ – can realistically be achieved. Moreover, the absence of a national consensus and the peculiarities of a regionalized unitary state seem to be handicaps.

6 See Nemyria, Hryhoriy. “Les élites regionales ukrainiennes et la consolidation de l’Etat.” In *Ukraine, Biélorussie, Russie: Trois Etats en Construction*, eds. Roberte Berton-Hogge and Marie-Agness Crosnier. Paris: La documentation française, 1995, 25-36.

7 “The process of European integration, while simultaneously consolidating friendly relationships with our immediate neighbors, first of all Russia, has irreversibly become the heart and soul of Ukraine’s foreign policy, its main strategic goal and priority.” See Tarasiuk, Borys. “Ukraine in the World.” In *Ukraine in the World: Studies in International Relations and Security Structure of a Newly Independent State*, ed. Lubomyr Hajda. Cambridge, MA: Ukrainian Research Institute, Harvard University, 1998, 14.

The most frequently addressed fear associated with eastern Ukraine is an alleged tendency of separatism, leading to a split along regional lines and the collapse of the Ukrainian state. In this sense, Stephen Larrabee, a senior RAND Corporation representative, described in 1994 the centrifugal trends that could result in a “fragmentation of the country, (...) possibly even leading to civil war”, where “Russian military intervention cannot be excluded”.⁸ The *Concept of the National Security of Ukraine*, adopted by the Ukrainian Parliament in January 1997, also mentions the “existence of separatist trends in some regions and within certain political forces in Ukraine” as one of “the main potential threats” to the national security of Ukraine.⁹

Disintegration and separatism is usually discussed within the framework of a “great divide” or “two poles” paradigm, confronting eastern Ukraine vs. western Ukraine. Kyiv is thus described as the center of this domestic geopolitical axis, as a focal point of power and, at the same time, an object of incessant attacks by the two competing regions trying to acquire resources and influence over the process of political decision-making. The bureaucratic center, according to this paradigm, plays the role of a mediator in the conflict between East and West, by making efforts to preserve stability in the country and to preclude its disintegration. As Sherman Garnett argues, “the need to ensure balance between different regions and ethnic groups has loomed large on every important political issue in Ukraine from constitutional and legal change to economic reform. In the nuclear debate as well, Ukraine’s internal divisions played a decisive role”.¹⁰

8 Larrabee, Stephen. “Ukraine: Europe’s Next Crisis?” *Arms Control Today*, July/August 1994, 14-16. For other examples, see Rumer, Eugene. “Will Ukraine Return to Russia?” *Foreign Policy*, no. 3, 1994, 129-144. – Kuzio, Taras. *Ukrainian Security Policy*, Washington, D.C.: Center for Strategic and International Studies, 1995, 35-51.

9 *Pro kontseptsiyu (osnovy derzhavnoyi polityky) natsional’noyi bezpeky Ukrainy*. Postanova Verkhovnoyi Rady Ukrainy, no 3/97 VR, 16 January 1997.

10 Garnett, Sherman. *Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe*. Washington, D.C.: Carnegie Endowment for International Peace, 1997, 17.

Only few analysts go beyond the perception of regionalization as a potential threat and point out that regional divisions can also be described as stabilizing factors.¹¹ Garnett identifies four major constraints on a deepening of the “great divide” which contribute to Ukrainian stability:

Ukraine is made up of several important regional, economic, and cultural divisions that cut across the “great divide”. It hampers any extremist political visions and encourages compromise and moderation. It is especially important at a time of weak central institutions and democratic political traditions (...).

The intra-regional political and economic competition prevents consolidation of regional elites as well as an emergence of stable regional coalitions of any kind (...).

The lack of significant support by Russia for ethnic and regional political movements within Ukraine. Russia just cannot afford to take on new economic challenges of the size and magnitude desired by Ukraine’s Russia-oriented politicians (...).

The direction of Ukrainian state building. (...) The basic provisions for citizenship and participation in the country’s institutions have been defined from the very beginning in *political*, not ethnic terms.¹²

As a further element of smoothening the dynamics of the “great divide”, the constructive role of the international organizations should be mentioned. While a strong linkage between domestic and international politics is self-evident in cases such as Chernobyl, it is rarely discussed with regard to complex issues such as coal mining restructuring and closure, which requires the active cooperation of the central government and the regions to gain access to the resources of international donors under pressure for structural adaptation. This kind of interdependence promotes a new degree of horizontal and vertical

11 See Nemyria, Hryhoriy. “A Qualitative Analysis of the Situation in the Donbas.” In *Post-Soviet Puzzles: Mapping the Political Economy of the Former Soviet Union. Vol. II: Emerging Geopolitical and Territorial Units. Theories, Methods and Case Studies*, eds. Klaus Segbers and Stephan De Spiegeleire. Baden-Baden: Nomos, 1995, 451-466.

12 Garnett, as in footnote 10, 18-26

collaboration and minimizes the risk that regionalization is perceived merely as a threat to the central government.

In the Ukrainian context, the traditional Soviet “center vs. periphery” dichotomy has an important nuance. While the Russian regions had no formal reason to re-consider their geographical and political relations to the center (Moscow was and remains the center), the Ukrainian regions were forced to re-identify their political location. For them the center moved from Moscow to Kyiv, which before 1991 was considered as a center only in a neutral territorial sense. Furthermore, the northern and eastern Ukrainian regions were forced to accommodate themselves to a new status of border regions. This role, normal for a long period of time for the population of western Ukraine (featuring state borders with Poland, Slovakia, Hungary and Rumania), was unexpected for the inhabitants of the “new borderland” neighboring Russia. To a large extent, these new borders broke up the highly interrelated economic and settlement systems. They separate regions with similar ethnic and cultural structures of population. This controversial situation gave birth to various social tensions. Not surprisingly, these regions experience the painful process of re-thinking their identity, role and place within the boundaries of the new Ukrainian state.

Unexpected for many analysts, the eastern Ukrainian oblasts voted overwhelmingly in favor of independence on the occasion of the decisive December 1991 referendum,¹³ expressing the expectations of the population that independence would bring prosperity and stability. The failure of the first Ukrainian government to deliver these promises and the beginning of a severe economic crisis spurred regional activism and mobilization. The early years of independence revealed a set of regional security interests articulated by both the old and new players on the eastern Ukrainian political scene.

13 Zaporizhzhya 90.6 percent, Dnipropetrovsk 90.3 percent, Kharkiv 86.3 percent, Donetsk, 83.9 percent, Luhansk, 83.3 percent. For a very good chronological description of the Ukrainian way to independence, see Nahaylo, Bohdan. *The Ukrainian Resurgence*. London: Hurst, 1999.

Old and New Regional Elites

According to their interests in terms of “traditionalist” or “modern”, the regional elite of eastern Ukraine can be divided into four types. Firstly, the “old *nomenclatura*”, i.e. the group of former high-level party *apparatchiks*, directors and top managers of coal-mining, metallurgical, and military-industrial enterprises, who were able to retain their positions. On the national level, this group is sub-divided into “national communists” (such as Leonid Kravchuk), who have opted for independence through a compromise with nationalist democrats and pro-European geopolitical orientations, and “orthodox communists” such as Petro Symonenko), who have favored re-integration with Russia and other countries of the CIS in a form of “new union”, restoration of old economic ties and rejected a “marriage” with nationalists.

On the regional level, the representatives of the second group were more visible and active than their former comrades from the first group, however, not more influential. During the temporary ban of the Communist Party, this regional administrative echelon of former party members demonstrated ideological neutrality and hierarchical loyalty to Kyiv, and in this way forced the communists to explore other mechanisms of mobilization and search for allies to build an alternative regional agenda.¹⁴

Secondly, the so-called “second echelon”, i.e. former, middle-level party and *komsomol* leaders and industrial managers, who are pragmatic without any ideological complexes, who managed to preserve their old networks and establish new ties based either on evident commercial interests or their political careers’ aspirations. Expecting to succeed their older colleagues in office, the “sudden independence”

14 History tells us that regional and local bureaucracy evolved under the system of administrative and territorial division of Ukraine in the early 1930s to serve the needs of the centralized bureaucratic administration. These historical roots and pattern of governance is one of the reasons of center-oriented loyalty of regional administrators in the 1990s. See “Concept Report on Administrative Reform.” *Ukrainian Law Review*, no. 4, 1999, 24.

changed their traditional career patterns and forced them to build a new power base. Hence, they became the leaders of the new parties in the center of the political spectrum.

The representatives of the “second echelon” favor a state-building agenda, do not share nostalgic feelings and generally have pro-European geopolitical preferences. However they do not sufficiently understand how to enter Europe and also lack the political will to persistently pursue this goal. They do see more prospects for themselves within the boundaries of independent Ukraine, than in a situation of “furious competition for scarce resources” with their stronger counterparts in Russia.¹⁵ Paternalistic expectations as well as deep roots of a “soviet” identity and foreign policy orientations are typical for the electorate of this group, many representatives of which have made successful political careers and moved from the regional or even local level to the national level.

Thirdly, the “modernizers”, consist of former and present “shadow” economy entrepreneurs who have accumulated wealth by broker and commercial operations, and people who came to politics in the roaring years of *glasnost* and *perestroyka*, including those who managed to transform their political capital into material wealth and *vice versa*. Their interests and ambitions reach further than the political and economic spheres of the former Soviet Union. They form the most cosmopolitan part of Ukraine’s elite and do not fear the challenges of globalization. They favor Ukraine’s “European choice” and quick market reform and gravitate to the right center of the political spectrum.

However, the weakness of democratic institutions and an unstable legal environment made this group of elites vulnerable to pressure from official power holders, regional clans and a *nomenclatura*-type economy. The “modernizers” tend to build tactical alliances with members of the first two groups to survive. One representative of this group, the former chairman of Donetsk oblast council and leader of the

15 Garnett, Sherman. “The Integrationist Temptation.” *The Washington Quarterly*, no. 2, 1995, 39.

Donetsk-based Liberal Party of Ukraine, Volodymyr Shcherban, accumulated enough influence to successfully compete with the most powerful Dnipropetrovsk power network for a limited period of time.

Fourthly, the “nationalist democrats”, i.e. representatives of academia, intelligentsia and former dissidents professing an idea of “national revival” and strong national identity, who have a clearly pro-European, frequently anti-Russian orientation and cultural and nation-building priorities on their political agenda. In contrast to western Ukraine, this group has never played a significant role in political developments in the east.

Despite the above-mentioned differences and some exceptions, most of the eastern Ukrainian regional elite is still “provincial” in terms of poor understanding of international developments and limited ability to elaborate sound policies, which is true, to a large extent, for the national or central elite as well.¹⁶ For Ukraine, a newly born country and a former imperial periphery, the institutional incompleteness and the lack of a well-trained elite remains a serious obstacle to democratic consolidation. The political elite was not prepared for independence. The political act of state establishment occurred before the national elite had been formed and the national identity existed. Ukraine still copes with considerable continuity among the administrative elite and old institutional apparatus. Ironically, “independence was won by people who for the most part had fought independence all their lives”.¹⁷ In contrast to some Central European and Baltic countries, Ukraine is an example of an *adaptational* rather than *confrontational* change in elite. In practice, this means narrowing opportunities for social

16 As described by the former Chief of Staff of President Kuchma, Dmytro Tabachnyk, and the former Adviser Dmytro Vydrin, “before independence Kyiv was mainly like a city of transit, where a part of the most fortunate provincial *nomenclatura* stayed for a short period on their way to Moscow” (Vydrin, Dmytro and Dmytro Tabachnyk. *Ukraine on the Treshold of the XXI century: Political Aspect*. Kyiv: Lybid, 1995, 173.

17 Motyl, Alexander and Bohdan Krawchenko. “Ukraine: from empire to statehood.” In *New States, New Politics: Building the Post-Soviet Nations*, eds. Ian Bremmer and Taras Ray. Cambridge: Cambridge University Press, 1997.

innovation, the likelihood of painful gradualism in economic reforms, and reproduction of old patterns of thinking and policy making.

The defense of regional interests

Central government ineffectiveness provides a fruitful ground for regional activism. Articulating regional interests in eastern Ukraine included the demand for Russian-Ukrainian dual citizenship, the use of Russian as a state language or the request to open the borders to Russia. Naturally, the Donbas region was the most active of eastern Ukraine trying to formulate and push forward this regional agenda. The concerns of sub-national communities were framed under the various options of defense of regional interests. Firstly, increasing regional autonomy and control over resources within the framework of nation-building strategy pursued by the central government. Secondly, increasing regional autonomy as a mid-step and precondition for closer integration with Russia. Thirdly, increasing regional autonomy through a gradual devolution of power as a part of Ukraine's European policy.

The various configurations of political forces and issue-specific groupings adopted different sociopolitical options. The regional administrative and industrial elite, as well as the agricultural lobby, interested primarily in strengthening their decision-making and redistribution of power, backed the *first* option. They did not succeed in obtaining governmental positions in Kyiv in 1991-93 and were willing to "restore justice" through the mobilization of their regional resources. Industrialists or "red directors" of the military-industrial plants and coal mines¹⁸ were willing to preserve the old comfortable pattern of guaranteed state subsidies and preferential treatment. Miners' trade unions joined this group. Organizationally, this was a loose coalition of

18 98 percent of mines were built over 50 years ago, 75 percent of them have been operating for 20 years without any modernization. Only 27 active coal mines have been reconstructed since 1970. As a result 103 out of 257 Donbas mines supply slightly more than 1 percent of total production in the coal-mining sector. See *The Future of Old Industrial Regions in Europe: The Case of Donetsk Region in Ukraine*. Warsaw: Foundation for Economic Education, 1998, 19.

the Labor Party, the Inter-Regional Association of Industrialists and representatives of the regional administrative elite. The common economic interest was the defense of declining industries and Soviet-style agriculture. Their pressure for regional political control was economic in origin. However they frequently expressed it through discourses of history and culture which linked them with other groups of regional political activists.

The *second* option was chosen by leaders of the newly established *Civic Congress*, the *Intermovement of Donbas*, the *Congress of the Russian Communities of Ukraine*, the *Party of Slavic Unity*, and various leftist groups. Their agenda was heavily loaded with anti-nationalist arguments and issues of pro-Russian ideology, history and language. Some of these organizations were well associated with their counterparts in Russian political circles. They were the driving forces of the idea of holding local “consultative” referenda in the Donetsk and Luhansk *oblasts* in 1994. Voters were asked the following: should Russian be recognized as the country’s state language along with Ukrainian; should Russian be regarded as the language of administration, education and science in the eastern regions; should Ukraine become a federation;¹⁹ and should Ukraine sign the Charter of the Commonwealth of Independent States and become a full-fledged member of the CIS Economic Union and Inter-Parliamentary Assembly.²⁰ That foreign policy and security discourse fully contradicted the main thrust of Kravchuk’s foreign policy. This policy sought to develop and obtain international recognition of Ukraine’s Central European identity through sub-regional networking, attempts to become a member of the Central European Initiative, the Central European Free Trade Association and through active bilateral relations with countries like Poland and Hungary.

Adherents of the *third* socio-political option came from the Liberal Party, the New Ukraine bloc, the technical intelligentsia, small and medium business, and economic sectors other than heavy industry and

19 79.7 percent of positive answers. See *Zhizn*, 31 March, 1994.

20 See Nahaylo, as in footnote 13, 466.

coal mining. They professed a vision of “Europe of the Regions” and called for decentralization, advocating new regional economic development strategies and the attraction of foreign direct investments. However, their modernization design lacked convincing details and a clear plan to be widely supported. Besides, this group of “modernizers” was weak with regard to its access to decision-making on local and regional levels.

The fact that Ukraine adopted its new constitution only in June 1996 made the issue of regional development for a long time an object of political debates. The federalism discourse included issues of domestic and international politics. To a certain extent, Ukraine resembled Spain in the period of transition from Francoism to democracy (late 1970s), when the movement for regional autonomy adopted an agenda of democratization in general.²¹ In Ukraine, as well as in Spain, regional development contained a solid portion of identity discourse.

Aspects of Soviet legacy

Along with the Baltic countries, Ukraine was among the most developed republics of the Soviet Union. Because of the highly centralized nature of the Soviet command economy, with all the ministries concentrated in Moscow, many representatives of Ukraine’s industrial and administrative elite from Kyiv, Dnipropetrovsk, Donetsk, and Kharkiv were given high positions in the capital at the height of their careers. With the collapse of the Soviet Union, most of these *nomenclatura* representatives of Ukrainian origin stayed in Russia, which leads radical nationalist Russian politicians even today to demand “strict measures to limit the influence of the pro-Ukrainian lobby in the power structures of the Russian Federation”.²² In the opposite direction, *nomenclatura* mobility and the Soviet system of industrial and

21 See Keating, Michael. *State and Regional Nationalism: Territorial Politics and the European State*. New York: Harvester Wheatsheaf, 1988, 222.

22 Zatulín, Konstantín. “Ispytaniye Ukrainoiy.” *Nezavisimaya gazeta*, 14 May 1996.

administrative elite recruitment explains the fact that a large part of the eastern Ukrainian political elite professes strong pro-Russian and pro-CIS orientations even today. However, with Kyiv substituting Moscow in the function of a forge of career, the current regional elite “is concentrating its efforts on securing for itself as many positions of power as possible in Kyiv”.²³ It means that the threat of separatism was successfully contained through political accommodation. Thus, the center was able to curb the centrifugal pressures rather by attraction, than through coercion.

Similar dynamics were typical for the mobility of the Ukrainian labor force, especially in the 1970-80s, when *Gosplan* decided that the Ukrainian energy sector was not to be further developed and huge material and human resources were reoriented towards Siberia and the Russian north and Far east. During these years, more than one-and half million Ukrainians worked in these regions. Some six hundred thousand eastern Ukrainians still live in the Russian Tyumen oblast.²⁴ In total, about five million ethnic Ukrainians presently live in the Russian Federation and more than eleven million ethnic Russians live in Ukraine. As Alexander Motyl argues, “a new Ukrainian identity will have to be crafted on the basis of myths and symbols that also incorporate the millions of Russians and Russified Ukrainians”.²⁵

Ukrainian-Russian relations were and are very controversial because of their extraordinary importance for the process of identity-building both in Russia and Ukraine, above and beyond the evident importance of economics and security. As Henry Kissinger said, “collapsing empires generate two causes of tension: attempts by neighbors to take advantage of the weakness of the imperial center, and efforts by the declining empire to restore its authority at the periphery”.²⁶ The

23 Bukkvoll, Tor. *Ukraine and European Security*. London: The Royal Institute of International Affairs, 1997, 28.

24 See Halchynsky, Anatoliiy. “Vozrodit’ printsipy soyuznoi ekonomiki – znachit snova popast’ v kapkan illyuziy.” *Kievskie Vedomosti*, 5 June 1996

25 Motyl, Alexander. *Dilemmas of Independence: Ukraine After Totalitarianism*. New York: Council on Foreign Relations Press, 1993, 72.

26 Kissinger, Henry. *Diplomacy*. New York: Simon & Schuster, 1994, 814.

attempts by the Kravchuk administration (1991-94) to build Ukraine's Central European identity on anti-Russian beliefs and symbols is an expression of the first type of tension, while the official Russian CIS policy with its emphasis on the defense of the rights of ethnic Russians and the Russian-speaking population in the "near abroad", often referred to as the "Primakov doctrine", reflect the second type of tensions described by Kissinger.

Regional Identities and Foreign Policy

There seems to be a linkage between the regional dynamics in eastern Ukraine and a phenomenon described in terms of Russian cross-border "homeland" nationalism.²⁷ The relationships of border regions are legitimized and institutionalized through a set of interstate and interregional agreements. For example, article 14 of the 1997 *Treaty on Friendship, Cooperation, and Partnership between Ukraine and the Russian Federation* stipulates that both sides "shall guarantee favorable conditions for direct trade and other economic relations and cooperation on the level of administrative-territorial units in accordance with national legislation in force, devoting special attention to the development of economic ties between border regions".²⁸ According to

27 Brubaker, Rogers. *Nationalism Reframed: Nationhood and the national question in the New Europe*. Cambridge: Cambridge University Press, 1996, 53.

28 *Polityka i chas*, no.7, 1997, 83. This is not unique for Ukraine's foreign policy. Similar provisions are made, for example, in Ukraine's treaties with Rumania, especially in article 8: "In accordance with the terms of the European Framework Convention on trans-border cooperation between territorial communities or authorities, the Contracting Parties shall encourage and support direct contacts and mutually beneficial cooperation between administrative-territorial units of Ukraine and Rumania, especially in border regions. They shall also promote cooperation between administrative-territorial units of both states in the framework of existing Euroregions as well as of the recently formed "Upper Prut" and "Lower Danube" regions, in which administrative-territorial units of other interested states can be invited to participate. The

the 1995 *Intergovernmental Agreement on Cooperation of Border Oblasts of Russia and Ukraine*, a council of chairmen of border oblasts was established, which was joined by the Belorussian Vitebsk oblast and renamed *Council of Heads of Border Oblasts of the Russian Federation, Ukraine and Republic of Belarus* in 1996.

A more active involvement of the regions was recommended to president Kuchma by senior advisors in 1994 as part of his “Eurasian option”:

Regions which are less preoccupied with ideology and have more pragmatic goals, will look for natural partners, paying no attention to borders. As a result, along the Ukrainian border with Russia and Belarus the range of interregional conglomerations, united with common economic interests will appear. This process has already begun through the direct agreements between Ukrainian and Russian *oblasts*. Such interregional and at the same time interstate border unions are able in perspective to link the fates of both countries as some kind of “zipper”.²⁹

The former presidential advisers suggest that Russian and Ukrainian private capital will increase their pressure on the governments of both countries to remove barriers, as indicated by the fact that tremendous private capital, concentrated mainly in eastern Ukraine, has been accumulated by combining Ukrainian metals and Russian energy production.³⁰

Contracting Party shall act towards the inclusion of this cooperation in the framework of the corresponding activity of European institutions” (*Polityka i chas*, no.7, 1997, 88). Similarly in article 10 of the Ukrainian-Polish state treaty: “1. The parties shall promote the establishment and development of direct contacts and cooperation between regions, administrative-territorial units, and towns of the Polish Republic and Ukraine. Special attention shall be devoted to cooperation in border regions. The Parties shall collaborate in the field of long-term development planning for border regions. 2. With the aim of putting these decisions into effect, an Intergovernmental Commission for Affairs of Interregional Cooperation shall be created. 3. The Parties shall increase the number of border crossings and shall rationalize the conduct of customs and border control”. (*Ukraine in the World*, 309)

29 Vydrin/Tabachnyk, as in footnote 16, 235.

30 *Ibid.*

The cultural and information spheres in eastern Ukraine are dominated by the Russian media and pop-culture. For example no national Ukrainian papers are among the five most popular newspapers in the Donetsk *oblast*, where the Russian *Komsomolskaya pravda* and *Argumenty i fakty* are favored by 17 percent of the population and 10 percent respectively. The central parliamentary newspaper *Holos Ukrainy* ranks only seventh with 3.5 percent of the Donetsk readers.³¹

Regional foreign policy instruments

Developing international relations is not a privilege of border regions. Several Russian regions not bordering with Ukraine have opened trade representative offices in Ukraine, for example Tatarstan, Dagestan, Buryatiya, or Sakha-Yakutiya. Some 280 agreements on trade and economic cooperation have been signed by the territorial-administrative units of Ukraine and various subjects of the Russian Federation by end 1998.³² Non-central government external activity, on the one hand, is a well known international practice, rooted either in “complex interdependence” phenomena and globalization trends or caused by an expanding agenda of foreign policy and the diminishing gap between domestic and foreign policy. On the other hand, it is a display of linkage between central government ineffectiveness and regional international involvement.³³

31 91.7 percent agree that Ukraine should more closely cooperate with the CIS countries. 15.5 percent agree that Ukraine should join NATO and 59.7 percent were against this option. 36.4 percent agree that Ukraine should be a neutral non-aligned state and 32.5 percent disagree. 71.6 percent agree that Ukraine should continue to build a market economy and 11.1 percent disagree. In the list of the first five countries whose models, in the respondents' opinion, Ukraine should follow, are Germany, Sweden, United States, Poland and Russia. The younger and more educated respondents the more pro-Western and pro-market they are oriented. See *Donetsk Center for Political Studies: Analytical report*, no. 5, June 1999, 17. A poll was conducted in late April-early May 1999 in 20 territorial units of the Donetsk *oblast*. The total number polled was 750 people.

32 See “Rossiyskie regiony i SNG.” *Mezhdunarodnaya zhizn*, no. 2, 1999, 93-95.

33 As Seyom Brown argues, “in some countries where the national government is

While there is a broad consensus both on the Russian and Ukrainian sides of the importance of cross-border cooperation, paradoxically, not so much seems to be done for implementing this declared priority. For example, only once (instead of the three times planned) did the above-mentioned Council of Heads of Border *Oblasts* meet in 1997, and not a single meeting was convened in 1998.

The Russian ethnic component does not seem to be the most important factor in the process of cross-border cooperation. The dynamics in terms of the triadic nexus “national minority – nationalizing state – external national homeland” should not be overestimated.³⁴ Firstly, eastern Ukraine is a region with multiple identities, with none dominating the other.³⁵ A collective identity related to a territorial area seems to be stronger than that purely ethnic identification.

Secondly, identities and interests inside the region tend to compete with each other. Again, this phenomenon is not uniquely Ukrainian. A similar process is observed and described, for example, in China and Poland.³⁶ This is why concerns with political identity at the regional

ineffective in dealing with the concerns of sub-national communities and especially where such communities are concentrated in particular provinces or localities, provincial or local governments have been asserting themselves, not only as agencies of advocacy for the cultural and human rights of the aggrieved communities, but increasingly as their economic agents in the global market place, negotiating trade and investment arrangements with similar sub-units of government in other countries.” Cited in Hosking, as in footnote 2, 103.

34 From Brubaker’s point of view, “the dynamic interplay between this Russian “homeland” nationalism, the “nationalizing” nationalism of the successor states, and the minority nationalism of the new Russian diaspora is more potentially destabilizing and explosive than any one or two of these nationalisms taken on their own” (Brubaker, as in footnote 27, 51).

35 As Andrew Wilson well summarized it, “The range of identity options in Ukraine is clearly wider than in many other post-communist states, despite the best efforts of ethnic entrepreneurs both to reify their own group and to firm up its boundaries by “othering” outsiders” (Andrew Wilson. “Redefining ethnic and linguistic boundaries in Ukraine: indigenes, settlers and Russophone Ukrainians.” In Smith *et. al.* , eds., as in footnote 4, 138).

36 See Goodman, David, ed. *China’s provinces in reform: Class, community and*

level should focus attention not only on the potential conflict between regional and national interests but also in combining the competing identities and interests inside the region (*oblasts* or other territorial communities, sectors of industry, elite networks and social groups). For example, sub-regional fiscal decentralization can be expected to make the coastal city Mariupol, which owns a sea port and profitable steel plants, more independent in pursuing its own local economic interests. Thus it would alter the hierarchy of regional interests and further diminish chances of building a coherent alternative regional agenda in Donbas.

Thirdly, there are other foreign actors besides Russia, whose contribution to shaping regional security interests will increase. The most recent example is the US government *Kharkiv Initiative* project, which was launched after the state-owned electric turbine producer *Turboatom* was urged to cancel its participation in the Russia-led “Bushehr project” in Iran. Russian nuclear energy construction companies contracted to build a 1000-megawatt light-water plant for Iran had originally sub-contracted *Turboatom* to build two turbines for the Iranian nuclear power station. Since 1997, the United States expressed their concerns about Ukraine’s assistance in Iran’s nuclear program that could help Tehran develop nuclear weapons. As a result of American pressure and its own responsible position with respect to non-proliferation, Ukraine scrapped the USD 45 million deal in March 1998. In exchange, Kyiv secured an US-funded regional economic development initiative in Kharkiv, where *Turboatom* and its numerous suppliers are located. Also the Clinton administration has

political culture. London: Routledge, 1997, 4-6, 89-121. – Szczepanski, Marek, ed. *Dilemmas of Regionalism and the Region of Dilemmas: The Case of Upper Silesia*. Katowice: Uniwersytet Slaski, 1993, 67-77, 91-98, 112-126.

undertaken a USD 40 million project to facilitate Ukraine's search for alternative sources of energy and fissionable fuel supplies necessary for its nuclear power plants.³⁷

Another area and example of influence exerted by external factors on regional interests is related to the basic sector engaged in the export of raw materials and initially processed materials, which generates approximately two thirds of budget revenues in the Donetsk *oblast*, mainly in the form of value added tax and customs fees. The region's budget is strongly dependent on the situation of global raw material markets and the antidumping policies of developed countries. Threats of the United States taking measures against Ukrainian exporters of metallurgical products in 1997 put the *oblast* and local budgets at risk, stimulating closer coordination among the sectoral, regional and central institutions and interests. Certainly, changes in the region's industrial structure and management system, the growing unemployment pressure, the development of global markets and interventions by the central power will have a significant impact on the regional and national distribution of economic wealth and change the existing balance of interests.

Conclusion: Patterns of Center-Region Relations

Regions can pursue their interests by exerting influence on the national government or by using their own resources to act directly at the international level. Eastern Ukraine is not advanced in regional "foreign policy". *Oblasts* lack adequate infrastructure and human resources for such active diplomacy. No regional government offices have been established abroad. Instead, the revival and establishment of sister-city or twin-region relationships with Western or Central European counterparts is carried out. The eastern Ukrainian oblasts are

³⁷ See *Reuters*, 6 March 1998. – *AP*, 19 June 1998. – *Press Release of the Embassy of Ukraine to the United States of America*, 22 June 1998.

experienced in “resources micro-diplomacy”, which was mobilized by events in the energy sector. For example, two high level visits were paid by Donetsk delegations to Turkmenistan and Uzbekistan in 1994-95. Meetings with the presidents and prime-ministers of these countries yielded barter agreements to receive gas and cotton, which were needed to revive temporarily closed Ukrainian enterprises.³⁸ These and similar “diplomatic experiments” of other regions resulted in the September 1996 presidential decree *On the coordination of external activity of state executive bodies*. In June 1998 and January 1999, the Ukrainian Ministry of Foreign Affairs held the first consultative meetings with the heads of departments of external relations at ministerial level, the state committees and regional administrations.³⁹

The patterns of center-region linkages are diverse. They constitute an important part of bargaining of different interest groups typical for post-Soviet Ukraine. Eastern Ukraine is able to deploy various resources in the pursuit of its security interests and policy objectives. This arsenal includes the mobilized miners movement and strikes,⁴⁰ region-based political parties, representatives in the parliament and government, where they control important committees and ministries, lobbying through the Union of Industrialists and Entrepreneurs and

38 Ukrainian Ambassador to Turkmenistan Vadym Chuprun serves since 1994. He was born and made his career in Donetsk. He served as Second secretary of the *Oblast* Party Committee (1989-1991) and Head of the Donetsk *Oblast* Council (1992-1994).

39 See *Polityka i chas*, no. 2, 1999, 89-90.

40 A report prepared on behalf of the National Security and Defense Council directly links miners' strikes in Donbas with the special interests of “regional, local, political and economic elites”. See *Ukraine's National Security of Ukraine, 1994-1996*. Kyiv: National Institute for Strategic Studies, 1997, 101. The miners' strike in 1993 resulted in the resignation of the then prime-minister Leonid Kuchma and appointment of the former director of the Donetsk mine *Zasyadko*, Yuhym Zvyahylsky, as an acting prime-minister.

its regional branches, or trade unions.⁴¹ The center usually reacts with “carrots”, like the presidential decree of 1994 *On Economic Experiments* in four eastern Ukrainian oblasts, and the two decrees of 1998 on special economic zones and investment regimes in the Donetsk and Luhansk oblasts, or with “sticks” like the sacking of the heads of *oblast* state administrations and the reshuffling of the government.

The formal institution that exists to coordinate regional and national interests and policies, the *Council of Regions*, established in 1994, is not really effective. Operating under presidential jurisdiction, the council assumes a consultative function and lacks decision-making power. However, an intention to strengthen its authority or even transform it into an upper chamber of the Ukrainian parliament is discussed among the regional elites and have been suggested recently by president Kuchma. It remains to be seen whether it is just a tactical gesture in a year of presidential campaign or a more far-sighted plan.

Although the federal design for Ukraine was rejected in June 1996 with the adoption of the new constitution, the pressures for the devolution of power, deregulation, administrative reform, or a future establishment of a new territorial-administrative division could challenge the existing patterns of the center-region relationships, and exploit the regional potential as agents for change rather than permanent risk factors. This task will involve changes in the configuration of the eastern Ukraine security interests, its geopolitical preferences and threat perceptions.

41 Experts of the Ukrainian Center for Peace, Conversion and Conflict Resolution Studies and the Ukrainian Institute of Sociology have estimated that those who were born in four eastern Ukrainian oblasts (Dnipropetrovsk, Donetsk, Luhansk, and Zaporizhzhya) occupied 32 out of the 75 highest positions in all eight Ukrainian Cabinets from 1990 to 1998. Another 10 were born in Russia. The highest level of representatives of Dnipropetrovsk was in the government of Pavlo Lazarenko and the highest presence of Donetsk cadres was in the government of Yuhym Zvyahylsky. See *Pravlyacha elita suchasnoyi Ukrainy*. Analytical report, no. 10, 1998, 25-28.

Conclusions

The contributions to this book cover – and sometimes controversially discuss – important aspects of Ukrainian foreign and security policy, focussing on the *domestic dimension*, *Ukraine's place in Europe* and *Ukrainian-Russian relations*. In this concluding section, the editors attempt to assemble and interpret the arguments brought forward by the authors. In the light of important domestic and international events, the status of Ukrainian security – challenges, achievements, and perspectives – as well as Western interests and challenges *vis-à-vis* Ukraine are assessed.

Bilateral relations with Russia

Ukrainian-Russian relations have been complicated and delicate ever since the dissolution of the Soviet Union. For Ukraine, independence meant first of all *independence from Russia*. While Ukraine considered the Russian state (not the people) as a key threat to its security, Russia continued to communicate brotherly feelings for the Ukrainian people, but no sympathy for Ukrainian independence. The failure to appreciate Ukraine's independence, frequently expressed in terms of “geopolitics”,¹ leads Ukraine to accuse Russia of “imperial” attitudes. The mutual lack of confidence is described by Arkadiy Moshes as part of a chronic crisis.

Bilateral relations have certainly improved in the last few years, at least at the level of rhetoric. Compared to the times of the “war of declarations”, relations are business-like and pragmatic. The breakthrough of this new quality of neighborly relations was the signing of the *Treaty on Friendship, Cooperation and Partnership*, followed by the conclusion of the executive agreements related to the division of the

1 A prominent example is the pseudo-academic study *Principles of Geopolitics*, prepared by the Moscow journalist Aleksandr Dugin, where Ukraine's independence is described as “an absolutely negative geopolitical factor” liable to “lead to a military conflict”. (Dugin, A. *Osnovy geopolitiki*. Moscow: Arkogeya, 1997, 348).

BSF and the conditions of Russian military presence on Ukrainian territory. Undoubtedly, the Ukraine-NATO *rapprochement* contributed to this change for the better (only a few months before the “Big Treaty”, the *Charter on a Distinctive Partnership between NATO and Ukraine* was signed). Russia’s understanding that its policies towards Ukraine would eventually drive Kyiv into NATO’s arms led to a “new thinking” and a more pragmatic view on the Crimean issues in Moscow.²

The scenario of Ukraine’s close alignment with NATO is still a key issue in Russia’s security and threat perceptions, as the discussion in Moscow about the ratification of the “Big Treaty” suggests. For a long time, concerned deputies of the *State Duma* called for refraining from a ratification in order to ruin Ukraine’s neighborly relations record and prevent it from qualifying for NATO membership.³

The difficult process of ratification of the 1997 treaties is an indicator of the complexity of bilateral relations, which is reflected in this book by the very different interpretations suggested by the authors from Moscow and Kyiv. The fact of the matter is that the BSF agreements, understood by both sides as a part of a treaty package together with the “Big Treaty”, were negotiated and signed by the prime ministers. As executive agreements they were not subject to parliamentary ratification. Kyiv ratified the interstate treaty (in which it was much more interested than Moscow because it reaffirms, *inter alia*, Russia’s commitment to respect Ukraine’s territorial integrity) shortly after signing. Moscow, however, demanded that the *Verkhovna Rada* additionally ratified the executive agreements as a prerequisite for the ratification of the friendship treaty by the *State Duma*. Thus, Moscow explicitly questioned Kyiv’s willingness to pay the agreed price for the conclusion of the “Big Treaty”, i.e. the consent to twenty years of Russian military presence on Ukraine’s territory. Russia’s reluctance to

2 Sherr, James. *Ukraine’s New Times of Troubles*. Oslo: Institutt for forsvarsstudier, 1998, 23.

3 “Rossiysko-ukrainskiy dogovor: Obmen veka” *Nezavisimaya gazeta*, 26 January 1999.

ratify the treaty unconditionally was widely interpreted as a sign that it will probably try to renegotiate the conditions after the end of Yeltsin's presidency.

The impressive record of bilateral agreements is damaged by the fact that many of these agreements remain unimplemented. While the growing familiarity between the two countries' presidents is likely to have contributed to the *rapprochement* on the official level, the lack of stability and continuity on the ministerial and working level as well as the changes in the short-term agenda account for the low level of implementation. In this, both Ukraine and Russia display features of a specific political culture based on personal, rather than institutional, authority.

Another aspect of bilateral relations is the tendency that changes in regional security environment are perceived by both sides in "zero sum" terms. The growing insignificance of the CIS in general, the recent decisions of several CIS members to renounce their participation in the Tashkent Treaty, the formation of the GUUAM group and the fact that Moldova is insisting on a withdrawal of the Russian troops from Transdnistria are seen as weakening Russia's position and therefore enhancing Ukraine's security.

The agenda of unsettled bilateral problems features various political and psychological items, such as the important question of border delimitation and a range of emotionally challenging "humanitarian" issues, such as an alleged discrimination of Russian native speakers by Kyiv's policy of "Ukrainization".⁴ The most critical problems, however, are related to Ukraine's economic dependency on Russia and its tremendous debt, mainly resulting from energy imports. In general, Ukrainian-Russian foreign trade declines but Ukraine's oil and gas imports remain high and account for half of the country's

4 For an objective assessment of Ukraine's language policies, see the relevant chapter in Kuzio, Taras. *Ukraine. State and nation building*. London/New York: Routledge, 1998.

total imports.⁵ While a major portion of the earlier debts (USD 3 billion) were agreed upon in the framework of the 1997 executive treaties, a considerable degree of difference and misunderstanding remains with regard to the 1998 and 1999 debts, whereby Kyiv disclaims responsibility for the debts of Ukraine's non-state enterprises engaged in business in the lucrative energy market.⁶ The situation is being complicated by the fact that Ukraine is the most important transit country for Russian oil and gas deliveries. Most of Ukraine's foreign trade revenues are charges for providing pipeline services to *Gazprom*, which are usually offset against the country's debt. This makes Ukraine a valuable partner despite its poor payment morale, but it increases its dependency. Recent allegations of systematic "unauthorized use" of Russian gas transported by Ukrainian pipeline providers, angrily denied by Kyiv, have aggravated the puzzling situation.

Ukraine's energy debt towards Russia, and the unsymmetrical donor-recipient relationship in general, increase the mighty neighbor's leverage. On the political level, this leverage became evident during negotiations of the BSF treaties, where *Gazprom's* interests were lobbied by the then prime minister Chernomyrdin, who had served as a director of the state-owned energy monopolist earlier. The important issue of the Russian military presence was considered in the light of Ukraine's gas debts. In late 1998, the two countries reached an agreement that allowed Ukraine to pay back large portions of its debt in kind, i.e. to offset arrears by deliveries of food products to Russia.⁷

5 Only 15 percent of the country's energy is produced profitably in Ukraine, the remainder is either produced with loss (coal) or imported. See Vgl. Hirschhausen, Christian. "Die Energiewirtschaft der Ukraine – Bestandsaufnahme und Reformbedarf zur Unternehmisierung." In *Aufbruch in die Marktwirtschaft. Reformen in der Ukraine von innen betrachtet*, eds. Hoffmann, Lutz and Axel Siedenberg, Axel, 144-161. Frankfurt/New York: Campus, 1997, p. 145.

6 Moscow claims USD 1.8 billion while Kyiv acknowledges a maximum of USD 1.0 billion See *Jamestown Monitor*, 20 July 1999.

7 USD 1 billion, i.e. most of the 1998 debts. However, only USD 16 million worth of products were delivered by mid-1999.

A high-ranking government representative greeted this agreement as an “economic salvation”, paving the way back to the Russian market for Ukrainian agrarian producers.⁸ This is only one prominent example of barter trade, which accounts for at least one third of Ukrainian foreign trade (and more than 40 percent of all economic transactions).⁹ The continuing high level of economic integration increases Russia’s leverage, especially in times of weakness and under conditions of economic isolation. Because “Ukraine catches cold, if Russia sneezes” the dynamics of the “integration from below” have increased as a result of the Russian 1998 crisis. Hence the country’s “ability to stand” beyond formal independence is still an important challenge.¹⁰

Ukraine’s Place in Europe

The “western vector” of Ukraine’s foreign and security policy combines two directions and aims. The first is to promote the country’s “return to the family of democratic European nations” by integrating Ukraine into the network of Western political and economic institutions and the Euro-Atlantic security system.¹¹ The second is to make the country a serious, reliable and respected regional power in Central Eastern Europe. Success in the latter objective is to a large extent

8 First deputy prime-minister Holubchenko, quoted in *Jamestown Monitor*, 6 November 1998.

9 For foreign trade, 1995 figures were 30 percent (exports) and 23 percent (imports) See *Can Ukraine Avert a Financial Meltdown?*, World Bank Analysis, June 1998, and *Ukraina na perekhidnomu etapi. politika. ekonomika. kul'tura/Ukraine in Transition. Politics. Economy. Culture*, eds. Tetiana Stepankova, Piotr Dutkiewicz and Maridula Ghosh. Kyiv: Akadmiya Publishing Center, 1997, 177.

10 Sherr, as in footnote 2, p. 9.

11 This official wording is used, for example, by Horbulin, Volodymyr. “Ukraine’s contribution to security and stability in Europe.” *NATO Review*, Autumn 1998, 9-12.

connected to the positive development of bilateral relations with Poland, which more than any other relations deserve to be called “strategic partnership”.

Relations with Western multilateral institutions are not smooth in all cases. They are certainly very productive and partner-like with NATO. Ukraine’s *Individual Partnership Program*, the mutual commitments within the *Partnership for Peace* program, the provisions of the *Charter on a Distinctive Partnership*, and Ukraine’s *State Program on Cooperation with NATO* create the framework for a far-reaching, fruitful cooperation. Membership, which lies presently beyond the possible, is likely no longer to be perceived necessary in the future, according to an often quoted line by Brzezinski. Official Kyiv is nevertheless committed to the idea of a full-fledged membership. Even after the intervention in Kosovo, a third of Ukraine’s foreign and security specialists opted for mid-term membership (this figure was more than 50 percent before NATO’s strikes against Yugoslavia).¹²

The outspoken pro-NATO course brings the president and his security policy team, especially the foreign minister and the National Security and Defense Council secretary, in sharp conflict with the left-oriented parliament. The *Verkhovna Rada*’s claim to express with its anti-NATO stance the will of the population seems to be confirmed by various opinion polls and should be taken seriously. To a certain measure, the ambiguity of this issue is reflected in this book. While Oleksandr Potekhin cautiously suggests that Kyiv should apply for NATO membership (even if only as a bargaining token), Anatolii Grytsenko urges the politicians of both sides to abstain from “empty rhetoric”, to respect the legally binding commitment to neutrality, and to make use of the wide range of cooperation possibilities provided by the existing legal framework.

Relations with the OSCE are not troubled by any unsettled issues. Ukraine’s willingness to tolerate the long-term presence of an often-

12 *Events in Yugoslavia: Public Opinion in Ukraine*. Monitoring Foreign and Security Policy of Ukraine. Occasional Report. Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, June 1999.

critical observer mission was appreciated by the international community. And the fact that the election observers claimed minor irregularities in the course of the March 1998 parliamentary elections did not disturb the otherwise pragmatic and friendly relations.¹³

The relations with the European Council, however, are increasingly challenged by Ukraine's failure to bring the national legislation into full compliance with the *European Convention on Human Rights*, i.e. to abolish the death penalty, as the Ukrainian government has pledged when it became an EC member in late 1995. As the majority of *Verkhovna Rada* deputies still consider the death punishment a necessary legal instrument, the government cannot do more than abstain from executing the penalty. Kyiv rightfully accuses Strasbourg of applying double standards by condemning Ukraine but not Russia, which has also failed so far to abolish the death penalty. The Ukrainian government also claimed unfair treatment when the Council in late 1997 decided to recognize Russia as a market economy but not to alter Ukraine's classification as a transitional economy, which has a considerable impact on the conditions of access to the European markets.

Ukraine's relations with the European Union are even more delicate, which is only partly explained by the fact that good qualifications from Strasbourg are a prerequisite for success in Brussels.¹⁴ The major shortcoming of the Ukraine-EU relations is that the Union lacks a comprehensive vision of relations with Eastern Europe in general and towards Ukraine in particular. The representative of the Finnish EU chairmanship acknowledged this deficit only in summer 1999, and

13 Reported were cases of freedom of press violations and intimidation of the anti-Kyiv candidate for mayor of Odessa elections. *Preliminary Joint Statement issued on March 30 1998 by the OSCE and the Council of Europe Parliamentary Assembly*.

14 *Ukraine: EU Rebuffs Bid for Association*, RFE/RL Analysis, 16 June 1998: "Boyden (the speaker of the British EU chairmanship) said the problems between the Council and Ukraine did not have a direct impact on the country's relations with the EU. But, he added, complying with the Council's requests would demonstrate what he called Ukraine's acceptance of EU norms and help develop further relations."

suggested that a blueprint strategy for relations with Ukraine be drafted by the end of the year.¹⁵ The fact that this important Central Eastern European country of the size of France cannot be integrated in the short term nor excluded on grounds of incompatible principles represents an entirely new and very challenging situation for the EU. However, owing to its exclusive approach, the great numbers of internal challenges, the lack of experience in playing the self-attributed political role and an understandable difficulty in anticipating the direction of Ukraine's development, the Union cannot be expected to do more than contribute to Ukraine's long-term transition process at present.

The main channel of EU-Ukraine cooperation is the *Partnership and Cooperation Agreement* (PCA), which entered into force in early 1998 after four years of ratification by the EU members.¹⁶ The PCA is one step behind the so-called *European Agreement*, which implies an Associate partnership, which the three membership candidates and the CEE countries of the "second tier" enjoy.¹⁷ Kyiv requested Associate partnership on the occasion of the first Cooperation Council meeting in March 1998 but was rebuffed by Brussels, which suggested that cooperation should for the moment concentrate on the fulfillment of the PCA.¹⁸ While a large part of Ukraine's public and analysts were vexed by the West's cold shoulder, president Kuchma's pragmatic decree on Ukraine's strategy of EU integration was received well in Brussels.

Apart from being the main foreign trade partner outside the FSU, the Union is Ukraine's most generous creditor. Since 1990, USD 4.6 billion have been provided by Brussels or bilaterally by EU members. The Union's *Technical Assistance for the CIS* program (TACIS) pays an

15 *Jamestown Monitor*, 26 July 1999.

16 *What is an Agreement on Partnership and Co-operation? A brief guide to the Agreement signed in Luxemburg between the European Union and Ukraine*. Brussels: Phare and Tacis Information Center, 1997. – *PCA with Ukraine Enters into Force*. European Commission DG 1A Press Release, 27 February 1998.

17 In addition, EU associate partners are also WEU associate partners.

18 *First Meeting of the Cooperation Council between the EU and Ukraine*, European Commission Press Release, 9 June 1998. – *Ukraine: EU Rebuffs Bid for Association*, as in footnote 14.

important contribution to developing Ukraine's civil society and the economy's private sector.¹⁹ Other significant donors are the United States (USD 2.2 billion since 1992) and the World Bank (USD 2 billion since 1993).²⁰

The International Monetary Fund plays an important role in making international funding available because its decisions affect not only IMF credits but influence other donors' assessments. After years of short-term assistance (stand-by credits), the IMF, since 1997, follows a long-term strategy aimed at committing Ukraine to serious economic reforms. It was only in July 1998, following a new series of reform-oriented decrees by president Kuchma, that Ukraine was granted the desired USD 2.2 billion worth EFF (Extended Fund Facility) credit. Kyiv, on its side, pledged to achieve a growth of real GDP of 3-5 percent in 1998, to cut inflation to 10 percent (8 percent for 1999-2001) and to decrease the budget deficit to 3.3 percent of GDP (2 percent until 2001).²¹ These figures were optimistic even before the latest Russian economic crises. Negotiations are under way again to identify the amount of funds available for Ukraine under the 1998-2001 EFF, whereby the IFM directors are rather accommodating, acknowledging Ukraine's increasing demands resulting from "the heavy debt servicing obligations".²²

19 ECU 400 million 1991-95. Additional ECU 500 million until 2001. (*Action Programme 1998*. Brussels: Phare and Tacis Information Center, 1998). Meanwhile, the assistance provided by the U.S. government was USD 373 million in 1997, including USD 49 million in privately donated, government transported humanitarian commodities. See *U.S. Government Assistance to and Cooperation Activities with the NEW Independent States of the Former Soviet Union. FY 1997 Annual Report*, p. 55.

20 *Joint Statement released in conjunction with the U.S.-EU Summit*. – 1997 Country Report.

21 *IMF Mission Reaches Agreement with Ukrainian Authorities*. IMF Press Release, 31 July 1998. – Zvigliyanich, Volodymyr. "The IMF and Ukraine: Postponing the Crisis or Beginning the Reforms." *Prism*, 2 October 1998.

22 *IMF Approves Augmentation of Extended Fund Facility to Ukraine*. IMF Press Release, 27 May 1999.

Another difficult issue worth mentioning (but not discussed in this book) is the problem related to the Chernobyl nuclear power plant, which Ukraine has declared it will close by the year 2000 in a 1995 memorandum of understanding with G-7 and the EU. The costs to permanently secure the deteriorating “sarcophagus”, which entombs the highly radioactive remains, are estimated to be USD 750 million, whereby the EU has pledged ECU 100 million and the G-7 states USD 300 million.²³ As Ukraine will not manage to finish the construction of two new nuclear power plants (Rivne-4 and Khmelytsky-2) by the year 2000, Kyiv has announced that it will not shut down Chernobyl unless the international community lives up to its pledges. Recently, the tone has become increasingly unfriendly. European assistance has indeed not been forthcoming, and the perspectives are not promising after the German government renounced its commitment in July 1999. But from the West’s perspective, Kyiv’s argumentation has a touch of cynicism as the quest for funding seems to be more important than environment security and public health.²⁴

Domestic Challenges

In 1997, the most successful year of Ukrainian foreign and security policy, the international community expressed its high estimation and promising judgement of Ukraine’s role in Europe.

23 The European Bank for Reconstruction and Development has been commissioned to execute the so-called *Shelter Implementation Plan*.

24 President Kuchma: “If Europe feels so threatened by Chernobyl it must contribute to a solution.” (interview in *Der Spiegel* 27, 1995) “The accident caused Ukraine costs of USD 130 billion and we still spend USD 1.5 billion every year.” (interview in *Der Spiegel*, 25 May 1998). These figures seem very high. According to official statistics, Ruble 25 billion were allocated from the budget of the Soviet Union in 1986-90 for cleaning-up and social security measures. In 1991-95, 1.3-2.1 percent of domestic gross revenues was spent for the “liquidation of the consequences” of the catastrophe. (*Accident at the Chernobyl Nuclear Power Plant: Ten Years After (Summary of the Ukrainian National Report 1996)*. Kyiv: UNDP, 1996, p. 1, 28, 31)

The USA and the EU affirm their (...) shared desire to help Ukraine achieve its goals of consolidating democracy, protecting human rights, reforming the economy and full integration in the international community. Ukraine's development as a prosperous democracy is a key component of European stability and security.²⁵

Official Kyiv, however, is not satisfied with the fact that the "assessment of Ukraine's crucial place and role in Europe has not translated into policy", a failure liable to lead to "a new dividing line in Europe, with disastrous consequences".²⁶ This emotional explanation falls short of mentioning that the most important challenges to Ukraine's security originate from within the country, as a qualified TACIS judgement suggests.²⁷

Ukraine's nominal GDP has fallen by more than 60 percent since independence and was a mere USD 43 billion in 1998 (USD 50 billion in the previous year). The decrease is mainly caused by losses in the industrial sector, where less than 50 percent of the enterprises are profitable. In the poorest branch, the mining industry, profitability is just a few percent.

As the "official" economy fails to provide a decent standard of living, the "shadow economy" becomes increasingly important. Accounting for at least an additional 40-60 percent of GDP, transactions are carried out in US dollars and evade state control and taxing. As mentioned above, a growing part (45-80 percent) of economic transactions are barter. Similar to Russia, Ukraine's economy is to a large measure a

25 *Joint Statement*, as in footnote 20.

26 President Kuchma, quoted in *Prism*, 2 July 1999.

27 *Action Programme*, as in footnote 19, p. 1: "Democracy still needs consolidation. The rule of law and civil society are still weak, and corruption is pervasive. A clearer division of power between the legislative, executive and judiciary on the basis of the new Constitution, and the further implementation of Ukraine's commitments towards the Council of Europe are still needed. Ukraine faces the task of passing a great deal of fundamental legislation, including civil and criminal codes. The development of civil society will also have to be fostered. Greater efforts will be needed to strengthen the rule of law, inter alia by strengthening the judiciary, and to combat corruption."

“pseudo-economy”.²⁸ One of the most serious economic problems is salary and pension arrears. Salary arrears amounted to USD 2.2 billion by mid-1997 and pension arrears to about USD 1 billion by mid-1998.²⁹ Again, the mining industry is hit harder than any other part of the economy, leading to repeated demonstrations of massive protest in the Donbas region (the last in summer 1998), which have often been used politically.

To overcome the economic crises, president Kuchma has issued a series of decrees with the goal of launching privatization, deregulation and modernization of the national economy immediately after election in 1994. Privatization of the state enterprises has only taken off in 1995 although the relevant laws had been adopted as early as 1992. The process is still not completed. While small and medium enterprises are entirely privatized, many unprofitable large enterprises and almost the whole primary sector are still owned by the state.³⁰

The implementation of the decrees was slow owing to the resistance of the left-dominated parliament, which has been reluctant to pass the required legislature. The second series of reform-oriented presidential decrees, issued in 1997 to convince the IMF to release a large long-term credit, was immediately declared “unconstitutional” by the left *Verkhovna Rada* majority. In summer 1999, the president’s right to issue decrees to shape the country’s social and economic policy has expired.³¹ After the 1999 presidential elections, the executive branch

28 Sherr, as in footnote 2, p. 9. See also the brilliant description of “virtual” economies by Gaddy, Clifford G. and Barry W. Ickes. “Russia’s Virtual Economy.” In *Foreign Affairs*, September/October 1998.

29 *Ukraine Human Development Report 1997*, Kyiv: United Nations Development Programme, 1997, S. 25. – *Can Ukraine Avert a Financial Meltdown?*, World Bank Analysis, June 1998.

30 *Ukraine: Agro Sell Offs Could Further Empower Regional Clans*. RFE/RL Analysis, May 1998.

31 The president’s title to issue economic decrees was limited to three years after the Constitution entered into force in July 1996 (Transitional provisions, item 4).

will no longer dispose of this means to counterbalance the left parliamentary majority.

The roots of Ukraine's economic problems are in the sociopolitical system. Political power is concentrated in the hands of those who have profited from the redistribution of the former state property. Alluding to figures like former prime-minister Lazarenko, who has escaped abroad from charges of embezzlement worth millions of dollars, Ukraine's political system has been described in terms of "kleptocracy" by critical Western analysts.³² The fact that privatization, to a very large extent, was insider or "nomenclatura" privatization increases the impact of the Soviet legacy on the economic mechanism.

A high degree of corruption and an ambiguous role of the state are typical for this system. The state is at the same time omnipresent and very weak. The former feature is a result of the lobbyist merger of enterprises and bureaucracy characteristic of the Soviet period, yielding a widespread lack of responsibility and initiative as well as an unnecessary complication of economic processes. The state is weak in economic legislature and its implementation. While most of the private sector is driven into illegality by astronomical taxes on profit, many of the large enterprises manage to evade taxes by special relations with the authorities. An incapacity to collect taxes is a major reason for the growing budget deficit. The uncertainties of the Ukrainian economy, especially the lack of a trustworthy legal basis, account for the low level of international investment.

The intermingling of politics and economy and the failure of this system to improve the population's living condition leads to an increasing lack of confidence by those excluded from participation. The mix of resignation and political indifference, which Ukraine has in common with other former Soviet republics, is directed most specifically against the *Verkhovna Rada* deputies, who have the reputation of being especially selfish and are not subject to democratic control after

32 *Kleptocracy in Ukraine*, IISS Strategic Comments, May 1998. – "Taynye interesy narodnykh deputatov." *Kapital* (Kyiv), no. 9, 1998, 15-28.

election.³³ Besides a fully developed civic society Ukraine lacks a civic state, despite its formal features of democracy.³⁴

Ukraine is going through an important period of its development as an independent state. "Foreign policy has 'exhausted its possibilities' and can no longer make up for the country's internal weakness."³⁵ At least indirectly, the presidential elections of October 1999 will have an important impact on the country's future foreign and security policy. Only if Ukraine's political elite is capable of providing, in the medium/long term, solutions to the pressing domestic problems, its foreign and security policy can succeed in achieving the two most important national security objectives, i.e. to decrease the structural dependency on Russia and to sustain the process of Western integration. The "opening of the debates", suggested by Anatolii Grytsenko as a condition for successful defense reform, should affect not only the military sector but all aspects of Ukraine's sociopolitical and economic system.

33 According to representative opinion polls, only 5 percent of Ukraine's population have "full confidence" in the parliament. 59 percent expressed "no confidence" and 28 percent trust "half-half". The figures are only slightly more positive for the president and the government. Another indicator for the prevailing lack of interest is the fact that only one third of the polled knew the name of the new parliamentary speaker. See *Public Opinion in Ukraine*. Monitoring Foreign and Security Policy of Ukraine. Occasional Report. Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, September 1998.

34 Sherr, as in footnote 2, p. 11, speaks of a "civic deficit".

35 *Ibid.*, p. 5.

Interests and Challenges of the West

The West, and especially Western Europe, bears a large responsibility and obvious interest in Ukraine's foreign and security development, but probably not in the blunt terms suggested by the secretary of Ukraine's National Security and Defense Council, who holds that the West *owes* Ukraine support because the latter has decided to separate from Russia in order to "return to the family of democratic European nations".³⁶ If Ukraine (the whole country, not only the "Westernizing" political elite) actively decides to continue the process of integration into Western and Euro-Atlantic structures, then the West will foster and support this development.

If Ukraine and the West should become "partners rather than mere neighbors" (a word used by Arkadiy Moshes to describe the nature of Ukrainian-Russian relations), Western Europe must overcome its policy of benign neglect towards this important country in Central Eastern Europe. The West's cold shoulder, perceived as indifference, makes it difficult for Ukraine to accept the criticism expressed by organizations such as the European Council or the European Union. Only by convincing Ukraine of its profound interest can the West relieve Ukraine of its deep-rooted fear of becoming a mere object of world history whenever Russia and the West come to terms on security issues on a global scale.

Within the triangular relationship with Ukraine and Russia, Western Europe must abstain from strategies based on "zero sum" assumptions, as they have been proposed by pragmatic "geopoliticians" even after the end of the Cold War.³⁷ There has never been a consensus in Western Europe to support Ukraine on an anti-Russian basis. While there is a definite common interest in decreasing Ukraine's dependency

36 See above, footnote 11.

37 "Without Ukraine (...), an imperial restoration based either on the CIS or on Eurasianism was not a viable option." (Brzezinski, Zbigniew. *The Grand Chessboard. American Primacy and its Geostrategic Imperatives*. New York: Basic-Books, 1997, 113).

on Russia there is no interest in alienating Ukraine from its important neighbor. Stable Ukrainian-Russian relations are a key factor of European security. And a deterioration of the relations between Russia and the West threatens first and foremost Ukraine.

If the West is serious about its assessment of Ukraine playing a crucial role in European security it will have to initially *provide* regional stability in order to allow Ukraine to develop and to become an equal partner. Western Europe will need a long breath because the process of transition in Ukraine is likely to be lengthy. Hence, the policies must be guided by *long-term* objectives. For example, the July 1999 decision of the new German government to abandon the pledges given in the framework of the 1995 memorandum of understanding regarding the closure of the Chernobyl nuclear power plant is *not* in line with the objective of decreasing Ukraine's dependency on Russian energy supplies.

A positive aspect of regional security is bilateral Polish-Ukrainian relations. As a recently accepted NATO member and a designated EU member, Poland is *the* example of an Eastern European country successful in its mission of integrating into Western structures. Yet Poland is vitally interested in maintaining a high level of social, political and economic interaction with Ukraine, which is its third largest trading partner if the gray market is taken into account. "Poland needs a rich, strong and independent Ukraine", as the first Polish president Walesa stated in the early years of Ukrainian independence, and it is willing to contribute to this end.³⁸ Warsaw fully endorses Kyiv's request that the EU pledges to keep the doors open for Ukraine. It insists in maintaining visa-free border traffic even after accession to the Union and the Schengen agreement.³⁹ By fostering Polish-Ukrainian relations the West has a promising opportunity to indirectly support the system

38 Walesa, quoted in Kuzio, Taras. *Ukrainian Security Policy*. Westport, CT: Praeger, 1995, p. 75). More generally about the objectives of Polish foreign policy see Geremek, Bronislaw. "Basic Directions of Polish Foreign Policy." *Politychna dumka/Political Thought*, no. 1, 1998, 61-74.

39 See "Poland: Ukraine's Anchor to Europe." *Prism*, 2 July 1999.

transformation and strengthen the ties of Ukraine with Europe. The price of this inexpensive and rather effective policy is a certain degree of pragmatic generosity regarding the implementation of the Schengen agreement.

As far as financial and technical assistance to Ukraine is concerned, the West would be well advised to draw conclusions of Russia's 1998 crisis. Generous investments into the top of the political system might contribute to short-term domestic stability but will not *per se* yield a significant development of the socioeconomic system. In order to contribute to a sustainable development of Ukraine's private sector, a healthy investment climate and the development of the civic society and the rule of law, the West should not limit its financial activities to augmenting IMF credit lines to allow Kyiv to service the debts accumulated in recent years.

An important aspect of the West's responsibility for security and stability in Eastern Europe is that the international community takes into account Ukraine's security concerns, particularly in the aftermath of NATO's Kosovo intervention, which – had it failed – would have put at risk the foreign and security policy basis of Ukraine and other states of the region. In this present stage of its Balkan policies, the West has the opportunity as well as the challenge to further integrate Ukraine into the growing network of military cooperation between NATO and PfP member states, which is achieved, *inter alia*, by Ukraine's commitment to detach a large unit to the NATO-led KFOR. It is a vital interest shared by all Western and European countries that the Alliance retains its reputation as a key element of the Euro-Atlantic security structure.

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