

Ukraine: Finding a Balance Between the EU and Russia

Written by Sandra Fernandes

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SANDRA FERNANDES, DEC 20 2013

A few days before the November 2013 Vilnius summit, Ukraine decided to suspend temporarily the preparations for signing two agreements that would have been a milestone for the country's relationship with the European Union (EU). The summit was the third of the Eastern Partnership (EaP), an EU policy launched in 2009 to tighten Brussels' offer towards its Eastern neighbours. In fact, the summit ought to be an historical moment towards the Ukrainian's path of integration in the EU – together with Moldova and Georgia – based on the Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA).

Instead of opening a “new chapter” in EU-Eastern partners relations (Ashton 2013), the Vilnius summit has shown the need to rethink strategic relations with Russia and the neighbours in order to avoid the resumption of confrontational and zero-sum games relations in Europe. Since late November, questions such as the following have been arising: is Ukraine torn between (1) a not sufficiently attractive EaP and (2) Russian bargaining to keep Moscow's influence in common neighbouring countries? In this article, we shall analyse the importance of main variables that explain Ukraine's decision and its main consequences. First, a geopolitical approach reveals how Russia and the EU are apart concerning the evolution of Europe and, thus, impacting negatively on Ukraine. Secondly, the lack of clear membership perspectives and the nature of EU policies also explain Ukraine's break. Finally, economic turmoil in the country, and the limits of foreign policy options since 2004, are now impacting on Ukrainian politicians.

The Competing Roles of the EU and Russia as Change Promoters in Europe

Since President Yanukovich's decision, popular opposition has been occupying the main squares of the capital city and spreading to other parts of the country. The protests are reviving the memory of the 2004 Orange revolution when presidential results were considered illegitimate because of frauds and voter intimidations. Nationwide protests against perceived Russian interference in domestic affairs led to the annulation of the first ballot and to the victory of the pro-European candidate Yushchenko against the pro-Kremlin Yanukovich. The Ukrainian “orange revolution” (and Georgian “rose revolution”) had a strong psychological impact in Russia. Trenin underlines that Moscow did not see the “coloured revolutions” as spontaneous uprisings against unpopular regimes. The Kremlin interprets them as “US-ordered coups, bankrolled by exiled 1990s-era oligarchs such as the London-based Boris Berezovsky. They were concerned less with creating democracy than projecting western influence” (2007). Ukraine's current decision to halt closer ties with Brussels is informed namely by the pressure that Moscow has applied on Kiev, as we will see below.

Geopolitics prove, thus, to be an enduring and core defining view of European countries' choices and policies. As Youngs and Pishchikova (2013) underline, the EU needs to promote “successful geopolitics” in order to compete with Russia on a different ground. According to the authors, Brussels has a sui generis perception of geopolitics and of its role that is based on values and on a positive-sum perspective of external relations.

During the 90s and until recently, Moscow has faced the uncomfortable situation of the loss of former allies and has sought to maintain a relevant position in a Europe that was dominantly defined by the EU initiatives. Russia seemed to be faced with the reluctant need to find a constructive role and place despite the unavoidable facts of the EU enlargement process and the European Neighbourhood Policy, created in 2004. The results of the Vilnius summit

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may well represent a shift in this post-Cold War pattern on the European continent. The Kremlin's attempts to maintain an enhanced role in an "EU's Europe" are producing tangible results that shed the light on the problems of compatibility that have arisen in the relation with Brussels, namely because of different interpretations of sovereignty and integration.

Nonetheless, on certain issues, such as energy, Russia is a great power and has been recognised as such by large EU member states. This situation has brought evidences of "realist" behaviour of the EU towards Russia, where the goals, means and results that have been prevailing do not reflect a commitment to normative orientations such as the interest in a democratic path in Russia. EU's approaches tend to be, in practice, overall non-normative, whereas the convergence issue has been impacting transversally in the agenda of cooperation (Fernandes 2008). Although Brussels states principles and values, they remain largely at the discourse level. As a consequence, the purpose of diminishing the normative gap between Brussels and Moscow has not been achieved yet and the current events in the Eastern Partnership realm might constitute the historical demonstration that EU-Russia gap needs to be managed for the sake of the common neighbours. This gap can be explained, namely, by conditioning factors. On the one hand, the Union lacks an integrated foreign policy and of a common view on how to approach Russia (pragmatists *versus* value-oriented). Bilateral policies are, then, possible and play against EU policies. Globally, pragmatist orientations favour trade priorities (Fernandes 2013). On the other hand, the external environment plays also against a relatively weak EU, where Russian economic recovery and re-assertiveness weaken the EU influence, namely through financial and technical assistance.

The Necessity for the EU to Rethink Conditionality and Enlargement Perspectives

A keyword in EU's relations with its Eastern partners is "conditionality". This principle implies in general the convergence of third parties with the EU set of norms and values, though the Union assesses, at least theoretically (see above), the legitimacy of third actor's actions under the scrutiny of norms and values observance (normativity). In this perspective, Georgia, Moldova and Ukraine have internal issues that put under criticism their path towards political reforms. Considering the use of conditionality by the EU, the pressure on Ukraine concerning the imprisonment of Yulia Tymoshenko shows that the EU offer is also synonym of "hard work" for the aspirant countries. The other three Eastern Partners (Armenia, Azerbaijan and Belarus) have shown few or inexistent signs of willingness to converge with Brussels. The lack of membership perspectives in the EaP is a weakness, as is the EU approach to reform in each of the EaP countries (Youngs and Pishchikova 2013). Next presidential elections in Ukraine are due in 2015 and many observers understand that president Yanukovich's decision to halt negotiations with the EU are related to his pledge for reelection. In fact, since Brussels and Kiev initialed the text of an EU-Ukraine AA in March 2012, Western leaders were demanding that Tymoshenko were released from prison for health reasons. She is the former prime minister and main opponent to the president. In mid-2011, Tymoshenko was found guilty of abusing her office in a gas deal with Gazprom, the Russian giant monopoly of gas.

The current Ukrainian crisis may jeopardize the EaP and raises the argument that Brussels can't continue offering Eastern neighbouring countries loose alternatives to enlargement because of the geopolitical situation in Europe (a strong and oppositional Russia). The membership perspectives have to be made clear politically and not simply understood or induced from the substance of very advantageous AAs and DCFTAs. In fact, these agreements go much further in terms of "practical integration" as compared to the AAs signed earlier with the Balkans countries, namely Serbia (Blockmans and Kostanyan 2013). Nevertheless, Brussels continue to promote its EaP as a policy that "does not prejudice the nature of the future relations between the EU and each of the partner countries" (European Neighbourhood Info Centre 2013: 9). After the Vilnius summit, this stance seems hardly productive as Brussels needs to build on its capacity to become a more constructive change promoter in the Eastern neighbourhood, while at the same time preserving a workable relationship with Moscow. "Developing an effective strategy for Europe's East is one of the EU's most defining geopolitical dilemmas" (Youngs and Pishchikova 2013).

Ukraine's Needs and the Balance Between the EU and Russia

The current crisis is mainly a domestic Ukrainian affair but it is challenging the definition of equilibrium in Europe. The balancing that Kiev has been practicing between the EU and Russia is not feasible anymore. After the mitigated

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deliveries of the orange revolution in 2004 and the political comeback of the Party of the Regions in 2006 and of the former president Yanukovich in 2010, the country found a balance that revealed to be unfeasible. The current path towards integration in the EU is ultimately not compatible with good relations with Moscow. Additionally, the Ukrainian desperate need for a financial rescue package makes the country more sensitive to Russian pressures that include the threat of economic sanctions such as higher gas prices. Some Ukrainian players even mention a “commercial war” initiated by Moscow last summer to pressure Kiev (Bogoslovska 2013).

The idea of a “strategic partnership” constitutes the agenda of Ukraine-Russia relations although it is difficult for Yanukovich to communicate about it in the current context of civil unrest. This partnership has existed since 1997 and the president announced on December 2 that it would be extended by providing lower gas prices from Russia and deferred payments for several months (Herszenhorn and Karmer 2013). The Russian reaction to the crisis has been so far to give Ukraine targeted signals that the Kremlin will help the country’s struggling economy.

According to Buckley and Olearchyk (2013), Russia and the International Monetary Fund (IMF) are actually the two main potential sources for financial aid. The author’s alert to the unclearness of benefits that Moscow would retrieve from Kiev in case of greater aid and the uncertainty of having Ukraine joining the 2010 Customs Unions, the Russian led-initiative with Belarus and Kazakhstan (and Armenia since September 2013). Concerning the IMF, Kiev has been reticent to accept its conditions, namely the unpopular need to raise household gas prices. Additionally, Ukraine is poorly rated by Transparency International (International Transparency 2013) and, thus, systemic corruption affects its capacity to attract the credit markets. The collusion between oligarchs and the state functions is a very distinctive feature of the Ukrainian political system and it is also an explaining variable of the halting of the EU partnership. As Jégo (2013) underlines, individual interests overweigh national ones because there is unwillingness to accept a legal framework that would limit oligarchs’ ability to pursue business on their own terms.

From now onwards and at least for months, the EU will face the need to create new impetus and revise the EaP. Uncontrollable factors such as what the Russian-dominated Customs Union will in fact become constitute new variables that the EaP needs somehow to consider. Ukrainian “neutrality” would be probably in the best interest of the country but it would be very limiting to ignore the big game of geopolitics where Kiev is a disadvantaged player depending on EU-Russia relations and on a better EU offer to contradict Russian power politics. On his trip to China in early December, Yanukovich was not simply avoiding domestic turmoil but he was also trying to find alternatives to the EU for the degradation of his economy by looking for Chinese contracts for exportation and by making a stopover in Moscow his way back to initiate a trade partnership. Ukraine is undoubtedly divided between pro-European and pro-Russian choices. The real issue is to understand if the country is blocked and how to renew its foreign policy, from the unfeasible “multivectorial” approach (that balances between Brussels and Moscow) to a catharsis of the past.

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