

# The Fallout from Ukraine's 2010 Presidential Election

## Internal Change and the Implications for Ukraine's Ties with Russia

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The dénouement of Ukraine's presidential election in January-February 2010 was as raucous as the campaign. Appearing at a victory rally on election night, Viktor Yanukovich spoke to his supporters only in Russian, even as he claimed to be grateful to "all Ukrainians." In subsequent days, the defeated candidate, Yulia Tymoshenko, refused to accept the outcome even though all international election monitors reported that the election had been fair and legitimate.

Despite this discordant ending, the election in many ways confirmed how far Ukraine has advanced since late 2004. Even as neighboring Russia has embraced a far more authoritarian and stultifying political system, Ukraine has moved closer toward Western-style democracy. The 2010 presidential election was the latest in a series of free, fair, and meaningful Ukrainian elections marked by lively competition and outcomes that are uncertain until the votes are actually counted. The incumbent president, Viktor Yushchenko, suffered a humiliating first-round defeat and did not even try to anoint a successor. The head of the large election observer mission for the Organization for Cooperation and Security in Europe, Heidi Tagliavini, hailed the 2010 Ukrainian election as "a well-administered and truly competitive election offering voters a clear choice." What has happened in Ukraine over the past six years is that all the major politicians and political parties have come to accept rules of the game that permit free elections and peaceful transitions of power. Tymoshenko's initial challenge of the 2010 results petered out precisely because it did not fit within those rules of the

game. Although this achievement is still fragile and could, in some circumstances, be reversed, Ukrainian citizens seem unwilling to follow Russia down the path of authoritarianism.

Indeed, Yanukovich himself, despite all his failings, has no incentive to abandon free elections. Despite enduring a humiliating defeat during the Orange Revolution in late 2004 and early 2005, he has actually been the chief beneficiary of the democratic elections engendered by the Orange Revolution. As early as March 2006, his party, the Party of Regions, won the largest share of the vote in Ukraine's parliamentary elections with 32 percent, enabling him to be appointed prime minister in August 2006. In April 2007, Yushchenko dissolved the parliament and ordered new parliamentary elections, which, when held in September 2007, once again saw the Party of Regions win the largest share of the vote, attaining 34 percent. Even though Yanukovich, during the 2010 campaign, frequently condemned the Orange Revolution, the irony is that his victory in February would have been impossible without the legacy of the Orange Revolution. He thus has a stake in preserving that aspect of it.

The example set by Ukraine's competitive politics and democratic elections since 2005 has not gone over well in Moscow. Prime Minister Vladimir Putin and other senior Russian officials have repeatedly depicted the turbulent political scene in Ukraine as "chaos" and "dangerous instability," contrasting it to what they insist is admirable "stability" and "predictability" in Russia. Their effort to denigrate the legacy of the Orange Revolution has had more to do with Putin's domestic priorities than with anything in Ukraine per se. The Russian authorities were deeply unnerved by the Orange Revolution in Ukraine, and they were determined to prevent any such thing in Russia. By portraying the situation in Ukraine in an unfavorable light, they hoped to convince ordinary Russians that Orange-style protests in Russia would simply make things worse. But now that the unambiguously pro-Moscow candidate in Ukraine has come to power in a free election, such pretenses will be harder for the Russian authorities to maintain. After observing what has happened in Ukraine, some Russian citizens might even begin to ask themselves why Russia cannot join Ukraine in having meaningful elections, free-wheeling political competition, substantive debates about politics in the media, and peaceful changes of power from one party to another.

The potential "demonstration effect" of the 2010 election is only one of several key implications of the election for Ukraine's ties with Russia. Although relations with Russia will unquestionably be better under Yanukovich than they were under Yushchenko, the potential for friction is greater than one might assume.

## **Language and Minority Issues**

Ukraine's 2010 election outcome, with the country divided between Yanukovich's 11 oblasts in the east and south, and Tymoshenko's 17 oblasts (and the city of Kyiv) in the center and west, reflected the tension that persists between ethnic communities, especially over the emotional question of whether Russian should be given the status of a second official language alongside Ukrainian (ethnic Russians now account for only around 17 percent of Ukraine's population, but the 2002 census indicated that roughly one-third of Ukrainian citizens regard Russian as their primary language). The Russian

government has spoken out frequently on behalf of the Russian-speaking community in Ukraine and has urged the adoption of Russian as an official language. Yanukovich pledged during the campaign to confer official status on Russian soon after he takes office, but he will likely encounter fierce opposition in parliament. If he tries to force the measure through too soon, or if the Russian government intervenes in a heavy-handed manner in favor of the change, the issue could spark a backlash, with adverse consequences for Ukrainian-Russian relations.

## Energy Ties

Ukraine's heavy dependence on Russia for energy supplies has been a perennial source of tension between the two countries. The Ukrainian economy is extraordinarily energy-intensive (Ukraine's energy consumption per unit of gross domestic product is more than three times as high as Germany's) and receives large quantities of natural gas and oil from Russia. Ukraine had little incentive to try to mitigate its energy consumption prior to 2005 when it was receiving subsidized supplies from Russian companies that tolerated long delays in payments. After the Orange Revolution, however, Gazprom (the Russian state-owned natural gas monopoly) and other Russian energy companies threatened to cut off supplies if Ukraine did not agree to pay promptly at higher prices. Unresolved pricing and payment disputes spurred Gazprom to halt supplies of natural gas to Ukraine in early 2006 and again in early 2009. The cutoffs demonstrated Gazprom's ability to wreak havoc not only in Ukraine but in many other European countries that are at least as (or more) dependent on Russia for supplies of natural gas. Both times, moreover, settlement of the disputes lacked transparency and involved the sorts of murky intermediaries long favored by Gazprom.

In the long run, Russia's decision to charge Ukraine higher (and more realistic) prices for natural gas and oil will be beneficial by giving Ukrainians an incentive to reduce energy consumption. In the short to medium term, however, the potential for major disruption and an ever greater burden on Ukrainian consumers will remain. Yanukovich's election does not eliminate the potential for further confrontations about payments and transit. What his election could change, however, is the status of Ukraine's natural gas distribution network. Legislation adopted at Tymoshenko's behest in February 2007 bans any transfer of ownership or control of Ukraine's gas pipelines. Tymoshenko, who had signed an agreement with the European Union in March 2009 to upgrade Ukraine's pipelines, pledged during the campaign to keep the gas distribution network under the control of Ukraine's Naftohaz and out of Russia's hands. Yanukovich made no such pledge and talked instead about a gas "consortium" with Russia. Given Ukraine's current economic plight, Yanukovich might be tempted to try to strike a deal with Russia like the arrangement set up in Belarus in 2006-2007 that made Gazprom a co-operator of Belarus's pipelines.

Whether Yanukovich can take such a step is doubtful, however. Unless he is able to overturn the legislative ban in Ukraine, he will not be able to transfer anything to Gazprom. That said, numerous experts in Ukraine have argued that the status quo with the pipelines is untenable in light of Ukraine's (and Naftohaz's) economic travails. Yanukovich might well seek to persuade parliament to allow at least partial

privatization of the pipeline network, depicting this as a compromise that makes more economic sense (and which would also benefit Yanukovich's wealthy supporters in the Donbass region, who would be well situated to purchase large shares). If a privatization scheme is eventually enacted, Russian authorities will want Russian investors to acquire major stakes, which in the future might be yielded to Gazprom. To guard against this, Ukrainian legislators would undoubtedly set sharp restrictions on participation by Russian investors. That, in turn, would likely provoke strong complaints from Moscow.

## Relations with NATO

During the Yushchenko years, Ukraine's bid for integration into Western organizations was a constant irritant for Moscow. Whenever Ukrainian leaders hinted that they might someday be interested in joining the North Atlantic Treaty Organization (NATO) or in receiving overt security guarantees from the United States, the Russian government sought to make clear that any such move would be unacceptable.

In April 2008, the NATO governments formally declared that "Ukraine will be a member of NATO," but they gave no timetable or any details about when Ukraine might be invited to join or even receive a Membership Action Plan (MAP). In the two years since, the issue has fallen off the agenda. Even if Tymoshenko had been elected, the question of NATO membership would no longer be a live one, for four main reasons.

First, the public mood in Ukraine has remained solidly against NATO membership. Polls conducted in 2008 and 2009 revealed that only around 20-25 percent of respondents supported NATO membership, whereas roughly 55 percent opposed it. Although political leaders could undoubtedly generate greater public support for NATO membership if they wanted to, achieving majority support would likely take many years.

Second, even if public opinion were more strongly in favor of NATO membership, the split in the Ukrainian political elite – with Yanukovich staunchly opposed to NATO – would deter NATO members from inviting Ukraine. In all of the former Communist states that have joined NATO thus far, a consensus existed among the leading political elites that NATO membership was desirable. If one of the main politicians in Ukraine is adamantly against joining NATO, allied governments have little reason to extend an invitation.

Third, the August 2008 Russian-Georgian war has converted the question of NATO membership for Ukraine (and Georgia) into a non-starter. Even before the war, the German and French governments were strongly opposed to even giving Ukraine a MAP, much less inviting it to join the alliance. In the wake of the August 2008 war, German and French opposition to any further enlargement of NATO into the former Soviet Union is even more vehement. Because NATO members must unanimously approve the admission of new members, this factor alone is enough to prevent any consideration of Ukraine's possible entry.

Finally, most Ukrainians are distinctly favorable in their perceptions of Russia. Of the dozens of countries covered by the Pew Global Attitudes Project in mid-2009,

perceptions of Russia were far more positive in Ukraine than anywhere else (aside from in Russia itself). In Ukraine, 81 percent of respondents expressed a favorable view of Russia, and only 16 percent said their views of Russia were unfavorable. By contrast, in Germany, 52 percent of respondents expressed an unfavorable view of Russia, and only 42 percent were favorable. Similarly, in Poland, 59 percent expressed a negative view of Russia, and only 33 percent were positive. Although Ukrainians are worried about their country's dependence on Russia for energy supplies — 63 percent said they are “concerned that [Ukraine] is too dependent on Russia for energy sources” — this anxiety has not translated into a more broadly negative view of Russia. The durability of Ukrainians' positive views of Russia strengthens the likelihood that NATO membership is not going to be a high priority for Ukraine even if a new president who seeks greater military cooperation with the West is elected in 2015.

## Relations with the EU

When Yanukovich was prime minister, his government was generally pragmatic in its dealings with Western-sponsored economic organizations and pursued important reforms needed to qualify Ukraine for entry into the World Trade Organization (WTO) and eventual membership in the EU. Although Yanukovich often wavered and seemed ambivalent about the implications of key measures required for WTO membership, the legislation moved forward during his tenure, facilitating Ukraine's entry into the WTO in May 2008. He also voiced interest, both while in office and during the 2007 parliamentary election campaign, in eventually bringing Ukraine into the EU, a goal also supported by other leading Ukrainian politicians at that time. Although Russian leaders occasionally expressed concern about Ukraine's possible participation in EU-sponsored military activities, the view in Moscow was that EU membership would be permissible, provided that Ukraine also retained strong economic links with the Commonwealth of Independent States. The Russian authorities thus drew a sharp distinction between the EU and NATO.

Over the past two years, however, the situation for Ukraine has changed. The severe economic jolt that Ukraine suffered from the global economic crisis altered the complexion of Ukraine's stance toward the EU. In October 2008 the International Monetary Fund (IMF) came up with a \$16.5 billion bailout package to keep the Ukrainian economy from going into free fall. In late 2009 the IMF suspended disbursement of the final \$1.8 billion until after Ukraine's presidential election. The bailout and Ukraine's continued economic woes induced EU leaders to put on hold any meaningful initiatives vis-à-vis Ukraine. In Ukraine, too, public support for EU membership, which once was around 67 percent, plummeted by early 2010 to only around 33 percent. This trend does not reflect a turn of sentiment against the West — indeed, Yanukovich's first official trip abroad as president was to Brussels — but it does mean that Ukrainians are wary of the austerity and disruption that will be necessary for eventual EU membership.

Conversely, Russia's economic role in Ukraine has increased in relative terms — a trend that may well continue even if the final tranche of IMF funding is soon restored. If Yanukovich is able to achieve visa liberalization and a free trade agreement with the

EU – goals that Ukrainian leaders have been pursuing for some time – Ukraine will no longer need to depend as heavily on Russia. However, Yanukovich's intentions are not yet clear. Although the appointment in March 2010 of Mykola Azarov, a close ally of Yanukovich, as Ukrainian prime minister might allow economic reform to move forward, the outlook is at best uncertain.

## **The Black Sea Fleet and Georgian Territories**

Russia's current lease for the Black Sea Fleet headquarters at Sevastopol extends to 2017. The Russian government has repeatedly sought an extension of the lease, but both Yushchenko and Tymoshenko dismissed the idea out of hand. Even if Yanukovich proves amenable to extending the lease (in March 2010 he said that he will decide the issue "not to the detriment of Russia"), he has no leeway to do so on his own. The Ukrainian constitution bans foreign military bases, and any extension of the lease would almost certainly require a constitutional amendment. Because there is no sign that the Ukrainian parliament will condone such a step, Yanukovich did not stress the issue during the election campaign. Now that he is president, Russian authorities are likely to make a strong push on the Sevastopol renewal, but if they fail to make headway, that will effectively end the matter. The Russian Navy will have to begin serious preparations within the next few years if it is going to have to shift the Black Sea Fleet headquarters to Novorossiisk when the Sevastopol lease runs out.

Russia is also likely to see whether Yanukovich will agree to recognize Georgia's territories of South Ossetia and Abkhazia as independent states. In the wake of the August 2008 war, the Russian government pressured CIS states to recognize the two breakaway regions. The Ukrainian government in 2008 and 2009 refused, saying that any such step would "violate the fundamental principles of international law." Yanukovich expressed support early on for recognizing the two regions but retreated from this position during the presidential campaign. After assuming the presidency, Yanukovich said that recognition was "not on the agenda." Russian authorities undoubtedly will urge him to move ahead with recognition, but he seems to have very little to gain by recognizing the two states, especially given that even Belarus has yet to do so.

On this issue, as on most of the others discussed here, Yanukovich's desire for closer ties with the EU and his stake in portraying himself as the leader of all Ukraine are likely to induce him to take steps that will displease the Russian government. The acute tension that often existed between Ukraine and Russia during Yushchenko's presidency has now ebbed, but no one should expect Ukraine under Yanukovich to side with Russia on all key issues.

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