

## Will Europe Walk Away from Ukraine?

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Since the election of Viktor Yanukovych as Ukraine's president in February 2010, the country has been drifting away from the democratic advances it had earlier achieved. The jailing of former prime minister Yulia Tymoshenko in August 2011 can be seen as the culmination of this regression, although it has not been its only outcome – there have been negative trends in freedom of the media and assembly, the independence of the judiciary, and economic management.

The European Union's reaction to Ukraine's slide is of critical importance as Ukrainian authorities have officially declared European integration to be their strategic objective. Significantly, the EU has diagnosed Kyiv's negative trends accurately and unanimously (unlike with Russia a decade before). As European Commission President Jose Manuel Barroso and EU High Representative on External Policy Catherine Ashton stated in a July 2012 interview, the EU does not view events in Ukraine as isolated incidents but as part of a systemic development.

The EU, like the United States, has clearly signaled its discontent with the deterioration of democratic norms in Ukraine. Both the EU-Ukraine Association Agreement and the Deep and Comprehensive Free Trade Agreement, scheduled to be signed in December 2011, have stalled. The EU has indicated that their enactment is impossible unless the situation changes, as such formally upgraded EU-Ukraine relations need to be based on common values.

Contacts with President Yanukovych have been frozen. In May 2012, Kyiv had to cancel a summit of the Central European Initiative it was chairing this year, since regional leaders decided not to attend. Top European politicians boycotted the 2012 European football (soccer) championship, with the exception of the Polish president, whose country co-hosted the tournament. Over the summer, British authorities reportedly refused to meet Ukraine's president during the London Olympics, and

Ukraine's delegation was headed by Prime Minister Mykola Azarov. The Ukrainian parliamentary elections in late October 2012 will be a key benchmark in international assessments of Ukraine's course. The EU will seek Ukraine's compliance with high standards of electoral freedom and fairness.

Although the European diplomatic position is firm, it is also true that it hides the absence of an action plan toward Ukraine. Expressions of expectations are usually accompanied by statements such as "the ball is in Ukraine's court" or "the key to improvement of relations is in Kyiv not Brussels." These statements ring true but hardly hint to what the EU plans to do if Kyiv continues to turn a deaf ear. It may already be too late for the EU to release an action plan if the October elections are mismanaged, since it has been unable to indicate beforehand what the consequences of non-compliance with the criteria might be.

Essentially, the EU faces a choice: active promotion of European standards or gradual disengagement with Ukraine. Abandoning Ukraine is not a preferred option. Much has been invested in the country's democratic future—especially after the Orange Revolution. Disengagement will be interpreted as the West's acceptance of its own failures and have strategic implications for the state of democracy in the whole post-Soviet space. Nonetheless, the apparent lack of progress creates a "pause," a type of disengagement by default.

### **Reconstructing the Rationale in Yanukovych's Gamble**

When Yanukovych came to power, he demonstrated an interest in conducting a balanced external policy and improving Ukraine's relations with the EU. His first foreign visit was to Brussels rather than to Moscow (as was largely expected at the time). According to some sources, he instructed diplomats to speed up negotiations on the EU-Ukraine Association Agreement. Initially, Yanukovych's team was able to convince Europe that Ukraine's reestablished political "stability" would help Ukraine's European integration. But, when the regime's consolidation and concentration of power in the president's hands became evident, compatibility with the EU became problematic. Kyiv has since seemed ready to sacrifice the latter for the former.

A hunger for power and emotionally-driven policy (like Tymoshenko's jailing) may well play a role in what has happened in Ukraine. However, certain rational considerations are also evident, even in Tymoshenko's persecution. Leaving aside domestic considerations, some observers suggest her arrest was a calculated move against Russia. Often overlooked, it was an important volley in Yanukovych's duel with Moscow. Contrary to how Western media like to dub him, Ukraine's current president has never been a "Russian stooge." In 2010, he won elections without Moscow's support. He had his internal supporters to thank for victory, not the Kremlin.

The chronic conflict between Russia and Ukraine about the Ukrainian gas pipeline system was not resolved to Moscow's liking after Yanukovych came to power. His refusal to bring the country into the Russia-led Customs Union with Belarus and Kazakhstan also irritated Moscow. It is quite plausible that in 2015 when the next Ukrainian presidential elections take place, the Kremlin will throw its weight behind

another candidate. Public contacts in July 2012 between Russian President Vladimir Putin and Viktor Medvedchuk, former head of Leonid Kuchma's presidential staff who is now returning to politics, is one indicator of such a possibility (they met in Medvedchuk's house in Crimea).

It was very important for Yanukovych to demonstrate to Moscow that it is no longer the kingmaker in Ukraine, and that it will not always be able to defend its favored elites in case they come into conflict with Yanukovych. The case of Tymoshenko, who was convicted for literally signing a gas agreement with Moscow, perfectly suited this task. Although Moscow voiced some initial discontent over the fate of its once acceptable partner, it later decided not to stand up in Tymoshenko's defense.

As for relations with the EU, Yanukovych and his advisors—like many other post-Soviet politicians—simply do not believe that Europe can conduct a value-based policy. On the one hand, the example of several of Ukraine's neighbors shows that so-called "pragmatic" interests (including open economic lobbying) often prevail over professed norms. On the other hand, since independence, many in Ukraine have learned to view their country as a critical geopolitical balancer of Russia and believe that, for the West, Ukraine's independence will always matter more than its democracy. Following this logic, Yanukovych may very well assume that Europe will accept him as a partner whatever he may do at home.

### **You Cannot Lose What You Never Had**

The EU's capability to go beyond verbal diplomacy in Ukraine looks rather limited. Starting with "carrots," the problem is that the EU has already made Ukraine the greatest offer it could in the form of the free trade area and political association agreements. These offers fall short of what Ukraine's pro-European constituency was expecting, however, which was an actual membership prospect. This limits their ability to serve as a basis for conditionality.

Regarding economic assistance, raising funds for Ukraine would not be popular in today's cash-strapped Europe. Any offers would also have to beat those of China, which is becoming more and more active in the region and lends money without political conditions. For example, China has recently agreed to lend \$7 billion to Ukraine in addition to a currency swap of \$2.4 billion, comparable to all loans Ukraine received from international financial institutions from 2008 to 2010.

As for "sticks," pressure is not Europe's strong point. It suffices to see the difficulties the EU faces in sanctioning Belarus' Aleksandr Lukashenko, who is undoubtedly more authoritarian than Yanukovych.

When looking at the broader context, the whole eastern periphery is a lesser priority for the EU these days. This is partially linked to developments in the southern neighborhood. However, it stems more fundamentally from the absence of success stories in the region itself. With the partial exception of Moldova, the EU's regional partners have provided more reasons for disappointment and concern than optimism. The Eastern Partnership, conceived as a vehicle of special cooperation between the EU and six post-Soviet states, including Ukraine, has lost so much dynamism that its 2013

summit (during Lithuania's EU presidency) may not be convened at all. This is happening at a time when Europe's economic future is at stake, which objectively diverts attention away from foreign policy and makes the EU more inward-looking.

It thus should be no surprise that the official EU policy slogan toward its neighbors – “more for more” – is, for many of them, really becoming “less for less,” a recipe for disengagement.

### **The Russian Factor**

Above I mentioned Russia's inability to realize its political ambitions in Ukraine, but is there a risk of a hostile takeover of Ukraine by its neighbor down the road?

Even though the deterioration in relations between Ukraine and the West has undeniably undermined the foundations of Ukraine's “balancing act” and significantly weakened its position vis-à-vis Russia, Ukraine's “surrender” is not a scenario for tomorrow. The Kremlin must realize that efforts to take Ukraine under its full control will provoke resistance from many different quarters of the country, from more national-minded citizens to economic elites and business powerhouses. At the same time, the economic price of reintegration would not be popular among Russia's own growing nationalist movement.

Perhaps today's picture is acceptable for the Kremlin. Ukraine's integration into the EU has been postponed for the foreseeable future and its NATO membership prospects have been taken off the agenda completely. Moreover, Ukraine, unable to negotiate further price discounts, now pays its high gas bills regularly, which suits Gazprom's interests perfectly.

Under these circumstances, the EU and Russia share an immediate concern: the smooth functioning of gas transit. This is a mutual concern about the stability of supply and demand, however, not Ukraine's economic stability or political fidelity. If and when Russia reorients its gas exports to bypass Ukraine, both Russian and European interests in Ukraine are likely to decrease further.

### **Can the EU-Ukraine Relationship be Put Back on Track?**

The short answer is “no” unless the administration in Kyiv changes course, which it shows no sign of doing. This does not mean that Brussels should close its tool chest. It should release a list of targeted sanctions against people who are personally involved in criminal activities (including manipulation of justice, media persecution, and electoral fraud). Certain individuals would be affected knowing that the deterioration of democratic standards in their country has a personal price tag for them. Ukraine's pro-European constituency can be further mobilized through visa liberalization and projects with civil society and business circles; many businessmen are frustrated with the economic climate in Ukraine in general and disheartened by the waning prospect of a free trade regime with the EU. Importantly, an effective information campaign is needed to explain to Ukrainian society that the obstacle to pan-European cooperation is the course set by the government in Kyiv, not the unwillingness of Brussels or individual EU member states.

Admittedly, however, the emergence of an EU consensus around such an action plan is not very likely. It would require a general rethinking of the EU's regional approach, making it more ambitious and based on a restored realization that the fate of Ukraine's transformation is, indeed, critical for the whole area. Only with the development of such a vision will the EU truly feel uncomfortable leaving Ukraine to its own devices.