

# Russian-Ukrainian Relations After Ukraine's Elections

Arkady Moshes  
October 1999  
PONARS Policy Memo 82  
Institute of Europe

At the moment, the dynamics of Russian-Ukrainian relations are defined by two sets of contradictory trends. On the one hand, Russia and Ukraine are obviously drifting apart. On the other hand, the centrifugal process has its limits, making a "final divorce" impossible for the foreseeable future.

## **Drifting Apart**

Economic relations between the two countries have become less and less intensive. During the period of Leonid Kuchma's presidency, bilateral trade fell approximately by \$5 billion (US) or one-third the volume of the mid-1990s. Ukraine lost its position as Russia's leading trade partner and now competes for third place with Belarus, whose population is 5 times smaller. Mutual investment remains negligible. "New" energy debts, accumulated since 1997 (in addition to those restructured in 1995) have reached \$1.8 billion (US), according to Russian sources. This resulted in stoppage of Russian electricity deliveries and growing reluctance of leading gas traders Gazprom and ITERA to sell gas to Ukraine beyond the amounts due as payment for transit services. Ukraine's high transit tariffs (for example, \$1.09 for transportation of 1,000 cubic meters of gas per 100 km as compared with Belarus' 55 cents) and, more important, constantly reported cases of siphoning millions of dollars worth of gas have made it imperative for Russian exporters to gradually reduce their usage of Ukraine's transit routes by constructing new pipelines in Belarus and on the Black Sea bed, and by increasing the capabilities of Russia's own ports.

The bilateral political agenda includes a number of controversies ranging from disagreements on border issues (whether to delimit or simply to demarcate the interstate border, and especially what to do with maritime borders in the Azov Sea and the Strait of Kerch) to Russia's concerns that Ukraine's language, education and information policy aims to introduce of the state language into all spheres of societal life at the expense of Russian. The foreign policy orientations of the two countries differ considerably. Russia is especially sensitive to Ukraine's interaction with Western security organizations. Ukraine retains strong apprehension regarding the so-called "post-imperial syndrome" in Russian policy. All this fuels a crisis of confidence in bilateral relations.

Important changes have taken place in Russian public opinion under the impact of the debt issue. Kiev's unwillingness to solve the problem and empty promises have led the majority of Russians to embrace the principle of "no more free lunches for Ukraine," in contrast with earlier "brotherly" attitudes. Russia's own financial difficulties have led to protest against Russian subsidies to Ukraine and increased the likelihood of a tougher stance on this particular issue.

In general, Russians' interest in developments in Ukraine is decreasing, as made evident by the current presidential elections. The coverage of the campaign in the Russian media was sporadic and insufficient to satisfy any consistent interest. No explicit support was rendered to competing candidates by Russian officials or leftist forces in the media (although the Kremlin's sympathies to Kuchma were implicitly expressed), which demonstrated a sharp contrast with the elections of 1994 when Kuchma's status as a preferred candidate was indisputable.

Ukrainian society as a whole completed an important phase of its post-Soviet evolution, during which the Russian factor played a crucial role in the country's politics. The 1999 elections, unlike two previous presidential campaigns in Ukraine, were not a choice between "pro-Western" and "pro-Eastern," or "pro-independence" and "pro-Russian" candidates. They were a choice between the status quo and its alternatives in an independent country neighboring Russia.

It is highly unlikely that an impulse to change relations with Moscow--let alone seek a rapprochement with Russia--can be generated among Ukrainian elites. The present model, based on a "recipient-donor" relationship where the latter has no say in questions of "sovereign" property and shows no intention to use the debt as a political instrument, and where partnership rhetoric suffices to satisfy the creditor, makes Ukrainian elites (both the leadership and the opposition) feel rather comfortable.

### **Limits on These Centrifugal Tendencies**

Though it tries to distance itself from Russia, strategically Ukraine is not approaching the West. Ukraine's western border is the line where the first wave of NATO enlargement stopped. The division will deepen in the case of EU enlargement, which will bring new economic regulations, visa and other restrictions. Regional cooperation is unable to help to bridge the gap as long as the countries of Central and Eastern Europe lack financial resources and regard the EU and NATO, not Ukraine, as their top priorities. With its collapsing economy, lack of market reforms, corruption and controlled media Ukraine remains a predominantly post-Soviet country. Changes here are not to be expected: the 1999 campaign did not even raise the possibility of a liberal alternative.

None of the alternative schemes Ukraine tried in order to diminish Russia's role as its main energy supplier have actually worked. The spectacular failure in early 1999 of an attempt to obtain gas from Turkmenistan (which resumed deliveries in January after they were stopped several years ago, but had to stop them again in March since they were not

paid for) illustrated once again the degree of Ukraine's connection to and interdependence with Russia. Russia cannot follow Turkmenistan's example by cutting off supplies, for it must seriously consider the spillover effects it could face in the event of instability in Ukraine.

In Ukraine there are large groups of people who clearly state their interest in preserving friendly relations between Ukraine and Russia. This is only natural, taking into account the 11 million-strong Russian population and the fact that Russian is the native language for at least half of Ukraine's citizens--not to mention the strong cultural, historical and personal ties binding the two nations. Furthermore, Russia provides jobs for millions of Ukrainian guest workers. Although far less important than in 1994, when these orientations contributed to Kuchma's victory, they still limit Ukraine's choices to a considerable extent and serve as a safeguard against further deterioration of relations. In 1999 all the leading candidates appealed to this segment of the electorate, which also is a source of constructive engagement in Russian policies towards Ukraine.

### **The Prognosis for Future Relations**

The outcome of the Ukrainian presidential elections of 1999 will have a marginal effect on the state of Russian-Ukrainian relations. If Leonid Kuchma is reelected, he is likely to continue his previous policies aimed at preserving the current model of donor-recipient relations with Russia, accompanied by declarations about strategic partnership. The left, should they win the elections, would probably follow the same line. They, however, might encounter problems in establishing relations with the official Moscow due to the anti-Communist nature of the present Russian regime. Radical changes could hypothetically take place over time only if Ukraine elected a liberal reformer whose economic policy would simultaneously make the gap between Ukraine and its western neighbors narrower and strengthen Ukraine's economic sovereignty. This scenario, however, will not materialize.

Therefore, the future of Russian-Ukrainian relations is much more dependent on the results of the Russian presidential elections and Russian policy afterward, which in turn will be dependent upon the personal views of the new president, as well as on the position of big Russian business. Two scenarios seem possible. First, Russia could keep its current passive stand vis-à-vis Ukraine and the centrifugal drift will continue or even increase speed. No new factors will affect the paradigm of bilateral relations and, correspondingly, no conflict is envisioned.

Second, Russia could pursue an active policy towards Ukraine combining:

- a rigid approach towards the debt issue, including demands of property in Ukraine, in exchange, and the prevention of gas theft, involving measures taken at the highest political level; and

- promotion of a positive agenda in relations with Ukraine, implementing joint projects in space and aircraft industries, arms trade and telecommunications, and fostering regional cooperation, particularly in the Black Sea region.

Still, relations may develop in two different directions. It is possible that relations will improve because psychologically important conflicting issues will be resolved or at least seriously approached--as long as new business interests will emerge. However, it is equally possible that such a policy will be unacceptable for Ukraine, and will lead to diplomatic conflicts and eventually fail, accelerating the process of disintegration. In this case, it is likely that Russia will abandon Ukraine and work more actively on reorienting its own economic ties and transit routes. Such an outcome would be extremely economically detrimental and politically destabilizing for Ukraine, given its current situation.

© PONARS 1999