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# FOREIGN POLICY OF UKRAINE

# 2009/2010

## STRATEGIC ASSESSMENTS, FORECASTS AND PRIORITIES

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*Annual Strategic Review*

**Edited by Professor G. M. Perepelytsia**

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2011**

*Assessments presented in this Annual Strategic Review  
are those of the authors and reflect exclusively authors' opinion  
on the events of international life and foreign policy of Ukraine*

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The Annual Strategic Review of the Foreign Policy Research Institute does not represent the official position of the Ministry of Foreign Affairs of Ukraine (MFAU). The goal of this publication is to provide comprehensive analysis of Ukraine's foreign policy, describe key trends inherent to Ukrainian foreign policy over the last year and forecast options for their further development, as well as spell out the priority areas for the implementation of the foreign-policy course of Ukraine.

This Annual Strategic Review is aimed at encouraging politicians and the scientific community of Ukraine to engage into discussion and seek the ways to resolve foreign policy problems and refine foreign-policy course of Ukraine

The Annual Strategic Review is intended for a wide range of Ukrainian and foreign experts, scientists, Ukrainian diplomats and Embassies, as well as foreign diplomatic missions and representative offices in Ukraine and readers interested in foreign policy issues and international relations.

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## Preface

The publication of the Annual Strategic Review «Foreign Policy of Ukraine: Strategic Assessments, Forecasts and Priorities» by the Foreign Policy Research Institute has become a well-established event. It attracts great attention from Ukrainian experts, diplomats, and politicians and from the broader international community – everyone who is keen to know more about the current and future prospects of Ukraine’s foreign policy. This edition is unique because it provides unbiased analysis of international events, foreign policy decisions, successes and problems in the implementation of the country’s foreign policy course in 2009/2010.

The value of this Annual Strategic Review lies in the way it enables the readers to assess the effectiveness of the implementation of Ukraine’s foreign policy interests in the international arena, as well as to define these interests in different regions of the world. It covers the challenges and trends that became apparent in the international community and foreign policy of Ukraine in 2009/2010. The publication provides a comprehensive assessment of Ukraine’s place and role in regional and global security systems.

The publication provides a comprehensive analysis of economic and security aspects of Ukraine’s foreign policy course, analyses its strategic direction, provides detailed characteristics of the status of Ukraine-Russia relations and trends for their further development, and it provides recommendations for solving a number of problems and achieving the objectives of European integration of Ukraine.

The Annual Strategic Review also examines and assesses Ukraine’s bilateral relations. It provides information on the status of key bilateral relations, for example, the development of cooperation with the leading EU Member States, the USA and Canada, Russia and the countries

that are regional leaders in Asia, Africa, Latin America and the Asian and Pacific Region.

Therefore, the Annual Strategic Review is essentially a comprehensive reference document which highlights the major foreign policy events that took place in 2009/2010 and provides a comprehensive analysis of the key aspects of Ukrainian foreign policy.

The annual initiation of this publication is clear evidence of Ukraine's aspiration to transparent and stable foreign policy in line with international democratic standards. The complexity of objectives faced by Ukrainian diplomacy requires open discussion, critical rethinking and well-balanced assessments of the foreign policy of Ukraine. The Annual Strategic Review «Foreign Policy of Ukraine – 2009/2010: Strategic Assessments, Forecasts and Priorities» aims to facilitate these processes. It combines scientific analysis in the form of conclusions and evaluations by outstanding specialists in international affairs, and information materials. We believe that it will provide interesting reading for diplomats, experts in international relations and for Ukrainian and international communities in general.

Sincerely,



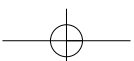
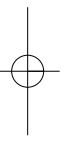
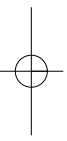
**G. M. Perepelytsia**  
Director of the Foreign Policy Research Institute,  
Doctor of Political Sciences, Professor

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## **Chapter I**

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# **NATIONAL AND INTERNATIONAL CONTEXT OF UKRAINE'S FOREIGN POLICY**





## § 1. Trends Of Ukraine's Foreign Policy In 2009–2010

During 2009, the foreign policy of Ukraine remained «a prisoner» of internal political processes and crises. Political struggle in terms of pre-election Presidential campaign complicated the realization of effective and stable foreign policy, and weakened the country's positions in key international directions. For over seven months the Ministry of Foreign Affairs remained without a legitimate head. This created an internal imbalance which had an impact on foreign policy making. As well as the MFA, there were a number of other centers of decision making in the foreign policy sphere: the Main Directorate for Foreign Policy of the Secretariat of the President of Ukraine, the Bureau for European and Euro-Atlantic Integration of the Cabinet of Ministers of Ukraine.

These factors determined some changes in the influence rating of institutions and groups of elites on the foreign policy of Ukraine<sup>1</sup>. Comparing the increase of influence of the Cabinet of Ministers of Ukraine (that did not assist the improvement of its effectiveness), the contribution of the Verkhovna Rada of Ukraine in forming of the foreign policy course of the state remained low (though it increased in five times comparatively to the low base level in the previous year) (*Table 1.1*).

However, in 2010 the foreign policy of Ukraine was radically transformed. It primarily reflected the internal political changes – the accession to power in February of a new President, leader of the Party of Regions Viktor Yanukovych. He by no means strived to reach

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<sup>1</sup> This analysis is based on the results of experts' survey conducted by Centre for Peace, Conversion and Foreign Policy of Ukraine – CPCFPU (head – O. Potekhin) according to a standard methodology among four groups of people involved in the analysis, planning, and expertise of foreign and security policy of Ukraine and adoption of political decisions (employees of state authorities and state analytical agencies, military elite, NGO specialists, journalists).

Table 1.1

**Experts' Answers to the Question:**  
**«Which Institutes and Elite Groups Inside Ukraine Have Today**  
**the Largest Influence on Foreign Policy of Ukraine?», %**  
*(the total of percentages exceeds 100%, since experts*  
*could select up to three options)*

	December 2008	December 2009
President of Ukraine and Secretariat of the President of Ukraine	87	76
Heads of the Cabinet of Ministers of Ukraine	31.5	58
Minister of Foreign Affairs of Ukraine	40.7	38
Financial and Industrial Groups	24.1	36
Narrow informal circle of persons close to the President of Ukraine	48.1	28
National Security and Defense Council	14.8	12
Ukrainian Parliament	1.8	8
Independent analysts, experts, journalists	0	6
Regional leaders	0	2
None of the above	3.7	0
Other: 1. Prime Minister of Ukraine alone; 2. All, except independent experts and analysts, only spoil the image of Ukraine		

the overall national consensus on the core issues of state building and of a foreign policy course by means of making compromise. The previous course was radically altered despite of the fact that the mandate to make such changes had been given to the President by only about a third of the citizens of Ukraine who had the right to vote.

The Ukrainian authorities began the reconstruction of «the vertical» as an absolute priority that was at odds with the idea of separation of powers, i. e. it was directed to the monopoly of one of them – the executive one, led by the President. The members of the Party of Regions demonstrated to opponents and society lessons of judicial nihilism, disrespect for the Constitution and activities of «political expediency» which helped restore the power vertical, using the wide variety of methods and tools to put pressure on people who disagreed.

Counter to regulations and even to the Constitution (i. e., without quorum and personal voting) the Law of Ukraine «On Foundations of

Domestic and Foreign Policy» was adopted and fixed so called non-bloc status as a basis of foreign policy. This laid the grounds for big change to the foreign policy course of the state. Obviously, its main aim is the formalization of refusal from the Euro-Atlantic integration. «The attempt of the previous Government to gain the NATO membership for Ukraine wasn't supported by the majority of citizens. Moreover, such a policy led to a serious tension between the West and Russia. As if we stepped aside from an old mantra (“we will be a NATO member, in other case Russia will absorb us”), we relieved Europe from the political lumber which, in the worst case, could lead to a new Cold War», the Minister for Foreign Affairs of Ukraine K. Gryshchenko said in article which appeared in the German newspaper *Süddeutsche Zeitung* called «Europe of ones left alone»<sup>2</sup>.

The process of adopting the Law clearly demonstrated that the Ukrainian Parliament is, in fact, withdrawn from the elaboration of the grounds of state's foreign policy. A new style of making strategic decisions in foreign political sphere began to dominate: *the political interests of the authoritative group determines everything* – without taking into account expert opinions, without analysis of the level of threats and the different possible international scenarios, without taking into consideration the existing European democratic practices of law-making and elaboration of strategic decisions.

In the opinion of the expert community, the most important event of the year became the Kharkiv agreements between Ukraine and the RF «gas (at “lower” prices) in exchange for an extension of the term of deployment of the RF Black Sea Fleet in Sevastopol after 2017». The Ukrainian and Russian dialogue at the highest level during the year, «rapprochement» was taking place in an unprecedented intensive way. Pursuant to the estimation of the Head of the Ministry of Foreign Affairs of Ukraine, «a new Ukrainian foreign policy is based on the vision of obvious things: we are considering ourselves a pilot project of future, really united Europe. As well as the West and the East of Ukraine should approach their different historical traditions, the East and the West of the continent should turn from two parts into an entity». And further: «The full-fledged overcoming of differences between the East and the West should become our long-term purpose. The main issues are ones of security and economy in terms of the world competition. If we continue old arguments, it will once and for all weaken the

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<sup>2</sup> See: Dzerkalo Tyzhnya. – 2011. – № 4.

positions of Europe in contrast to the other regions of the world», K. Gryshchenko also added in his article.

Even if one can suppose that Europe is really ready to apprehend a new course, i. e. «rapprochement with Russia» and refusal of the Ukrainian authorities from Euro-Atlantic integration, as a welfare for itself, «joining factor», there is a question to what extent did it assist confirmation of the international positions of Ukraine, and its external security? The answer, as the results of our research shows, is wholly negative<sup>3</sup>.

During the year Ukraine intensified the multi- and bilateral dialogues with many countries around the world. Ukrainian diplomacy strived to take part in solving important issues on the international agenda. But, *all the foreign political activity of the state had an immensely contradicting character*. However, the contradiction as for the factors of formation of the foreign policy of Ukraine laid down in the Constitutional reform of 2004, after its abolition by the verdict of the Constitutional Court, was judicially annulled. From the beginning of the activity of the M. Azarov's Government, the foreign political line of the state is completely determined by V. Yanukovych and his closest colleagues (with the service role of the MFA). The Verkhovna Rada also lost any autonomy in making foreign policy decisions (*Table 1.2*).

*Table 1.2.*

**Experts' Answers to the Question:  
«What in Your Opinion is the Effectiveness of the Activity  
of Ukrainian Parliament Regarding the Issues of Foreign  
Policy, Defense and National Security?», %**

	December 2009	December 2010
High	0	0
Average	12	7.1
Low	50	47.6
Zero	38	45.3
Hard to say	0	0

<sup>3</sup> This analysis is based on the results of a survey of 42 experts conducted in December 2010 by Centre for Peace, Conversion and Foreign Policy of Ukraine (head – O. Potekhin) according to a standard methodology among four groups of persons involved in the analysis, planning, and expertise of foreign and security policy of Ukraine and adoption of political decisions (employees of state authorities and state analytical agencies, military elite, NGO specialists, journalists).

The main changes in foreign policy activity as well as the influence on foreign policy by state leaders, determined some changes in the rating of consequence of the institutions and groups of elites in Ukraine on the foreign policy. *The substantial increase of influence of the closest colleagues of the President and of the financial and industrial groups catches one's eye. And conversely, the legitimate organs which should form the foreign policy course and be responsible for its realization (NSDCU, MFA) are not considered as the influential ones (Table 1.3).*

The qualitative state of Ukrainian relations with key foreign partners also changed substantially during the year. Experts cite rapprochement with the Russian Federation and spacing with the West partners. The only relatively unchanged partnership is with Poland. Asymmetric relations with other partners noticeably increased.

Table 1.3

**Experts' Answers to the Question:  
Which Institutes and Elite Groups Inside Ukraine Have the  
Largest Influence on Foreign Policy of Ukraine?, %**  
*(the total of percentages exceeds 100%,  
since experts could select up to three options)*

	December 2009	December 2010
President of Ukraine and Secretariat of the President of Ukraine (administration)	76	97.6
Narrow informal circle of persons close to the President of Ukraine	28	90.5
Financial and Industrial Groups	36	69
Minister of Foreign Affairs of Ukraine	38	21.4
Heads of the Cabinet of Ministers of Ukraine	58	4.8
National Security and Defense Council	12	0
Ukrainian Parliament	8	0
Independent analysts, experts, journalists	6	0
Regional leaders	2	0
None of the above	0	0
Other:	1. Prime Minister of Ukraine alone. 2. All, except independent experts and analysts, only spoil the image of Ukraine	

Relations between Ukraine – European Union and Ukraine – USA were could be qualitatively characterized as the marginalization of Ukraine (*Table 1.4*).

*Table 1.4*

**Characteristic of Qualitative Status of Ukraine's Relations  
with its Key Foreign Partners, %**

	European Union		Russian Federation		United States of America		Poland	
	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010
Rapprochement	32	21.4	8	45.2	4	9.5	30	7.1
Alienation	14	28.6	32	0	22	45.2	2	11.9
Stability, preservation of status quo	18	35.7	0	11.9	46	42.8	50	61.9
Integration	8	4.8	0	9.5	0	0	4	0
Stagnation of relations	28	45.2	18	0	24	28.6	12	38
Satellite dependence of Ukraine	12	0	26	59.5	12	4.8	0	0
Equal partnership	0	0	0	4.8	0	2.4	56	54.8
Unequal, asymmetric partnership	46	59.5	32	54.8	34	40.5	4	2.4
Competition, antagonism	0	4.8	10	11.9	0	2.4	6	0
Tension	0	4.8	76	14.3	2	16.6	0	0
Hostility	0	0	24	0	0	0	0	0
Mutual dependence	8	7.1	10	16.6	0	0	24	23.8
Client-Patron relations	38	35.7	12	30.9	38	33.3	0	7.1

### Relations with EU, WTO

Positive results were observed during the negotiations with the European Union on the conclusion of the Association Agreement between Ukraine and the EU. The preparation of nearly all the chapters was finished at delegation level, including the 31<sup>st</sup> sectoral segment. But further successful negotiations, in particular, on the establishment of the Free Trade Area between Ukraine and the EU remained the real issues at the heart of the parties' relations. The Agreement on Strategic Partnership between Ukraine and Europol was also concluded.

On 23 March 2009 the Brussels Declaration on the Modernization of Ukraine's Gas Transit System was concluded. At the end of the year Ukraine joined the European Energy Community. The legal prerequisites were created to start a new stage of the partnership between Ukraine and the EU on the basis of principles of political association and economic integration. There was a necessity to activate the measures in order Ukraine meets the criteria of membership in the EU, in particular, in part of harmonization of the Law of Ukraine with the laws of the EU.

The Ukrainian party started to work on the execution and monitoring of the EU – Ukraine Association Agenda, which was politically approved by parties at the session of the Ukraine – EU Cooperation Council on 16 June 2009. In November 2009 the Council of Ministers of the EU finally approved the EU-Ukraine Association Agenda.

In January-February 2010 the European Union recognized the results of the Presidential elections in Ukraine expressing hopes that a new power continues on a course of European integration. It is extremely significant that the High Representative for Foreign Affairs and Security Policy of the European Union, Catherine Ashton, came to the inauguration of the President Viktor Yanukovich instead of the Meeting of the EU Defense Ministers. However, Brussels expected concrete steps from Kyiv to prove its readiness to implement previously agreed systematic changes.

Ukraine's relations with the EU were concentrated in 2010, initially, on the implementation of *the EU – Ukraine Association Agenda (AA)*. The mechanism of the Joint Committee at Senior Officials Level was established to guarantee the process of monitoring and annual revision of the document. The first meeting of the Joint Committee of the AA was held on 26 January 2010 in Kyiv when the parties considered the realization of the AA, adopted the activity priorities within the framework of the document implementation for 2010, and the ruling principles of work of the Joint Committee. The Joint Progress Report on the AA Implementation was adopted during the 14<sup>th</sup> meeting of the Ukraine – EU Cooperation Council (Luxembourg City, 15 June 2010).

Within the framework of the political dialogue between Ukraine and the EU in 2010 there were four meetings at the highest level, and two rounds of negotiations on the Association Agreement. The Summit in November became the first one for Ukraine after the Treaty of Lisbon had come into force. During previous summits the EU delegation had been headed by the leader of the state holding the EU Presidency, which had a huge influence on the agenda of the meeting.

However, on that occasion, the EU was represented exclusively by the officials of the European institutions: the President of the European Council, Herman Van Rompuy, the President of the European Commission, José Manuel Barroso, and a number of European Commissioners. Both of these EU leaders stressed their intention to finish the negotiations and to conclude the Association Agreement in 2011.

While there is no clear evidence to suggest that the EU, ignoring the Ukrainian reality, is striving to «bind» Ukraine to itself, in order to balance pressure from Russia, one can suppose that Brussels needs new, more effective leverage on the Ukrainian authorities instead of the ones proposed by the current formats. If one adds the readiness of the EU to give Ukraine an assistance package in the amount of 610 million, as declared in the Joint Statement, there are grounds to state that the EU did not refuse to participate in Ukrainian affairs in 2010, however such participation did not lead to any significant improvements in their political relationships.

Before the Summit there was some opposition in the European Parliament to the adoption of the Resolution on Ukraine. One part, headed by the European People's Party group, insisted on a quick formation of tough and condemnatory position as for the state of affairs in Ukraine, and another one, headed by the Progressive Alliance of Socialists and Democrats group, supported the postponement of the issue until after the Summit and the temperate assessment of activity of the new Ukrainian authorities. Undoubtedly, that opposition took place as a result of the active participation of leading Ukrainian political forces which, simultaneously with the all-state process of the European integration, joined the process of European party integration. The tactical victory at that stage was gained by the Progressive Alliance of Socialists and Democrats which succeeded in convincing the majority of European parliamentarians not to politicize the pragmatic character of the future Summit. The Resolution of the European Parliament on Ukraine, albeit with a lot of critical remarks, was adopted only on 25 November.

The key issue on the agenda of Ukraine – EU relations remained the negotiations on the conclusion of the Association Agreement (AA) instead of the effective Partnership and Cooperation Agreement between Ukraine and the European Union. The provisions on the establishment of the Deep and Comprehensive Free Trade Area (FTA) will become an integral part of the future AA. In comparison to the PCA, the Association Agreement is a qualitatively new, advanced format of relations between Ukraine and the EU. Agreements of such



kind were previously concluded with the countries of the Central and Eastern Europe and are an important and logical step on the way of approaching the next stage – the conclusion of agreements on entering the EU. When this is achieved, Ukraine can approximate itself with the Balkan countries which concluded their Stabilization and Association Agreements with the EU few years ago.

The EU and Ukraine have been negotiating on the AA since March, 2007. There were 16 rounds of negotiations. Structurally, the future AA will consist of the following six chapters: «Preamble, Objectives and General Principles», «Political Dialogue and Reform, Political Association, and Cooperation and Convergence in the Field of Foreign and Security Policy», «Justice, Freedom and Security», «Economic and Sector Cooperation, Human Capital Development», «Deep and Comprehensive Free Trade Area» and «General Institutional and Final Provisions».

Summing up the results of 16 rounds of negotiations, one can notice the progress on the way to conclude the Association Agreement: a name was adopted for the future Agreement; the intention of parties to lay down a new basis for the further development of relations according to the principles of political association and economic integration was confirmed; a dialogue with the aim to introduce a visa-free regime of the short-term trips to the EU Member States for the citizens of Ukraine was started – this issue was agreed to be included into the text of the Agreement; at the expert level the texts of all the chapters of the AA were adopted, except of the chapter on the FTA and issues which would demand separate political agreements at the highest level. It is important to notice the following: the provision on the European perspective of Ukraine, the provision on the introduction of a visa-free regime of the short-term trips to the EU Member-States for the citizens of Ukraine and the movement of people as a whole (at first, in the context of the discussion on the FTA), the terms of the AA.

The issue on the *establishment of the Deep and Comprehensive Free Trade Area (FTA)* remained an important part of the negotiations between Ukraine and the EU. The chapter on the FTA establishment is an inalienable part of the future Association Agreement between Ukraine and the EU. The official negotiations on the establishment of the FTA started on 18 February 2008. Ukraine entering the World Trade Organization was a prerequisite for that. The provisions on the FTA will determine the legal basis for the free movement of goods, services, capital and (partially) labor between Ukraine and

the EU, and for the other regulatory changes directed towards the gradual entry of the Ukraine economy into the common EU market.

Today one can state that the provision on the establishment of the FTA is the most difficult part of negotiations on the conclusion of the future Association Agreement. It is connected with the fact that the DCFTA will envisage the liberalization of trade not only in goods (including the agricultural production and other sensitive production) but also the liberalization of trade in services, the free movement of capital and the gradual convergence with the EU in the regulatory and other spheres (standards, assessment of correspondence, sanitary and phytosanitary rules, concurrent policy, state procurement, etc.). For all that, the content of the future FTA should be directed to an achievement of maximally deep economic integration, for which the parties will be ready for, and which will not have analogues in the previous EU practice.

The mutually beneficial opening of proper markets under condition of correspondence of the national production with the specific demands of the EU should become a result of the establishment of the FTA. There have been 12 rounds of negotiations on the Ukraine – EU FTA on the following directions: trade in goods; tariff proposition; technical barriers in trade; instruments of trade protection; sanitary and phytosanitary measures; encouragement of trade and cooperation in the customs' sphere; rules on the transmission of goods; trade relations in energy sphere; services, establishment of companies, investments, movement of capital and current payments; intellectual property rights including the protection of geographic names; concurrent policy (antimonopoly measures and state assistance); state procurement; trade and stable development; transparency; solving of disputes (general and energy); institutional support. *As a result of the negotiations, the parties made progress in the development of a majority of the chapters.* The most problematic ones are the issues on assessing the agricultural EU market, the market of services and the issue of the realization of the entrepreneurial activity. In order to facilitate the negotiations in the period between the rounds video conferences have been held to discuss separate projects of chapters.

*The Action Plan towards visa liberalization* was given to Ukraine by the European Union at the Summit on 22 November 2010 in Brussels. This document was not made public. That fact made it impossible to carry out public monitoring of its implementation. The main blocks of the Action Plan: security of documents, use of biometric foreign passports; illegal migration, including the readmission

issue; public order and security; external relations and fundamental rights. Each of the blocks concerned includes judicial and political responsibilities, and the criteria of implementation.

The final version of the Action Plan presented to Ukraine *significantly differs from the expected one*. The EU did not give a Roadmap towards a visa-free regime like the ones given to and implemented by Serbia, Macedonia, Montenegro, Albania, Bosnia and Herzegovina. The list for our state is almost completely the same as the Balkan versions of documents. However, only if excellent work was done by Ukraine (and there are huge doubts as to the likelihood of this) would this allow the issue of a visa-free regime to be brought up for discussion in the European institutions and separate Member States. The President V. Yanukovich was reminded during the Summit that the implementation of a visa-free regime would depend on the state of democracy in Ukraine.

Formally, *the Action Plan directs Ukraine to the liberalization of the visa regime but not to the implementation of a visa-free one* that can be considered ambiguously while making the final decision. The President of Ukraine stressed that Ukraine would execute the Action Plan in the first half of 2011. It led to a skeptical reaction both from the EU delegation and experts. The important event for Ukraine became the implementation of the EU Visa Code in April 2010. This Code envisages the further harmonization of visa procedures in the EU countries, in particular, the procedures that concern the documents which are necessary for visa processing. The data of the Public Initiative «Europe without Barriers», which conducted that monitoring, proved that among positive results of the Code implementation are the whole unification of the questionnaires for visa processing, the increase of the number of reusable visas for the term of six months and more.

«*The Eastern Partnership*», implemented in 2009, was an addition to the bilateral format of relations between the EU and Ukraine. The elements of the Eastern Partnership, having special interest for our country, are the Comprehensive Institution Building Programme, the assistance to the regional development on the basis of the European Union Cohesion Policy, the establishment of the integrated European border management system according to the EU standards, the deepening of integration in the sphere of energy security. Ukraine is an incontestable leader in approaching all the main aims of the Eastern Partnership and that is why it is, even if is not so attractive, a reference point for other Member States of the Eastern Partnership and proper internal reforms. The freeze on the Ukraine – EU dialogue

as for the mentioned priority purposes will signify a threat to the failure of the whole concept of the Eastern Partnership, which now does not look so convincing, even without that.

Traditionally, an overwhelming majority (over 90%) of experts asked support the idea of the Ukrainian entering the European Union. One also observed *an increasing of a number of people who supported it with reservations*. However there were the opinions that entering to the EU did not meet national interests and this was not observed in 2009 (*Table 1.5*).

*Table 1.5*

**Experts' Answers to the Question:  
«Does the Accession to the European Union Correspond  
to National Interests of Ukraine?», %**

	December 2009	December 2010
Yes	78	61.9
Rather yes than no	20	30.9
Rather no than yes	0	0
No	0	4.8
Hard to say	2	2.4

Answering the question on the realization by Ukraine the opportunities given with WTO membership, the vast majority of experts considered that this project had become a project of lost opportunities – 90.4% (in December 2009 – 82%) of those asked thought that our state did not make the most of the opportunities presented with the WTO membership. However, it is worth remembering that the first years of Ukrainian WTO membership were marked with the world economic and financial crisis (*Table 1.6*).

*Table 1.6*

**Experts' Answers to the Question:  
«Did Ukraine use the opportunities resulting  
from WTO membership?», %**

	December 2009	December 2010
Yes	0	2.4
Rather yes than no	14	2.4
Rather no than yes	76	71.4
No	6	19.0
Hard to say	4	4.8

Among the factors which today mostly prevent Ukraine from the realization of its aspirations towards European integration, the leading factor is corruption and organized crime (54.8%). In second place is the incapability of the state leaders to determine and put into practice the country's strategic priorities (52.4%). Third was the influence of Russian and slow economic reforms (50%). The negative assessment of another factor, the unwillingness of the ruling elite to integrate in practice (42.8%), had also increased and stands in fourth place. The restoration of some elements of the Soviet managing system which is typical for the present authorities, in fact it nearly doubled the result of such a factor as the legacy of the Soviet system of thinking and of social organization (14% in 2009 against 26.2% in 2010). An increase continued in the negative rating of the factor as the infringement of human rights (9.5% in 2010, 6% – in 2009, 0% – in 2008). For the first time since V. Yanukovych had become President of Ukraine, very critical assessments from European institutions on the development of the internal political situation in Ukraine were renewed. It was noted that there appeared to be a return to the oppression of the freedom of speech, persecution with political motives, disregard for the principles of the rule of law, and a reduction of democratic processes, all of which would negatively affect the realization of Ukraine's European aspirations. In general, the set of values *in the minds of the EU officials and European parliamentarians clearly differs from values in the minds of the Ukrainian authorities. And these differences are increasing (Table 1.7).*

Table 1.7

**Experts' Answers to the Question:  
What are the Main Barriers to Ukraine's Integration  
in the European Union, %**  
*(the total of percentages exceeds 100 since experts  
could select up to three options)*

	December 2009	December 2010
Heritage of Soviet era thinking and social organization	14	26.2
Inability of state leaders to determine and implement strategic priorities	66	52.4
Corruption and organized crime	42	54.8
Influence of left-wing political forces	0	0
Low professionalism of diplomatic service	4	7.1
Influence of «Russian factor»	42	50

*Table 1.7 continuation*

	December 2009	December 2010
Slow economic reforms	42	28.6
Weak civil society institutions	12	0
Violation of human rights	6	9.5
Unwillingness of the ruling elite to integrate	32	42.8
Indifference of EU ruling authorities to Ukraine, which hamper the integration process	22	21.4
Nothing hampers the integration process	0	0
Other: marginalization of Ukraine, absence of internal reforms		

Traditionally skeptical are the experts' assessments of the effectiveness of support of the European integration. One can observe the deterioration of indices in a majority of parameters (*Table 1.8*).

*Table 1.8*

**Experts' Answers to the Question:  
«Please Assess the Effectiveness of Securing  
the Implementation of Ukraine's Policy Line Towards  
European Integration by the Following Parameters», %**

	December 2009					December 2010				
	High	Average	Low	Zero	Hard to say	High	Average	Low	Zero	Hard to say
Actions of executive power authorities	2	28	54	12	4	2.4	28.6	47.6	21.4	0
Legislative framework	0	44	42	12	2	2.4	35.7	57.1	4.8	0
Personnel	2	26	54	18	0	0	23.8	52.4	21.4	2.4
Funding	0	14	62	22	2	0	4.8	74.4	23.8	0
Quality of execution of adopted decisions	0	14	66	18	2	0	16.6	57.1	26.2	0
Securing of public support	0	36	54	10	0	0	19	57.1	23.8	0
Securing of international support	2	42	46	8	2	0	21.4	66.7	11.9	0

So, European integration remained the key priority which has accumulated a whole complex of internal and external political efforts of Ukraine with the aim to approach the EU and create the necessary prerequisites to enter the European Union in future.

## Relations with NATO

All the elements of decisions on Ukraine adopted by the Heads of State and Government of NATO Member States in 2008 in Bucharest were confirmed during the NATO Summit in April, 2009. It was noticed that Ukraine made progress but there was a lot of work to be done. That is why there was a decision to give assistance to Ukraine in future in order to implement the necessary reforms on the way of obtaining the NATO membership.

The practice proved that one could not elaborate and adopt the Annual National Programme in time. That is why the President of Ukraine adopted by his Decree of 2 March 2009 the next, 7<sup>th</sup> Annual Target Plan in the framework of the NATO – Ukraine Action Plan. On 7 August 2009 the Presidential Decree «On the Adoption of the Annual National Programme for 2009 on preparation of Ukraine for achieving membership in the North Atlantic Treaty Organization» was issued. It is worth saying that the title of the document refers specifically to membership of the Alliance. In contrast to the last year's confrontation on the MAP, the adoption of the ANP went nearly unnoticed. In the same way, without superfluous publicity, the Decree of the Cabinet of Ministers of Ukraine of 23 September 2009 approved the Action Plan on Implementation of the Annual National Programme on preparation of Ukraine for achieving membership of the North Atlantic Treaty Organization.

The mentioned Action Plan gave the possibility to start the practical realization of the Annual National Programme which had the aim of activating cooperation between Ukraine and NATO in the political, economic, military, security, legal and other spheres inviting expert and other opportunities of State Members of the North Atlantic Alliance.

The presentation of the Annual National Programme for 2010 on preparation of Ukraine for achieving membership in the North Atlantic Treaty Organization taking place in the beginning of December 2009 proved the interest of our partners exactly in the practical day-to-day work but not in the high-flown declarations of immediate entry into the Alliance.

Instead, some transformations of Ukrainian relations with the North Atlantic Treaty Organization took place in 2010. Up to the middle of the year one had officially used the term «Euro-Atlantic integration» but after adoption and coming into force of the Law «On Foundations of Foreign and Domestic Policy of Ukraine» one started

to use the definition «Euro-Atlantic cooperation», though a number of state institutions (before their liquidation) worked on the «Euro-Atlantic integration» under their own inertia.

Nearly immediately after the inauguration of a new President of Ukraine Viktor Yanukovich *deviation from the official foreign policy vector of the last eight years started*. The Annual National Programme started to be named as the programme on cooperation with NATO but not as the programme on preparation for achieving membership in NATO (though, the content of the ANP practically remained without changes). At the beginning of April a number of institutions patronizing the relations with the Alliance were reduced, in particular, the National Centre of the Euro-Atlantic Integration of Ukraine. The post of the Head of the Mission of Ukraine to the NATO Headquarters was held with concurrent accreditation by the Ambassador Extraordinary and Plenipotentiary of Ukraine to Belgium Igor Dolgov (previously this post was a separate one).

The Annual National Programme NATO – Ukraine for 2010 was adopted on 3 February 2010. The Action Plan on Implementation of the ANP–2010 was adopted by the Government of Ukraine on 14 June 2010. It contained the assignments for 2010 in the following spheres: political and economic, defence and military, security, informational, legal and recourses' issues.

In February the NATO Deputy Assistant Secretary General for Security Cooperation and Partnership R. Simmons took part in the ceremony of inauguration of the President of Ukraine Viktor Yanukovich. A short meeting between the President and representative of the Alliance was held the same day. On 16 March 2010 there was the Meeting of the NUC with the participation of the Deputy Minister for Foreign Affairs of Ukraine K. Yeliseev and the NATO Deputy Secretary General C. Bisogniero. The main priorities of the foreign policy, as well as the development of the political dialogue and practical cooperation between Ukraine and NATO within the framework of the implementation of the Annual National Programme for 2010, were discussed.

On 18 March 2010 the next meeting of the NATO – Ukraine Joint Working Group on Defence Reform in the «key group» format under the chairmanship of the Deputy (Assistant) NATO Secretary General the Ambassador J. Shedivy took place in the NATO Headquarters. The participants discussed the experience and priorities of inviting the experts from NATO Member States to support the realization of assignments on reforming of the Ukrainian sector of security and



defence, assessed the state of execution of the Programme of the NATO – Ukraine Joint Working Group on Defence Reform as for the professional training of civil personnel of the defence and security structures of Ukraine.

On 8 April 2010 the NATO Assistant Secretary General for Political Affairs and Security Policy D. Brengelmann visited Ukraine. During the visit the NATO party was briefed on the internal and external policy priorities of the new Ukrainian authorities, and were told about the intended continuation of dialogue within the framework of the NATO – Ukraine Commission and practical cooperation including the implementation of reforms by means of execution of the Annual National Programmes. The Minister for Foreign Affairs of Ukraine K. Gryshchenko played host to D. Brengelmann. On 8–9 April 2010 Ukraine was visited by the NATO Delegation headed by the Director General of the International Military Staff at NATO Headquarters Lieutenant General D. Godderij hosted by the Minister of Defence of Ukraine M. Yezhel and the Commander-in-Chief of the Armed Forces of Ukraine I. Svyda. They discussed perspective directions of military cooperation between Ukraine and NATO, the issues of joint interaction and cooperation of the AFU and the divisions of the NATO Member States, the execution of agreements within the framework of the approved annual plans and the continuation of the close collaboration with the Alliance, etc.

The Meeting of the NATO – Ukraine Joint Working Group on Defence Reform (JWG DR) in the «key group» format was held on 20 April 2010. The participants considered the preparation to the JWG DR meeting at the highest level on 26 May in Kyiv. On 25 May 2010 the Meeting of the Minister for Foreign Affairs of Ukraine K. Gryshchenko and the NATO Deputy Secretary General on Defense Policy and Planning J. Shedivy was held in Kyiv. During the meeting the parties confirmed the aspiration to continue political dialogue and mutually beneficial practical cooperation. They also discussed the realization by Ukraine of the ANP for 2010 directed to the implementation of the large-scale internal reforms. On 26 May 2010 the 8<sup>th</sup> Meeting of the NATO – Ukraine Joint Working Group on Defence Reform (JWG DR) at the highest level was held with the participation of the Deputy Minister for Foreign Affairs of Ukraine K. Yeliseev. The key issue of the Meeting was the discussion of the current state and perspectives for further realization of the projects started under the auspices of the JWG DR. The Permanent Delegation of the Verkhovna Rada of Ukraine to the NATO Parliamentary Assembly took part in the next NATO PA Meeting on 28 May – 1 June 2010 in Riga.

On 10–11 June 2010 the Meeting of the NATO – Ukraine Commission at the level of Defence Ministers was held in Brussels where the participants discussed the development of cooperation between Ukraine and NATO in the sphere of reforming the security and defence sector of Ukraine. The next Meeting of the NATO – Ukraine Commission at the level of Ambassadors headed by the Deputy Secretary General C. Bisogniero took place on 29 September 2010 in the NATO Headquarters in Brussels. The members of the NATO – Ukraine Commission agreed that the preliminary analysis of the NATO – Ukraine cooperation that year in the spheres of practical cooperation indicated concrete achievements and favourable ground for the continuation of constructive cooperation between Ukraine and NATO on all the issues. NATO Member States proposed assistance to Ukraine in development of electoral laws.

Collaboration to overcome non-military threats was also continued. In February 2010 there was the first Meeting of the Ukraine-NATO Working subgroup on Cyber-Security in which Ukraine would receive expert support from NATO concerning drafting the National Strategy on fighting cyber-challenges, developing cyber-defense infrastructure and response system to cyber-threats in Ukraine. The cooperation in the spheres of fighting «grand» money laundering, drugs and arms smuggling and the illegal movement and trafficking of people was also continuing.

A new Alliance Strategic Concept, which affirmed political obligations of the Bucharest Summit of 2008 to leave the door for the Ukrainian membership in NATO open, was adopted at the NATO Summit in Lisbon in November 2010. In the final Summit Declaration the term of non-bloc status is given in inverted commas. So, by the highest standards from spring when the discussions on a non-bloc status started at the judicial level, one of the Alliance chairmen declared that NATO is not a bloc, and the presence of such a position in Ukrainian legislation would not prevent partners from further cooperation and even from moving to the Alliance membership. As is commonly known, the President of Ukraine did not participate in the Lisbon Summit. But the day before the NATO Summit he issued the Decree «On Provision for Continuation of Constructive Partnership of Ukraine with the North Atlantic Treaty Organization».

Ukraine is ready to join the possible NATO – Russia AMD system. According to the Secretary of the NSDC R. Bogatyryova, Kyiv is ready to give two radiolocators for the common European anti-missile defence system. But the Ukrainian initiative has not received any real

content yet. The experts, without paying attention to so called «non-bloc status», continue to consider the preparation for NATO membership as a key priority of cooperation with the Alliance. Though, in comparison with the results of the poll made in December 2009, *the tendency of decreasing levels of support of the Euro-Atlantic integration remains.*

Considering which status mostly meets the national interests of Ukraine, the experts give preference to entering NATO – 76.2% (in December 2009 – over 78%) of people asked support the idea of membership. Among them, 54.8% consider that Ukraine should enter the Alliance irrespective of other countries, and 21.4% are in favour of entering together with some CIS countries (in December 2009 those indices were 70% and 8% accordingly). 9.5% of people asked (in December 2009 – 0%) were in favour of a non-bloc status of Ukraine as the most important one in relations with NATO. This year's poll counted 11.9% in favour of neutrality, and in 2009 18% of experts supported the idea of the neutral status of Ukraine.

In addition, the participation of Ukraine in forming a system of collective security is proposed (in 2009 experts considered that it was quite possible to unite neutrality and an active participation in the EU collective security system).

Among the preferred directions of cooperation, the first was a direct assistance to the realization of the military reform (50%, in December 2009 – 40%). Second was the additional security guarantees for Ukraine (45.2%, in December 2009 – 54%) and third the arranging of conditions for the entering NATO by Ukraine in perspective (42.5%, in December 2009 – 34%). At the same time, the number of supporters of the arranging of conditions for the entering NATO by Ukraine in the nearest future reduced, in comparison to the year of 2009, by half (19%, in December 2009 – 36%) (*Table 1.9*).

Expert assessments of the efficiency of support of the Euro-Atlantic cooperation were very skeptical, however, there was modest progress in some indices (*Table 1.10*).

So, the issue of entering NATO, even in theory, was removed from the agenda by the authorities. At the same time, the intensity of the cooperation with NATO has not considerably changed during the year and is to receive the further development while executing the ANP – 2010. This is the aim of the Decree of the President of Ukraine on the decision of the National Security and Defence Council of Ukraine of 17 November 2010 «On Challenges and Threats to National Security of Ukraine in 2011» of 10 December 2010.

Table 1.9

**Experts' Answers to the Question:**  
**«What Areas of Cooperation with NATO are Currently the**  
**Priority Areas for Ukraine?», %**  
*(the total of percentages is more than 100,*  
*since experts could select up to three options)*

	December 2009	December 2010
There are no priority areas and Ukraine should not cooperate with NATO	0	0
Creation of prerequisites for Ukraine's accession to NATO in the future	34	42.5
Creation of prerequisites for Ukraine's accession to NATO in the near future	36	19
Joint development of conceptual foundations of military policy	2	9.5
Direct assistance in implementation of military reform	40	50
Assistance in establishment of the system of democratic and civil control over law enforcement and defense agencies	24	28.6
Provision of additional security guarantees to Ukraine	54	45.2
Coordination of military and technical policy and support of military and industrial complex	22	16.6
Trade in arms, special equipment, as well as military and technical services	14	7.1
Training of personnel	26	23.8
Joint military exercises	12	35.7
Participation in peace making operations	24	14.3

### **Dynamics of External Influences on Political Processes in Ukraine**

For the first time in many years the considerable changes took place in the rating of foreign actors – leaders of the external influence on the political decision-making process in Ukraine. Experts, like last year, consider that *the Russian Federation makes the biggest influence on the decision-making process in Ukraine* (95.2%, in December 2009 – 96%). The dependence of Ukraine and its economy on external creditors, and especially the influence of the IMF on the internal processes, became much more obvious in 2010 in the experts' assessments. The

Table 1.10

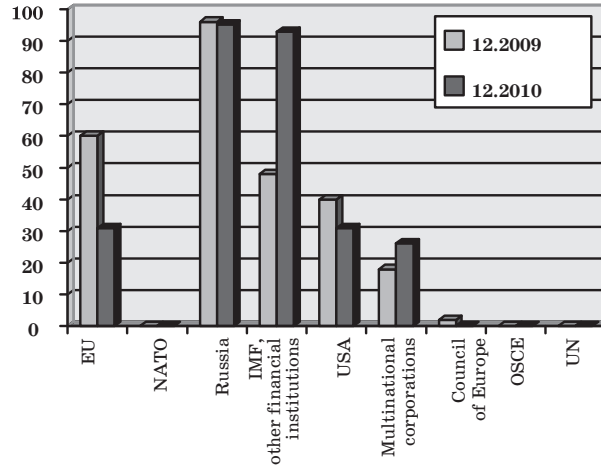
**Experts' Answers to the Question:  
«Effectiveness of Implementation of Ukraine's Policy Line  
Aimed at Joining NATO Membership Action Plan», %  
(according to the following parameters)**

	December 2009					December 2010				
	High	Ave- rage	Low	Zero	Hard to say	High	Ave- rage	Low	Zero	Hard to say
Actions of executive power authorities	0	26	46	28	0	7.1	23.8	42.8	26.2	0
Legislative framework	2	48	32	16	2	0	35.7	47.6	16.6	0
Availability of required personnel	2	32	58	6	2	0	19	40.5	38	2.4
Funding	2	14	54	28	2	0	0	59.5	40.5	0
Quality of implementation of adopted decisions	0	24	56	20	0	2.4	21.4	52.4	23.8	0
Securing of public support	0	12	64	22	0	0	7.1	52.4	40.5	0
Securing of international support	2	40	48	10	0	0	16.6	54.8	28.6	0

tendency of increasing of the IMF indices continued and put the IMF in second position (92.8%, in December 2009 – 48%). The IMF rating increased twofold. The index of transnational corporations also continued to increase (26.2%, in December 2009 – 18%). The expert assessments received in December 2010 and in December 2009 are given in the graph (*Figure 1.1*).

The world economic crisis did not only expose the most vulnerable parts of the Ukrainian economy, but also showed how non-competitive Ukraine is in the world markets, and how dependent it is on external factors. Experts pointed out such dependence in the significant increase of the IMF and transnational corporations' indices.

The expert views on the foreign partners which are the prerogative ones for Ukraine remain unchanged. As one year ago, the group of four leaders did not change its composition – the EU, NATO, the USA and Russia stand their ground. At the same time, the role of each of the abovementioned actors (except Russia, which increased its result by about 20%), in comparison to the results of the last year poll, is continuing to decrease (*Table 1.11*).



**Figure 1.1. Dynamics of External Influences on Political Processes in Ukraine**

*Table 1.11*

**Specify Three-Four Participants of International Relations (Countries, Unions of States, International Organizations etc.), which are of Top Priority for Ukraine in Terms of Developing Successful Mutual Relations, %**

1. EU – 85 (in December 2009 – 78)	7. Germany – 19 (in December 2009 – 14).
2. Russian Federation – 64.3 (in December 2009 – 72)	8. Belarus – 14.3 (in December 2009 – 10)
3. USA – 47.6 (in December 2009 – 56)	9. PACE + Council of Europe – 9.5
4. NATO – 45.2 (in December 2009 – 60)	10. UN, Great Britain – 4.8
5. China – 30.9 (in December 2009 – 14)	SCO, Georgia, Estonia, Lithuania,
6. Poland – 23.8 (in December 2009 – 16)	Slovakia, Venezuela, France, Romania, World Bank – 2.4

Other countries, organizations and institutions traditionally have lower levels of the experts' support. China rose to fifth place, but it is a more desirable thing than the reality of the year of 2010.

Considering the issue on the most successful development of Ukrainian relations with the foreign policy actors, for the first time in a few years experts absolutely changed the leader. In recent years neighboring Poland was stably considered as the best partner of Ukraine. In 2010 the level of support of Poland decreased by half (21.9% as against 44% in December 2009), and it found itself fourth position. The top ranking was received by the Russian Federation –

61.9% (in December 2009 – 12%). The European Union came in the second position (38%, in December 2009 – 36%), and the third place was reached by Belarus which in 2009 received an unprecedentedly high result (42%) and even took second place but in 2010 it substantially decreased its point in rating – 23.8%. The USA moved to the fourth and eighth places – 4.8% (in December 2009 – 26%). *The absence of achievements of our state on the foreign political arena, as last year, was ascertained by one in five experts (21.4%, in the end of 2009 such people accounted for 20%) (Table 1.12).*

Table 1.12

**Specify Three-Four Participants of International Relations  
(Countries, Unions of States, International Organizations etc.),  
with which the Relations of Ukraine Developed  
Most Successfully, %**

1. Russia – 61.9 (in December 2009 – 12)	6. IMF (in December 2009 – 8), Kazakhstan – 11.9.
2. EU – 38 (in December 2009 – 36). 3. Belarus – 23.8 (in December 2009 – 42)	7. NATO – 9.5 (in December 2009 – 10). 8. USA – (in December 2009 – 26), UN – 4.8
4. Poland – 21.9 (in December 2009 – 44)	9. Georgia – 12 (in December 2009 – 20), Azerbaijan – 5 (in December 2009 – 8), EurAsEC, Venezuela – 2.4.
5. China – 14.3 (in December 2009 – 10); CIS – 14.3	<b>21.4 of experts (in December 2009 – 20) believe that there were no such states or organizations at all</b>

### Threats

In December 2010 the experts' assessments did not change in relation to the dimension of threats which were urgent for Ukraine. The experts named at that time: the deterioration of the image of Ukraine; economic decline; the transformation of Ukraine into a buffer zone; incredibly low level of efficiency of the military and policing branches and the incapacity to withstand the existing and potential threats; the increase in poverty levels of the population; potential conflicts due to growing economic inequality between citizens; and, the destruction of the system of social values. *The increase of the loss or restriction of the state sovereignty became a new phenomenon (73.8%, in December 2009 – 48%) which was a result of the «rapprochement» with the RF (Table 1.13).* Independent Ukraine is in a very difficult

period of its history that, in a significant way, is a result of the disappointment of the population with the events of recent years.

*Table 1.13*

**Experts' Answers to the Question:  
«Do the stated threats below exist for Ukraine?», %**

	December 2009				December 2010			
	Exist	Do not exist and can be prevented	Do not exist but can arise	Hard to say	Exist	Do not exist and can be prevented	Do not exist but can arise	Hard to say
Violation of territorial integrity of the state under the influence of internal factors	34	14	52	0	50	9.5	38	2.4
Annexation of part of Ukraine's territory by some other state	24	30	46	0	35.7	9.5	54.8	0
Loss or limitation of national sovereignty	48	34	18	0	73.8	14.3	11.9	0
Involvement of Ukraine in confrontation between international subjects	20	22	54	4	33.3	21.4	42.8	2.4
Involvement of Ukraine in military conflicts in the territory of neighboring states	18	36	40	6	9.5	30.9	57.1	2.4
Expansion of international conflicts to the territory of Ukraine	6	50	40	4	19	33.3	40.5	7.1
Worsening of international image of Ukraine	98	2	0	0	83.3	4.8	9.5	2.4
Usurpation of power by certain political forces	62	18	20	0	73.8	7.1	19	0
Economic depression	84	0	14	2	80.9	4.8	14.3	0
Depriving Ukraine of access to resources/energy resources (or making such access very complicated)	56	4	40	0	47.6	4.8	40.5	7.1
Depriving Ukraine of access to international sales markets (or making such access very complicated)	50	20	30	0	50	9.5	28.6	11.9



Table 1.13 continuation

	December 2009				December 2010			
	Exist	Do not exist and can be prevented	Do not exist but can arise	Hard to say	Exist	Do not exist and can be prevented	Do not exist but can arise	Hard to say
Critical dependence of strategic enterprises and/or sectors of industry on foreign capital	68	12	18	2	76.2	7.1	14.3	2.4
Transformation of internal contradictions into open conflicts with the use of force	10	28	62	0	30.9	4.8	61.9	2.4
Transformation of Ukraine into a buffer zone	74	12	10	4	69	9.5	21.4	0
Expansion of international terrorism to the territory of Ukraine	8	40	52	0	4.8	14.3	71.4	9.5
Decreased effectiveness of law enforcement agencies to the level that does not secure reliable protection from existing and potential threats	76	2	22	0	80.9	7.1	9.5	2.4
High level of population's poverty, conflict level of property stratification of Ukraine's population	66	14	20	0	85.7	4.8	9.5	0
Destruction of social values	68	16	12	4	78.6	2.4	11.9	7.1

The essence of foreign political direction and the methods of its realization undoubtedly encouraged the deepening of regional differences of the attitude towards it (*Table 1.14*).

It is worth noting that experts, in spite of the change of the foreign policy course, kept some belief in the possibility of overcoming the stagnation of the military industrial complex and establishment of an effective system of civil control of the armed forces activity (*Tables 1.15, 1.16*).

The attitude to the Single Economic Space project had previously remained skeptical, however, the number of those with an attitude of absolute inconceivability decreased slightly (*Table 1.17*).

The activity of the Head of State and of the Heads of Government and Parliament in whole, as seen earlier, had a greater influence on the international position of Ukraine mainly in a negative way (*Table 1.18*).

Table 1.14

**Experts' Answers to the Question:  
«Ukrainian Regions Differ by their Attitude  
to Foreign Policy Line of the State.  
Do You Believe that Currently these Differences ...», %**

	December 2009	December 2010
Deepen	24	45.2
Level down	8	19
Remain unchanged	66	35.7
Hard to say	2	0

Table 1.15

**Experts' Answers to the Question:  
«Please Assess which prerequisites for overcoming  
the current stagnation of the MIC of Ukraine exist?», %**

	December 2009	December 2010
Good	0	0
Medium	54	45.2
Low	36	30.9
Zero	6	21.4
Hard to say	4	2.4

Table 1.16

**Experts' Answers to the Question:  
«Please Assess the Prospects for Establishing  
an Effective System of Civil Control over the Activity  
of the Armed Forces of Ukraine?», %**

	December 2009	December 2010
Good	9.2	18
Medium	61.1	56
Low	24.1	18
Zero	3.7	2
Hard to say	1.8	6

Table 1.17

**Experts' Answers to the Question:  
«Does the Accession to the Single Economic Space  
together with RF, Kazakhstan and Belarus Correspond  
to National Interests of Ukraine?», %**

	December 2009	December 2010
Yes	0	0
Rather yes than no	16	9.5
Rather no than yes	16	40.5
No	68	45.2
Hard to say	0	4.8

Table 1.18

**Experts' Answers to the Question:  
«In what way ... affect the international position of Ukraine?  
(give only one answer)», %**

	Conditions of realization of Ukraine's interests are improving, but still no considerable		Achieved real progress in realization of Ukraine's interests on international arena		International position of Ukraine remains unchanged		There is tendency to worsening, but it isn't connected with the activity of...		Worsening of international situation happens because of...		Hard to say	
	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010
Activity of the President of Ukraine	16	11.9	0	9.5	12	9.5	18	0	54	66.7	0	2.4
Activity of the Prime-Minister of Ukraine	8	7.1	6	9.5	18	14.3	10	14.3	56	50	2	4.8
Activity of the Parliament of Ukraine	0	0	0	4.8	22	26.2	8	14.3	64	52.4	6	2.4

The experts deepened their pessimistic attitude to the perspective of a fast conclusion of the EU Association Agreement (Table 1.19).

Table 1.19

**Experts' Answers to the Question:  
«What in Your Opinion are the Chances of Ukraine  
on signing the Association Agreement with the EU in 2010?», %**

	December 2009	December 2010
High	20	0
Medium	42	21.4
Low	22	50
Zero	10	28.6
Hard to say	6	0

At the same time, the experts are very restrained as for the effectiveness of the guarantees for the national security on the basis of the Budapest Memorandum of 1994 (Table 1.20).

Table 1.20

**Experts' Answers to the Question:  
«What in Your Opinion are the Prospects of Ukraine  
to Get Effective International Security Guarantees  
for Development of the Budapest Memorandum of 1994?», %**

	December 2009	December 2010
High	2	0
Medium	20	7.1
Low	54	38
Zero	20	50
Hard to say	4	4.8

There are *much more negative experts' assessments of the influence on the international position of Ukraine of the «resetting» of the American – Russian relations, the results of the presidential election in Ukraine in 2010, the Russian – Ukrainian rapprochement, the declaration of a non-bloc status.* From the experts' point of view, the only one positive thing is an influence of the Ukrainian – Russian rapprochement on the interests of groups which led V. Yanukovich to power (Table 1.21).

On 27 April 2010, the President of Ukraine Viktor Yanukovich, regardless of the previous state policy and even of the national legislation, stated at the Council of Europe Parliamentary Assembly in Strasbourg that the Holodomor of 1932–33 was not a genocide of the

Table 1.21

**Experts' Answers to the Following Questions, %**

	Positively	Rather positive than negative	Rather negative than positive	Negatively	Doesn't influence
How does «Reloading» of the US-Russian Relations Influence International Status of Ukraine?*	4.8	4.8	54.8	26.2	9.5
How did the Results of Ukraine's Presidential Elections in 2010 Influence International Status of Ukraine?	0	16.6	38.2	28.6	16.6**
How did Ukrainian-Russian Rapprochement Influence Interests of Groups which Brought V. Yanukovych to Power?	7.1	69.1	9.5	0	14.3
How did Ukrainian-Russian Rapprochement Influence Improvement of Economic Situation in Ukraine and its Prospects?	7.1	14.3	33.3	19.1	26.2
How did Ukrainian-Russian Rapprochement Influence National Interests of Ukraine?	7.1	2.4	50	33.3	7.1
How did Proclamation of Non-bloc Status Influence the Security of Ukraine?	9.5	7.1	30.9	38.2	14.3

\* In December 2009 these values accounted respectively for: positively – 0; rather positive than negative – 34; rather negative than positive – 54; negatively – 6; doesn't influence – 6.

\*\* In December 2009 – 28.

Ukrainian people. On that day there were clashes in the Parliament during the ratification of the Agreement on Continuation of Deployment of the Russian Black Sea Fleet in Ukraine.

**Main goals of Ukrainian Foreign Policy**

While determining the priorities of the foreign policy of Ukraine, the experts were proposed a number of options as well as the possibility to formulate their own. The assessment of the goals concerned was made on the three-point system where one point meant «the most» important certain goal for the foreign policy of Ukraine and 3 points meant «collaterally». Accordingly, the lowest points, due to the results of the poll, points out a maximal priority.

The necessity to preserve and develop the transit potential took first place, ahead of the conclusion of the deep agreement with the EU with a perspective of membership. Among the top three was also joining the Common EU Energy Policy.

As an interesting one we can name the tendency to decrease of the number of opponents of the establishment of the strategic union with the Republic of Belarus – only 19% of experts determined such a goal as one which does not correspond to the national interests of Ukraine. At the same time, this aim remains a minor one, in comparison to the other goals (*Table 1.22*).

Table 1.22

**Experts' Answers to the Question:  
«What in Your Opinion Should be Major Objectives  
of Foreign Policy of Ukraine? Please,  
specify the importance of each objective»  
(1 – top priority; 3 – secondary objective)**

	December 2009	December 2010
Preservation and development of transit potential	1.40	1.25
Conclusion of enhanced agreement with the EU with prospective of EU membership	1.42	1.34
Development of mutually beneficial relations with Russia	1.49	1.65
Promotion of large-scale investment from Western countries	1.48	1.46
Creation of free trade zone with the EU	1.23	1.55
Joining Common Energy Policy of the EU	1.38	1.42
Participation in implementation of Common foreign and defense/security policy of the EU	1.96	1.87
Development of cooperation with the states of Central and Eastern Europe	1.74	1.61
Priority development of relations with the USA	1.73	1.95
Development of relations with China, India, and other leading Asian countries	1.94	1.90
Putting forward of new peace initiatives, support of the policy of disarmament and arms control	2.62	2.54
Active cooperation with Parliamentary Assembly of the Council of Europe, other European agencies	1.98	1.80

*Table 1.22 continuation*

	<b>December 2009</b>	<b>December 2010</b>
Deepening of integration within the framework Common Economic Space	66% – this runs contrary to the national interests	59.5% – this runs contrary to the national interests
Progress of Ukraine on the way to the soonest possible NATO membership	1.72	1.77
Establishment of strategic union with the Republic of Belarus	30% – this runs contrary to the national interests	2.28 19% – this runs contrary to the national interests
Development of cooperation within the framework of GUAM	2.00	2.36

During the year there were more than thirty foreign visits of the President of Ukraine. Though, the lion's share of them concern Russia. It is demonstrative that during 2010 V. Yanukovich was not able to visit Poland (despite such a visit being planned for November). Great hopes are pinned on the development of strategic relations with the People's Republic of China. The state visit to the PRC and the official visit to the SAR PRC Siangan (Hong Kong) took place in the beginning of September 2010. One should wait for an active entrainment of the Chinese in the investment projects in Ukraine as well as the increase of their presence (including new projects of cooperation in scientific, humanitarian spheres, etc.). Though, the idea of usage of the instrument of strategic partnership to receive security guarantees did not have such consequences. The commitment of authorities to an attractive model of development and pragmatic business interests in the East contradict European integration at the value level. It was illustrated with the scandal as for the Ukrainian reaction to the awarding of the Nobel Peace Prize to the Chinese dissident Liu Xiaobo.

### **Conclusions**

In 2009 the tendencies in the foreign policy of Ukraine which were characteristic of it in the previous period, as well as the main parameters of the international position of our country, generally remained. Tiredness of the international community from Kyiv continued to increase. The gap between the content of political declarations and the real steps of Ukrainian authorities deepened. It doesn't

mean that the attention of the main players to Ukraine considerably decreased. Kyiv was not left face to face with the crisis. Though, it wasn't given a serious creditworthiness.

However, the adoption of the Law «On Foundations of Foreign and Domestic Policy of Ukraine» in 2010 fixed a «non-bloc» status as a foundation of the foreign policy, laid ground for the change of the foreign political course of the state. The main aim of this Law is to prove the refusal from the Euro-Atlantic integration that corresponds to the interests of Russia. Declarations on the necessity to build a new All-European collective security system (that also were made in the highlighting of Russian propositions) did not give the perspective for strengthening of the international position of Ukraine. The exclusion of the mention of «the North Atlantic Treaty Organization» from the article 8 of the Law «On Foundations of National Security of Ukraine» led to the thing that even entering by Ukraine the EU became dependent on good neighborly relations with the Russian Federation, other CIS countries, and other states of the world. The process of the adoption of the Law demonstrated that the Ukrainian Parliament is, in fact, debarred from the elaboration of the foundations of the foreign policy. The centre of decision-making moved exclusively to the Administration of the President, and content of the decisions is determined solely with the interests of the powerful financial and industrial groups.

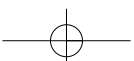
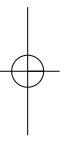
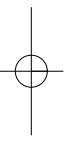
**The main tendency of the foreign policy of Ukraine in 2010 was its reorientation to Russia.** In spite of an intensive dialogue with Europe, the tendency of moving Ukraine from the latter prevailed. The further reorientation of the foreign policy of the state to the service of the current oligarchs' interests and the decline of the subjective level in the international relations were increasing.

On the international arena Ukraine did not position itself as a bearer of democratic ideas and the motive power of the strengthening and spreading of European values in the Baltic – Black Sea – Caspian region. *The Russian deeds, which were inadequate to the received benefits for the national interests of Ukraine, improved the tone of corporate relations between the authorities of Russia and Ukraine but, at the same time, unbalanced foreign policy in strategic directions.* The overestimated expectations for the strategic partners, the EU and the USA, factually, were not lived up to. The foreign policy again, as in times of L. Kuchma, is realized in a non-transparent way, manual mode, with the tactical needs of the current authorities prevailing over long-term national interests. ***The strategy of foreign policy, as well as the strategy of European integration is now absent.***



## Chapter I. National And International Context Of Ukraine's Foreign Policy 41

The Verkhovna Rada is, in fact, removed from the elaboration of foundations of the foreign policy of Ukraine. The public and parliamentary control is weakened. *The strategy of restoration of the political model by unifying the elements of the Russian or Belarusian model with the European integration is the worst variant from the possible «multi-vector» variants which, in the end, is doomed to failure; however in 2010 there were some results in this sphere.*



## § 2. Ukraine In International Economic Cooperation

The year 2009 was obviously the most difficult one for the world economy during last several decades. The world political crisis which started in 2007 and was at its peak in 2008 caused global recession. According to the IMF assessments, in 2009 the world production fell by 0.8%<sup>4</sup>. The most rapid decrease of production was observed within the advanced economies. It is obvious that in terms of globalization their problems quickly became the problems of the entire world.

The dominant features of 2009 became a sharp restriction of access to financial recourses, the wave of defaults and mass reconfiguration of debts, the reduction of world solvent demand, decrease of prices in many world goods markets, including prices for oil and steel, and the usage by national governments and international organizations of unprecedented by scales measures to fight crisis that led to accumulation of fiscal problems in many world countries. These features determined a new economic environment where Ukraine acted this year.

The year 2009 was very hard for Ukraine. The internal problems of the country and regional problems, especially problems of energy supplement, strengthened the influence of the world crisis. That year started with the great energy crisis with Russia. The volumes of external trade in goods and services reduced with a furious speed. The inflow of foreign capital almost stopped and the outflow intensified which caused forming of a considerable negative account balance of financial operations. The situation in the currency market was indefinite during the whole year. In order to maintain the rate, the NBU continued to spend its own recourses. The cooperation with the IMF within the framework of the «stand-by» treaty was suspended. As

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<sup>4</sup> World Economic Outlook Update A Policy-Driven, Multispeed Recovery. – 26 January, 2010. – <http://www.imf.org/external/pubs/ft/weo/2010/update/01/index.htm>.

a result, international economic cooperation of Ukraine in 2009 was sharply different from the situation observed in previous years.

In 2010 the world economy was gradually recovering, thus the consequences of the world financial and economic crisis were extremely painful. The International Monetary Fund (IMF) called this renewal a «two-speed» one: high rates of economic increase were observed in many countries which economies are at the stage of formation while in the developed countries the increase was significantly slower<sup>5</sup>.

The increase of the external demand had a great importance for Ukraine. According to the State Statistics Committee, the rate of increase of the real GDP in 2010 was equal to 4.2% comparing to 15.1% decrease in the previous year, which was to a considerable extent due to the export renewal.

As a result of the presidential elections held in Ukraine in the beginning of 2010, the previous leading team changed for a new one. This is why the economic activity in the country was fulfilled against a background of gradual changes to the institutional and administrative environments which also influenced trade and capital flows.

International capital became more available against the previous year. An important component of international governmental activity became the renewal of cooperation with the IMF that positively marked the country's ability to attract money in the foreign markets and also stimulated the internal reforms.

The year 2010 was marked with a number of important diplomatic achievements, among which was the completion of negotiations on the establishment of the Free Trade Area with the European Free Trade Association, joining the European Energy Community<sup>6</sup>, and signing the Action Plan towards visa liberalization. The active negotiations on the establishment of the Deep and Comprehensive Free Trade Area with the EU took place over the whole year.

At the same time, having plans as for the future liberalization of the trade regime, the Government sometimes applied the administrative intrusion in the trade flows. In particular, the assignment of quotas for grain export was introduced in autumn.

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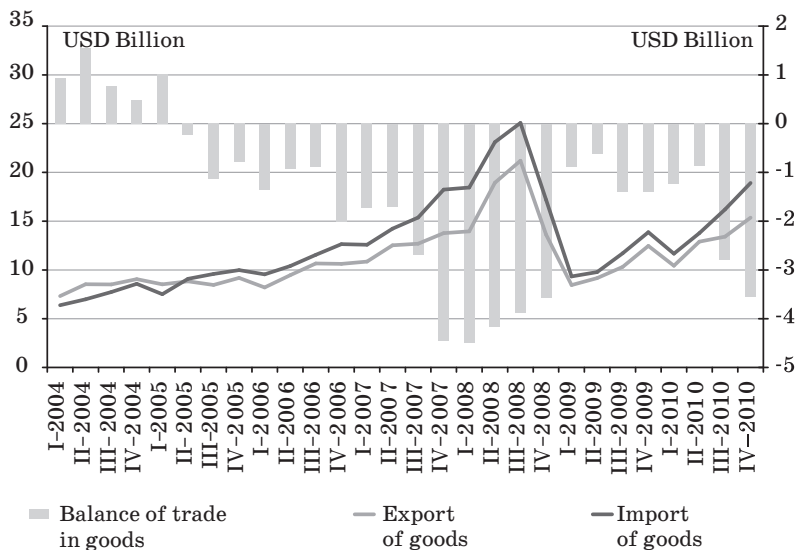
<sup>5</sup> IMF (2011) World Economic Outlook Update, 25 January, 2011. – <http://www.imf.org/external/pubs/ft/weo/2011/update/01/index.htm>.

<sup>6</sup> More information about Ukraine's accession to the European Energy Community can be found in the chapter on relations between Ukraine and Russia and the EU.

### Trade in goods and services

Against a background of the rapid decrease of foreign trade in the previous year, in 2010 the situation was significantly more favourable (*Figure 1.2*). According to the State Statistics Committee, in 2010 the value volume of export of goods increased, overall, by 29.6% and was USD 51.4 billion. Imports increased at quicker pace (33.7% compared to the previous year) and reached USD 60.7 billion. Accordingly, in 2010 one observed the gradual expansion of trade deficiency in goods to USD 9.3 billion and nearly doubled compared to 2009.

The increase of value volumes of export and import was significantly based on the rising dynamics of world prices. According to the NBU, in January-November the export of goods increased by 17% due to prices that explained nearly two thirds of the general increase of export. The increase of prices for energy resources, in particular, for natural gas by 22% and for oil by 29%, had a great influence on the speeding-up of imports. At the same time, the increase of non-energy imports was explained through the increase of physical amounts of deliveries against a background of gradual renewal of internal demand after the crisis of 2009.



*Figure 1.2. Dynamics of Ukraine's foreign trade in goods in 2004–2010*

Source: NBU.

In 2010 there were some changes to the structure of the export of goods. Due to a rapid increase of prices for energy resources, the export of mineral products rose greatly and, accordingly, the share of mineral products in the overall export increased from 9.8% in 2009 to 13.1% in 2010 (Table 1.23). At the same time, due to the administrative intervention in the export of grain, in particular, the increase of the continuation of inspections and the later establishment of restricting quotas, the export of products of vegetable origin decreased by 21.0% in 2010, however the export of the overwhelming majority of other categories of goods increased. Accordingly, a share of products of vegetable origin decreased in the overall export by a third, to 7.7%. There were no sharp changes in the structure of import in 2010.

Table 1.23

## Ukraine's foreign trade by categories of goods in 2009–2010

Code and title of goods according to UCGFEA		Export				Import			
		2009	2010	2009	2010	2009	2010	2009	2010
		% of total		% of previous year		% of total		% of previous year	
	<b>In all</b>	<b>100</b>	<b>100</b>	<b>-40.7</b>	<b>29.6</b>	<b>100</b>	<b>100</b>	<b>-46.9</b>	<b>33.7</b>
I	Animals, animal products	1.5	1.5	-23.9	29.4	2.8	2.0	-25.5	-2.0
II	Vegetable products	12.7	7.7	-9.7	-21.0	2.8	2.6	-13.8	24.1
III	Fats and oils of animal or vegetable origin	4.5	5.1	-7.7	45.7	0.8	0.7	-38.9	20.6
IV	Prepared foods	5.3	5.0	-17.1	23.1	4.5	4.1	-24.1	23.1
V	Mineral products	9.8	13.1	-44.6	72.6	34.5	34.8	-38.3	34.6
VI	Chemical and related industries	6.3	6.8	-50.1	38.3	11.7	10.6	-23.6	21.1
VII	Plastics and rubber	1.4	1.3	-43.5	21.6	5.9	6.0	-40.5	37.5
VIII	Leather and fur and products out of this	0.4	0.3	-50.5	-2.4	0.3	0.3	-46.6	42.7
IX	Wood and wood products	1.7	1.6	-16.4	24.6	0.6	0.6	-48.5	21.4
X	Mass of wood or other fibrous cellulose materials	2.0	1.8	-7.7	16.5	3.0	2.7	-25.2	20.7
XI	Textiles and textile products	1.8	1.4	-27.6	3.2	3.1	3.3	-32.5	39.4
XII	Footwear, head-gear, umbrellas	0.4	0.3	-18.9	20.9	0.6	0.8	-46.1	71.1

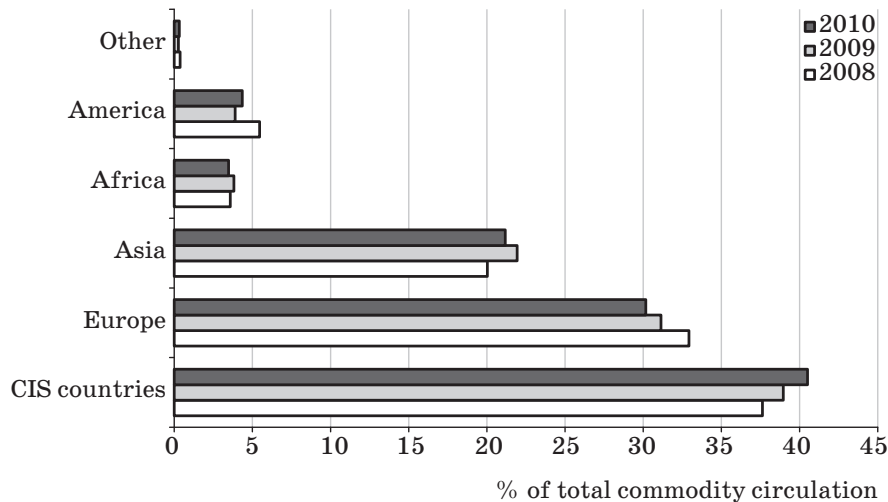
Table 1.23 continuation

Code and title of goods according to UCGFEA		Export				Import			
		2009	2010	2009	2010	2009	2010	2009	2010
		% of total		% of previous year		% of total		% of previous year	
XIII	Articles of stone, plaster, cement, ceramics, glass	0.7	0.8	-37.3	40.1	1.4	1.5	-50.2	40.1
XIV	Precious stones, precious metals and products out of this	0.2	0.1	-42.7	-11.8	0.4	0.5	-84.5	89.5
XV	Base metals and products out of this	32.3	33.7	-53.6	35.2	5.9	6.8	-58.1	54.2
XVI	Mechanical equipment, machinery, electrical equipment and parts of it; devices for recording or playback picture and sound	12.6	11.0	-20.9	13.1	13.8	13.4	-53.2	30.6
XVII	Transport vehicles and road equipment	4.0	6.3	-63.1	104.4	4.8	6.0	-82.1	69.3
XVIII	Optical devices, photographic, cinematographic, medical and surgical devices, watches, musical instruments	0.7	0.5	14.8	-9.4	1.5	1.5	-45.1	32.1
XX	Different goods and products	0.8	0.8	-29.2	34.1	1.1	1.1	-50.5	36.4
XXI	Works of art	0	0	-4.7	-64.6	0	0	-75.8	109.3

Source: State Statistics Committee.

During 2010 the gradual decrease of the share of trade with the European countries, including the countries of the European Union, and the increase of the share of trade with the countries of the CIS continued (Figure 1.3). The increase of the share of trade with the Russian Federation was especially noticeable. If in 2009 the trade with this country had been 25.5% of the whole trade, in 2010 this index reached 31.8% (Table 1.24) due to the increase of shares of both export and import of goods.

The activation of the trade with Russia in 2010 is explained not only with the improvement of political relations but also with the influence of a few independent factors. Firstly, it is a renewal of increase of prices for energy resources that raised the value volumes of import.



**Figure 1.3. Geographical structure of Ukraine's trade in goods in 2008–2010**

*Source:* State Statistics Committee.

Secondly, it is a renewal of the internal demand in Russia, including the investment demand, that allowed Ukraine to renew rising of export of mechanical engineering products. Instead, the economic situation in the EU was more difficult, and the hryvnya has changed little during the year compared to the euro, that together limited trade flows.

### Trade in services

In 2009 the volume of trade in services also decreased against the background of a slowdown of economic activity in the world. According to the preliminary NBU assessments, in 2009 the overall volume of trade in services was USD 24.9 billion that was by 26.8% less than one year earlier. The import decrease was much more influential in causing the improvement in the positive balance of trade in



Table 1.24

**Geographic structure of Ukraine's foreign  
trade in goods in 2010**

	Export	Import	Total	Balance	Export	Import
	% of total			USD million	Growth rates, %	
Total	100.0	100.0	100.0	-9309.4	29.6	33.7
<i>including:</i>						
CIS countries	36.4	44.0	40.5	-7952.9	39.1	35.6
Europe	26.9	32.9	30.2	-6163.4	34.8	23.2
Asia	26.7	16.5	21.2	3698.8	13.1	53.3
Africa	5.9	1.4	3.5	2144.3	14.9	41.6
America	3.9	4.7	4.4	-874.0	78.3	31.0
<i>Section by different countries:</i>						
Russian Federation	26.1	36.5	31.8	-8766.1	58.1	67.7
Germany	2.9	7.6	5.4	-3103.6	20.1	19.5
China	2.6	7.7	5.4	-3383.8	-8.2	71.9
Poland	3.5	4.6	4.1	-1001.6	47.9	28.5
Belarus	3.7	4.2	4.0	-668.4	50.9	51.7
Turkey	5.9	2.1	3.9	1728.4	42.3	36.3
Italy	4.7	2.3	3.4	1022.1	96.5	22.0
USA	1.6	2.9	2.3	-954.5	224.3	37.4
India	2.8	1.1	1.9	745.4	23.7	42.8
Hungary	1.7	2.0	1.8	-354.5	17.8	79.1
Kazakhstan	2.5	1.3	1.8	534.3	-8.3	-62.3
France	0.9	1.8	1.4	-629.8	7.8	13.9
Azerbaijan	1.2	1.6	1.4	-340.4	11.9	236.4
Egypt	2.6	0.1	1.3	1243.8	31.2	36.4
Netherlands	1.1	1.4	1.2	-274.6	-5.3	23.7
Romania	1.4	1.1	1.2	23.7	121	39.8
Czech Republic	1.2	1.2	1.2	-121.7	83.8	20.2
United Kingdom	1.0	1.4	1.2	-314.5	46.3	26.1
Republic of Korea	1.0	1.3	1.1	-288.0	-11.5	38.5
Austria	1.0	1.1	1.1	-180.4	57.4	13.9
Islamic Republic of Iran	2.0	0.1	1.0	980.8	36.4	50.4

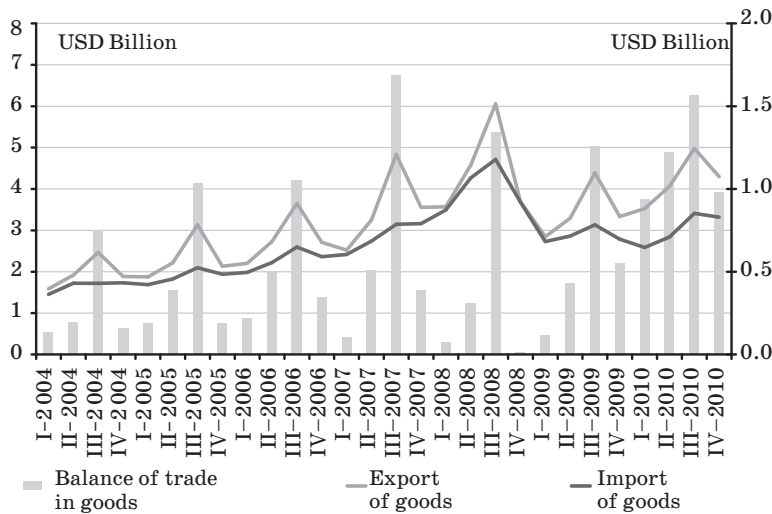
Source: State Statistics Committee.

services to USD 2.6 billion during 2009 in comparison with USD 1.7 billion one year ago.

The biggest decline of volumes of trade in services was observed in the last quarter of 2008 and in the first quarter of 2009 that strengthened traditional seasonal trends of increase of trade in services in these quarters (*Figure 1.4*). The gradual renewal of economic activity in Ukraine and neighboring countries, started in the second quarter of 2009, and positively influenced trade in services.

In most service export decreased trips (by 39.3% comparing to three quarters of 2008), which are the second category of export after the transport by the volume. The volumes of export in such categories as advertisement and marketing and services in the spheres of agriculture and minerals output also decreased (35.6% and 32.1% accordingly). The export of transport services decreased a little less than an a third. At the same time, the export of some categories of services increased in spite of the crisis. So, the export of communication services (by 48.8%), services in the architectural sphere and engineering services (37.8%), as well as of the royalty and license services (35.1%) rapidly increased.

In 2010, like in the case of goods, one observed the renewal of the external trade in services. According to the NBU preliminary



**Figure 1.4. The Dynamics of Ukraine's foreign trade in services in 2004–2010**

Source: NBU.

Table 1.25

## Ukraine's trade in services in 2010

	Nominal amount of trade, <i>USD million</i>				Rate of growth/fall, %	
	Export	Import	Balance	Total amount of trade in services	Export	Import
Total	11636.6	5440.3	6196.3	17076.9	21.2	5.2
Transport services	7807.7	1145.7	6662.0	8953.4	23.8	14.9
Sea transport	1231.6	141.3	1090.3	1372.9	-3.2	9.4
Air transport	1177.8	430.9	746.9	1608.7	6.0	27.2
Rail transport	1456.8	458.3	998.4	1915.1	17.4	8.1
Pipelines	3357.7	0.6	3357.1	3358.3	59.6	-72.1
Other transport	583.7	114.6	469.1	698.3	1.2	11.2
Travels	380.6	345.1	35.6	725.7	27.2	21.9
Communications services	345.1	125.2	219.8	470.3	7.4	-19.5
Construction services	138.7	105.1	33.6	243.8	12.1	-33.8
Insurance services	60.6	103.4	-42.9	164.0	-25.5	-25.2
Financial services	475.3	1084.5	-609.1	1559.8	27.9	-17.8
Computer services	335.0	175.7	159.3	510.7	20.2	11
Royalties and license services	41.5	412.0	-370.5	453.5	184.4	58.8
Other business services	127.4	232.8	-105.4	360.3	27.8	45.8
Different business, professional and technical services	1473.0	855.2	617.8	2328.2	20.2	-4.5
Services to private persons and services in the sphere of culture and recreation	23.9	194.4	-170.4	218.3	-25.2	35.5
Government services not included in other categories	2.2	613.4	-611.2	615.6	-85.1	33.6
Repair services	425.4	47.8	377.7	473.2	-1.1	3.3

Source: NBU.

assessments, in 2010 the overall volume of trade in services was USD 29.0 billion that was by 14.3% more than one year ago. That increase is explained with the growth of the value volume of export of services by 21.7% per year, at first, due to the increase of incomes for gas transportation. The import of services increased by much less 5.6%, at first, due to the continuation of decline of import of financial, diverse business, professional and technical services which altogether formed nearly a third of the overall import.

As a result, during the year the positive balance of trade in services doubled and was USD 4.7 billion (Figure 1.4). As usual, the biggest volumes and surplus of trade in services were observed in the third quarter of the year that was explained with the seasonal factors.

In 2010 high rates of increase of the export of services were in transport, financial, computer services, in royalty and license services, in different business, professional and technical services. It should be noted that a great role in the increase was played with the export through pipeline transport which share was 28.9% of the overall export and which increased by 59.6% during the year, almost completely due to tariffs' growth.

The moderate increase of imports, in the first place, was connected with the decline by 17.8% comparing to the previous year of the import of financial services which was 19.9% of the overall import of services. That decline is explained through a slow renewal of stability of the banking system of the country. At the same time, during 2010 the import of transport services increased against a background of renewal of industrial production and import. The volumes of services of passenger air transportations increased in the rapidest way.

The geographical structure of trade in services was changed a little but the dominance of trade with the European Union and the Russian Federation remained. The share of trade with the CIS countries in the export of services continued to increase and reached 48.0% of the overall export of services comparing to 40.0% a year ago, in spite of exclusion of the export of services to Georgia from the category of export of services to the CIS countries. At the same time, the share of the EU countries decreased to 26.8% from 31.4% accordingly. The situation in the import of services was the same: there was a decrease of the share of import of services from the EU countries from 58.1% a year ago to 54.0% in 2010, whereas the share of import of services from the CIS countries increased from 15.1% a year ago to 17.2% in 2010.

Thereby, in the trade in services there were the same trends that in the trade in goods. *One now observes the gradual renewal of volumes*

*of trade and reorientation of the trade flows to the CIS countries with the simultaneous decrease of the EU role.*

### **Trade policy**

Ukraine experienced all the advantages and disadvantages of WTO membership in 2009. However, the quantitative results can hardly be estimated as far as the economic crisis has become the main impetus that determined basic trends of international trade this year. Nevertheless, in the qualitative sense the positive consequences of membership are evident. Firstly, due to Ukraine's membership in WTO during the crisis the risk of introduction of new trade restrictions decreased (otherwise they were expected). During 2009 Ukraine experienced that WTO membership restricted opportunities to provide additional trade limitations. This was clearly demonstrated both in the case of implementation of temporary tariff addition for some goods and during the attempt of introduction of the inspection animal origin goods manufacture in the importing countries.

There were not significant changes of trade regime in 2010. The implementation of Ukraine's obligations to WTO, including the decrease of import duties for some goods in correspondence to agreements on transition periods has taken place during the year. The gradual introduction of technical regulations within the framework of technical control system reformation happened as well.

One of the most resonant decisions in the sphere of trade policy in 2010 was the implementation of grain export quota which followed the period of uncertainty and braking of export within the absence of formal limitations by means of inspections' duration increase. In October 2010 the Cabinet of Ministers of Ukraine has introduced the grain export quotas valid until the end of 2010<sup>7</sup>. The total sum of quotas was estimated at 2.7 million tons, in particular, the wheat export quote amounts for 500 million tons, corn – 2 million tons, barley – 200 million tons, rye and buckwheat – 1 thousand tons each. A lot of questions were created by the distribution of quotes which had happened one week earlier the announced term and, as a result, not all interested parties had enough time to submit an application<sup>8</sup>. At the same time, the Quote Distribution Commission of the Ministry of Economic

<sup>7</sup> The Decree of the Cabinet of Ministers of Ukraine of 4 October 2010, № 938.

<sup>8</sup> *Shchedra M.* The distribution of quotas on grain export: thimble with traders? – <http://economics.unian.net/ukr/detail/66706>.

Development and Trade of Ukraine has satisfied all applications by decreasing them proportionally on the cultures, which applications volume exceeded the volume of quotas. In December 2010 the Cabinet of Ministers prolonged operation of quotas to 31 March 2011 and slightly increased the volume of permitted export<sup>9</sup>.

At the same time, the results of quota implementation on grain export in 2006–2008 witnesses about the negative consequences of this policy both for the economy of the country and the welfare of citizens<sup>10</sup>. The implementation of wheat export quotas in 2006, when the volume of the quota accounted for 400 thousand tons (in 2010 – 500 thousand tons), caused the total loss of prosperity which was about USD 8 million<sup>11</sup>. At the same time, the implementation of quantitative restrictions undermines the trust of investors and international trade partners which is a compulsory condition for productivity improvement at all production phases and logistics of agriculture production<sup>12</sup>.

The same way as in previous years, the integral part of the country's trade policy in 2010 was the conducting of antidumping and advanced investigations and the implementation of corresponding measures as well as protection of Ukrainian producer's interests abroad, which acted as defendants in the similar investigations in other countries.

According to the Ministry of Economic Development and Trade, during 2010, three antidumping investigations were proceeded against the Ukrainian production (by Indonesian, Belarusian and Indian parties), and, at the same time, Ukrainian producers were defendants in three new advanced investigations, which are being conducted by Kazakhstan, Russia and Moldova. The majority of these investigations had not been finished by the beginning of 2011. In general, during 2010, 11 antidumping and advanced investigations were held, 33 antidumping and advanced measures were applied, 4 of which became invalid at the end of the year.

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<sup>9</sup> The Decree of the Cabinet of Ministers of Ukraine of 6 December 2010. № 1182.

<sup>10</sup> *Von Cramon, Raizer M.* The quotas on grain export in Ukraine are inactive, ineffective and non-transparent // Advisory Paper № 10. – IED. – November, 2006.

<sup>11</sup> *Kuznetsova G.* The welfare effect of export restrictions: the case of Ukrainian market for wheat. – LAMBERT Academic Publishing, 2010 (ISBN: 978-3-8433-5444-8).

<sup>12</sup> *Nivyevskiy O., Kandul S., Kuznetsova A.* What threatens the return of quotas on grain export: is there an alternative? – [www.ier.com.ua](http://www.ier.com.ua).

During 2010 in Ukraine 2 antidumping investigations concerning production of Russian and Belarusian origin were initiated, as well as 3 advanced investigations irrespective of country of origin. At the very end of 2010 two advanced investigations were finished without implementation of special sanctions. During 2010 in Ukraine 20 antidumping and advanced measures were functioning.

An important part of trade policy in 2010 was proactive negotiations on making regional trade contracts which could help to liberalize trade regimes, bring down trade barriers and, correspondently, stimulate the economic integration. According to the information of the Ministry of Economic Development and Trade, as of 2010, the expediency was studied and the liberalization of trade by means of signing of contracts with the EU, Canada, Singapore, Israel, Morocco, Syria and other African and Asian countries was negotiated<sup>13</sup>. At the end of 2010 there was declared the necessity of the rapid signing of the Agreement on free trade area within the framework of CIS.

Active regional trade policy corresponds to global trends. According to WTO data, as of 31 July 2010, 283 regional trade treaties were functioning worldwide. The activation of regional integration is partly connected with braking of Doha Round of multilateral negotiations on liberalization of trade within the framework of WTO.

### **Negotiations on Agreement on Deep and Comprehensive Free Trade Area with the EU**

In 2010 there were the negotiations on signing of the Agreement on Deep and Comprehensive Free Trade Area with the EU, which should become an important part of the Association Agreement, which was being discussed simultaneously.

The negotiations on Free Trade Area (FTA) began in 2008 within the framework of 15 Working groups on 18 various directions, which were grouped into several sections: trade in goods; services, company foundations, investments, capital flow; market guidance.

The negotiations on chapters devoted to customs and trade procedures simplification, public purchases, transparency, settlement of disputes and intellectual property right (with the exception of geographical indications) were preliminarily finished, generally there was confirmed the chapter on rules determining the origin of

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<sup>13</sup> Ministry of Economic Development and Trade. – [http://www.me.gov.ua/control/publish/article/main?art\\_id=160808&cat\\_id=137717](http://www.me.gov.ua/control/publish/article/main?art_id=160808&cat_id=137717).

goods<sup>14</sup>. Concerning the chapter on trade in goods, the parties agreed upon gradual approach in harmonization of Ukrainian legislation in chapters related to the correspondence estimation.

However, the issue on regulatory approaching is still negotiated in such spheres as, for example, sanitary and phytosanitary standards, trade technical barriers, issues concerned energy sector (transit, transport, pricing), trade and sustainable development. The issue of mutual access to market for some goods, particularly in the sphere of agriculture and automobile industry is still unsettled. The negotiations on geographical indications are being continued.

### **The Free Trade Agreement with the European Free Trade Association (EFTA)**

In 2010 Ukraine signed the Free Trade Agreement with the European Free Trade Association, which consists of four members such as Iceland, Liechtenstein, Norway, and Switzerland.

The share of export in these four countries accounted for 1.1% of total export in 2010, whereas the share of import was higher and accounted for 1.4%. Switzerland is the main trade partner of Ukraine among the EFTA countries (about 85% of Ukrainian export to EFTA countries and about a one third of import). Norway is second in importance to Ukraine among EFTA countries.

The structure of trade in goods between Ukraine and EFTA is very concentrated. Particularly, more than 90% of Ukrainian export to Norway consists of floating vehicles (especially tankers) and ferrous materials. The leading category of Norwegian export to Ukraine is fish and other marine products. Speaking about trade in goods with Switzerland, the leading category of Ukrainian export are oil products, the leading category of Ukrainian import are pharmaceutical products, gems, precious metals, machinery and equipment.

The EFTA countries suggested Ukraine start the negotiating process on the establishment of the Free Trade Area in August 2007. The Agreement on Free Trade Area with EFTA was signed in 2010. For EFTA this Agreement became the first all-round one concluded with the European countries. For Ukraine this Agreement became the first one which was conducted with developed countries but not with the countries which economies are still developing.

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<sup>14</sup> Based on the materials of the Ministry of Economic Development and Trade of Ukraine, 2010.



The Agreement has a comprehensive coverage, including trade in goods; trade in services, cooperation on the investment issues. Taking into consideration differences in economic and social development of Ukraine and EFTA countries, the principle of asymmetric obligations was applied in the Agreement which gave Ukrainian manufactures opportunity to adjust to free trade facilities.

The contracting parties commit themselves not to apply anti-dumping measures. However Ukraine received the right to apply export duty in case of need. The reduction of dues between Ukraine and EFTA countries will be taking place during the ten-year transitional period. The Agreement provides the creation of control mechanism and the opportunity of arrangements' improvement based on circumstantial changes.

The maximum possible liberalization of service market including every sphere or way of delivery is one of the cornerstones of this Agreement. The parties reaffirmed their mutual interest in creation of the most favourable conditions for development of cooperation in the sphere of investments and intellectual property protection. As of 2010 the internal procedures, required for this Agreement to come into force, remained.

### **Capital flows and foreign debt**

In comparison with 2009, when the clear outflow of foreign capital had been about USD 12 billion, in 2010 the situation in the capital market was very favourable. According to the NBU preliminary assessments, the positive balance of the account of operations with capital and of the financial operations reached USD 7.7 billion that was, at first, connected with the attraction of credits and obligations (*Table 1.26*).

In 2010 the balance of credits and obligations, in contrast to the previous year, was positive and accounted for USD 6.7 billion due to active foreign borrowings of the Government and of the real sector. At the same time, the banking sector continued to pay debts: the clear outflow was about USD 2 billion. In accordance with the NBU information, the amounts of clear redemption of banking system decreased during the year and in the fourth quarter there was even some exceeding of attractions of the debt capital over the amounts of payments (*Table 1.27*).

Table 1.26

**Account of operations with capital and financial operations  
(analytic form of presentation) in 2008–2010, USD million**

	2008	2009	2010
<i>Account of operations with capital and financial operations</i>	<i>9554</i>	<i>-11994</i>	<i>7654</i>
Capital transfers	5	595	185
Direct investments (balance)	9903	4654	5684
Portfolio investment (equity)	398	99	233
Loans and bonds	12315	-9137	6741
Medium-term and long-term loans, bonds	13346	-4663	3789
General government	-89	-1116	3085
Receipts	2805	974	6383
Payments	-2894	-2090	-3298
Banks	7586	-3272	-2053
Receipts	11500	5717	3941
Payments	-3914	-8989	-5994
Other sectors	5849	-275	2757
Receipts	14426	10278	12637
Payments	-8577	-10553	-9880
Short-term loans	-1031	-4474	2952
General government	0	0	2000
Banks	-1559	-4372	312
Other sectors	528	-102	640
Other capital	-13067	-8205	-5189
<i>including</i>			
Cash outside banks	-12897	-9713	-7346

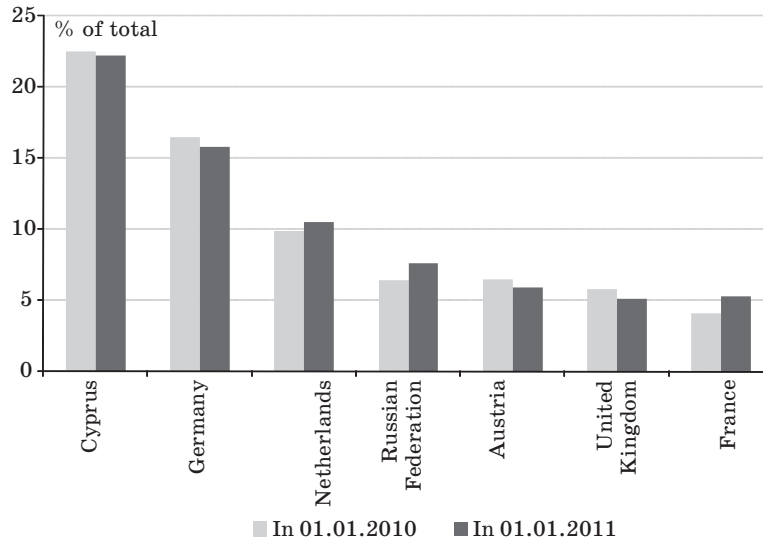
Source: NBU.

Table 1.27

**Defrayal of payments for earlier credits and bonds  
of private sector with new loans (rollover), %**

	2009	I quarter 2010	II quarter 2010	III quarter 2010	IV quarter 2010	2010
Banks	76	77	99	86	103	90
Other sectors	100	87	137	130	179	136
In total	83	81	111	103	147	109

Source: NBU.



**Figure 1.5. Total amount of FDI in Ukraine from key partners in 2010**

Source: State Statistics Committee.

Though in 2010 the increase of the clear inflow of foreign direct investment (FDI) was observed, the amount of clear incomes increased much slower than before the crisis. According to the NBU data, the clear inflow of FDI accounted for USD 5.7 billion which was 22.1% more than in the previous crisis year. According to the State Statistics Committee, in 2010 the European Union remained the key foreign investor in Ukraine. During the year 76.9% of overall incomes of FDI were from the EU states, 14.2% were from the CIS countries.

As in previous years, in 2010 one observed a high concentration of investment by countries-investors. About 72% of all the incomes of FDI to Ukraine fell to seven countries of the world. The leading countries remained Cyprus, Germany, Austria, Great Britain, the Netherlands, the Russian Federation and France (*Figure 1.5*). It is worth noting that in 2010 the share of investment from Russia increased from 6.4% to 7.6% of the overall amount of FDI, at first, due to the investment in the financial sector.

Though there were no great changes in the structure of FDI by the kinds of economic activity, it is worth noting the increase of amounts of investment in the financial activity. The share of FDI in the financial sector reached 33.7% of the overall amount of direct investment, so took the lead over the investment in industry that accounted for

31.4% of the overall amount on 1 January 2011. At the same time, the clear inflows of investment in the other economic sectors were at a very low level during the year (*Table1.28*).

*Table1.28*

**Direct investment in Ukraine by kinds  
of economic activity in 2010**

	As of 01.01.2010		As of 01.01.2011	
	USD million	% of total	USD million	% of total
Total	40053	100.0	44708	100.0
Financial activity	12431	31.0	15060	33.7
Industry	13276	33.1	14043	31.4
Trade; repair of automobiles, personal and household goods	4317	10.8	4765	10.7
Real estate, renting and services for business	4269	10.7	4754	10.6
Building	2206	5.5	2339	5.2
Transport and communication	1627	4.1	1711	3.8
Agriculture, hunting, forestry	793	2.0	834	1.9
Public utilities and individual services, activities in culture and sports	549	1.4	584	1.3
Hotels and restaurants	445	1.1	458	1.0
Health care and social assistance	121	0.3	131	0.3
Education	14	0	17	0.1
Fishing	6	0	13	0
Public administration	1	0	1	0

*Source:* State Statistics Committee.

It is important to say that the inflow of the foreign capital, in the first place in the financial sector of Ukraine, was caused with the necessity of additional capitalization of the banks which suffered because of the crisis. In 2010 the main investment in the financial activity of Ukraine was made by France, Russia, Germany, Sweden and Austria.

In 2010 the important source of inflow of foreign capital to the country became an international financial aid from the international organizations, firstly, from the IMF, an active cooperation with which was renewed in the second half of the year.

It is worth remembering that at the end of 2009 the active cooperation with the IMF on the Stand-By Programme was suspended that was explained with the high degree of political uncertainty before the Presidential elections and, accordingly, the impossibility to implement reforms which are a prerequisite for the IMF credit. The stabilization of the internal political situation, a quick formation of the majority in the Verkhovna Rada and in the Cabinet of Ministers allowed to renew the cooperation with the IMF.

The IMF credit within the framework of the Stand-By Agreement was adopted by the Executive Board of the IMF on 28 July 2010. The credit in the amount of SDR 10 billion was given for 29 months, and immediately after the adoption of the Programme Ukraine was transferred SDR 1.25 billion and 1 billion more in the end of the year – according to the results of the first revision of the execution of the Agreement – which two thirds were directed to the State Budget of Ukraine. The key terms for granting the credit became fiscal consolidation, pension reform, reforming of the gas market, including the increase of prices for gas for population and formulation of the strategy of the restructuring of NJSC «Naftogaz».

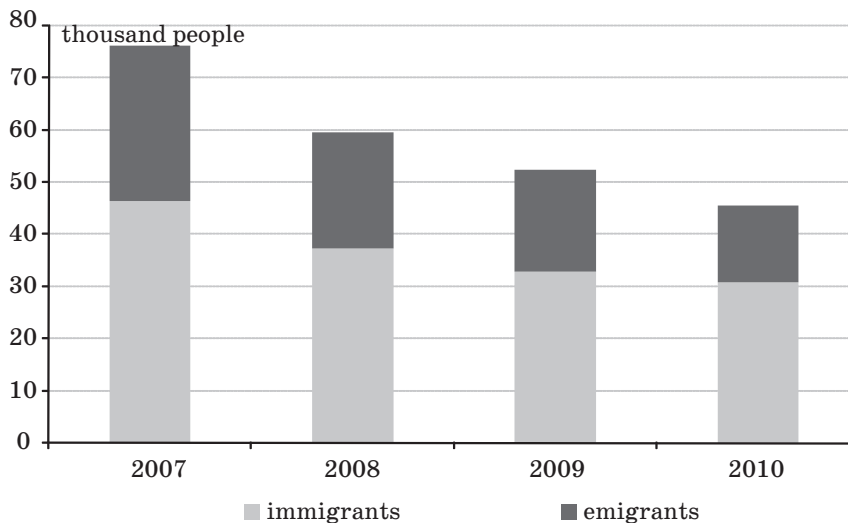
In the second half of 2010 the cooperation with the IMF within the framework of this Agreement was successful. It allowed the Government, at first since 2007, to return also to the market of the European bonds and to place the five- and ten-year bonds for USD 2 billion at the rates of 6.875–7.75% annually depending on the paying off term. These rates are close to the rates of the similar placements in 2007 and lower than the ones which the Greek Government should have paid for such borrowings. Moreover, in December the Government of Ukraine sold another USD 0.5 billion of annual European bonds at the rate of 6.7% annually.

Accordingly, during 2010 *the state foreign debt of Ukraine rapidly increased* and reached the level of about 40% of the GDP while in the end of 2007 that index had been 12.3% of the GDP. The increase of the foreign debt, if it is not balanced with the increase of the efficiency and productivity of the economy in the next years, would create risks for the stable economic development of the country in the medium-term perspective.

### Population movement issue

The global economic crisis caused the slowdown of migratory flows because of the decrease of economic activity and appropriate decrease of demand for labor force. In particular, according to the State Statistics Committee during January-November 2009 18,200 people left Ukraine which was 13.6% less than in the previous year. The number of people that arrived to Ukraine also decreased by 11.2%, comparing to the previous year (to 29,800 people). As a result, in January-November 2009 the positive balance of migration slightly reduced, in comparison with the last year index, and accounted for 11,800 people.

In 2010 the number of participants of interstate migration continued to reduce. According to the State Statistics Committee of Ukraine, during the year 30,800 people came to Ukraine, while 14,700 thousand people left the country. So, a total number of participants of interstate relations accounted for 45,500 people which was 13% less than one year ago, and 40.3% less than in 2007 (*Figure 1.6*). It can be explained with the conservation of very complicated situation in the economic spheres and labor markets of the recipient countries for the Ukrainian migrants, firstly, of the countries of the European Union.



**Figure 1.6. Interstate migration in Ukraine in 2007–2010**

Source: State Statistics Committee.

At the same time, due to the fact that the number of immigrants reduced slower than the number of emigrants, the positive balance of migration was increasing. In 2010 the balance of interstate migration accounted for 16,100 people that were 20% or 2,700 people more than during the previous year.

During the year there were some events concerning population movement. In particular, an important event positively influenced the ease of receiving of the EU visas became the introduction of the EU Visa Code since April 2010<sup>15</sup>. The Visa Code envisages the further harmonization of visa procedures of the EU countries, in particular, of the procedures which concern the documents that are necessary for receiving visas. At the same time, the Civil society monitoring of visa policy and the practice of the EU countries and of Ukraine proved that, comparing to 2009, the functioning of the Agreement on simplification of visa regime between Ukraine and the EU in 2010 didn't make visible progress and a positive potential of the Agreement was closely to be exhausted. The main obstacle is the documents demanded by the embassies, in particular, to receive a long-term visa. But some progress, however, was made. In particular, the time spent to submit documents to the embassy was reduced. The average share of visa refusals also remains very low (4.6% according to the official data and 7.0% according to the data of the polls).

In November 2010 at the EU – Ukraine Summit the parties signed a very important Action Plan on Visa Liberalization<sup>16</sup> which realization will allow Ukrainian citizens to use the visa-free regime of trips to the EU countries.

Among the other important events of 2010 concerning the population movement issue is the ratification by the Verkhovna Rada of Ukraine the Council of Europe Convention on Action against Trafficking in Human Beings<sup>17</sup>. The purposes of Convention are prevention and combating trafficking in human beings, while guaranteeing gender equality; protection of the human rights of the victims of trafficking, design a comprehensive framework for the protection and assistance of victims and witnesses, while guaranteeing gender

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<sup>15</sup> Working Group of Ukraine-EU Parliamentary Cooperation Committee on visa policy between Ukraine and the EU. The joint report of 4 November 2010. – [www.novisa.org.ua](http://www.novisa.org.ua).

<sup>16</sup> Action Plan on Visa Liberalization, EU-Ukraine Visa Dialog. – [www.novisa.org.ua](http://www.novisa.org.ua).

<sup>17</sup> Law of Ukraine «On Ratification of the Council of Europe Convention on Action against Trafficking in Human Beings», № 2530 of 21 September 2010.

equality, as well as ensuring effective investigation and prosecution; promotion of international cooperation on action against human trafficking.

Thus, in 2010 one observed the further slowdown of migratory flows that, probably, was connected with the consequences of the world financial and economic crisis which negatively influenced the labor markets of main recipient countries for the Ukrainian emigrants, in particular, the countries of the EU. At the same time, a significant progress was made in the sphere of international relations. In November 2010 the Action Plan on Visa Liberalization was signed and its successful fulfillment will allow establishing a visa-free regime with the EU.

### Conclusions

The year 2009 became one of the most difficult years for the international economic cooperation of Ukraine. The openness of the country's economy with the relatively low level of institutional development (according to Doing Business 2010, Ukraine takes 142<sup>nd</sup> place from 183 countries of the world at the rate of attractiveness of the business environment<sup>18</sup>) and high concentration of production in a few sectors caused significant sensitivity of economic environment of the country to global financial and economic changes. The global crisis led to the rapid decrease of amounts of trade in goods and services, the clear outflow of foreign capital and the wave of restructuring of foreign debts.

The change of the world conjuncture of trade caused visible progress in the commodity structure of both export and import: the share of export of metals and import of machine building production decreased, but the share of export of agricultural products increased. But today it is not obvious that these changes of structure will have the permanent character, as the agriculture of Ukraine demonstrates a high level of dependence on natural conditions, while demand for metal in the world is gradually renewed.

The additional stress for the economy of Ukraine came from the gas conflict with Russia which resulted in the conclusion of long-term contracts on gas deliveries to Ukraine and transit of natural gas to the EU. At the same time, the most important achievement was the establishment of the formula method of estimation of gas prices. But

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<sup>18</sup> <http://www.doingbusiness.org/exploreconomies/?economyid=194>.



contracts contain a few provisions which could become a potential source of disputes in future.

As one expected a year ago, 2010 was more favourable for the world and Ukrainian economies than the previous one. Though it is early to talk about the overcoming of consequences of the world financial and economic crisis, the renewal of the increase of world demand stimulated an international trade. It positively influenced Ukraine. In 2010 the quick increase of value volumes of trade was fixed.

Among the particulars of the trade structure in 2010 it is worth noting the increase of the share of trade in goods and services with Russia with the simultaneous decrease of the share of the EU in the overall trade of Ukraine. It is explained, firstly, with the economic factors, e.g. the increase of prices for energy resources and rapid renewal of internal, in the first place, investment demand in Russia that increased the value volumes of trade with the latter, as well as with the complicated economic situation in some EU countries and slight strengthening of the hryvnya against euro that impeded the trade with the EU Member States<sup>19</sup>.

Another special feature of 2010 was the activation of efforts directed to the conclusion of regional trade agreements. In summer Ukraine signed the Free Trade Agreement with the European Free Trade Association. The negotiations on establishment of the Free Trade Area with the EU were very active. There was learnt the expediency or there were conducted the talks on trade liberalization through conclusion of the agreements with Canada, Asia and Africa countries.

At the same time, regardless of the politics directed to the liberalization of future trade, the state actively intruded into the current trade flows. In particular, in autumn the Government imposed the quotas of grain export. The imposition of quantitative limitations was preceded by the period of significant delays of the grain shipment for the export due to the increase of the inspections' duration. According to the Doing Business 2011 assessments, the Ukraine's rating on the category «Trans-boundary trade» did not change during 2010<sup>20</sup>. At the beginning of 2011 the country took the 139<sup>th</sup> place among 183 countries, previously due to huge time spent on the procedures connected with the foreign economic activity.

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<sup>19</sup> More information about economic relations between Ukraine and Russia and the EU can be read in separate chapter of Yearbook.

<sup>20</sup> Doing Business 2011. – <http://www.doingbusiness.org/data/exploreconomies/ukraine/#trading-across-borders>.

The other important feature of 2010 became the acceleration of capital inflow, firstly, of the borrowing one, due to the attraction of medium-term credits and sale of bonds. The Government played an important role in this process because at first since 2007 it could return to the European bonds market and sold USD 2.5 billion European bonds with the term of redemption from one to ten years. The improvement of the image of Ukraine among the foreign investors was probably encouraged by the renewal of cooperation of the Government with the IMF and the signature of a new 2.5-year Stand-By Agreement due to which the country was obliged to implement very ambitious reform package.

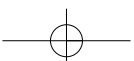
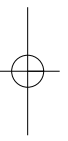
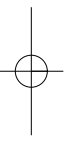
In 2010 the recovery of the world economy after the crisis also created conditions for renewal of increase of trade flows and capital inflows to Ukraine. Next year will probably be more difficult. The effect of low statistical basis is closely exhausted. *New international agreements will have a positive effect in the medium-term perspective only if the programmes of internal reforms are realized but the proper internal changes, which allow changing the situation qualitatively, have not yet got the necessary critical mass.*

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## **Chapter II**

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# **THE SECURITY DIMENSION OF UKRAINE'S FOREIGN POLICY**



## **§ 1. Forward Into The Past: From Integration To «Constructive» Partnership With NATO**

Generally speaking 2009 did not bring great achievements on the oath of Ukraine's Euro-Atlantic integration. Ordinary Ukrainians didn't notice anything special but the country's diplomats are sure that they made progress to be proud of. During 2009 all of the parties implemented tactical assignments without yielding their interests: Ukraine took advantage of the possibilities to compromise with NATO on the Annual National Program (ANP) and the prospect of membership while NATO, stressing the need for Ukraine to do its homework in the (ANP) format given the absence of political consensus before the presidential elections, took a pause to renew the climate of confidence with the Russian Federation, while not refuting the possibility of Ukraine's membership in the Alliance as promised before. An analysis of the most important events in the Ukraine-NATO relationship and of the declarations of both parties confirms this. The main event was the NATO Anniversary Summit held on 3–4 April 2009 in Strasburg and Kehl.

The Ukrainian representatives, as well as the other partners, were not invited to that Summit, however its final Declaration reconfirmed all the decisions concerning Ukraine made at the Bucharest Summit and at the Meeting of the Ministers for Foreign Affairs in December 2008. The allies highly appreciated our state's contribution to the common security, including our participation in peacekeeping operations under the auspices of NATO. It was separately underlined that the political stability in Ukraine is significantly important for a successful realization of political and economic transformations as well as of security and defense reforms.

In advance of the Summit Ukraine made its next contribution to strengthening international stability and to the war on terror by giving the permission for overflight for supply planes headed for the NATO forces in Afghanistan, including those in the International Security Assistance Force. On 2 April 2009, at NATO Headquarters,

Ukraine signed the Agreement (in the format of letters' exchange) between the Cabinet of Ministers of Ukraine and the North Atlantic Treaty Organization to allow for transit of non-lethal goods through the territory of Ukraine in support of the ISAF Operation in the Islamic Republic of Afghanistan. On 16 December 2009 the Cabinet of Ministers of Ukraine adopted the Decree on the temporary application of this Agreement<sup>1</sup>.

The next important stage of legal Ukraine-NATO relations became the Declaration to Complement the Charter on a Distinctive Partnership between NATO and Ukraine of 9 July 1997 signed on 21 August 2009 at Alliance Headquarters. This Declaration defines, in particular, that the NATO-Ukraine Commission (NUC) should play the central role in deepening political dialogue and cooperation and maintaining the Ukrainian efforts to implement the reforms in order to become a NATO member. This Declaration follows up on an Agreement reached by the Ministers for Foreign Affairs in December 2008 to amend the NATO-Ukraine Charter in order to reflect the decisions taken at NATO's Summit in April 2008 in Bucharest<sup>2</sup>.

The final event in 2009 was the Meeting of the NATO-Ukraine Commission (NUC) at the level of Foreign Ministers held at NATO Headquarters on 3 December in Brussels. The Ukrainian Minister informed his colleagues that on 2 December 2009 the Government of Ukraine had approved the Draft Annual National Program (ANP) for 2010. The Ministers for Foreign Affairs of the NATO-Ukraine Commission (NUC) discussed the further development of the Distinctive Partnership between NATO and Ukraine in the context of Ukraine's fulfillment of the Annual National Program for 2009. Announcing their assessment of Ukraine's execution of the first Annual National Program NATO Ministers called for Ukraine to hold elections in 2010 in accordance with international standards and to improve inter-institutional cooperation while executing the Annual National Program. The NATO State Members expressed concern about the slowdown of security and defense reforms, emphasizing the need to prepare the results of the Strategic Defense Review, which would show that Ukraine defines its goals in accordance with available recourses<sup>3</sup>.

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<sup>1</sup> Foreign Policy of Ukraine – 2009: Strategic Assessments, Forecasts and Priorities / Edited by G. Perepelytsia. – Kyiv: Stylos Publishing House, 2010. – P. 118.

<sup>2</sup> Ibid. – P. 119.

<sup>3</sup> Ibid. – P. 127.

Substantial changes in its foreign policy direction and the radical reorientation of cooperation priorities became key features of Ukraine's activity on the international arena in 2010. The new management that had come to power immediately revoked what had previously been top priorities and built a different hierarchy of our country's strategic interests. Taking into consideration Ukraine's great efforts to approach the North Atlantic Alliance and to become a member of this organization in perspective, one can conclude that last year this foreign policy direction was put aside in favor of a more general further development of partner relations and «pragmatic» partnership with NATO. This format of cooperation changed not only the Alliance's attitude to Ukraine as a reliable partner and, more importantly, as a prospective member of this security organization, but also well-tested and, as one could think, universally established formats of relations, shifting them into a new and more pragmatic field. The analysis of the yearly dynamics of Ukraine-NATO cooperation gives a strict characteristic of the current level of relations and, together with the content of a new Alliance's Strategic Concept, explicitly confirms their «pragmatic» degree.

### **Reorientation of Ukraine's Euro-Atlantic direction after the political transition**

The present authorities began cashing in on the NATO theme in all its aspects while still in political opposition. This was no wonder: you can turn your opponent's political goals against them and to your own advantage. Indeed, the previous Administration was a top, if not the top political priority and they promoted it in various ways among politicians and common citizens. The problem was that ordinary Ukrainians rejected the idea of joining the Alliance without listening to the arguments in favor of NATO, because they continued to believe Soviet stereotypes about the «Western threats» (which have nothing to do with real contemporary threats such as terrorism, cyber threats, hunger, natural disasters or diseases).

Moreover, the express pace (not very successful, to tell the truth) towards NATO entry provoked public bias against the authorities and made the political opposition look as exalted protectors not willing to give up Ukrainian soldiers as sacrifices to a foreign military machine. There was ample opportunity to manipulate Ukraine's relations with the North Atlantic Treaty Organization. *The pre-election Program of*

*the incumbent President of Ukraine Viktor F. Yanukovich «Ukraine – for People!»* proclaimed «*preservation of the non-bloc status of Ukraine*» as the main direction of national foreign policy because, «according to current geopolitical reality, such status is the key element of the national security of our state, the guarantee towards increasing its international influence and authority».

It's clear that the matter was about NATO as «a hostile military and political bloc». But nobody specified that NATO is an organization of collective security and not an opposite to the long defunct Warsaw Pact of Soviet bloc countries. Indeed the «bloc» concept moves us back to the 19<sup>th</sup> century or even ten centuries earlier. In a time of bipolar confrontation the «bloc» concept concerned Soviet or American oriented states: their foreign political choice (whether conscious or not is a different issue) determined their belonging to one of the «blocs» – socialist or capitalist. And NATO wasn't any more determinative than the Warsaw Pact since the two organizations were in effectively mirrors of each other.

Ukraine's non-bloc status was officially confirmed in the Law of Ukraine «On Foundations of Domestic and Foreign Policy» of 1 July 2010. The first provision of article 11 states: «Ukraine as a European non-bloc state carries out an open foreign policy and strives to cooperate with all the interested partners avoiding dependence on certain states, groups of states or international structures». Further in the text, among the key foundations of the foreign policy, there is a provision that «maintenance of Ukrainian integration into the European political, economic, legal areas» should provide «its membership in the European Union». Interestingly, could one interpret the last phrase as «dependence on certain international structures»?

### **Organizational transformations in supporting Ukraine-NATO cooperation**

In any case, Ukraine's relations with the North Atlantic Alliance did in fact become «practical mutually beneficial». In spring 2010 the Bureau for European Integration was created in the structure of the Secretariat of the Cabinet of Ministers of Ukraine and replaced the Coordination Bureau for European and Euro-Atlantic Integration established by the previous Government in 2008. V. Yanukovich also abolished the Interagency Commission on Preparation of Ukraine for NATO Membership because he was sure that «the issue of joining



NATO isn't on the agenda», hence the current level of cooperation with the Alliance should be preserved. In July 2010 Igor Dolgov was appointed the Head of the Mission of Ukraine to NATO and the Ambassador Extraordinary and Plenipotentiary of Ukraine to Belgium, with concurrent accreditation to Luxembourg: the President of Ukraine united by Decree the Mission of Ukraine to NATO with the Embassy in Belgium and Luxembourg. At the same time, high level officials continued to stress that Ukraine doesn't plan to downgrade relations with NATO; is interested in the maintenance of the political dialogue with the Alliance; and will fulfill the obligations to continue all-round domestic reforms undertaken earlier.

As it were a system of proper coordination organs was created only at the end of the year: in accordance with the Decree of the President of Ukraine № 1039/2010 «On Further Constructive Cooperation of Ukraine with the North Atlantic Treaty Organization» of 18 November 2010 *the Commission for Ukraine's Partnership with North Atlantic Treaty Organization* was established under the President of Ukraine; furthermore «with the aim to continue the constructive partnership of Ukraine with the North Atlantic Treaty Organization on all the issues of the common interest, in particular, the partnership within the annual national Programs», *a system of national coordinators for Ukraine's Partnerships with North Atlantic Treaty Organization* in the spheres of foreign policy and economy, resources (finance), security, defense, legal and military affairs was also established.

The Ministry of Foreign Affairs of Ukraine was charged with guaranteeing the proper coordination of the actions of central organs of executive power in carrying out foreign policy for the continuation of the constructive partnership of Ukraine with the North Atlantic Treaty Organization on all issues of common interest. The Minister for Foreign Affairs of Ukraine is the Chair of the Commission for Ukraine's Partnership with North Atlantic Treaty Organization. His Deputy is the National Coordinator for Ukraine's Partnership with the North Atlantic Treaty Organization in the Sphere of Foreign Policy and Economy. The members of the Commission are national coordinators and representatives of the Administration of the President of Ukraine, the Secretariat of the Cabinet of Ministers of Ukraine and the Apparatus of the National Security and Defense Council of Ukraine.

Accordingly, the partnership with NATO has been refocused exclusively on areas of cooperation or interest to the Ukrainian

authorities. Yet what should be done about the Annual National Program for 2010 which contains many more provisions (beyond what has been described), or about the wish of the current authorities to continue cooperation with the Alliance in the same vein and to elaborate a similar Program for 2011?

### **Annual National Program for 2010 on preparation of Ukraine «for achieving membership in the North Atlantic Treaty Organization»**

The Annual National Program (ANP) for 2010 on preparation of Ukraine «for achieving membership in the North Atlantic Treaty Organization» was adopted by Decree of the President of Ukraine (then Viktor Yushchenko) № 92/2010 of 3 February 2010<sup>4</sup>. This document envisaged continuation of the fulfillment of assignments started in 2009 and activation of interstate reforms in order to reach standards necessary for Ukraine *to enter NATO*. The strategic course of the Euro-Atlantic integration of Ukraine to become a member of the North Atlantic Treaty Organization remained unchanged.

Once in power the new authorities didn't abolish the ANP-2010 but, on the contrary, declared that they wanted to follow it in their relations with the Alliance. Moreover, the Cabinet of Ministers of Ukraine elaborated a proper plan of measures to exercise this Program. The new leadership continued assuring all that the Ukrainian party is satisfied with the level of «pragmatic partnership» attained with NATO that allows Ukraine to reform its Armed Forces (AF) and to cooperate in many other spheres. This is at the very least illogical because the ANP-2010 contains, besides its expressive title, many *references to membership in the Alliance* and not of simple bilateral cooperation.

The ANP indicates that the execution of its provisions «allows for optimizing the preparation of Ukraine for NATO membership and assures future effective Ukrainian participation in the Alliance». But, according to the Minister for Foreign Affairs of Ukraine Kostyantyn Gryshchenko, «the issue of NATO membership isn't on the agenda» because the Ukrainian party is satisfied with the achieved level of partnership with NATO that allows us to cooperate, for

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<sup>4</sup> The Annual National Program for 2010 on preparation of Ukraine for achieving membership in NATO / Decree by the President of Ukraine, 03.02.10. – <http://zakon1.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=92%2F2010>.

instance, while liquidating the consequences of the emergencies, in many civil situations, etc. In his opinion, the former Ukrainian authorities had all the means to take a firm step towards Euro-Atlantic integration but significant progress in relations with the Alliance was not achieved.

As a result, we have *a situation known within NATO as «unprecedented» – a country is fulfilling a Program on its preparation for the North Atlantic Treaty Organization membership without the intention of entering the Alliance.* Yet Western colleagues are not very anxious about this innovation because a country cannot become a NATO member without a stated desire to do so, even when the door of this organization «remains open» for all interested applicants meeting the necessary criteria. Finally, it was decided that Ukrainian could execute the ANP-2010 and even cooperate with the Alliance under the same conditions in future.

*The Meeting of the NATO-Ukraine Commission* at the level of Ambassadors was held on 7 December 2010 in Brussels, and its main issue became the execution by Ukraine of the Annual National Program on cooperation with the Alliance in 2010. After official negotiations the Deputy Minister for Foreign Affairs of Ukraine Olexandr Gorin announced that Ukraine would very shortly be able to adopt the Annual National Program on cooperation with NATO in 2011<sup>5</sup>. The participation of 17 allied country Ambassadors indicated real respect for the Ukrainian ANP and to Ukrainian themes as a whole. Indeed during its more than 50-year existence the Ukrainian case was unprecedented: in the past a candidate country either wanted to become a NATO member or remained «on the other side of the fence». This was a case of a country staying «across the street».

But now the ANP is probably the best means to watch the reforms in the major areas of activity in our country still continue their movement towards the European Union, and the latter is one of the top priority allies of the North Atlantic Alliance. That's why NATO representatives are considering the Annual National Program to be an important instrument not only for the development of cooperation with Ukraine but also for the implementation of internal reforms. The Meeting participants positively remarked that Ukraine participates in all operations under NATO auspices and is the first and the only partner that

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<sup>5</sup> Ukraine to the end of the year will have The Annual National Program on cooperation with NATO in 2011 – O. Gorin. 20.12.10. – <http://www.uanato.info/index.php?pokaz=6756>.

contributes its own units to form the NATO Response Force (without being an Alliance member. – *Editor*).

But Ukraine should keep the balance between the ambitious intentions it wants to include in the Program and its real possibilities because this document is to be «really practical». A high grade was given to the establishment of the Commission for Ukraine's Partnership with North Atlantic Treaty Organization under the Minister's for Foreign Affairs of Ukraine chairmanship because, paying attention to the fact that different Ministries and other organs of central Ukrainian executive power would be represented here even on the Deputy Ministers level, this organ would be able to increase the effectiveness of practical cooperation between NATO and Ukraine significantly.

Alliance members were also interested in Ukraine's internal transformations, which were also identified in the Annual National Program. They emphasized the importance of adopting a new Election Code that should promote the development of democracy in Ukraine. They also paid attention to the issue of energy security which, besides, made its first appearance in the new Alliance Strategic Concept: in this case NATO is trying to find a reliable and predictable partner in the image of Ukraine.

*The Expert NATO-Ukraine Consultations* on intelligence and security sector reform whose 7<sup>th</sup> round was held on 20 October 2010 in Kyiv, were also of priority importance. Their aim was to bring together NATO Member States' experts and exchange experience on improving the Ukrainian security establishment. During the sessions international and Ukrainian experts discussed the problems connected with social protection of special services agents in the NATO countries, in particular, the legal basis for pensions of special services agents in the Alliance Member States in the context of pension reform in Ukraine. It was stated that these consultations on the intelligence and security sector reform had helped create an effective mechanism for the exchange of expert opinions to improve the Ukrainian security sector using NATO Member state experience.

### **NATO Summit in Lisbon (19–20 November 2010)**

The NATO Summit in Lisbon held on 19–20 November 2010 was naturally marked with the adoption of a new Alliance Strategic Concept and the mending of relations with the Russian Federation. Our country was invited as a member of the operation in Afghanistan. There were no meetings in the format of the NATO-Ukraine Commission.

As Afghanistan nowadays has become the most important point on the Alliance agenda, the latter expressed the desire to discuss all connected issues with all 47 Member States of the International Security Assistance Force (ISAF) and not only with 28 representatives of the NATO Member States. Ukraine as one of the active contributors to security in Afghanistan was also invited to participate in those sessions. But just before their beginning *the President of Ukraine cancelled his visit to Lisbon and Ukraine was represented by the Minister for Foreign Affairs Kostyantyn Gryshchenko. The decrease of Ukraine's level of representation, in fact, once more confirmed the level of «pragmatism» of NATO-Ukraine bilateral relations.* After the Summit Kostyantyn Gryshchenko declared it important that «Ukraine, having proclaimed its non-bloc status, is considered as and will be an important partner of NATO with which the Alliance is ready to have a political dialogue and continue the Programs on cooperation elaborated before. We intend to do them more effective and mostly directed to the realization of reforming the Ukrainian Armed Forces and in areas of cooperation»<sup>6</sup>.

### **New NATO Strategic Concept «Active Engagement, Modern Defense»**

The main event of the NATO Lisbon Summit was the adoption of a new *Alliance Strategic Concept* to serve as its roadmap for the next ten years. The Strategic Concept for the Defense and Security of the Members of the North Atlantic Treaty Organisation<sup>7</sup> (the official name of the document. – *Editor*), adopted by the Heads of State and Government on 19 November 2010, determined that *NATO will continue to play its unique and essential role in ensuring our common defense and security.* This Strategic Concept will guide the next phase in NATO's evolution, so that it continues to be effective in a changing world, against new threats, with new capabilities and new partners.

The most important partners of the Alliance are the United Nations and the European Union. Closely cooperating with them, the

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<sup>6</sup> Gryshchenko said that Ukraine is a partner of NATO and will continue to cooperate with the Alliance. – 20.11.10. – <http://www.newsru.ua/ukraine/20nov2010/hryshchenkonato.html>.

<sup>7</sup> «Active Engagement, Modern Defense». Strategic Concept for the Defense and Security of the Members of the North Atlantic Treaty Organisation adopted by Heads of State and Government in Lisbon 19 November 2010. – [http://www.nato.int/cps/uk/natolive/official\\_texts\\_68580.htm](http://www.nato.int/cps/uk/natolive/official_texts_68580.htm).

Alliance will prevent crises, manage conflicts and stabilize post-conflict situations. The Concept commits NATO to the goal of creating the conditions for a world without nuclear weapons – but reconfirms that, as long as there are nuclear weapons in the world, NATO will remain a nuclear Alliance.

*The document also restates NATO's firm commitment to keep the door to NATO open to all European democracies that meet the standards of membership, because enlargement contributes to the common goal of Member States of a Europe whole, free and at peace. Besides, the Concept calls upon Members of the Alliance to promote the common security of its partners in the world. **The door to NATO membership remains fully open to all European democracies which share the values of our Alliance, which are willing and able to assume the responsibilities and obligations of membership, and whose inclusion can contribute to common security and stability.*** The dialogue and cooperation with partners can make a concrete contribution to enhancing international security, to defending the values on which the Alliance is based, to NATO's operations, and to preparing interested nations for membership of NATO. These relationships will be based on reciprocity, mutual benefit and mutual respect.

The last point is surely positive for Ukraine but its non-bloc status has annulled the possibilities of membership, the possibilities to receive some extra effective help, apart from expert consultations, in case of emergency or military actions, violations of its sovereignty or territorial integrity. Moreover, it is unknown which «criteria» will be used by the Alliance now, in the 21<sup>st</sup> century, in admitting new members. But it's a fact that Ukraine doesn't meet the possible requirements. All the more, the expression «to create a Europe whole, free and at peace» is also confusing: as Ukraine isn't striving to become a NATO member, it, in fact, can't become a part of «a whole Europe». That's why Ukraine, in this sense, has been pushed to a grey buffer zone of security or similar area: it's in a borderline zone balancing between the West and Russia, an area our state had been trying to leave throughout its period of independence.

Ukraine is referred to in the Section of the Concept named «Partnerships» where NATO aims *to continue and develop the partnerships with Ukraine and Georgia within the NATO-Ukraine and NATO-Georgia Commissions, based on the NATO decision at the Bucharest summit 2008, and taking into account the Euro-Atlantic orientation or aspiration of each of the countries.* But here it's also stressed that NATO-Russia cooperation is of strategic importance as

it contributes to creating a common space of peace, stability and security. Moreover, *NATO poses no threat to Russia*. On the contrary: the Alliance wants to see a true strategic partnership between NATO and Russia, and it will act accordingly, with *the expectation of reciprocity from Russia*. Such a statement brings to naught all the previous efforts of Ukraine to create with NATO «more distinctive» relations than the Russian Federation has today. Today this is truer than ever. But, even if we foresee that the Ukrainian ruling elite returns to the former road to Euro-Atlantic integration, we shouldn't wait for a change in NATO's attitude to Ukraine, which will remain one of partnership, since the Concept is adopted not for one or two years – it's a document for the medium-term (likely for a 10–15 year period).

The Strategic Concept also underlines that notwithstanding differences on particular issues, the security of NATO and Russia is intertwined and that a strong and constructive partnership based on mutual confidence, transparency and predictability can best serve their security. Accordingly, to hope for «bonuses» for our state is naive at best. NATO has made clear its priorities. Among *the core tasks and functions*, the new Concept determines for NATO, Ukraine can consider cooperative security and the mechanisms of consultations on all matters that affect the territorial integrity, political independence and security as the most important ones.

In the Section «*Defense and Deterrence*» the Member States are obliged to strive that NATO have the full range of capabilities necessary to deter and defend against any threat to the safety and security of its populations. In this respect, it is worth underscoring the obligation to develop the capacity to contribute to energy security, including protection of critical energy infrastructure and transit areas and lines, cooperation with partners, and consultations among allies on the basis of strategic assessments and contingency planning. This point surely concerns Ukraine because recently Europe suffered from the recourses of a quarrel between Russia and our state. As a result, by ensuring good relations with Russia, NATO protects its members from a possible energy crisis.

In conformity with the Concept, *arms control, disarmament, and non-proliferation* contribute to peace, security and stability and should ensure undiminished security for all Alliance members. They undertake to continue to play their part in reinforcing arms control and in promoting disarmament of both conventional weapons and weapons of mass destruction, as well as non-proliferation efforts, especially in Europe. In this respect we can presume that Ukraine

should receive concrete guarantees of its security from the Alliance as a country which voluntarily surrendered its nuclear weapons and has already made its contribution to the release of the European continent from the weapons of mass destruction. But, unfortunately, no one has, as of yet, proposed such concrete guarantees.

### **Participation of Ukrainian Units in the NATO Response Force**

*In 2010 Ukraine became the first and so far the only NATO partner country which joined the Response Force of the Alliance – a modern force with a high level of readiness including land, air, naval and special forces that the North Atlantic Alliance can rapidly deploy everywhere it needs. This force numbers 7,000–8,000 military and civil personnel but this figure can be increased depending on the necessities. NATO uses the principle of rotation in manning the Response Force. The NATO State Members lend their units of land, air, naval and special forces to participate in the NATO Response Force for six month terms.*

The international certification exercises of the NATO Response Force «Golden Mask – 2010». From 19 to 23 April 2010, in Germany, on the Bundeswehr's military training grounds «Bergen» and «Munster». Ukraine's participation included 30 servicemen from the platoon of radiation, chemical and biological protection and the division of dosimetric and chemical control of the 144<sup>th</sup> separate battalion of radiation, chemical and biological protection of the 8<sup>th</sup> army corps of the Land Force of the Armed Forces of Ukraine. The main aim of Ukrainian participation was to further harmonization and certification for possible participation in the multinational battalion of radiation, chemical and biological protection in the 15<sup>th</sup> rotation of the NATO Response Force.

Also, pursuant to the authorities of the Armed Forces of Ukraine, Ukraine intends to take part in the 15<sup>th</sup> and 16<sup>th</sup> rotations of the NATO Response Force in 2010 and in the first part of 2011 accordingly. The Ukrainian units will deploy mainly in peacekeeping operations as well as in the operations coping with of natural disasters, emergencies or man-made catastrophes.

«We have identified 12 units that are prepared according to NATO standards and will represent all the types and arms of the service including engineers, marines, ships and field engineers, radiation, chemical and biological protection units, etc. Depending on the



bundling, altogether 500 Ukrainian servicemen will participate in these forces», the former Commander-in-Chief of the Armed Forces of Ukraine Colonel-General Ivan Svyda said. «As we want to integrate into the EU and into the Euro-Atlantic security area, we should together take part in the safeguarding of security... We do everything to transform our Armed Forces according to the EU and NATO countries methods. This methodology differs from ours starting from the preparation of troops and finishing with the assessment and self-estimation. We are striving to take part in the NATO Response Force because we want to achieve its level of training, the level of leading NATO and European countries», he resumed<sup>8</sup>.

### **Participation of Ukraine in Joint Military Exercises with NATO**

The Law of Ukraine «On the Adoption of the Decision of the President of Ukraine on Admitting Units of Armed Forces of Other States in the Territory of Ukraine in 2010 to Participate in Multinational Military Exercises» of 18 May 2010, adopted by the Verkhovna Rada of Ukraine with an overwhelming majority of votes (394 deputies, more than the minimum 226, voted in favor of the Law), officially confirmed the decision of the President of Ukraine Viktor Yanukovich on admitting units of armed forces of other states in the territory of Ukraine in 2010 to participate in the Ukrainian-Polish-Canadian-Lithuanian exercises «Maple Arch – 2010», the multinational exercises «Barrier – 2010», the multinational exercises «Light Avalon – 2010», the Ukrainian-Slovak exercises «Slavs for Peace – 2010», the Ukrainian-Romanian exercises, Ukrainian-Belarusian exercises, the multinational exercises «Cossack Steppe – 2010», the Ukrainian-American exercises «Sea Breeze – 2010», the Ukrainian-American exercises «Rapid Trident – 2010»<sup>9</sup>.

In fact, in 2010 foreign military units deployed in the territory of our state during joint exercises with ease, when compared to previous years Taking into account the military aspect of cooperation in the

<sup>8</sup> For taking part in the NATO Response Force Ukraine is preparing 12 divisions of the Armed Forces – Chief of General Staff. 28.01.10. – <http://ukrinform-korr.blogspot.com/2010/01/12.html>.

<sup>9</sup> On the adoption of decision of the President of Ukraine on admitting units of armed forces of other states in the territory of Ukraine to participate in multinational military exercises in 2010 / Law of Ukraine, 18.05.10. – <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=2259-17>.

framework of «pragmatic partnership», we can concede the existence of such a foreign policy course within the general course of cooperation with the Western partners.

**«Sea Breeze – 2010».** The 8<sup>th</sup> joint exercises with NATO in the «Sea Breeze» series were held in the South of Ukraine on 12–23 July 2010. The main theme of the exercises was «The planning and carrying out of an international antipiracy operation» during which the servicemen had to work out, according to international standards, the actions of the multinational staffs and forces during the preparation and realization of such a campaign. Due to the exercises' legend, the sailors had to play a scaled «war against pirates» liberating the captured ships and establishing the shore «security zone».

Apart from the Ukrainian Armed Forces, military units of the NATO Member States (the USA, Germany, Belgium and Poland) participated in the exercises, with individual representatives from Azerbaijan, Greece, Georgia, Denmark, Moldova and Turkey. In general, there were about 30 ships and boats and more than ten aviation units engaged in the «Sea Breeze – 2010». The land phase of the exercises was conducted on the training ground «Shyrokyi Lan» in the Mykolaiv region, the sea phase – in the Northwestern part of the Black Sea (the multinational staff of the exercises was situated in the territory of the Western naval base of Naval Forces of the Armed Forces of Ukraine in Odessa).

**«Active Endeavour».** On 14–19 November 2010 the corvette of the Naval Forces of Ukraine «Ternopil» joined the antiterrorist NATO operation «Active Endeavour» and executed proper tasks of joint command in the Mediterranean Sea. While patrolling, the depot of the Ukrainian ship in cooperation with the frigate of the Italian Naval Forces «Espero» conducted questioning and, where necessary, the inspection operations of the civil ships. After patrol the actions of the «Ternopil» depot and of the inspection team received high grades from foreign military colleagues.

### **Participation of Ukraine in NATO Peacekeeping Operations**

Currently Kyiv doesn't plan on revising its participation in NATO peacekeeping operations. After the NATO Summit in Lisbon (19–20 November 2010) the Minister for Foreign Affairs of Ukraine Kostyantyn Gryshchenko noted that non-bloc status «doesn't limit

Ukrainian participation in the peacekeeping operations, its subject political dialogue with the Alliance»<sup>10</sup> as well as carrying out exercises and joint actions which today are an important basis for further improvements in the Armed Forces of Ukraine and of the other institutions which play a significant role in guaranteeing our security.

Today one may predict the further inclusion of Ukrainian servicemen in the international peacekeeping operations in Kosovo, Afghanistan, the NATO Training Mission-Iraq and the antiterrorist operation «Active Endeavour» as an effective instrument of prevention of threats to European security.

For instance, according to the words of the American General Alan Dorman (the Commander of the KFOR Multinational Battle Group East), the representatives of the Ukrainian contingent were among the first multinational units to participate in the work of the joint staff of the Multinational Battle Group East. He called the inclusion of a battle group of Ukrainian peacekeepers in the work of the joint staff throughout the entire rotation an important step and stressed that all the tasks executed by the unit and the servicemen of our contingent were worthy of excellent grades<sup>11</sup>. The servicemen of the Ukrainian contingent patrolled the frontier Kosovo territory, sent synchronized patrols along the administrative border line with the Republic of Serbia, carried out joint patrols with the Kosovo police and took part in the KFOR exercises both as a participant and as an opposing force (OpFor). From 4 till 16 August 2010 the 14<sup>th</sup> rotation of the Ukrainian peacekeeping contingent in Kosovo took place, with the special personnel of the 95<sup>th</sup> separate airmobile brigade from the Zhytomyr region replaced by the airmobile servicemen from the Mykolaiv region.

In addition to 13 servicemen now in Afghanistan, Ukraine plans to send more 8 servicemen to carry out the peacekeeping mission under UN auspices. While the Member States of the Alliance are going to gradually reduce their contingents in Afghanistan, Ukrainian officials support the extension of the Ukrainian presence with the fact that we are expanding our presence only in the non-military areas or in areas that do not involve weapons of mass destruction.

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<sup>10</sup> Gryshchenko: Ukraine will continue to take part in operations of NATO. – 21.11.10. – <http://ukranews.com/uk/news/ukraine/2010/11/21/31755>.

<sup>11</sup> The commander of the multinational battle group «East» KFOR U.S. General Alan Dorman praised the activity of the Ukrainian peacekeeping contingent in Kosovo and expressed hope for further fruitful cooperation with soldiers of the Armed Forces of Ukraine. – 30.07.10. – <http://www.uanato.info/index.php?pokaz=6448>.

Ukraine is planning to send to Afghanistan medics, sappers, other specialists who are able to lessen collateral humanitarian consequences of the military operation. Thus, among the main directions of the military cooperation with the Alliance the Minister of Defense of Ukraine Mykhailo Yezhel named the security planning, the development of strategic opportunities, the participation in international crisis management operations to fulfill the international obligations of Ukraine. That's why, «the development of further cooperation with NATO in the military area despite Ukraine's non-bloc status doesn't mean a commitments to join the system of collective security and is exclusively pragmatic and practical»<sup>12</sup>.

### **Ukraine-NATO Cooperation on Realization of Educational, Scientific and Training Programs**

In line with the provisions of the Annual National Program – 2010, «Ukraine will continue to take part in the NATO Science for Peace and Security Program with the aim to activate the cooperation between Ukraine and NATO as well as the NATO Member States in the scientific, technological and environmental spheres». Accordingly, an important factor in increasing efficiency of cooperation between NATO and Ukraine is «the continuation of implementation of the current Programs and the introduction, in the higher educational establishments, of new educational Programs to enhance the skills of civil servants and the officials of the self-government institutions whose functional obligations include issues of European and Euro-Atlantic integration of Ukraine».

The other aim of the ANP–2010 was improvement of the professional development and competence of civil personnel on issues of Euro-Atlantic integration. As a result, information dissemination about NATO by means of introducing diverse educational programs, actions, seminars and schools became another direction of cooperation between NATO and Ukraine in 2010.

In May the Spring NATO Academy was organized in Dnipropetrovsk by the Center of Euro-Atlantic integration and in Kyiv by the NATO Information and Documentation Center in Ukraine with the support of the Czech NGO JAGELLO 2000. Dnipropetrovsk

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<sup>12</sup> Yezhel: Cooperation between Ukraine and NATO is both pragmatic and practical. – 26.08.10. – <http://www.radioera.com.ua/eranews/?idArticle=22859>.

teachers and higher education professionals participated as students at the Academy and were given the deepest and most objective information about North Atlantic Alliance activities. Participants were also presented with copies of little known documents connected with Alliance history, in particular, the Note of 1954 which documentarily attested the USSR's desire to become a NATO member.

In October in Lviv on the basis of the Petro Sahaidachnyi Academy of Land Forces NATO Days were held with the main aim of increasing student awareness of the structure and assignments of the North Atlantic Alliance and current ongoing transformational processes.

On 1 October 2010 the Dnipropetrovsk National University of Mines hosted the opening of the Educational and Training Special Courses on «Marketing Management» being held through the NATO-Ukraine Program for servicemen to be transferred to the reserve. The two months training (in general, 300 hours) was attended by 20 officers who are planned to be transferred from the Armed Forces of Ukraine in 2011.

### **Conclusions on Consequences of Ukraine-NATO Relations in a New Format**

As a matter of fact, pragmatic partnership means maintaining relations in order to receive proper benefits both from the first and the second party. But if NATO receives some benefits from cooperation with Ukraine in the peacekeeping sphere carrying out joint exercises or courses on the Euro-Atlantic integration, our state can receive from *it only insignificant benefits of local importance remaining outside of key foreign policy, especially regional, improvements*. In principle, one can consider the *following «contradictions» of the development of NATO-Ukraine relations*:

*Firstly*, our authorities constantly emphasize the importance of taking into account the non-bloc status of Ukraine in the views and approaches to security which exist in Europe and in the wider Euro-Atlantic area. It was felt that such a status, in particular the retreat from direction membership and participation in various collective security systems, including bilateral arrangements, could provide for a new type of «soft power diplomacy that Ukraine could in theory contribute to the European region.

But where can Ukraine contribute such forms of diplomatic reconciliation without active instruments of leverage upon the regional

system of international relations and, in fact, being bound into a buffer security zone between the East and the West? Having retreated from any integration aspirations, Ukraine found itself alone with its security problems which are of little concern to the Alliance and of even lesser concern to Russia. To expect that the parties becomes helps Ukraine in case of a conflict between it and the other party is unrealistic since, in fact, we haven't joined any of the systems of collective security on the European continent. Frankly speaking, we are not able to guarantee our security by ourselves. That's why now *the state has become an open target for the foreign policy encroachments of bigger and more powerful actors in international relations, especially those which are geopolitically interested in that.*

**Secondly**, having retreated from the prospect of NATO membership the Ukrainian authorities tied their own hands: having sustained a defeat at the Bucharest Summit in 2008 Ukraine had not been directly refused possible membership in the Alliance. On the contrary, the NATO authorities underlined that Georgia and Ukraine will become NATO members if they wish so and meet all the necessary criteria. This statement has remained the NATO position for a long time but we decided to change it with our own hand. Now NATO underlines that Georgia and Ukraine can enter it but also can have other Euro-Atlantic aspirations and it means that every country individually builds its security and NATO accession policy. *In fact, by stressing that the door of the Alliance remains open for us, NATO is sending us a strict signal underscoring the impossibility of now turning back the clock by making proper political decisions. That means that NATO accepted the foreign political choice of Ukraine and it's no purpose to wait for the alternative.*

**Thirdly**, as far as the future of the Annual National Programs of Ukraine (ANP) on the relations with the Alliance (which are essentially documents that regulate preparation for NATO accession by a state) is concerned, we have a paradoxical situation: in our case the ANP was something like a substitute for a Membership Action Plan (MAP) which the former Ukrainian authorities had tried to receive from NATO before the Bucharest Summit in 2008, and thus contained principle provisions whose execution could bring the state closer to the Alliance membership. That's why the ANP had a great importance for Ukraine and gave hopes for membership, even if not in the immediate future.

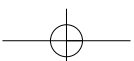
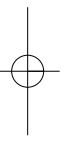
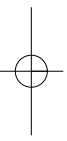
Now there is a situation when the ANP is considered to be «an effective instrument» of cooperation with NATO which has recom-

mended itself well and it's not worth to change but possible to improve it. Ukraine continues to cooperate with NATO in such a format. It's logical that firstly the Alliance named such a decision as an unprecedented one but now the opinions of both parties are identical. One automatically makes the following conclusion: *NATO unilaterally decreased the priority level of the ANP and now considers it as a simple plan of action of cooperation with Ukraine. Indeed, we ourselves forfeited a trump card that cannot be recovered with certainty.*

*Fourthly*, Ukraine's participation Alliance peacekeeping operations and in joint military training can, at first look, be considered a hallmark and priority for our country within its cooperation with NATO. But it seems that during such cooperation Ukraine won't be receiving strategically important information, military secrets and advanced technologies, and its participation is, in principle, considered from an «exclusively pragmatic» point of view of attracting a larger number of countries to collective efforts in fighting new threats before mankind in the 21<sup>st</sup> century. But it in no case does this mean that the Alliance assumes any obligations before Ukraine, even though the latter is such an active partner.

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Summing up, one comes to the notion that now Ukraine hasn't just changed its foreign policy priorities from its side but that such a change of positions has been accepted by its main partners and allies on the international arena. The promotion of a non-bloc status turned relations with NATO, which was recently one of our key partners, in a reverse direction. And it won't be easy to turn back all the achievements and progress of bilateral relations gained before. It is most likely to be impossible. Now the situation is one of a «pragmatic» partnership as existed in the early 1990-s when Ukraine wasn't treated as an active actor in international relations. It seems that the only option is to be content with «buffer» status and wait for external influences and changes in Ukraine's «grey zone».





## **§ 2. A Non-Bloc Ukraine In The European Security System – What Place To Occupy?**

The year 2010 proved not only an important watershed for Ukraine's foreign policy but also a turning point for revising key priorities of Ukraine's security policy. As a result of abrupt dismantling of previously established approaches to foreign and security policy Ukraine faced the problem of finding a new frame of reference in international relations and securing own place in global and regional security architecture.

As a full-fledged actor in international relations Ukraine has been attempting to get involved in processes of critical significance for international security to which it can make an identifiable and unique contribution. The most urgent international security problems in 2010 were as follows: global climate warming, proliferation of weapons of mass destruction, lack of stability and outbreaks of conflicts, piracy and cyber attacks.

Ukraine tried to participate in averting these threats at the global level first of all through its activity in the United Nations.

### **Affirming Ukraine's place in the global security architecture**

Global warming is becoming more and more urgent with climate change and deterioration of environmental conditions progressing steadily and bringing humanity to the edge beyond which its existence would be impossible. In 2010 this apocalyptic prospect evinced itself in new and more disastrous typhoons in North America, floods and extreme heat in Europe, droughts in Africa etc.

Ukraine's main contribution to resolving this global problem in 2010 became its participation in 16<sup>th</sup> Conference of parties to the Framework Convention on Climate Change taking place in Mexico in

the end of the year. At this conference official Kyiv manifested preliminary readiness to undertake obligation ensuring that the level of its greenhouse emissions in 2020 would not exceed 80% of 1990 level provided that international project facilities (for instance, joint implementation projects) and market mechanisms would be preserved. The State Environment Investment Agency of Ukraine pointed to the fact that the parties should come to a unified and coherent agreement with a clearly defined commitments of all the parties without exception. Otherwise Ukraine will support prolongation of Kyoto Protocol for 3–5 years<sup>13</sup>. During the period of implementation of Kyoto Protocol Ukraine has sold more than 40 million of its gas emission quotas with the financial resources gained for them having been assigned to implementing projects aimed at reducing greenhouse gas emissions.

Finally, the Conference adopted a document foreseeing the creation of a fund for assisting poorer countries in resolving climate change problems. The suggested Green Climate Fund is intended to protect poorer countries from the negative impact of climate changes and assist them in developing production with reduced greenhouse emissions. At the initial stage the Fund would function under the auspices of the World Bank. Then a new body is to be founded with a governance structure balanced between the developed and developing countries. As for the latter group, the measures they will take to decrease emissions would be verified only when such measures are financed by Western organizations.

The Conference proposed to establish an Adaptation committee for supporting the states in drawing up plans on environment protection and sustaining. Besides, a separate mechanism is suggested for providing funding for countries taking actions to prevent deforestation<sup>14</sup>.

***Participation in UN peacekeeping activity*** on conflict regulations remains a key priority of Ukraine in strengthening international security. A milestone event in this sphere became the main session of the UN specialized committee on peacekeeping operation opened in New-York on 22 February. Ukraine was represented by the Head of UN and other International Organizations Department of the Ministry of Foreign Affairs S. Kyslytsya. In his speech at the session he endorsed the EU position on UN peacekeeping missions reform,

<sup>13</sup> The UN Climate Change Summit: What will Ukraine Propose? – <http://www.dw-world.de/dw/article/0,,6144773,00.html>.

<sup>14</sup> Ukraine named the «Dinosaur of the Day» at the climate change summit in Mexico. <http://www.dw-world.de/dw/article/0,,6290523,00.html>.

stating that this process should be based upon four components: implementing the concept of robust peacekeeping; enhancing logistic support for the missions; improving the system of planning and conducting operations including a more extensive engagement of the states-contributors to the decision-making process; strengthening the link between peacekeeping and peace building.

Having emphasized the importance Ukraine attaches to participation in the UN peacekeeping efforts, S. Kyslytsya addressed a number of issues of high priority for Ukraine. In particular, he drew attention to the initiative promoted by Ukraine on participation of staff supplying states in investigation of crimes committed against their peacekeepers, the necessity to revise the scheme of compensation for Ukraine's participation in helicopter troops of UN missions and ways of efficient UN engagement to modernize Ukrainian peacekeeping material and technical equipment including its helicopter fleet<sup>15</sup>.

Among Ukrainian contingents involved in 5 UN peacekeeping operations particular notice should be paid to the 56<sup>th</sup> separate helicopter detachment of Ukrainian armed forces carrying out tasks for the UN Mission in Liberia. According to the President's decision approved by the Verkhovna Rada on 4 February 2010 four helicopters of this 56<sup>th</sup> detachment together with crews and technical staff were redeployed in the neighboring Côte d'Ivoire for the period of the election campaign in order to enforce the resolution of the UN Security Council.

***Strengthening the regime of non-proliferation of weapons of mass destruction.*** The principal Ukrainian contribution to strengthening this regime became the decision by Ukraine's President to abandon further use of highly-enriched uranium in the country's territory proclaimed in the course of the Summit on (physical) nuclear safety in Washington on 12–13 April 2010. During the Summit and meeting with UN Secretary-General Ban Ki-moon V. Yanukovich proposed states-donors with a call to renew cooperation on construction of the Chernobyl Shelter. Upon the Summit results the President signed a Decree №1035/2010 introducing the National plan on implementation of the Work plan of the Washington Summit on nuclear safety for 2010–2012.

Sea piracy continued to figure as an urgent regional problem of global resonance in 2010. Ukraine has been directly touched by this problem since sea pirates often resort to hijacking ships with Ukrainian nationals in their crews or seizing Ukrainian freights carried by the

<sup>15</sup> Diplomatic chronicle. – <http://www.mfa.gov.ua/mfa/ua/publication/content/41248.htm>.

ships hijacked. Ukraine has confirmed its staunch support for the cause of combating piracy by taking part in a plenary meeting of the Contact Group on Piracy off the Coast of Somalia at UN Headquarters in New-York on 28 January 2010. Practical steps by the Ukrainian government in neutralizing this threat include the deployment of Ukrainian special operations forces in the EU Atlanta mission<sup>16</sup>.

The year 2010 demonstrated further acceleration of the international system's movement towards multi-polarity. In this vein the key focus of threats to international security is shifting from the global to the regional level. In addition, regional level threats have an utmost impact upon Ukrainian national security. These factors induced official Kyiv to pay increased attention to European security problems, and to the search for ways to resolve those problems turned into the chief thread of Ukraine's security policy.

### **New basic priorities and principles of Ukraine's security policy**

The transition towards new basic principles of Ukraine's security policy was stipulated by both profound changes in the country's domestic situation and swift transformations of the international milieu. Among external factors the shift of the balance between the key players on the European continent – the United States and Russia – in the latter's favor proved to be the most essential one. The «Reset» of the US-Russia relationship has clearly manifested the onset of this shift and the brusque downplaying of US influence and presence in the post-Soviet space, in the first place in Ukraine. In the outcome, the US administration tends rather to take in to account Russian geopolitical interests than take care about maintaining sovereignty and democracy in Ukraine.

Both international and Ukrainian sociological surveys attest to this shift. Thus, according to Transatlantic Trends–2010 survey 90% of Americans and 80% of Europeans polled are convinced that the US had much more weight in international politics five years ago than now<sup>17</sup>. At the same time 71% of Americans and 53% of Europeans

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<sup>16</sup> Diplomatic chronicle. – <http://www.mfa.gov.ua/mfa/ua/publication/content/38656.htm>.

<sup>17</sup> Transatlantic Trends: key findings 2010. – P. 7. A project of the Marshall Fund of the United States and Compagnia di San Paolo/[www.transatlantic-trends.org](http://www.transatlantic-trends.org).

think that Russia is enjoying far greater influence in the world than five years ago<sup>18</sup>. The same tendency is observed regarding external actors' influence upon Ukraine. 95% of responding experts believe that Russia is exerting the greatest influence on Ukraine while only 30% of experts ascribe such a role to the US<sup>19</sup>.

Another major factor to be taken into consideration while working out a new security policy is the deepening inter-civilization split between Europe and Eurasia. This deepening is accompanied by mounting competition and political struggle between Russia and the West for spheres of influence in the European continent. This struggle extends to the European security structures. The most imminent example of such competition reveals itself in the conundrum of EU-NATO, OSCE-EU-NATO, NATO-Russia, EU-Russia, OSCE-Russia relationships. Owing to establishment of collective security and defense system on the basis of NATO and the EU the Western and Central-Eastern parts of the European continent are endowed with quite reliable and efficient security mechanisms. The other part of the Broader Europe remains beyond the security and welfare area cementing further the highly explosive and volatile split of the Euro-Atlantic space<sup>20</sup>.

The main internal factor that caused revision of Ukraine's security priorities is the progressive construction of a new political regime compatible with a Putin-like «managed democracy» pattern. But such an authoritarian regime contradicts the basic principles of membership in the Euro-Atlantic security community and its security structures. In its turn, it may spur negative reaction on the part of the West. Thus, the task of Ukraine's new security policy becomes rather gaining *a carte blanche* from the West for building up a new political regime and ensuring its legitimization than guaranteeing the national security of the state.

In fact, these are the factors and interests which prompted the transition from the previous decade's course in security and defense realm to a new security policy having three main principles in its heart:

- non-bloc status;
- renouncing Euro-Atlantic integration and orientating instead upon a non-existent all-European security system;

<sup>18</sup> Ibid. – P. 21.

<sup>19</sup> Foreign Policy of Ukraine – 2010: Strategic Assessments, Forecasts and Priorities / Edited by G. Perepelytsia. – Kyiv: Stylos Publishing House, 2011. – P. 33.

<sup>20</sup> Towards a new Euro-Atlantic security architecture // Report of the Russian experts for the Valdai discussion club conference. – London, 8–10 December. – P. 6. 20

- sticking to solidarity with Russia on re-drawing the strategic balance that emerged in Europe in the post-bipolar period and joining efforts aimed at constructing a new European security system on the basis of Russian interests and initiatives.

Initially these principles were formulated in the Agreement on establishment of the Coalition of deputies' factions «Stability and Reform» in the Verkhovna Rada adopted in March 2010, then they were reiterated in the Kharkiv agreements in April.

In particular, the coalition agreement foresees «legal documentation of Ukraine's non-bloc status meaning non-participation in political military alliances with other states»<sup>21</sup>. The Kharkiv agreements (executed before the proclamation of non-bloc status) enabled prolongation of the Russia Black Sea Fleet's stationing in Ukraine beyond 2017 for another 25 years. Due to these alterations Russia saw its position enhanced in the strategic balance with the West in Europe that has been evolving through the last 20 years.

A line towards solidarity with Russia on re-drawing the «status quo» in Europe and promoting the Russian initiative on building a new European security architecture was displayed in the Joint Statement by Presidents of Ukraine and the Russia Federation on European security signed on 17 May 2010. In this Statement Ukraine and the Russia Federation undertake a commitment «on the individual and collective basis, including through the Corfu process and other OSCE mechanisms, and also in the context of Ukraine and Russia relations with NATO and the EU to actively contribute to creation of a common space of legally binding guarantees of equitable and indivisible security for all states of the Euro-Atlantic space without exclusion with reliable security guarantees established for states that have voluntarily abandoned nuclear weapons and for non-bloc states». «To this end the Parties would facilitate conducting a meaningful debate on the initiative by the President of Ukraine on establishing a new system for collective countering global security threats and challenges in XXI century and the initiative the President of the Russian Federation on concluding a European security Treaty. The Parties emphasized the coincidence of conceptual direction of the both initiatives»<sup>22</sup>.

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<sup>21</sup> Agreement on establishing the Coalition of factions of people's deputies «Stability and reforms» in the Verkhovna Rada of Ukraine of the sixth convocation. – [http://search.ligazakon.ua/l\\_doc2.nsf/link1/MUS12608.html](http://search.ligazakon.ua/l_doc2.nsf/link1/MUS12608.html).

<sup>22</sup> Joint Statement of the Presidents of Ukraine and the Russian Federation on matters of European security. – <http://document.ua/spilna-zajava-prezidentiv-ukrayini-ta-rosiiskoyi-federaciyi--doc23550.html>.

These principles of Ukraine's new security policy have been finally introduced in article 11.2 of the Law on the Principles of Domestic and Foreign Policy. Among these principles there was mentioned «Ukraine's adherence to the non-bloc policy amounting to non-participation in military political alliances, attaching priority to participation in further improving and developing the European collective security system, continuing constructive partnership with the North Atlantic Treaty Organization and other military political alliances on all issues of common interest».

Obviously, such formulation of these principles requires a more detailed analysis.

### **Non-bloc status as an attempt to avoid resolving Ukraine's security dilemma**

Today some experts and majority of politicians tend to view Ukraine's return to the non-bloc status as almost a «panacea» – the sole means to resolve the Ukrainian security dilemma and forge constructive ties with its main international partners, notably with Russia.

Ukraine had already proclaimed non-bloc status from 1993 to 2003. It was articulated in Ukraine's Military doctrine that had been subject to Verkhovna Rada approval at the time. In 2003 this non-bloc status was abandoned in the Law on the principles of the national security of Ukraine.

There were two periods in international relations history when the idea of non-bloc status as a component of neutrality had been the most relevant. The first one fell on the interwar and Second World War period when states intending not to join military coalitions or prevent occupation declared their abstention from alignment with rival blocs. The other was the bipolar era after the Second World War when Europe was divided into spheres of influence. States striving to avoid dependency upon one or another system in the Cold War announced their unwillingness to join either NATO or the Warsaw pact. The states adhering to such policy were united in the Non-Alignment movement opposing mainly the impact of the Western countries and neocolonial tendencies. At the heart of the Non-Alignment movement lay non-bloc status meaning non-participation in and nonalignment with military blocs and military political organizations.

In peacetime the idea of non-bloc and neutral status was exploited by the states resisting trends towards renewal of the former metropolises'

influence or wishing to overcome colonial legacies. Ireland and Malta examples are rather telling in this case. These countries proclaimed neutrality out of fear of excessive domination of Great Britain given increased sensitivity of relationships in any kind of military alliance.

To an extent Ukraine's non-bloc status declared in 1993 was motivated by the same fear. At that time Ukraine even became an observer in the Non-Aligned movement. From the outset Ukraine's non-bloc status was directed first of all against Russia taking into account the fact that Russia as a successor of the USSR hadn't renounce political and military claims upon Ukraine. These misgivings were confirmed by persistent Russian offers to join the Tashkent Pact or sign a bilateral military alliance. Non-bloc status enabled to avoid this trap.

Non-bloc status was also the most relevant option in the Ukrainian domestic political situation at the time. Given essential differences in the geopolitical orientation of Western and Eastern regions this status allowed the preservation of political stability in the country.

The non-bloc status of Ukraine also conformed to the foreign policy context prevailing in the 1990s. Uncertainty about the political and military climate in Europe actually induced Ukraine to retain its non-bloc status. Simultaneously NATO's future looked quite obscure: it was unknown whether it would turn into a European collective security system or it would function as a purely military North Atlantic Alliance destined to perform collective defense tasks.

On the other hand, the future of the Tashkent Pact also remained vague and other CIS structures were gradually turned into instruments for imposing Russian domination in the post-Soviet space. The absence of any clear parameters for a European collective security system was another factor that incited Ukraine to maintain its non-bloc status. In addition, this status was also justified by the availability of nuclear weapons and a strong military contingent in Ukrainian territory. These resources were quite adequate for ensuring individual defense of the state.

On the contrary, today the parameters of the European security are rather sharply defined by NATO and the EU frameworks. Thus, a return to non-bloc status looks as a kind of *déjà vu* – coming back to a bygone reality of the early 90s related to the task of affirming Ukraine's sovereignty and independence.

Current restoration of non-bloc status is motivated by qualitatively different factors. *The idea of «building bridges» or neutrality looks attractive for those countries whose elites turned out to be unable*



*to formulate a well-defined prospect of the country's development and resolve its national security dilemma by means of joining a collective defense system.* At some stage after dissolution of the Warsaw Pact the idea of neutrality and non-bloc status had been actively exploited by old post-communist ruling classes in such countries as Czech Republic or Slovakia. Under Mečiar's rule the Slovak elite lacking political will to join NATO tried to give Slovakia the role of a bridge between Russia and the West arguing for the need to proclaim neutral status. Nevertheless, eventually it became understood that nobody needs Slovakia as a bridge because the West and Russia prefer direct contacts without relying upon any bridges or mediators.

In such cases non-bloc status was viewed by these elites as either neutrality from NATO or abstention from membership in NATO. If in the 1990s Ukraine's non-bloc status emerged as a counter-measure against probable membership in the CSTO, at present it is a lock against possible membership in NATO.

*Legally secured non-bloc status attests to uncertainty in the domestic political situation in the country leading automatically to uncertainty in Ukraine's foreign policy.* It embodies the movement towards ambivalence in Ukraine's foreign policy priorities. Evidently, today Ukraine's non-bloc status impedes its drive towards NATO membership and excludes the prospect of EU membership since article 42 of the Lisbon treaty which is in force now defined collective defense as the key principle of the European Security and Defence Policy. Thus, the EU is gradually acquiring features of a military bloc. This is the precise reason why neutral states-members of the EU tend not to accentuate their neutrality depicting it rather as a tradition than a real policy. Moreover, their accession to the EU occurred at a time when military and political functions of the EU had been concentrated in a relatively autonomous organization – the Western European Union. Due to the latter's existence, neutral states could accede to the EU without acceding to the WEU and without breaking their neutrality. Today when the EU is steadily developing its defense component, neutral or non-aligned status are becoming incompatible with membership in this organization. As for post-socialist countries the only way for them to enter the EU remains via membership in NATO notwithstanding mounting divergences between NATO and the EU, because being unable to live up to EU economic standards they can count only upon the political criteria of EU membership, which are ensured by NATO membership.

Does non-bloc status correlate with the national interests of Ukraine? This exact question should be posed to assess its relevance in

the sense of its basic function. Upon acquiring non-bloc status Ukraine has got into a geopolitical trap being squeezed between NATO, on the one side, and CSTO, on the other side. Having undertaken non-bloc status Ukraine has become entrenched in its role of a «buffer zone» and is being drawn further into the Russian sphere of domination without any guarantees of its own national security. The countries falling into «buffer zones» sooner or later lose a part of their territory or their sovereignty and independence.

In fact, non-bloc status is a kind of repudiation of external military assistance in case of military attack against a country. That's why only a few states in the world have declared their non-bloc status. But when Ukraine rejects international assistance and subsequent guarantees it has to rely upon its own capabilities. Under such conditions national security and defense of a non-bloc state should be ensured solely by the power of its own armed forces and by consolidation and cohesion of the nation and society susceptible to defend own country. Unfortunately, Ukraine possesses neither the first component, nor the second and as a consequence there are no grounds to expect that the non-bloc status would protect the state against aggression and other threats to national security.

Without joining the Euro-Atlantic collective security and defense system (which is the most efficient for today) Ukraine runs the risks of following the path of such European states as Finland, the Netherlands, Belgium, Denmark, Luxembourg and the Baltic states, which paid with their sovereignty for neutral and non-bloc status upon the outbreak of the Second World War. At present, according to prominent Russian political scientists, such countries as Ukraine, Moldova and Belarus «perceive Russia rather as a main challenge to their sovereignty and/or territorial integrity»<sup>23</sup>.

Non-bloc status is the worst type of neutrality since it envisages no security guarantees that can be provided by the states acknowledging the neutral position of a country and at the same time preserves the existing threats. In particular it concerns a foreign military presence which is impossible in the territory of neutral states. Any foreign military presence unless aimed at protection and defense of the receiving state is a potential threat to its security and constraint upon its sovereignty. This is even more so the case in a situation when a state stationing its troops in the foreign territory claims the rights upon a part of

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<sup>23</sup> Arkadiy Moshes. Russian and the new «transitional» Europe // Pro at Contra. – 2010. July – October. – P. 134.

this territory. In such situation the state providing its territory for stationing of foreign troops runs the risk of either losing this territory or being involved in a war with a third state. And Ukraine has already undergone such a risk during the Russia-Georgia war in 2008.

Taking these risks into account states providing their territory for foreign military presences insert in the relevant treaties plenty of permissive and blocking mechanisms rendering impossible the risks linked to such presences. In the Agreement on status and terms of stationing of the Russian Black Sea Fleet in Ukrainian territory there are no such mechanisms. And in the course of negotiating the Kharkiv agreements the Ukrainian side even didn't raise this issue.

Ukraine's non-bloc status is underpinned by two interested groups in its domestic elite. The first is represented by the interests of regional oligarchic financial industrial groups striving for preserving their monopoly control over the country's resources and for preventing the inflow of foreign investments. In this respect political and economic isolationism also boosts such a monopoly that can be overcome only by a steady and efficient course towards European and Euro-Atlantic integration.

The second group looks more differentiated and emanates mainly from political circles. It is somehow a manifestation of inability and unwillingness of a certain part of the political elite to identify itself with Ukraine. It engenders a paradoxical trend when the need of declaring Ukraine's non-bloc status is substantiated by rather Russian than Ukrainian security interests. This group of advocates of non-bloc status argues that Ukraine's membership in NATO would pose a danger for Russia since the Alliance would use Ukrainian territory as a springboard for mounting attack against Russia; non-bloc status, instead, would turn it into a «buffer zone» depriving NATO of a capacity to launch aggression against Russia. They do not care whether turning Ukraine into a «buffer zone» is consistent with its own security interests. Neither are they aware that Ukrainian state sovereignty as such is not consonant with Russian geopolitical interests. In their view NATO members are considered to be so thoughtless to ponder a self-destructive attack against a state possessing the second large nuclear missile arsenal in the world.

But does non-bloc status actually conform to Ukraine's national interests as Russia followers tend to depict? In the tactical perspective it does, in the strategic it does not. Indisputably Russia today is supporting Ukraine's non-bloc status because, firstly, it renders impossible Ukraine's joining NATO, secondly, unlike neutrality it doesn't

impede prolongation of the Russia Black Sea Fleet's stationing in Ukrainian territory and exploitation of Ukrainian military assets in Russian interests and, thirdly, it doesn't require from Russia any commitments regarding Ukrainian national security. President Medvedev clearly reiterated this message during his visit to Kyiv in May 2010.

At the same time Medvedev also accentuated the desirability of Ukraine's accession to the CSTO in line with Russian strategic interests. The Russian leadership realizes quite well that non-bloc status conserves Ukraine's posture of a «buffer zone». Is such a posture advantageous for Russia? Russia needs Ukraine belonging to the Russian sphere of influence rather than in a «buffer zone». The 1995 Strategic course of the Russian Federation towards CIS countries states that Russian diplomacy should seek «in interaction with third countries and international organizations their understanding that this region is primarily the area of Russia interests»<sup>24</sup>. «We are not interested in anybody's domination in the former USSR territory, especially in a political and military sense. We are not interested in any countries performing the role of buffer states», said President Yeltsin in a 1997 interview<sup>25</sup>. Then it is obvious that in the strategic perspective Russia is ready to admit Ukraine's non-bloc status as an intermediate option necessary for shifting Ukraine from «buffer zone» to the Russian sphere of domination.

As for the modern interpretation of the notion of military bloc and, hence, of non-bloc status, the international community besides Russia and CSTO countries does not view NATO as a military bloc directed against either Russia or another military bloc. NATO treats Russia as a partner and not as an adversary. Such a level of treatment was anchored as far back as in the 1997 NATO-Russia Founding Act. It is quite another matter that Russia perceives NATO enlargement as an obstacle to re-establishing its dominance over Central East European and post-Soviet states.

In contrast to military coalitions the North Atlantic Alliance represents an enduring interstate arrangement formed on the basis of common ideological values. NATO members pursue the purpose of not

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<sup>24</sup> Russia's strategic course with the states – participants of the Commonwealth of Independent States // *Nezavisimost*. – 1995. – 4 October. – P. 4–5.

<sup>25</sup> Yeltsin B. «Let's decide and tell our people's to their face, how we see the fate of the Commonwealth states – together or separately» // *Nezavisimaya gazeta*. – 1997. – 5 April. – P. 2.

only defending their territory and sovereignty but also protection of a certain kind of political regime, common principles of social construction, a way of life and worldview. Hence, the Alliance as opposed to a coalition has not only the external but also an internal function consisting in consolidating particular positions, achieving a balance of interests between the allies and enhancing stability within the alliance.

In this regard the Alliance differs from a coalition in that its actions are directed at bringing about internal transformation within its member states and adjusting them to certain common standards. Proceeding from these observations, the states are compelled to act in accordance with first of all the rules and principles of the Alliance. They have to harmonize their interests with the interests of the Alliance and ground their motivation in some inter-connected qualitative features. Therefore, the Alliance necessarily requires a legally binding fixation of such relationship in relevant treaties and agreements which inevitably are subject to ratification by the parliaments of its member states.

The main of these legally binding provisions are collective defense clauses. Collective defense is the chief essence of an alliance. Performing this function, an alliance reduces significantly the burden of military expenses of each participating state and allows to achieve a certain balance with other states owing to strengthening the aggregate military might of alliance. According to Hans Morgenthau, alliances may be viewed as «a necessary function of the balance of power operating in a multiple state system».

For the new applicants, membership in NATO enabled them to modernize own armed forces and security sector and to affirm democratic order in their societies. Finally, acquiring membership in NATO meant entering the European civilization space and gaining a better historical prospect.

That's why abandoning NATO membership as a goal and Euro-Atlantic integration as a process through affirming non-bloc status entails a direct or indirect renunciation of the European historical prospect, of prospect of modernization and of the most reliable security guarantees. Certainly Ukraine may as well reach such a prospect on its own without NATO or EU assistance should it remain intact by that time. But in such a case this prospect would move away for another 50 or 100 years and would require far more efforts. Today Ukraine cherishes an illusion that in the long run a new collective security system in Europe will emerge which it would be able to join preserving its non-bloc status.

### **Ukraine in search of its place in the new European security system**

Searching for its place in the European security system requires above all an understanding of the shape of the system as well as of current realities in its evolution. Since, in the Joint Statement on European security, the presidents of Ukraine and Russia accentuated the concurrence of conceptual direction of their initiatives on building a new security system in the Euro-Atlantic space its image, ostensibly, can be found in the Russian draft of the European security Treaty, given the absence of a similar project in the Ukrainian side.

Conceptual interpretation of President Medvedev's initiative is laid down in the analytical report of Russian experts entitled «Towards a new Euro-Atlantic security architecture»<sup>26</sup> authored by S. A. Karaganov and T. V. Bordachev<sup>27</sup>. Actually, the report concerns Euro-Atlantic and not European security. In the contemporary Ukrainian official rhetoric the notion «Euro-Atlantic security» is not employed in general and is substituted with the notion «Euro-Atlantic space». The same notion also figured in the first draft of the Medvedev initiative but soon it was discarded because it was not in line with current realities and generated harsh criticism by the West.

Thus, referring to another more realistic draft of the European security Treaty proposed by President Medvedev, Russia experts discern five possible scenarios for the Euro-Atlantic security system: «status quo», «status quo + reform of existing institutions», «creating a system of special contractual instruments for collective actions», «Russian membership in NATO», «conclusion of a new comprehensive Treaty on (collective) European security».

«**Status quo**» scenario envisages preservation of the security architecture established in the Euro-Atlantic space from Vancouver to Vladivostok after the end of the Cold War in the so called post-bipolar period and functioning up to the present time. Analyzing the current realities the authors acknowledge the existence of the Euro-Atlantic

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<sup>26</sup> Towards a new Euro-Atlantic security architecture // Report of the Russian experts for the Valdai discussion club conference. – London, 8–10 December. – P. 26.

<sup>27</sup> *Karaganov S. A.* is head of the Presidium of the Council on foreign and defense policy, head of the world economy and world politics faculty at the State University – High School of Economics. *Bordachev T. V.*, is the director of the Center of European and international studies of the world economy and world politics faculty at the State University – High School of Economics.

and not the European security system in this space with multiple security structures – OSCE, EU, NATO, CIS, CSTO – some of which are included in this system and some remaining outside it.

Why is such a scenario not suitable for Russia and why does it demand the revision of the status quo? Attempts at constructing a «Greater Europe» with a common comprehensive security system basing upon regional principle, as it is formulated in the 1999 OSCE Charter of European security, ended up in failure. Instead, through expanding NATO and the EU in the East a Euro-Atlantic security system was built up encompassing the whole region of North America, Western, Central and Eastern Europe. It possesses a two-pillar structure resting upon two institutions – NATO and the EU. They are embedded into an intrinsic system of interaction and interdependence with efficient division of functions and competence. This system is also endowed with such features as autonomy from the external environment, identification of common internal and external threats, and existence of a clear internal hierarchy assigning priority security and defense functions in the Euro-Atlantic space to NATO. The system has proved efficient because of a high level of security within it facilitated by essential mutual trust and interdependence.

The countries left outside this Euro-Atlantic system found themselves in a security vacuum. In this another post-Soviet part of the Euro-Atlantic space Russia is trying to arrange its own regional security complex around such structures as the CSTO and CIS based mainly upon Russian interests. This complex includes particular countries with declarative neutrality or non-bloc status. Its distinctive features are weak structural coherence, diverse threat perception, and low levels of security and mutual trust. Relations within this complex are characterized, on the one hand, by political alignment reinforced by expectation of support for political regimes and, on the other hand, by hostility due to mistrust and suspicion of Russia.

Between the Russian security complex and the Euro-Atlantic security system there are several buffer zones among which should be mentioned Georgia, to an extent Azerbaijan and Moldova and since recently Ukraine. After conclusion of the Kharkiv agreements and adoption of non-bloc status, Ukraine may be qualified as a buffer zone approaching the Russian security complex. The position of these zones is defined by an ambivalent combination of friendship and hostility or indifference in relations with Russia which does not lend such relationships to unequivocal assessment.

In the long run Russia's chief goal is turning this security complex into a full-fledged security and defense system totally subordinated to Russia and representing an alternative to the Euro-Atlantic security system. But Russia possesses neither sufficient economic resources nor military capability nor political leverage. On the other hand, the prospect of buffer states or states within the Russian security complex joining the Euro-Atlantic security system through accession to the Western structure is viewed by Russia as a threat to own security able to cause «large-scale war in Europe with an unpredictable degree of escalation»<sup>28</sup>.

Indeed, Russia, seeking to become a global power center in the multi-polar world intends to secure its own sphere of influence and restore its geopolitical domination in Europe. Having understood that the strategic balance is shifting to its disadvantage Russia is seeking to revise the established status quo by putting forward an argument about the *unfinished nature of the Cold War*<sup>29</sup>.

Such an attempt to redraw the outcomes of the Cold War reproduces suspicion, confrontational rhetoric and a particular mentality on the part of Russia. Under those conditions, as the Russian experts explain, in urgent problems of international security «cooperation in their resolution would still be of extremely limited and purely declarative character». «In case the West renews its political and military impact upon the former USSR territory, especially upon Ukraine, there would re-emerge a risk of a conflict breaking out with unpredictable outcomes»<sup>30</sup>.

Ukrainian reaction to these developments has been rather dubious. Being immensely impressed by such rhetorical threats it rejected the prospect of entering the Euro-Atlantic collective security system through membership in NATO camouflaging it under its non-bloc status. Entering this system through membership in the EU is impossible due to the absence of the very prospect of membership. In addition, Ukraine has deprived itself of such a prospect by adopting non-bloc status. On the other hand, when such a prospect would emerge, Russian reaction would be absolutely similar to its reaction to NATO enlargement. And even should Ukraine one day join the EU it would not resolve its security dilemma because genuine security guarantees within this system are provided solely by NATO. Thus, in the preservation

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<sup>28</sup> Towards a new Euro-Atlantic security architecture. – P. 7.

<sup>29</sup> Ibid. – P. 6.

<sup>30</sup> Ibid.



of status quo scenario Ukraine should anticipate marginalization in the grey «buffer zone» with gradual drawing into the Russian security complex and loss of the sufficient level of the national security.

«**Status quo plus reform of the existing institutions**» scenario is the one offered by the West in response to Russian dissatisfaction with the current state of affairs and its attempts to revise the established status quo. The main idea of this scenario consists in the Euro-Atlantic security system represented by NATO and the EU retaining principal responsibility for maintaining security in Europe. Russia should be offered, instead, a constructive partnership basing upon mutual «trust, transparency and predictability»<sup>31</sup>. This kind of relationship may prove to be the best option for guaranteeing European security. It is precisely the form of relationship set forth in the main NATO Strategic Concept «Active Engagement, Modern Defense» which stipulates that «NATO poses no threat to Russia. On the contrary: we want to see a true strategic partnership between NATO and Russia, and we will act accordingly, with the expectation of reciprocity from Russia»<sup>32</sup>. The concept also contains the list of issues of common interest in whose resolution Russia may be involved. These are above all: missile defense, counter-terrorism, counter-narcotics, counter-piracy and the promotion of wider international security.

The third component of this scenario is enabling the OSCE to perform its functions in three key realms: resolving «frozen conflicts», drafting new agreements in limitation and reduction of arms and humanitarian realm and promoting democratic values («the third basket»). In general, the OSCE is intended to return to the role that it successfully played at the stage of the end of the Cold War – to be a certain mediator in achieving consensus between West and East (mainly Russia) on the most urgent European security problems.

What doesn't suit Russia in this scenario? Russian experts reiterate that the OSCE is a permanently inefficient organization owing to the all-encompassing list of members with differing interests and values and to consensual decision-making procedure. If the OSCE with NATO and the EU support would manage to get away with the «frozen conflicts» all its functions «would be definitely confined to the “third basket” which would inevitably become the source of the new raising

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<sup>31</sup> Strategic Concept for the Defense and Security of the Members of the North Atlantic Treaty Organization adopted by Heads of State and Government in Lisbon on 19 November 2010. – NATO Public Diplomacy Division. – Brussels-Belgium. – P. 33.

<sup>32</sup> Ibid.

of tension in relations between Russia and the West»<sup>33</sup>. In this argument the authors of the report point to unacceptability for Russia of the democratic values composing the OSCE «third basket».

If those conflicts would on the contrary remain «unfrozen» as in the situation around South Ossetia' then their regulation would inescapably lead to a clash of Russia with the Western structures. Whereas the removal of the «hard security» issues from the OSCE agenda might result in their unilateral regulation, with a lesser degree of Russia-NATO involvement. It may «lead to an increasing division of Europe and the revival of bipolar confrontation, in its truncated version», states the report<sup>34</sup>. Then, as a result of enforcing this scenario Russia would make unilateral moves to provide for its own security and pursue a policy of preventing the strengthening of Euro-Atlantic partners<sup>35</sup>.

So, what prospects does this scenario open for Ukraine? If Ukraine reverts its policy to one of Euro-Atlantic integration and affirming a democratic political regime it preserves some chances to get engaged into the Euro-Atlantic collective security system and play an influential role in the OSCE. If Ukraine sticks firmly to non-bloc status and attempts to restore an authoritarian regime, nothing different from the status quo scenario would occur.

**«Creating a system of special contractual instruments for collective actions» scenario** is of priority interest for Russia since it enables not only to prevent further NATO eastward expansion but also to eliminate the Euro-Atlantic security system as a whole assuming the chief role in shaping security arrangement for the European continent in general. In such fashion Russia intends to realize its aspiration to governing global processes. The strategy to attain this aim can be clearly discerned in Russian proposals of following the mentioned scenario.

In fact, this scenario is about substituting the Euro-Atlantic collective security system with a regional security complex in Europe composed of sectoral accords on particular problems of European security between all European states and not between the alliances. An «umbrella» treaty on creating a single (collective) security space from Vancouver to Vladivostok – which would formally put an end to the Cold War in Europe – would act as the political superstructure of such a system of accords<sup>36</sup>.

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<sup>33</sup> Towards a new Euro-Atlantic security architecture. – P. 17.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid. – P. 16.

<sup>36</sup> Ibid. – P. 17.

The central stage in this Treaty should be assigned to the provision about indivisibility of security and mutual security guarantees implying, in Russian opinion, first of all «commitments the consent of all the participating countries to decisions made within the frameworks of existing and future military alliances, organizations or coalitions that may affect the interests of other parties to the Treaty»<sup>37</sup>. Russia's right to veto NATO enlargement or membership of any state in NATO would be fundamental. At the same time, the sovereign right of states to freely choose ways of ensuring own security and defense is neglected. These guarantees for Russia should, in the view of Russian experts, be consolidated in a separate framework agreement prior to sectoral accords and containing firm commitments on the part of NATO to rule out its further eastward enlargement appreciated by Russia as a threat to its vital interests<sup>38</sup>.

In the aftermath this scenario leads to endowing the OSCE with the powers of the UN<sup>39</sup> entitling it to take legally binding decisions for all security problems of the Euro-Atlantic space without exception with Russia and other members gaining veto right over every decision. In such a manner Russia acquires an opportunity to block any decision on Euro-Atlantic security matters taken by NATO or the EU not on an interior issue.

Sectoral accords should be based upon a mechanism of collective actions by European states directed at neutralization of the most important global challenges. The list of new agreements could include: an agreement on security guarantees and territorial integrity of neutral and non-bloc states, an agreement on fighting terrorism and cross-border crime, an agreement on combating drug-trafficking, an agreement on combating piracy, an agreement on combating cyber terrorism and cyber crime, etc<sup>40</sup>.

The parties to these agreements should be the states in their own capacity and not alliances or blocs. This would alleviate the principle of solidarity while concluding and enforcing them and would increase the weight of Russia in this process in comparison to other European states. Erosion of block or alliance solidarity is also the purpose of Russian proposals on renewal of negotiations on agreement on Prolonging the Transparency and Confidence-Building Measures, envisioned by the Treaty on conventional armed Forces in Europe

<sup>37</sup> Towards a new Euro-Atlantic security architecture. – P. 13.

<sup>38</sup> Ibid. – P. 19.

<sup>39</sup> Ibid. – P. 17.

<sup>40</sup> Ibid. – P. 18.

(CFE). Russian experts deem it expedient to refuse prolongation of this Treaty as such and to sign a new one excluding the very concept of a balance (parity) of armed forces and armaments in Europe as a challenge to the common sense. Undermining thereby the balance of power Russia gains the opportunity to bring to nothing the significant advantage of NATO in power capabilities and resources.

Does this scenario conform to Ukrainian interests? In official rhetoric it does. This is precisely the scenario envisioned in the Joint Statement of Presidents of Ukraine and the Russian Federation on European Security. Ukrainian leadership gives unconditional support to Russia in its discussion with the West for realization of this scenario. Why is it attractive for Ukraine? *Firstly*, the idea of establishing a new system of collective reacting (through a web of sectoral agreements) to the global security threats and challenges of the XXI century lies at the heart of the Yanukovich initiative as is reflected in its title. *Secondly*, the prospect of concluding an agreement on security guarantees and territorial integrity of neutral and non-bloc states seems to fit quite well with Ukrainian priorities though it looks very obscure with very few neutral countries not members of the EU remaining in Europe apart from Switzerland. Besides, nobody is willing to provide separate guarantees for a non-bloc Ukraine with a Russian military presence in its territory. In addition, Russian experts themselves scarcely believe in the feasibility of that scenario looking like a reversion to the times of 1815 Vienna congress, which had «summed up» the Napoleonic wars but had not eliminated wars, conflicts and other security problems in Europe.

«Russia's accession to NATO» scenario is stipulated first of all by the need of NATO to engage NATO in resolving the security challenges of the XXI century. As the new NATO Strategic Concept articulates, «NATO-Russia cooperation is of strategic importance as it contributes to creating a common space of peace, stability and security»<sup>41</sup>. Russia's inclusion in a wider global security system would simultaneously lead to reduction of its own geopolitical ambitions and stepping down of its competition with NATO. Strictly speaking this is the idea of Z. Brzezinski expressed in his article «An Agenda for NATO» that the Alliance is trying to put into practice in its relationship with Russia going along the «status quo plus» scenario.

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<sup>41</sup> Strategic Concept For the Defence and Security of The Members of the North Atlantic Treaty adopted by Heads of State and Government in Lisbon 19 November 2010. – P. 33.

Nevertheless, if such a scenario would prove impossible to realize and other options would not be available the probability of inviting Russia to join NATO may increase dramatically. The number of adherents of such a decision in the West is growing, especially among Western expert and political circles. Arguments they put forward in favor of engaging Russia in membership in the Alliance concern above all the similarity of the security challenges Russia, the US and Europe are facing. In particular these are the problems of Afghanistan, Iraq, proliferation of weapons of mass destruction, Middle East settlement, etc<sup>42</sup>. Moving in this direction the Alliance together with Russia has elaborated the Joint Review of 21<sup>st</sup> Century Common Security Challenges.

Neither is the idea of possible Russian membership in NATO rejected by Russian experts and politicians. So, the report of the Russian Institute of Contemporary Development «On prospects of NATO-Russia relations evolution» edited by I. Yurgens and S. A. Kulik contains the list of arguments motivating Russian interest in NATO:

- the need to ensure positive external environment for proceeding with internal modernization of the state and intensifying interaction with the Western partners;
- the course on conducting reform of armed forces in line with current Russian capabilities and the expediency of deepening technical military cooperation with the West;
- further improvement of relations with Washington;
- driving forward the process of shaping a relevant Euro-Atlantic security architecture with NATO remaining an important actor within it<sup>43</sup>.

In their report S.A. Karaganov and T.V. Bordachev say that the advantages of Russian membership in NATO seem obvious. «The confrontation and the Cold War in Europe will come to an end. NATO will become an effective and persuasive tool to maintain peace in the world. Russia will become more powerful within the community of developed countries with similar cultures, with the increase of external impulses for further modernization»<sup>44</sup>. Thus, the scenario of entering NATO is viewed by Russia as a persuasive argument for preserving its European

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<sup>42</sup> See: *Khilko O.* European Security under the Sign of Russia // Foreign Affairs 2010. – № 11–12. – P. 18.

<sup>43</sup> On the Prospects for Development of Relations between Russia and NATO / General editing by I. Yu. Yurgens and S. A. Kulyk – October 2010. – P. 9. – [http://www.riocenter.ru/files/MiniBook\\_NATO.pdf](http://www.riocenter.ru/files/MiniBook_NATO.pdf).

<sup>44</sup> Towards a new Euro-Atlantic security architecture. – P. 19.

identity, as a powerful resource for its internal modernization and as a substantial strengthening of its leverages of influence upon other power centers and its ability to react to external challenges to its national and international security. According to director of Moscow Carnegie Foundation D. Trenin, B. Yeltsin has sent a letter on this subject and V. Putin for several times has personally «offered and asked NATO Secretaries General to include Russia in NATO but with an understanding that Russia should not wait in a queue or comply with any plans»<sup>45</sup>. Surely they raised the question about admitting Russia into the Alliance without any conditions, rules and procedures of obtaining membership in the Alliance.

At the same time such scenario seems «the less plausible» for the authors of the report. The reasons for this implausibility stem first of all from Russia itself, the character of its political regime, social system and geopolitical interests. In the words of Ukrainian political scientist Olena Hylko, «the main problem of Russian integration to European and Euro-Atlantic security processes remains the absence of not only common values but uniformly defined threats which actually derive from values. And divergent concepts of the single security space and of imminent threats held by the two actors may lead not only to the inefficiency of the new security order under construction but also to emergence of new conflicts and crises»<sup>46</sup>.

Russia may be fancied to share, sometime in the future, common values with the West, although at present and in the foreseeable future its main interest consists in reinforcing its weight as a power center in Europe and increasing its ability to impose own rules of behavior upon other European actor. It is just the very aspect where NATO presents an obstacle for Russia. That's why accession to NATO is appreciated in Russia as an opportunity:

*firstly*, to neutralize and to block the leading role of the US in this organization since Russian politicians tend to view the Alliance as an instrument of American policy in Europe;

*secondly*, to use the veto right to prevent further NATO expansion;

*thirdly*, to create an opposition within NATO rendering this political military organization dysfunctional or turning it into a second OSCE;

<sup>45</sup> Lecture by Dmitrii Trenin on «Russia and the new Eastern Europe». – <http://www.polit.ru/lectures/2010/04/22/trenin.html>.

<sup>46</sup> *Khilko O.* European Security under the Sign of Russia // Foreign Affairs 2010. – № 11–12. – P. 18.

*fourthly*, to ensure that even if further enlargement is not vetoed by Russia, it would take place under its immediate control.

As for the latter intention, it is not by accident that Russian experts stipulate as a condition of Russian accession to NATO that «only after Russia's gains membership that the bloc could enlarge by inviting other former Soviet republics»<sup>47</sup>.

How would Ukraine with its non-bloc status look in case Russia joins NATO? Would it mean an abstention, and if so, from whom would it be an abstention – from NATO and Russia simultaneously? It would inevitably mean the marginalization of Ukraine and plunging further into instability. Though, some Ukrainian experts think that Russian accession to NATO would pave the way for Ukrainian rapprochement with this organization since with tension dissipating in relations between these two actors Russia could itself lobby the membership perspective for Ukraine. These expectations are vain. The problem of a non-bloc Ukraine has already come off the NATO-Russia agenda and does not generate any tension. The main point is that with such intentions as Russia pursues in this scenario it could become a lobbyist of Ukraine's membership in NATO only in two cases:

- when Ukraine would completely evolve into a Russian satellite deprived of sovereign rights, that is when Ukraine's membership would be regarded as a certain supplement to Russian membership in the Alliance;
- when it would treat Ukraine as its own «Trojan horse» in the Alliance.

**«European collective security organization» scenario based upon a new comprehensive European security Treaty.** Judging upon the Joint Statement of Presidents of Ukraine and the Russian Federation in which the parties accentuated coincidence of conceptual direction of their initiatives (including the Medvedev initiative about negotiating the European security Treaty) official Kyiv supports the realization of this scenario. However, the question of what this scenario provides for Ukrainian national security still remains open and requires a more detailed analysis. The basic parameters of this scenario are laid down in the European security Treaty and the report «Towards a new Euro-Atlantic Security Architecture». What ideology is underpinning this Treaty?

*Firstly*, the main parties to this Treaty should be such European organizations as the EU, NATO, CIS, CSTO. Countries outside any of

<sup>47</sup> Towards a new Euro-Atlantic security architecture. – P. 19.

these organizations may participate in the Treaty in national capacity<sup>48</sup>. Evidently, such an approach lays foundation for a bipolar principle of the new European security system with one part formed by NATO and the EU and the other by CIS and CSTO. In what part would Ukraine find itself, holding membership only in one of these organizations – the CIS – is easy to guess. Hence, this scenario would conserve Ukraine's standing in the sphere of Russian domination and confirm its belonging to the Russian security complex.

*Secondly*, the legally binding nature of collective security commitments concerns organizations and not particular countries because they are planned to be the parties to the Treaty. Out of this assumption it may seem that such commitments could be undertaken by NATO, the CSTO, the EU and CIS. Commitments of states members of these organizations would relate to these organizations and not directly to the Treaty. In fact due to this arrangement the Treaty acquires a bloc character. Whether this scenario is consistent with Ukrainian interests is a big question.

*Thirdly*, in its content this draft is a peace treaty or a treaty on revision of the Cold War results and not a treaty on collective European security. Key provisions of the draft Treaty contain non-aggression commitments and commitments on renouncing from unilateral and not agreed actions in the political and military realm. Attention is focused upon such provisions as: commitments to refrain from decisions which may be interpreted as seriously affecting security of other parties to the Treaty, particularly relating to expanding the existing political military alliances; non-strengthening its own security at the cost of other parties to the Treaty. Some articles of the draft Treaty repeat the UN Charter, Charter on European security, Helsinki Final Act of Conference on security and cooperation in Europe and other international documents. Instead, mechanisms of neutralizing common external threats for European security are absent in this draft.

*Fourthly*, in the draft Treaty articles 7 and 8 introduce collective defense principle which states that an armed attack against one party to the Treaty is viewed as an armed attack against other parties to the Treaty. To determine the scope of necessary collective including military assistance an Extraordinary Conference would be called. To monitor the implementation of the Treaty by its parties it is proposed to create a kind of superstructure over institutions participating in the

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<sup>48</sup> Towards a new Euro-Atlantic security architecture. – P. 19.



Treaty as Collective security organization with a permanent secretariat<sup>49</sup>. It is unknown how Ukraine can act within such a system when non-bloc status forbids it to rely upon collective defense principle and participate in collective defense measures. There is no mention of non-bloc states in the draft Treaty.

*Fifthly*, the only thing that may seem attractive for Ukraine in such scenario is the provision of paragraph 4 article 9 of the draft Treaty saying that «this Treaty shall not affect the right of any Party to neutrality». However, it also does not provide any security guarantees for the neutral states. In any event, after conclusion of the Kharkiv agreements on prolongation of Russian military presence, this perspective is out of question for Ukraine.

### Conclusions

The main problem with reconstruction of the Euro-Atlantic collective security system to make it more adequate to XXI century challenges, as O. Hylko aptly notes, lies in the fact that, «the EU and the US are aware of the objectively urgent need to transform the existing European security architecture which is not optimal for managing current challenges. On the other hand, building a new European or Euro-Atlantic system on the basis of Russian initiatives would mean shifting a post-bipolar strategic balance of power in favor of Russia. Its status of power center in the polycentric world and one of the key actors in the European continent imposing rules of behavior upon other its actors would be increased»<sup>50</sup>.

In such a complicated situation the West is implementing a «status quo plus» scenario while Russia regards any «status quo» options even with modifications as absolutely unacceptable for it. Membership in NATO might be acceptable for Russia on some privileged terms but NATO itself is not ready to grant Russia such terms because they would bear fatal consequences for the Alliance itself and for European security as a whole.

The scenario of creating a system of agreements on collective actions could be attractive to Russia, but it is not feasible under the existing Euro-Atlantic security and defense system. The fifth scenario – establishing a European collective security system on the basis

<sup>49</sup> Towards a new Euro-Atlantic security architecture. – P. 21.

<sup>50</sup> *Khilko O.* European Security under the Sign of Russia // Foreign Affairs 2010. – № 11–12. – P. 17.

of European security Treaty – seems of utmost importance for Russia since it envisions reproduction of a regional bipolar security system and enables Russia to revise the results of the Cold War and renew its status of the dominant variable in security of the European continent.

As for Ukraine, the most optimal for its national security remains the «status quo plus» scenario. But having proclaimed non-bloc status and having signed the Kharkiv agreements Ukraine has voluntarily retreated from participation in implementation of this scenario. All other options analyzed above assign Ukraine a marginal place in the Euro-Atlantic collective security system and would lead to a further embedding in the Russian security complex with the prospect of losing its own international subjectivity, state sovereignty and independence.

### **§ 3. Ukraine In The International Regimes Of Arms Control: A Year Of Achievements And Hopes**

The end of the XXI century's first decade became a good opportunity for analyzing issues in the arms control area, one of the most important parts of the all European security system and of Ukraine's place and role in international processes. Traditionally, the greatest attention in this part of international relations had been paid to nuclear disarmament and nuclear security. Questions of nonproliferation of weapons of mass destruction (WMD), arms, materials and technologies supply had always been an integral part of numerous multilateral negotiations within the First Committee of the UN General Assembly, Conference of Disarmament (CD), OSCE Forum on Cooperation in Security Areas.

Signing of the Treaty between the United States of America and the Russian Federation on Actions of Further Reduction and Limitation of Strategic Offensive Arms (Treaty on Further Strategic Offensive Arms (SOA) Cuts) on 8 April, 2010 in Prague was an important event in the history of disarmament. After the Treaty on arms control had been signed questions of strategic arms in non-nuclear equipments, tactical nuclear arms reduction assumed first place on the bilateral US-Russian negotiations agenda. Issues of modernization and useful functioning of conventional arms control in Europe became topical through the prism of multilateral disarmament.

Ukraine continued its activity in multilateral non-proliferation regimes based on such international treaties as the Nuclear Non-Proliferation Treaty (NPT) of 1994, Convention on Prohibition of Chemical Weapons (CCW) of 1998, and Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention, CWC) of 1975. Considerable attention was paid to the activity of multilateral forums that consider export control issues – Nuclear Suppliers Group, Regime of Control over Missile Technologies, the

Australian Group, the Zangger Committee, and Wassenaar Agreement). The implementation of obligations under the Treaty of IAEA Guarantees and its Additional Protocol continued as well.

OSCE activity aimed at solving military and political security problems of the continent was of importance as well. 2010 year became the 35<sup>th</sup> year anniversary of the Helsinki Act's signature and the 20<sup>th</sup> anniversary of the adoption of the Prague Charter for a Newer Europe. These optimistic occasions were complemented with a frank, sometimes harsh dialogue on military conflicts in the OSCE area, the European anti-ballistic missile (ABM) system, and foreign military troop presence in the sovereign countries territories. Work on improving «traditional» trust and security actions in military activity continued in both all-European and regional scopes. For the first time since the 1999 Astana OSCE summit, great attention was paid to military and political security questions.

Ukraine country's active military cooperation (including high rank levels, multinational training exercises, numerous bilateral actions) substantially contributed to strengthening security in Europe and in Ukraine's immediate neighborhood.

## **Nuclear Disarmament and Non-Proliferation Issues**

### **Strategic Offensive Arms Limitation and Security Guarantees**

Signing of the Treaty between the United States of America and the Russian Federation on Actions of Further Reduction and Limitation of Strategic Offensive Arms (Treaty on Further Strategic Offensive Arms (SOA) Cuts) on 8 April, 2010 in Prague eliminated several gaps in nuclear disarmament process that arose after the December 2009 expiration of the Strategic Offensive Arms Limitation Treaty (1991). According to the new Treaty conditions, after seven years of limitations that started 5 February, 2011, the number of deployed strategic nuclear arms careers on each side should not exceed 700 units; the overall number of deployed and non-deployed careers should not exceed 800 units. The number of deployed military loads must not exceed 1,500 units. The Treaty does not foresee any limits on non-deployed nuclear loads and nuclear tactical weapons. The Treaty was signed for 10 years with the possibility of its prolongation upon the parties' consent for further 5 year terms.

Ukraine as the country that voluntarily surrendered its nuclear weapons, ranked third in the world as a nuclear weapons power, had

always been an active participant in nuclear disarmament and non-proliferation sphere, promoting further cuts in existing nuclear armaments and halts in development of new types thereof, strengthening non-proliferation regime, undertaking concrete steps aimed at building a world free of nuclear weapons.

Such actions had been highly approved by the leading nuclear states and international community in general. For instance, in the Preamble of the Treaty between the US and Russia on Further Strategic Offensive Arms Cuts Ukraine's contribution to «the act of nuclear disarmament» and its role «in strengthening international peace and security» are stressed.

Ukraine pays particular attention to security guarantees issues. The non-bloc status of a country that does not belong to any of the collective security systems shapes the need to take into account counter-measures to new security threats and challenges. *Positive and negative security guarantees, recently extended to non-nuclear countries by nuclear states in unilateral declarations and marked in UN Security Council resolutions, could not be considered as sufficient measures because of their non-binding legal character.*

Ukraine stresses this issue demands further development and allocation in a multilateral international judiciary binding treaty, the lack of which is still one of the weakest spots of the current nuclear non-proliferation regime.

Ukraine addressed leading states of the «NPT Nuclear 5» (China, France, Great Britain, Russian Federation, and the USA) in November, 2009 with the proposal of conducting negotiations on drafting a new multilateral agreement that could have underlined or enhanced security guarantees for the country. Based on results of implemented actions, the USA and the Russian Federation openly issued a Joint Communiqué on 4 December, 2009 in which Ukraine's contribution to nuclear disarmament and international security is marked, together with the security guarantees earlier noted in the Budapest Memorandum. The USA's confirmation of its extending security guarantees to Ukraine is also marked in Joint Communiqué of both presidents that dates 12 April, 2010.

In response to Ukraine's request of 5 January, 2010, the Prime Minister of Great Britain, G. Brown, confirmed his country's adherence to the Budapest Memorandum. Chinese counterparts also confirmed their country's adherence to security guarantees stated in 1994 and once renewed in a Joint Communiqué during September visit of the President of Ukraine, V. Yanukovich, to the People's

Republic of China. Thus, in 2010 Ukraine managed to receive official confirmations of its security guarantees status quo listed in the Budapest Memorandum of 5 December, 1994.

**Non-proliferation challenges.** In the area of international export and materials control, possession of technologies that may be used for WMD production, and dual use items, Ukraine continued its policy of adherence to the concrete decisions of international organizations including the UN and OSCE, and the requirements of multilateral non-proliferation and export regimes.

Joining the NPT in 1994 as a non-nuclear state, Ukraine had frequently proved its reliability as an international partner, clearly adhering to Treaty terms and conditions. In 2009 Ukraine participated in the Third Session of the Instruction Committee of the Overall Conference in 2010 on NPT that took place in New York on 4–15 May, 2009 and the Conference on Disarmament that took place in Geneva on 19 January – 18 September, 2009.

During an annual conference on NPT action that took place in New York on May, 2010 our country restated the necessity of establishing active and unified actions in support of the NPT since its overall implementation and adherence to is at the center of overcoming modern challenges connected with the threats of nuclear weapons, especially in the context of enhancing the war on terror. Ukraine's position is immutable and firm on issues of giving the NPT a universal character, and supporting accession of new states, first and foremost those that are still not NPT member states, possess nuclear objects that the Treaty regulates and had not signed any agreements with the IAEA on terms and guarantees.

The Conference of Disarmament (CD) played an important role in the negotiation process on non-proliferation problems. One of the major agenda issues was the question of Comprehensive Nuclear Test Ban Treaty (CNTBT) enforcement. Ukraine's position on this remains immutable: further nuclear tests do not strengthen security due to the challenges they bring on the way to CNTBT final closures and NPT accession of new signatories. Therefore, Ukraine supports a comprehensive moratorium on nuclear tests and speedier adoption of a CNTBT.

Another important task in nuclear disarmament and the global nuclear non-proliferation regime is the speedy start of a negotiation process within the Conference of Disarmament on drafting of the Treaty of Prohibition Dividing Materials for Nuclear Weapons and Other Explosive Materials (TPDMNWOEM) and attendant verification documents.

Ukraine participates actively in multilateral initiatives aimed at strengthening the non-proliferation regime. Our country is a participant of the G8 «Global Partnership against Arms Dissemination and Materials of Mass Destruction» Initiative. In cooperation with other countries it implements projects focused on strengthening nuclear materials' physical protection and enhancing countries' opportunities to prevent their illegal circulation. Since Ukraine joined this initiative more than USD 23 million and 10 million Euro of international assistance have been made available for these purposes.

**Nuclear security** The Washington Summit on Nuclear Security, held in April, 2010 was a milestone event. Our country stated its readiness to rid its territory of highly enriched nuclear materials by 2012, unilaterally forsaking the use of highly enriched uranium in the civilian area. This act was a key Ukrainian contribution to strengthening the non-proliferation regime strengthening and counterterrorism policy. Summit participants, especially the American side, lauded this decision. US President B. Obama underlined the importance of such actions to international peace and security, while the American and world media called Ukraine's decision «a major Nuclear Security Summit result», proving that our country continues to be a leader in the area of non-proliferation. In order to deliver on commitments stated on 12 April, 2010 in Joint Communiqué by the US and Ukrainian Presidents, our country completed transportation of the highly enriched uranium to the Russian Federation under IAEA control before the end of 2010. A total of 106 kg of nuclear materials was moved.

A Joint Declaration of the delegations of Ukraine, Mexico and Chile was made on 7 October, 2010 at the initiative of Ukrainian side on the First Committee of the 65<sup>th</sup> General Assembly general debates. These countries had made voluntary efforts to minimize the use of highly enriched uranium for civilian purposes. Their Declaration stresses that the decision of the three countries to give up highly enriched uranium is a practical contribution to strengthening the non-proliferation regime. This document states the need for all countries to undertake clear actions that would assist in preventing illegal nuclear materials dissemination and lead to a final goal – a world free of nuclear weapons.

Ukraine, as one of the leaders in nuclear non-proliferation had initiated hosting a Summit on Security and Innovative Usage of Nuclear Energy, which was held on 19 April, 2011 in Kyiv; 40 officials and international organization representatives were invited. The initiative of the Ukrainian President to host this event would commemorate the

25<sup>th</sup> anniversary of the Chornobyl catastrophe. Mr. V. Yanukovych shares the country's vision that nuclear safety issues including threats in this at both the global and regional levels are a part and parcel of secure use of nuclear energy for peaceful purposes. Ukraine's experience in overcoming the broad scale humanitarian and ecological outcomes of the Chornobyl catastrophe is of particular import here.

The Summit is significant in attracting the world community's attention to problems connected with the use of nuclear energy for peaceful means, and the necessity of introducing countries to innovative processes in nuclear energy that would definitely lead to sustainable development at the regional and global levels.

### **Control over conventional arms in Europe and disarmament**

**Issues stemming from the Treaty on Conventional Armed Forces in Europe (CFE)** Following the unilateral suspension of CFE treaty implementation by Russia in 2007, the regime of control over conventional arms has been gradually and steadily losing its efficiency and effectiveness. The military potential of the Russian Federation has transgressed the previous existing control parameters existing theretofore i.e. more than one-fifth of all ground heavy arms (tanks, armed fighting vehicles, high caliber guns land, altogether about 20,000 units), 22% of fighting helicopters deployed in Europe (more than 400 units) as well as one-third of military aircrafts (more than 1,800 units). Also, the territory, stretching from the western borders of the Russian Federation up to the Urals Mountains, with the number of military personnel equaling to one-third of manpower (more than 0.5 million servicemen), employed in the conventional armed forces of all the CFE countries. Nevertheless, other countries-members, including Ukraine, are continuing to fulfill their obligations under the Treaty; they are guided by the necessity to maintain the regime of control over conventional arms in Europe as well as by the need to restore its full-fledged functioning.

Within the framework of the negotiation process, a so-called Parallel Action Plan was discussed; it stipulated simultaneous undertaking of certain actions which could facilitate achievement of some progress before the Agreement on the Adaptation of the Treaty on Conventional Arms (AATCA) would come into effect. In particular, the NATO countries proposed Russia to hand over the infrastructure



of the Gudauta military base to Georgia as well as to continue the withdrawal the Russian Armed Forces from Trans-Dniestria, which was to be replaced by OSCE peacemakers. Also, the confirmation of the Baltic states' position as well as that of Slovenia regarding their involvement in the conventional arms control regime in Europe were both expected. On their part, the Alliance members planned to complete the ratification process for the AATCA within 12 months since the date of agreement regarding parallel actions had been achieved.

However, the Russian party was guided by the necessity of implementing its own plan, which stipulated arms reductions by NATO countries, which was to make up for an increase in the Alliance military potential pursuant to NATO enlargement; cancellation of so-called 'flank limits', agreement on the meaning of the term 'substantial armed force', which was important in the context of deployment of foreign troops in the territory of Eastern-European states, and further modernization of the AATCA. As for issues related to Trans-Dniestria and Georgia were concerned, the Russian Federation position remained negative and invariably hard.

The situation changed in 2010, in June when the USA appointed Ambassador Victoria Nuland as Special Envoy for Conventional Armed Forces in Europe and initiated a number of informal consultations with the participation of 30 CFE states as well as with that of six new NATO members (Albania, Estonia, Latvia, Lithuania, Slovenia and Croatia), which declared their intention to join the conventional arms control regime in Europe. During the course of consultations, the states came to an agreement to start working on a Framework Document, in which it was planned to enumerate the basic principles of conduction negotiations as well as basic components of a future Treaty on Conventional Armed Forces in Europe or those of an AATCA. The further detailed negotiations on a new agreement were to be conducted on the basis of the afore-mentioned Framework Document.

By the end of 2010, as the result of intensive consultations, an agreement on the document's structure and its basic elements had been reached. Ukraine took an active part in this negotiation process, assuring compliance of the Framework Document terms and conditions with the country's national interests. At the same time, the draft contained several major differences in concrete wording that touched upon issues of foreign armed forces deployments on member states' territories, minimization or revision of allowed armed levels, connections between armaments control and conflict resolution in TCAFE action area. Final decisions on these issues were rescheduled for 2011.

**Destruction of obsolete arms and ammunition** Steadily and consistently, Ukraine is conducting a policy aimed at the implementation of projects in the field of disposal of obsolete or excessive arms, ammunition, rocket fuel etc. In the year 2010, the interstate procedures of preparing the destruction of obsolete operative and tactical rocket complexes 9K72 (SCUD) were completed. The term of the use of those complexes have been expired; however, they continued to present the source of potential threat for the environment as well as an object of eventual attention for terrorists and criminal groups. In the second half the year 2010, more than 100 units of the rockets belonging to the above-mentioned complex were destroyed.

Jointly with the OSCE, the project of mélange liquid rocket fuel has been implemented in Ukraine since November 2011. As of February 2011, within the framework of the first stage of the project, 3,168 tons of mélange had been taken to the Russian Federation from the bases located neat Kalynivka and Tsenzhyv for further destruction. Also, the works on removing 2, 600 tons of mélange from the village of Radechiv (Lviv Oblast) have been started. The total amount of mélange to be disposed of exceeds 16,000 tons.

Ukraine, jointly with the NATO Trust Fund Ukraine, continued work with respect to the disposal of obsolete and excessive ammunition, excessive stocks of small arms and light weapons (SALW), and portable antiaircraft-rocket complexes (AARC). The amount of excessive ammunition in Ukraine was defined at the level of 133,000 tons. In addition, it was planned to destroy 1,500,000 units of SALW and 1,000 units of AARC, which, as of the end of the year 2010 contained the following, 12,440 tons of ammunition, more than 300,000 units of SALW, and 1,000 units of AARC. The same pace of disposal is to be maintained in the year 2011.

Considerable financial support (more than USD 4 million) has been provided to Ukraine by the USA. That amount is extended for the conduction of works related to the disposal of 9K7e2 rockets, as well as that of rocket fuel mélange and obsolete ammunition, SALW and AARC. In addition, a similar amount of funds has been extended by the NATO Trust Fund.

### **Confidence and Security Building Measures: European and Regional Aspects**

**Updating the Vienna Document** Important work was conducted on further development of confidence and security building measures (CSBM) in military and political field were conducted within the framework of the negotiation process, which took place at OSCE Forum for Security Co-operation (FSC). Negotiation process participants focused on updating the Vienna Document 1999 (VDOC99), since some of its provisions no longer complied with existing realities. The topics of discussion were as follows: reduction in the level of these military exercise, about which OSCE were to inform in advance and for which they were obliged to invite observers; also, proposals with respect – to informing on multinational quick reaction forces deployment as well as those on prior notification of military transit exchange of information regarding armed forces – were considered.

The year 2009 was marked by greater activity of the OSCE Forum for Security Co-operation (FSC). Alongside with the consideration of «traditional» issues, the FSC directed its efforts at searching for ways of counteracting contemporary challenges and security threats.

A number of decisions adopted, together with measures implemented, confirmed the effectiveness of the Forum's work in 2009; in particular, the decision on raising public awareness regarding the provisions of the code of conduct on politico-military aspects of security was adopted. The Forum further adopted the following decisions: the decision on putting OSCE information exchanges regarding the transfer of conventional arms into compliance with the updated UN Register of Conventional Arms; on participation in the OSCE Annual Security Review Conference as well as that on conducting a special FSC meeting dedicated to current and future actions in the field of arms control as well as to confidence and security building measures in OSCE region<sup>51</sup>.

The Ukrainian delegation submitted a proposal on improving information exchanges on separately located military units. Jointly with the Hungarian party, it submitted a proposal to extend the list of measures, recommended for use by neighboring countries at the regional level. Among the other issues put forward at the negotiations

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<sup>51</sup> Foreign Policy of Ukraine–2009: strategic assessments, prognoses and priorities / Edited by G. M. Perepelytsya. Kyiv, Stylos Publishing House, 2010. – P. 143–144.

tables were the issue of increasing quotes for inspection conduction as well as that of an increase in inspection group membership; also, the issue of extending CSBM on the navy as well as on military transport aviation; the use of digital cameras during inspections as well as a number of other issues.

The bulk of proposals with respect to VDOC99 update, which was shaped at the end of the year 2010, got the name *VDOC Plus*. However, no consensus was achieved on their incorporation in the Vienna Document. The further work on VDOC99 update was planned to be conducted in the year 2011; that intention was enumerated in the final Declaration of OSCE Summit in the city of Astana.

**Bilateral and regional cooperation** Military-political cooperation of European countries at the regional level remained an essential contribution to general European security. Ukraine continued the implementation of bilateral agreements on additional trust and confidence building measures in trans-border areas with neighboring states – Belarus, Poland, Slovakia, and Hungary. Inspections of military units, located in trans-border areas of each of the above-mentioned states, were conducted by Ukraine. On its part, Ukraine provided conditions for the inspections to be carried out by foreign partners' in the Ukrainian Armed Forces. Apart from inspections and information exchanges, bilateral consultations between verifying structures of the parties were carried out – the issues of eventual ways of improving and extending cooperation were discussed.

The Ukrainian side submitted a proposal regarding the beginning of negotiations with the Russian party on concluding a similar agreement. Consultations with respect to the issue in questions were planned for the beginning of year 2011. A mirror proposal was furnished to the Romanian side.

Also, cooperation among the navies of the Black Sea states contributed to strengthening regional security. Cooperation was conducted within the framework of the implementation of the Document on Confidence and Security Building Measures in the Naval Field in the Black Sea as well as within that of the Agreement on Setting up International Naval Force BLACKSEAFOR, and of the Operation *Black Sea Harmony*. In particular, within the framework of the Document on CSBM in the Naval Field in the Black, the Black Sea countries conducted the exchange of information on naval issues; also, they carried out Confidence Annual Naval Exercise Galatea- 2010, visited naval ports of Turkey, Bulgaria, Romania, Ukraine and Russia. Within the framework of the Agreement on Setting up BLACKSEAFOR, two activations

of the naval force were carried out; also, all trainings, stipulated by relevant plans, were conducted. The preparation for the exchange of communication officers within the framework of participation in Operation *Black Sea Harmony* took place.

### **International Military Cooperation**

Ukraine has invariably paid great attention to developing military cooperation – both on multilateral and on bilateral basis. The main directions of such cooperation are as follows: improving its normative legal basis; participation in multinational military exercises; bilateral cooperation actions in all units of relevant military structures.

During 2009, cooperation in the format of bilateral commissions on military-technical cooperation was actively developing with the Russian Federation, the People's Republic of China, France, Hungary, Turkey, Belarus Republic, and Vietnam. Active measures with regard to securing the participation of Ukrainian military and double use items producers in the leading international defense technologies, arms and military equipment exhibitions<sup>52</sup>.

A number of high level meeting conducted by Chief of General Staff – Commander-in-Chief of the Armed Forces of Ukraine in 2010 – including meetings with the leadership of NATO Military Committee, with EU Military Committee, Chiefs of NATO countries General Staffs – have enabled to deepen partnership relations in the field of security planning as well as in that, related to joint response to new challenges and security threats; in addition, other issues regarding military-political dialogue were discussed.

Cooperation with the General Secretariat of the Council of the UE in the field of European Security and Defense Policy has moved to a new stage. The issue of engaging Ukraine in the EU military-tactical groups as well as in operations led by the EU aimed at settling crisis situations has been elaborated both at interstate and at international levels.

Ukrainian servicemen participated in ten peacekeeping operations – including as part of the multinational KFOR forces in Kosovo, in the UN Missions in Liberia, Sudan, Congo Democratic Republic. Gradually, the participation of Ukraine in the International Security

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<sup>52</sup> Foreign Policy of Ukraine–2009. – P. 151–152.

Force in Afghanistan has been extended. A group of seven military experts was directed to the Lithuanian contingent in Ghor Province. The missions of Ukrainian military experts in Iraq as well as that in the security zone in Trans-Dniester continued their implementation. Also, Ukrainian officers participated in the EU Naval operation *Atlanta* and in the NATO anti-terrorist operation *Active Endeavour*.

On the territory of Ukraine, seven multinational exercises – command-staff exercises with military force involvement, such as: *Fairway of Peace–2010*, *Light Avalanche–2010*, *Rapid Trident–2010*, *the Naval drill Sea Breeze–2010*, and the drill of the *Special Task Force Barrier–2010* – were conducted. The units of the Armed Forces of Ukraine participated in nine exercises abroad, which took place at the territories of Belarus, Romania, Germany, Poland, and the Russian Federation as well as in the Black Sea area. Multilateral aspects of military cooperation have enabled enhancements in the level of military competence of Ukrainian units as well as their compatibility with the military forces of other countries. Within the framework of the NATO-Ukraine Individual Partnership Program, the Ukrainian military has been improving their skills of working in multi-national HQ. Also, they have been performing the functions of UN and OSCE military observers as well as participating in establishing civil-military cooperation, in defusing self-made explosive devices etc.

Ukrainian-Danish military-transport operation – begun in 2009, on transporting fuel by Ukrainian aircraft IL-76 from the American air base Thule to the Danish polar station on Greenland – was successfully continued. During the course of the operation, named *Northern Falcon–2011*, Ukrainian aviators transported more than 500 tons of fuel. Their work formed a solid foundation for continuing cooperation with Denmark in that direction in the coming years.

### **Military-Technical Cooperation and Export Control**

**Military-technical cooperation** The policy of Ukraine in the field of MTC is founded on the principles of legal, transparent and responsible cooperation with foreign states with the consideration of sovereign right of each country to conduct the aforementioned in accordance with generally accepted international norms and limitations. In 2010, considerable attention was paid to extending cooperation with Eastern countries as well as those of African and North-American regions. Work on enhancing the normative legal base of such coopera-

tion through the way of preparing relevant bilateral agreements on military-technical cooperation as well as those on mutual protection of information with limited access was continued.

The year 2010 became a year of active participation in exhibitions. World famous exhibitions, such as the Farnborough International Air Show–2010»), the aerospace exhibition in Cape Town *Africa Aerospace & Defense*, the exhibition of arms and military equipment in Greece DEFENFOR–2010, and the aviation and aerospace exhibition in *China Air Show China–2010*, – all these gave leading Ukrainian manufactures an opportunity to present their latest products in the fields of aircraft construction, engine construction, tank building, ship building as well as in automobile, radio electronic, space and other branches. Ukraine successfully conducted the Seventh Aerospace Exhibition *Aerosvit XXI*, in which manufactures from more than 30 countries took part.

**Export Control** Ukraine is one of the world's largest exporters of arms. In 2010, traditional links in that field were maintained; in addition, cooperation with Central Asia and Africa countries was extended. Altogether, arms and military equipment were supplied into more than 15 countries of the world. Among arms, which were supplied to foreign clients, were armed vehicles, artillery systems, fighting helicopters and military aircrafts, antiaircraft-rocket systems, transport aircrafts, small arms and light weapons etc.

At the same time, Ukraine remained an active participant in all the main regimes of export control – the Wassenaar Arrangement, the Missile Technology Control Regime, the Nuclear Suppliers Group, the Zangger Committee and the Australia Group.

In 2009, priorities of activities in export control remained as follows: to put the national normative and legal basis in conformity with European standards as well as to explore possibilities for incorporating the criteria of the EU Council common position with respect to export control into current legislation. Other activities conducted included: harmonizing Ukraine's export control system with relevant norms and procedures of the EU; adapting lists of goods subject to control; familiarization with limitations on trade in weapon, which are currently in force in the EU; exchange of information regarding «problem» countries<sup>53</sup>.

At the same time, Ukraine took an active part in the process of working on issues, related to the development of the **Arms Trade**

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<sup>53</sup> Foreign Policy of Ukraine–2009. – P. 151.

**Agreement (ATA)** – an international instrument, designed for the regulation of the export-import and transfer of conventional arms. In particular, our country took part in two open meetings of the Working Group on discussing possibilities of developing and concluding the comprehensive Arms Trade Agreement.

The Ukrainian delegation was guided by the principle that on the whole, our state supports the idea of developing an Arms Trade Agreement, aimed at establishing general international standards with respect to the export-import of conventional arms as well as for their transfer. At the same time, the ATA should not contain any provisions which might prevent legal international transfers of arms, military equipment and dual-use goods as well as those which could by any way violate the right of all the countries-UN members to their individual and collective self-defense.

Further to the above, a serial of bilateral consultations on non-proliferation and export control issues were conducted, in particular with the USA and Russia. The same consultations are planned for the current year. The International Seminar, aimed at discussing burning issues related to export control, organized by Ukraine and the EU, which took place in April, 2009, became an important activity within the framework of dialogue between Ukraine and the EU<sup>54</sup>.

The International Conference on Export Control, carried out in Kyiv on 8–10 June became an important highlight of 2010. The event was conducted with the financial support of the USA and the EU within the framework of implementing the US State Department Program on Export Control and Related Border Security.

Conference participants included representative of state bodies as well as those of NGOs from about 70 countries, including the USA, Russia, the People's Republic of China, EU member states; countries in Asia, Asia-Pacific region, the Middle East, and the Americas. During the Conference, the following issues were deeply analyzed: today's key challenges to non-proliferation and export control; the policy of states in the fields of nuclear security; and threats of proliferation of weapons of mass destruction. Experts examined counteractions with respect to the sources of and mechanisms for illegal transfer of arms, military equipment, relevant materials and technologies.

The exchange of experience in cooperation between customs and other enforcement agencies in exercising state export control and in transfer of nuclear and radioactive material and enhancing their phys-

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<sup>54</sup> Foreign Policy of Ukraine–2009. – P. 152.



ical protection were all important conference elements. Conference participants paid considerable attention to the issue of export activities licensing – providing licenses to export of military and dual-use goods\exercising control over licensing process. Also, the issues of peculiarities of cooperation with respect to controlling governmental bodies with manufactures as well as those related to encouraging enterprises to implement and exercise export control were widely discussed.

At the Conference, Ukraine presented a National System of Export Control, approaches to the problem of counteracting to proliferation of weapon of mass destruction, ways of preventing supplies of conventional arms to illegal users. Our work in this direction was positively assessed by the Conference participants; this became recognition of Ukraine's efforts, directed at deepening cooperation in this important segment of international security.

### Conclusions

The end of the XXI century first decade was marked by a number of successes in the area of arms control, new security threats and challenges counteraction. Ukraine continued to play a leading role in drafting and implementing specific international cooperation mechanisms, strengthening its traits as a reliable and foreknown partner.

The US-Russian Treaty on Actions of Further Reduction and Limitation of Strategic Offensive Arms (Treaty on Further Strategic Offensive Arms (SOA) Cuts) and statements on providing security guarantees to Ukraine as stated in the Budapest memorandum of 5 December, 1994 was the highlight on this way. But, *notwithstanding stated commitments on security guarantees from the «nuclear five countries» in legally binding forms, further developments in this area did not happen.*

Issues of weapons of mass destruction and ways of its material delivery were among major discussion topics on multilateral meeting agendas. During 2009 and 2010 years a number of important events as the UN General Assembly First Committee hearing, New York NTP Action Conference, Conference of Disarmament regular meetings did not bring any concrete decisions on the following issues: bringing universal action to the Comprehensive Nuclear Test Ban Treaty (CNTBT), substantial discussions of the Treaty of Prohibition Dividing Materials for Nuclear Weapons and Other Explosive Materials (TPDMNWOEM). Work on the abovementioned issues will continue in the future.

Wide international support extended to Ukraine after the country's decision to rid its territory of highly enriched uranium, stated by the President of Ukraine at the Washington, DC Nuclear Security Summit, proved the country's leading role in adherence to international treaties and commitments in nuclear threat counteraction. The Kyiv 2011 Summit on Safe and Innovative Nuclear Energy Use initiated by Ukraine should give a new impetus to international efforts in this area.

2010 may be considered as a year for renewing consecutive multilateral negotiations on conventional weapons in Europe control. The expansion of its member states with the accession of new NATO members was another positive signal. Even concrete decisions were not achieved by the end of the year; negotiation participants could unify several positions on the most arguable issues and solidify efforts to continue in the following year.

OSCE work on security and arms control issues did not give substantial results either. During the Astana OSCE Summit leaders of the states and governments confirmed the importance of specific regimes necessary for continuing work on trust and security strengthening, the Vienna 1991 Document improvement. Support statements to issues of negotiation process on new agreements of the Treaty on Conventional Armed Forces in Europe were stated as well.

International military cooperation took the leading place in bilateral and multilateral relations as an integral part of military and political security strengthening. During times of financial crisis Ukrainian side supported major implementation of plans which allowed the continuation high military rank dialogue, the conduct of a number of bilateral and multilateral events, including multinational military trainings, enhancement of practical skills of the Ukrainian Armed Forces, and their cooperation with other countries.

Ukraine's peacekeeping activity continued, too. Ukrainian military officers successfully participated in a number of peacekeeping operations, counterterrorist activities, practical exchange and instructor functions implementations.

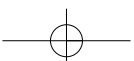
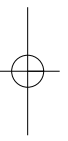
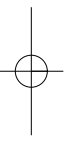
During 2009–2010 Ukraine's military and technical cooperation with its foreign partners continued. Participation in numerous international exhibitions provided Ukrainian military producers with the chance to learn about the newest achievements as well as present their goods. Ukrainian export control mechanisms worked successfully and provided a positive image of the country as it adheres to its international obligations and commitments.

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## **Chapter III**

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# **STRATEGIC DIRECTIONS OF THE FOREIGN POLICY OF UKRAINE**



## § 1. The EU-Ukraine Political Dialog

The year 2009 was marked by positive dynamics of EU-Ukraine relations, reversion to pragmatic grounds and giving priority to practical realms of cooperation. Evolution of political dialogue led to **a transition to a qualitatively new and more ambitious format of relationship resting upon principles of political association and economic integration**. These principles were laid into the foundation of the future Association agreement and also of the **EU-Ukraine Association Agenda (AA)**, a new political instrument for cooperation between Ukraine and the European Union, introduced for practical implementation of the Association agreement before the negotiation process is formally completed. This document was given political approval at the meeting of the EU-Ukraine Cooperation Council in June 2009.

Association Agenda differs fundamentally from the EU-Ukraine Action Plan that expired in March 2009. While the Action Plan had been implemented mostly by the Ukrainian side alone, the effective implementation of the Association Agenda would depend also upon more active engagement of the European Union in reform processes in Ukraine and deepening of integration ties between the two sides. The key innovation of the Association agenda is the possibility to initiate or intensify sectoral dialogues between the sides aimed at ensuring rapprochement of Ukraine's policies to the EU's.

In 2009 the political dialogue between Ukraine and the EU developed within the framework of annual high-level meetings, in particular the EU-Ukraine summit, the Cooperation Council, Cooperation Committee and sectoral cooperation subcommittees; the Parliamentary Cooperation Committee, regular Ukraine – EU Troika consultations and permanent expert consultations.

Throughout 2009 **energy security** occupied a prominent place in the bilateral dialogue. In the context of EU promotion of energy sector reform in Ukraine, an International conference on modernization

of Ukrainian gas-transit system took place on 23 March 2009 in Brussels. Essential progress was achieved in the issue of Ukraine's joining the European Energy Community and European network of transmission system operators for electricity ENTSO-E.

One of the core priorities of EU-Ukraine political dialogue in 2009 consisted in further affirming national interests in the areas **migration and visa** relations with the EU. To this end appropriate measures were taken to uphold Ukrainian citizens' right to freedom of movement, particularly in the context of facilitating visa procedures for Ukrainians going to the EU countries and complying with requirements needed for introducing visa-free regime with the EU.

Throughout 2009 Ukraine was actively involved in EU operations and missions in the framework of the **European Security and Defence Policy (ESDP)** that saw its tenth anniversary in June 2009. That year Ukraine renewed participation in the EU Police Mission in Bosnia and Herzegovina by inserting five representatives of the Ministry of Interior Affairs to the Mission staff.

In 2010 the EU-Ukraine political dialogue underwent significant intensification. In its framework there occurred four high-level meetings and three rounds of negotiations on Association Agreement and 14<sup>th</sup> EU-Ukraine summit.

The European Union approved the holding of transparent and democratic elections in Ukraine in January-February 2010, expressing hopes that the new leadership would continue a course of integration with the EU. Welcoming carefully the coming to power of a new ruling team disposed to more pragmatic and politicized approach in EU integration issues, Brussels therefore expected Kyiv to make concrete steps attesting to its actual willingness to fulfill the declared plans of systemic transformations.

The new Ukrainian government, on its side, from the first days proclaimed that membership in the EU remains the main strategic goal for Ukraine. To confirm the firmness of this inclination V. Yanukovych on 1 March 2010 paid his first visit abroad to Brussels where he articulated Kyiv's core priorities and expectations in relations with the European Union for the current year. Those priorities included introducing visa-free regime between Ukraine and the EU, creating free trade area and drawing EU support in overcoming aftermaths of the economic crisis in Ukraine.

Initially the new Ukrainian leadership intended to accomplish only tactical tasks «on the European front» – to secure recognition of its own legitimacy, to gain at least situational approval for its course

on normalizing relations with Russia and to define the key issues of its EU integration process for the medium term. In response the EU intensified its efforts on inducing the Ukrainian government to move forward with the conduct of systemic reforms.

As early as on 21 April, during his visit to Kyiv EU Commissioner on Enlargement and the European Neighborhood Policy Stefan Füle passed to the Ukrainian side a document (the so called «Füle Matrix») outlining the most urgent spheres and areas requiring reforms in the nearest 6–18 months with the correspondent payoffs Ukraine might enjoy in case of successful compliance with the defined priorities. These payoffs consisted primarily of access to additional funding and further facilitation of the visa regime. The «Füle Matrix» was meant to concretize the scope and substance of reforms Ukraine has to implement in the first turn and therefore it emerged as a sort of «roadmap» of domestic transformations in addition to the overtly abstract and multifaceted the 2009 Association Agenda which replaced the 2005 Action Plan.

On 12 May 2010 the EU Commission published its Annual Progress Report for Ukraine on Implementation of the ENP in 2009 where it bluntly set forth basic prerequisites or, in the words of Commissioner Füle, «a point of reference» to further drive forward the EU-Ukraine relationship. The Report stated, «During 2010, to fulfill its Association Agenda commitments, it is in the interest of Ukraine to make further efforts with regard to constitutional reform; reform of the gas sector; reform of public administration; the taking of effective measures against corruption notably through judicial reform as well as measures to improve the business and investment climate. At the same time there remains an urgent need for Ukraine to adopt a law on public procurement which complies with international standards and the *acquis*».

In the beginning of May the Fifteenth Round of negotiations on the Association Agreement took place. The parties continued discussions on the issues and provisions of the Agreement which were still to be agreed, particularly in the preamble, chapters relating to political dialogue, justice, freedom and home affairs and also general and final provisions. This round resulted in a delineation of the three most important problematic elements of the political section of the Agreement: first, the EU membership perspective for Ukraine, second, the principles of securing sovereignty and territorial integrity of Ukraine and, third, insertion in the Agreement's text of a provision on visa-free regime between Ukraine and the EU.

On 10 May 2010 Ukraine's foreign affairs Minister K. Gryshchenko was on a working visit to Brussels where he took part in a ministerial

meeting formatted as «Friends of Ukraine in the EU + Ukraine». Chief themes there included the key issues of the EU-Ukraine relations agenda, EU assistance to Ukrainian government in overcoming the aftermath of the financial and economic crisis and for conducting systemic reforms, visa dialogue and energy security issues. The Ukrainian minister also met EU Commissioner on Enlargement and the European Neighborhood Policy Stefan Füle and EU Commissioner on Home Affairs Cecilia Malmström. During the meeting the parties discussed the pace and dynamics of domestic political and economic reforms in Ukraine, ways of enhancing energy security and preparation of the EU-Ukraine Cooperation Council meeting. The interlocutors also examined the current state of negotiations on the EU-Ukraine Association Agreement and other international issues and emphasized the need for further liberalization of the visa regime for Ukrainian citizens.

On 14–15 June 2010 the 14<sup>th</sup> meeting of the EU-Ukraine Cooperation Council took place in Luxembourg headed by Ukrainian Prime Minister M. Azarov and EU High Representative for Foreign Affairs and Security Policy, Vice-President of the EU Commission C. Ashton. Among the themes raised in the course of the meeting were the internal situation in Ukraine and the European Union, evolution of negotiations on the Association Agreement, ways of deepening cooperation in foreign policy and security matters, cooperation in justice, freedom and home security including progress in the dialogue on abolishing the visa regime, the prospects for strengthening trade and economic ties and sectoral cooperation and other relevant international issues.

At the meeting the Ukrainian side presented the key elements of the President's Reform Program and informed about the results of the first hundred days of the new team in power in Ukraine. In its turn, the EU confirmed its willingness to provide overall support for Ukraine's reform processes fostering economic growth and social welfare. During the negotiations the parties paid special attention to aspects of judicial reform in Ukraine, reform of public administration, fighting corruption etc. The EU and Ukrainian delegations gave high appreciation to their cooperation in foreign policy and security matters. The EU representatives welcomed Ukraine's alignment with the EU statements and positions on international affairs and also Ukrainian contribution to crisis management. The sides agreed to strengthen the mechanism of political and security consultations for promoting further rapprochement of their positions in the international scene. The meeting ended in adoption of the Joint report on progress in implementation of the EU-Ukraine Association Agenda.



On 9 June 2010 President of the European Council Herman van Rompuy was on a working visit to Ukraine intending to apprehend more accurately political situation in Ukraine and to expound the EU vision of the further prospects of the relationship.

On 13 September 2010 Ukrainian President Victor Yanukovich went on a working visit to Brussels to conduct talks with EU Commission President José Manuel Barroso and President of the European Council Herman van Rompuy. This visit brought three important results. *Firstly*, it was officially announced that the next EU-Ukraine summit agenda would include the Action Plan with requirements Ukraine has to comply with for introducing visa-free regime with the EU. *Secondly*, there a general approach was outlined for creating the free trade area. In the statement following the meeting with the President of the European Council, V. Yanukovich highlighted the fact that Ukraine favored «such a free trade area which foresees *gradual* integration of the Ukrainian economy to the EU common market». And *thirdly*, in the course of the visit the Ukrainian President disclosed that a protocol on Ukraine's joining the Treaty on Energy Community was planned to be signed on 24 September.

The bilateral political dialogue in 2010 culminated in holding of the 14<sup>th</sup> EU-Ukraine summit in Brussels on 22 November. It proved to be rather fruitful as for both documents signed and political signals articulated by the EU leaders regarding further perspectives of the relationship with Ukraine and expectations held in Brussels for Ukrainian government. Two basic documents were approved in the course of the summit – the Action Plan on Visa Liberalization containing a list of measures required for introducing visa-free regime for Ukrainian citizens and Protocol to the Partnership and Co-operation Agreement on a Framework Agreement on the general principles for the participation of Ukraine in EU Programs. The sides also presented the Forth Joint report on progress in negotiations on Association Agreement.

At the same time the summit's output cannot be confined purely to the documents signed. It is worth paying foremost attention to the signals articulated in the statements of President of European Council Herman van Rompuy and President of the European Commission José Manuel Barroso. The first striking point in their statements is their *focus upon further measures due to be implemented and tasks to be fulfilled* rather than upon the accords reached at the summit. Both EU leaders emphasized the determination to complete negotiations and conclude an Association agreement during the next year (2011). The

EU has unequivocally pointed out that successful conduct of reforms is an indispensable prerequisite for Ukraine's involvement into the EU integration processes.

On 13 December 2010 Ukrainian foreign minister K. Gryshchenko participated in the second ministerial meeting of the EU member states and of the Eastern Partnership countries dedicated to discussing opportunities for further improvement of this Program.

### **Analysis of tendencies, main features and official positions**

In 2010 EU-Ukraine relations have been significantly intensified in all dimensions. This is due to a number of factors. *Firstly*, the domestic transformations occurred both in Ukraine with the coming to power of President Yanukovich and his team and in the EU with the Lisbon treaty entering into force and entailing an adaptation of the EU institutional architecture have had a substantial impact upon the both actors standing in the European system.

These transformations caused a certain revision of their foreign policy principles bringing direct consequences for the bilateral relationship. What is noteworthy, for both the EU and Ukraine this process is unfinished and will endure at least in the nearest future exerting impact upon their interaction.

*Secondly*, the bilateral dialogue in 2010 was notable for a transition from proclamation of intentions to undertaking of concrete steps, for their realization with the parties interests do not always coincide. And, *thirdly*, the shift of the geopolitical context in Europe as a result of normalization of relations between Russia and the West behooves the leading powers to address qualitatively different tasks in shaping new structures for regulating processes and solving existing problems in the European continent. Therefore the formats and initiatives of EU policy towards its Eastern neighbors established in the previous period are somehow losing their relevance and necessitate a profound revision in line with the new geopolitical context and the tendencies it generates. Above all it concerns the European Neighborhood Policy and the Eastern Partnership whose adaptation process was launched in 2010.

***The most important tendency in the EU-Ukraine relations in 2010 became the reconsideration of the official Ukrainian vision of priorities of these relations and of the modes by which they should be developed.*** Despite the fact that integration in the EU was continuous-

ly declared by the new leadership as the main Ukrainian foreign policy priority, the Ukrainian approach to implementation of this course underwent conspicuous restructuring in the context of an overall revision of the path of state development. It entailed a commensurate reaction of the EU states and institutions and determined the character of bilateral relations throughout the year.

*The Ukrainian ruling elite advocates a pragmatic approach to the EU integration process viewing it rather as an instrument for facilitating economic progress and carrying out internal reforms than as a means for affirming Ukraine's European identity or acquiring political benefits in a particular context. Kyiv tends to consider the EU in the first place as the most important source of resources necessary for modernizing the country.* This was confirmed by President Yanukovich statement in an interview for the newspaper «2000» on 3 June, «Membership in the EU is not an end in itself. The principal idea of the new political course lies in restoring and vigorously driving forward Ukraine's economy, introducing innovative technologies, new standards of quality, new criteria of public institutions efficiency». Pointing at the EU's leading positions in these realms the President highlighted that European integration is a basic reference point «not only for Ukraine but for all other European countries without exception». But at the same time *relations with the EU should be «moved into a practical, pragmatic dimension».*

Such approach, oriented rather at a gradual rapprochement with the EU through implementation of the EU norms and standards and not focused exclusively on the prospects for membership, may be deemed quite expedient in the current context since the problems of domestic reform remain the most important for achieving progress in EU-Ukraine relations. Kyiv continues to accentuate its aspiration to obtain clear membership perspective though not by systematic reiterating this issue which the sides agreed to leave for the closing stage of the negotiations but by demonstrating possible negative consequences for the EU policy emanating from the absence of membership perspective for Ukraine. In particular it concerns Ukraine's unwillingness to undertake commitments similar to those undertaken by applicant countries without acknowledgement of its at least hypothetical capability to accede to the European Union. That's why the prevailing Ukrainian approach to developing relations with the EU may be characterized as prioritizing selective deepening of cooperation in realms of primary political and economic interest while preserving the overall orientation at entering the EU in the long run.

In general, *for the new Ukrainian government European integration emerged as the least controversial and at the same time the most challenging foreign policy vector*. The least controversial since, *firstly*, declaring EU integration as a strategic priority allows the government to maintain the perception of a general pro-European orientation which is broadly popular with the Ukrainian public at large; and *secondly*, EU relations are also developing along previously laid out parameters, directions and policy tracks – the planned Association Agreement, the Eastern Partnership, deep and comprehensive free trade area, visa-free travel and energy cooperation. The groundwork in these areas had been accomplished under the previous government and so the new authorities do not have to bring about radical structural transformations, unlike in their dialogue with Russia and the US. EU integration remains the most challenging foreign policy aspect because at the present stage these agreed formats of cooperation must be given their final shape and filled by concrete substance, while issues which have remained unsettled for years must be resolved.

The shifts in Ukrainian positioning as well as in the geopolitical context in Eastern Europe gave impetus to other tendencies in the EU-Ukraine political dialogue. The issues which were dealt with in its framework can be divided into three blocks – *firstly*, issues relating to deepening EU-Ukraine bilateral relations, *secondly*, issues of Ukraine's internal development and, *thirdly*, salient international issues of common interest for both sides. Let's examine in detail the tendencies unfolding in each of these blocks.

At the bilateral level in 2010 there could be observed *a shift of the main focus of debated from the fundamental political questions to the issues of practical interaction*. In fact, Ukraine tried to accelerate granting it the advanced forms of rapprochement designated as prospective «rewards» in the Eastern Partnership Program. It resulted into, *firstly*, gradual «extracting» and disentangling of correspondent practical realms of cooperation from the general spectrum of the dialogue and growing into more autonomous tracks and, *secondly*, their progressive politicization, that is extrapolating upon them existent political dilemmas. *Incomplete fixing of the basic political parameters of the relationship leads to the tendency when practical issues turn into the objects of political bargaining*, and progress even in particular sectoral or technical directions becomes dependent upon fierce political debates and availability of conjectural political accord between the EU member states. It makes it much more difficult to achieve such progress and secure its irreversibility.

In other words, tactical success in receiving positive signals from Brussels in a particular issue is not sufficient to claim significant strategic breakthrough either in that concrete realm or in getting closer to European community as such. *The EU consent to negotiate possibilities and terms of introduction a of new framework of practical cooperation with Ukraine does not automatically resolve the cornerstone political dilemmas of the EU-Ukraine relationship though it does demonstrate the urgency for their resolution.*

The most telling example of this tendency is how the issue of introducing a visa-free regime for travels of Ukrainian citizens to the EU has been tackled throughout 2010. While negotiations on the Association Agreement still remain the central political process in EU-Ukraine relations, the visa dialogue emerged as a separate autonomous line of these relations imbued with its own political and practical threads and as one of the main efficiency criteria of these relations along with the capacity to get the Association Agreement signed as intended, before the end of 2011.

The course of negotiations on granting Ukraine a document with the list of requirements necessary for abolishing visas has absolutely confirmed the tendency described above. Regardless of the purely technical nature of the issue under consideration and the absence of insurmountable practical impediments, it was tackled in an exclusively political context with the two major factors influencing the negotiations consisting in, first, the appropriateness of giving Ukraine the perspective of a visa-free regime as such and, second, the interrelation between these processes in the Ukrainian and Russian cases.

Another tendency determining the quality of EU-Ukraine relations in the previous year was the overtly ostensible *deepening of divergences as to principles and conditions of Ukraine's integration in the EU*. Notwithstanding the fact that the current pragmatic position of Ukrainian leadership is viewed in European circles as more constructive than the persistent raising of the issue of membership prospects, this position can hardly seem convenient for the EU, especially in spheres directly affecting Ukraine's economic interests. Ukraine rejects the role of passive executor of EU requirements trying to impose its own terms for developing the relationship. In 2010 the EU often articulated the message that the forms and instruments of rapprochement currently on offer from Brussels are of paramount importance for Ukraine and can bring it valuable benefits, so Ukraine should be itself highly interested in their realization. On its own behalf, Kyiv highlighted that it would determine the pace and methods of integration in

the EU itself. The sides are setting up contradicting claims upon each other: the EU demands from Ukraine clear commitments on the effectiveness and time-frame of reform implementation, Ukraine wants the EU to give commitments of adequate support for this process and its willingness to proceed to advanced forms of cooperation already in the nearest future. Sometimes this engenders certain political discord and conceptual indeterminacy partly compensated by the political will of both sides to move forward and the absence of realistic alternatives.

As far as **Ukraine's internal development was concerned**, this level of the bilateral dialogue not only stayed central to its agenda but also drew increased attention of EU institutions. On the one hand, it is quite a logical and justified tendency because enforcing domestic transformations is the key prerequisite for rapprochement with the EU. On the other, the controversial and ambiguous character of internal political processes in Ukraine leads sometimes to revisions of the previously established and ingrained assessments of adherence to fundamental European values by Ukrainian authorities.

Among various aspects of Ukraine's internal development three groups of issues are of utmost importance in the dialogue with the EU: *firstly*, issues of ensuring appropriate quality of public administration relating to both the efficiency of the country's political system as a whole and optimal functioning of bureaucratic structure; *secondly*, issues of regulating mainstream practical spheres of social life, in the first turn of economics and energy; and, *thirdly*, issues of guaranteeing fundamental democratic rights and freedoms. At the point of ascending of the new leadership the EU officials made the chief emphasis upon the issues of the first and second groups. A conviction dominated in the EU circles that reforms were hampered mainly by acute political competition within the Orange team.

With the creation of the new parliamentary majority and government supporting the newly elected President the immediate obstacles to carrying out necessary reforms seemed to have been removed. That's why Brussels from the first months starts to actively induce the new Ukrainian authorities to conducting reforms in the most problematic segments of the country's economy while noting the need in further improvement of the constitutional system but without putting it at the heart of the talks. Swift transition to the 1996 Constitution, amending electoral legislation and the peculiarities of the October 2010 local elections together with other worrisome tendencies in the functioning of governmental institutions made the issues of the first and third groups more and more urgent in the EU-Ukraine relationship. Although this

doesn't mean that they turned into the preeminent factor able to define the overall dynamics of this relationship.

The European Union sees its primary task in imposing efficient and transparent rules of regulating economic processes in Ukraine in conformity with EU norms and standards and setting up functional administrative system while factors stemming from the general political situation in the state and guaranteeing democratic freedoms are treated as important but somehow supplementary for shaping the framework of relations with Ukraine. From its part, Ukrainian government builds its own tactics in communication with the EU institutions in consistence with this hierarchy of priorities. Such tactics may be called selective or superficial Europeanization – presentation of ambitious reforms plans in the fields of priority for the EU (often without immediate implementation) trying to downplay through them the critical state of affairs in other areas.

In response Brussels is trying to influence the Ukrainian leadership by means, on the one hand, of pressure to accelerate the pace and expanding the scale of reforms in the country and, on the other, of granting, as it believes, serious incentives in the form of additional funding, new credit lines or prospects of transition to more advanced levels of interaction. But at the same time the EU policy can hardly be called coherent – at present *the European Union possesses few levers and incentives to induce the Ukrainian government to profound transformations*. Besides, it is difficult for the EU member states and community institutions to establish such mechanisms which could simultaneously give rise to East European countries' motivations to conduct reforms and satisfy EU members' pragmatic interests.

That's why *the dialogue on Ukraine's domestic development designed to become the driving force of its 'soft integration' in the European community does not perform this function properly owing, inter alia, to its subordination to the logic of political bargaining...*

**International issues** are acquiring growing salience in the EU-Ukraine relations since it is in the context of their tackling that the EU has the greatest interest in Ukraine and Ukraine has an opportunity to assert itself as a reliable and indispensable partner able to contribute to resolution of urgent problems at least in Eastern Europe. Among these urgent problems is a settlement in Transnistria, the situation in Belarus, upgrading the Eastern Partnership, strengthening partner ties with Russia and, finally, energy security.

At this level of the dialogue there are two opposite tendencies unfolding that, under certain conditions, can cause significant political

dissonance. On the one hand, Kyiv demonstrates a determination to adhere to its own independent stance on resolving problems in its immediate environment and claims a more active and autonomous role in their regulation while intending to break the balance between the great European powers. On the other hand, Brussels, while expressing understanding of steps aimed at normalizing Ukraine-Russia relations, is not always ready to treat Ukraine as an independent actor expecting instead explicit support of its own policy lines. This makes the question of facilitating political coordination between the sides rather imminent in the current context.

### **The consequences of events and tendencies**

The events and tendencies that occurred in EU-Ukraine relations in 2010 have raised the problem of the lack of efficiency in current EU policy in Eastern Europe and the need for its essential adjustment to the top of the EU agenda. This is clear at all three levels of this policy – the geopolitical level, the level of bilateral relations and the level of stimulating internal transformations in the partner countries.

At the geopolitical level the shifts in recent months conferred upon the EU the role of the prominent normative power in East European space<sup>1</sup>. It entailed alteration of the geopolitical quality of the EU-Ukraine relationship – from an additional channel for drawing Ukraine closer to the West it emerged as a key ‘locus’ of strategic interaction between the two sides though its substance and practical component do not always live up to this quality. In working out its policy towards Ukraine the EU keeps focusing, by inertia, on its internal debates about the further development of European integration rather than about fundamental geopolitical imperatives. This state of affairs along with the lack of agreement on basic political parameters of the relationship creates an atmosphere of strategic ambivalence further aggravating the process of transformation of the European continent’s geopolitical organization.

At the bilateral level the tendencies examined above raise the problem of establishing more optimal mechanism of interaction with Eastern neighbors, particularly by modifying how the principle of conditionality is enforced. Until now, despite its emergence as the core principle of the EU policy when the European Neighborhood

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<sup>1</sup> *Jackson B. P.* A Turning Point for Europe’s East // Policy Review. – 2010. – № 160. – <http://www.hoover.org/publications/policy-review/article/5292>.



Policy was launched, conditionality in the EU-Ukraine relationship figured in rather limited scope.

Being activated somehow at the middle level – that is in specific areas of practical cooperation – it has been almost absent at the macro-political level and thus put into doubt the paramount significance of conditionality in the ENP in general<sup>2</sup>. In the Ukrainian case it is confirmed by the fact that nearly all the most essential steps on advancing the relationship have not come up as results of compliance with concrete requirements or criteria but have arisen due to other factors. The commencement of negotiations on a new enhanced agreement was stipulated by the practical need in setting up the new contractual framework of relationship after the Partnership and Cooperation Agreement has expired.

Establishing its status as an Association Agreement became possible due to the relevant French initiative and favorable internal context in the EU at that stage. Opening of the negotiations on creating a free trade area was conditional upon Ukraine joining the World Trade Organization. Eventually, the Action Plan on visa liberalization agreed at the recent EU-Ukraine summit will be in fact the first real case of employing the conditionality principle in the relationship. And even in this case from the very outset the EU faced a complicated dilemma, caught between political imperatives, practical interests and urgent tasks of EU policy in Eastern Europe.

The key problem in this sense lies in the fact that until recently these components of EU policy were pursued almost autonomously and interacted with each other rather episodically. This became a major impediment to effective enforcement of conditionality formulated as rapprochement with partner states in correlation with their implementation of EU norms and rules. *For the European Union the projection of its own norms is an instrument for carrying out the tasks of stabilizing the neighborhood. Introducing new formats in relations with the neighboring countries has an instrumental value in this process only as a means of inducing normative convergence.* In other words, *the EU is not interested in establishing these formats per se but only in the transformational effects they may have upon the neighboring countries.* However, their establishment bears automatic political implications for the European community (geopolitical responsibility, correlation with prospects for membership, increasing

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<sup>2</sup> Casier T. To Adopt or Not to Adopt: Explaining Selective Rule Transfer under the European Neighborhood Policy // European Integration. – 2011. – Vol. 33. – № 1. – P. 44.

the role of these countries in integration processes), as well as purely practical consequences (costs necessary for facilitating the desired transformations, growth of competition in the EU market, migration challenges) which do not generate unanimous consensus among the EU member states and institutions and which often start to be seriously considered only at the operational stage of the granting of particular format.

The process of elaborating the Action Plan on visa liberalization presented a classic instance of this problem whose resolution depended in the first place upon reaching political compromise within the EU. But even if the EU member states and institutions managed to come to a partial political agreement sufficient for granting the Plan, this has not eliminated the contradictions around practical aspects of its realization which would progressively resurface as far as the ultimate transition to a visa-free regime with Ukraine would gain more and more tangibility and imminence in the EU-Ukraine cooperation agenda.

*At the level of stimulating internal transformations it should be acknowledged that the sequence and directions of reforms* outlined in both basic documents of the EU-Ukraine dialogue adopted in the last years (the ENP Action Plan, the Association Agenda) and documents of the operative level («Fule matrix») *have not succeeded in becoming a state-wide modernization Program for Ukraine*, contrary to many EU functionaries' expectations. Sometimes this trend is explained by the lack of sufficiently efficient incentives on the part of the EU but actually its underlying cause originates from the nature of domestic political processes in Ukraine and peculiarities of the decision-making process by Ukrainian elites.

The particulars of the Ukrainian political context make domestic factors determinant in the decision-making process while European integration factors are taken into account in a rather opportunistic fashion (i. e. put in second place). *The EU is not an influential actor of the domestic political discussions in Ukraine; does not position itself distinctively in its media space and is not an active player in the country's economic system.* In addition, the spheres and measures emphasized by Brussels do not always correspond to the internally defined priorities of Ukrainian reforms. Under such conditions any external incentives remain in the background and do not entail the desired transformational effects. There are two essential ways of changing this situation – *first*, turning the European Union into a full-fledged autonomous actor in Ukrainian domestic politics and, *second*, transforming the essence and specifics of Ukrainian politics itself.

### Main achievements and setbacks

The dynamics of relations with the European Union in 2010 brought Ukraine a number of achievements mainly of a tactical nature, and several controversial results which are not setbacks per se but under certain conditions may lead to serious complications in the EU-Ukraine relations. At the same time the fundamental strategic dilemmas both in the EU policy in Eastern Europe and in the EU-Ukraine relationship are yet to be solved and because of this the current development outlook is somewhat relative and ambiguous.

**Among the achievements** of Ukrainian diplomacy vis a vis the EU in 2010, we must put the signing of the Action Plan on visa liberalization in first place. The Plan paves the way to introducing a visa-free regime over a realistic timeframe. The most important achievement in this process is the fact that it revealed Ukraine's capacity to put its priorities at the agenda of the dialogue with the EU and to get them successfully implemented. *The incomplete and limited design of the EU policy leaves a spectrum of opportunities for Ukraine to pursue a pro-active initiative course* and put forward its own alternative ways of resolving political or practical issues where the EU has not yet put forth an unequivocally formulated position.

To a certain extent this concerns, too, the issue of determining the political parameters of the relationship. Several years ago the Ukrainian formula of political association and economic integration was picked up by the European side and lately put into the foundation of the Eastern Partnership. At the present stage Ukraine has to take a lead in filling this formula with concrete political and practical substance.

Another positive achievement is *the agreement about enhancing the mechanism of political and security consultations in order to foster further rapprochement of the EU and Ukraine positions on the international scene*. But the key variable in this issue remains EU willingness to take into account Ukrainian arguments when making political decisions.

Relative setbacks include the postponing (*to the final stage of negotiations on Association Agreement*) of the most controversial political issues including insertion of language on the EU membership prospects of Ukraine into the text of the Agreement. On the one hand, given the updated Ukrainian approach this was quite a logical decision allowing, to temporarily moderate the acuteness of debates on this issue. But on the other hand, drafting the future Association

Agreement is taking place on the basis of a underlying formula of relationship which may seem implicit but at the same time is exerting a perceptible influence upon the course of negotiations and the position of the EU representatives. Drafting the EU-Ukraine Association Agreement occurs without prior agreement on this prospect; hence, its configuration will inevitably not be oriented at this prospect. Thus is obvious that Kyiv may expect only some kind of a compromise formulation, intermediate between the Ukrainian ambitions and the current consensus within the EU available at the stage of negotiation. This formulation is unlikely to give the Agreement a quality fundamentally different from the current meaning of «partnership».

Proclaiming a strict time-frame for achieving progress at the core policy lines of the relationship has also raised fundamental doubts. The announced intentions to get the Association Agreement signed by year's end in 2011 and visas abolished by the beginning of Euro-2012 football championship generate excessive expectations both within the domestic public and in the European community and may turn into an additional instrument of pressure in the negotiations.

Notably, except on the visa issues, it's not just Ukrainian officials that manifest the political will to conclude an Association Agreement during the next year but EU representatives as well. Such an accelerated approach may be ascribed to two main circumstances: *firstly*, the EU needs to establish Ukraine's clear direction of integration with the EU; and *secondly*, Brussels is seeking new, more efficient levers of influence upon the Ukrainian leadership than those available within existing formats.

## Conclusions

So, the EU-Ukraine political dialogue in 2010 enabled the sides to designate the key problems and destination points in the relationship and lay down the foundation for transition to a qualitatively new stage of political and practical rapprochement. But it elevated significantly the scope of challenges and tasks the both sides would face in 2011. At the same time the atmosphere of strategic ambivalence and the undetermined nature of the basic political parameters of the relationship make the final outcomes increasingly dependent on the everyday political situation both in Ukraine as well as in the European Union.

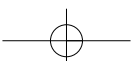
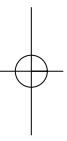
For Ukraine the main question remains what role it would be able to play vis a vis the European integration community and whether it

is able to turn into a reliable constructive partner or on the contrary it would be still perceived as a source of problems and challenges. For the European Union the capacity to set up optimal mechanism for stabilization and regulation of processes in East Europe would determine not only its own standing and authority but also the prospect of formation a new political configuration of the European continent on the cooperative basis. In this context Ukraine faces a number of important tasks in the relations with the European Union in the nearest future:

1) *at the bilateral level* – to finally settle the basic political parameters of the relationship; to offer its own vision of the substance, components and concrete agenda of the political association with the EU; to sort out the areas, ways and instruments of enhancing own engagement in the EU integration processes and to the decision-making procedures at least in the issues of priority for Ukraine; to shape own design of how the EU-Ukraine relationship should further move forward after conclusion of the Association Agreement;

2) *at the level of facilitating domestic development* – to define the scope and means of support from the EU necessary for boosting internal transformations in Ukraine; to strengthen the role of European integration as a factor in the Ukrainian decision-making process; to review the tactics of ‘selective Europeanization’ in the direction of more systematic conducting reforms and more meaningful rapprochement with the European community;

3) *at the geopolitical level* – to facilitate the establishment on the basis of the extant and planned formats of a political dialogue of efficient mechanisms for coordinating the two sides’ political strategies in the issues of common interest; to get engaged as close as possible in the process of the European Neighborhood Policy strategic review; to induce the EU to shape efficient instruments of regulating processes in the continent-wide scale with all the stakeholders having the opportunity to participate in them.



## § 2. Policy For Speedy Rapprochement With Russia: Is Double Asymmetric Integration Possible?

Ukraine-Russian 2009 relations were characterized by tendencies clearly stated in previous years. Confrontation was dominant based on bilateral relations founded upon fundamentally different understanding of Ukrainian and Russian national interests. «Proof» included: the «Gas War», «Ideological Diplomatic War», and Russian President Medvedev's blog address to Ukrainian President Yushchenko. Ukraine's efforts to move bilateral relations into an economic dimension were not especially successful. Economic interests based on geopolitics lead to their application by Russian Federation for the achievement of its geopolitical and geoeconomic interests in relations with Ukraine.

But 2010 may be considered as historic in changing Ukraine-Russian relations since Ukrainians independence. The year was marked primarily by a lack of confrontation in bilateral relations grounded in different understanding of national interests. The confrontation disappeared due to a drastic revision of Ukraine's national interests in a Russian direction, foreign policy and strategic priorities changes, as well as political and administrative change in Ukraine. The price for such «normalization» of relations with Russia was Ukraine's transformation from a «buffer zone» (in the geopolitical sense) into a zone of Russian domination, and the consequent loss of its status as a foreign policy subject in Ukraine-Russian relations, as well as the loss of regional leadership, a weakened international image, and growth of asymmetric dependence.

Thanks to such normalization Russia extremely successfully applied its national interests in relations with Ukraine, changed its geopolitical position and enhanced its influence on Europe. Basically, *2010 brought Russia a large-scale geopolitical victory over the West* as thanks to Ukraine's return into the Kremlin's sphere of influence, it became possible to set back EU and USA positions in Eastern Europe and lessen their presence in the region. Russia's victory is based on its

successful realization of its major foreign policy goal – restoring Russia's status as a global player, great country and leading center in the all-Eurasian space. Ukraine is playing a key role in restoring Russia's status. Such geopolitical status renewal was and will be Russia's major strategic goal in relations with Ukraine; and to some extent it was the core of Ukrainian-Russian relations in 2010.

### Ukraine as the battlefield of identities

Minister of Foreign Affairs of Ukraine Kostyantyn Gryshchenko stated in his «Ukraine as an all-European Factor» article that «the new administration positions Ukraine as a key area that unites the East and West of the European continent»<sup>3</sup>. Ukraine is really a key part in the sense that it occupies the central part of the European geopolitical landscape. In this position it may play a different role: not only as a key part, but as a buffer zone, outpost, and springboard. Roles played by this central country are mainly its own choice, not foisted upon by other states. In a multi-polar world this role is stronger than that of a pole. It is obvious that either of the poles tries to place its own control over the central state.

Aiming to keep its status quo as one of Europe's two major power centers, Russia has returned Ukraine while completing the fight with the West. This Russian geopolitical victory over the West was recognized by leading American international relations experts. For example, Stratfor's American analysts published an important review of Russia's strategic victory in Ukraine, when the Kremlin revived its positions «in a strategically important country and did not let the West fight over that springboard»<sup>4</sup>. This expertise also states that over the last few years Russia has restored its influence on the greater part of the former USSR. This became possible after Russia's military victory over Georgia. But Russia's complete geopolitical domination in Europe was achieved only with Ukraine's return to this sphere in 2010. As the report states, «right after this Ukrainian geopolitical u-turn toward the West, Russia began its geopolitical renaissance during Yanukovich's rule»<sup>5</sup>.

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<sup>3</sup> *Gryshchenko K.* Ukraine as a pan-factor // *Dzerkalo tyzhnya.* – 2011. – 14 January.

<sup>4</sup> Ukraine's Place in Russia's Evolving Foreign Policy. – <http://www.stratfor.com/>; [http://www.stratfor.com/sites/all/themes/zen/stratfor\\_plain/images/logo\\_stratfor.gif?2](http://www.stratfor.com/sites/all/themes/zen/stratfor_plain/images/logo_stratfor.gif?2).

<sup>5</sup> *Ibid.*



Thus, Ukraine actually played a key role in Russia's geopolitical victories over the West in 2010; over the years Russia has achieved strategic foreign policy goals, as follows:

*Firstly*, it secured its status as a locus of influence right in the center of Europe – a geopolitical pole. *Secondly*, Russia declared its geopolitical responsibility in the Eastern Europe region, which belongs neither to NATO nor to the EU. *Thirdly*, Russia managed to eliminate its power imbalance with the West and move relations from asymmetric to symmetric-asymmetric areas, achieving some equality in relations. Signing the «Prague Strategic Armaments Treaty» between the US and the Russian Federation in April, 2010 was a symbolic event in West-Russia rapprochement.

Increasing differences between the US and Europe, a lack of consensus within the EU on issues of its relations with Russia, the consequences of the financial crisis, and US foreign policy changes under the Obama administration and as well as US role attenuations led to a «reset» of relations with Russia. This all weakened the positions of the West in relations with Russia in the struggle over the European geopolitical space.

On the other hand, an authoritarian regime has allowed the Russian administration, unlike a Western consensus democracy, to speedily mobilize necessary foreign policy resources, consolidate a community and achieve some equality of interests with the West, at least on Eastern European issues. But Russia's return to its geopolitical domination should not be perceived as Western capitulation before Russia. As S. Huntington forecast, tough West-East confrontation in 21<sup>st</sup> century will be civilizational in scope. Without winning a war of civilizations with the West, Russia may lose its previously gained geostrategic positions, the including Ukraine.

This gives Russia two unsolved strategic problems. First is what civilization model opposed to European civilization identity, to use in order to keep its Eastern European part or the former USSR space, meaning, the part that used to belong to the Russian Empire. Second – which Russian statehood model may be accepted on this geopolitical European battleground territory? The first problem is central since it touches upon this nation's mentality and identity. None of the Russian statehood models could exist without solving this problem. This issue was proved by Russian history in the cases of Finland, Poland, and the Baltic States.

But European nations' mentality in this region differs from the Russian one, and this fact is recognized as well. Citizens of those

countries that were established in the Eastern European space identify themselves mostly Europe rather than with Russia. Maybe that is why Russian experts and analysts apply the new term «peripheral Europe», or «New Eastern Europe» in order to specify post-Soviet countries that border the EU. According to well known Russian political science analyst, Arkadiy Moshes, such terms are important because they, first of all, create a community where the «post-Soviet» identity component is consequently changed for a «European» or «quasi-European», and, secondly, they responds to a geopolitical situation differing from that of Russia and the West<sup>6</sup>.

This new European region includes Ukraine, Belarus and Moldova. Moscow Carnegie Center Director D. Trenin states that New Eastern Europe has a number of specific traits that distinguish it from Russia and other European areas. «It is these three countries' understanding of their cultural, civilization adherence to Europe and orientation towards national statehood, as each country's major task»<sup>7</sup>. It's not by accident that the EU launched its «Eastern Partnership Program», firstly, for this region's countries as an integral part of Europe. So New Eastern Europe's civilization identity conflict will only escalate. Russia counterbalances it with the «Russian world» alternative.

The «Russian World» doctrine was adopted right after Russia's victory over Georgia in 2008 and along with Russia's geopolitical offensive towards West. Explaining this decision, Minister of Foreign Affairs of the Russian Federation, Sergei Lavrov, stressed that «the acceptance of Western values is one approach. Russia is eager to move towards another one, where competition is actually global, and it has a civilization dimension, placing values and development models into competition»<sup>8</sup>.

Moscow Carnegie Center analyst Igor Zevlyev explains that the reason for adopting «Russian World» as Russia's foreign policy doctrine is Russia's retreat to empire, grand state development model, and its aggravation with the West. «Having failed to become an independent part of a Greater West and understanding this may mean something more, made Russia think about its place in the world. Besides that, its Grand State claims have made the Russian administration try

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<sup>6</sup> *Moshes A.* Russia and the New «interim» Europe // Pro et Contra. – 2010. – July-October. – P. 129.

<sup>7</sup> *Trenin D.* Russia and the New Eastern Europe. – polyt.ru. – 2010. – 22 April.

<sup>8</sup> Quote on: *Zevlyev I.* Russia and «Russian world». – <http://russia-2020.org/ru/2010/07/15/russia-and-russian-world/>.

to shape foreign policy goals in terms that are beyond national interests»<sup>9</sup>.

Therefore, by claiming the role of a global actor Russia is trying to keep some segment of the international community part in a peculiar cultural shell. Moscow Carnegie Center Director Dmitry Trenin successfully explains this Russian foreign policy goal: «If you claim you're a power center of the global level, you should have some cultural shell. You should be bigger than you are in reality. The Russian World that is so talked about now is just such a concept. There is an interest in keeping the Russian language as a second language in New Eastern European countries, so that the elite is socialized in the Russian cultural context and cultural environment»<sup>10</sup>.

It is important to note the «Russian World» traits and demands that D. Trenin marks in his quote. It's important to keep the Russian language as a second language [official. – *Author*] and for the elite to be socialized in the Russian cultural context and cultural environment. Thus, «Russian World's» major traits that distinguish or delineate it from European civilization and unite New Eastern Europe in Russian civilization space are the *Russian language* and *Russian cultural environment*. Russian Orthodox Church Patriarch Kirill characterizes the Russian civilization space to which, according to him, Russia, Ukraine and Belarus belong, as one based on the Russian Orthodox religion, language and cultural identity, as well as «common history memory and common views on society's development»<sup>11</sup>. Kirill also attributes Moldova to the «Russian World» since the major part of its population speaks Russian.

Adoption of the «Russian World» doctrine was based not only on Russia's foreign policy ambitions, but on domestic and foreign challenges it has been facing lately. Some Russian ideologues believe that the topic of a «Russian World» (whose discussion was initiated by the Patriarch) is as timely as ever. Integration by Moscow, Kyiv and Minsk is not just Kirill's wish to unite Slav nations separated by state borders, but is a sharp necessity as understood by Russia<sup>12</sup>.

<sup>9</sup> Zevelyev I. Russia and «Russian world». – <http://russia-2020.org/ru/2010/07/15/russia-and-russian-world/>.

<sup>10</sup> Lecture of Dmitry Trenin «Russia and the New Eastern Europe». – <http://www.polit.ru/lectures/2010/04/22/trenin.html>.

<sup>11</sup> Quote on: Gazov A. Pestryi Myr. – <http://www.specletter.com/obcshestvo/2010-01-26/pestryi-mir.html>.

<sup>12</sup> Ibid.

In civilization development terms Russia feels other civilizations projecting power onto its geopolitical space. The Russian geopolitical space is clearly narrowing. «Ikar» social research laboratory head Piotr Maminov notes that «From the East we are pressed by a China that soon will be cramped in the Asian region. From the South there is more Arab cultural influence, with several intrusions as reflected in Russia's domestic affairs, such as the Chechen war that was partly sponsored by Arabs. Ethnically Turkic Tatarstan is right in the country's center; its leadership openly collaborates with Turkey. All this will lead to a collapse of the Russian pole, which had always been represented by the Russian culture»<sup>13</sup>.

Russia's unclear future belongs to its domestic challenges. Russian political class efforts to build a country based on Russian ethnic and national ground lead to ethnic conflicts in Russia itself and they threaten future growth in separatism. That's why in 2010 the Russian administration returned to a search for supranational traits in Russian identity (in both empire and civilization forms). D. Trenin states: «The Russian leadership, the Russian elite sees itself not as USSR heirs but mostly as Russian Empire heirs»<sup>14</sup>. And this poses a second world vision question to Russians: what is the Russian state, where are its natural body and borders? If it is the Russian Federation it means that Muscovy is its historical heritage, whereas Russians view Russia as «Russian Federation + Ukraine + Belarus». In this case A. Solzhenitsyn's idea of a Russian Union of three «brother» Slav republics is relevant; it is stated in his book «How we Should Develop Russia».

A deficit of resources for Russia's modernization, especially demographic resources, is another challenge that country faces. In this sense the «Russian World» is seen as a peculiar sort of demographic reserve. «It could involve a qualified Russian speaking labor force to Russia; it could compensate its demographical losses in the second half of the 21<sup>st</sup> century second half»<sup>15</sup>.

The Russian administration faces a question: which of the Russian political models should be restored in this Russian civilization space? **The first answer** is annexation of Ukraine and Belarus,

<sup>13</sup> *Gazov A.* Pestryi Myr. – <http://www.specletter.com/obcshestvo/2010-01-26/pestryi-mir.html>.

<sup>14</sup> Lecture of D. Trenin «Russia and the New Eastern Europe». – <http://www.polit.ru/lectures/2010/04/22/trenin.html>.

<sup>15</sup> *Zevelyev I.* Russia and «Russian world». <http://russia-2020.org/ru/2010/07/15/russia-and-russian-world/>

their accession to the Russian Federation as federal districts or states. It is quite impossible to realize this project in peaceful times. Even with the Abkhazia and South Ossetia annexations following the Russia-Georgia War of 2008, the Kremlin is still cautious with formalizing their accession to the Russian Federation.

**The second answer** is Solzhenitsyn's project on creating a Russian Union which reminds one of a USSR based on Russian identity. That's why unlike the USSR, this idea does not foresee any national autonomies or independence to Ukraine and Belarus as Soviet Republics of the USSR. But the negative experience of the establishment of the Russia-Belarus Union State has meant the inability of implementing such a project without dismantling Belarus statehood. Also the Russian Federation has no intent, unlike the USSR leadership, to act as Ukraine's donor. On the contrary, it wants to see Ukraine as a donor of additional resources.

That is why *the Kremlin is back to the idea of restoring a Russian Empire in the New Eastern European space as an area of Russian civilization, while creating neocolonial relations with Ukraine simultaneously in parallel systems of coordinates: «empire center – Russian periphery» and «metropolitan state – colony»*. If the «empire center – Russian periphery» hierarchy represents Russian political relations with Ukraine, Belarus and Moldova within the «Russian World», then the «metropolitan state – colony» hierarchy represents such a model's economic basis.

Of course, a Russian empire restoration on Ukraine, Moldova and Belarus territories, firstly, undermines their state sovereignty and makes national rebirth in Moldova and Ukraine simply impossible. So Russian foreign policy major goals in New Eastern European area include the goal of discrediting their state sovereignty and the goal of reorienting their citizens into a Russian socium. Limiting these countries' states as subjects of the international system and their state sovereignty is Russia's foreign policy aim in this process of strategic restoration.

One sought after benchmark, according to American analyst Paul Goble, is «the nullification of the Belaya Vezha treaty in the three Slavic countries with a view to their reintegration»<sup>16</sup>. V. Putin repeatedly stressed to EU representatives that because of Ukraine-

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<sup>16</sup> Goble P. Simultaneous Opposition Arrests in Three Slavic States Point to Their Possible Re-Integration // Georgian Daily. – 2011. – 10 January. – [http://georgiandaily.com/index.php?option=com\\_content&task=view&id=20793&Itemid=132](http://georgiandaily.com/index.php?option=com_content&task=view&id=20793&Itemid=132).

Russian relations «Ukraine will never become a Western European country»<sup>17</sup>.

*The restoration of Ukraine's national identity is one of Russian foreign policies major problems.* Pointing at Russian Orthodox Church Head Kirill's efforts to unite the «Russian World», Russian experts state that «Kirill supports “brother nations” union under the flags of a «Russian idea», forgetting that the majority do not count themselves as Russians any more. Recognizing a common ethnic origin, deriving from ancient Rus times, our neighbors still insist on their national and ethnic identity. Ukrainians live in Ukraine, Belarusians in Belarus»<sup>18</sup>.

It is well known that both language and culture were and will be key factors favoring Ukraine's national identity building and existence. That is why the «Russian World» is working hard to rid the cultural and language environment of the Ukrainian national factor, in other words, to «free» Ukraine from Ukrainians, proving there is no such nation at all. «Russian World» adepts say: «It is a recently made false statement, that there had been a Ukrainian nation a distinctive non-Russian language from the early 9<sup>th</sup> century. We all came from precious Kyiv, “where the land became Russian”, according to Nestor's chronicle, and where Christianity emerged. Kyivan Rus people created the Moscow State»<sup>19</sup>.

Both Russian foreign policy and the Moscow Patriarchate seek to impose Russian as a state language on Ukrainian society; to homogenize a Russian cultural environment in Ukraine; and also to impose Russian identity upon the Ukrainian population in order to incorporate it into the Russian «civilization space», negating the existence of Ukrainian identity, inherent in Ukrainian society. Linguistic and ethnical identity or similarity, say *Russkij Mir* adherents, are «far from the only criteria by which Russia, Ukraine and Belarus could be regarded as a single civilization space. If one also considers the outlook and the way of life (in other words, the mentality, culture of communication, relations among people etc.», then Ukraine and Belarus are also Russia»<sup>20</sup>. ***Thereby, in***

<sup>17</sup> Putin said that Ukraine will never be in Europe / Rubric: Myr // 2011. – 25 January. – 08:46. – <http://mycityua.com/news/world/2011/01/25/084644.html>.

<sup>18</sup> *Gazov A.* Pestryi myr. – <http://www.specletter.com/obcshestvo/2010-01-26/pestryi-mir.html>.

<sup>19</sup> Russian cultural space as a region («Russian alliance» A. Solzhenitsyn). – <http://allarhitekt.3dn.ru/news/2027-08-25-40>.

<sup>20</sup> *Ibid.*

*Ukraine, the war of civilizations has been turned into a war of national identities.* Against such a background and pursuant to the tasks of setting up the *Russkij Mir*, Russia's foreign policy and the activities of the Moscow Patriarchate, bear an overtly anti-Ukrainian character. For Ukraine, the implementation of Russia's civilization project would mean, in fact, an alienation from modern European civilization, build upon democratic values; and also, abandoning the idea of joining NATO and the EU, which form the institutional basis of European civilization, together with the loss of Ukrainian identity, which defines Ukrainian nation as European one – as such, which belongs to the big family of European nations.

It also means the loss of Ukrainian statehood and democratic power in the country since in this project Ukraine can be neither an independent state nor an empire. It may be only a part of another empire. Implementing this task would create good grounds for building another empire component on Ukraine's territory, a component of the Russian statehood related civilization project.

Achieving this goal in Ukraine became of a major activity in 2010 and continues successfully to this day. It also means the loss of Ukrainian statehood and democratic power in the country since in this project Ukraine can be neither an independent state nor an empire. It may be only a part of another empire. Implementing this task would create good grounds for building another empire component on Ukraine's territory, a component of the Russian statehood related civilization project.

Achieving this goal in Ukraine became of a major activity in 2010 and continues successfully to this day. The main components of the aforementioned successes are: complex and well coordinated activities of the leading bodies of Russian state power as well as of NGOs and those of the Moscow Patriarchate; activation of pro-Russian political forces and movements in Ukraine; and also the Party of Regions, headed by V. Yanukivich, coming to power with the aid of the *maloruskij* sentiment present in parts of Ukrainian society. Among all these components, the Moscow Patriarchate is trying to play a leading part with respect to the diffusion of Ukrainian society in the *Russkij Mir*.

The first essential success, achieved by Kirill, Head of the Russian Orthodox Church of the Moscow Patriarchate, was his consecration of V. Yanukovich for the Presidency in 2010. Semi-officially, that event became a confirmation of Ukraine's state entrance into the Russian civilization space. In addition, that consecration had a very

important symbolic meaning. As over more than 200 years, Russian Church has been a facet and ancillary structure of empire and part of Russia's governmental apparatus, *such a ritual meant the subjugation of the Ukrainian state as an outskirts of Russia to the canons and interests of Russian statehood.*

Another important and rather successful action, undertaken by Kirill in the year 2010, was his visit to Ukraine, which took place on 20–28 November. That visit was of a blatantly political character. As far as its political component is concerned, according to Taras Antoshevsky, Head of the Religion-Information Service of Ukraine, it was aimed at «the general centralization of the Moscow Patriarchate in the post-Soviet space. Also, it was directly connected with certain political ideals, declared by Patriarch Kirill in his *Russkij Mir Program*». «That is a typically Russian understanding of the idea of Christianity, Orthodoxy, where everything revolves around the idea of the Russian state. As Czar Nicholas II once said: “Selfdom, Orthodoxy, the National Spirit”. However, as was repeatedly noted by Russian politicians, it should be understood also as a political convergence; what is currently being demonstrated by our ruling politicians»<sup>21</sup>.

In her turn, Lyudmyla Fylypovich, Executive Director of the Centre for Religious Information and Freedom thinks that «Among the purposes of the Patriarch's visit is to overcome pro-Ukrainian moods which have recently appeared in the Russian Orthodox Church of the Moscow Patriarchate (ROC MP); and also, to strengthen worldwide orthodoxy with the aim of demonstrating that within its boundaries, there are such powerful states as Russia and Ukraine». Also, she assumes that the Patriarch pursued one more purpose, which was not declared by the ROC representative, that is – to return Ukraine to the circle of countries, which had been set up as a result of the USSR's collapse». «Maybe, by using that very spiritual-ideological method, he aimed at reminding us about our common decent as well as at proposing a new historiosophy of future development, connected with the establishment of a new community, where the entity, used to be named “Soviet people”, is to be called the “Orthodox people” henceforth»<sup>22</sup>.

<sup>21</sup> What's the aim of Kirill's visit to Ukraine (opinions of experts). – <http://www.unian.net/rus/news/news-388519.html>.

<sup>22</sup> Ibid.



During the course of his visit, Kirill also managed to get Azarov's Cabinet to adopt the decision, under which all the institutions and organizations, not connected either with the Preserve or with the Monastery, would be forced to abandon from the territory of the Kyiv-Pechersk Lavra within the year 2010. Also, Patriarch of MP ROC awarded the First Grade Order of Holy, Equal to Apostles, Prince Vladimir to V. Yanukovich for his «devotion to the service of the spiritual enlightenment of his people»<sup>23</sup>.

As it turned out, during his visit, Russian Patriarch also tried to settle other, no less ambitious tasks; first of all, to transfer one of the largest Ukrainian history sanctuaries – Saint Sophia Cathedral – into the property of the Moscow Patriarchate as well as to abolish the Ukrainian Orthodox Church of the Kyiv Patriarchate. As professor of Lviv National University, expert of the issues of religion Andriy Yarash maintains, the visit of Patriarch Kirill to Ukraine «will facilitate strengthening that group in Ukrainian Orthodoxy which is oriented towards the Patriarch himself as well as towards the Russian Church and the Moscow Patriarchate». «If one-two years ago, the establishment of the Local Church in Ukraine seemed to be something obvious; now, the idea of locality is coming into collision with the more confident, deliberate, even aggressive position of those who think that the Local Church is absolutely counter-indicative to Ukraine»<sup>24</sup>. As part of the plan for implementing such intentions, the Odessa Eparchy of the MP ROC forwarded President Viktor Yanukovich a demand to cancel the legal registration of the Kyiv Patriarchate, and the Synod of the Russian Orthodox Church, which took place at the Lavra territory during Patriarch's visit, called believers to move to the churches of MP<sup>25</sup>. Later, Ukraine's central and local governments, in fact, started implementing that Russian Synod's decision<sup>26</sup>.

However, as the newspaper *Komentary* noted: «in case of a victory over the UOC KP, the Moscow Patriarchate will focus on the struggle against Ukrainian Greek Catholics, whom they persistently call

<sup>23</sup> Kirill made Yanukovich a «spiritual enlightener». – <http://obkom.net.ua/news/2010-07-28/0910.shtml>.

<sup>24</sup> What's the aim of Kirill's visit to Ukraine (opinions of experts). – <http://www.unian.net/rus/news/news-388519.html>.

<sup>25</sup> Soviet Socialist Holy Rus. – [http://risu.org.ua/ua/index/monitoring/society\\_digest/36830/](http://risu.org.ua/ua/index/monitoring/society_digest/36830/).

<sup>26</sup> Philaret: they want to abolish the Kyiv Patriarchate by summer. – <http://www.from-ua.com/news/9d52720e1dc99.html>; When evil turns into good // *Ukrainsky Tyzhden*. – 2011. – № 6. – P. 11.

*uniates*. Attacks on the Ukrainian Greek Catholic Church perfectly fit with the general political aim of the Kremlin, supported by Ukrainian authorities, – to get Galicia into a ghetto»<sup>27</sup>.

So, the visit of the leadership of the Moscow Patriarchate, represented by Metropolitan Kirill, in the summer 2010, laid the foundation for implementing a far-reaching goal – «to overcome the split of the Orthodox churches» through the acquisition of the entire Ukrainian religious space by the Moscow Patriarchate as well as by increasing the Moscow Patriarchate's influence upon social and political life of Ukraine. And that goal is clearly interwoven into the context of Kremlin's policy towards Ukraine. As Filaret, Patriarch of the Ukrainian Orthodox Church of the Kyiv Patriarchate notes, «Patriarch Kirill came up with the idea of *Russkij Mir* to secure first the spiritual, then the political, and in the end, territorial unification under Moscow. So, the idea is to restore the Russian Empire»<sup>28</sup>.

Another important bases that Russia has grounds to count on in its realization of the empire model and «Russian World» development in Ukraine is the imperial-colonial and post-Soviet past heritage in the Ukrainian community consciousness.

Based on such heritage Ukrainian political and culture experts tend to divide this socio into three separate national and cultural communities: «Ukrainians, Creoles, and “Soviet people” – each with their traditions and historic memory, symbols and myths, civic and legal culture. Ukraine as a historical territory is common for the first two groups but it had always been variously perceived: either through a self-sufficient prism or empire-Soviet vision, or through drastically different historic myths, social and cultural traditions»<sup>29</sup>. «Soviet people» are debris of the malformed «Soviet people» community to whom Ukraine is an abstraction because their vision is melded with the USSR, its ideology and history. They still support accession to the union with Russia and are against Ukraine's independence and state sovereignty, its orientation towards European values. Famous culture expert Mykola Ryabchuk specifies that Creoles are metropolitan land heirs that assimilated with the native local «Tubil» population. In order to designate this phenomenon so common to the Ukrainian situ-

<sup>27</sup> *Polishchuk O.* Putin has appointed overseer for Malorussia // *Komentary.* – 2011. – № 6. – 11 February. – P. 4.

<sup>28</sup> When evil turns into good // *Ukrainsky Tyzhden.* – 2011. – № 6. – P. 13.

<sup>29</sup> *Grabovsky S.* Ukraine between «here» and «there»: a Creole alternative. – [http://www.pravda.com.ua/articles/2011/01/12/5773660/view\\_print/](http://www.pravda.com.ua/articles/2011/01/12/5773660/view_print/).

ation he has created the «Ukrainians» or Creoles-«Ukrainians» or «Little Russians»<sup>30</sup>.

In modern Ukraine Creoles – «Ukrainians» or «Soviet people» are united by the Russian language and common mental and cultural orientations towards the metropolitan land, either in the shape of the USSR, or in the shape of modern Russia, a snobbish attitude towards Ukrainians, their language, national and cultural values. On the other hand, Ukrainians themselves have a low level of national identity, which results from Russian metropolitan land colonial policy. That's why «there is national demoralization, national careless and torpid traits, prostration and common “syncope” of its kinship»<sup>31</sup>.

That is why according to V. Bazilevsky: «Ukrainian history is the history of partial victories. But they ended with defeats»<sup>32</sup>. The well known Ukrainian political essay writer finds the answer to this paradox in Dante: «the major premise for a new state's creation is a common national will». That is what Ukrainians obviously lack. That is why Russia has a good chance to achieve its major foreign policy goals towards Ukraine. The presence of powerful «Little Russian» and weak Ukrainian attitudes in the Ukrainian socium not only create fruitful conditions for Russian influence, but do tilt Ukraine's historic development trajectory, as well as the country's domestic and foreign policy towards Russia; this all requires more detailed analysis.

### **Little Russia (*Malorussia*) Won a Victory over Ukraine**

It is possible to explain the phenomenon of conditional unification of creoles and 'sovietsky people' in one community from the point of view of post-imperial and post-colonial discourse. The unification of those discourses explains the special position of Ukraine as a Russian colony incorporated in the Russian Empire. As Mykola Ryabchuk, who bases his ideas upon the concept of German historian Andreas Kappeler, maintains, Ukrainians were not discredited by ethnic or racial characteristics, as had happened in the British, French or Spanish colonies; however, undoubtedly, they were discriminated as

<sup>30</sup> *Riabchuk M.* Post-colonial syndrome: Observation. – К.: К.І.С., 2011. – P. 244–245.

<sup>31</sup> *Lomatskyy M.* National Consciousness – London: Publishing house «Ukrainska molod», 1955. – P. 51.

<sup>32</sup> *Ibid.* – P. 654.

a group, which lays claims to certain collective, first of all, language-cultural rights<sup>33</sup>.

Kappeler enables us to understand some important nuances in the imperial-type attitude towards Ukrainians, in particular, the combination of three, seemingly, incompatible positions of such an attitude: firstly, a kind of «fraternal» disposition towards loyal *malorussians*, who are integrated into the imperial civilization; secondly, the contempt for *khokhly* as a bunch of bumpkins; and, finally, the combination of the first two components into a deeply rooted hatred for Mazepa followers, who do not accept *khokhly* – *malorussians* roles, imposed upon them by the Empire<sup>34</sup>. «Tolerance from the side of the Empire was, so to say, a kind of payment for their loyalty: they were tolerated as non-educated *khokhly* or educated *malorussians*. However, those, who did not accept such definitions and persisted in differentiating themselves, were qualified as Mazepa followers (or, in more recent terms, as West lovers, Bandera followers (*banderivtsi*), Rukh adherents (*rukhiivtsi*), real (*shchyri*) or nationally-concerned (*natsionalno-ozabochenyje*) Ukrainians; in short, they were defined as a pathological type of *khokhly*, who were contaminated by a certain dangerous virus of clearly imported origin»<sup>35</sup>.

So, the unification of creoles and «sovietsky people» in today's Ukraine is being based upon a common rejection of everything that can be defined as Ukrainian – as something inferior, marginal, typical for «aborigines». In psychological terms, the representatives of this creole group are guided by the feeling of arrogance, typical for colonizers. For them, patriotism has quite a different meaning. To be a patriot does not, in any way, mean to love Ukraine and the Ukrainian nation. Such feelings would rather be assessed as a negative – as such, which are associated with the notion of nationalism, which, according to them, is equivalent to fascism.

In this sense, such an interpretation of their social consciousness fits into the chain of distorted terms – nationalist, Nazi, fascist. That is why, in order to add positive a political coloring to such feelings, the word Ukrainian is replaced by national. In creole malorussian

<sup>33</sup> Kappeler A. Mazepintsy, Malorossy, Khokhly: Ukrainians in the Ethnic Hierarchy of the Russian Empire // Kappeler A. et al., eds. Culture, Nation, and Identity. The Ukrainian-Russian Encounter (1600–1945). – Edmonton-Toronto, 2003. – P. 162–181.

<sup>34</sup> Asymmetry of International Relations / Edited by G. M. Perepelytsa, O. M. Subtelny. – K.: Stylos Publishing house, 2005. – P. 119.

<sup>35</sup> Ibid.

consciousness, there are two motherlands: big and small. In the case of Ukrainian creoles, the small motherland means a certain area, territory or region of Ukraine, where somebody is rooted, for example, in the Donbas, Kharkiv, Crimea or Odesa. But the big motherland is undoubtedly connected with Russia, which is perceived as the Center of development and progress, as something superior, associated with higher quality as well as with welfare, security and prestige.

As far as social consciousness of 'sovietsky people (popular name *sovki*) is concerned, for them, the motherland is the Soviet Union, and Ukraine is just one of its parts, the same as Kamchatka, the Caucasus, Siberia or Ural. In their consciousness, an independent Ukraine is associated with the enemy of their motherland, and is considered to be a provocation of the West, a puppet of world imperialism. For them, adherents of an independent Ukraine are associated with the image of an enemy who is often called *banderivtsi* or *banderlogi*.

So, on one the hand, those two social groups are united, by their hostile, aggressive attitude towards the Ukrainian nation as well as towards its national identity and Ukraine as an independent national state; on the other hand, they are oriented towards Moscow as the centre, the capital, in confrontation with the West, the protector, the centre of civilization.

However, the views of those two social groups on the past and future of imperial are different. If 'sovietsky people' do not accept that imperial project, on the contrary, creoles' attitude to it is positive. Civilization and linguistic-cultural orientation towards Russia as an imperial centre is explained by the 'superiority' of the Russian language as well as that of Russia's a culture, history, and science, which are perceived as an important part of world civilization. Therefore, in this community's view, Ukraine's development should fit into the framework of Russia's imperial modernization projects.

According to opinion polls, more than 60% of the population of the East and the South of Ukraine support prolonging the Black Sea Fleet stationing on Ukrainian territory; at the same time, 47% in the East and 35% in the South are against such foreign military presence<sup>36</sup>. Such split in the Ukraine's population social consciousness can be explained by the fact that the presence of the Russian Black Sea fleet is not perceived as a foreign presence.

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<sup>36</sup> Ukraine's Foreign policy and Security Policy: public opinion // International Conference Ukraine in the European Security System: Challenges and Perspectives. – Kyiv, 2010. – P. 15–16.

Also, 53% of the East, 40% of the South, and 8% of the West consider that the best security model for Ukraine is joining Collective Security Treaty Organization (CSTO)<sup>37</sup>, whereas NATO is considered to be the best security alternative only by 8.2% of the South, 2.8% of the East, and 34% of the West. Joining NATO is opposed by 75% of the South, by 78% of the East, and by only 24% of the West<sup>38</sup>. Almost 70% of the East, 60% of the South, and only 11% of the West believe that the Russian direction should dominate in Ukraine's foreign policy<sup>39</sup>.

On the other hand, the orientation towards Russia as an imperial centre of civilization development puts Ukraine in the position of a periphery, which, in its turn, entails the provincial status of the Ukrainian *malorussian* community, with the result that a system of psychological complexes has been formed in the social consciousness of that group. On the one hand, it is guided by arrogance and contempt for everything Ukrainian – culture, language, history, the Ukrainian nation as a whole, its heroes and traditions; on the other hand, it experiences the feeling of inferiority, non-prime-importance as compared with the great imperial Russian nation.

Therefore, the Ukrainian creole community faces the following choices – either to stay with the feeling of its imperial marginality and provinciality or to challenge the great Russian culture by creating a «second Russia» in Ukraine. However, in order to achieve that, it should either destroy Ukrainians, who make up the bulk of the country's population or squeeze them out of Ukraine. Therefore, the East and South of Ukraine, where the majority of the Russian speaking population live, cannot be called «Russian Ukraine» since it is ethnically Ukrainian. *Malorussia (Little Russia)* is the more suitable name for this part of Ukraine, which is built upon post-colonial, post-imperial and non-Ukrainian components.

This project has rather steady historical traditions, rooted in belonging, first, to the Left-Bank Ukraine, and, later, to the Soviet Union. So, in this part of Ukraine, the economic foundation, social structure and the mentality of population were shaped according to requirements of the Russian and Soviet Empires. The economic basis of that part of the country's territory was formed during the Industrial Age. Rich raw materials allowed the creation of powerful

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<sup>37</sup> Ukraine's Foreign policy and Security Policy: public opinion. – P. 16.

<sup>38</sup> Ibid. – P. 20.

<sup>39</sup> Ibid. – P. 16.

centers of heavy industry and machine-building. The society, dwelling in that part of Ukraine is marked by the dominance of the Russian language as well as by non-acceptance of the Ukrainian cultural tradition. Also, it is characterized by a Russian provincial mentality, an indifferent, sometimes hostile attitude towards the statehood of Ukraine, an inclination to have a common Church with Russia, an embedded Orthodox tradition, which is connected to traditions of a sustainable working class and proletarian internationalism.

A state built upon such social foundation will not have any chances for survival. Sooner or later it will be transformed into a relatively independent niche of another state. Characteristics and resources of such society are fully capable of securing its existence in *the form of an autonomy with an authoritarian political regime. It can be considered to be a segment of the «Russian World».*

The foreign policy of a state, built upon the foundation of *malorussian* society, will be characterized by *russocentrism*, Eurasian authoritarian trends, and an orientation towards reintegration processes. It will be interested in entering into the zone of Russian Federation interests as well as in implementing projects with respect to restoring a «Great Russia».

The other part of Ukrainian society has been defending its own national project for hundreds of years. First of all, as outstanding Ukrainian expert on cultural issues M. Ryabchuk notes, it was the question of setting up own centralization, or in other words, full-fledged cultural adequacy, as opposed to imperial marginalization and provincialization. As a counter-balance, Ukrainians have chosen the European project – orientation towards Europe as a more modern, adequate civilized project, alternative to imperial-Russian. The rationale behind the European choice is not only Ukrainian national character, marked by aspiration for freedom and individualism but also their history heritage, such as Kyiv Rus. As Mykola Ryabchuk writes, «having usurped historic name Rus and transformed it into self-names *Russia* and *Russians*, Muscovites, in fact, deprived Ukrainians of their original self-name *ryski*, *rusyny* and forced them either to accept the imperial, humiliating *malorussians* name or to challenge the Empire and develop a new self-name Ukrainians»<sup>40</sup>.

The project for developing the state, built upon an Ukrainian identity, as an alternative to the Russian one, is called Ukraine.

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<sup>40</sup> Asymmetry of International Relations / Edited by G. M. Perepelytsa. – P. 135.

Economic basis for Ukrainian model of developing state, which is located in Western and Eastern Ukraine, is formed of rather developed food, light and chemical industries as well as of an agrarian sector and transport machine building. In these regions, the main volume of international trade is being conducted with neighboring states as well as with the EU states. The population of these areas of Ukraine is Ukrainian speaking; it is characterized by a high level of national consciousness and patriotism as well as by strong adherence to Ukrainian statehood and to national cultural traditions. An essential feature of the Western region Ukraine is the dominance of Catholicism and rather strong influence of the Protestant Church. So, the further history development of this part of Ukraine is viewed by the society as «a return to Europe». Therefore, the society, which is being formed on the basis of this population, can later grow into a modern European Ukrainian nation.

Foreign policy, based upon such a foundation, will be directed to asserting democratic values, steady defense of own national interests, facilitation of European, North Atlantic and sub-regional integration processes.

Considering the peculiarities of those two parts of Ukraine, it is more correct to call them *Ukraine* and *Malorussia*. Those names mirror the social, political and spiritual processes, which are taking place on the territories of these two parts of Ukraine.

So, since obtaining independence two alternative projects of state development have been unfolding on the territory of Ukraine. During the first 20 years, the project, named *Ukraine*, dominated. However, the main defect of that period was the fact that the process of state formation was not supported by formation of a nation. As M. Ryabchuk explains, «non-completion of nation formation processes in the prevailing part of Ukraine has, at least, two negative consequences. On the one hand, it feeds imperial myths among Russians as well as their revanchist aspirations by creating an impression of Ukraine's «softness» as well as of its readiness to accept any imperial manipulations, including those of direct expansion. On the other hand, the aforementioned non-completeness feeds into Ukrainians' inferiority complex, forms in them the feeling of staying in a «besieged fortress»<sup>41</sup>.

People, who are not united in a nation, are not capable of fighting for independence as well as of building a sovereign state. Lypynsky

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<sup>41</sup> Asymmetry of International Relations / Edited by G. M. Perepelytsa. – P. 136–137.



had repeatedly pointed to that historical problem of many nations, in so doing, he draws our attention to the quality of democracy. In particular, he pointed to «democratic chaos in colonies, which got independence not due to their efforts but due the helplessness of a metropolis»<sup>42</sup>. And Ukraine got independence exactly in this way.

Having gotten independence, the post-communist elite rejected the task of nation formation as useless and non-important. As L. Kuchma declared at that time, «the national idea has not worked»; so, that elite started to build state institutions to be used as mechanisms of exercising its own power as well as to be served for the purpose of appropriating national resources.

Close to the end, the Majdan, which opened the way to Europe as well as for the assertion of the Ukrainian nation as well as to the completion of national construction – to the construction of Ukraine in accordance with the Ukrainian project, failed to complete that task. We read the words of Volodymyr Bazylevsky as a verdict: «A number of blatant mistakes of the authorities after the Majdan, their helplessness and incapability of making even one step forward was a source of bitter disappointment. In less than a year, the leaders of the Majdan will screw everything up, and the nightmare of Ukrainian history will echo in a following split, and chaos, being awoken by it»<sup>43</sup>.

The idea of state building pursuant to the Ukrainian version was discredited again. So, what is the reason, and who is to be blamed for that historic defeat? It is obvious that the reason is the same; it is rooted in non-completion of national building, and as a result, half-baked elite is being produced. And in this sense, Petro Antyp, sculptor from Gorlivka sounds very convincing. While analyzing the reasons behind the «orange age», he states: «By claiming the position of the Ukrainian elite, as had already happened more than once before – they (today's Ukrainian opposition – author) are simply betraying the idea of Ukrainian statehood both in Mazepa's time and in the year 1918 – due to ceaseless fights and exorbitant ambitions».

A hard but fair verdict is returned by P. Antyp: «Not only had he justified the expectations of Ukrainians but also at that time he was shamelessly squandering the country away. Moreover, he did reanimate pro-Russia's forces and blessed them for a long life in Ukrainian politics»<sup>44</sup>. So, not surprisingly, that Ukrainian elite has cleared the

<sup>42</sup> Quote on: *Bazylevsky V.* The Cold Shower of History. – P. 560.

<sup>43</sup> *Ibid.* – P. 643.

<sup>44</sup> *Antyp P.* Is there a place for Ukraine in building a «New Country»? – <http://www.pravda.com.ua/articles/2011/01/12/5776556/>.

field and created requisite preconditions for building Ukraine under *Malorussia's* project, which implies constructing the state on the basis of Soviet-Russian identity, which contradicts the Ukrainian one. The slogan, proclaimed by President Yanokovich «We are building a new Ukraine, as can be concluded from the events, which took place in 2010, probably, means restructuring Ukraine into *Malorussia*.

### **Building new country under Russian model**

To build a new country, first of all, it is necessary to make its design, or a certain strategy for home and foreign policy, which would correspond to internal and external realities as well as to pre-conditions.

*Internal pre-conditions* consist of the intentions of the new power to build «a new country» and to join the East and the West on the basis of Soviet-Russian identity, which, in the end, will result to the establishment of the second Russian state, which could be called *Malorussia*.

Mykola Ryabchuk again points to the special character of those preconditions. Ukrainians were formed since 19 century through the effort of intellectuals as a typical East European nation – on the basis of an autochthonic, mainly, agricultural population. Meanwhile, «Ukrainians» were formed as a certain imperial group without having any intention of becoming a separate nation, even without evident desire to be called «Ukrainians». That group was formed on the basis of colonizers-colonists who were settling, mainly, in cities since the end of the 18<sup>th</sup> century as well as from assimilated autochthons, who having been urbanized accepted colonizers' language and culture, including their contemptuous attitude to those aborigines, who had not yet managed to get assimilated, and unhidden hatred to those aborigines who due to their convictions opposed the idea of assimilation.

So, thanks to the USSR, colonizers became «Ukrainians»; however, for them, that identity remained purely regional within the framework of the general Soviet one. And they became a separate nation by chance, due to the collapse of the USSR. In other words the independence of the «Ukrainians» (as opposed to real Ukrainians) was purely accidental – they had never dreamt about it, and needless to say, never fought for it – rather to the contrary. However, it was they who had used all the economic and political benefits of an unexpected «independence» to the

fullest extent. They inherited a huge and rather prosperous country, which they had been ruling before, but now they were able to establish themselves not only as Moscow *kholops* but as real sovereigns<sup>45</sup>.

According to Ryabchuk, «To a great extent, the compromise of creoles-'Ukrainians' with aborigines-Ukrainians was required for the very legitimization of a newly acquired role, both in the international and internal arena as well as for disguising mainly creole character of a new state, Creole elites got the dominance, specially, in the most important for them, economic sphere. Hence certain concessions were made in the marginally profitable humanitarian field»<sup>46</sup>.

The dominant position of the creole or *Malorussia's* elite was, first of all, embodied in big Donetsk capital, whose interests are concentrated, mainly, in the mining and processing industries as well as in heavy, energy-consuming industry, in metallurgical and metal-rolling sectors. The capital of the Regions Party, where the representatives of that financial-industrial group are concentrated, is estimated at the level of about two dozen billion dollars<sup>47</sup>. Therefore, having reached the top political position in the country, V. Yanukovich cannot ignore the economic interests of the political force, which has brought him to power.

It should be noted that in the years 2003–2004 as well as in 2006–2007, when V. Yanukovich was Prime-Minister, the aforementioned interests were the main priorities of his activities. R. Akhmetov's Investment & Metallurgical Union and the Industrial Union of Donbas were the most active participants of all privatization tenders, held in Ukraine. It is the representatives of that very business elite who are taking under their monopoly control the entire economy of Ukraine. So, during Yanukovich's Presidency, that very part of big oligarchic capital has the main preferences inside the country and the most favorable regime in the spheres of foreign policy and foreign trade. So, now, Ukraine's foreign policy has adapted to the economic interests of that big capital of the East of Ukraine to a maximum extent.

Under such circumstances, the foreign vector is defined not by the country's national interests but by cheap resources for energy consuming sectors of economy as well as by undemanding markets. These are two factors, due to which, the *Russian vector* became the priority

<sup>45</sup> Ryabchuk M. Post-colonial syndrome: Observations. – P. 224–225.

<sup>46</sup> Ibid.

<sup>47</sup> How to increase capital three fold in one year. – <http://surma.moy.su/publ/1-1-0-2936>.

in V. Yanukovich's foreign policy. First of all, Donetsk oligarchs need cheap energy resources and a big market to sale metallurgical produce without limitations and tariffs. So, the intention of V. Yanukovich – to transfer the Ukrainian Gas Transportation System (GTS) under Russia's Gazprom management through the consortium as well as the prolongation of the Black Sea fleet stay after the year 2012 in exchange for the discounts for Russian gas – is based upon the above-mentioned interests.

The same reasons lay behind the intention to join the Customs Union, together with Russia, Kazakhstan and Belarus, as well as to join the construction of pipelines, bypassing the territory of Ukraine, such as Northern Stream. In such a way, V. Yanukovich counted upon the purchase of pipes, manufactured by Akhmetov's plans by Russia.

That very segment of economic interests has forced V. Yanukovich to go back to Kuchma's multi-vector policy, which, in practical terms, means the search for ways of selling metallurgical produce in the markets of Russia, the EU, the USA, China as well as in other world regions. Also, the same segment has forced Yanukovich to speak about economic cooperation with the EU and the strategic partnership with the USA. Regarding the openness of Ukraine's internal market, trends towards isolation and formal following the spirit of non-alignment will prevail.

However, while being guided by the interest of Donetsk oligarch-industrial group, V. Yanukovich faces considerable risks to his own power. The practice of aggressive oppression of small and medium enterprises, which has been enumerated in the new Tax Code, together with oligarchy's parasitizing upon state funding as well as its hiding taxes in off-shores, can likely result in social and economic turmoil, which will mean the end of political power for Yanukovich. Considering the USD 30 billion of debt before Western financial institutions and USD 7 billion before Russian financial structures, on one hand, and the scarcity of Ukraine's financial and economic resources, on the other hand, V. Yanukovich has rather limited options in the economic sphere.

In fact, under such circumstances, V. Yanukovich has only two options. The first one is to implement radical economic reforms; and the second one is to conserve the situation for the period of his rule. The country expects reforms, and V. Yanukovich is trying to take these expectations into account. However, painful and unpopular reforms will not facilitate stability in the country as well as the retention of power by the current President. That is why one might expect

that the Azarov-Yanukovich government is tempted by the idea of conducting *the country's modernization on an authoritarian political basis*.

The realization of the above-mentioned scenario is being facilitated by the crises in representative democracy as well as that of Ukrainian power institution. Over 20 years a system of representative democracy has been set up in Ukraine; however, we haven't managed to come closer to the next step, that is to the establishment of a constitutional democracy. Contradictive decisions, undertaken by the Constitutional Court of Ukraine, disregarding the basic provisions of the Constitution in the process of signing up interstate agreements (those of the «Kharkiv Type») are convincing proofs of the lack of constitutional democracy in the country. Therefore, V. Yanukovich is trying to quickly transform the country's political system into his own power vertical, camouflaging such moves by loud declarations of economic reforms. In the economic sphere, nonetheless, V. Yanukovich is trying to maintain the current situation, supporting it with external loans as well as with cheap Russian power resources and populist measures, – all these in spite of the declared ambitious structural changes in the economics of Ukraine<sup>48</sup>. Such transformation of the political regime will result in the final consolidation of the clan-oligarch system in Ukraine as well as in monopolization of the power by «big» business of Ukraine's East. The vehicles of such a transformation are the establishment of the authoritarian model of ruling the country and the prioritization of Donetsk capital economic interests, both inside the country and in its international relations.

Therefore, the set of those political and economic measures require that the modernization be implemented through an authoritarian political regime, which should secure stability and independence of political power under the conditions of radical economic action. Under such a model of modernization, the leading role will be played not by society but by the bureaucracy. The Power empowers the red tape to perform the role of an engine of reforms, and the latter in the best sovok traditions views the society as an incompetent bunch. Individuals are perceived potential troublemakers, who should be regulated and to whom everything should be explained. As a result, myriads of laws, resolutions and orders are being adopted ceaselessly, which, in the end, transform the bureaucracy into an omnipotent

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<sup>48</sup> Pre-election Program of the Candidate for Presidency Yanukovich V. F. «Ukraine for People». – <http://www.yanukovych.com.ua/news-10697.html>.

monster that sucks out social resources and opportunities through corruption. In addition, the multiplication of documents is used as a measure of the efficiency and effectiveness of reforms – not the results of their implementation<sup>49</sup>.

However, such policy as well as personal power of V. Yanukovich is supported only by Eastern and South-Eastern regions of Ukraine, which account for no more than 46% of the country's population. The results of the last presidential elections clearly points to such situation. Experts pay attention to the fact that «Yanukovich became President, a priori being a non-Ukrainian Head of state»<sup>50</sup>.

In order to extend his power basis as well as to get more support for his home and foreign policy, in his humanitarian policy, V. Yanukovich took a course towards re-formatting Central and Western Ukraine into the *malorussian* society. As once Mykola Ryabchuk noted: «In principle, a “neo-sovietsky” Belarus-type project could become an alternative to the Ukrainian – in such case, Ukrainian identity would be much more weaker, much less pronounced. Also, hypothetically, a creole project, aimed at the marginalization of Ukrainian “aborigines” as well as at the creation of a modern European Ukraine with a Russian cultural-language basis, could become an option. However, in order to achieve that, two problems are to be settled simultaneously. Firstly, as in the case of the “neo-sovietsky” Belarus project, the resistance of Ukrainian “aborigines-nationalists”, who are in a minority (however, as compared to a similar Belarusian group, they are much more numerous and better organized). Secondly, the European project should be “equipped” with a system of symbolical codes and narratives, which are not currently in place. Moreover, in fact, they do not fit into the Russian heritage of hypothetical creole designers of such a project»<sup>51</sup>. Therefore, in the absence of such symbols, the state authorities are trying to use Soviet totalitarian symbols as well as to borrow imperial Russian narratives.

So, with Yanukovich coming to power, «creoles are establishing themselves not only as a, in their de facto dominance but also in

<sup>49</sup> *Andrusiv V.* Civilizational modernization: the impossibility of reforms. – <http://www.pravda.com.ua/articles/2011/01/26/5837698/>.

<sup>50</sup> *Protsenko O.* Cross Way of Our Ukraine or How to Nationalize Yanukovich // *Ukrainska Pravda*. 2010. – February.

<sup>51</sup> *Asymmetrical Relations* / Edited by G. M. Perepelytsa. – P. 141. As of the admirers of such project had to confess: «The biggest problem of Eastern Ukraine, and of its intellectual elite, in particular, is a shortage of symbolical resources for constructing an alternative version of the national identity» (*Zhurzhenko T.* The Myth about Two Ukraine // *Suchasnist*. – 2003. – № 4).

a symbolical one, which results in the comprehensive marginalization of aborigines»<sup>52</sup>. «At the same time, creolization (russification-sovietization), in particular, holds promises of cultural-linguistic homogenization, what is extremely desirable for any government, especially for an authoritarian one). And what is the most important, in such a way, the identity of aborigines is destroyed, with the result that election base of political opponents, oriented towards Europe as well as towards Western-type liberal democracy, is being weakened»<sup>53</sup>. Needless to say, such marginalization of Ukrainians, together with creolization (russification-sovietization, has an underlying message, related not only to internal situation in our country but also to the interest, pursued by Russia.

*Firstly*, it facilitates setting up Russkyj Mir as well as consolidation of Ukraine in the Russian civilization space. For Russian adherents of the imperial idea, the very existence of a separate Ukrainian identity, let alone a state, is nothing but a historical misunderstanding, a challenge to their empire identity, which is rooted in the mythical conviction of being descendants of the Ruski (in their perception) of Russian Kyiv as well as in the even more mythical postulate of Russian-Ukrainian (malorussian-great-russian) «unity» and «indivisibility». So, to search for a compromise with Ukrainians would mean acknowledging their otherness, their cultural separateness, and their political sovereignty. In practical terms, it would mean abandoning the idea of their own imperial dominance and creating absolutely different one – one that would fit into history-geographical frames of the today's Russia. So far, Russian imperial consciousness is not ready for such «surrender». Moreover, it wants Ukrainians to surrender – so that they will accept the idea of their subordination, second rate nature, and provinciality with regard to Russian, that is that they will accept regional-malorussian identity as the only type of compatibility with Russian imperial identity, as opposed to Ukrainian national identity, as being totally incompatible with it<sup>54</sup>.

*Secondly*, the following is the most important prerequisite for overcoming antagonistic contradictions between Russia and Ukraine which has been in place since the day when Ukraine became independent; with such contradiction in place, it is impossible to normalize Ukrainian-Russian relations. Hypothetically, there are, at least, three options to remove the above-mentioned contradictions, namely:

<sup>52</sup> *Ryabchuk M.* Post-colonial syndrome: Observations. – P. 226.

<sup>53</sup> *Ibid.*

<sup>54</sup> *Asymmetrical Relations.* Edited by G. M. Perepelytsa. – P. 145.

(1) at the expense of weakening Russia; (2) at the expense of strengthening Ukraine and achieving a certain parity of interests; (3) at the expense of surrender or betrayal Ukraine's national interests in favor of Russia. In fact, the first option cannot be considered, at least, in a medium-term perspective. The second option was tried by the former «Orange» state authorities through joining NATO, strengthening strategic partnership with the USA as well as through achieving regional leadership in the Baltic-the Black Sea region. However, it was done extremely awkwardly, not surprisingly, it failed, and a result, it was totally discredited.

The new state authorities have chosen the third option. But since the antagonism of Ukrainian-Russian relations bears a systemic character, the realization of the option in question has required the surrender of national interests not only in the form of political concessions or a change of political course; it also required deep transformation of the country's political system as well as that of the society's religious basis and the change in the direction of the political development of Ukraine, pursuant to the Russian project. And it is not the dependence upon Russia' power resources, but rather the very marginalization of Ukrainians and creolization (russification-sovietization) of Ukraine that is becoming the main pre-requisite for such a historical turn of Ukraine to the side of Russia.

*Thirdly*, to implement the aforementioned course, an authoritarian Russian-type political regime must be introduced in Ukraine. After V. Yanukovich's victory, political experts tried to find analogues, upon which the forecasts of the country's future foreign policy could be based. Considering the pro-Russian orientation of Yanukovich himself as well as that of his electorate, Belarus could be used as Analogue No 1. V. Yanukovich is Belarusian by origin, as is O. Lukashenko, and they both are far from being great admirers of the West and NATO. At the same time, they both love Russia and have declared an integration therewith. Also, they both tend to apply authoritarian methods of management.

However, in spite of seemingly similar positions, they are being driven by totally different internal and external trends. O. Lukashenko had turned Belarus into a political and economic autarchy, which, later, will make it possible for him to preserve his own regime. O. Lukashenko's totalitarian regime is based upon relatively acceptable living standards as well as upon administrative methods in economics, upon total control of media and of the country's national resources. Also, economic preferences for Russia are in place. The



same factors are very attractive for V. Yanukovich. However, V. Yanukovich does not have a monopoly over the political system of Ukraine. In addition, he does not want to join O. Lukashenko's company as a persona non grata for Europe. His personal monopoly power is not possible in Ukraine, at least, due to the fact that he relies upon oligarchic capital, which is not at all interested in V. Yanukovich's total personal power.

So, such factors as availability of the oligarchic class as well as that of a free press, together with that the limits on the President's authorities, societal fragmentation and other typically Ukrainian factors forced have V. Yanukovich to copy Putin's model of «guided democracy».

The majority of the political reforms, conducted by V. Yanukovich, are based upon the Kremlin's example. First of all, V. Yanukovich is trying to build a distinct vertical of his personal power. So, pro-presidential majority, which is (in the same way as the Government) fully subjected to President's will, have been formed in an unconstitutional way in Verkhovna Rada. Pro-power forces have been successfully suppressing opposition, forcing it to become a political outsider. In the same way as Putin, V. Yanukovich has launched an offensive against those TV channels, which chose not to be loyal to him. As a result, the leadership of central channels have changed information policy in order to present state authorities in a more favorable light.

Also, V. Yanukovich is following V. Putin's example (who appointed former St. Petersburg residents to all the key positions in his power vertical) by relying exclusively upon Donetsk region residents, whom he appoints to all level of state power in every region of Ukraine. Similar to Putin, V. Yanukovich violated the Constitution, trying to re-shape the country's constitutional field. In particular, the pro-presidential team has cancelled the constitutional reform, and, in fact, has converted Ukraine into a presidential republic.

Following Putin's example, V. Yanukovich tries to justify the transition to authoritarian methods of management as well as the abolishment of civil freedoms by the need to implement economic reforms, following the principle of «welfare instead of democracy».

Undoubtedly, the introduction of an authoritarian regime in Ukraine corresponds to Russia's interests, due to that the following factors: (1) the threat of democracy extension to the post-Soviet space, and to Russia in particular is abolished; (2) Russia's and Ukraine's political regimes becomes affiliated, which excludes the

possibility of the latter to join the EU as well as opens perspectives of re-entering into the sphere of Russia's statehood. Pro-Russia's authoritarian regime in Ukraine, where all officials perceive Russian interest as their own ones, makes our country more subjected to the Kremlin's control. Therefore, Russian political leadership is trying by all means to strengthen autocracy in Ukraine. In his turn, V. Yanukovich considers Russian factor to be his main external political resource for consolidation his own power in the country.

However, V. Putin, as opposed to V. Yanukovich, has a number of substantial benefits; that is, first of all, the removal of oligarchs from power and personal control over the country's economic resources as well as the society's consolidation around «Russian idea». And V. Yakunovich, so far, performs the role of the manager, hired by oligarchs. And for the time being, he is not in the position to control economic resources, without which an authoritarian regime cannot be viable. And the unifying idea, being considered by the ruling team, is not such, which could join Ukrainians but such, which could unite Ukraine with Russia. So, it is not by chance, that today, the idea of *Russkij Mir* has become the unofficial ideology of the ruling authorities, which is being implemented by them rather persistently. And Party of Regions, together with the Moscow Patriarchate, has taken upon the role of the main constructor of *Russkij Mir* in Ukraine. Such movement is nothing but extra proof of the intellectual incapability of today's creole-malorussian elite to build its own post-imperial model of a state.

So, under such circumstances, in order to implement the malorussian project in Ukraine, the resistance of rather numerous and better organized Ukrainians should be overcome. And pursuant of that goal, the current humanitarian policy is directed at destroying the value foundation of the Ukrainian nation – its language, faith and national memory. Not surprisingly that such policy is becoming more and more anti-Ukrainian. Within information and cultural space, the dominance of relevant Russian projects is becoming more threatening; produce of Russian show-business, is being released, with claims of its better quality being put forward.

At the same time, Ukrainian culture is presented as one that is «out of bounds» – as a culture of marginal persons and provincials. Simultaneously, the creation of Soviet-Russian cultural products is supported in every way.

Mostly obviously, such policy is manifested in Ukraine's TV space. «There is no Ukraine there. And if some Ukraine is present,

such information is only in strictly measured and distorted. Mockery over Ukrainianism is becoming a norm, and is acquiring the most brutal forms»<sup>55</sup>. As experts maintain «One can easily see that during recent time, the number of programs in Ukrainian has dropped considerably. The owners and editors did not hesitate to join the regional army, which tries to liberate Ukraine from Ukrainian language. If not for the Ukrainian in advertising, this language would almost disappear from TV's prime-time. Now, the draft law of the Yefremov/Symonenko/Grynevetsky stipulates the cancellation of the provision of the current law, which requires mandatory use of the Ukrainian language in advertising»<sup>56</sup>.

New officials shamelessly disregard national and religious traditions of Ukraine, restrict the rights of the representative and believers of the UOC KP, prevent national scientific and cultural institutions from functioning. Again, Ukrainian culture is branded as purely local, non-important, all these is done under the cover of 'protecting' Russian language and culture in Ukraine. In particular, as it is noted by Oles Donij, People's Deputy of Ukraine, «the current authorities, with communists being one component, professes Russian nationalism, and its representatives dream about converting Ukraine into a second Russian state. They are ready to see the Ukrainian as the language of folklore as well as that of folk songs, all the rest should be the state for Russians»<sup>57</sup>. Therefore, it looks like that «regionals are just building something, called a "new state" beyond the boundaries of the philosophy of the national Ukrainian state, which is totally foreign for them»<sup>58</sup>.

Such policy fully corresponds to Russia's strategic interests in the humanitarian field: to make Russian a state language in Ukraine, and to remove Ukrainian from the country's information and educational environment; to facilitate obtainment of Russian citizenship by Ukrainians; to carry out a large-scale ideological, information and cultural expansion into Ukraine; to strengthen the leading positions of the Ukrainian Orthodox Church of the Moscow Patriarchate as a single local church in Ukraine; not to allow the resurrection of the

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<sup>55</sup> Bazylevsky V. The Cold Shower of History. – P. 649.

<sup>56</sup> Television Joins the Regional Army of the Liberators of Ukraine from the Ukrainian Language. – <http://www.politikan.com.ua/1/8/2/24488.htm>.

<sup>57</sup> Donij has called Russian-speaking Ukrainians to learn Ukrainian language. – <http://focus.ua/politics/166835>.

<sup>58</sup> *Antyp P.* Is there a place for Ukraine in building a «New Country»?

historical memory of the Ukrainian nation as well as to discredit its national symbols.

To what extent have V. Yanukovich and his team managed to fulfill the above-mentioned tasks? Without a constitutional majority in the Parliament, the ruling coalition has put forward for approval the draft law «About Languages in Ukraine», which, in fact, gives Russian the status of a state language. Pursuant to that draft law, the Russian language becomes a regional language; therefore, it is introduced into legal procedure as well as into advertising, office work, cinematograph, educational and scientific sphere; thereby squeezing Ukrainian out of there<sup>59</sup>. Also, dubbing foreign films in Ukrainian is planned to be cancelled (they will be translated into Russian. In addition, passports of Ukrainian citizens will be issued in Russian. Mandatory use of Ukrainian in school education will be cancelled as well<sup>60</sup>. The number of lessons on Ukrainian language and literature at secondary schools has been reduced by one-third.

The representatives of the ruling coalition promote the introduction of dual citizenship in Ukraine (Ukrainian-Russian dual citizenship). For the first time since Ukraine got independence, V. Yanukovich and his team have abandoned the idea of setting up the Ukrainian Local Church, and recognized the Orthodox Church of the Moscow Patriarchate the only canonic church in the country. Now, the Moscow Patriarchate has put forward the demand to cancel the registration of the Ukrainian Orthodox Church of the Kyiv Patriarchate (UOC KP) as well as to transfer Pecherska Lavra and many land plots in the territory of Ukraine into its property. Also, the MP insists on renaming streets, named after figures who had been negatively assessed in the history of the Russian Orthodox Church. As Philaret, Patriarch of UOC KP noted: «They want to abolish the Kyiv Patriarchate before summer. All over Ukraine, authorities, sponsors, priests from the Moscow Patriarchate conduct talks with our clergymen, propose them to move to the subordination of the Moscow Patriarchate, promising for that support and assistance»<sup>61</sup>.

Among the immediate plans of the Moscow Patriarchate are: the construction of a temple on the foundation of the Desyatynna Church as well as obtaining the St. Sophia Cathedral as their own property.

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<sup>59</sup> What will a new status of the Russian language change in Ukraine. – <http://news.liga.net/articles/NA100308.html>.

<sup>60</sup> Ibid.

<sup>61</sup> Philaret: they want to abolish the Kyiv Patriarchate by summer. – <http://rus.newsru.ua/ukraine/30jan2011/patriarh.html>.

Despite such rude interference in Ukraine's affairs, the Government is ready to meet all their demands<sup>62</sup>. In order to please Russia, V. Yanukovich publicly denied that Holodomor was a genocide in the European Parliament. Amendments to the Law on the Holodomor have been prepared by the ruling coalition, which stipulate the exclusion of provisions, stating that the Holodomor was a genocide of the Ukrainian people.

The following steps aimed at preventing the resurrection of the historical memory of the Ukrainian people as well as discrediting, have been undertaken by the ruling coalition: information with respect to the Orange Revolution has been cut out from school textbooks as well as that regarding the heroes of the Ukrainian national-liberation movement. The Ministry of Education wants to introduce changes in the textbook for the fifth form, which, first of all, are related to the policy of Russia in Ukraine. On orders of the state authorities, the information about the Ukrainian Insurgent Army (UPA) as well as that about the Kruty Heroes as well as that related to social-political events, unfolded in Ukraine at the beginning of the 21<sup>st</sup> century is being excised<sup>63</sup>.

At the same time, Russian and Soviet history is being promoted; the monuments to Stalin and Catherine II are being erected. Russia and Ukraine came to the agreement on setting up a working group, which will be engaged in preparing the Russian-Ukrainian manual on history for teachers. Such decision was adopted at the regular meeting of the Sub-Committee on Cooperation in Humanitarian Field, headed by the Presidents of both countries. So, the history of Ukraine is interpreted by the new power only in the context of Russian-Soviet discourse. Under the pretext of fight against terrorism, youth patriotic organization are being persecuted. It is obvious that such cultural-education policy conceals intentions to restore Soviet-Russian identity in the Ukrainian society.

Among the ways for implementing such intentions are attempts to reduce Ukrainian national segment through changing the relation between the number of Ukrainians and the number of Russians during the population census of 2012, and to present the Ukrainian nation as

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<sup>62</sup> Herman will help to transfer St. Sophia Cathedral to the Moscow Patriarchate. <http://news.tochka.net/57007-german-pomozhet-peredat-sofiyskiy-sobor-moskovskomu-patriarkhatu>.

<sup>63</sup> On orders of the state authorities, the information about the UPA and about Heroes Krut is laid out. – <http://focus.ua/politics/140222>.

an unnatural project, imported into Ukraine from outside<sup>64</sup>. Party of Regions members and communists, for their part, encourage the Russian-speaking population to enlist themselves as Russians. According to the newspaper *Segodnya*, in such a way, politicians try to deprive nationalists of the argument that Ukrainians are a single state-forming nation<sup>65</sup>.

Apparently, all those in-depth transformations, which during the year 2010, were observed both in the international environment and inside the country could not but result in the change of the external political course. As Kostyantyn Gryshchenko, Minister for Foreign Affairs of Ukraine stated in his article *Ukraine and the General European Factor: country's chance for success*, among others, also depends upon foreign policy, «which should correspond to international and internal reality»<sup>66</sup>.

And the international reality is such that Ukraine, being a pivotal state between the West and the East, has returned to the Russian civilization space as well as to the sphere of Russian geopolitical dominance. In this situation Russia builds its relations with Ukraine pursuant to a new-colonial model, within which the latter is considered both as a Russian colony and as a Russian periphery. Such a model carries in itself all the negatives of a colonial as well as an imperial regime; since, on the one hand, it does not stipulate investments into the imperial periphery – on the contrary, the rationale behind it is to pump out all the resources into the metropolis; on the other hand, it is oriented towards direct political subjection to the imperial center, or, in other words, to abolishing its sovereignty and independence.

Therefore, the following question arises – how to develop a foreign policy course, which would correspond to those external and internal realities, and would secure a set of economic interests of the country, mainly represented by the ruling political class. The concept of «double political integration» is being put into the foundation of such a course. For now, such a concept can be followed only in outline.

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<sup>64</sup> Ukraine without Ukrainians? – <http://frontsmin.com/main/news/701-ukrayina-bez-ukrayinciv.html>.

<sup>65</sup> Russian-speaking Ukrainians are encouraged to enlist themselves as Russians. – [http://www.utro.ua/ru/politika/russkoyazychnyh\\_ukraintsev\\_agitiruyut\\_zapisyvatsya\\_russkimi1295852243](http://www.utro.ua/ru/politika/russkoyazychnyh_ukraintsev_agitiruyut_zapisyvatsya_russkimi1295852243)

<sup>66</sup> *Gryshchenko K.* Ukraine and the General European Factor // *Dzerkalo Tyzhnya*, – 2011. – № 1. – 14 January.

### **The concept of «double asymmetrical integration» in relations with Russia**

This can be considered a concept only since, so far, it has not been officially approved as a policy approach. However, separate components have been enumerated in legislative documents. So, why do we call it an asymmetrical integration? Because it stipulates unilateral entering into the structures of a more powerful subject of relations – a convergence with such a subject not as holistic entity but in separate segments as well as in accordance with separate standards and requirement.

The second, no less important question is then posed: to which system should Ukraine be integrated as a result of implementing the above-mentioned concept? The Law of Ukraine *On the Principles of Domestic and Foreign Policy* clearly states that «ensuring Ukraine's integration into the European political, economic, and legal space with the aim of acquiring membership in the EU is one of the principles of the foreign policy of Ukraine». However different accents are made in the Coalition Agreement of the Party of Regions; namely, «advanced economic **cooperation** with the EU, and economic integration on the post-Soviet space pursuant to the principles of Ukraine's national interests as well as those of the WTO»<sup>67</sup>. So, the **double** asymmetrical integration of Ukraine both into the EU and into the CIS (or at the Russian space) is stipulated therein.

The third question comes now: which transformational processes or which domestic policy tasks should be secured by such double asymmetrical integration? The first that comes to mind is the construction of a «new country» on the basis of Soviet-Russian identity. In V. Yanukovich's perception, such an identity would render the same support for his power as, in the view of V. Putin and D. Medvedev, imperial thinking does in the case of Russians. Undoubtedly, that under such plan of a state construction, *the main vector, and, correspondingly, the foreign policy course will be directed not to Europe but to Russia*. Foreseeing the possibility of such a change in the foreign policy of Ukraine, in the year 1995, D. Vydrin and D. Tabachnyk wrote in their book *Ukraine at the Threshold of the XXI Century*: «If a certain critical number of Russians will get to the highest echelons

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<sup>67</sup> The Coalition Agreement of the Party of Regions + Draft of the Coalition Regulations // *Ukrainska Pravda*. – 2010. – 24 February.

of power, the foreign policy course of Ukraine will be changed considerably, and re-directed from the West to the East»<sup>68</sup>.

Such re-directions, when creoles came to the highest echelons of power, happened in Ukraine, and invariably, due to that, Ukraine would lose its statehood. As M. Lomatsky notes, at the time of the Ukrainian People's Republic (UPR) «many Ukrainians by origin, those who had Ukrainian historical last names, in spite of being in the leading positions in Ukrainian Government, were, in fact, Russian patriots, and followed the course for reconstructing an indivisible Russia; moreover, they had a clearly hostile attitude to all kinds of ideas about independence»<sup>69</sup>.

A similar situation is observed in the current Cabinet, the Parliament, and other bodies of central and local power. As in the case of the Ukrainian People's Republic, such «convergence» with Russia will result in the acquisition of Ukraine by the latter. The reasons behind the acquisition of the UPR were similar to those, which can be currently observed in Ukraine, and in the surrounding environment. According to *Uryadovy Portal*, the agricultural character of the Ukrainian nation, lack of a national ideology, insufficient consolidation, and the division of Ukraine into Russian and Austrian-occupied parts forced the UPR's Government to ceaselessly consider the options of a choice between the West and the East, between a parliamentary democracy and a revolutionary one; and while the latter appealed to the masses, it proved to be unfit for the construction of a state. The choice in favor of a western-type democratic model was complicated not only due to the lack of necessary experience, which pre-revolutionary Russia lacked, not only due to the lack of a skillful cadres of intellectuals but also due the fact that the Entente countries and participants of the Paris Peace Conference, who supported the newly-formed Poland, Lithuania, Latvia, and Estonia failed to identify the role, which Ukraine, who tried to oppose Bolshevik expansion, could play within the new European political space»<sup>70</sup>.

Is it obvious that the consequences of the current trends (if they are not overcome), will be similar to those described? Or perhaps such an acquisition meets the interests of the big Ukrainian capital and those of

<sup>68</sup> *Vydrin D., Tabachnyk D.* Ukraine at the Threshold of the XXI Century: political aspect. – K.: Lybid, 1995. – P. 88.

<sup>69</sup> *Lomatsky M.* National Consciousness. – P. 50.

<sup>70</sup> The Government of the Ukrainian People's Republic of the Directory period. – History of Governments. – [http://www.kmu.gov.ua/control%5Cuk5Cpublish%5Carticle?showHidden=1&art\\_id=661853&cat\\_id=661216](http://www.kmu.gov.ua/control%5Cuk5Cpublish%5Carticle?showHidden=1&art_id=661853&cat_id=661216).



the local oligarchs? No, it does not. Since such unilateral integration bears the risk not only of losing state sovereignty by the ruling political class (currently, they do not need it) but also that of being deprived of the much needed «political autonomy», and «economic independence». And here, the West can become useful – useful as a means of having an opposite, the European integration vector in stock. *But again, the logic of keeping to the European vector is subjected to integration with Russia as well as to the construction of a second Russian state on Ukrainian territory.* If Russia identifies itself as «non-West», then the «new country» will position itself as a «Russian part» of the West.

**Secondly, the modernization of a «new country» of the authoritarian basis.** The social and political basis of authoritarianism in Ukraine is made of the corporate interests of the big business as well as those of the state bureaucracy – both parties are not interested in the development of a free market economy, makes. «Those two social groups are so closely affiliated that there are almost no boundaries between them. Despite the seemingly irresponsible and chaotic character of Ukrainian politics, within its framework, oligarch interests are presented with a remarkable stability (irrespective of the ruling authorities' color); the same is true with respect to the stability of positions of the bureaucrats in power. In fact, all the reforms are being guided by the «corporate» ethics of that institute; so, it is naïve to assume that they could be directed at interests, others than the above-mentioned group's one. Crony capitalism in its networking form has monopolized the Ukrainian market, and the continuation of any reforms will only strengthen its positions»<sup>71</sup>.

And again, the construction of such an authoritarian power model – the «vertical of power» – in Ukraine will direct the foreign policy course of Ukraine towards integration with Russia, towards something similar to Putin's-Medvedev's system of «guided democracy». However, the construction of an authoritarian regime will inevitably lead to the isolation of Ukraine by the West, which is totally unacceptable for the new power. Therefore, the question arises: under which model such asymmetrical political integration of Ukraine with Russia will take place. If Russia builds its relations with Ukraine pursuant to a neo-imperial, neocolonial model, then that very type of integration will be realized within its framework, with the result that sovereignty will be exchanged for economic preferences. If modernization is at stake, then technologies and investments will become such preferences.

<sup>71</sup> *Andrusiv V. Civilization Modernization: Impossibility of Reforms.*

Therefore, as far as investments for conducting its own modernization within the framework of relations «periphery-imperial center» as well as «colony-metropolis» are concerned, Ukraine can rely upon Russia as an imperial center and as a metropolis.

So, Viktor Andrusiv notes, «The reforming under neocolonial strategy is not possible without the metropolis's participation, which should become a participant of changes, which are implemented in colonies»<sup>72</sup>. Also, the current power is implementing the neocolonial strategy of reforms, which is based upon the construction of the Russian model of a bureaucratic-oligarchic crony capitalism; within its framework, bureaucracy and oligarchs made a pact about managing jointly as well as about sharing resources.

The peculiarity of such a model is that it should secure the comfortable co-existence of the country with the democratic world. In practical terms, it means proclaiming (in words or in paper) Western values, to promote liberalism, and under such «cover», embezzling budget funds, monopolizing resources, manipulating the mass consciousness, and repressing opposition, civil activists, and journalists<sup>73</sup>.

However, the modernization of colonies depends upon their place in the metropolis's strategy. Notwithstanding the mental-corporate affinity of Ukrainian and Russian power as well as their close liaison, the latter cannot play an important role in Ukrainian reforms, since it regards Ukraine not as a common space but as a resource appendage. So, contrary to the new power expectations, one may hardly expect that modernization will be carried out on the basis of state-of-art technologies, combined with billions in investments (such things are not, as a practical matter, in place even within Russia).

So, asymmetrical integration into Russia under the neocolonial imperial relations model stipulates the deprivation of Ukraine (oligarchs included) of its economic and resource basis. That is why double asymmetrical integration is called on to compensate for the drawbacks of unilateral asymmetrical integration into Russia. **On one hand, the course for the integration with the EU should ensure an influx of Western technologies and investments; on the other hand, it should exclude the possibility of Ukraine being isolated by the West.**

Therefore, in the context of double asymmetrical integration, Ukraine in its foreign policy faces a number of tasks:

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<sup>72</sup> *Andrusiv V.* Civilization Modernization: Impossibility of Reforms.

<sup>73</sup> *Ibid.*

1. International legitimization of the new political regime in Ukraine.
2. Prevention of Ukraine's isolation by the West.
3. Mobilization of foreign investments and state-of-art technologies into Ukraine.
4. Promotion of economic interest of Ukraine in Russian, European, and other world markets.
5. Setting up the foreign policy context, required in order to ensure the country's modernization on the basis of the authoritarian model of the country's development.
6. Preventing a civilization split of the country.

While paying attention to the last task K. Gryshchenko, Minister for Foreign Affairs, underlines: «The minimal task for Ukraine is not to let this full split pass through our country, the maximal task is to oppose this split as such»<sup>74</sup>.

The goal of double asymmetrical integration into Europe and Russia is to level different vectors of the geopolitical orientation of Ukraine's West and East. The implementation of the double asymmetrical integration concept in relations with Russia has rather peculiar features, which can be considered as guiding principles.

***Replacement of the principle of national interests protection with a pragmatic approach*** K. Gryshchenko, Minister for Foreign Affairs gives the following interpretation for a pragmatic approach in the foreign policy of Ukraine: «If one comes to think of it, pragmatism, not the least, is the strategy and the tactics of behavior, which are result-oriented, and a result is something, achievable not in a distant but in a foreseeable future»<sup>75</sup>. Therefore, pragmatism reduces foreign policy as a process of forecasting as well as that of strategic planning and approving and implementing foreign policy decisions to a certain behavior, oriented not towards long-term strategic perspective but towards a certain short-term result.

Pragmatism is not a strategy as a general line for achieving the main goal within a certain historical period but tactics for performing certain steps within a certain historic period but it is a tactics for making certain steps at certain foreign policy directions, which do not require considerable efforts and resources, however, they can have a positive short-term effect. Speaking about pragmatism in the context of Ukraine's integration into the EU, it would mean not integration as

<sup>74</sup> *Gryshchenko K.* Ukraine as the General European Factor.

<sup>75</sup> *Ibid.*

such on the basis of common values but achieving agreements about the visa-free regime as well as those about free the trade zone and the association.

If the principle of protecting national interests (of which, the most important are state sovereignty and independence, welfare and economic prosperity) stipulates their invariability, and priority as well as priority in their implementation by all accessible means, pragmatism rejects such approach. Under pragmatic approach, priorities within such set of interests can be changed or settled at the expense of other fundamental interests. It means that economic interests can be satisfied at the expense of national security as well as of state sovereignty. So, the policy of concessions in the field of national security, *exchange of sovereignty for economic preferences* is not excluded within the framework of such an approach, and that can be considered to be the second principle of double asymmetrical integration.

*Removing ideology from the foreign policy of Ukraine.* Double asymmetrical integration, simultaneously into a democratic Europe and into an authoritarian Russia, is not possible without this principle.

*De-Nationalizing the foreign policy of Ukraine* is aimed at aligning Ukraine's interests with those of Russia as well as at levelling the asymmetry of their interests, on the one hand, and to ensuring the construction of a «new country» on the basis of Soviet-Russian identity, on the other hand. And that means the surrender of the entire humanitarian sphere to Russia as well as a refuse to protect Ukrainian national values, interests and identity in relations with Russia. The issue of recognizing the Holodomor as a Genocide of the Ukrainian people is removed from the foreign policy agenda. Moreover, now, at the international level, high-ranking official uphold the opposite view, which supports the official position of the Kremlin regarding that event.

Such important directions as protection of Ukraine from Russian information and cultural expansion, barring Russia from interfering in Ukraine's internal affairs, protecting the Ukrainian language as well as the right of Ukrainian citizens in Ukrainian-Russian relations have disappeared from the set of foreign policy priorities. Meanwhile, it is expected that Ukraine, having de-nationalized its foreign policy will get economic preferences from Russia in exchange for this retreat.

However, as a result of adhering to those principles, one more trend became apparent, that is **the loss of the foreign policy subjectivity of Ukraine in Ukrainian-Russian relation**. On its part, the implementation of double asymmetrical integration makes Ukraine face one

big problem: *the attempt to move simultaneously in two opposite directions can not only compensate negative consequences of moving to that or to the other side but also will level benefits, in the best case, reducing the productivity of such moves to zero, and under the worst scenario, causing the threat of the acquisition by one of the more powerful subjects of such an asymmetry.* An example: the intention of the new power to join simultaneously the Customs Union with Russia as well as the Single Economic Space, and to set up all-embracing free trade zone with the EU<sup>76</sup>.

Obviously, the policy of implementing double asymmetrical integration with Russia will not be possible without aligning the strategic interests of Ukraine and Russia. That is why it was important for V. Yanukovich to remove the asymmetry of interests and antagonism in bilateral relations, resulting from the state sovereignty and the independence of Ukraine. The asymmetry in priority of interests was as follows: Russia's main interests lie in the spheres of foreign policy as well as in the humanitarian sphere. Meanwhile, for V. Yanukovich as a representative of big Donetsk capital, the main priority of relations with Russia lies in the interests of that oligarchic group.

Therefore, as it is decided, the resurrection of «friendly and mutually beneficial» relations with the Russian Federation is to be carried out pursuant to the formula – «*political concessions, related to Ukraine's sovereignty in exchange for economic preferences, granted by Russia*». The pragmatism of such policy is about the price, which the Russian side is to pay so that all the political demands, set forth by Russia, in the context of Ukrainian-Russian relations, including the issue of Ukraine's sovereignty, are to be satisfied.

In order to fully understand, the meaning of the above formula, one can consider Ukrainian-Russian relations in the light of neo-imperial and neocolonial discourse. The unification of those two discourses points to the fact that the current post-imperial Ukrainian elite is ready to recognize the country as part of the Russian Empire for the sake of getting from Russia huge resources for that *malorussian* periphery. However, the neimperial/neocolonial model, on the contrary, enables the Kremlin not to give but to take Ukraine's resources in exchange for it being recognized as part of the Russian Empire. According to the *Komentary*, that approach, upon which the Russian strategy of the expansion into eastern industrial regions of Ukraine is

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<sup>76</sup> Does Yanukovich want to enlist Ukraine to the Customs Union, together with the RF, Belarus, and Kazakhstan? – <http://www.unian.net/ukr/news/news-408372.html>.

based, has been developed by Vice-Prime-Minister of Russia Igor Sechin and his team. Their goal is «to institute control over the export-oriented branches of the Ukrainian industry, which will result in a huge increase in Russia's social influence in those regions, in particular as well as in Ukraine as a whole»<sup>77</sup>.

The Foreign Policy Program, set forth by V. Yanukovych's Cabinet in 2007, proves the latter's readiness to convert Ukraine's sovereignty into economic preferences. In fact, V. Yanukovych's Cabinet was ready to facilitate the implementation of Russia's geopolitical projects, and in so doing, to stick to an uncompromising unilateral pro-Russian orientation in exchange for economic preferences. Then, in the years 2006–2007, V. Yanukovych's plans came across two major obstacles, namely, (1) limits of his authorities as Prime-Minister in the sphere of foreign policy; (2) unwillingness of the Russian side to pay an adequate price for those political concessions.

Today, V. Yanukovych as President has all the necessary authorities for the implementation of the majority of such concessions. That is why, upon being elected President, he set forth the same above-mentioned concessions to be traded with Russia. They are, first and foremost, the return to a non-aligned status, prolongation of the Russian Black Sea Fleet stay after the year 2017; and a retreat from regional leadership as well as from participation in the Organization for Democracy and Economic Development (GUAM) and from Baltic-Black Sea cooperation.

Within half a year, V. Yanukovych satisfied all of Russia's geopolitical claims, which the latter had been pursuing for all twenty years of Ukraine's independence. However, the most important prize for Russia was the prolongation of the Russian Black Sea Fleet's stay for 25 years, after the year 2017.

And what economic preferences has the Ukrainian side got? If not to consider the ratification of the Agreement of the Demarcation of the Ukrainian-Russian state border, which is rather loosely related to the Kharkiv Agreements, in exchange for the 25 year prolongation of the Russian Black Sea Fleet's stay, Ukraine got an alleged 30% discount for gas supplied to Ukraine for the needs of metallurgical and chemical enterprises for the next nine years. Apart from that discount, the Russian Government will approve the decision on lifting restrictions with respect to selling Ukrainian-manufactured pipes, in the volume of 260 thousand tons, in the Russian market.

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<sup>77</sup> *Polishchuk O.* Putin appointed supervisor for Ukraine.

It worth noting that the majority of enterprises from those branches belong to Ukrainian oligarchs. But, firstly, the price formula, on the basis of which a respective discount is to be calculated, is not included in the Agreement (in other words, it is left without changes: USD 450 per 1,000 m<sup>3</sup>); secondly, in fact, the discount in question is nothing but an export tax, which is lifted when the natural gas is supplied from the territory of the Russian Federation into Ukraine, and which is regulated by the Russian Government, or, in other words, it depends upon the goodwill and internal decision of the Russian Cabinet. As a result, export-oriented branches – the fuel and complex as well as the heavy industry of Ukraine fully depend upon Vladimir Putin – on his view as to whether Ukrainian authorities and oligarchs are playing according to a certain rules or not. And if he deems it appropriate, he can not only just cancel the zero export tax on gas, supplied to Ukraine, and revoke the 30% discount but also raise this tax, say, by 50–100%<sup>78</sup>.

The «Expert» weekly edition states: «Russian gas monopolist provides great discounts for European companies without any “sacrifices” in exchange. In order to keep the European market, “Gasprom” agreed to supply gas by spots contract, meaning lower prices. Therefore, energy expert Volodymyr Saprykin states «the Kharkiv Treaties brought Ukraine’s gas prices in line with Europe’s gas realities»<sup>79</sup>.

From the geopolitical point of view, signing this treaty is proof that Ukraine has refuted its NATO accession and acknowledged its move into the Russian sphere of influence. No Verkhovna Rada of Ukraine people’s deputies voted against these treaties’ ratification (see Appendix 1). Thus, Russian ambitions will not end here. Russia made additional political demands for such economic compromises and these demands were accepted by the Ukrainian party, namely: Russia’s FSB (Federal Security Service – English) station at the Black Sea Fleet based in Crimea and Ukraine’s agreement to upgrades in Black Sea Fleet ships. Russia’s Navy Commander-in-Chief, Vladimir Vysotsky, stated: «We plan to build 15 frigates and diesel engine submarines for the Black Sea Fleet by 2012»<sup>80</sup> Moscow is waiting for

<sup>78</sup> Why will Russia terminate the «Kharkiv Agreements» before 2017? – <http://www.pravda.com.ua/articles/2010/04/23/4960656/>.

<sup>79</sup> Yermeeva A. Bolus of unfriendliness // *Expert*. – 2011. – № 6. – 21–27 February. – P. 41.

<sup>80</sup> In one stroke Russia plan to solve all the problems of Black Sea. – <http://glavred.info/archive/2010/06/29/110327-6.html>.

Yanukovych to end all cooperation with Georgia<sup>81</sup>. But Ukraine has already ended its regional leadership, development of GUAM and Baltic-Black Sea cooperation. As a result, one may speak of Russia's total geopolitical victory over Ukraine.

### **Russia's Strategic Ukrainian Dimension Achievements and Its Outcomes.**

2010 may truly be seen as Russia's most successful year in terms of its strategic foreign policy goals towards Ukraine over all 19 years of its independence.

Russia's major achievement in Ukraine-Russian relations was Ukraine's return towards Russian civilization space and Russian geopolitical sphere dominance. As a result, Ukraine denied its NATO membership possibility and prospective as direct way to enter European civilization space. Instead Russia had a chance to restore all necessary premises to build «Russian world» in Ukraine via bringing a **Little Russia model for Ukraine's social development**. Russia managed to move forward with the following humanitarian policy tasks as: inability to restore Ukraine's national movement; Ukrainian national memory destruction; Ukraine's statehood annihilation, Ukrainian culture and history destruction, Ukrainian language extrusion from every day social use and returning a Russian language its status quo as country's official language, in spite juridical Ukrainian one.

Another Russian strategic success in this direction was the Black Sea Fleet lease prolongation till 2042. Signing of the Kharkiv Treaty is a bright example of trading in national security and the country's sovereignty for economic preferences for oligarchs. Ex-President L. Kravchuk states: «In order to gain Ukraine's beneficial geostrategic interest Russia used its economic situation to full advantage. In that way Russia told us: you used to be and still are within our national interests' sphere. Russia's Black Sea Fleet presence in Crimea till 2042 means our country's foreign policy won't be shaped without taking Kremlin's wishes into considerations; and they are of more substantial manner to us now than even our own priorities». The former President believes that «by signing a treaty with Kyiv, Moscow kills two birds with one stone. Firstly, it enhances its Black Sea basin pres-

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<sup>81</sup> Moscow wants, Yanukovych returns the FSB to the Crimea and stops military cooperation with Georgia. – <http://censor.net.ua/go/offer/ResourceID/150050.html>.



ence, secondly, it brings our country to its strategic interests' realization, and thirdly, it states to its citizens that Ukraine and Crimea would be under Russian control»<sup>82</sup>. Besides that Kharkiv Treaty on Black Sea Fleet Prolongation was signed contrary to Ukraine's Constitution and its national legislative acts. Ukrainian side did not even place any conditions to the other side while signing the treaty.

The Russian side managed to create all necessary political and economic preconditions and it achieved substantial benefits for taking strategic industries, Ukraine's key economy and infrastructure, communication, transport, gas and transport system into Russia's property. But mentioned achievements were impossible without V. Yanukovich's presidency, pro-Russian government establishment, Ukraine's democratic political regime's removal. These changes may be seen as Russia's major political and historic success since after-the-Orange-Revolution Ukraine was minimum seen as an instrument of moving Russian influence in the post-Soviet space away, and, maximum – as the battlefield for changing regime in Moscow<sup>83</sup>. American «Stratfor» analytical review explains Russia's success not only with Yanukovich's democracy retreat but with Russia's control over Kyiv and «President Yanukovich pro-European demagogy» successful use in order to enhance its influence over Europe – Germany and Poland»<sup>84</sup>. Therefore, American experts begin to see Ukraine as a possible bridgehead, new «Trojan horse» by using which Russia may enhance its influence over all Central-Eastern Europe.

But there's a question: what real economic preferences and benefits did Ukraine receive for such crucial compromises?

### Takeover or Cooperation?

V. Yanukovich's major economic issues in the country's relations with Russia were: *gas consortium creation and Russian capital participation in Ukrainian enterprises' privatization*. Thoughts on the possibility of a consortium possibility vary within the current pro-presidential team. Those who strive for a speedy profits think it should be created and the faster – the better, but with one condition to Russia

<sup>82</sup> Kravchuk speech about the gas valve, Kharkiv pact and killed three birds with one stone. – <http://www.unian.net/ukr/news/news-374520.html>.

<sup>83</sup> Dmitry Trenyn. Russia and New Eastern Europe.

<sup>84</sup> Ukraine's Place in Russia's Evolving Foreign Policy. – <http://www.stratfor.com/>.

that company's 50%+1 would belong to Ukraine. But it turned that issue where NJC «Naftogaz» is transformed into «Gasprom» technological department was basic idea for conducting negotiations on two companies' union.

Besides receiving control over NJC «Naftogaz» and its gas and transport system, V.Yanukovich's team offered Russia a share in Ukraine's energy and economic spheres. According to the draft treaty «On Strategic Cooperation Expansion in the Energy Sphere», Russian professionals will have the right to easily control any Ukrainian gas and transport system (GTS) objects without similar rights for Ukrainian professionals over Russian GTS objects. Besides that there's Russia's participation in oil transit price tariff drafting and security. Oil is transferred by Ukrainian oil pipelines and stating prices is Ukraine's internal business. Moreover, Russian representatives may «allow» fee levels for transit services in Ukraine<sup>85</sup>.

As it comes to Russia's takeover of Ukrainian economy, hi-tech, machine industry and other preferences to Russian business, V.Yanukovich and his governmental team exceeded even the most unexpected expertise. It was absolutely unpredictable that Russian capital would be provided with those industries that used to belong to Ukrainian oligarchs and were highly beneficial for them. Such spheres included metal industry, machine industry and other Ukraine's economy key segments (i.e., Lugansk diesel locomotives building plant, Metallurgy Illich Complex, «Zaporizhstal» metallurgy complex, Alchevsk and Dniprovsk metallurgy complexes, Dnipropetrovsk pipeline plant, Alchevsk coking plant). Besides that Industrial Donbass Union (Dunaferr metallurgy complex, DAM Steel metallurgy plant in Hungary, Huta Czeszohowa in Poland and Gdansk shipyard) foreign assets proceeded to Russian property<sup>86</sup>. Therefore, it allows Russian capital not only to takeover Ukraine's heavy industry part but come to the EU's industry assets via Ukrainian companies.

Here comes a question: what made Ukrainian new power to take such irrational decisions? It's possible that on the way to Russia's global dependence, V.Yanukovich tries to get rid of dependence on his own oligarchs. Crisis significantly cut domestic oligarchs' financial assets, lessening its counteractions towards Russian capital.

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<sup>85</sup> Distinguishing features of policy of Yanukovich. – <http://www.pravda.com.ua/columns/2010/04/29/4993143/>.

<sup>86</sup> Golubenko S. Why Sarkozy would never have allowed to sell the Industrial Union of France to the Russians. – <http://news.finance.ua/ru/orgsrc/~2/0/3076/183680>.

Russian government strategic calculation is obvious. It means conquering profitable export oriented industry areas that are Ukraine's foreign currency resource. Therefore, taking these industries, Russia receives control over Ukrainian financial system and its national currency's stability.

As reality proves, Russian business got those economy segments that are of the most political and strategic meaning to Moscow. Firstly, it's military and industry complex, hi-tech, aircraft and machinery building. In official circles such privatization is called «Ukrainian and Russian economics' integration». It means a so-called common (Russian) economic area creation that would deprive Ukraine of its independence and state sovereignty's economic ground. Such key Ukraine's economy segments' consumption is realized with passing Ukrainian enterprises to Russian state holding companies – Joint Corporations. It provides Russia with a chance to restore its closed industry cycles that were separated after the USSR collapse, and in those areas it was mainly depended on cooperation with Ukraine. For example, Russian «Joint Aircraft Building Corporation» received «Antonov» control stock share. One of Russians' conditions is that Ukrainians should guarantee a Russian citizen's election for «Antonov» Board of Members' Head. Instead, Russians are ready to provide Ukrainian citizen's election to «Joint Aircraft Building Corporation» Board of Members leadership. Ukrainians will also keep the right to appoint «Antonov» executive head.

Same scheme is planned for «Joint Shipbuilding Corporation» consumption of Ukrainian shipbuilding branch, i. e., «Zorya – Mashproekt» – powerful shipbuilding plant that may produce gas turbines, or «More» Feodosia plant – grand enterprise on light alloy metals building according to new technologies<sup>87</sup>. Same will soon happen with Russian defense industry merger with Ukraine's strategic enterprises for military technologies and armaments.

Russian capital will be provided with benefits in privatization of those Ukrainian enterprises that some Ukrainian oligarchs had already taken over. So at grand companies' share control Russian capital would actively come to Ukraine. It has great opportunities at food industry market as well. Ukrainian grand oligarchy keeps those economy elements that are mostly beneficial and do not need additional capitals.

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<sup>87</sup> Russia is interested in Ukrainian state-owned enterprises of shipbuilding industry. – <http://tsn.ua/groshi/rosiya-pretenduye-shche-na-dva-ukrayinskih-zavodi.html?page=9&items=83>.

Western capital will play a secondary role. Grand domestic and Russian capital will kept its priority place. Western investments would be allowed only to those fields that are not attractive neither for domestic capital (in economic matters) nor for Russian capital (in political matters). Western capital may be used as Russian capital's counterbalance.

Ukrainian oligarchs' capital necessity in Customs Union participation is, firstly, seen in taking customs barriers off for their goods at Russian markets and expanding transportation via Ukrainian territory. But Customs Union contradicts with Ukrainian WTO membership and EU Free Trade Zone. Customs Union of Russia, Belarus and Kazakhstan came into force on 1 January, 2010. It is planned that Common Economic Area will be established by 1 January, 2012. V. Yanukovych stated Ukraine will be back to Common Economic Area on WTO grounds.

But, Common Economic Area as integration projects is created by Russia to counterbalance EU. It means that 80% in its creation belong to Russia and only 20% – to other three countries. Such proportion gives Russia a firsthand chance to administer macroeconomic processes in Ukraine, Belarus and Kazakhstan. Common Economic Area does not provide customs or currency unions, and it would mean national currency change in Russian rubles' favor. V. Yanukovych, understanding such a trap, would trade over Ukraine's membership in turn of economic benefits for its «Donetsk» capital.

Besides all these intentions, leading economic experts state about various risks that *Yanukovych's Russian-center economic policy is facing*. *Firstly*, Russia won't open its markets for Ukrainian goods and services even with Ukraine's membership in the abovementioned integration institutions. Because of geopolitical manners, Russia is interested in economic expansion, not economic cooperation or relations with Ukraine. *Secondly*, low gas and oil prices, energy resources' selling amounts and Russian budget dependence on these fields seriously limit Kremlin in issues of foreign policy and providing country's security.

*Thirdly*, country's East and North political and economic elites may re-orient towards new alliance between Ukraine and Russia, but its practical building would be actually challenging. It's possible that Ukraine's East and North political leaders would re-orient themselves which would not be supported by Ukraine's elite and nation, even in terms of unclear policy with Brussels. Moreover, there are more young people in Ukraine who believe such close ties with Russia would

be unacceptable not only because of national and historic reasons. Such growing socializing part in democratic environment has pluralist beliefs and sees lack of prospective in current Russia's authoritarian development model<sup>88</sup>.

*Fourthly*, Ukraine has big debt responsibilities with Western financial structures and big EU turnover part (28.6%) compared with 31.8% of turnover with Russia. Integration to Russian space would lead to economic relations' worsening with the EU and the US; it would negatively affect country's economic and financial systems. Such multi-polar dependence makes V.Yanukovych at least declare in Brussels that «foreign policy goals under his rule would not be drastically changed, but will be of pragmatic and more concrete manner»<sup>89</sup>.

### **Assets and liabilities of the political monologue**

In the year 2010, Ukrainian-Russian cooperation resulted in the setting up of a substantial corpus of agreement foundation material, which is viewed by the parties in the light of completely different goals. The Ukrainian side views Russia as the main engine for the modernization of the Ukrainian economy – as a main economic, power, investment, and technological resource for economic reforms. Russia views Ukraine as a colony; therefore, in line with the spirit of neocolonialism, it considers Ukraine as a resource to be used for its own survival as well as to overcome the consequences of the global financial and economic crises, and for the realization its own geopolitical ambitions as a certain imperial center. So, Russia's policy, which is guided by the above-mentioned intentions, is directed towards the acquisition of all strategically important as well as more or less competitive segments of the Ukrainian economy.

So, logically, the need has arisen to review the assets and the liabilities of such asymmetrical integration of Russia into Ukraine. However, firstly, one must look at certain conceptual approaches, used in the analysis of Ukrainian-Russian relations during the year 2010, which point to a number of clearly defined trends in their development. The current state of relations between Ukraine and the Russian Federation is additional proof that their subject interests as well as the

<sup>88</sup> *Umland A.* Scenarios for Ukraine // *Ukrainska Pravda*. – 2010. – 12 February.

<sup>89</sup> In Brussels Yanukovych described the priorities of his foreign policy. – <http://korrespondent.net/ukraine/politics/1052394>.

vectors of this integration are heavily imbalanced. Under such circumstances, the imbalance and disparity at one vector, which could be balanced by those at the other vector, results in an outcome opposite to what was expected, that is in deepening Ukraine's asymmetrical dependence and inequality both at the Russian and European vectors of integration.

An imbalance of interests and resources under asymmetrical relations results in the loss of Ukraine's foreign policy subject status; in such case, integration is aimed at the acquisition of a smaller subject of such relations. In addition, political dialogue is replaced with the senior partner's monologue. Those trends set the pace for the foreign policy behavior of official Kyiv in its relations with Russia in the year 2010.

*The first rather positive attribute of the Ukrainian side's positioning is the intention to search for 'points of contact' with respect to cooperation in fields, regarded by Russia as its priorities but which, nonetheless, can be mutually beneficial.* For example: the Plan for Common Action for the years 2010–2011, signed by the Ministry of Emergencies of Ukraine and that of the Russian Federation, which stipulates the coordination of both ministries' actions in case of emergencies as well as to liquidate their consequences, and the conduct of common emergency prevention activities.

Another plan of cooperation, signed between the Council of National Security and Defense of Ukraine and the Security Council of Russia for the years 2011–2012, draws attention to the need for interaction in the War on Terror, illegal traffic in drugs, piracy, international organized crime, all of which present serious threats to international peace and security<sup>90</sup>.

However, those issues are too narrow and insignificant to change the general confrontational character and imbalances of Ukrainian-Russian relations. Therefore, in order to remove the component of confrontation, official Kyiv has made unprecedented concessions regarding sovereignty, independence and the country's national security.

So, another pronounced feature of the positioning of official Kyiv is its rather peculiar interpretation of the community of interests in the humanitarian, political, geopolitical, and security fields, deemed by Russia as priorities in its relations with Ukraine. *In fact, such a community of interests means that the Ukrainian side shares*

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<sup>90</sup> Ukraine and Russia came to the agreement on working towards a common security. – <http://www.pravda.com.ua/news/2010/12/22/5704646/>.

*Russian interests in those fields, and supports them by all means in the international arena, at the same time abandoning its own interests if they contradict Russia's interests.* In the framework of the above-mentioned interests, the state authorities of Ukraine have delegated Russian high-ranking authorities the right to represent and protect Ukraine's interests at different international levels and forums. D. Medvedev, President of the Russian Federation, seemed to be very pleased with such a request. As he said, «We're ready to assist in supporting Ukraine's interests at different forums, including those of the G8, the G20 as well as at international financial organizations»<sup>91</sup>. For his part, S. Lavrov, Minister of Foreign Affairs of Russia, made a statement about the absolute conformity of Russia's and Ukraine's interests in international and security fields: «We and Ukraine have common interests regarding the issues of European security as well as regarding those related to international cooperation on the problems of key importance as well as the issues of settling conflicts, including those, which take place within the CIS space. Our firm intention is to move forward in those fields as quickly as possible»<sup>92</sup>.

The third feature of the positioning of official Kyiv is *the consecration of Ukrainian-Russian relations with Soviet-Russian symbolism; such moves demonstrated the return of Ukraine to the role of a fraternal unit with Russia, in the external dimension; and, the resurrection of the Soviet-Russian identity in Ukrainian society as opposed to Ukraine's national symbols, in the internal dimension.* The following actions can be attributed to such symbolization: the symbolic tour of two presidents around the President's residence on a historic Soviet car *Pobieda*, driven by D. Medvedev, which took place on 5 April, 2010, during V. Yanukovych's visit to Moscow; the implementation of the Project *the Train of Victory*, by which the veterans of the Great Patriotic War from Belarus and Ukraine were taken to Moscow; the participation of Russian military units in the military parade in Khreshchtyk, in Kyiv, as well as the participation of Ukrainian ones on parade, in Red Square in Moscow, and other activities, carried out during the Victory Day festivities.

However, that did not prevent V. Putin from making a statement that Russia could have won the «Great Patriotic War» war without

<sup>91</sup> The RF will represent Ukraine's interests in the G8, and in international organizations. – <http://www.unian.net/ukr/news/news-366094.html>.

<sup>92</sup> In the very near future, Gryshchenko hopes to conduct negotiations with Russia on the most important issues. – <http://korrespondent.net/ukraine/politics/1057470/>.

Ukraine. That statement deeply offended the feelings of Ukrainian war veterans, but state leaders did not react to that statement. In response, Oleksander Dykusharov, Speaker of the MFA of Ukraine noted: «So far, the Ministry of Foreign Affairs of Ukraine does not have a position regarding V. Putin's remark about the possibility of Russia's victory in the Great Patriotic War without the participation of Ukraine»<sup>93</sup>.

*Since V. Yanukovich was elected President, Ukrainian-Russian relations, in their essence have been a combination of unprecedented political concessions, made by official Kyiv. At the same time the latter held expectations for an influx of substantial investments into the Ukrainian economy in technology transfer, in the implementation of grandiose strategic projects on industrial cooperation, as well as in a multi-fold increase in trade turnover with Russia. An increase in the turnover was forecasted at the level from USD13 billion to USD 100 billion. Special hopes were placed in breakthrough projects in the gas and power sector as well as in other strategic branches of industry, such as machine-building, ship-building, communication, transport infrastructure.*

*In order to realize their aspirations, Russia and Ukraine have set in motion all possible constitutional as well as non-constitutional bilateral relations mechanisms, which can be considered to be the next attribute of Kyiv's foreign policy behavior with respect to relations with Russia in the year 2010.*

V. Yanukovich's visit to Russia's capital on 5 March, 2010 started the process of intensive official visits. As K. Gryshchenko noted, that visit «gave a start to a new state of Ukrainian-Russian partnership». First of all, at that meeting, issues related to the preparation of the 3<sup>rd</sup> Meeting of the Interstate Ukrainian-Russian Commission of Both Presidents were discussed. Relevant assignments were given to the Ministers of Foreign Affairs of Ukraine and Russia; furthermore, an implementation plan was agreed during the meeting of K. Gryshchenko, Minister of Foreign Affairs of Ukraine with his Russian counterpart S. Lavrov in Moscow on 16 March, 2010. In addition, during that meeting, a Plan of Interaction between both ministries in the year 2010 was signed<sup>94</sup>.

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<sup>93</sup> The MFA: all the peoples of the USSR are victors. – <http://www.unian.net/ukr/news/news-412058.html>.

<sup>94</sup> Gryshchenko and Lavrov signed the Interactions Plan for the year 2010. – <http://inforotor.ru/news/2804475>.



The second bilateral meeting of Ukraine's and Russia's presidents was held in the state residency Gorky on 5 April, 2010. It was a rather symbolical meeting, since the topic of discussion was the path forward for the development of Ukrainian-Russian relations. A more detailed road map was defined at the Washington Nuclear Security Summit, during the meeting of V. Yanukovich with D. Medvedev. As far as its geopolitical consequences are concerned, that meeting was much more important than V. Yanukovich's meeting with President Obama. Most likely, the conditions of the Russian Black Sea Fleet's stay on Ukrainian territory in exchange for Russia's agreement to review the price for gas were discussed there, and that matter was finalized during the Kharkiv meeting between Ukraine's and Russia's presidents, held on 21 April 21, 2010.

The Kharkiv Agreement can be considered a real political Waterloo for Ukraine. In fact, as a result of that agreement, Ukraine lost its most important geopolitical resource without solving the problem of changing the basic price for gas (USD 450 for 100 m<sup>3</sup>), signed by Yu. Tymoshenko's Cabinet. By paying for Russian gas with the prolongation of a foreign military presence, Ukraine's ruling post-Communist elite has again demonstrated that their priorities are connected not with state sovereignty but rather with clan-oligarchic interests. So, in the end, Ukraine became even more closely connected with its Russian metropolis. Among the members of the official delegation that took part in the Kharkiv meetings, apart from President V. Yanukovich, were Sergij Lyovochkin, Head of the Presidential Administration, his deputies Hanna Herman and Andrii Goncharuk; Yuriy Bojko, Minister of Fuel and Power; Dmytro Kolesnykov, Minister of Industrial Policy; Mykhajlo Jezhel, Minister of Defense; Kostyantyn Gryshchenko, Minister of Foreign Affairs. On 27 April, the Verkhovna Rada ratified the agreement on the prolongation of the Black Sea Fleet stay in Sevastopol. 236 People's Deputies voted for that decision (see Annex).

The visit of D. Medvedev to Kyiv – where he participated in the 3 Meeting of the Interstate Ukrainian-Russian Commission, which took place on 17–18 May, 2010 – became the second important stage in the development of Ukrainian-Russian relations at the highest political level. The outcome of the meeting saw the following documents signed – the State Border Demarcation Agreement between Ukraine and the Russian Federation; Agreement about Cooperation in space exploration and the use of the Russian Global Navigation Satellite System (GLONASS); Agreement with respect to priorities in the

development of scientific and cultural cooperation in the years 2010–2012; the Program of Cooperation between the Ministers of Culture in the years 2010–2014; and agreements on interbank cooperation between Ukreximbank and Bank VTB (Russia).

In addition to the above-mentioned agreements, the presidents approved the Statement about the Trans-Dniestria settlement as well as that about European Security. Therefore, the results of the Kyiv meeting prove again that, first and foremost, Moscow was pursuing its own geopolitical interests while Kyiv was focusing efforts on business interests.

The third stage in the development of Ukrainian-Russian relations in the year 2010 involved implementing strategic directions for integrating the key branches of Ukrainian industry into the Russian economy by way of setting up joint ventures in such branches as shipbuilding, aircraft building, and the space industry. As President V. Yanukovych believes, such ventures will not only facilitate the development of Ukraine's as well as of Russia's economies but also they will enhance their competitiveness. «These projects set up conditions for economic growth, and of course, the financial result is the most important»<sup>95</sup>.

Notwithstanding the diversity of interests, the intensive use of institutional mechanisms has enabled movement of Ukrainian-Russian relations into a totally new level of dynamics. As of August 2010, 20 high level meetings had been conducted by the parties, and 21 documents had been signed; the volumes of bilateral trade practically reached pre-crisis level<sup>96</sup>. During the second half of the year 2010, the following high-level events took place: the 4<sup>th</sup> Meeting of the Interstate Ukrainian-Russian Commission, which was headed by Presidents V. Yanukovych and D. Medvedev; and the Ukrainian-Russian Economic Forum under Presidential Patronage, held in the city of Gelendzhik (the RF) on 4 October, 2010; there, the issues of economic integration as well as those of enhancing the logistics of Russia's Black Sea Fleet on Ukrainian territory by Ukraine were discussed.

The agenda of the 4<sup>th</sup> Meeting of the Interstate Ukrainian-Russian Commission included the issue of integrating a number of Ukraine's industry branches into the Russian economy, in particular, setting up a joint venture between Ukraine's Naftohaz and Russia's Gazprom as

<sup>95</sup> Results of Medvedev's visit: a number of agreements and contradictory proposals. – <http://www.euroatlantica.info/index.php?id=1773>.

<sup>96</sup> Bilateral turnover between Ukraine and the Russian Federation «practically» reached pre-crisis level. – 25082010180700.

well as those in the field of nuclear power, aircraft building, ship building, and space exploration. As noted by V. Yanukovych during that meeting, Ukraine and Russia will continue to enhance their economies; also, President emphasized that: «In such a way, we are creating conditions for the simultaneous modernization of both economies»<sup>97</sup>. V. Yanukovych paid special attention to the issue of setting up a specialized body – the high level Group on the Issues of Integration Interaction in the Economic Field. On his part, D. Medvedev pointed to an «unprecedented activity of meetings», carried out with the President of Ukraine in the year 2010.

Regarding other high-level events, held in the last quarter of the year 2010, it is worth mentioning the 7<sup>th</sup> Meeting of the Committee on Economic Cooperation of the Interstate Commission, headed by Ukraine's and Russia's Governments, which took place in Kyiv on 27 October, 2010 as well as the 4<sup>th</sup> Meeting of the Sub-Committee on Economic Cooperation, which was held in Moscow on 15 September, 2010.

During the meeting of the Committee on Economic Cooperation, Prime-Minister M. Azarov and his Russian counterpart V. Putin discussed the above-mentioned issues of the integration in nuclear power sector as well as in transport, industrial, aircraft, space and scientific-technical fields. In addition, during the course of that meeting, the parties came to an agreement with respect to continuing consultations with the aim of securing efficient and effective consolidation of efforts related to resolving issues of mutual cooperation as well as that of continuing work on the Statement on Ukrainian-Russian Strategic Partnership.

The last 11<sup>th</sup> meeting of President V. Yanukovych with President D. Medvedev in the year 2011 took place in Moscow on 10 December, during the CIS Summit.

So, summarizing the results of those intensive meeting, among Ukraine's irrefutable assets is the ratification of the State Border Demarcation Agreement as well as an increase intrade turnover from USD 13 million up to USD 37 million. The assessment of the «benefits», obtained by Kyiv in other fields, are controversial; first of all, that is related to the economic integration with Russia.

So, pursuant to the results of the 7<sup>th</sup> Meeting of the Committee on Economic Cooperation, the Agreement on setting up the joint venture,

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<sup>97</sup> Yanukovych wants joint modernization of economies, and Medvedev is interested in joint evaluation of history. – <http://zik.com.ua/ua/news/2010/11/26/258695>.

which will coordinate the parties' activities on manufacturing, selling and servicing AN aircrafts, was signed on 27 October, 2010, in the presence of M. Azarov and V. Putin. First of all, the joint venture will deal with such advanced models as the AN-124 RUSLAN, AN-70, and AN-148. Placing great hopes in joint manufacturing, V. Yanukovych assured all that the serial production of military-transport aircraft AN-70 would be started by the end of the year 2010<sup>98</sup>. However, the year 2010 has elapsed, and the manufacture of the aircraft in question was not started. Experts point to the risk of Ukraine's not obtaining a blocking minority share in exchange for the majority share of the Antonov Concern, handed over to the Russian side<sup>99</sup>.

The main interest from the side of UAC towards Antonov Concern is all about grabbing the right to the intellectual property to those sophisticated airliner in order to use it in entering into international cooperation space<sup>100</sup>. As far as Antonov's and Kharkiv aviation plant's manufacturing facilities are concerned, Russia does not need them, since its own plants are not running at full capacity. In addition, having signed an agreement with Russian Vneshtorgbank, Antonov falls into dependence upon Russian budget funds instead of being guided by the market expediency of its projects.

The situation with integration projects in the field of shipbuilding is similar. At the same 7<sup>th</sup> Meeting, D. Manturov, Deputy Head of Russia's Minpromtorg and Minister of Industrial Polic of Ukraine signed an intergovernmental Memorandum regarding cooperation in the shipbuilding branch. According to R. Trotsenko, President of the United Shipbuilding Corporation (USC), the integration of Ukraine's specialized assets into the Corporation will facilitate the renovation of the production chain in Russia's shipbuilding industry<sup>101</sup>. In other words, Russia needs such Ukrainian enterprises as Zorya-Mashproject and Feodosia Company MORYE only to set up closed cycles in its own shipbuilding branch.

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<sup>98</sup> Yanukovych: military-transport aircraft AN-70 will be put in the serial production by the end of the year 2010 года. – <http://ukranews.com/ru/news/ukraine/2010/06/08/20285>.

<sup>99</sup> Has the entire aviation industry been sold to Russia? – <http://mignews.com.ua/ru/articles/27007.html>.

<sup>100</sup> MEDIA: Russia offers the USA to assemble RUSLANs at Boeing plants without the consent of Ukraine. – <http://ukranews.com/ru/news/economics/2010/06/11/20483>.

<sup>101</sup> 50% of the Black Sea Shipbuilding plant will be handed over into the joint venture with Russia. – <http://www.unian.net/ukr/news/news-381011.html>.

M. Azarov's Cabinet placed great hopes on finishing the construction of the missile cruiser UKRAINE. For the sake of such cooperation, the Verkhovna Rada even deprived the ship of its name. However, as it turned out, Russia was ready to finish its construction only if Ukraine had given it the cruiser for free.

At the same 7<sup>th</sup> Meeting, the agreement on cooperation in manufacturing nuclear fuel for the VVER-1000-type reactor plant under Russian technologies in Ukraine was signed by Tetyana Amosova, CEO of the Nuclear Fuel State Concern (Ukraine) and by Yuriy Olenin, President of TVEL Corporation (Russia). However, according to experts, the construction of a uranium processing plant – on the conditions, which are currently declared by the ruling authorities – will fully «tie» Ukraine to Russian technologies for many years. For his part, V. Putin offered Ukraine 10% shares of the International Uranium Enrichment Center, which construction will be completed in Angarsk (Bajkal area). As observers maintain, in such a way, Russia wants to give access to nuclear plant fuel to all interested parties, and in so doing, to avoid opening secrets of the full nuclear fuel cycle to any of them<sup>102</sup>.

V. Putin's initiative regarding a merger of Ukraine's Naftohaz with Russia's Gazprom was also reflected in the events of the year 2010. Moscow expected that the Ukrainian gas transportation system will be contributed into the joint venture by Ukraine; in exchange for that, Kyiv expected to get the right to the development of the oil and gas field at the Yamal Peninsula. However, as it, consequently, turned out, Gasprom and Naftohaz came to an agreement about setting up two joint ventures on extracting coal methane gas as well as on developing the Pallas gas field on the continental shelf of Ukraine in the Black Sea.

In the end, the construction of the Kerch Bridge, which will connect the Crimea with Russia's territory, should become well nigh the main symbol of the new stage in the integration of Ukraine with Russia. Moreover, V. Yanukovich even expressed an ardent wish to complete its construction by the year 2012, when the European football championship will take place<sup>103</sup>.

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<sup>102</sup> Russia does not want to transfer Ukraine technologies of nuclear fuel manufacturing (European press). – <http://origin.radiosvoboda.org/content/article/2119600.html>.

<sup>103</sup> Yanukovich: It's desirable to complete the construction of the bridge Kerch-the Caucasus by the year 2012. – <http://korrespondent.net/ukraine/politics/1122822-Yanukovich-stroitelstvo-mosta-kerch-kavkaz-zhelatelno-zavershit-k-2012-godu>.

However, it is not quite clear, how that bridge could be related to such Ukrainian cities as Donetsk, Kharkiv, Kyiv, Lviv, which will host the games of the Championship. Meanwhile, Russia's geostrategic and geo-economic interests with respect to that bridge are related to the idea of getting the Crimea back to Russia. But the interest of the Ukrainian side remains ambiguous. There was no expertise on the economic expediency of such construction in place; a budget estimate does not exist. But all that notwithstanding, Prime-Minister M. Azarov signed the Order On Setting Up an Interdepartmental Group on the Construction of the Transport Bridge Passage over the Kerch strait, with the task to approve the relevant action plan given to the head of that group. Moreover, through the Russian Federation, the Ministry of Transport and Communication of Ukraine has initiated the inclusion of the Kerch bridge in the ring road around the Black Sea; notwithstanding the fact that in accordance with the project, due to ecological concerns, it is not supposed to pass through the Crimea peninsula<sup>104</sup>. In addition, the memorandum on interaction between the Ministry of Transport of Ukraine and Russia's State Corporation the Bank for Development and Foreign Economic Affairs on the organization and the construction of a transport passage across the Kerch strait was signed.

The above-mentioned agreements, which were signed during the year 2010 with Russia's financial institutions, apart from certain investment opportunities, also create a threat of Russian financial expansion into Ukraine. According to the experts, by buying assets of big Ukrainian banks, in fact, Russian business obtain access to the credit history of our industry, which will enable it to start active purchases of the most liquid Ukrainian enterprises<sup>105</sup>. According to *Mergemarket*, an independent Mergers and Acquisitions intelligence service, during the first six months of the year 2010, in Ukraine, the value of public M & A agreements amounted to USD 1.7 billion<sup>106</sup>.

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<sup>104</sup> Russia's Derzhduma has approved the idea of the motorway around the Black Sea. – <http://zik.com.ua/ua/news/2010/12/09/260916>.

<sup>105</sup> Ekspert: Russia conducts classical neocolonial expansion into Ukraine. – <http://news.liga.net/news/N1036686.html>.

<sup>106</sup> The Russians are acquiring Ukraine. – <http://www.epravda.com.ua/news/2010/07/14/241528/>.

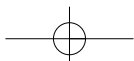
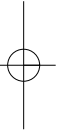
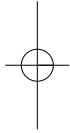
## Conclusions

The year of 2010 drastically changed the Ukraine-Russian relations' paradigm changed by giving them another context. With the reconfiguration of Ukraine's national interests, bilateral relations were deprived of their confrontational character, but a consequence has been greater asymmetric dependence from Russia. Trade turnover between the two countries was marked by further cuts in trade turnover with the EU and a Russian market expansion for Ukraine's products, energy sources' growth and total Russian economy's expansion over Ukraine, its market monopolization with Russian state and non-governmental industry objects.

Russian-Ukrainian relations became the main factor in the construction of a 'new country' as well as in that of a new political regime in the country and of a new foreign policy of Ukraine. In the internal dimension, those relations are about joint and simultaneous modernization of both countries on an authoritarian basis. In the external dimension, Russian-Ukrainian relations make up the basic system of coordinates for Ukraine's positioning in the international environment as well as for building its relations with other countries and organizations. The humanitarian field in Russian-Ukrainian relations (which is one of the main directions for realizing Russia's interests) was fully subjected to getting Ukraine back into *Ruskyj Mir* as well as for reformatting Ukrainian society into a malorussian one on the basis of the Soviet-Russian identity. *The current post-imperial Ukrainian elite is ready to recognize Ukraine as a part of the Russian empire for the sake of getting substantial resources for their malorussian periphery. However, the imperial-neocolonial model of Russian-Ukrainian relations enables the Kremlin to withhold and even remove resources from Ukraine in exchange for it being recognized as a part of the Russian empire.*

Therefore, apart from settling a number of acute problems, such as weakening confrontation in bilateral relations as well as furthering state border demarcation, a set of prerequisites for ruining the state sovereignty of Ukraine as well as its national security and the identity of the Ukrainian nation has been created. Double asymmetrical integration in two opposite controversial directions makes the achievement of any productive result impossible. First and foremost, the length and the scale of such ruination will depend upon the maturity of civil society and the strength of democracy in Ukraine. Similar

to pendulum moves, fast movement towards Russia's side will be accompanied by accumulating momentum for the consolidation of the Ukrainian nation as well as for its final return into the European civilization space.





### § 3. Ukraine's Economic Relations With The EU And Russia

Ukraine had always been trying to balance between Europe and Russia in its foreign policy. But financial and economic crisis led to production and consumption cuts, fiscal deficits and state debt growth in 2009. Therefore, economic cooperation between Ukraine and the EU could not avoid the influence of the world crisis. The crisis affected numbers in goods trade which decreased as well with foreign capital investment cuts and other capital flight.

Due to the WTO anti-protectionist position trade limitations did not happen in the world. This allowed Ukrainian exporters to take their advantages of speedy national currency devaluation and partially keep its international markets' positions. At the same time Ukraine was in a protectionist mood and levied temporary premium tariffs on some «non critical» import goods.

The Ukraine-Russian gas conflict in early 2009 underlined the importance of the country's cooperation with the EU in energy sphere. Dialogue brought several important decisions but crucial changes in Ukrainian-EU economic cooperation (as Free Trade Agreement) did not happen in 2009.

After the 2010 election, the balance moved in favor of our Eastern neighbor. Several important agreements in the energy sphere were signed with Russia. There was place for public discussion on Ukraine's accession to the Customs Union of Belarus, Kazakhstan and Russia, that started its work in 2010. In goods trade the Russian Federation became Ukraine's largest partner, leaving the EU behind.

Economic cooperation with the EU was active as well. Ukraine became an Energy Commonwealth member in 2010 which means Ukrainian legislation will be adapted and approximated to the EU Energy Directives. Negotiations on establishment of a Free Trade Zone took place, and if a favorable outcome is achieved, trade barriers between Ukraine and European countries will be minimized. The

Action Plan on Visa Regime Liberalization was signed<sup>107</sup>. Moreover, the EU was the largest investor in Ukraine.

## Trade Relations

### *Trade Regime with the EU*

During the second half of 2008 and in 2009 one observed a rapid decrease of value volumes of Ukrainian export, and in May 2009 the monthly export of Ukraine to the EU declined to the level of the average monthly export of 2003. In July 2008 the volumes of Ukrainian export to the EU-27 were 2.72 times greater than in May 2009.

The decrease of imports was much more rapid: in January 2009 the import of goods from the EU-27 was 3.2 times less than in July 2008. It should be noted that the descending dynamics of import changed into an ascending one in the very beginning of 2009, though the volumes of import remained considerably smaller than the historical maximum. At the same time, the renewal of Ukrainian export to the EU for the first seven months of 2009 wasn't actually observed in spite of a hryvnya devaluation.

Though the world financial crisis decreased the volumes of the external trade of Ukraine with the EU countries, the significance of the EU-27 as a trade partner of Ukraine hardly changed in 2009. The EU-27 as a single customs territory remained Ukraine's largest trading partner in 2009. According to the State Statistics Committee of Ukraine, in January-September 2009 turnover of goods with the EU was USD 17.2 billion, trade deficit – USD 4.4 billion. This corresponds to 29.1% of Ukraine's overall turnover of goods for nine months of the year in comparison with 23.6% of turnover of goods with the Russian Federation which is Ukraine's next trading partner by significance.

At the same time, *the tendency towards a gradual decrease of the role of the EU-27 as a trading partner of Ukraine continued in 2009*, following the peak reached in 2003 when Ukraine's turnover of goods with the EU accounted for 35.9% of the overall Ukrainian turnover of goods. Some decrease of the EU portion was caused by the increase of the share of import from the CIS countries. That was called forth with the relatively smaller decline of import from the CIS countries compared to the drop in import from the EU. But the tendency of lasting

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<sup>107</sup> See: Action Plan on Visa Liberalization, EU-Ukraine Visa Dialog. – [www.novisa.org.ua](http://www.novisa.org.ua).

geographical diversification of trade is more important, and the testimony of that is the increase of significance of Asian countries for Ukraine's turnover of goods.

In 2010 there were no cardinal changes in the trade regime existing between Ukraine and the EU. As before, the basis of the trade regime was determined with the provisions of the Partnership and Cooperation Agreement (PCA) entered into force in 1998, as well as with the items of the Generalized System of Preferences of the European Union (the version of 1 January 2008)<sup>108</sup>.

According to the PCA, the parties applied to each other Most Favored Nation treatment (MFN), while the Generalized System of Preferences (GSP) allowed for the application of lower tariff rates than the MFN ones for more than six thousand goods<sup>109</sup>. In compliance with the CARIS assessments (2010)<sup>110</sup>, the share of the Ukrainian export to the EU countries which is potentially applied the preferences in the framework of the GSP to, lies between 10% and 25% of the overall export. The Ukrainian producers are actively using given preferences. The level of their usage is estimated by the experts between 75% and 100%.

Negotiations on Deep and Comprehensive Free Trade Zone Agreement (DCFTA) between the EU and Ukraine began in 2008 and continued again but did not come to a final closure in 2010. It is expected that the new agreement will become a «first document of new “deep and comprehensive” trade agreements. Thus, the Free Trade Agreement (FTA) will involve a wide range of trade issues («comprehensive agreement»). Its major goals are to diminish any trade challenges that occur «outside of state borders» via legislative approximation thanks to which EU interior markets will be open to Ukraine («deep agreement»)<sup>111</sup>.

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<sup>108</sup> The Generalized System of Preferences of the European Union.// <http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/>.

<sup>109</sup> The regimes GSP+ and «Everything except arms and ammunition» work for some EU countries but Ukraine doesn't have right to use them. See: Movchan V., Dzhucci R., Kutsenko K. Trade policy of Ukraine: Strategic aspects and next steps to be done: Consultative work. – PP/02/2010.

<sup>110</sup> CARIS (2010). Mid-term Evaluation of the EU's Generalised System of Preferences. Report. – [http://trade.ec.europa.eu/doclib/docs/2010/may/tradoc\\_146196.pdf](http://trade.ec.europa.eu/doclib/docs/2010/may/tradoc_146196.pdf).

<sup>111</sup> Kutsenko K. Negotiations on the issue of free trade policy with the EU // Monthly Economic Monitoring of Ukraine. – 2010. – № 11. – [www.ier.kyiv.ua](http://www.ier.kyiv.ua).

The Agreement consists of three major blocs that unite 18 topics. During the February, 2008 – December, 2010 period 14 rounds of negotiation on the FTZ Agreement took place; the majority of issues reached substantial progress in discussions. As far as is known, negotiations on chapters dedicated to state purchases, conflict settlements, intellectual property rights' protection (including geographical names), transparency, customs and trade procedure facilitation, rules on goods production had been completed<sup>112</sup>. Negotiations on regulatory approximation in sanitary and phytosanitary standards, trade technical barriers continued. The October negotiations round was marked by exchanges of proposals for the services area.

Antidumping and special efforts were other important parts of the Ukraine-EU trade regime. The EU did not launch any new trade investigations against Ukraine in 2009. Moreover, starting in November, 2008 antidumping investigation on square and rectangle steel pipes' import were stopped without any implementation. Accordingly, on November, 2009 six antidumping efforts were underway in the EU against Ukrainian imports.

In 2010, as well as during the previous year, EU did not launch any new trade investigations against Ukraine. It is known that by the 2010 end, there were 6 antidumping actions against Ukraine in 2010 (see table 3.1). Antidumping actions on ammonium nitrate continued till June, 2012 based on previous revisions. An antidumping revision on black metals ropes, lines and twisted strips started more than ten years in August, 1999 was renewed this year, too. Antidumping revisions on iron boards lead to cuts in antidumping duty from 9% to 7%. The expected act enforcement expiry is April, 2012.

Ukraine stopped its antidumping actions aimed at limiting Polish filaments that were initiated in 2004 together with two special actions notwithstanding the original country – on abrasive instruments and rubberoid imports. During the year new limitation actions were initiated. Ukraine imposed 5-year long antidumping duties for syringes from Spain, Germany, United Kingdom, and China, antidumping investigations on which started in 2008. Special acts notwithstanding the original country began on matches' import. Therefore, as for November, 2009 there were three antidumping actions in Ukraine against EU country imports and six other special means «no matter the original country» that also imply EU–27.

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<sup>112</sup> Ministry of Economy of Ukraine Current status of the negotiations between Ukraine and the EU as to the creation of free trade zone Background. – Kyiv, 2010.

Table 3.1

**EU Antidumping Actions against Ukrainian Producers  
as of 2010**

Name of Goods	Tax	Investigation Case Initiation Year	Final Actions Application Date	Actions Continuation Date	Planned date of Cancellation
Welding pipes	10.7 – 44.1%	2001	09/2002	12/2008	12/2013
Ammonium nitrate and complex nitrogen fertilizers	29.26 – 33.25 Euro/ton	1999	01/2001	06/2010	06/2012
Black metals ropes, lines and twisted strips	51.80%	1998	08/1999	11/2005	11/2010 Revision continues. Expected ending date: 11/2011
Free of charge pipes	12.3 – 25.7%	2005	05/2006		06/2011
Ammonium nitrate and carbamide mix	27.17 Euro/ton	1999	09/2000	12/2006	12/2011
Iron boards	7.0%	2006	04/2007		04/2012

Source: Ministry of Economy of Ukraine, [www.me.gov.ua](http://www.me.gov.ua).

There were no Ukrainian antidumping investigation cases against the EU in 2010. At the same time Ukrainian producers initiated three special investigations brought against goods of notwithstanding the original country. If ferroalloy import investigations did not actually mean EU countries, two others – on composite mineral fertilizers (UCGF EA 310520), freezer and refrigerator equipments (UCGF EA 8418) apply European producers. EU countries part in freezer and refrigerator equipments' import to Ukraine in 2009 was 28.3%. Germany, Hungary, Italy, Lithuania and Poland are major equipment importers to Ukraine. As for mineral fertilizers its number in the EU import part fell from 12.6% in 2008 to 2.8% in 2009 which could have happened due to speedy UAH devaluation and price growth.

Antidumping cases on Spanish, German and British syringes were conducted in Ukraine in December, 2010 (see Table 3.2). Two other

antidumping actions on Polish and Slovak particle board lamination and screw compressor systems from Italy, Belgium and Finland were cancelled in 2010 upon their action expiration date.

Special actions notwithstanding the original country in November, 2010 were initiated against seamless steel casing pipes and productions strings matches' import. EU countries except for several German supplies, did not export matches to Ukraine but bringing in quotas for these products does not limit trade with the EU. Austria, Poland, Romania and Slovak Republic were among those countries that received export quotas of free of charge pipes to Ukraine. Based on Ministry of Economy of Ukraine data, Poland and Romania used all their quotas as of 2010, whereas Slovak producers did not take any of each, Austrian use was less than 20%<sup>113</sup>.

*Table 3.2*

**Antidumping and Special Actions of Ukraine  
against the EU Products as of December, 2010**

	Goods	Producer Country	Dates	Ongoing Actions
Antidumping actions	Syringes	Spain, Germany, United Kingdom, China	November, 2009 – November, 2014	Final antidumping duty for Spain: for 5 ml syringes – 10.54%, for 10 ml syringes – 196.38%. For Germany: for 10 ml syringes – 37%. For the United Kingdom: for 10 ml syringes – 23%. For China: for 2 ml syringes – 24.36%, for 5 ml syringes – 54.15%, For 10 ml syringes – 347.14%.
Special actions	Seamless steel casing pipes and productions strings	Notwithstanding the original country	1 October, 2008 – 30 September, 2011	Annual special quota amount of 14504 tons with further 5% annual amount liberalization for the second period and 10% for third. Separate EU country quotas are provided to Austria, Poland, Romani and Slovak Republic.

*Source:* Ministry of Economy of Ukraine, [www.me.gov.ua](http://www.me.gov.ua).

<sup>113</sup> Ministry of Economic Development and Trade of Ukraine. – [http://www.me.gov.ua/control/uk/publish/category/main?cat\\_id=50301](http://www.me.gov.ua/control/uk/publish/category/main?cat_id=50301).

Therefore, the key 2010 issue on EU trade regime was the Deep and Comprehensive Free Trade Zone establishment that would substantially bring down trade barriers among countries. It's also important to note progressive cuts in protective trade actions from the Ukrainian side as well as the absence of new Ukrainian goods investigations by Europeans, which brings hope of similar cuts in EU protective trade actions in the coming decades.

### Trade Regime with the Russian Federation

The trade regime with the Russian Federation is set out by the Free Trade Zone Agreement<sup>114</sup> that was signed in 1993<sup>115</sup>. It is important to note that similar bilateral agreements have been signed between other CIS countries. An attempt to establish a single Free Trade Zone Agreement among all CIS countries failed because Russia and Ukraine failed to ratify the document.

Officially, the CIS Free Trade Zone agreement was ratified on 6 October, 1999 and came into effect on 15 December, 1999<sup>116</sup>.

All CIS Free Trade Zone agreements are similar in wording, even the one with the Russian Federation<sup>117</sup>. Agreements consider tax free trade for all goods but with conditions of preliminary set exemptions. The most favorable regime is applied to goods that are subjects for tax free exemptions.

Mutual free trade zone exemptions apply in cases of export duties, quotas and licensing set by trade partners. Thus in 2010 there were 115 Russian export positions under the exemption list which included such goods as fish products, mineral fertilizers etc.<sup>118</sup>, and several Ukrainian export goods (i. e., cattle, leather and scrap metals).

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<sup>114</sup> Agreement between the Governments of Ukraine and Russia on free trade \_ date of signing – 24 June 1993, effective date of the document – 21 February 1994. – [http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=643\\_009](http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=643_009).

<sup>115</sup> The Agreement was not ratified, but it was put in place by official correspondence at the level of ministers.

<sup>116</sup> Law of Ukraine «On ratification of the Agreement on the free trade zone and the Protocol of amendments to the Agreement on the creation of free trade zone» №1125 from 6 October 1999. – <http://zakon.nau.ua/doc/?code=1125-14>.

<sup>117</sup> *Freinkman L., Polyakov E., Revenco C.* Trade Performance and Regional Integration of the CIS Countries // Policy Research Working Paper. – 38. – Washington, DC: World Bank, 2004.

<sup>118</sup> Information Retrieval System Export opportunities of Russia. – <http://www.exportsupport.ru>.

Exemptions may also be set by additional protocols. According to the 4 October, 2001 Protocol that was still in effort in 2010 exemptions from the free trade zone Ukrainian-Russian trade included sugar, alcohol, cigarettes and cigars, as well as a number of confectionary sweets (*Tables 3.3 and 3.4*).

*Table 3.3*

**List of goods that are exported from Ukraine  
to the Russian Federation tax territory and are subject  
to tax free zone regime exemption**

Code	Name
1701 99 100 0	White sugar
2207 10 0000	Ethyl alcohol and non-denaturated with spirits less than 80%
2207 20 0000	Ethyl alcohol and and denaturated spirits of any competence
	Ethyl alcohol non-denaturated with spirits less than 80% in bottles:
2208 90 910	– 2 l and less
2208 90 990	– more than 2 l
2402	Cigars and cigarettes with cut ends, cigarillos ( slim cigars) and tobacco cigarettes and its substitutes

*Source:* Appendix 1 to the Protocol on Additional Changes to the Protocol of Free Trade Zone Exemptions between the Government of Ukraine and the Government of the Russian Federation as of 24 June, 1993 signed on 24 June, 1993, of 4 October, 2001.

Another important point is that the Free Trade Zone Agreement between Ukraine and Russia does not cover services and other trade issues including intellectual property rights protection, which undermines its authority.

Besides free trade regime exemptions higher trade limitations are set as the result of trade protection application. As of the end of 2010, one antidumping and three special investigations continued in Russia; all considering Ukrainian producers and one of which was initiated in 2010 (*Table 5*). As for special investigation objects, the Russian trade part in general Ukrainian export for mechanical engineering fastening (UCGF EA 7318 15, 7318 16, 7318 21 codes) was 62.7% in 2009, activated coal export (UCGF EA 3802 00 code) – 50.3%, caramel (UCGF EA 1704 90, 1806 90 codes) – 50.3% as well.



Table 3.4

**List of goods that are exported from Ukraine  
to the Russian Federation tax territory and are subject  
to tax free zone regime exemption**

Code	Name
1701 99 1000	White sugar
	Sugar based confectionary products ( including white chocolate) that do not contain cocoa:
1704 90 3000	– white chocolate;
1704 90 7100	– boiled sweets with filling and without filling;
1704 90 7500	– toffee, caramels and similar sweets ;
1704 90 8100	– similar goods but pressed in pills shape
	Chocolate and other goods and products that contain cocoa
1806 31 000	– with fillings;
1806 32 900	– without filling
1905 30 1900	Sweet cookies, waffles
2402	Cigars and cigarettes with cut ends, cigarillos ( slim cigars) and tobacco cigarettes and its substitutes

*Source:* Appendix 1 to the Protocol on Additional Changes to the Protocol of Free Trade Zone Exemptions between the Government of Ukraine and the Government of the Russian Federation as of 24 June, 1993 signed on 24 June, 1993, of 4 October, 2001.

Table 3.5

**Russia's special investigation cases against  
Ukrainian producers as of 2010 closure**

Name	Investigation Case Launch Year	Planned Date of Investigation Closure
<i>Antidumping Investigations</i>		
Steel forged forming rolls	July 2009	November 2010
<i>Special Actions</i>		
Mechanical engineering fastening <sup>119</sup>	May 2009	May 2010
Absorbed carbon <sup>120</sup>	November 2009	November 2010
Caramel <sup>121</sup>	March 2010	December 2010

*Source:* Ministry of Economic Development and Trade of Ukraine, [www.me.gov.ua](http://www.me.gov.ua).

<sup>119</sup> Ministry of Industry and Trade of the Russian Federation. – <http://www.minpromtorg.gov.ru/actions/anti-dumping/14>.

<sup>120</sup> Ministry of Industry and Trade of the Russian Federation. – <http://www.minpromtorg.gov.ru/actions/anti-dumping/26>.

<sup>121</sup> Ministry of Industry and Trade of the Russian Federation. – <http://www.minpromtorg.gov.ru/actions/anti-dumping/6>.

Russia also applied three antidumping cases and one special investigation on products that originate from Ukraine (*Table 3.6*). Three out of four cases were in the metals industry.

*Table 3.6*

**Russia's antidumping and special actions against Ukrainian producers as of 2010 closure**

Name	Tax, %	Investigation Year Launch	Final Actions Application Date	Expected Date of Cancellation	Notes
<b>Antidumping Actions</b>					
Pipe production (small and medium diameter pipes )	8.9–55.3	2004	December 2007	January 2011	Revision continues
Mechanical engineering fastening	21.8*	2005	May 2007	May 2012	
Polyamide technical thread	11.6	2007	September 2009	September 2013	
<b>Special Actions</b>					
Stainless pipes	28.1	2007	September 2009	October 2012	

*Source:* Ministry of Economic Development and Trade of, [www.me.gov.ua](http://www.me.gov.ua).

*Note:* \* Open joint-stock company «Druzhkovka metal products factory» accepted price obligations.

On its part Ukraine had four investigations that applied to Russian producers. All investigations were initiated in 2010. Antidumping investigation on methanol that is exported from Ukraine to Russia (99.6% of general Ukrainian import of this product in 2009). As for special investigations – Russian producers' part in Ukrainian composite mineral fertilizers (UCGFEA 310520 code) was 81.2% of general 2009 import, ferroalloy part – 17.4%, refrigerating equipment – 31.0%. In December, 2010 two special investigations were finished without special action application, in cases on mineral fertilizer and ferroalloys. Decisions on other two investigations are expected in 2011.

There were five antidumping investigations and two special actions on steel seamless pipes and matches imported from Russia to Ukraine in 2010. In both cases Russia's quota was the largest – 71% of Ukraine's general import.

Table 3.7

**Ukraine's antidumping and special investigations  
against Russian producers as of 2010 closure**

Name	Investigation Year Launch	Expected Date of Investigation End
<b>Antidumping Investigations</b>		
Methanol (methyl alcohol)	July 2010	November 2011
<b>Special actions</b>		
Mineral substances with three useful substances: azoth, phosphor, potassium with azoth more than 10%	February 2010	December 2010
Ferroalloys	February 2010	January 2011
Refrigerating and chilling equipment	May 2010	April 2010

*Source:* Ministry of Economic Development and Trade of Ukraine, [www.me.gov.ua](http://www.me.gov.ua).

Table 3.8

**Ukraine's antidumping and special actions  
against Russian producers as of 2010 closure**

	Goods	Dates	Current Actions	Notes
Anti-dumping actions	Fiberboards	02/2010 – 02/2015	Residual tax – 31.58%	Based on investigation results expiration dates is prolonged for 5 years
	Azbeth and cement corrugating foliages	05/2007 – 05/2012	Residual tax – 21.8%	
	Abrasive instruments	03/2008 – 03/2013	Residual tax – 34.6%	
	Ammonium nitrate	06/2008 – 06/2013	Residual tax – 9.76%–11.91%	
	Rail-crossing planners*	11/2008 – 11/2013	Residual tax – 59.4%	Based on investigation results expiration dates is prolonged for 5 years
Special actions	Casing , pump and compressor steel seamless pipes	10/2008 – 10/2011	Annual special quota amount is 14504 tons with consecutive annual 5% liberalization amount for the second annual period and 10% for the third one	Russia's 2010 quota – 71.08% of total amount

Table 3.8 continuation

	Goods	Dates	Current Actions	Notes
	Matches	11/2009 – 11/2012	Special actions are revised via special tax change (11.3% on quota regime application starting 6 November, 2010). Quota amount – 10 285 tons during first year (by 5 November, 2011) and 10 799 tons later on	Russia's quota – 71.24% of total amount

Source: Ministry of Economy of Ukraine, [www.me.gov.ua](http://www.me.gov.ua)

Note: \* Acts were suspended by 30 April, 2011.

Besides quotas set by special investigation results, several international agreements on quantitative trade limitations were in action. For example, plane tough rolled metals export to Russia was subject to quotas as of 30 June, 2010 according to a 2007 agreement that terminated in 2010<sup>122</sup>. Trade limitations on wads for concrete reinforcement were in action as of 31 December, 2010 (stated in a supplies agreement of 2007 till 2010)<sup>123</sup>.

The Ukrainian and Russian governments agreed to prolong an agreement to supply steel pipes to Russia<sup>124</sup>. According to the Protocol of 30 April, 2010 the Ukrainian produced pipes supply quota was set at 260 000 tons for 2010, whereas in 2005 (when the treaty was signed) it was at 395 000 per year with annual 2% growth<sup>125</sup>. Another

<sup>122</sup> Agreement between the Ministry of Economy of Ukraine and the Ministry of Economic Development and Trade of the Russian Federation on regulating the supply of flat cold-rolled products originating in Ukraine to the customs territory of the Russian Federation, data of signing – 21 June, 2007, effective data of the document – 1 July, 2007.

<sup>123</sup> Agreement between the Ministry of Economy of Ukraine and the Ministry of Economic Development and Trade of the Russian Federation on regulating the supply of bars for reinforcing concrete structures originating in Ukraine to the customs territory of the Russian Federation, data of signing – 13 August, 2007, effective data of the document – 14 August, 2007.

<sup>124</sup> Agreement between the Ministry of Economic Development of Russian Federation and the Ministry of Economy of Ukraine on regulation of the supply of certain kinds of steel pipe imported from Ukraine, to the customs territory of the Russian Federation from 13 January, 2005, data of signing – 13 January 2005, effective data of the document – 1 January, 2005.

<sup>125</sup> Protocol on amendments to paragraph 3 of Article 2 of the Agreement between the Ministry of Economic Development of the Russian Federation and

Protocol was signed in December, 2010 according to which the 2011 quota will be 300 000 tons<sup>126</sup>.

Even though the general trade regime between Ukraine and Russia was more favorable than between Ukraine and the EU, there were quantitative limitations (practically forbidden by WTO rules) present in Russian-Ukrainian economic cooperation. Compared with EU trade, Russia and Ukraine often applied trade protection actions in 2010 initiating several new antidumping and special investigations cases.

### **Customs Union between Russia, Belarus and Kazakhstan**

The issue of the participation of Ukraine in the Customs Union between Russia, Belarus and Kazakhstan (CU) arose in winter 2010 together with the discussing of conditions of supply of Russian gas to Ukraine.

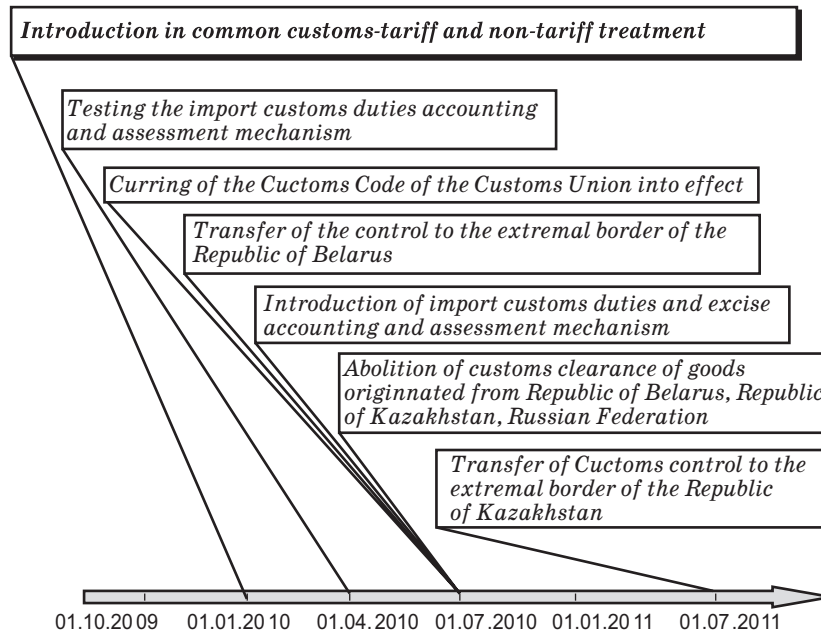
The formation of the Customs Union started on 1 January 2010 after the introduction of the common tariffs. The Customs Code of the Customs Union entered into force in Russia and Kazakhstan on 1 July 2010 and in Belarus – on 6 July<sup>127</sup>. The document determines the competence, rights and obligations of the CU members including the law-enforcement activity, and the rights and obligations of the participants. It is envisaged the formation of the common goods nomenclature of the foreign economic activity, the determination of the country of origin of goods and their customs value, the kinds of payments and the procedure of their application and recovery.

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the Ministry of Economy of Ukraine on regulation of the supply of certain kinds of steel pipe imported from Ukraine, to the customs territory of the Russian Federation from 13 January 2005 (as amended by this Protocol Agreement, signed on 30 December, 2009), data of signing – 30 April, 2010, effective data of the document for Ukraine – 30 April, 2010.

<sup>126</sup> Protocol on amendments to the Agreement between the Ministry of Economic Development of the Russian Federation and the Ministry of Economy of Ukraine on regulation of supply of some kinds of steel pipe, originating from Ukraine, to the customs territory of the Russian Federation from 13 January, 2005, effective data of the document for Ukraine – 31 December, 2010.

<sup>127</sup> The Customs Code of the Customs Union between Russia, Belarus and Kazakhstan was signed by heads of all three states on 27 November 2009. – <http://www.tsouz.ru/db/ettr/tnved/Pages/default.aspx>.



**Figure 3.1. Customs Union of Russia, Belarus and Kazakhstan Establishment Agenda**

Source: [http://tsouz.ru/news/Documents/Custom\\_Union\\_Glaziev1.pdf](http://tsouz.ru/news/Documents/Custom_Union_Glaziev1.pdf).

*First of all, this Customs Union is focused on trade in goods, leaving aside trade in services and other issues, connected with the trade sphere, which today generate the most growth of welfare relating to trade<sup>128</sup>.*

As it's known, Ukraine refused to participate in the Customs Union. Joining the Customs Union might cause a number of multilateral international negotiations and harmonization inside the WTO. If the effective Customs Union list of tariffs was taken as a basis, Ukraine would have to coordinate these changes with all the interested WTO members and pay the compensations as the import tariffs of the Customs Union often exceed proper rates of the bound tariff in Ukraine.

At the same time, the establishment of a free trade zone in the CIS framework is one of the priorities of Ukraine's foreign economic

<sup>128</sup> *Movchan V., Dzhucci R., Kutsenko K.* Trade policy of Ukraine: Strategic aspects and next steps to be done: Consultative work. – PP/02/2010.

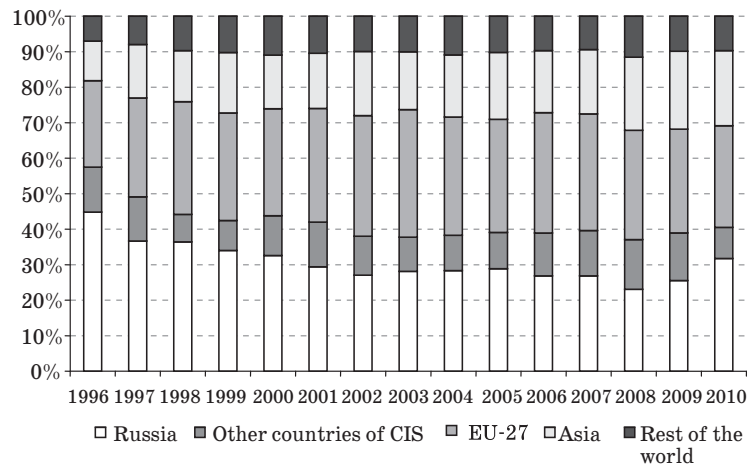
activity. In December 2010 at the Council of Heads of States Meeting the parties decided to prepare a relevant agreement<sup>129</sup>.

Thus, *the establishment of free trade zones was the basis for regional trade cooperation of Ukraine in 2010.*

## Trade in goods and services

### *Trade in goods*

In 2009–2010 the tendency of the gradual decrease of the EU role and the renewal of Russian importance as a trade partner of Ukraine in the trade in goods continued (*Figure 3.2*).



**Figure 3.2. Ukraine's Trade Structure with the World Countries in 1996–2010**

Source: State Committee of Statistics of Ukraine.

The decline of the EU share in 2009–2010 took place at the expense of an abrupt growth of the Russian portion. According to the yearly results, the trade share with the Russian Federation in the overall Ukraine's turnover of goods accounted for 31.8%, firstly after the year 2000 exceeded the share of the EU-27 as a single customs territory, corresponded to 28.6%. In 2009 the Russian share in the turnover of goods of Ukraine was 25.5%, and the lowest index had accounted for 23.0% of the overall turnover of goods in 2008.

<sup>129</sup> The Executive Committee of the CIS. – <http://www.cis.minsk.by/>.

In 2010 the growth of the Russian share was caused by both export, which increased by 58.1% per year, and import, which demonstrated rising by 67.7% per year. For comparison purposes, the overall export of Ukraine in 2010 increased by 29.6%, import – by 33.7%. The increase of value volumes of trade with Russia was influenced both by price and demand factors.

The comparison of the structure of Ukrainian trade in goods with the EU-27 and Russia allows explaining why the growth of portion of trade with Russia took place in 2010. Let's start with the export (Table 9).

In trade both with the EU and Russia one observed a rapid growth of export of mineral products, metals and metallurgical products significantly due to an increase in prices. The growth of export of these products causes 94% of the general increase of export to the EU and only 40% of the increase of exports to Russia. The main additional factor of the increase in export to Russia was the renewal of demand for engineering products, including railway equipment. Accordingly, for nine months of the year the export of cars and equipment to Russia increased by 84.8%. This explains the other 42% of export growth to this country and causes much higher rates of export increase as a whole.

The situation connected with import is simpler. The renewal of economic growth in Ukraine in 2010 took place, first of all, due to external demand, i. e. export. Taking into consideration the lower,



**Figure 3.3. Ukraine's Trade of Goods with the EU-27 and Russia in 1996–2010**

Source: State Committee of Statistics of Ukraine.



Table 3.9

**Ukraine's Export of Goods to the EU-27  
and Russian Federation in 2009 – 2010**

	Export to the EU-27			Export to Russia		
	9M 2009	9M 2010	9M 2010	9M 2009	9M 2010	9M 2010
	% from general		% growth pace	% from general		% growth pace
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>40.8</b>	<b>100.0</b>	<b>100.0</b>	<b>67.5</b>
<i>namely:</i>						
Manufactured goods and its raw materials	21.1	13.2	-11.7	16.7	13.3	33.8
Mineral fertilizers	11.7	18.0	117.3	4.8	10.0	249.5
Chemical industry production and similar products	8.2	6.6	12.4	13.0	10.1	30.0
Wood and its products	5.9	4.8	14.7	7.3	5.2	20.6
Manufactured goods	8.7	6.3	1.6	2.7	2.4	48.7
Black and color metals and its products	23.2	33.8	105.5	20.1	20.8	73.9
Machinery, equipments, and transport means	17.3	14.3	16.6	33.1	36.5	84.8
Other	3.9	2.9	5.6	2.3	1.5	9.0

Source: National Bank of Ukraine.

compared with the pre-crisis period, purchasing power of the population and the continuation of decreased investments in the fixed capital, the import from the EU-27 grew comparatively slow. The main contributions to the import increase were made with the buying of cars and equipment, as well as of the chemical industry products. At the same time, *during January-September the value volumes of import of mineral products in the trade with Russia doubled, and their share in the overall import reached 67.3%*. It's connected both with the increase of prices for mineral products, in particular, for oil and natural gas, and with the renewal of demand for them against a background of revival of economic activity in Ukraine. Without taking into account the energy factor, the import from Russia increased by about 19.6% which factually coincided with the growth of import from the EU.

The increase of import of mineral products from Russia took place, at first, due to the gain of value volumes of natural gas supplies (*Figure 3.4*).

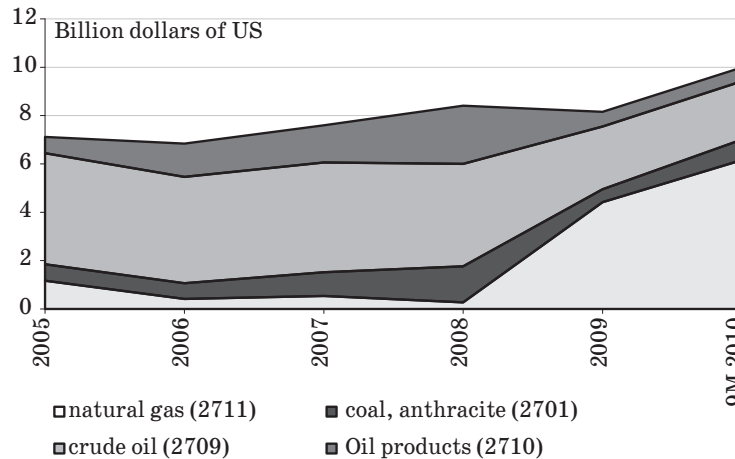
Table 3.10

**Ukraine's Import of Goods from the EU–27  
and the Russian Federation in 2009 –2010**

	Import from the EU–27			Import from Russia		
	9M 2009	9M 2010	9M 2010	9M 2009	9M 2010	9M 2010
	% from general		% growth pace	% from general		% growth pace
<b>Total</b>	<b>100</b>	<b>100</b>	<b>22.0</b>	<b>100</b>	<b>100</b>	<b>84.4</b>
<i>namely:</i>						
Manufactured goods and its raw materials	12.3	11.4	12.3	4.8	2.7	4.1
Mineral fertilizers	4.8	6.2	58.2	59.3	67.3	109.2
Chemical industry production and similar products	29.1	29.5	23.5	13.1	9.0	26.1
Wood and its products	7.5	7.1	15.8	2.5	1.9	36.8
Manufactured goods	5.9	5.6	17.1	1.9	1.2	21.9
Black and color metals and its products	6.7	6.9	25.4	7.3	7.5	91.3
Machinery, equipments, and transport means	30.6	30.1	20.1	10.5	10.0	75.2
Other	3.1	3.2	27.4	0.7	0.4	22.2

Source: National Bank of Ukraine.

Thus, the analysis of changes in the structure of Ukrainian trade in goods with Russia and the EU–27 showed that *the increase of the Russian portion in the turnover of goods is explained by a number of factors. Firstly, there was the renewal of increases in prices for oil and gas that corresponded to global tendencies. Secondly, there was faster renewal of the investment demand in Russia caused, inter alia, with the state purchases* (one observed the growth of deliveries of the railway equipment, which demand for is formed by the Open JSC «Russian Railways». Its only shareholder is the Russian Federation). Instead, in 2010 the crisis continued in some EU countries and that served as a brake on the renewal of demand.



**Figure 3.4. Ukraine's Import of Several Mineral Products from Russia in 2005–2010**

Source: National Bank of Ukraine.

#### *Trade in services*

Trade in services suffered from the crisis to a lesser degree compared with trade in goods. If the overall Ukrainian turnover of goods in 2009 decreased, factually, twice, the decline of overall trade in services accounted for only 22% in the ratio one-to-one year.

The European Union remained the main partner of Ukraine in trade in services. According to the State Statistics Committee, in January-September 2009 the share of trade in services with the EU-27 accounted for 41% from the overall trade in services, whereas the share of the Russian Federation was 27%. For nine months of 2009 export of services from Ukraine to the EU-27 countries accounted for 32.0% of overall exports, and import of services from the EU-27 countries accounted for 57.5% of overall imports. For comparison, Russia's portions were 34.9% and 12.7% appropriately.

In nominal terms export of services to the EU-27 in January-September 2009 accounted for USD 2.19 billion decreasing by 27.6% in comparison with the last year rate. The import during that period decreased less (even by 17.9% in the ratio one-to-one year), and accounted for USD 2.20 billion. Accordingly, during that period the balance of trade in services with the EU was negative, at the level of USD 0.01 billion, whereas during the same period of the previous year the balance of trade in services with the EU was positive at the level of USD 0.3 billion.

The United Kingdom, Cyprus and Germany were Ukraine's main trading partners in both export and import of services. Export to these countries accounted for 46.1% of overall exports and import from these countries accounted for 55.9% of overall imports from the EU-27. However, comparing to 2008, the comparative importance of Cyprus increased. It took the lead over the United Kingdom and became the main provider of services to Ukraine. In the import of services from Ukraine the leadership of Great Britain remained unchanged.

In 2009 there were no principle changes in the sectoral structure of trade in services. As earlier, Ukraine rendered, at first, transport services, however their overall volume decreased by almost a quarter due to the decline of industrial production.

EU-27 kept its place as Ukraine's largest trade partner in services in 2010. Simultaneously, trade in services with the Russian Federation grew 45% from year to year, almost catching up with the EU trade amounts. Trade of services with the European Union in 2010 was at 35.5% level, and 34.8% with the Russian Federation (*Table 3.11*). Trade in services growth with Russia is explained with the quick increase in pipe transportation services that make up a greater part of Ukraine's export of services to Russia.

The EU-27 was also a major service exporter to Ukraine; providing more than half of all imported services even though price amounts of the EU import of services were 2% less than in 2009. Such cuts are explained by drops in financial and insurance services trades which are the major component in trade of services with the European Union countries. Overall financial services import to Ukraine was 17.8% less compared with the previous year, but insurance services import – comprised 25.2%.

Therefore, changes in trade in services took place in 2010, even though the EU-27 as a common tax territory kept its place as Ukraine's

*Table 3.11*

**Ukraine's Trade of Services with the EU-27  
and Russia in 2009–2010, % from general**

	Export of Services		Import of Services		Services Turnover	
	2009	2010	2009	2010	2009	2010
EU-27	31.4	26.8	58.1	54.0	40.8	35.5
Russia	36.3	44.2	12.6	14.5	27.9	34.8

*Source:* State Committee of Statistics of Ukraine, Institute of Economic Studies data.

major partner in the area. This is explained by the EU domination in financial, insurance and other business, professional and technical services to Ukraine.

### Asset and Capital Movement

In spite of the crisis, direct foreign investments (DFI) in the country's economy grew to 2.6% in January-September, 2009 compared with the same period in 2008 and was USD 38.6 billions (USD 31.3 billions of which were from the EU countries). But DFI for three quarters of 2009 was twice less than last year, and there was DFI outflow.

The European Union was Ukraine's key foreign investor – its part in DFI to Ukraine stayed almost the same compared with 2008 and was 80.0% on 1 October, 2009. Austria, Cyprus, Germany, Great Britain and the Netherlands also kept their leading positions since their DFI part in Ukraine was 61.1%, total DFI from the EU to Ukraine – 75.2%.

As in goods and services trade issues, Russia's role in foreign capital movement grew in 2010, even though direct foreign investments and its role were less than the EU countries<sup>130</sup>. EU direct foreign investments are a little less than 80% from total DFI to Ukraine. Russia's part grew from 6.4% in 2009 to 7.6% in 2010.

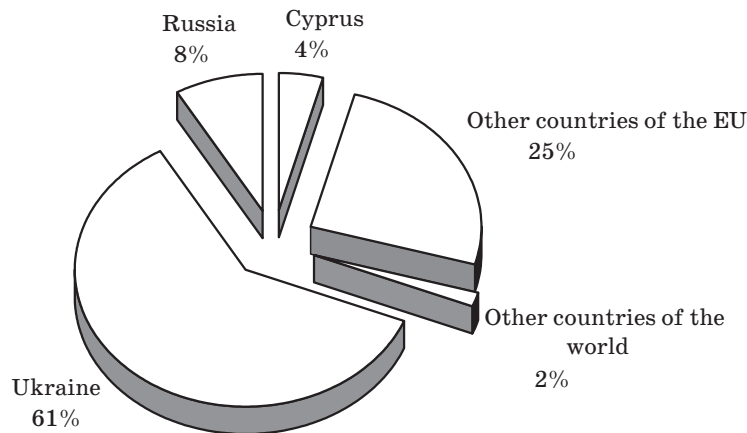
European Union countries' investments are focused in manufacturing (35% of general DFI from the EU as of 1 July, 2010) and in the financial sector (33%). At the same time, various EU countries have various preferences. For example, Germany mainly invests in the reclamation industry (79.2% of overall direct foreign investments as of 1 July, 2010). DFI from Cyprus, United Kingdom and the Netherlands are equally divided among all sectors of the Ukrainian economy.

Russia's DFI are mainly based in the financial services sphere and were at 68.6% from overall Russia's investments as of 1 June, 2011 and year ago numbers were at 62.3%. Russian DFI inflow to Ukrainian financial sector, based on State Committee of Statistics data, was USD 733.5 billions that equals to 87% of all Russian investments during the year).

In the bank system capital structure 40% of bank private capital on 1 January, 2010 was foreign, firstly, European capital (29% if counting capital from Cyprus). Russian capital in Ukrainian banks' private capital was 8.2% of the total.

Based on National Bank of Ukraine at yearend in 2010, there were 11 banks with Russian capital, including «Alfa-Bank» that has joint

<sup>130</sup> *Movchan V., Sysenko N.* Economic integration and cooperation of Ukraine and the: results of 2010 // *International Review.* – 2010. – № 4. – December.



**Figure 3.5. Ukrainian bank system private capital by ownership types as of 1 January, 2010**

Source: National Bank of Ukraine, author's statistics.

Russian-Cyprus ownership, and 38 banks with EU-27 capital<sup>131</sup>. Overall there were 55 banks with foreign capital registered in Ukraine for that period of time. Approximately half of foreign capital banks are large entities; here 11 of 17 had Russian and European investors; among banks of the second group 13 of 22 banks had similar ownership structure.

Therefore, EU-27 countries remained collectively Ukraine's major foreign investor, regardless of certain growth of Russian investments.

## Energy sphere

### *Cooperation with the EU*

The Joint EU-Ukraine International Investment Conference on the Rehabilitation of Ukraine's Gas Transit System, held in March in Brussels, became an important event within the framework of energetic cooperation in 2009<sup>132</sup>. There were discussed concrete measures to be applied both on the part of the Ukrainian Government and of the European institutions in order to guarantee the stable work and devel-

<sup>131</sup> Except Alfa Bank.

<sup>132</sup> [http://ec.europa.eu/external\\_relations/energy/events/eu\\_ukraine\\_2009/joint\\_declaration\\_en.pdf](http://ec.europa.eu/external_relations/energy/events/eu_ukraine_2009/joint_declaration_en.pdf).

opment of the transit facilities of Ukraine, a transparent mechanism of activity of the gas transmission operator, an equal access of third parties to the GTS, the reforms in the gas sector of Ukraine. In particular, the parties decided to establish a coordinative unit within the structure of the National JSC «Naftogaz of Ukraine» to prepare a business plan of modernization of the GTS of Ukraine with the list of proper projects and to examine the possibilities of investments in these projects. The European Commission undertook the obligations to support the Ukrainian efforts of implementing gas reforms, and to give assistance in searching the investors.

On 7 October 2009 in the National Electricity Regulatory Commission (NERC) the Twinning project was officially presented. Its general aim is to form more transparent, efficient and competitive gas market in Ukraine. The project will last 27 months in partnership with Italy, Greece, Hungary and Romania. The financing of the project accounts for EUR 1.2 million.

The most important achievement in the EU – Ukraine energy cooperation in 2010 became the Ukrainian accession to the Treaty establishing the Energy Community<sup>133</sup>. The negotiations were concluded on 24 September 2010, and in December the Verkhovna Rada of Ukraine ratified the Protocol<sup>134</sup>.

The accession became possible after Ukraine had exercised a number of preconditions, laid down with the Energy Community countries, the main of which were the implementation of measures on the increase of nuclear security of the Ukrainian NPPs in line with the International Atomic Energy Agency (IAEA) requirements and the harmonization of the Ukrainian laws in gas sphere with the provisions of the proper EU directives<sup>135</sup>. In particular, in February 2010 Ukraine finished the realization of the Joint EC – IAEA – Ukraine Project on Evaluation of

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<sup>133</sup> The Treaty establishing the Energy Community was signed in 2005 in Athens between the EU and South East European countries (Albania, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro, Croatia and Kosovo (under the UN administration)). The aim of establishing of the Energy Community was the implementation of common legal rules of functioning of the energy markets by means of covering the partner-countries with the EU regulatory base for their further integration to the internal EU energy market. In addition, the Energy Community is aimed to promote the growth of reliability of energy supplies to the EU and partner-countries through the development of new routes of natural gas transportation from the Caspian region, North Africa and the Middle East, and through the development of the oil and gas deposits situated in these regions.

<sup>134</sup> The Protocol was ratified with the Law of Ukraine № 2787-VI of 15 December 2010.

Nuclear Safety of the Ukrainian Nuclear Power Plants which verified the conformity of the reactors to international nuclear safety, and in summer the Parliament adopted the Law «On Foundations of the Functioning of the Natural Gas Market» that determines the regulatory basis for creating a competitive model of the gas market in Ukraine and corresponds to the provisions of European gas directives.

The entering of Ukraine to the Energy Community leads to a number of important consequences for the country's economy<sup>136</sup>.

1. Gas and electricity consumers may freely choose suppliers based on the most favorable conditions and prices which stimulates competitiveness, and, thus, leads to consumer growth.

2. Gas and electricity suppliers from the Energy Commonwealth will have the right of access to the Ukrainian market and vice versa; the Commonwealth market will be open for Ukrainian suppliers. It will establish conditions for competitiveness inside the country and lead to more opportunities for selling gas and electricity for domestic suppliers at the European market.

3. Participation in the Agreement will allow the establishment of a common legislative field for possible conflict or dispute resolution with energy suppliers, which enhances Ukraine's negotiation positions in the world arena.

4. More attention to renewable energy sources will be paid in Ukraine which will lead to its energy independence in the future.

5. On grounds of regulatory field betterment more investments may be brought in to this market.

At the same time, in order to realize opportunities provided by Energy Commonwealth participation, a number of institutional changes should be achieved (i. e., harmonize Ukrainian legislation with *acquis communautaire*, adopting dozens of the EU directives and regulations (Table 3.12).

Thus, in the next few years Ukraine should adopt national laws to the European standards, guarantee their real implementation and make significant investments in modernization of the energy infrastructure in order to ensure technical possibility of trade in energy

<sup>135</sup> Razdorozhnyi S. Ukraine's accession to the Energy Community: new possibilities and obligations: The commentary prepared within the framework of the Project of Monitoring of the Implementation of the Ukraine – EU Association Agenda, September 2010. – www.ier.com.ua.

<sup>136</sup> Naumenko D. Ukraine's accession to the Energy Community: economic aspect: The commentary prepared within the framework of the Project of Monitoring of the Implementation of the Ukraine – EU Association Agenda, February 2011. – www.ier.com.ua.



recourses within the framework of the Energy Community. This is a medium-term project and its real results can hardly be estimated beforehand.

Among others, more practical, aspects of the EU – Ukraine cooperation in the energy sphere one should notice the continuation of technical assistance projects, as well as the EBRD financing of some projects connected with the construction and modernization of electric networks, hydroelectric power stations, and the development of renewable

*Table 3.12*

**Ukraine's Responsibilities on Legislation Approximation  
within Energy Commonwealth Agreement Accession**

Action Name	Implementation Date
2003/55/EU Directive on general grounds for natural gas domestic market functioning	By 1 January, 2012
2003/55/EU Directive on general grounds for natural gas domestic market functioning	By 1 January, 2012
N 1775/2005 Regulation on conditions for natural gas transportation systems access	By 1 January, 2012
2004/67/EU Directive on providing security actions for natural gas supplies	By 1 January, 2012
2003/54/EU Directive on domestic electricity market general rules' functioning	By 1 January, 2012
N 1228/2003 Regulation on conditions for transborder electricity transmission access	By 1 January, 2012
Decision of the Commission 2006/770/EU that amends appendix to N 1228/2003 Regulation on conditions for transborder electricity transmission access	By 1 January, 2012
2005/89/EU directive on actions for securing electricity system and infrastructure	By 1 January, 2012
85/337/EEU directive on some state and private projects environmental influence with amendments to 97/11/EU Directive and 2003/35/EU Directive	By 1 January, 2013
1999/32/EU directive on minimizing sulfur amount in several types of liquid fuels	By 1 January, 2012
2001/80/EU directive on maximum level for several burning equipment atmosphere pollutants	By 1 January, 2018
Item 2 Article 4 of 79/409/EU directive on wild birds' protection	By 1 January, 2015
Implementation Plan of 2001/77/EEU directive on renewable energy sources use at the domestic energy market	By 1 July, 2011
Implementation Plan of 2003/30/EU directive on ensuring biofuel and other renewable fuels transport use	By 1 July, 2011

*Source:* Protocol on Accession of Ukraine to the Energy Commonwealth Establishment Agreement.

sources of energy<sup>137</sup>. The European financial institutions (the EBRD and the EIB) together with the World Bank also announced the allocation of the first tranche of investments in 2011 that was necessary to finance the modernization of Ukrainian gas transport system<sup>138</sup>.

### Cooperation with Russia

In 2010 the main results of Ukrainian – Russian cooperation in the energy sector were the arrangement on the decrease of price for imported gas, the Agreement on cooperation in constructing the power generation units at the Khmelnytsky NPP, and the arrangements on the plans for joint gas extraction in Ukraine.

In particular, in April 2010 Ukraine and Russia concluded an Agreement according to which Ukraine was proposed a discounted price for imported natural gas for the next ten years in exchange for the continuation of deployment of the Russian Black Sea Fleet at the naval base in the city of Sevastopol till 2042 (the Fleet Agreement)<sup>139</sup>.

This Agreement envisages that the discount is applied to the price estimated according to the effective formula of the gas price which includes the basic price of USD 450 per one thousand cubic metres. The discount will account for 30% of the gas price under conditions when the price is less than USD 333 per one thousand cubic metres; in the other case, the discount can't be more than USD 100 per one thousand cubic metres. The discount will cover only 30 billion cubic metres of imported natural gas in 2010, and 40 billion cubic metres – in the next years. At the same time, the contracted gas volumes for 2010 were increased by 2.75 billion cubic metres. The penal sanctions for breach of «take-or-pay» obligations were completely excluded from the Gas Agreement. And finally, *a discounted price for the Russian natural gas will be proposed only by means of the abolition of relevant export tariff which is usually paid by «Gazprom»*.

According to the preliminary assessments of the National JSC «Naftogaz», the agreed discount allowed Ukraine to decrease the price for natural gas in the second quarter of 2010 from the expected USD 333 to USD 233 per one thousand cubic metres that had short-

<sup>137</sup> *Movchan V., Sysenko N.* Economic integration and cooperation of Ukraine and the EU: results of the year 2010 // *International Review*. – 2010. – № 4.

<sup>138</sup> *Economic results: 2010.* The Institute of Economic Researches and Political Consultations, March 2011. – [www.ier.com.ua](http://www.ier.com.ua).

<sup>139</sup> The Agreement was ratified by the Law of Ukraine № 2153-VI of 27 April 2010.

term positive consequences for the country's economy<sup>140</sup>. But *in the long-term perspective the provisions of the Agreement could have an opposite effect*. The discount weakens the motivation for reformation of the internal gas market. Moreover, *the discount mechanism doesn't envisage the alteration of main provisions of the Gas Agreement – 2009*. At the expiration of the period of discount's effectiveness, Ukraine will face the leap of gas prices whereas the postponement of modernization of the country's energy system might make the Ukrainian economy much more vulnerable to the changes of prices.

The Agreement on Cooperation in Construction of the Energy Generation Units № 3 and № 4 at the Khmelnytsky NPP, signed in June 2010 and ratified at the beginning of 2011<sup>141</sup>, envisages collaboration in projecting, constructing and putting into operation the energy generation units taking into account the usage of existing constructions and standards and measures on nuclear safety at the levels which are not lower than the ones set forth in the IAEA safety rules and measures.

The important arrangements of the National JSC «Naftogaz» and the Open JSC «Gazprom» became known in December 2010. In particular, on 21 December the parties signed the Memorandum on the Establishment of the Joint Venture for the Production of Coal Bed Methane in Ukraine. The Memorandum envisages the elaboration of financial and economic feasibility study on the establishment of the JV and of the projects of its constituent documents<sup>142</sup>.

At the same time, in 2010 Ukraine refused from the Russian proposals on the foundation of the joint venture with «Gazprom» to manage the GTS of Ukraine in the exchange for investments trying to increase its own investments and attract the EU money instead. During the year, the National JSC «Naftogaz» invested UAH 1.75 billion in the support and modernization of the Ukrainian GTS that was two times more than in the previous year, and declared the intention to increase the investments to UAH 3.1 billion in 2011<sup>143</sup>.

<sup>140</sup> Naumenko D. Is the discounted price for gas advantageous?: The monthly economic monitoring of Ukraine, 05/2010. – [www.ier.com.ua](http://www.ier.com.ua)

<sup>141</sup> The Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on Cooperation in Construction of the Energy Generation Units № 3 and № 4 at the Khmelnytsky NPP, the date of signature: 09.06.2010, the date of ratification by Ukraine: 12.01.2011.

<sup>142</sup> Memorandum on the Establishment of the Joint Venture of «Naftogaz» and «Gazprom» was signed in Moscow. – <http://for-ua.com/politics/2010/12/21/170524.html>.

<sup>143</sup> Economic results: 2010. The Institute of Economic Researches and Political Consultations, March 2011. – [www.ier.com.ua](http://www.ier.com.ua).

Summing up, one can assert that in 2010 Ukraine actively cooperated in the energy sphere both with the EU and Russia concluding a number of important agreements. Generalizing the directions of cooperation in the relations with the EU, one can conclude that there the regulatory aspect played the main role, i.e. the creation of favourable institutional environment to ensure the stable and regular development of the sector was the most important activity. Instead, the concrete (practical) agreements, as the issues on prices, construction and so on, played the key role in the relations with Russia.

### Conclusions

This analysis of Ukraine's economic cooperation with Russia and the EU during 2009–2010 years shows that impressive activity with Russia did not mean substantial cuts in EU cooperation. As in previous years, the trade regime with Russia stayed favorable based on tariff limitations, but it was less predictable when non-tariff limitations are considered. Taking into account its WTO membership, Ukraine insisted on CIS regional integration on a free trade basis only.

Negotiations on a Deep and Comprehensive Free Trade Agreement with the EU that should become a part of a new Association Agreement were an important component of cooperation with the EU. Successful closure of negotiations and agreement enforcement would lead to significant trade liberalization with the EU, the customs territory of which is the largest market in the world. Russia's move up as Ukraine's leading trade partner in 2009–2010 occurred mainly due to major increases in energy supplies that explains the country's energy dependence on foreign supplies but does not imply changes in its political course.

As for cooperation on energy, relations with the EU were mainly based on legislation approximation and Ukraine's regulatory field accession to European levels. Agreements with Russia had a practical case and touched issues of prices, AES building cooperation and joint coal methane mining. Simultaneously, Ukraine did not agree on the establishment of a joint venture with «Gazprom» for managing Ukraine's gas and transport system, instead of expanding investments into its modernization and settling EU investment cases.

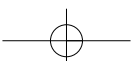
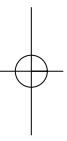
Therefore, this analysis leads us to a conclusion, that Ukraine's economic cooperation in 2009–2010 continued the country's multi-vector policy. How successful the latter is will be determined by Ukraine's adherence to its commitments and responsibilities.

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## **Chapter IV**

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# **UKRAINE IN BILATERAL INTERNATIONAL RELATIONS**



## § 1. Ukraine In The System Of Bilateral Relations With The Leading European States

In 2009 the Ukrainian direction gained special meaning for the foreign policies of the leading West European states. However, it cannot be regarded as a good sign for Ukraine because such meaning was brought about mainly by intensification of negative tendencies in the political, economic and social life in Ukraine which are the sources of significant challenges and threat for the European community. Among these negative tendencies there should be mentioned the situation in energy sphere which was marked not only by serious European-wide crisis in the beginning of 2009 but also by chronic instability throughout the year; the impact of the global financial crisis causing substantial decline of Ukrainian economy and endangering functional capacity of the whole administrative system of the country; and, finally, developments of domestic political struggle in Ukraine culminated in a tight presidential electoral campaign in the second half of the year.

Owing to these tendencies the main issues in the focus of European capital's attention in their policies towards Ukraine were the following: ensuring regular gas transit through Ukrainian territory, in particular the ways of modernization of Ukraine's gas transit system, upholding optimal financial capacity of Ukrainian government, setting a framework for further advancing of the EU-Ukraine relations in the middle run, proper preparation and conducting of the presidential electoral campaign.

The shifts in Ukraine's domestic and foreign policy which occurred in 2010 led to the modification of its role and standing in the European system of international relations that also had an effect upon its bilateral relations with the leading European states. On the one hand, *the rearranging of conceptual lines of Ukraine's international positioning was accompanied by revision of priorities in forging political ties with the key actors in modern Europe* – from orientation

at ideological solidarity and declarative support of Ukrainian EU aspirations towards assigning primary priority to relationships with the most powerful and influential EU member states. Imbuing cooperation with these states with real substance was proclaimed as one of the strategic tasks for Ukraine's foreign policy in the President's statement at the Tenth conference of heads of foreign diplomatic missions of Ukraine on 14 December 2010.

On the other hand, *the importance attached to Ukraine within the structure of these states' foreign policy has not undergone profound revision.* With the rise to power of a new more consolidated team the degree of political tension around Ukraine and of urgency of problems it generated has diminished considerably paving the way to a certain stabilization of balance in Eastern Europe but at the same time moving the situation in this region to the background of the European political agenda. Taking into account the fact that basic foundations of the key EU states' policy towards Ukraine didn't experience radical changes and Ukrainian leadership has not yet formulated a new coherent political platform of bilateral relations with those states, these relations continued focusing mainly upon the ways and mechanisms of engaging Ukraine to integration processes in the EU offered within the Eastern Partnership. As a result, they have not still acquired the appropriate political significance enabling Ukraine to essentially enhance its reputation as an international actor and expand its leverages of influence on regional and continental dynamics.

Thus, due to renunciation of excessively ideology-driven positions and conversion to a more balanced and moderate course Ukrainian foreign policy at the present stage much more conforms to the expectations of the leading European states but at the same time Ukraine does not exhibit sufficient consistency and strategic thinking for being treated as full-fledged participant of the continental governance mechanisms which are gradually shaping on the basis of the renovated Weimar triangle and the new forms of EU-Russia cooperation.

*The European capitals keep the eye primarily on the domestic situation in Ukraine. However, if in the previous period it was political stability that remained in the focus of this attention, at presently in the centre of concerns is the ability of Ukrainian authorities to conduct systemic reforms.* Consolidation of power and increasing commitments to accomplishing internal transformations turned the progress in implementing these commitments into a core criterion of both the efficiency of the new Ukrainian ruling team and its credibility in interaction with international partners. Given this modification of Ukrainian



political context, the domestic dynamics in the country as well as the peculiarities of EU-Ukraine dialogue pose before European states a serious challenge inducing them to improve their policies and boost their political presence in the Ukrainian political field.

### Ukraine – France relations

The evolution of Ukraine-France relations in 2009 was driven by the impetus given by the events of the previous year and also the urgent challenges facing Ukraine and the European community as a whole. Dynamics of interactions in particular realms was notably intensified while the general intensity of political contacts remained moderate.

The Russia-Ukraine gas crisis in January 2009 spurred serious anxiety in the French leaders. For Ukraine it entailed a considerable crisis of its credibility as a transit country. State Secretary on European Affairs Bruno Le Maire highlighted that the Ukrainian transit retained its significance while inducing European states to multiply transit routes through implementation of North Stream, South Stream and Nabucco projects. And the newly appointed in the middle of the year State Secretary on European Affairs Pierre Lellouche speaking before the Commission on Foreign Affairs of the National Assembly on 10 November 2009 openly called for reducing Europe's dependency on Ukrainian gas pipes.

Overcoming the aftermaths of energy and financial crises were raised to the top of the bilateral agenda in the first half of the year. These issues figured as central themes of Ukrainian Prime Minister Yulia Tymoshenko's visit to Paris on 4 March 2009 and of the Fifth meeting of the joint French-Ukrainian commission on 29 April 2009. During the visit Tymoshenko met President of France Nicolas Sarkozy, Prime Minister François Fillion and Minister for Economy, Industry and Employment Cristine Lagarde.

Conducting structural reforms in energy sector became one of the key issues of negotiations in the course of Pierre Lellouche visit to Kyiv in 12–13 November 2009 during which he met President Viktor Yushchenko and other Ukrainian top officials.

Concerning further advancing EU-Ukraine relations French diplomats emphasized that the framework of Association Agreement is quite optimal and expedient for Ukraine. Paris tends to view this framework grounded on principles of political association and economic integration of Ukraine into the EU through creating deep and

comprehensive free trade area as the central mechanism for drawing Ukraine closer to the European community while the Eastern Partnership programme is assigned important but supplementary role of an instrument for carrying out multilateral projects of regional scope. At the opening summit of the Eastern Partnership in Prague in May 2009 France was represented by Prime Minister François Fillion and foreign minister Bernard Kouchner.

Ukraine-France relations in 2010 have been driven by, on the one hand, political impulses generated by shifts in European and Ukrainian political contexts and, on the other hand, a number of practical problems Ukraine has to deal with in its movement towards integration in the EU and in improving its economic situation. Transferring of Ukraine's foreign policy to a more pragmatic platform paved the way to further rapprochement between the two states but moved in the centre of the dialogue practical issues regarding which Kyiv and Paris have had essential divergences even in the previous years. At the same time French political initiatives aimed at reorganization of the European security system though assessed mildly positively by Ukrainian diplomacy are not deemed of top priority for Ukrainian foreign policy agenda. In general the enduring concentration of Ukraine's foreign policy thinking upon membership in the European Union, even expressed in a less insistent way, means retention in the bilateral relationship of the majority of problematic issues accumulated in the previous period. As a result, *the discord of priorities inherent for Ukraine-France relations in recent years can still be seen, although in a slightly different form.*

The French administration attentively followed the course of electoral campaign in Ukraine. On 28 January 2010 during his visit to London for participation in the International conference on Afghanistan Ukrainian foreign minister Petro Poroshenko had a conversation with minister for foreign affairs of France Bernard Kouchner. The French minister expressed hope on democratic and free holding of the second round of the elections. In his words, Paris intends to enhance relationship of privileged partnership with democratic Ukraine.

Paris welcomed transparent and democratic elections in early 2010 as a confirmation of Ukrainian people's «political maturity». On 11 February President of France Nicolas Sarkozy sent to newly elected President of Ukraine Viktor Yanukovich a congratulatory letter mentioning that France is ready to support implementation of structural reforms in Ukraine, in particular those foreseen by programme of cooperation with the International Monetary Fund and to facilitate

negotiations on Association Agreement with the European Union «understanding that Ukraine has yet to achieve necessary progress in these negotiations, especially in what concerns creating free trade area». Notably, head of the French state in his letter assured his Ukrainian counterpart that France would be equally attentive to the maintenance of Ukraine's sovereignty and territorial integrity in the context of discussion of the new security architecture in Europe.

The French officials highly appreciated that fact the newly elected Ukrainian President paid his first foreign visit to Brussels although the decision of EU High Representative for Foreign Affairs and Security Policy, Vice-President of the EU Commission Catherine Ashton about personal presence at the inauguration ceremony in Kyiv instead of presiding over the meeting of EU defense ministers got a dubious estimation. In its turn, at the inauguration ceremony France was represented by State Secretary on European Affairs Pierre Lellouche.

Paris was among the architects of the idea to structure the EU dialogue with the new Ukrainian government around a document with clear list of urgent tasks and priorities for short- and middle-term perspective which was incarnated in «Füle matrix». As Pierre Lellouche put it after meeting of the EU General Affairs and External Relations Council on 22 February, this process is purported at forging the ties as close as possible between Ukraine and the EU implying, in his opinion, achieving the maximum dynamics in trade turnover, establishing a transparent mechanism of payments in energy sector and providing support in conducting reforms including possible extending of credits conditioned upon prior implementation of necessary measures by the Ukrainian side. In Lellouche's words, the arrangement of visa issues in the EU relations with Ukraine should be organized at the same level as with Russia and in no case at the lower level.

The French administration welcomed formation of the new Ukrainian government in March 2010 recognizing the inexpediency of holding new parliamentary elections under strained economic situation and uttering hope that ushering political stability in the country would enable it to embark on the constructive cooperation with international partners and executing impending structural transformations.

The first personal meeting between the Presidents of the two states occurred during the work of Nuclear Security Summit in Washington on 13 April, 2010. The leaders discussed main issues of bilateral agenda and Nicolas Sarkozy officially invited Viktor Yanukovich to visit France. The Ukrainian decision to abandon its

highly enriched uranium was positively received by France as an important step towards strengthening nuclear security in the world and non-proliferation of weapons of mass destruction.

Another occasion for opinion exchange on the current state of EU-Ukraine cooperation and the situation in Eastern Europe happened at the Weimar triangle ministerial meeting in Bonn on 26–27 April, 2010 marked by participation of Ukrainian foreign minister Konstantin Gryshchenko. The negotiations were focused on progress in shaping the EU-Ukraine Association Agreement and creating free trade area, visa dialogue and outcomes of concluding Ukraine-Russia accords in Charkov on 21 April, 2010. In their turn, German, French and Polish ministers declared their support for Ukraine's efforts on normalizing its relations with Russia and turning them into stability factor in the region. Obviously, Kyiv expected the first instance of such participation to establish a regular format «Weimar triangle + Ukraine» but it is not the case yet.

Modification of the basic conceptual grounds of Ukraine's foreign policy – renunciation of NATO membership, proclaiming the non-bloc status and normalization of relations with Russia – provoked favourable reaction on the part of the French elite. According to ambassador of France to Ukraine Jacques Faure, the non-bloc status is a sovereign choice of Ukraine and should be respected. In the interview on 14 July 2010 he noted the importance of the provision of the Law on principles of home and foreign policy foreseeing not only abandoning membership in NATO but also refusal from participation in other military blocs. In his words, the Ukraine-France strategic partnership will not be affected by the Ukrainian non-bloc status.

Positive shifts in Ukraine-Russia and Polish-Russia relations are viewed in Paris as favourable factors for reinforcing stability in Eastern Europe. French reaction to prolongation of Russian Black Sea fleet stationing in Crimea proved rather moderate. Besides, it is obvious that the currently achieved level of Ukraine-Russia relations is quite convenient for France. Relieving political tension and removing crisis-generating elements capable of posing threat to European security and impeding Ukraine's rapprochement with the EU is considered relatively optimal state of Ukraine-Russia relations notwithstanding the fact that principal political and practical problems between the two states are to be solved yet. In words of French ambassador to Ukraine, Kyiv demonstrated good will and readiness to take concrete measures for finding way out of urgent problems with Treaty on demarcation of land border coming into force as a vivid example of

this trend. However, at the same time he definitely stated that simultaneous conducting of negotiations on establishing free trade area with the EU and on entering the Customs Union of Russia, Belarus and Kazakhstan are incompatible.

In the middle of 2010 France intensified its activity on shaping new organization of pan-European space. In particular, Paris formulated two main interrelated ideas: *first*, the idea of constructing in the European continent a common space of welfare and security including the enlarged European Union, on the one side, and such states as Russia, Ukraine and Turkey, on the other, and, *second*, ***the idea of establishing two separate circles of European security – one formed around the EU and NATO and second embracing Russia, Ukraine and other European states not participating in these institutions.*** As French officials assert, realization of these ideas is the most ambitious task of France's policy in Europe. The first of these ideas was articulated by President Sarkozy at the Economic Forum in Saint-Petersburg on 19 June 2010 when he proposed to create an organization uniting Europe and Russia within a common economic space with free circulation of people and goods «where we could jointly ensure our security on the basis of proposals presented by President Medvedev in Evian». It means that this idea relates to the EU-Russia level but, according to French experts, Ukraine should become full-fledged participant of this process. The second idea was laid into foundation of the so called «Corfu process» launched within the OSCE in response to Russian initiative of European Security Treaty.

Both threads are rather amorphous, they lack of concrete substance and mechanism of realization but they reflect French vision of the optimal structure of the European continental space and Ukraine place therein. French politics towards Ukraine is defined primarily by how Ukraine fits in this vision and how it is willing to contribute to putting it into practice. It should be acknowledged that Ukrainian diplomacy does not have an explicit position upon these projects that seriously circumscribes the scope of Ukraine-France political dialogue. Instead the Ukrainian officials accentuate that without engaging Ukraine and Russia uniting of Europe cannot be deemed complete and that for enhancing its standing the multipolar world the EU organically needs to maintain stable ties with its biggest Eastern neighbours. However, it by no means reduces the priority of entering the EU.

In the latter question French position is traditionally ambivalent. Paris does not reject the perspective of Ukraine's membership in the EU per se but supposes that to discuss this perspective at the current

stage is premature; instead it would be more pertinent to focus on drafting and implementing the Association Agreement and adaptation of Ukraine's legislation to the EU *acquis communautaire* which is the central policy line for Ukraine in rapprochement with the EU. And acceding to the EU, in French leadership opinion, cannot be regarded as an indispensable endpoint of this process.

With practical aspects of EU-Ukraine relations getting more priority, the special position of France is manifested more persistently. French diplomacy, in general, characterizes by a politically driven to Ukraine integration in the EU: though demonstrating its benevolence to forging as close as possible ties between Ukraine and the EU at the political level Paris is very cautious about plausibility of accelerated transition to more advanced practical forms of Ukraine's engagement to integration in the EU. Having put forward in 2008 an initiative of rendering the future EU-Ukraine new enhanced agreement the status of association agreement Sarkozy administration, nevertheless, displayed little enthusiasm for the prospect of introducing visa-free regime and also voices serious reservations about the range of aspects of free trade area insisting that in its drafting the sides should proceed from the current trade volumes. In addition French diplomacy is not prone to treat these aspects autonomously, in detachment from the general context of EU-Ukraine relations and of the wider political context of Europe.

These circumstances made Ukraine's progress in the practical aspects in line with intentions and expectations reiterated by its leaders early in the year contingent upon achieving accord in dialogue with France and conditioned the necessity in intensifying diplomatic efforts in this direction. Thus, in summer 2010 there were held a series of bilateral consultations on moving forward EU-Ukraine relations, conducting of internal reforms and improving investment climate. On 16–18 June 2010 Ukrainian Vice-Prime Minister Sergey Tigipko visited France for participating in work of the annual business forum. In the course of the visit he met State Secretary on European Affairs Pierre Lellouche and also members of Ukraine-France friendship group in Senate. The sides discussed important issues of Ukraine's cooperation with International Monetary Fund, evolution of negotiations on EU-Ukraine Association Agreement, latest events in the region, including in Ukraine-Russia relations, and peculiarities of enforcing reforms programme in Ukraine.

On 7–8 October 2010 Ukraine stayed on a working visit to French Republic during which he held meetings with President Nicolas

Sarkozy, Prime Minister François Fillon and Head of the National Assembly Bernard Accoyer. The issues under discussion during the visit can be divided into three groups: *first*, the issues of mainly bilateral Ukrainian-French level, *second*, the issues relating to the EU-Ukraine relationship, and *third*, the issues linked to working out new approaches to organization of Pan-European space taking due account of current trends and proposals emanating from its leading participants.

At the bilateral level Kyiv and Paris talked on the issues primarily of economic nature the most urgent among which was ensuring proper conditions for French investors in Ukraine and bringing dynamics to trade turnover. Ukrainian President publicly assured that re-privatization of Krivorozhstal was out of question and that he was ready «to take under his personal control resolution of all problems concerning French investments but omitted the most sensitive for French entrepreneurs issues like lifting moratorium on sale of land and abolishing restrictions on exporting food industry products». With a view to giving impetus to trade and economic cooperation it was agreed to hold in the near future the Sixth meeting of Ukraine-France joint intergovernmental commission on economic cooperation and also of ministerial working groups in transport, agriculture and energy realms.

The parties also signed two bilateral documents – the Roadmap of Ukrainian-French relations for 2011–2012 and an Agreement on mutual assistance and cooperation in sphere of civilian protection of population. The Roadmap presents a timeframe of political dialogue between the parties for the next two years with schedule of regular contacts at the level of foreign ministries, Presidents' diplomatic advisors and visits of State Secretary on European Affairs. For 2011 it is planned to hold the visit of Head of Ukraine's Verkhovna Rada to France and first visit of Prime Minister of France to Ukraine. At the same time the Roadmap does not contain concrete plans as to visits of Heads of States.

Among priority issues of political dialogue the Roadmap emphasizes those relating to European security architecture and security guarantees for Ukraine, interaction within multilateral cooperation frameworks, including Council of Europe and the OSCE and also EU-Ukraine relations. The document states that «taking into account Ukraine's European aspirations France together with Weimar triangle countries would provide tangible support to the process of Ukraine's rapprochement with the EU, in particular through creating in the long

run and depending on the achieved progress of the free trade area and would facilitate the process of strengthening EU-Ukraine cooperation within the Common Foreign and Security Policy».

In the words of the Ukrainian ambassador to France Alexander Kupchishin the results of the visit attested to the commonality of visions and increasing reconcilability of Ukrainian and French positions in the whole system of bilateral relationship and international context and gave an impetus to development of Ukraine-France political dialogue with a prospect of elevating it at the level of strategic partnership.

At the same time, the visit did not bring about complete understanding on the most urgent issues of EU integration theme. France preserved its ambivalent stance on granting Ukraine visa-free regime perspective and made necessary to hold another round of bilateral political consultations on 15 November 2010 on the eve of EU-Ukraine summit.

Throughout 2010 France has attentively followed the flux of domestic political processes in Ukraine noting both initial drives towards structural reforms and worrisome tendencies in observing democratic standards. Meanwhile, the greatest attention of French representatives has been absorbed by investment and business climate in Ukraine, attempts of state agencies to impose regulation upon economic processes, in particular introduction of exporting quotas on grains, and functioning of Ukrainian judicial system. The French ambassador to Ukraine recognizes that in 2010 the terms of doing business in Ukraine for French businessmen merely worsened and due to this fact resolution of many problems required direct interference through diplomatic and other official channels. Situation with mounting claims against «Arcelor Mittal Krivyi Rig» company was demonstrative in this sense because its settling was made possible only after personal appeal of the President.

***Dynamics of economic exchanges between Ukraine and France in 2010 exhibited positive tendencies.*** Trade turnover grew on 14% with increasing indexes of Ukrainian exports. In investment in Ukrainian economy ratings France occupied the sixth place with almost USD 2.3 milliard direct investments throughout the year. It is about on a third more than in the last year and amounts to 5.3% from the overall volume of foreign investments in Ukraine. There are almost 300 French companies present in the Ukrainian market working mainly in agriculture, food, transport, construction, banking and other sectors. An important landmark in the history of international



infrastructure projects became the signing of Memorandum on cooperation between «Ukravtodor» and «Bouygues Construction» company foreseeing mechanisms of investing into projects of development and modernization of transport corridors and roads in Ukraine.

### **Ukraine – Germany relations**

Relations between Ukraine and Federal Republic of Germany in 2009 developed along a solid and well-grounded path. Ukraine's financial and economic hardships together with political contradictions within the state caused great anxiety on the part of the German leadership. It induces Berlin to intensify interaction with Ukrainian authorities in order to influence the situation and prevent negative scenarios. In general the German approach consisted in focusing attention less on long-term objectives but rather on concrete substance of EU-Ukraine cooperation under the current conditions. Berlin did not reject the possibility of Ukraine accession to the EU but deemed it inexpedient at the present stage to make declarative political commitments whose fulfillment cannot be guaranteed.

In 2009 Ukraine-German dialogue in practical spheres also underwent essential deepening. On 9 February anniversary Tenth German-Ukrainian forum took place with the participation of officials and civil society representatives of the two states. Upon invitation of Ukraine's ministry of agriculture on 11–13 June a delegation of German Federal ministry of food, agriculture and consumer protection headed by State Secretary Gert Lindemann visited Ukraine with a view to moving forward German-Ukraine cooperation in the agricultural sector.

For promoting bilateral cooperation in ecology, nuclear safety and energy realm Federal minister for environment protection Sigmar Gabriel was on a visit to Ukraine on 8–9 June with a delegation of the Federal for environment, environmental protection and nuclear safety.

Economic exchanges between Ukraine and Germany in 2009 has fallen nearly 35% in comparison with 2008 whereas the volume of direct investments left almost unaffected with only minor fluctuations. Despite this fact Germany remained the second trade partner for Ukraine and the source of the most essential investments in Ukrainian economy.

The year 2010 was marked by more decisive steps of German diplomacy in Eastern Europe as a whole and particularly towards Ukraine. Berlin tries to get use of the period of reduction of political

tension between the great powers for effective resolution of problems that generated this tension in the past. Change of ruling team entailing certain political stabilization of Ukraine also opened additional opportunities for complying with this task.

Nevertheless, already the first steps in this direction revealed the lack of instrument and leverages of influence available at both the bilateral level and at the level of EU-Ukraine relationship. That's why the German approach to developing relations with Ukraine throughout 2010 was distinguished by *three basic components*: *first*, emphasis upon primary importance of impending practical issues within the acting formats of EU-Ukraine relations, in particular conducting reforms for the sake of convergence to the EU norms; *second*, intention to preserving and strengthening East European countries' orientation at integration in the EU and, *third*, pushing forward the process of adjusting political configuration of East European space through improving the existent or establishing new formats of EU relations with Eastern neighbours including Russia. At the same time Germany went on maintaining coordination with Poland in the matters of the Eastern Partnership and relations with Russia. Obviously, Berlin is inclined to undertake the role of driving force in these aspects of the EU common foreign policy not leaving them entirely under tutelage of the new members of the European community.

*From the Ukrainian side a certain re-evaluation and increase of priority of relations with Germany took place in the state's foreign policy.* But the substance and dynamics of these relations still remain rather limited which precludes them from being raised to a qualitatively new level matching the objective needs and tasks of Ukraine's foreign policy. It stems mainly from strategic ambivalence of Ukrainian international course and the lack of concrete initiatives able to emerge as a foundation of bilateral partnership.

The outcome of democratic elections in Ukraine in the beginning of 2010 was approved by the German political elite. From the first days Germany articulated in a rather precise manner its expectations of the new Ukrainian power and its messages in respect of the country's foreign policy. Thus, while staying in Kyiv on the occasion of inauguration of President Yanukovich Minister of State at the German Ministry of Foreign Affairs Werner Hoyer reiterated in the interview that implementing domestic reforms is more important task for Ukraine owing to the aftermaths of financial and economic crisis and that Germany was ready to grant support for Ukraine in this process provided that it would exhibit firm determination to move

along this way. He also noted that Ukraine joining the customs unions with non-EU countries may seriously impede negotiations on creating free trade area with the EU. FRG ambassador to Ukraine Hans-Jürgen Heimsoeth was even more explicit when stated that the EU expects Ukraine «to preserve its political achievements while supplementing them with economic reforms». That is why consolidation of power in Ukraine was viewed as a reassuring development because it led to formation of a coherent governmental team capable of taking responsibility for the country's progress. But ascertaining to what extent this team was ready for constructive dialogue and carrying out the declared intentions required communication at the high level.

On 26 March 2010 Prime Minister Mykola Azarov met head of the Eastern Committee of German economy Dr. Claus Mangold and ambassador Heimsoeth. The meeting was dedicated to issues of German-Ukraine economic relations, in particular development of energy sector and energy efficiency, stabilization of banking and financial sector and improving industrial infrastructure and also machine building and space and aircraft branches.

The first personal meeting between the leaders of two states took place at the Nuclear Security Summit in Washington on 12 April 2010. During the meeting the Federal Chancellor and President of Ukraine discussed priority aspects of bilateral relations, tendencies in Ukrainian domestic processes and directions of future reforms. Angela Merkel invited Viktor Yanukovich to visit Berlin.

The German side also initiated the invitation of Ukrainian foreign minister at the Weimar triangle meeting in Bonn on 26–27 April 2010 where he held bilateral meetings his German and Polish colleagues.

The visit of Kostyantyn Gryshchenko to Berlin on 5 July was intended to prepare the future visit of the President to Germany. Ukrainian minister met his German colleague Guido Westerwelle and advisor on security and foreign policy of the Federal Chancellor Kristof Hoisgen. The parties discussed current states of the bilateral relations, German support for advancing priority aspects of EU-Ukraine relations and interaction in issues relating to European security and regulation of Transdnistria conflict. Also Ukrainian minister held meetings with the leadership and members of Christian Democratic Party where he presented for the German deputies the newly adopted Law on principles of home and foreign policy and reaffirmed Ukraine's commitment to EU integration.

Another episode in the Ukraine-German relations in the middle of the year was an incident involving the detention of Director of the

Konrad Adenauer Stiftung Ukraine Nico Lange in Borispol airport in the end of June. The Ukrainian side did not provide official clarification about this incident, having confined itself to statement about «misunderstanding» but this case did not go unnoticed by the German government for whom the activity of German funds abroad constitutes an important instrument of its foreign policy. Berlin did not raise this episode to the highest level of political dialogue. Instead, it initiated separate negotiations on aspects of activity of German funds in Ukraine through the channels of both foreign ministries and offices of states' leaders concentrating main attention upon introducing particular category of visas for directors of foreign political funds.

The EU integration theme also occupied central place in Ukraine-Germany political dialogue throughout 2010. Berlin consequently tried to shift key focus of attention at the current stage of EU-Ukraine interaction highlighting, *first*, the advantages of the formats the EU offers Ukraine within the Eastern Partnership framework, first of all of the free trade area; *second*, the major significance of the process of normative convergence, approximation of legislation and implementation of reforms as a key means for Ukraine to draw closer to European community; and *third*, the significance of foreign policy dimension of such rapprochement that is getting in solidarity with the EU policy as to mainstream problems and processes in Eastern Europe, first of all Belarus and Transdnistria.

At the same time *the FRG authorities reacted rather cautiously to the initiative of transferring into documental plane the dialogue on movement towards visa-free regime between Ukraine and the European Union*. Recognizing the utmost value of this theme for advancing Ukraine's integration in the EU the Berlin considered it quite optimal to proceed with it along the lines of further expanding the list of categories of population and facilitating the terms of the existent visa regime than officially setting the prospect of full abolishing of visa control. For Germany this issue had both a purely practical meaning due to acuteness of migration issue for the German society and political implications taking into account parallel rising of this question to the top of EU-Russia agenda. Apparently, these were its political implications together with nuances of debates on this matter in the EU that had determinant impact upon shaping the final position of Germany on it.

What concerns the basic Ukrainian priority of gaining EU membership perspective, German officials point that it is too early to come down to its direct discussion. For that it is necessary firstly «to bring

Ukraine up to a such level that could open the way to entering the EU», in words of German ambassador to Ukraine in the interview for the agency Ukrinform. The German elite, in general, does not view the issue of membership of Eastern neighbours in the European Union as a central element of its policy insisting that the foremost task of the EU in relations with those states should be facilitating them in their efforts to enhancing the rule of law, good governance and economic modernization. In his speech on neighbourhood policy at the Goethe Institute on 29 October 2010 German foreign minister Guido Westerwelle stated that «the Eastern Partnership is a perfect platform for further developing EU-Ukraine cooperation». German representatives emphasize the opportunities to being integrated into EU internal market that the free trade area would make available for Ukraine. However, the events of 2010 demonstrated that this incentive is not enough for instigating Ukrainian government to implementing structural reforms.

Getting aware of the controversies generated by ambivalence of political parameters of EU relations with Eastern neighbours and limited range of leverages spurred FRG government, on the one hand, to launch the process of strategic review of the European Neighbourhood Policy and Eastern Partnership towards increasing their political relevance and practical efficiency and, on the other, to seek new forms and methods of EU-Russia interaction as testifies *the proposal on creating EU-Russia ministerial committee and idea of engaging Russia to activities within Eastern Partnership*.

However, despite understanding the necessity of reconstructing the structure of ties between different parts of the European continent, the German approach is oriented rather at resolving existing political and economic problems endangering EU security and stability than bringing about structural transformations. And here lies its key discrepancy with the French approach: *Paris intends to shape an optimal architecture of EU-Russia relations in which relations with East European countries would be gradually embedded, whereas Berlin wants it first to have mechanisms of EU Eastern policy strengthened and to that end elaborate effective formats of interaction with Russia and its possible engagement to these mechanisms*. The most vivid example of the German approach is intensification of FRG efforts in settling the Transdnistria conflict.

Overall, speaking about the *role of the Russian factor* in Ukraine-German relations three meaningful moments should be stressed. *First*, Germany does not want Ukraine to become the bone of contention

between Russia and the West because it could subvert its strategy of gradual drawing Russia closer to the Western structures due to alleviating political contradictions and increasing economic interdependence. *Second*, Germany is interested in averting large-scale crisis in Russia-Ukraine relations since it unavoidably leads to renewing political confrontation of Russia with the Western structures and threatens stability in the European continent. And *third*, ***Germany acknowledges the need to take proper account of Russian interests in Eastern Europe but cannot allow monopolization of Russian influence in this space.*** For Berlin the most appropriate way of striking balance between Russia and the EU around Ukraine is building a stable political partnership between Kyiv and Moscow while imposing such rules of regulation in the Ukrainian market under which free competition would render impossible predominance of Russia capital in it.

In the energy realm Germany did not display much enthusiasm about a Ukrainian offer to come back to the idea of trilateral gas-transit consortium accentuating instead the need in reforming regulatory rules of Ukrainian energy market and improving the power-efficiency and energy saving capability of Ukrainian economy. And in this realm Germany is willing to provide support for Ukraine. These issues were discussed in detail at the events organized in the framework of German-Ukrainian energy forum in autumn 2010.

The milestone event in Ukraine-Germany relations in 2010 was the official visit of President of Ukraine to the FRG where he met Federal Chancellor Angela Merkel, President Christian Wolff, vice-chancellor and foreign minister Guido Westerwelle. During the visit the two leaders signed the Agreement on joint actions in combating organized crime and international terrorism aimed at improving direct contact between German and Ukrainian law-enforcement agencies. There were three main blocks of issues under discussion during the visit – developing EU-Ukraine relations in the context of negotiating the Association Agreement and creating free trade area, domestic situation in Ukraine, in particular the dynamics of systemic reforms and further democratization of the state and, finally, intensifying bilateral economic exchanges in trade and investment. Berlin expected to receive clear evidence of Ukraine's orientation at integration in the EU, its willingness to undertake necessary transformations for the sake of rapprochement with the EU and of its commitment to democratic values and standards.

Concerning EU-Ukraine relations, in her presentation at the joint press-conference Angela Merkel expressed satisfaction with the

course of the evolution of EU-Ukraine cooperation but refrained from clear statements on the aspects of this cooperation which constitute fundamental priority for Ukraine – visa-free regime and free trade area. At the same time, responding to the question about Ukraine's strategic orientation she noted that Ukraine may play a significant role in lessening tension between Russia and the European Union.

Also noteworthy was Merkel's statement about *the need to formulate special terms of interaction of NATO with neutral and non-bloc countries while elaborating the new Strategic Concept of the Alliance*. It means that German leadership realizes that with unilateral proclaiming non-bloc status the issue of guaranteeing Ukraine's security is not resolved once and for all and it requires separate cooperative arrangement grounded in such forms of Ukraine-NATO cooperation that optimally meet the interests of both sides and do not provoke aggravation of tension in Eastern Europe.

In the end, the President's visit to Germany may be assessed as successful from the point of renewing high-level contacts and outlining the prospects of the relationship for the future. Having received from the German side reassurances in favourable attitude towards the current Ukrainian course Kyiv was given to understand under what conditions this attitude may turn into actual political and financial support. Berlin articulated positive signals as to its willingness to consider concrete ways of intensification of cooperation with Kyiv but to make use of them Ukrainian authorities should demonstrate its ability to put into practice the announced intentions of moving forward in aligning with the European values, implementation of EU regulatory standards and modernization of economy.

Practical underpinning of that course in Ukraine-German relations was the signing on 9 September of the Protocol on continuation of bilateral German-Ukrainian cooperation for economic development between Federal ministry of economic cooperation and development of FRG and ministry of economy of Ukraine. The parties agreed to continue cooperation in such spheres as sustainable economic development, promotion of investment, support for small and middle enterprises, energy efficiency and fighting HIV/AIDS. The German side promised to allocate funding for new projects or additional funding for the acting projects in these realms for total sum of 21.1 million.

The peculiarities of domestic processes in Ukraine throughout 2010 were in the focus of German diplomacy though were not turned into central theme of the dialogue. German officials highlighted the importance of adhering to democratic norms and rules while

Ukrainian government persuaded them in proper observance of those norms. President of Ukraine has personally informed the Federal Chancellor about the character of Ukrainian constitutional changes during a phone conversation on 6 October.

*In the economic realms* there were indications of some buoyancy in trade exchanges. In 2010 trade turnover between Ukraine and Germany grew for more than 19% but notwithstanding this fact the dynamics of economic relations was not sufficient for recovering to a pre-crisis level. In the investment sphere Germany continues to retain second position among all foreign investors in Ukraine with an overall volume of investments amounting to more than USD 7 billion which makes up 15.8% of the total flow of investments in that year.

### Ukraine – Britain relations

For Ukraine-Britain relations the year 2009 proved rather constructive. In many conceptual aspects there were defined clear priorities of British policy towards Ukraine. And what is important this policy was getting more and more in line with policies of other European states and with the approach of the EU as a whole.

Although in comparison with the previous year 2009 turned to be not so intensive in dynamics of high-level contacts, the political dialogue has moved forwards steadily and efficiently.

Russian-Ukraine gas crisis of January 2009 caused a substantial resonance in the British political circles regardless that the share of Russian gas in its energy consumption constitutes only 2%. The British side maintained constant and direct contact with Russian and Ukrainian leadership intending to settle the existing mutual claims as soon as possible. On 15 January 2009 President of Ukraine Viktor Yushchenko paid a working visit to London where he met British Prime Minister Gordon Brown and discussed with him situation in gas transit and the ways of its resumption for European consumers.

The British position on the issues of Ukraine membership of the EU consisted like before in acknowledging its possibility in the middle term provided that Ukraine lives up to all the established criteria of membership. As for the Euro-Atlantic vector of Ukraine's foreign policy the British officials stated explicitly that at the time the issue of extending NATO Membership Action Plan (MAP) to Ukraine is off of the agenda and that the Alliance is not ready to consider this issue at that stage. Thus, during his visit to Ukraine on 26 January 2009 the Minister for International Defence and Security Ann Taylor speaking



before the National Academy of Defence of Ukraine underlined that Great Britain was invariably supporting the Euro-Atlantic ambitions of Ukraine and that clear setting membership as the final goal of Ukraine-NATO cooperation was an important result of the Bucharest summit. However, in her words, Ukraine is yet to complete a number of reforms for stepping up to a next stage of cooperation with the Alliance, i. e. MAP.

For the year 2009 the trade of goods between Ukraine and Great Britain fell by more than a half with a solid negative balance for Ukraine. Losses in trade of services were less essential and stopped at the 20% level. At the same time the volume of direct economic investments into Ukrainian economy from the Great Britain remained almost immutable in comparison with the previous year, 2008.

Instead, the year 2010 became a period of contemplation and reconsideration of the established priorities. *The agenda of bilateral dialogue in political dimension has narrowed essentially*, while its economic dimension was strikingly intensified. The dynamics of exchanges between Kyiv and London was influenced by the change of power in both states in the first half of the year entailing the need in setting up updated grounds and objects of cooperation. One of the outcomes of this process turned to be *a certain «banalization» of Ukraine-Britain relations, erosion of their political substance and significance and noticeable decrease of the intensity of contacts*. In general, this was a quite logical tendency given the fact that Great Britain possesses little leverage for facilitating fulfilment of the tasks which are of primary priority for Ukraine's foreign policy at the current stage.

The beginning of the year was marked by an increased attention to the elections campaign in Ukraine. On 28 January the Ukrainian foreign minister Petro Poroshenko when being on a visit to London for participation in the International conference on Afghanistan held meetings with Secretary of State for Foreign and Commonwealth Affairs David Miliband, Charles, the Prince of Wales and Prince Andrew, Duke of York who is the United Kingdom's Special Representative for International Trade and Investment. The British officials voiced satisfaction of free and democratic character of presidential elections in Ukraine. The parties discussed further progress of bilateral relations, Ukraine's movement to the EU and Ukraine's contribution to stabilizing situation in Afghanistan. There was raised a possibility of Prince Andrew visit to Ukraine in the first half of the year with a view to enhancing cooperation in investment and trade spheres.

On 23 April 2010 the planned visit of Prince Andrew took place. In Kyiv he met President Yanukovich and foreign minister Kostyantyn Gryshchenko. The Head of Ukrainian state outlined the plans for conducting political and economic reforms. Prince Andrew, in his turn, emphasized his readiness to give personal support for implementing reforms plans in Ukraine and noted particularly Ukraine's huge potential in agriculture and aerospace field.

In his congratulatory letter to the newly appointed Prime Minister of the United Kingdom of Great Britain and Northern Ireland David Cameron in the middle of May 2010 Ukrainian President accentuated that he considered support to Ukraine's EU aspirations and expansion of economic and investment cooperation to be the basic priorities of the bilateral dialogue.

Contact with the new British government was established during the informal ministerial summit of Eastern Partnership and the EU states in Sopot (Poland) on 24 May 2010. In the course of the visit Kostyantyn Gryshchenko held meeting with Great Britain Minister of State at the Foreign and Commonwealth Office David Lidington and discussed the current stage of bilateral relations. David Lidington stressed that his country would further endorse Ukraine in its determination to become full-fledged member of the European Union and in implementation the necessary institutional and socio-economic reforms while the Ukrainian minister assured that Kyiv views the United Kingdom as one of its priority partners in Europe and proposed to intensify political contacts by means of exchanging high-level visits.

It should be mentioned that *Great Britain adopted a rather restrained position in respect of Ukrainian foreign policy modification emphasizing that its baselines, first of all course on integration in the EU has not undergone profound changes*. Proclaiming non-bloc status, in the opinion of British diplomats, would not impede fruitful cooperation between Ukraine and NATO. In his interview for RBK agency on 12 March 2010 United Kingdom ambassador to Ukraine Leigh Turner noted that Ukraine was already making a useful contribution to carrying out many NATO operation and that he expects the close cooperation between defence ministries of the two states to be continued. In the same vein normalization of Ukraine-Russia relations was quite neutrally accepted in the British political circles though their representatives have repeatedly highlighted that the key Ukraine's strategic interest should be rapprochement with the European Union.

Thus, in the theme of Ukraine's integration to the EU the British approach appears ambitious in political aspect and moderated in practical ones. London traditionally declares its adherence to the idea of EU enlargement. As stated David Lidington speaking on 8 September 2010 in Vilnius, the British government had not even admitted the idea of the need to make pause in enlargement after accession of Croatia and that any European country may enter the EU after meeting appropriate criteria. In this context Britain views the Eastern Partnership as an instrument of enhancing economic ties of the EU with Eastern neighbours facilitated by introducing uniform standards and creating free trade areas which in the middle run should pave the way to including these states in to the EU Internal Market. Moreover, the British officials overtly acknowledge that the Eastern Partnership is not a direct arrangement for preparing partner countries to membership in the EU but it may emerge as an efficient mechanism for inducing proper domestic transformations enabling these countries to become eligible for applying for membership. Similarly to other EU states Britain deems expedient the ideas of engaging Russia in some form to the activities within the Eastern Partnership for instance due to creating «group of friends» of the the Eastern Partnership from among the states interested in advancing development of the East European countries. It cannot be omitted that the British ideas about engaging Russia are the less ambitious among other EU members but even London agrees that EU-Russia ties needed to be seriously buttressed.

Obviously, *boosting trade exchanges due to establishing free trade area is currently viewed in Britain as a core component of EU-Ukraine relations.* In his article for Ukrainian newspaper «Den» on 13 October 2010 David Lidington made a particular emphasis upon the advantages of free trade area for Ukraine whose economy may gain in this case up to 5% annual growth. That's why British diplomacy, on the one hand, tries to incite Ukrainian authorities to intensify negotiations process on creating free trade area which was seriously hampered in the middle of the year and, on the other hand, exerts active efforts to clarify various aspects of the future free trade area for Ukrainian business elite.

In what concerns another major Ukraine's priority in relations with the EU – visa theme – Great Britain is not a direct participant of the negotiations on the prospect of EU-Ukraine visa-free regime because it is not party to Schengen agreements. However, in the interview for edition «What's On» dated 23 September 2010 Leigh Turner

noted that in his conviction it was a more realistic task for Ukraine to achieve further liberalization of visa-regime with the EU in order to pose the question about introducing visa-free regime in the long run. In his words, the EU is now exposed to immense immigration pressure complicating the process of reaching consensus among EU member states on that issue. Notably, the agreement on liberalization of visa regime between Ukraine and Great Britain has not been signed yet.

The issues relating to EU integration figured among the main themes of negotiations during the visit of Ukrainian foreign minister to London on 6 September 2010. Head of Ukrainian diplomacy held meetings with his British colleague, Secretary of State for Foreign and Commonwealth Affairs William Hague, Great Britain national security advisor Peter Ricketts, the International Economic and EU Advisor in the Prime Minister's Office Jonathan Cunliffe and also the group of British parliamentarians headed by John Whittingdale. Besides, Kostyantyn Gryshchenko presented a report before the Royal Institute of International Affairs «Chatham House» where he outlined the basic priorities of Ukraine's foreign policy at the present stage.

In the course of the meeting heads of foreign ministries of the two states agreed on the necessity to give impetus to the political dialogue in a spirit of strategic partnership. The sides discussed the possibility of organizing visit of President Yanukovich to London before the end of 2010 (which eventually did not take place). William Hague assured his Ukrainian counterpart in willingness to provide every support for Ukrainian government in its course on integration in the EU and in implementing the announced reform programme accentuating hereby the necessity of deepening both economic and cultural ties between the two countries. Among other key themes of negotiations there were directions of Ukraine's domestic political processes, measures intended to allay the effects of financial and economic crisis, security policy and cooperation with NATO, Ukraine-Russia relations, situation in the Middle East, cooperation in banking, agriculture and energy fields, improving investment climate etc.

Debates on urgent matters of bilateral cooperation were continued during the visit of Minister of State at the Foreign and Commonwealth Office David Lidington to Kyiv on 14 October 2010. It seems symptomatic that he didn't manage to meet senior state leaders. British minister had the occasion to talk to Ukraine's Vice-Prime Minister Boris Kolesnikov and foreign minister Kostyantyn Gryshchenko. The counterparts discussed a wide range of issues relating to Ukraine's European integration, in particular the ways Britain may provide

assistance in negotiating those aspects of the Association Agreement which are of principal significance for Ukraine. In this context Ukrainian foreign minister emphasized the importance of fixing in the text of Agreement Ukraine's European perspective and the openness of EU market for Ukrainian producers under free trade area. From his side, David Lidington noted that Great Britain approves the programme of economic and democratic reforms realized in Ukraine.

To consider the issues regarding the organization of future visit of President of Ukraine to Great Britain and other aspects of bilateral cooperation deputy head of the Presidential administration Andriy Honcharuk visited London on 9 December 2010 and held a number of meetings with British senior officials. The sides discussed the issues relating to Ukraine's European integration, including the results of EU-Ukraine summit in the end of November, and confirmed the mainstream priority of concluding the agreement on deep and comprehensive free trade area between Ukraine and the EU as soon as possible. It should be mentioned that this very format of visits is not typical for Ukrainian diplomatic practice and raises certain questions as for the state of Ukraine's relations with the United Kingdom.

Throughout 2010 London paid substantial attention to the character of domestic political processes in Ukraine arguing that international reputation of the state as well as its rapprochement to the EU is directly contingent upon preserving and strengthening its democratic profile and standards. The British officials often underline the fact that robust democratic governance is one of the basic components of Copenhagen criteria determining the eligibility of a state for becoming candidate for membership. Kyiv is properly realizing the importance of positive assessment of its internal situation by Great Britain and it was illustrated by personal explanations on the constitutional changes given by President Yanukovich to Prime Minister Cameron during a phone conversation on 6 October.

*The economic exchanges indicators* between Ukraine and Great Britain in 2010 demonstrated positive dynamics with 26% growth of trade turnover. At the same time the volume of direct investments from Great Britain dropped a bit in comparison with the previous year. With the amount of USD 2.2 billion Britain occupies seventh place among foreign investors in Ukraine just after France but the absence of essential progress is a worrisome tendency given the vivid activity of British and Ukrainian governments aimed at attracting British investment in the Ukrainian economy.

### Ukraine – Poland relations

In 2009 among all other complexes of bilateral relations Ukraine-Poland relations remained the most intensive ones, as in the previous years. The fact that the relations are on a good track is confirmed by intensive high-level contacts between the leadership of the two states. On 14 January Ukraine's President Viktor Yushchenko paid a one-day visit to the Republic of Poland. During the visit President Yushchenko met his Polish colleague Lech Kaczynski and discussed the issues relating the European and Euro-Atlantic integration of Ukraine, the EU Eastern Partnership programme, the wide range of issues of bilateral cooperation in political, economic, trade, energy and cultural realms. The two leaders also exchanged their views in respect of urgent international problems and delimited the spheres where two states could coordinate their positions in the world scene, in particular in the UN framework and in relations with NATO.

During the next meeting on 7 September 2009 President Yushchenko and President Kaczynski signed the Roadmap of Polish-Ukrainian cooperation for 2009–2010. This document confirmed the strategic and prospective character of bilateral partnership and outlined the key tasks for the next two years. Also the Presidents signed joint statement on energy cooperation.

Against this, however, the year 2010 became a real test for Ukraine-Poland relations. *Revision of the main foreign policy grounds of the two states led to erosion of those threads of the dialogue that have traditionally constituted the foundation of bilateral strategic partnership*, and the transformation of the general political context in Europe, actually, dramatically reduced the quality of Poland-Ukraine relationship as a means of resisting expansion of Russian influence. As a result, two states faced a task of conceptual adjustment of the relationship for enabling it to acquire a new quality in consistence with the up-to-date European conjuncture and the challenges emerging before Kyiv and Warsaw in their foreign policy. It should be confessed that up to the end of the year this task has not been complied with completely but gradually new and more pertinent objects of cooperation crystallized and steps towards shaping a new bilateral agenda were taken.

Generally, *in the 2010 Ukraine-Poland relations, on the one hand, have been transferred to a more constructive and less ideology driven platform, what is an undeniably positive fact, and, on the other, they have not developed into full-fledged component of the European trans-*

*formational processes to the extent corresponding to the potential inherent to them.*

Warsaw acknowledged the democratic character of presidential elections in Ukraine and announced about its readiness to cooperate with the new Ukrainian leadership. President of Poland Lech Kaczynski was personally present at the ceremony of inauguration President Viktor Yanukovich. But notwithstanding this fact, the strategic disorientation of the bilateral relationship was quite evident. That is why in the first day after his appointment new Ukrainian foreign minister Kostyantyn Gryshchenko had a phone conversation with his Polish counterpart Radosław Sikorski who invited him to visit Poland as soon as possible. Death of President Kaczynski in plane crash near Smolensk aggravated even more this strategic pause in the relations engendered by adaptation to the new political realities.

That is why in the first half of the year the dialogue evolved around merely the practical projects planned back in the previous period and aimed at forging close interaction between representatives of societal and business circles of the two states, in particular launching the Polish-Ukrainian forum, implementation of the Programme of trans-border cooperation 'Ukraine-Poland-Belarus' and holding a Ukrainian-Polish economic forum. The latter lasted for almost a month and ended on 28 May 2010. During the sectoral meetings of the forum the participants focused upon issues of energy cooperation, financial and banking cooperation, preparation for Euro-2012, infrastructure development and trade in services, cooperation in agriculture and economic potential of Ukrainian regions.

At the same time the Polish side tried to maintain close contact with the new Ukrainian government as for the urgent issues of foreign policy and economic transformations in the state. Poland advocated invitation of Kostyantyn Gryshchenko to the ministerial meeting of Weimar triangle in Bonn on 26–27 April 2010 and also initiated the organization of informal ministerial summit of Eastern Partnership and EU states in Sopot on 24 May 2010 where Polish and Ukrainian foreign ministers had a separate meeting dedicated to discussing the current state of bilateral dialogue on the priority matters under the new conditions. Radosław Sikorski confirmed that Poland would continue to assist Ukrainian diplomacy in its intention to accelerate the movement towards facilitating visa regime and negotiating EU-Ukraine Association Agreement while Kostyantyn Gryshchenko assured that President of Ukraine together with the government views Ukrainian-Polish dialogue as one of main priorities of its activity. This

meeting allowed to delimit the spectrum of key issues on the agenda of the bilateral dialogue and achieve preliminary accords on moving it forward. In pursuance of these accords on 2 June 2010 in Warsaw took place the next round of Ukraine-Poland consultations at the level of deputy foreign ministers where the sides agreed to exert practical efforts with a view to intensification of bilateral cooperation. To that end an agreement was reached to conduct a number of high-level visits and also a meeting of chief bilateral institutional mechanisms. The foremost attention was paid to the EU integration theme including the conclusion of EU-Ukraine Association Agreement and prospects of visa-free regime.

Obviously, *it is at this stage that Poland is becoming aware of the limited potential of the existing forms of Ukraine's rapprochement to the EU entailing the intensification of Polish efforts on improving and imbuing with practical substance the Eastern Partnership programme.* Its basic motivations are misgivings about possible partial loss of the role of exclusive «provider» of EU interests in Eastern Europe and essential shift of the balance in this space. Alongside normalization of Polish-Russia and Polish-German relations and increasing coordination within the Weimar triangle caused *a modification in Polish Eastern policy towards more explicit emphasizing the collective positioning, realization of joint initiatives and aligning its strategy with other European states.* Due to these tactics Polish diplomacy obtained more opportunities for carrying out the own policy without provoking dissent with other influential actors in this space.

Election of Bronisław Komorowski to be the President of Poland in early July 2010 was positively appreciated in Ukraine. In his congratulatory letter President Yanukovich underlined that Ukraine is interested in further proceeding of constructive bilateral cooperation with Poland through achieving new practical results and projects in political, economic, humanitarian and security spheres and invited the newly elected President to visit Ukraine in the nearest future. On the whole, formation of a monolithic ruling team in Poland did not give way to drastic changes in the policy of Poland towards Ukraine and, on the contrary, enabled to consolidate the approach which emerged after coming into power of Donald Tusk two years ago and pushed to unfolding the tendency to normalizing Poland's relations with Germany and Russia.

Simultaneously, in this period the situation in EU-Ukraine negotiations on free trade area was getting complicated causing concerns of the Polish side and leading to sending a joint letter by foreign ministers of Poland, Sweden and Czech Republic to their Ukrainian



colleague where they confirmed their support to Ukraine's EU aspirations and willingness to provide assistance for intensifying economic contacts and fostering European values but pointed that achieving progress in negotiations on mechanisms which are to define the forms of EU-Ukraine cooperation in the future is a principal condition for actual rapprochement of Ukraine to the EU.

It should be understood that *under new political circumstances enhancing EU-Ukraine ties is a core element of Poland's Eastern policy* both for promoting an optimal organization of the European continent and maintaining own position in the EU. That is why Poland exerted special efforts for putting the issue of introducing visa-free regime with Ukraine at the EU agenda. Finally, it became possible owing to the attempts of other EU members to raise the similar issue in EU relations with Russia.

In relation to this trend in the second half of 2010 there were gradually shaped three main lines of implementing Warsaw policy towards Ukraine: *first*, the line on reaching consensus within the EU on the necessity to secure as close engagement of Ukraine as it is possible at the present stage; *second*, the line on inducing the Ukrainian leadership to undertaking necessary steps for transition to advanced forms of cooperation; and *third*, the line on getting use of bilateral cooperation in practical realms for strengthening those aspects of Polish policy which are not covered by the EU policy yet.

That is why in the autumn the Polish government resorted to intensifying contacts with senior Ukrainian officials along with instigating concrete steps on the part of the EU to buttress the Eastern Partnership in both conceptual and practical dimension. Thus, in the end of September 2010 President of Poland Bronisław Komorowski arrived in Kharkov for the opening ceremony together with Ukrainian Prime Minister Mykola Azarov the memorial of Polish soldiers. And on 30 September Mykola Azarov paid an official visit to Poland for the meeting of Ukraine-Poland intergovernmental commission on economic cooperation and of the Committee on preparation Euro-2012. In the course of the visit Ukrainian Prime Minister met President Komorowski and Prime Minister Tusk. They reassured that the level of Ukraine-Poland cooperation remains of strategic significance despite the international situation and change of power in both countries.

On 31 September 2010 in the Livadia palace in Yalta in the framework of annual forum of the Yalta European strategy Presidents of Ukraine and Poland held a bilateral meeting where Viktor Yanukovich accentuated that relations with Poland should be

substantially intensified at present stage and that it was in the mutual interest of the both countries to invigorate trade and economic cooperation in the context of surmounting the negative outcomes of the global economic crisis.

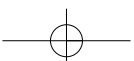
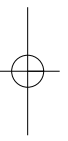
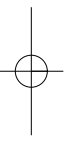
The process of strategic review of the European Neighbourhood Policy together with new tendencies in EU-Ukraine relations prompted the Polish government to put forward the initiatives aimed at improving the EU policy at the Eastern vector. On 6 October 2010 Polish minister of foreign affairs Radosław Sikorski together with his Swedish colleague Carl Bildt sent the EU High Representative for Foreign Affairs and Security Policy Catherine Ashton a joint letter where they laid down their vision of further evolution of the ENP and the Eastern Partnership. The ministers pointed out to the need to confer a special status to the European neighbours of the EU, to come down to the advanced forms of cooperation and increase funding of practical projects. However, there is no mention of possible membership perspective for those states in their letter that caused an ambivalent reaction in Ukrainian circles. Ostensibly, Warsaw understands that it is not worthwhile to emphasize this aspect at presently, instead it would be expedient to succeed in moving to the closest possible forms of engagement in practical realms paving the way to systemic transformations in the Ukrainian state. For elucidating their position the two ministers paid a joint visit to Kyiv several days before the EU-Ukraine summit where they met President Yanukovich and foreign minister Gryshchenko.

The results of EU-Ukraine summit and signing the Action Plan on visa liberalization with the prospect of introduction visa-free regime were positively received in Warsaw as an explicit formalization and documentary fixation of Ukraine's commitment to further moving on EU integration path. The announcement of intention to get the Association Agreement signed up to the end of 2011 also is viewed by Polish leadership as a constructive step which can become a significant incentive for Ukrainian authorities to implement appropriate domestic transformations for the sake of attaining the announced aim. In the sense Polish Presidency in the European Council in 2011 may emerge as an important catalyst for Ukraine-Poland relations and turns Poland into an influential partner able to affect the implementation of current priorities at the European front.

In 2010 there was also observed a revitalization of dynamics at the sectoral and trans-border level of Ukraine-Poland relations. Notably, despite Ukraine's proclaiming of the non-bloc status security coopera-

tion between the two states is evolving vigorously. The partners went on preparing the creation of joint Polish-Lithuanian-Ukrainian peace-keeping brigade. Among central objects of dialogue also figures the theme of boosting mutual investments and strengthening trade exchanges. In the sphere of trans-border cooperation the Polish authorities articulated intentions on expanding the territory covered by the Agreement of small cross-border movement and elaborating a separate strategy of trans-border cooperation between Poland, Ukraine and Belarus.

According to indicators of *economic transactions* Ukraine-Poland relations in 2010 demonstrated rather positive dynamics. Thus, the turnover between the two states achieved almost USD 4.5 billion with Ukrainian export to Poland growing for 47% in comparison with the previous year while Polish import to Ukraine increasing for 26%. Nevertheless, even with such a dynamics the overall balance of bilateral trade remains negative for Ukraine in about USD 1 billion. As for investing in Ukrainian economy Poland still remains a minor partner for Ukraine. Although the volume of Polish investments in 201 grew to a certain extent it did not reach even the level of USD 1 billion. It means that the sides have yet to exert efforts for intensifying economic ties.



## § 2. Ukraine's Relations With The USA And Canada

### Ukraine – US relations

In 2009 the United States continued supporting reforms aimed at paving the way for Ukraine towards the Euro-Atlantic community. The year was marked by ascendance in the White House of the new Barack Obama administration.

The turning event in US-Ukraine *political dialogue* in 2009 became the visit to Ukraine of US Vice-President Joseph Biden on 20–22 July. During the visit the parties discussed issues related to preparing possible meeting between the presidents of the two states and visit of the US Secretary of State to Ukraine. As experts pointed out, Joe Biden's visit was intended to let Kyiv understand that the «reset» of US-Russia relationship would not be carried out at the expense of other states of the region<sup>1</sup>.

On 7 August 2009 President of Ukraine Viktor Yushchenko held a meeting with the US Congress delegation headed by Republican House of Representatives minority Leader John Boehner. During the meeting priority issues on the US-Ukraine strategic partnership agenda were discussed, such as strengthening Ukraine's energy security, implementing Ukraine's Euro-Atlantic course and also measures taken to overcome the effects of the financial and economic crisis including advancing Ukraine's cooperation with the IMF.

On 9–10 December 2009 Minister of Foreign affairs of Ukraine Petro Poroshenko paid a working visit to Washington where he met US Secretary of State Hillary Clinton and US President National Security Advisor, General James Jones. Ukraine's minister also participated in the Inaugural meeting of the US-Ukraine Strategic

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<sup>1</sup> *Biden J.* «Reboot» will not go at the scores of other countries. – <http://ru.euronews.net/2009/07/21/biden-visits-ukraine-and-georgia/>.

Partnership Commission where a broad range of international and bilateral issues were thoroughly examined.

The year 2010 proved to be a period for re-arranging national interests of both states entailing a revision of strategic priorities of the bilateral relationship in general and of the *strategic partnership* and its actual substance. The prominent factors spurring the shifts in conceptual underpinning of US-Ukraine relationship stemmed from both internal political changes in Ukraine brought about by the election of Viktor Yanukovich as President of Ukraine and current trends in the international scene set in motion due to diminishing US influence in the world and its weakening influence over the post-Soviet space.

The reset of US-Russia relations induced a certain re-grouping of the US role in Eastern Europe. For the sake of securing Russian support in tackling Iran and Afghanistan problems, achieving progress in non-proliferation of weapons of mass destruction and stabilizing situation in the Middle East the US lessened their strategic interest in Ukraine. Ukraine is not viewed any more as an area of US strategic interest and the bedrock of democracy in the post-Soviet space. On the other hand, Ukraine's renunciation of the Euro-Atlantic integration, re-orientation of its foreign policy to Russia and the proclaimed endeavor to modernize the country by means of authoritarian rule deprived the US of essential incentives and leverages of influence upon Ukrainian leadership.

The modification of foreign policy priorities by the new Ukrainian ruling class necessarily led to a revision of the US role in Ukraine's foreign policy. Common fundamental values laying substantial ground for the bilateral partnership in the past ceased to constitute a priority for the new leadership, moreover, they posed a new challenge for it. If in the preceding years enhancing democracy in Ukraine, acquiring membership in NATO and ensuring state sovereignty and independence had been defined as a common strategic interest for US and Ukraine and established political foundation for the bilateral strategic partnership, the present Ukrainian government renounced these priorities itself.

If the US had been viewed before as a guarantor of Ukraine's sovereignty and independence and as a sort of counter-balancer upholding its international subjectivity in relations with Russia, now, with the foreign policy reversed towards rapprochement with Russia, the need in the US as a counter-balance is turning out to be obsolete for Ukraine. Moreover, the new government has a not so groundless misgiving that its drift from the Euro-Atlantic towards a more Russia-oriented course

together with deviations from democratic standards would cause a negative reaction on the US side.

Thus, for official Kyiv it was of utmost importance not to allow abrupt deterioration of relations with the US since it could not only aggravate bilateral political, diplomatic and military exchanges but also complicate if not terminate cooperation with global financial institutions whose loans were critically significant for solidifying the power of the new government. The United States could not but hope that democratic institutions would not be totally dismantled and Ukraine would abide by a course towards European integration and acquiring membership in the EU, which is out of sight at least for the nearest decade.

So, the strategic partnership forged by common values was replaced by a pragmatic relationship built around common interests and practical deals through exchanges of concessions. It remained only to determine what concessions Ukraine could make in order to win US benevolence towards the new leadership and its foreign and domestic policy. And such concessions have been detected. In his statement at the Tenth conference of heads of foreign diplomatic missions of Ukraine on 14 December 2010 Viktor Yanukovich noted, «The new Ukrainian power managed to find a common ground with the United States not only in bilateral matters but also in the issues of the global agenda. At present we are clearly aware of what our interest is in the dialogue with America – in the progress of democracy, facilitating reforms, promoting non-proliferation of weapons of mass destruction, attracting investments etc. And the United States have no less clear interest in cooperating with Ukraine on the same issues. It is upon this coincidence of interests as well as upon eliminating artificial tension in relations with Russia that the true strategic character of our relations is founded»<sup>2</sup>.

The best concession for the United States fitting aptly the foreign policy initiatives of President Obama regarding nuclear disarmament and strengthening nuclear security became Ukraine's abandoning of its highly-enriched uranium stocks, which Kyiv agreed to dispose of before 2012. In the joint statement by Viktor Yanukovich and Barack Obama the latter «recognized Ukraine's unique contribution to nuclear disarmament and reconfirmed that the security assurances recorded in the Budapest Memorandum with Ukraine of 5 December,

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<sup>2</sup> 10<sup>th</sup> meeting heads of Ukraine's foreign diplomatic missions // Foreign Affairs. – 2010. – № 11–12. – P. 9.

1994, remain in effect». In turn President Yanukovich announced Ukraine's decision to get rid of all of its stocks of highly-enriched uranium by the time of the next Nuclear Security Summit, while the United States will provide necessary technical and financial assistance to support this effort.

According to the statement, «President Obama praised Ukraine's decision as a historic step and a reaffirmation of Ukraine's leadership in nuclear security and nonproliferation». Besides, the two presidents emphasized that their countries would support international effort to convert civil nuclear research facilities to operate with low enriched uranium fuel. The presidents also agreed to continue working together on nuclear safety, including efforts to safeguard the Chornobyl nuclear reactor site. 'The United States has contributed almost USD 250 millions to this effort and reaffirms its commitment to further support Ukraine and others in restoring the Chornobyl site to a safe condition', as is articulated in the statement<sup>3</sup>.

Another major task the new government tried to comply with in relations with the United States consisted in smoothing the effect of Ukraine's renunciation of NATO membership perspective which was guaranteed at the political level by decisions of the 2008 NATO Bucharest summit. The US side accepted such a political and strategic choice of Ukraine. As US Secretary of State Hillary Clinton reiterated during her visit to Kyiv on 2 July 2010, «Some have tried to force Ukrainians into a choice between aligning your country with Russia or with the West. We believe that is a false choice. Ukraine is an independent nation, and we hope Ukraine will have good relations with its neighbors ... We do not believe in the concept of "spheres of influence". We believe that it is up to Ukrainians to chart your own course towards your own future. And in doing so, you can count on the support and friendship of the United States»<sup>4</sup>.

In his turn, while speaking before the US Atlantic Council in New-York on 23 September 2010 President Yanukovich referred to such moderate judgments of the US officials and reminded that «both the President and the Secretary of State have expressed understanding of this policy alteration, and setting non-allied status as the landmark in the area of security». In his opinion, the term «non-allied state», may

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<sup>3</sup> Joint Statement by President Obama and President Yanukovich. – <http://www.whitehouse.gov/the-press-office/joint-statement-president-obama-and-president-yanukovich>.

<sup>4</sup> Remarks With Ukrainian President Viktor Yanukovich. – <http://www.state.gov/secretary/rm/2010/07/143924.htm>.



be not the most appropriate today but «it should be accepted as the choice of the Ukrainian people». «By the way, the term “non-allied state”, perhaps, is not the most appropriate here, as the era of military alliances has become a thing of the past together with the Cold War, but ... we believe that the principle of non-participation of our country in any military-political alliances is the most appropriate in modern geopolitical realities», noted President Yanukovych in his speech and summarized that this decision has helped in removing the tensions inside the country and on the entire European continent<sup>5</sup>.

The misgivings of official Kyiv about possible White House judgments about the situation with democracy in Ukraine proved of little salience. Notwithstanding critical remarks by several American democratic institutions regarding the Yanukovych administration rolling back of democratic achievements of the Orange revolution, US Secretary of State Hillary Clinton affirmed at the press-conference in Kyiv on 2 July 2010 that the new Ukrainian leadership demonstrated a commitment to democracy with the recent [presidential] elections conforming to all the standards and being «free, fair, transparent». The US Secretary of State added, «We have a lot of faith that the democracy that Ukraine has fought for and maintained will deliver results for the Ukrainian people»<sup>6</sup>.

A possible difficulty of a political military nature which might arise from US reaction to prolongation of the Russian Black Sea fleet basing in Ukrainian territory up to 2042 has been escaped rather easily. During her visit to Estonia on 22 April 2010 US Secretary of State Hillary Clinton expressed the view that this decision by the new Ukrainian administration reflects its balanced approach to foreign policy. Hillary Clinton asserted, «I think, given Ukraine’s history and Ukraine’s geographic position, that balancing act is a hard one but it makes sense to us that’s what he’s trying to do and to keep a foot, if you will, in both sides of his country».

At the same time she reminded all that the United States didn’t recognize Russian claims of any sphere of influence and accentuated that there was no veto power that Russia or any country had over any country in Europe or in this region concerning membership in organizations like NATO or the EU. The Secretary of State said, «I’m heartened to see

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<sup>5</sup> President’s Statement at the meeting with the US Atlantic Council. – <http://www.president.gov.ua/en/news/18242.html>.

<sup>6</sup> Remarks At the Closing of the Strategic Partnership Commission. – <http://www.state.gov/secretary/rm/2010/07/143934.htm>.

Europe moving more to take steps that will empower it in its dealings with Russia, including moving toward more energy security»<sup>7</sup>.

The successful meeting of the bilateral Strategic Partnership Commission in Kyiv on 5 July 2010 summed up the process of initial adjustments in the relationship's political, strategic and other spheres. During the meeting the parties discussed a range of issues of importance for the bilateral dialogue: international and regional security, foreign policy and defense, democracy and rule of law, nuclear security and non-proliferation, military technical cooperation.

In the context of the forthcoming 25<sup>th</sup> anniversary of Chernobyl disaster both sides reaffirmed the importance of continuing international assistance, including the Shelter Fund financing to complete the project of its conversion into an ecologically safe system.

The prospects for achieving progress in cooperation on the energy sector were also outlined at the meeting. Ukrainian experts agreed to explore the ways of employing American experience in energy resources production, developing cooperation on diversifying the sources of supply of nuclear fuel for Ukrainian nuclear power plants, carrying out joint projects in non-proliferation. An accord was also reached on destroying solid rocket fuel stockpiled in Ukraine.

The dynamics of bilateral cooperation gave an impetus to enlarging the existing format of the Commission due to the establishment of additional working groups, in particular on science and technology, humanitarian issues and human contacts and also a subgroup on civil nuclear energy within the Working group on energy security<sup>8</sup>. Aligning positions at the senior political level enabled a preservation of a rather high level of military technical cooperation between Ukraine and the US and also of US assistance to enhancing Ukraine's nuclear security.

The US side considered the possibility of increasing its funding for the program of elimination of the SS-24 solid rocket propellant at the Pavlograd chemical plant (Dnepropetrovsk region). This program is implemented in conformity with Ukraine's commitments on reduction and elimination strategic arms and also state programs on abandoning SS-24 missiles and utilization of solid rocket fuel. Within the

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<sup>7</sup> Remarks With Estonian Foreign Minister Urmas Paet After Their Meeting. – <http://www.state.gov/secretary/rm/2010/04/140673.htm>.

<sup>8</sup> MFA: The heads of foreign services of Ukraine and the U.S. held the final meeting of Bilateral Commission on strategic partnership. – [http://www.kmu.gov.ua/control/uk/publish/article;jsessionid=C1385A5238819041721C1B114B1A37B0?art\\_id=243510171&cat\\_id=35884](http://www.kmu.gov.ua/control/uk/publish/article;jsessionid=C1385A5238819041721C1B114B1A37B0?art_id=243510171&cat_id=35884).

framework of this program it was planned to destroy 5 thousand tons of SS-24 solid rocket fuel.

Regardless of the change of military and political course Ukraine managed to keep a rather intensive pace of cooperation between the defense ministries of the two states. This was manifested during the meeting of the Chief of the General Staff, Commander-in-Chief of the Armed Forces of Ukraine, General Colonel Ivan Svyda with US Assistant Secretary of Defense for International Security Affairs Alexander Vershbow. At the beginning of the meeting the Ukrainian Chief of the General Staff noted that Ukraine and the US always have been and would remain strategic partners. He added that Ukraine highly appreciated the assistance the US provides in reforming and developing its armed forces. For his part, the US Assistant Secretary reaffirmed the US commitment to forging strategic partnership between the two ministries with particular emphasis upon its practical dimension. During the meeting the parties also touched upon the issues of granting US financial and technical assistance to Ukraine in the framework of the FMF and IMET (International Military Education and Training) assistance programs. At the end of the meeting Ivan Svyda and Alexander Vershbow expressed confidence in the irrevocable character of US-Ukraine military cooperation<sup>9</sup>.

Another instance of this cooperation occurred in May 2010 when a delegation of Ukrainian Navy encompassing logistics officers of the Naval General Staff with Deputy Commandant of the General Staff Captain Navy Mykhailo Pinkevich visited the US navy base in Mainport. During their stay at the American base the Ukrainian officers learned about techniques of logistical support to ships both afloat and ashore. The parties discussed possible employment of US navy capabilities for in-sea refueling of Ukrainian navy vessels<sup>10</sup>.

An important instrument for developing bilateral trade and economic relations is the US-Ukraine Trade and Investment Council. It facilitates restoring positive dynamics in bilateral trade turnover, improving the trade regime and increasing US investments in Ukrainian economy.

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<sup>9</sup> Deputy Minister of Defense of the U.S., Ambassador Alexander Vershbow highly appreciated the participation of the Armed Forces of Ukraine in international peacekeeping operations. – <http://nr2.ucoz.ru/blog/2010-05-15-900>.

<sup>10</sup> Ministry of Defense: The Navy delegation of Ukraine is studying the experience of logistic support of the U.S. Navy. – [http://www.kmu.gov.ua/control/uk/publish/article?art\\_id=243419887&cat\\_id=35884](http://www.kmu.gov.ua/control/uk/publish/article?art_id=243419887&cat_id=35884).

On 13 October 2010 Third meeting of US-Ukraine Trade and Investment Council took place in Kyiv under the chairmanship of Minister of economy of Ukraine Vasyl Tsushko and US trade representative, Ambassador Robert Kirk. In the course of the meeting a range of issues was dealt with in the most priority realms of cooperation: trade and economy, finance and investment, agriculture, innovations and industrial use of new technologies, copyright protection, transport, customs affairs, taxation, technical regulation, consumer policy and enterprise activity.

For the seven month of 2010 the general trade turnover in goods between US and Ukraine increases in comparison with the same period of 2009 on 1 milliard USD 357.9 million. Ukrainian goods export to the US grew in 4.8 times and constituted USD 466.1 million. Import of US goods to Ukraine rose in 20.7% and set at the level of USD 891.9 million. The red ink for Ukrainian trade in goods constituted USD 425.8 million and improved at USD 215.8 million in comparison with the same period of the last year.

As for the volumes of direct investments in Ukrainian economy the US occupies 10<sup>th</sup> place among other countries of the world beyond Cyprus, Germany, Netherlands, Russian Federation, Austria, the United Kingdom, France, British Virgin Islands and Sweden. By 1 July 2010 Ukrainian economy received USD 1214.6 million direct investments from the US. The volume of Ukrainian investments to the US constituted USD 5900.5 million.

1545 enterprises with American capital are working in Ukrainian territory. The greatest interest is attached to such spheres as domestic trade, food industry, financial services, metallurgy and metal-working industry, chemical industry, construction engineering and communications. There are 6 enterprises with Ukrainian capital working in the US territory.

### **Ukraine – Canada relations**

In 2009 Ukraine-Canada relations evolved rather dynamically in the political as well as in trade, defense and security realms. Thus, on 15 December 2009 Export Development Company of Canada granted USD 254 million to company «McDonalds, Dettviler and Associated ltd» (MDA) for funding the establishment of a full-scale satellite communication system for the National Space Agency of Ukraine. Canada resolutely endorsed Ukraine's Euro-Atlantic aspirations and reaffirmed its commitment to maintain partnership with Ukraine in the future.

In 2010 the *Ukraine-Canada political dialogue* was marked by a range of high-level official meetings. On 12 April 2010 President of Ukraine Viktor Yanukovich held a meeting with Canadian Prime Minister Stephen Harper within the framework of the Nuclear Security Summit in Washington. Their second meeting in 2010 took place on 23 September during the 65<sup>th</sup> session of the General Assembly of the UN. On 25–26 October Prime Minister of Canada Stephen Harper paid an official visit to Ukraine at the invitation of the President of Ukraine. During the visit Head of Canadian government held meetings with President Yanukovich, Prime Minister Mykola Azarov and Head of Verkhovna Rada Volodymyr Lytvyn.

On 8 September 2010 President Yanukovich had a telephone conversation with Governor General of Canada Michael Jean whom he congratulated on the occasion of her birthday (6 September) and in connection with the termination of her mandate expressed gratitude for fruitful work and deepening of Ukraine-Canada relations.

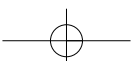
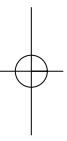
In *trade and economic* relations Ukraine and Canada managed to attain a real breakthrough. Its chief manifestation became the launching of the negotiations on bilateral free trade area. On 6 April 2010 Minister of economy of Ukraine met Ambassador Extraordinary and Plenipotentiary of Canada to Ukraine John Daniel Caron.

The Participants of the meeting discussed the prospects of developing bilateral trade, economic and investment cooperation. Of priority for bilateral cooperation were defined air space realm, energy, agriculture, pharmaceuticals, transport etc. In Minister's words by 1 January 2010 Canada invested in Ukraine USD 109.6 million<sup>11</sup>.

The head of the Ukrainian Ministry of the Economy expressed gratitude to the Government of Canada for providing technical assistance to Ukraine in the framework of programs of Canadian International Development Agency (CIDA) for the last 19 years directing this assistance to support of democracy and market economy enhancing processes in Ukraine, resolving social and ecological problems, reforming public administration, empowering small and medium-sized enterprises.

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<sup>11</sup> Vasyl Tsushko: Ukraine is interested in creating a free trade zone with Canada. – <http://news.ligazakon.ua/news/2010/4/6/22443.htm>.



### § 3. Ukraine – China Relations

Relationship with the People's Republic of China occupies an important place in Ukraine's foreign policy. Throughout three last decades China has persistently built up its economic capabilities and influence upon world politics. In 2010 Chinese gross domestic product (GDP) grew on 10.3% – more than expected. From 1978 the country has doubled its GDP and occupied second place after the US in GDP volume. The share of China in world trade rose ten times and constitutes around 8%. Imbalance between China and the US in industrial production is rapidly declining and, as experts foresee, China may in ten years become world leader upon this indicator.

In international relations China adheres to the concept of 'harmonious peace' arguing that its swift economic build-up in no way endangers the world development. It is imbued by the active Chinese policy of promoting multipolarity, prioritizing political and diplomatic means of handling international problems and resisting manifestations of power politics and hegemony. Such constructive approach of China to the world affairs and its peaceful intentions seem appealing to foreign policy of Ukraine unfolding broad prospects for cooperation.

*The political dialogue* of China with Ukraine was complicated by, in the first turn, the dynamic domestic processes in the both states. Thus, China occupied rather restrained stance regarding Orange revolution in Ukraine as well as regarding other «colored revolutions» tending to view them as produced by external interference. And the Orange leadership itself was not keen on dissipating Chinese suspicions, underestimating the role of Chinese direction in Ukraine's foreign policy. As a result planned visits of Ukrainian President and Prime Minister to China were more than once cancelled. The Chinese side attaching high value to observance of protocol and of mutual agreements perceived such treatment as abusing. And regular visits of Ukrainian high-ranking officials to Japan served only to further

aggravating the situation. Beijing conducts high-level political dialogue rather pragmatically viewing it as an instrument of establishing mutual confidence and facilitating further economic and scientific cooperation.

After presidential elections in Ukraine in the beginning of 2010 Ukraine-China political dialogue was essentially intensified. On 12 April 2010 in the framework of Nuclear Security Summit in Washington President Yanukovich met President of the People's Republic of China Hu Jintao. For the last several years it was the first occasion for leaders of the two states to exchange opinions in a range of political issues.

This meeting gained high appreciation of Ukrainian President during the conversation with Chinese foreign minister Yang Jiechi on 19 May 2010 in Kyiv. Ukraine was emphasized to welcome the consolidation of China's role as an influential center of the multipolar world. Viktor Yanukovich expressed confidence in the appropriateness of the current stage for raising Ukraine-China relationship to a qualitatively new level of a true strategic partnership. «Ukraine will always stick to its commitments and agreements with China», declared President of Ukraine, «First of all in its position of recognizing the one China. We are ready to take maximum account of Beijing's positions on the widest range of international issues».

In July 2010 Ukrainian foreign minister Kostyantyn Gryshchenko paid an official visit to Beijing in the course of preparing state visit of Ukrainian President to China. During his meeting with Chinese counterpart Yang Jiechi on 13 July 2010 the Ukrainian minister underscored that bilateral relationship should be moved forward along the long-term strategic design since interaction with China has the potential in order to emerge among key factors of modernization of Ukrainian economy and science. There were examined the prospects of Chinese companies taking part in carrying out large-scale infrastructure projects in the context of preparation to hosting Euro-2012 football championship in Ukraine. During the meeting of Kostyantyn Gryshchenko with representatives of Chinese scientific and expert circles with a professional interest in Ukraine the need in boosting humanitarian cooperation was discussed with particular attention focused upon increasing numbers of students' exchange and extending opportunities for learning Chinese language in Ukraine and Ukrainian language in China.

On 14 July 2010 Ukrainian foreign minister held a meeting with The Premier of the State Council (government) of the People's



Republic of China Wen Jiabao who voiced an opinion that the new political circumstances in Ukraine open ample scope for furthering trade, economic, investment, scientific, technical and humanitarian cooperation between the two states. It may involve million-strong investments in transport infrastructure, agriculture, high-tech engineering. The parties also paid particular attention to practical aspects of upgrading the efficiency of the bilateral commission on trade and economy cooperation. Kostyantyn Gryshchenko suggested considering an issue of increase in the amount of regular flights between Kyiv and Beijing allowing to give impetus to flows of businessmen, tourists and students.

Pursuing the course of reinvigorating the political dialogue enabled to bring about substantial shifts in Ukraine-China business relations. Thus, on 26 August 2010 during the Ukraine-China interregional forum in Kyiv Agreement on joint development of oil and gas in the Black Sea shelf was signed. To that end Ukraine intends to purchase from China a drilling rig on the terms of goods credit. Besides, in the end of August Ukraine received the first Chinese funds in payment of the order of manufacturing four small landing vessels on air cushion which Beijing placed at the Feodosia shipbuilding plant. The total sum of the contract constitutes USD 126 million. Two of these ships should be constructed in Feodosia and other two under license in Chinese territory.

A serious watershed in Ukraine-China relations was marked by the state visit of President Yanukovich to China and official visit to Hong Kong on 2–5 September 2010. 22 bilateral documents were signed pending these visits, the most significant among them being the Joint statement on comprehensive upgrading of Ukraine-China relations of friendship and cooperation. Of principal importance in the statement is the articulation of Chinese readiness to hold discussions on strengthening and concretization the guarantees of Ukraine's nuclear security.

The Chinese leader urged for further reinforcing the interaction of both states in the international scene and also highlighted the expectation of Ukraine's irrevocable commitment to the previously proclaimed policy on «Taiwanese» and «Tibetan» issue and on the activity of «Falun Gong» sect.

The main task in trade and economic realm until 2012 was defined as the increase in volumes of bilateral trade up to USD 10 billion while in 2010 it reached USD7.5 billion. Hu Jintao announced the decision

of the Chinese government to grant Ukraine free of charge assistance amounting to 25 million yuan (about USD 3.7 million) for carrying out technical projects. It was reiterated that the Chinese side was ready to assist Ukraine in preparation to hosting Euro-2012 football championship. Of utmost importance is the decision to raise the currently acting intergovernmental commission on trade and economic cooperation to the interstate level. Particular value is attached to the program on cooperation in exploration and exploitation of outer space for peaceful purposes for the 2011–2015 period. An accord was struck on constructing a runway in the Borispol airport and a high-speed railway «Borispol-Kyiv».

Under the current conditions the significance of the Ukraine-China agreements is yet to be properly appreciated. The issue of fulfilling these agreements is on the top now with a sufficient deal of troubles still ahead. In private Ukrainian diplomats underline the overtly general character of the documents signed and their looking rather as a declaration of intentions than a clear guideline for immediate implementation.

## § 4. Ukraine's Relations With The States Of The Middle East, Asia And Africa

### Ukraine's relations with the states of the Middle East and Asia

Among other developments in the foreign policy of Ukraine in 2009 and 2010 particular attention deserve the improvement of relations with Israel and the raising to a new level of relations with such states as Lebanon, Qatar, Syria and other Middle Eastern states. Also in 2009–2010 Ukraine intensified trade, economic, humanitarian and cultural cooperation with Middle Eastern and Asian state. Tendencies relating to improvement of Ukraine's posture in this region may be discerned due to amount of new agreements stricken with those states and of mutual official visits. Such activity of Ukrainian diplomacy in the Middle East and other parts of Asia attests to the fact that Ukraine seeks amelioration in all the dimensions of its foreign policy, including economic and humanitarian spheres of cooperation with states of this immensely important region.

### Ukraine – Azerbaijan

**Azerbaijan Republic (AR)** remains a very important partner for Ukraine as was confirmed by further improvement of Ukraine-Azerbaijan relations and forging economic and political ties between the two countries.

*Political dialogue.* Among other significant events of 2009 it should be mentioned the meeting of Ukrainian and Azeri foreign ministers Volodymyr Ogrzyzko and Elmar Mamedjarov on 25 February. The two ministers discussed issues of interaction within international organizations and of interregional cooperation.

The year 2010 was marked by a more intensive exchange of official visits. The most important among them was the meeting of

President Yanukovych and President Aliev which took place in Istanbul on 8 June. Pending the meeting Head of Ukrainian state accentuated the importance of boosting bilateral relations between Ukraine and Azerbaijan. It was followed by a meeting Ukrainian foreign minister Kostyantyn Gryshchenko held with President Aliev in July where the mutual interest in further deepening bilateral relations was reiterated.

*Trade and economic cooperation.* In 2009 despite the outbreak of the world economic crisis Ukraine and Azerbaijan maintained close trade and economic contacts. Ukraine remains among top ten trade partners of AR and its second trade partner in the CIS beyond only the Russia Federation.

In 2010 the economic crisis gradually relaxed its grip enabling Ukraine to upgrade the degree of economic and trade relations with Azerbaijan. At the meeting in June 2010 President Yanukovych emphasized that the common task for Ukraine and Azerbaijan is raising the trade turnover which had lost almost 50% in 2009. «It does not match the actual potential of our country. Today we have to restore this volume». On 25 January 2010 with a view to implementation of provisions of Framework Agreement between Cabinet of Ministers of Ukraine and Government of Azerbaijan Republic on cooperation in exploration and exploitation of outer space for peaceful purposes Ukrainian ambassador to Azerbaijan met Azeri minister of communication and information technologies Ali Abbasov. During the meeting minister Abbasov reconfirmed the interest in employing the capabilities of Ukrainian universities for training Azeri students in IT and space technologies realm.

*Humanitarian and cultural cooperation.* The most symbolic event in Ukraine-Azerbaijan humanitarian relations became a ceremony of wreath-laying to the Great Kobsar monument on the occasion of 196 anniversary of Taras Shevchenko birthday celebrated in Azerbaijan Republic on 9 March 2010.

### **Ukraine – Kazakhstan**

*Political dialogue.* Ukraine – Kazakhstan relations in 2010 in contrast to 2009 evolved at a highly accelerated pace. It can be traced from the extensive program of the official visit President Yanukovych paid to Kazakhstan in the first half of the year. At the meeting with President Nazarbaev he discussed a wide range of bilateral issues in energy, transport, air space and machine building

realms. Also following the negotiations the parties signed the Action Plan of Ukraine-Kazakhstan relations for 2010–2011. Increasing the dynamics of bilateral trade was defined as the key priority of the dialogue between the parties.

*Trade and economic cooperation.* In this sphere the most essential turned to be the agreements on exporting Ukrainian autobuses «Bohdan» to Kazakhstan and on 8 million tons increase in transit of Kazakh oil through Ukrainian territory. In August 2010 Kazakh Ambassador to Ukraine Amangeldy Zhumabaev informed that Kazakhstan was interested in supplying gas to Ukraine. However, the resolution of this issue proved to be blocked without the authorization of Russia Federation.

*Humanitarian and cultural cooperation.* Among the most meaningful results of Ukraine-Kazakhstan humanitarian cooperation it should be singled out reaching preliminary accord by the ministries of foreign affairs together with ministries of education and science of the both states on the Agreement on cooperation in education and science enabling Kazakh citizens to study freely in Ukraine.

### Ukraine – Turkey

*Political dialogue.* Ukraine-Turkey relations in 2010 were marked by an intensified exchange of official visits in comparison with the year 2009. The most noteworthy among them was the meeting of two states' Presidents in June 2010 dedicated to negotiating the issues of improving and substantiating bilateral relations, first of all issues of energy cooperation which is of utmost importance for Ukraine-Turkey dialogue.

*Trade and economic cooperation.* The year 2010 brought ample results for trade relations with Turkey. According to the official data Ukraine and Turkey initialed the draft Intergovernmental Agreement on organization of international direct freight rail and ferry services. Throughout the year the issues of investment cooperation were also in the focus of Ukrainian and Turkish diplomacy, in particular getting the Turkish side engaged into projects of transport infrastructure construction and road building in Ukraine, prospects of developing multi-modal traffic by means of exploiting Turkish cargo capabilities for shipping operations with the use of combined trains Viking and Zubr. Ukraine and Turkey have also complementary interests in tourist and economic areas.

*Humanitarian and cultural cooperation.* In early June 2010 President Yanukovich held the meeting with Ecumenical Patriarch Bartholomew in Istanbul who congratulated him on his election as the President of Ukraine and wished him «very fruitful» tenure for the benefit of the Ukrainian people.

### **Ukraine – Lebanon**

*Political dialogue.* Lebanon as the country with enduring and beneficial history of relations with Ukraine can be enlisted to Ukraine's primary partners in the Middle East. It is illustrated by the official visit of Ukrainian foreign minister Kostyantyn Gryshchenko to Beirut in October 2010 where he met President of Republic of Lebanon Michael Suleiman. The parties expressed mutual interest in intensification of the political dialogue, expanding cooperation between the two countries in trade, economic, cultural and humanitarian realm. Ukrainian minister accentuated the eminent personal role of President in maintaining consensus in Lebanese society, preserving political and economic stability and security in the country. In November 2010 the states concluded two important bilateral treaties – on extradition of criminals and on legal assistance in civil and criminal proceeding acts. The treaties would enter into force upon the completion by both states of the necessary domestic procedures.

*Trade and economic cooperation.* Amelioration of partnership with Lebanon falls within Ukraine's foreign policy agenda. Therefore in the first half of the year Ukraine's Ambassador to Republic of Lebanon Volodymyr Koval held a meeting with President of Chamber of Commerce, Industry and Agriculture of Zahle and Bekaha valley Edmond Jreissati . The participants of the meeting examined the current state and the prospects of development of Ukraine-Lebanon trade and economic cooperation. As it can be drawn from these facts, this cooperation has far-reaching potential for the future.

*Humanitarian and cultural cooperation.* In this realm the most notable event became the official inauguration of Ukrainian cultural center in Beirut in November 2010. Its establishment was made possible owing to efforts of civil non-governmental organization created on the initiative of Ukrainians of Lebanon and with the assistance of Embassy of Ukraine.

### Ukraine – Syria

*Political dialogue.* Strengthening relations with Syria belongs to priorities of Ukraine's Middle Eastern policy. At the meeting which took place in July 2010 between President of Ukraine and minister for foreign affairs of Syria the parties stressed the significance of bilateral trade and economic cooperation for both countries. The same month Kostyantyn Gryshchenko met his Syrian counterpart Walid Al Moallem in the framework of his official visit to Ukraine and discussed with him the possibilities of realizing joint projects in transport and energy realms with a view to efficient use of two countries' transit capabilities.

*Trade and economic cooperation.* While analyzing this sphere of relationship great deal of attention should be paid to the meeting of Ukrainian Prime Minister Mykola Azarov with Syrian foreign minister Walid Al Moallem in the second half of the year. At the meeting the representatives of the two states considered the perspectives of Agreement on creating free trade area between Ukraine and Syria initialed on 1 November 2010. Also during the visit of President of Syria Bashar al-Assad to Ukraine the parties signed the document on promoting cooperation between Illichivsk port and Syrian port Tartus.

*Humanitarian and cultural cooperation.* Ukraine is actively expanding its cultural and humanitarian ties with Syrian Arab Republic. The evidence thereof is provided by the days of Ukrainian culture in Damascus organized in December 2010 with the participation of minister of culture and tourism of Ukraine Mikhailo Kulinjak. Similar events were to be held in cities of Aleppo and Latakia.

### Ukraine – Israel

One of the most substantial achievements in negotiations with Israel in 2009 proved to be the agreement on abolishing visa regime between the two countries.

*Political dialogue* between Israel and Ukraine in 2010 was marked by the official meeting of President of Ukraine Viktor Yanukovych and President of Israel Shimon Peres occurred on 24 November 2010 in Kyiv. The two Presidents discussed a wide range of bilateral issues and outlined the prospects of further evolution of bilateral cooperation. Also in the presence of two heads of state Ukrainian and Israeli foreign ministers signs the Intergovernmental agreement on the reciprocal promotion and protection of investments.

On 21 July 2010 in the course of his official visit to Israel Kostyantyn Gryshchenko signed the Agreement between the Cabinet of Ministers of Ukraine and the Government of the State of Israel on waiving visa requirements for persons who use passports or official passports of citizen of Ukraine and the State of Israel. Visa free regime between the two states is to be introduced from February 2011. On 30 December 2010 there were completed all the procedures necessary for coming into force of the amendments to the Ukraine-Israel Air transportation agreement.

*Trade and economic cooperation.* Despite the attenuating impact of the world financial crises upon the dynamics of business activity, in 2009 the scope of Ukrainian exports to Israel amounted to the ever highest indicators of 2008 (USD 770.4 million). Throughout the year Ukraine managed to have surplus in trade with Israel. As of 30 June 2010 the volume of Israeli investments in Ukrainian economy constituted USD 47 million amounting to 0.1% of the total sum of direct investments in Ukrainian economy.

Ukrainian exports to Israel traditionally include ferrous metals, cereals, products of chemical industry, foodstuff etc. Ukraine imports from Israel mainly such goods as rubber and plastics, chemical and agricultural products, precious metals, machines and equipment.

Humanitarian and cultural cooperation Ukraine is progressively expanding its humanitarian and cultural ties with Middle Eastern and Asian countries. Israel does not fall out of this tendency. Pursuing this course Ukrainian minister of culture and tourism Mikhaïlo Kulinjak met deputies of Israeli Knesset with a view to discussing issues relating to organization of joint cultural and art events including the events on commemoration of 70<sup>th</sup> anniversary of Babiy Yar tragedy and Days of Ukrainian cinema in Israel with demonstration of pictures dedicated to Holocaust theme.

### **Ukraine – India**

Political dialogue India plays one of the leading roles in world politics and international economics. That's why Ukraine intends to deepen its relations with India what is evidenced by the meeting of deputy foreign minister of Ukraine V. Maïko with secretary of ministry of external affairs of Indian Republic V. Reddy in New-Deli on 22 September 2010. During the consultations the parties exchanged opinions on a wide range of bilateral issues, interaction in international organizations, security problems in Asia.



Trade and economic cooperation The scope of bilateral trade between the two countries in 2010 grew up to nearly USD 2 billion level. In order to overcome the barriers restricting the pace of trade growth and closer cooperation India and Ukraine established inter-governmental commission and committees on science and technical cooperation. Pending the meetings their participants focused attention upon the potential of Ukraine-India cooperation in metallurgy, pharmaceuticals and trade and, apart from those spheres, the huge potential of partnership in humanitarian realm.

### **Ukraine and African states**

Interaction and cooperation of Ukraine with African states remains among core priorities of its foreign policy. The guidelines for developing this policy were laid down by the Program of cooperation with states of Africa adopted by the Cabinet of Ministers of Ukraine in May 2010. This Program initiated the conduct of a range of visits by delegation of African states to Ukraine with a view to further increase in exports of Ukrainian products to Africa.

Among the instruments of boosting economic contacts an important role is assigned to intergovernmental Commissions on trade and economic cooperation with African states. Throughout 2009–2010 there was held a number of meetings of Ukraine-Libya, Ukraine-Egypt and other bilateral commissions. The work carried out at this front pave the way for further progress and deepening cooperation of Ukraine with such paramount states as Egypt, Libya, the Republic of South Africa. The strategy of economic development of Ukraine envisions the employment of its technological potential for providing qualitative scientific and technical services for African states, arranging participation of Ukrainian enterprises in projects on constructing industry infrastructure (in particular, bridges, roads, overpasses, ports, airports, railways, big energy and industrial objects).

### **Ukraine – Arab Republic of Egypt**

Political, economic and humanitarian cooperation of Ukraine and Egypt in 2009–2010 was characterized by a rather dynamic development. Bilateral dialogue proceeded in the spirit of partnership and mutual understanding between the two countries.

*Political dialogue.* In 2009 the most essential event in Ukraine-Egypt dialogue became negotiations of Ambassador of Ukraine to

Egypt Yevhen Mykytenko with minister of international cooperation of Egypt Ms. Faiza Abul-naga who exhibited interest in arranging cooperation in agricultural machine building, in particular, exporting Ukrainian tractors to Egypt.

Among meaningful events in political dialogue with Egypt in 2010 should be singled out the meetings of President of Ukraine Viktor Yanukovich and of Prime Minister Mykola Azarov with foreign minister of Egypt Ahmed Aboul Gheit in Kyiv. Notably, it was the first visit of Egyptian minister to Ukraine for the whole independence period. At the meeting Ukrainian President noticed that Kyiv was satisfied with the dynamics of cooperation with Egypt in aviation and expressed hope that Egypt would take interest in the new Antonov airplanes produced in Ukraine. Consultations of Ahmed Aboul Gheit with Mykola Azarov allow to agree measures aimed at strengthening trade and economic ties between the two countries including maintaining military and technical cooperation, moving forward cooperation in oil and gas realm, intensifying cooperation in cultural, humanitarian and education fields. In order to promote the interests of Ukrainian agriculture producers the parties decided to consider the issue of including Ukraine to the list of permanent suppliers of agriculture products to Egypt.

In the course of this visit Ahmed Aboul Gheit and his Ukrainian counterpart Kostyantyn Gryshchenko signed the Agreement between Ukraine and Egypt on Visa Exemption for Citizens Holding Diplomatic, Service or Special Passports.

Prior to this visit, in September 2010 Ukrainian foreign minister held a working meeting with Ahmed Aboul Gheit where the parties outlined the prospects of reinforcing bilateral cooperation in multiple areas in line with the traditional atmosphere of partnership and mutual understanding prevailing in relationship between the two countries. Particular attention was paid the theme of Middle East settlement.

*Trade and economic cooperation.* In 2010 the dynamics of trade and economic cooperation between Ukraine and Egypt grew significantly. In February 2010 national joint stock company 'Naftohaz' opened the third oilfield in the concessional territory Alam-el-Shavish in Egypt. There was completed the drilling of the next prospecting borehole in the concessional territory in the Southern block. While testing the borehole of horizon G of formation Abu Rawash on 20 February there were detected recoverable reserves of gas at a discharge of 270 thousand of cubical meters per day and of condensate at a discharge of 64.5 thousand of cubical meters per day. According to geophysical explo-

rations, the prospective horizons in the drilled borehole are Abu Rawash F, Abu Rawash D, Abu Rawash B<sup>12</sup>.

On 23 March 2010 Ukrainian Ambassador to Egypt Yevhen Mykytenko met Egyptian agricultural minister Amin Abaz who accentuated the fact that Egypt views Ukraine among the main suppliers of cereals and other agricultural products and also exhibited Egypt's interest in increasing supply of vegetables, legumes, citrus plants and rice to Ukraine. The parties also reiterated their commitment to implementation of the Program of cooperation in agriculture signed in 2009.

Apart from it, in May 2010 Egypt manifested interest in constructing and launching by Ukrainian enterprises of the second Egyptian satellite for remote sensing of the Earth and in November at the joint press conference of Prime Minister of the Arab Republic of Egypt Ahmed Hafiz with head of Ukrainian government Mykola Azarov it was declared that Ukraine and Egypt would explore the possibilities for supplying Egyptian liquefied gas to Ukraine.

Upon the results of the Sixth meeting of joint Intergovernmental Ukraine-Egypt Commission on economic, scientific and technical cooperation conducted in November 2010 the parties signed several bilateral documents and decided to create a working group under the aegis of minister for agricultural policy Mykola Prisyazhnjuk on drafting projects of cooperation in agricultural field and setting the terms of their implementation.

In the framework of trade and economic cooperation in 2010 the two countries also discussed the ways Ukrainian companies could conduct exploration work in the Western Sahara in search of oil, Ukraine's intention to open a big office of Antonov corporation and service center for maintaining airplanes of An series and others.

An extremely important role in this context played the meeting of Ukrainian minister of industrial policy Dmytro Kolesnikov with minister of defense industry of Egypt Sayed Meshaal on 29 November 2010 which ended in conclusion of the contract between Metinvest group and Abu Zabel company of the ministry of defense industry of Egypt. Also the meeting resulted in Sayed Meshaal giving order to organize a visit of representatives of Egyptian ministry of defense industry to Ukraine for exploring its production capabilities. The concrete progress in cooperation brought by this meeting embodied in

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<sup>12</sup> «Naftogaz Ukraine» has opened the third gas pool in Egypt. – <http://www.unian.net/ukr/news/news-364156.html>.

arranging collaboration of Egyptian companies with Ukrainian corporation AvtoKrAZ which announced about its readiness to supply car chassis for further installing upon them different machinery and equipment. The Egyptian side is currently testing several KrAZ trucks with ferryboats of Egyptian production placed upon them<sup>13</sup>.

Humanitarian and cultural cooperation This field of bilateral cooperation was marked by opening of 7<sup>th</sup> International cultural festival in Cairo private university «6 October» in which participated Ukraine's Ambassador to Egypt Yevhen Mykytenko.

### **Ukraine – Great Socialist People's Libyan Arab Jamahiriya**

*Political dialogue.* On 28 September 2010 while participating in high-level session of the UN General Assembly Ukrainian minister of foreign affairs Kostyantyn Gryshchenko held working meeting with Secretary of the General People's Committee for Foreign Liaison and International Cooperation of Libya Musa Kusa. In the course of the meeting heads of foreign ministries reiterated the need to deepen the bilateral dialogue between Ukraine and Libya and agreed on further active interaction of the two states in the framework of various international organizations. The parties also discussed the prospects of trade and economic cooperation and of further progress in the issue of facilitating visa regime between Ukraine and Libya. And already on 24 November 2010 during the official visit of Ukrainian Prime Minister Mykola Azarov to Great Socialist People's Libyan Arab Jamahiriya the two states signed the Agreement on introducing visa free regime for owners of diplomatic and service passports and expressed the intention to intensify political dialogue between them.

Another step forward in the Ukraine-Libya political dialogue in 2010 became the approval by Verkhovna Rada of the law «On Ratification of the Agreement between the Cabinet of Ministers of Ukraine and the Socialist People's Libyan Arab Great Jamahiriya on the Mutual Protection of Secret Information».

*Trade and economic cooperation.* In 2009 Ukraine exerted heavy efforts in order urge Libya to create joint venture for constructing oil refinery in Ukrainian territory. On 24 November 2010 during the visit to Libya of Ukrainian Prime Minister Mykola Azarov, Secretary

<sup>13</sup> Ministry of Industrial Policy: Ukrainian metallurgists have received the new contract with Egypt. – [http://www.kmu.gov.ua/control/uk/publish/article?art\\_id=243865692&cat\\_id=35884](http://www.kmu.gov.ua/control/uk/publish/article?art_id=243865692&cat_id=35884).

General of the General People's Committee of Lybia Al-Baghdadi Al-Mahmoudi declared that Lybia was interested in carrying out a number of investment projects in Ukraine, in particular in agriculture and aircraft building. Also Lybia was ready to invest into Ukraine's construction and electricity sectors, cooperate in oil and gas sphere, engage Ukrainian specialists to building underground railway in Tripoli. Among other initiatives the Libyan side announced about launching the project of farming cereals for Libyan needs in 100 thousand hectares of Ukrainian agricultural land<sup>14</sup>. However, relations with Lybia were aggravated due to delay in compliance with the contract on supply of three An-74 airplanes of different modifications – one VIP-class and two sanitary airplanes. This contract had been concluded in 2005 and was to be fulfilled in 2006. But owing to financial troubles of the Kharkov state aviation production enterprise construction of the VIP-airplane dragged on for almost three years and it was transferred to Libyans only in 2009. And supply of two sanitary airplanes on the basis of An-74TK-200C has not taken place yet.

Experts assert that Kaddafi's position, errors of Ukrainian power and clumsiness of Ukrainian business resulted in the absence of a group of support or lobbying Ukrainian interests in Jamahiriya. Lybia seems to have lost interest in Ukraine regardless the traditional positive attitude of Libyans to Ukraine<sup>15</sup>.

*Humanitarian and cultural cooperation.* On 9 March 2010 Ukrainian Ambassador to Lybia Gennadiy Latiy met Secretary general of Libyan international organization on the rights of the child Saleh Salim Az-Zarruk for discussing the cooperation in defending and maintaining the rights of the child and prospects of its further development.

### Ukraine – The Republic of South Africa

*Political dialogue.* The central event in the political dialogue between the two states in 2010 turned the meeting of Ambassador of Ukraine to ZAR Valeriy Grebenyuk with Prime Minister of Western Cape province Ms Helen Zille who is also leader of the Democratic Alliance – one of the greatest parties of South Africa. At the meeting the parties spoke on urgent issues of activization of regional cooperation between Ukraine and ZAR. Prime Minister Zille expressed interest in forging regional partnership with Ukraine, particularly

<sup>14</sup> *Kravchenko V.* Libyan pill // *Dzerkalo Tyznya.* – 2010. – № 45. – 4 December.

<sup>15</sup> *Ibid.*

between Odessa region and Western Cape province. The meeting let to reach consensus on completing the process of drafting Agreement on partnership and cooperation between the aforesaid regions.

*Trade and economic cooperation.* In the context of trade and economic cooperation there should be mentioned the meeting of Valeriy Grebenyuk with C. P. Taute, Executive Mayor of City of Hessequa, that is twin-city of Voznesensk (Mykolaiv region). During the meeting the parties touched the issue of inter-regional cooperation, inter alia the implementation of cooperation programs between Hessequa and Voznesensk, and agreed the prospective directions of cooperation: expanding industrial ties, improving export and import indicators, tourism development, intensification of cultural, sports and education exchanges. In the end of the meeting it was emphasized that cooperation at the twin-cities level would contribute to further broadening of economic and trade opportunities for Ukraine and the Republic of South Africa.

## **§ 5. Ukraine's Relations With The States Of Latin America And The Asia-Pacific Region**

### **Ukraine's relations with the states of Latin America**

Among the states of Latin America the most dynamic progress in cooperation with Ukraine in 2009–2010 could be observed in the cases of Argentina, Brazil, Venezuela, Cuba, Mexico and others. Relations with those states figure amidst key priorities of Ukraine's foreign policy in the short run as defined by President Yanukovych in annual Address to Ukrainian people.

#### **Ukraine – the Argentine Republic**

Argentina occupies an important place in Ukraine's foreign policy due to, first of all, its economic potential which enables it to belong to the twenty biggest economies of the world.

*Political dialogue.* Substantial significance for moving forward cooperation between the two states in 2009 attached to a working meeting of Ukraine's Ambassador to the Argentina Republic Olexandr Taranenko with Executive Secretary of the Secretariat of the Antarctic Treaty Dr. Manfred Reinke on 23 November. The meeting was dedicated to discussing the results of the Consultative Conference of states-parties to the treaty on Antarctica in Baltimore in April 2009 where Ukrainian delegates participated along representative of forty seven states of the world.

In 2010 political dialogue proceeded in the course of the working visit of Deputy Foreign Minister of Ukraine Oleksandr Gorin to Argentina, which occurred on 2 November. The purpose of the visit was participation in the First meeting of plenipotentiary representatives of states-participants of the Washington Nuclear Security Summit on Buenos-Aires. In the framework of the visit Oleksandr Gorin held consultations with the First Deputy Foreign Minister of

Argentina Alberto Pedro d'Alotto. The parties had rather constructive exchange of minds on further intensification of bilateral contacts at the high level, improving contractual legal basis of Ukraine-Argentina relations, providing mutual governmental assistance in carrying out joint economic projects, the prospects of building up Ukraine's cooperation with the regional grouping MERCOSUR, of which Argentina is a founding member, bilateral cultural and humanitarian interaction and coordination of two states' activity in international organization.

*Trade and economic cooperation.* In 2010 the prospects of bilateral trade and economic cooperation of Argentina and Ukraine repeatedly figured among the themes of negotiations at various meetings. Thus, on 22 September 2010 governor of Vinnitsa region Mykola Dzhyga and Ambassador Extraordinary and Plenipotentiary of the Argentina Republic to Ukraine Lila Roldan Vazques de Moine held a working meeting where discussed the progress in cooperation in agricultural sector, particularly proposals of providing by Argentina of agricultural machines and equipment for milk industry and for packing and conserving agrarian production. The Argentinian government has also serious intentions for joint implementation of inter-regional projects in various sectors.

Besides, during the working visit of Ukraine's deputy foreign minister there was held a meeting with top officials of Argentina-Ukraine chamber of commerce and industry. Conversation with representatives of Argentinian business circles touched upon the prospective fields for developing trade, economic, scientific, technical and investment cooperation between Ukrainian and Argentinian enterprises. A separate meeting took place with representatives of Calina Trade company with a view to ascertaining perspectives and concrete measures which are to be taken in order to involve Ukrainian companies to modernization of Argentina-Uruguay hydropower plant «Salto Grande».

At present legal contractual basis of Ukraine-Argentina relations consists of more than 20 bilateral interstate, intergovernmental, inter-ministerial or inter-regional agreements including Treaty on friendship and cooperation, agreements on reciprocal promotion and protection of investments, trade and economic cooperation, cooperation in culture, science and education, cooperation in agricultural sector.

*Humanitarian and cultural cooperation.* One of the most important components of Ukraine-Argentina bilateral relations remains interaction in humanitarian and cultural realms. On 2 May 2010 within



the framework of 36<sup>th</sup> International Book Fair in Buenos Aires Embassy of Ukraine organized the meeting of Ukrainian community and exhibition guests with the members of crew of sailing yacht «Kupava».

On 15 May 2010 in Buenos Aires in commemoration of the Argentinean national holiday – 200 anniversary of May revolution – gala-concert of creative companies of Ukrainian cultural society «Prosvita» took place in concert-hall of «Century» park. These and other events served as a good occasions for popularizing Ukrainian culture in Argentinean society.

### **Ukraine – the Federative Republic of Brazil**

Brazil continues to remain reliable and valuable partner of Ukraine in economic sphere as well as in scientific, technical and humanitarian cooperation. Generally, steady progressive growth of bilateral trade, scientific projects and cultural and humanitarian cooperation can be observed between the two countries.

*Political dialogue* between Brazil and Ukraine in 2009 resulted in announcing by two presidents – Luiz Inácio Lula da Silva and Viktor Yushchenko – about raising Ukraine-Brazil relations to strategic partnership level.

To the most important events in Ukraine-Brazil political dialogue in 2010 it should be attributed first of all the meeting of Prime Minister Mykola Azarov with Governor of Santa Catarina state of the Federative Republic of Brazil Leonel Arcangelo Pavan. The parties intended to find extra possibilities for expanding the partnership existing between the two states. At the meeting the leaders argued for deepening cooperation in chemical, metallurgical, space, aviation, ship-building fields; biofuel and insulin production and also in education.

The next step in political interaction between the two states became the meeting of deputy foreign minister of Ukraine Oleksandr Gorin with Ambassador of the Federative Republic of Brazil to Ukraine Antonio Fernando Cruz de Mello on 28 July 2010. During the negotiations the parties touched upon a wide range of issues relating to cooperation in political, trade, economic, military and airspace realms. Moreover, the Brazil side was informed about the completion by Ukraine of all domestic procedures for entering into force of the Intergovernmental Ukraine-Brazil agreement on partial abolition of visas and expects the same step from Brazil.

*Trade and economic cooperation.* Cooperation of Ukraine and Brazil in trade and cooperation spheres in 2009–2010 was characterized by dynamic and accelerated paces of development. According to data provided by Ukrainian State Statistics Service of Ukraine the trade turnover between Ukraine and Brazil in the period of January–June 2009 constituted USD 190,272 million while in twelve month of 2008 it made up more than USD 1 billion. Among prospective sectors of bilateral cooperation there emerges arms trade. In particular Brazil got interested in Ukrainian radar stations, armored vehicles and cutters.

Throughout 2010 there took place a number of working meetings, visits and other exchanges between the two states. On 20 April 2010 minister of economics of Ukraine Vasyl Tsushko met Ambassador of Brazil to Ukraine Antonio Fernando Cruz de Mello and discussed with him the current state and prospects of bilateral trade, economic and investment cooperation. Inter alia, they agreed to launch new forms of collaboration in airspace and pharmaceutical fields, in aircraft building, energy saving, agriculture, defense etc. The most essential outcome of the meeting proved to be articulating of Brazil readiness to consider Ukrainian proposals upon participation in constructing infrastructure projects within the preparation for Euro–2012 football championship and also of its interest in conclusion of a number of interstate agreements, notably on abolishing visa regime between the two countries and on direct air traffic between Ukraine and Brazil.

Apart from it, rather fruitful for bilateral dialogue turned the Forth meeting of the Intergovernmental commission on trade and economic cooperation on 26–27 August 2010 in Brasilia. It resulted into boosting common interest in establishing a joint complex for production of coal in Santa Catarina state involving state company «Malyshev plant». Besides, the Brazilian side announced about the willingness of National bank of economic and social development of Brazil to finance implementation of Ukrainian projects in Brazil. In addition, the parties examined the issue of creating in Brazilian territory a joint Ukraine-Brazil company for production of armored vehicles including tanks weighing up to 40 tons. So, judging upon the results of the official meetings in 2010, the trade dimension of Ukraine-Brazil cooperation is on a good track.

*Humanitarian and cultural cooperation.* In 2010 this segment of bilateral relations was marked by the meeting of deputy minister of family, youth and sports of Ukraine Sergiy Glushchenko with Ambassador of Brazil to Ukraine Antonio Fernando Cruz de Mello on 5 August aimed at discussing cooperation in physical education and sports.

### Ukraine – the Bolivarian Republic of Venezuela

*Political dialogue* was moved forward due to the meeting of deputy foreign minister of Ukraine Oleksandr Gorin with deputy foreign minister of Venezuela Temer Porras Ponceleon on 15 September 2010. Negotiations concerned a variety of themes relating to cooperation between Ukraine and Venezuela in political, trade, economic and humanitarian spheres. Deputy foreign minister of the two states also discussed the mechanisms of repatriation to Ukraine of members of 'B-Atlantic' crew convicted in Venezuela in conformity with the 1983 Council of Europe Convention on the Transfer of Sentenced Persons.

On 6 November 2010 in Kyiv governmental delegations of Ukraine and Venezuela headed by foreign ministers of the two countries – Kostyantyn Gryshchenko and Nicolas Maduro conducted negotiations on a range of issues of bilateral cooperation, above all, the prospects of carrying out joint projects in energy, trade, economic, industrial, scientific and agricultural sectors.

Nevertheless, the turning point in political dialogue with Venezuela occurred with the visit of its President Hugo Chávez to Ukraine on 18 October 2010. It should be noted that this visit encountered equivocal reaction in Ukrainian society. On the one hand, Venezuelan President is highly odious leader enjoying friendly relations with very few countries of the world. He has extremely negative profile in the United States and Europe. Thus, taking into account Ukraine's declared European aspirations, such visit looked quite dubiously and apparently had negative repercussions for Ukraine's image in Europe and its chances on acceding to the EU. On the other hand, Venezuela as a large oil exporter could bring benefit to Ukrainian economy. Actually the two sides talked about the possibility of transporting Venezuelan oil to Belarus through Ukraine by means of Odessa-Brody pipeline which at the time was working in reverse regime pumping Russian oil to Odessa port. Venezuela was also expected to get interested in Ukrainian military equipment, especially AN-148 airplanes<sup>16</sup>.

Speaking about common economic interests with Venezuela President Yanukovych noted, «Currently, we are transporting this oil in tanks, but soon, we will switch to pipeline transportation. It is our plan that we will realize in relations with Venezuela, and Belarus. And

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<sup>16</sup> The Visit Hugo Chavez: unselfish friendship between Ukraine and Venezuela. – <http://www.euroatlantica.info/index.php?id=2710>.

we have agreed that we will discuss the question together». Head of Ukrainian state also added, «I have never heard of Russia interfering in this matter. We believe that resolution of this question for Belarus does not contradict the interests of Russia and does not affect relations between Ukraine and Russia in any way»<sup>17</sup>.

In development of good relations, on 22 December 2010 Ukrainian foreign minister Kostyantyn Gryshchenko conducted an official visit to the Bolivarian Republic of Venezuela. Negotiations of the two states' delegations confirmed the mutual interest in intensifying Ukraine-Venezuela relations through accomplishing concrete projects in aviation, metallurgy, energetic, agriculture, science and education spheres. Ukrainian minister held meetings with President Hugo Chávez, Vice-President Elías José Jaua Milano, and defense minister Carlos Jose Mata Figueroa and energy and fuel minister Rafael Ramirez Carreño.

One of the main problems in the political dialogue with Venezuela in 2010 was enabling of repatriation of two Ukrainian citizens sentenced in Venezuela. In order to resolve this problem Ukrainian ministry of justice arranged the conditions for transporting sentenced people to Ukraine for enduring their sentence as provided in 1983 Convention.

*Trade and economic cooperation.* The year 2010 was marked by animated trade and economic cooperation between the two countries. On 18 October 2010 at the joint press-conference with his Venezuelan counterpart President Viktor Yanukovich announced that Ukraine would start extraction of oil and gas in Venezuela and that this issue is the top-priority in the bilateral relations.

### **Ukraine – the Republic of Cuba**

Ukraine and Cuba have long-standing traditions of cooperation in political, trade, economic and other dimensions of bilateral relations.

*Political dialogue* in 2009 and 2010 progressed due to complimentary aims and interests the two states intended to realize in bilateral interaction. On 10 November 2010 in Havana opened the Tenth meeting of Ukraine-Cuba Intergovernmental commission on trade, economic, scientific and technical cooperation which ended in signing several bilateral documents and joint visiting of medical recreation

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<sup>17</sup> President Yanukovich: Ukraine will start extraction of oil and gas in Venezuela. – <http://www.president.gov.ua/en/news/18517.html>.

center «Tamara» where Ukrainian children – victims of Chernobyl and other disasters pass rehabilitation and treatment course.

On 22–23 December 2010 Ukrainian foreign minister Kostyantyn Gryshchenko arrived to Cuba with the official visit. During the visit he met first deputy Head of State Council and Council of Ministers José Machado Ventura and Head of the National Assembly of People's Power Ricardo Alarcón de Quesada. The parties voiced satisfaction with the pace of the bilateral political dialogue throughout 2010. They highlighted the significant potential of Ukraine-Cuba relations, above all in trade, economic, scientific, education, cultural and tourist fields. Negotiations resulted in signing of the Memorandum in cooperation between ministries of foreign affairs of Ukraine and Cuba.

*Trade and economic cooperation.* In economic sphere of cooperation the most substantial event became the news about Ukraine planning to start supplying autobuses of Ukrainian production to Cuba. During consultation within working groups in the framework of the Tenth meeting of Ukraine-Cuba Intergovernmental commission there were considered issues of providing service, reconstruction and modernization of Ukrainian tractors of Makarov plant. The governments agreed to exert efforts for organizing joint production and service of 1.4 class tractors.

### Ukraine – the United Mexican States

Bilateral relations between Mexico and Ukraine in 2010 evolved mainly in political and economic dimension.

*Political dialogue.* On 26 July 2010 deputy foreign minister of Ukraine Oleksandr Gorin received Ambassador of the United Mexican States to Ukraine Ms. Berenice Rendon Talavera. The negotiations concerned a variety of issues pertaining to cooperation between Ukraine and Mexico in political, trade, economic, energy, military, technical and airspace realms. In the course of the conversation the parties confirmed mutual interest in holding the next round of consultations at the level of deputy foreign ministers and in signing the Agreement between the Government of Ukraine and the Government of the United Mexican States on avoiding double taxation. Another step forward in the Ukraine-Mexico political dialogue became the statement by the Ambassador of Mexico Berenice Rendon Talavera about his government intention to introduce visa free regime for Ukrainians.

*Trade and economic cooperation.* In 2009–2010 in the focus of economic cooperation between the two countries remained the issue of

protecting the interests of Ukrainian producers. Owing to the work conducted by the Embassy of Ukraine to Mexico together with Mexican ministry of economy there was completed the procedure of revising the reimbursement quotas on importing Ukrainian manganese ferrosilicate. The reduction of reimbursement quotas three times enables Ukrainian companies to compete in the Mexican market with local and other foreign companies.

Thus, Mexico remains reliable partner of Ukraine both in political and in economic, trade and energy development.

### **Ukraine's relations with the states of the Asia-Pacific region**

#### **Ukraine – Vietnam**

Forging full-fledged cooperation with Vietnam belongs to the priorities of Ukraine's policy in the Asia-Pacific region and conforms to the national interests of both states. Vietnam is among prospective Asian partners of Ukraine.

*Political dialogue* between the two states was animated due to the meeting of President of Ukraine Viktor Yanukovich and President of the Socialist Republic of Vietnam Nguyen Minh Chiet on 23 September. Heads of state declared their willingness to give impetus to development of Ukraine-Vietnam contacts and discussed the prospects of deepening bilateral trade and economic ties. They agreed to conduct regular exchange of official high-level visits and coordinate activities in international organizations, in particular in the context of forthcoming Vietnam presidency in ASEAN.

*Trade and economic cooperation.* A noteworthy event in this field became the Eleventh joint meeting of Ukraine-Vietnam Intergovernmental commission on trade, economic and scientific cooperation in Hanoi on 24 December 2010. Ukrainian delegation was headed by deputy minister of economics Valeriy Pyatnitskiy, Vietnamese – first deputy minister of industry and trade of the Socialist Republic of Vietnam Le Zan Vin. The parties discussed a range of important issues in prospective sectors of mutual interest, including trade, finance, banking, investment, industry, hi-tech, energy, mining, medicine, pharmaceuticals, agriculture, tourism and construction.

### Ukraine – Singapore

*Political dialogue.* An indicative instance of Ukraine-Singapore political dialogue occurred on 20 September during the visit to Kyiv of minister mentor of Singapore Lee Kuan Yew. He conducted consultations with Ukrainian Prime Minister Mykola Azarov. Following the consultations the parties announced about their intention to sign agreement on air traffic between the countries and to accelerate the work on introducing visa free regime and creating free trade area between the two countries.

*Trade and economic cooperation.* At the meeting with Lee Kuan Yew Mykola Azarov invited Singaporean businessmen to invest resources in Ukrainian economy and intensify their activity in Ukraine. Ukrainian government was said to be working hard for bringing about deregulation of entrepreneurship and ameliorating investment climate and guaranteeing legally banking protection of investments of foreign companies in Ukrainian economy. Head of Ukraine's government also noted that his country has special interest in building up cooperation in innovation and hi-tech sectors.

### Ukraine – Japan

Ukraine has always been and will remain open, predictable and reliable partner of Japan in realization of numerous programs and projects.

*Political dialogue.* The main interest of Ukraine to this highly developed country stems from its enormous investment resources and high tech industry. In the context of realizing those interests on 2 February 2009 in the ministry of foreign affairs of Japan was conducted the inauguration ceremony of the Seminar on development of investments and trade between GUAM states and Japan organized within the framework of GUAM-Japan cooperation. On the Ukrainian part, Seminar was attended by representatives of ministry of economy of Ukraine and State agency of Ukraine on investments and innovations.

On 10 September 2009 Ukrainian Ambassador to Japan Mykola Kulinich met Vice-President of one of the greatest Japan corporations «Mitsui» Ken Abe and discussed with him prospects of carrying out projects in energy saving, agriculture, elevators and grain terminals building.

Another occasion for moving forward cooperation of the two states in 2010 arose due to the meeting of deputy minister of interior

affairs of Ukraine Vasyl Marmazov with representative of the Embassy of Japan to Ukraine Shinji Sato in Kyiv on 27 May dedicated to arranging cooperation between the law enforcing agencies of the two states in a various aspects of fight against crime. The parties also touched upon the issue of creating Ukraine-Japan contractual legal basis in the realm of combating illegal traffic of narcotics, arms, human trafficking and money laundering.

*Trade and economic cooperation.* In 2010 economic exchanges between Ukraine and Japan endured rather vigorously. A good illustration of this fact serves the meeting of Ukrainian economy minister Vasyl Tsushko with Ambassador Extraordinary and Plenipotentiary of Japan to Ukraine Tadashi Idzava. At the meeting the parties talked about urgent issues of interstate relations, notably dynamics of trade and economic cooperation, investments, interaction in finance and banking sector and agriculture and also environmental protection and ecology.

During the meeting of Ukrainian Prime Minister Mykola Azarov with Japanese Ambassador to Ukraine Tadashi Idzava on 14 April it was agreed to enhance cooperation in implementing projects founded upon «green investments» (financing energy saving projects at the expense of funding received from selling Ukrainian quotas on greenhouse emissions). The interlocutors also dealt with the issues relating to development of small and medium-sized enterprises, cooperation in economic, medical, cultural and education spheres.

On 3 August in Kyiv took place the meeting with the participation of first deputy Head of Mykolaiv regional administration, representatives of Japanese mission of Japan International Cooperation Agency (JICA) and also of «Ukravtodor», ministry of foreign affairs of Ukraine, ministry of nature, ministry of finance, ministry of transport and communication, of companies «Kyivsoyuzshlyahproject» and «Ukrdiprodor». Ukrainian and Japanese sides reached an agreement on launching the large-scale project of constructing highway stream crossing over South Bug river in Mykolaiv.

Defining prospects of bilateral cooperation was the key theme of negotiations held in the course of the visit of Ukrainian Vice-Prime Minister Borys Kolesnikov to Japan on 24 September. Here he met senior officials of the ministry of land tenure, infrastructure, transport and tourism of Japan and discussed with them the issue of opening regular air traffic between Kyiv and Tokyo.

In its directive 280 of 20 December 2010 Cabinet of Ministers of Ukraine ordered the State agency on ecologic investments to sell a certain amount of greenhouse emission quotas in the framework of



joint project of installation of a new waste heat recovery system in Alchevsk by-product coke plant. According to the draft of project implementation the emission quotas would be purchased by Japanese firm Sumitomo Corporation. Indicative for the year 2010 became the fact of renewing Ukraine-Japan cooperation on Kyoto protocol. Japan transferred to Ukraine the second tranche in conformity with the March 2009 treaty on selling 30 million units of greenhouse gas emissions. The funding was received on 29 July.

*Humanitarian cooperation.* In the bilateral humanitarian cooperation essential progress was achieved in telecommunication sector. On 8 June 2010 took place negotiations between «NHK World TV» worldwide distribution manager in Europe, Africa and the Middle East «Keiji Yokoyama» and the representatives of Ukraine's National television and radio broadcasting council – deputy head of the Council Larysa Mudrak, head of licensing department Lyudmila Zaporozhets and head of department of international cooperation Lyudmila Vasylenko. This meeting was arranged upon initiative of Japanese public TV and radio company NHK intending to broadcast the programs of NHK World TV in Ukrainian cable networks.

In October Japanese government provided USD 80 thousand assistance to Stavvyshchy local hospital for treatment of victims of Chernobyl disaster. These resources were directed at purchasing an ultrasound diagnostic apparatus, colposcope, other medical equipment and also an ambulance machine.

### Ukraine – South Korea

Political dialogue Ukraine maintained stable scientific ties with this country in 2009–2010. Thus, on 30 January 2009 Ukraine Ambassador to the Republic Korea Volodymyr Belashov held a meeting with the rector of the Institute of international relations and national security under the Ministry of Foreign Affairs and Trade of the Republic Korea Lee Sun Chun. During the meeting the Korean side expressed its willingness to streamline cooperation with the Diplomatic Academy of Ukraine under the Ministry of foreign affairs, Kyiv Institute of international relations and other leading Ukrainian scientific and research establishments. Rector Lee Sun Chun positively reacted to the Ukrainian proposition to initiate regular training courses and exchange of professionals in this sphere.

*Trade and economic cooperation.* South Korea is one of a number of prospective economic partners to Ukraine in the Asia-Pacific

region. In the course of a working visit to the Republic Korea on 2 November 2010 Vice-Prime Minister of Ukraine Borys Kolesnikov conducted negotiations with the management of the Hyundai Corporation on strategic prospects for cooperation. The parties discussed the possibility of establishing a joint enterprise on production of trains at a Ukrainian plant and also capacity for cooperation in ship-building, energy, the IT sector and the car industry.

On 17 June 2010 the Consul and Advisor of the Embassy of the Republic Korea to Ukraine Kim Dohoin and Director of Support for the Ukrainian Representative of the International Organization for Migration in Ukraine Daiwa Vilkelite paid an official visit to Kherson where they met with Deputy Head of the Kherson Commercial Port on Investment Policy and Development Valeriy Zhurov. The meeting participants examined possible areas of cooperation in exploiting the capabilities of the Kherson port and got acquainted with its investment projects as enumerated in the general scheme of the port's development up to 2015.

In assessing the prospects of bilateral cooperation it is noteworthy that on 12 October 2010 First Vice-Prime Minister of Ukraine Andriy Klyuev ordered the Ministry of Transport and Communication to draft terms for implementing the project of supplying Korean electric trains manufactured by Hyundai Corporation to Ukraine. He also reiterated the expectation that current work would prove fruitful and would add substance to Ukraine-Korea bilateral relations.

## Afterword

«Foreign Policy of Ukraine –2009/2010: Strategic Assessments, Forecasts and Priorities» is the work of the Foreign Policy Research Institute where a complex analysis of country's foreign policy over the year is presented. Such scientific analysis in the annual report type is common in many countries of the world. The publication's forecast based on complex analysis of the past gives us opportunities to look to the future, see results of already adopted foreign policy decisions, forecast future challenges and suggest ideas for the timely anticipated of actions.

The Annual Review united scientific and analytical parts found in the conclusions and evaluations of the leading foreign relations experts and stated in informative materials. Ukraine's 2010 foreign policy analysis done by foreign relations experts teams provides such summaries.

New trends in international process development on global, continental and regional levels brightly marked 2009 and 2010 and show a crisis in international relations systems development, shaped by the end of the Cold War and focused on Western ideas and institutions. Such large scale change demanded foreign policy alterations. When the world economic crisis reached its peak, issues on global development somewhat lost its vital importance. States have to firstly deal with solving their own problems that challenge their domestic and regional stability, instead of building long lasting strategic goals.

The intensive process of alternative models search for continental space organization with preserved balance among the leading centers of influence – EU, USA and Russian Federation was typical for Europe in 2009–2010. Issues of new instruments for domestic policy in the most challenging European continent parts – Eastern Europe and the Black Sea basin were simultaneous to these three efforts.

Ukrainian diplomacy has less space for maneuver in such configurations, whereas there is no opportunity left for balancing among

such centers of influence. With its NATO membership denial Ukraine lost an important mechanism for balancing. Getting closer to the EU may not have a similar effect since it is based on legislative principles, not on geopolitical thoughts. Moreover, Ukraine cannot play on Russia-EU arguments since they engage country's basic interests. Both leading European actors tend to make Ukrainian leadership for compromises in spheres important for them (EU in the legislative regulations, Russia – in strategic and energy spheres), without being committed to security guarantees or economic development of Ukrainian State. Actually for both sides relations with Ukraine are assistant components of their political strategies in Europe that may partly compensate system compromise absence, but cannot fully bring its realization.

Relations with the European Union over 2009 and 2010 years brought several tactically important and some arguable results, that are not miscalculations but they may lead to some challenges in Ukraine-EU relations. Basic strategic dilemmas natural for EU's Eastern European policy and Ukraine-EU relations are still not solved which undermines seriousness of current challenges.

So, Ukraine-EU 2009–2010 political dialogue allowed to mark major problems and goals in relations, establish ground for switching to new political and practical rapprochement. This substantially raises the number of challenges and amounts that sides will have to face in 2011. At the same time strategic uncertainty and political profile instability affect final results on both Ukraine and the EU political situation.

Unlike 2009, 2010 year drastically changed Ukraine-Russian relations, bringing a new context to them. Based on Ukraine's national interest change it was possible to remove confrontation from bilateral relations, but it lead to frightening dependence of asymmetric dependence on Russia. Such antagonism was removed due to the revision of core Ukrainian national interests towards Russia, and foreign policy, political and administrative changes.

Considerable trade turnover growth between two states was explained with the EU trade cuts and somewhat Russian market expansion for Ukrainian products, as well as with the growth of energy import and total Russian economic expansion in Ukraine and country's market monopolization with Russian state and NGO industrial objects. Ukraine's geopolitical transformation from the «buffer zone» into Russian dominant area was the price for «normalizing» relations with Russia. Consecutive loss of its foreign policy subjective in Ukraine-Russian relations, loss of regional leadership and world

image worsening, as well as further asymmetric dependence were achieved via such changes.

Russia successfully realized its national interests in relations with Ukraine; it also strengthened its geopolitical position and expanded influence in Europe. Basically, 2010 brought big Russia's geopolitical victory over the West since due to Ukraine's return to the Kremlin's sphere of dominance it lessened the EU and USA's positions in Eastern Europe. Russia's victory is also noted with its major foreign policy goal successful realization – restoring Russia's status as a global player, a global state and a leading centre in the all-Eurasian space. Ukraine played a key role in such Russia's superpower restoration.

Russian-Ukrainian relations were a key force for a «new country», a new political regime and a new foreign policy building. The core of these relations in its interior scope is common and simultaneous countries' modernization on authoritarian bases. Russian-Ukrainian relations are main coordinate systems for positioning Ukraine's foreign policy and building its relations with other countries and organizations. The Russian-Ukrainian humanitarian sphere as one of major directions for implementing Russian interests had been totally aimed at bringing Ukraine back to the «Russian world» and reshaping its society into a Little Russian social environment of Soviet-Russian identity. Current post imperial Ukrainian elite is ready to recognize a country as Russian empire's part in order to receive more Russian resource for such a Little Russian periphery. But the imperial and neo-colonial Russian-Ukrainian relations model provides Kremlin with the chance to take its resources instead of bringing it in exchange of recognizing Ukraine as a part of Russian empire.

Therefore, together with the number of sharp problems as lessening confrontation in bilateral relations and state border demarcation, there's a new complex for undermining Ukraine's sovereignty and national security, the Ukrainian nation's authenticity is established. Double asymmetry integration in two dimensionally different and controversial directions makes it impossible to receive a fruitful result.

Now relations of Ukraine with two partners are more of an asymmetric trade on several practical issues where our country objectively does not have enough resources for achieving positive results. Efficient solving of Kyiv's stated position needs some mechanisms that would affect regional processes at their structural levels. At this stage neither Ukraine-EU relations nor Ukraine-Russia ones are based on such prospective vision of the Eastern European political organization space that would give structural clarity to such relations.

In this case a conceptual foreign policy crisis is noticed, and it is affected with current «go West» policy failed whereas there is no alternative model provided. Even its drafting is done under current realities' pressure; it is still stopped with factors so traditional for Ukraine: interior policy challenges and economic crisis. Ukraine's 2010 foreign policy reflected such interior changes as Presidential elections in February when Party of Region's leader, Viktor Yanukovich, was elected, and who did not seek a national consensus on major state building and foreign policy issues. Ukraine's 2010 foreign policy tendency was its reorientation towards Russia. In spite of intensive dialogue with Europe, there was a tendency of Ukraine's alienation from it. There was a further foreign policy reshaping into serving oligarchs' current interests and further falling of the country's subjectiveness in international relations.

In its foreign policy Ukraine did not present itself as a carrier of democratic ideas and a major force in bringing European values to the Baltic-Black Sea-Caspian region. Inadequate compromises to Russia changed tones in corporate relations between Russian and Ukrainian administrations but they brought misbalance to country's foreign policy and strategic directions. Overstated expectations from EU and USA as strategic partners did not happen. Foreign policy again, as during L. Kuchma times, is done in non-transparent way, in a manual manner, with the expansion of current administration tactical needs over long-lasting national interests. There is no Foreign Policy Strategy or European Integration Strategy. The Verkhovna Rada is basically removed from Ukraine's foreign policy drafting. Civic and parliamentary control is impaired.

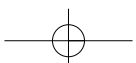
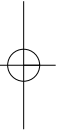
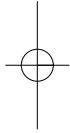
2010 was not only a an important year in Ukraine's foreign policy change, but it was a time for its security policy drastic revisions. Such status quo fracture on foreign and security policy led Ukraine to search of its new coordinate system in international relations as well as its place in global and regional security. This security policy consists of three key principles: non-bloc status, Euroatlantic integration course denial and orientation on non-existing all-European security system, together with adjusting positions with Russia on strategic balance revision that was shaped in post-bipolar times in Europe and new European security establishment on Russian interests and initiatives.

In such a transformative 2010 for Kyiv, it was very important not to see sharp worsening relations with the USA since it threatened not only political and military, diplomatic relations but halting financial institutions' cooperation, credits of which were so important for

new administration strengthening. The United States of America have nothing left except of hope for preserving democratic institutions in Ukraine, and that the country would keep its direction if not for the Euroatlantic integration but at least for the EU integration which is still not promised to happen in the nearest 10 years or so. Thus strategic partnership relations based on common values were substituted with pragmatic relations on common interests and preferences exchange. The issue was whether which of the preferences Ukraine should give in order to bring White House loyalty to new administration and its foreign and domestic policy.

Leading Western European countries' Ukrainian vector took an important place in their 2009 foreign policy. But it still should not be considered as a positive factor for our country, since it was connected more with negative tendencies in Ukraine that bring challenges and threats to European community.

Stating Ukraine's regional scope in its 2009–2010 foreign policy, it is important to note betterment of country's international relations with the number of various countries of the world such as Libya, Lebanon, Turkey, Israel, Egypt, Syria, Venezuela, Argentine, Brazil, China, Japan, and South Korea. Ukraine was as well active in improving its trade, economic, humanitarian and cultural cooperation with the Middle, Asia and Latin America countries. Tendencies proving such facts may be seen in the number of signed treaties and official visits. Such examples of Ukraine's activity in bilateral relations prove that country wants to improve its relations at all levels of international relations and in economic and humanitarian spheres in such important regions as well.





Annex

**Roll-call vote on the bill about ratification  
of the Agreement between Ukraine and Russia  
on the Black Sea fleet of the Russian Federation  
in Ukraine (№ 0165) – as a whole  
27/April/2010 10:37**

Supported: 236. Didn't support: 0.  
Abstained: 0. Didn't vote: 2. In total: 238.  
**The decision is accepted**

<b>Parliamentary faction of Party of Regions in the Verkhovna Rada of Ukraine</b>			
<i>Quantity of deputies: 161</i>			
Arkallayev N.G.	supported	Akhmetov R.L.	supported
Bakhteyeva T.D.	supported	Bevzenko V.F.	supported
Berezhna I.G.	supported	Bilyy O.P.	supported
Boguslayev V.O.	supported	Boldyrev U.O.	supported
Bondarenko V.V.	supported	Bondarenko O.A.	supported
Bondik V.A.	supported	Bort V.P.	supported
Boyarchuk O.V.	supported	Vasilyev G.A.	supported
Vasilyev O.A.	supported	Vernidubov I.V.	supported
Vecherko V.M.	supported	Volkov O.A.	supported
Voropayev U.M.	supported	Geller E.B.	supported
Glazunov S.M.	supported	Glushchenko I.M.	supported
Golovatyy S.P.	supported	Gorbal V.M.	supported
Gorbatyuk A.O.	supported	Gorina I.A.	supported
Goroshkevich O.S.	supported	Grytsak V.M.	supported
Gumenyuk I.M.	supported	Greyev V.M.	supported
Darda O.P.	supported	Deych B.D.	supported
Demydko V.M.	supported	Demishkan V.F.	supported
Demyanko M.I.	supported	Derkach A.L.	supported
Dzhyga M.V.	supported	Yegorenko T.V.	supported
Yedin O.Y.	supported	Yefremov O.S.	supported
Zhuravko O.V.	supported	Zabarskiy V.V.	supported
Zablotskiy V.P.	supported	Zasukha T.V.	supported
Zats O.V.	supported	Zvyagilskiy U.L.	supported
Zlochevskyy M.V.	supported	Zubets M.V.	supported
Zubyk V.V.	supported	Ivanyushchenko U.V.	supported
Illyashov G.O.	supported	Kaletnik G.M.	supported
Kalyuzhnyy V.A.	supported	Karakay U.V.	supported
Kelestin V.V.	supported	Kyy S.V.	supported
Kivalov S.V.	supported	Kinakh A.K.	supported

Klimmets P.A.	supported	Klimov L.M.	supported
Klyuyev S.P.	supported	Kovalova U.V.	supported
Kozhara L.O.	supported	Kozak V.V.	supported
Kozub O.A.	supported	Kolesnichenko V.V.	supported
Kolotsey U.O.	supported	Komar M.S.	supported
Konovalyuk V.I.	supported	Korz V.P.	supported
Korz P.P.	supported	Korzhev A.L.	supported
Kostusev O.O.	supported	Kuzmuk O.I.	supported
Kunchenko O.P.	supported	Landik V.I.	supported
Landik V.I.	supported	Larin S.M.	supported
Lebedev P.V.	supported	Lelyuk O.V.	supported
Leshchinsky O.O.	supported	Lysov I.V.	supported
Litvinov L.F.	supported	Lychuk V.I.	supported
Lisin M.P.	supported	Lukyanov V.V.	supported
Lutsky M.G.	supported	Mayboroda S.F.	supported
Makeyenko V.V.	supported	Malyshev V.S.	supported
Maltsev V.O.	supported	Mankovskyy G.V.	supported
Melnyk P.V.	supported	Melnyk S.A.	supported
Myrnyy I.M.	supported	Myronenko M.I.	supported
Miroshnichenko U.R.	supported	Momot S.V.	supported
Moroko U.M.	supported	Moshak S.M.	supported
Mkhitaryan N.M.	supported	Nadosha O.V.	supported
Nakonechnyy V.L.	supported	Novikova U.V.	supported
Oliynyk V.M.	supported	Omelyanovych D.S.	supported
Orlov A.V.	supported	Pavlenko Ye.I.	supported
Peklushenko O.M.	supported	Pysarchuk P.I.	supported
Pinchuk A.P.	supported	Piskun S.M.	supported
Plotnikov O.V.	supported	Plokhoy I.I.	supported
Popesku I.V.	supported	Potapov V.I.	supported
Prasolov I.M.	supported	Prygodskyy A.V.	supported
Pritika D.M.	supported	Prutnik E.A.	supported
Pshonka A.V.	supported	Reva D.O.	supported
Rybak V.V.	supported	Savchuk O.V.	supported
Salamatin D.A.	supported	Samoylenko U.P.	supported
Samofalov G.G.	supported	Sandler D.M.	supported
Svyatash D.V.	supported	Selivarov A.B.	supported
Synytsya A.M.	supported	Skudar G.M.	supported
Smityukh G.E.	supported	Soloshenko M.P.	supported
Stelmashenko V.P.	supported	Stoyan O.M.	supported
Sulkovskyy P.G.	supported	Suprunenko O.I.	supported
Sukhyy Ya.M.	supported	Tabachnyk Ya.P.	supported
Tedeyev E.S.	supported	Tolstenko V.L.	supported
Turmanov V.I.	supported	Fedun O.L.	supported
Fesenko L.I.	supported	Khara V.G.	supported

Kharlim V.M.	supported	Khmelnysky V.I.	supported
Khomutinnik V.U.	supported	Tsarov O.A.	supported
Chernomorov O.M.	supported	Chertkov Yu.D.	supported
Chechetov M.V.	supported	Chudnov V.M.	supported
Shentsev D.O.	didn't vote	Shkirya I.M.	supported
Shpenov D.U.	supported	Shcherban A.V.	supported
Yankovskyy M.A.	supported	Yanukovych V.V.	supported
Yaroshchuk V.I.	supported		
Supported: 160. Didn't support: 0. Abstained: 0. Didn't vote: 1. Absent: 0			

<b>Parliamentary faction «The Yulia Timoshenko Bloc»</b> <i>(Political parties «The All-Ukrainian Union «Fatherland», the Ukrainian Social Democratic party, Party Reforms and Order)</i>			
<i>Quantity of deputies: 154</i>			
Abdullin O.R.	absent	Arutyunov G.R.	absent
Babayev O.M.	absent	Babenko V.B.	absent
Bagrayev M.G.	absent	Barvinenko V.D.	absent
Bilorus O.G.	absent	Biryuk L.V.	absent
Bogdan R.D.	absent	Bodnar O.B.	absent
Bolyura A.V.	absent	Bondarenko V.D.	absent
Bondarenko O.F.	absent	Bondarev K.A.	absent
Borodin V.V.	absent	Budzherak O.O.	absent
Buryak O.V.	absent	Vasadze T.Sh.	absent
Velizhansky S.K.	absent	Verevskyy A.M.	absent
Vetvytsky D.O.	absent	Vlasenko S.V.	absent
Volynets M.Ya.	absent	Vorotnyuk I.B.	absent
Gasyuk P.P.	absent	Gatsko V.P.	absent
Geyman O.A.	absent	Glus S.K.	absent
Gatkevych U.V.	absent	Griniv I.O.	absent
Gubskyy B.V.	absent	Gudima O.M.	absent
Davymuka S.A.	absent	Danilov V.B.	absent
Denkovych I.V.	absent	Derevlyany V.T.	absent
Dobryak Ye.D.	absent	Donchak V.A.	absent
Dubil V.O.	absent	Dubovoy O.F.	absent
Yeresko I.G.	absent	Zhevago K.V.	absent
Zabzalyuk R.O.	absent	Zadyrko G.O.	absent
Zimin E.I.	absent	Zozulya R.P.	absent
Zubov V.S.	supported	Ivanenko V.G.	supported
Kalchenko V.M.	absent	Kamchatny V.G.	absent
Kapliyenko V.V.	absent	Kemenyash O.M.	absent
Kyrylenko I.G.	absent	Kirilchuk E.I.	absent
Kovzel M.O.	absent	Kozhemyakin A.A.	absent
Kondratyuk O.K.	absent	Konstyantynov E.S.	absent

Korzh V.T.	absent	Korolevska N.U.	absent
Korotyuk V.I.	absent	Kosiv M.V.	absent
Kostenko P.I.	absent	Koshyn S.N.	absent
Kravchuk V.P.	absent	Krayniy V.G.	absent
Kruk U.B.	absent	Kuzmenko P.P.	supported
Kurilo V.S.	absent	Kurovskyy I.I.	absent
Kurpil V.I.	absent	Labunska A.V.	absent
Levtsun V.I.	absent	Lemza V.D.	absent
Logvynenko V.S.	absent	Lukashuk O.G.	absent
Lukyanchuk R.V.	absent	Lyashko O.V.	absent
Makiyenko V.P.	absent	Malich O.V.	supported
Mishchenko S.G.	absent	Movchan P.M.	absent
Mostipan U.M.	absent	Odarchenko U.V.	absent
Oliylyk V.S.	absent	Oliylyk S.V.	supported
Omelchenko G.O.	absent	Osyka S.G.	absent
Pavlenko V.V.	absent	Pavlovskyy A.M.	absent
Pashynskiy S.V.	absent	Petrenko V.M.	absent
Petruk M.M.	absent	Perederiy V.G.	absent
Pilipenko V.P.	absent	Pysarenko V.V.	supported
Podgorny S.P.	absent	Polokhalo V.I.	absent
Poluneyev U.V.	absent	Potapchuk M.L.	absent
Prokopchuk U.V.	absent	Pudov B.M.	absent
Radkovskyy O.V.	absent	Radovets A.A.	absent
Ryabeka O.G.	absent	Savchenko I.V.	supported
Sas S.V.	absent	Semerak O.M.	absent
Semenoga A.I.	absent	Senchenko A.V.	absent
Serbin U.S.	absent	Sigal E.Ya.	absent
Sidelnyk I.I.	supported	Skybinetsky O.M.	absent
Skubenko V.P.	absent	Sobolev S.V.	absent
Sokolov M.V.	absent	Sorochenska-Kyrylenko R.M.	absent
Sochka O.O.	absent	Steshenko O.M.	absent
Suslov E.I.	absent	Sushkevich V.M.	absent
Taran V.V.	absent	Terokhin S.A.	absent
Tyshchenko O.I.	absent	Tomenko N.V.	absent
Trayduk M.F.	absent	Tregubov U.V.	absent
Tryndyuk U.G.	absent	Trofymenko V.V.	absent
Ukolov V.O.	absent	Unguryan P.Ya.	absent
Fedorchuk Ya.P.	absent	Feldman O.B.	absent
Fileiko V.P.	absent	Chepynoga V.M.	absent
Cherpitsky O.Z.	supported	Chudnovskyy V.O.	absent
Shago E.P.	absent	Shamanov V.V.	absent
Shvets V.D.	absent	Shevchenko A.V.	absent
Shevchuk O.B.	absent	Shevchuk S.V.	absent
Shepelev O.O.	absent	Shyshkina E.V.	absent

Shyshkina Z.L.	absent	Shyyanov B.A.	absent
Shkil A.V.	absent	Shlemko D.V.	absent
Shustik O.U.	absent	Yavorivskyy V.O.	absent
Yagoferov A.M.	absent	Yatsenko A.V.	absent
Supported: 9. Didn't support: 0. Abstained: 0. Didn't vote: 0. Absent: 145.			

<b>Parliamentary faction «The Our Ukraine – People's Self-Defense Bloc»: The People's Union «Our Ukraine», the Political party «Forward, Ukraine!», the People's Movement of Ukraine (Rukh), the Ukrainian People's Party, the Ukrainian Republican Party «Sobor», the Christian Democraic Union, the European Party of Ukraine, the Civic Party «PORA», the Motherland Defenders Party</b>			
<i>Quantity of deputies: 72</i>			
Aryev V.I.	absent	Arzhevitin S.M.	absent
Bilozir O.V.	absent	Bobylov O.F.	absent
Bondar O.M.	absent	Borysov V.D.	absent
But U.A.	supported	Vasylenko S.V.	supported
Vyazivskyy V.M.	absent	Gerasymyuk O.V.	absent
Gerashchenko I.V.	absent	Grygorovych L.S.	absent
Grymchak Yu.V.	absent	Grytsenko A.S.	absent
Gumenyuk O.I.	absent	Davydenko A.A.	absent
Dzhemelev M.	absent	Dzhordzhyk Ya.I.	absent
Dovgyy S.O.	supported	Doniy O.S.	absent
Zhvaniya D.V.	supported	Zhebrivskyy P.I.	absent
Zayets I.O.	absent	Zvarych R.M.	absent
Zeynalov E.D.	absent	Karmazin U.A.	absent
Karpuk V.G.	absent	Kaskiv V.V.	absent
Katerynchuk M.D.	absent	Kenzor Ya.M.	absent
Kyrylenko V.A.	absent	Klymenko O.I.	absent
Klyuchkovskyy U.B.	absent	Knyazevych R.P.	absent
Koval V.S.	absent	Kostenko U.I.	absent
Kril I.I.	absent	Kruts M.F.	absent
Kulikov K.B.	absent	Kulchynskyy M.G.	absent
Lukyanova K.E.	absent	Lyapina K.M.	absent
Martynenko M.V.	absent	Marushchenko V.S.	absent
Matviyenko A.S.	absent	Matchuk V.Y.	absent
Moysik V.R.	absent	Moskal G.G.	absent
Novikov O.V.	absent	Omelchenko O.O.	supported
Orobets L.U.	absent	Palytsya I.P.	supported
Parubiy A.V.	absent	Petovka V.V.	absent
Plyushch I.S.	absent	Polyanchich M.M.	absent
Polyachenko V.A.	supported	Slobodyan O.V.	absent

Stets U.Ya.	absent	Stetskiv T.S.	absent
Stoyko I.M.	absent	Stretovych V.M.	absent
Tarasyuk B.I.	absent	Tkach R.V.	absent
Topolov V.S.	absent	Tretyakov O.U.	absent
Kharovskyy S.U.	absent	Chornovolenko O.V.	absent
Shemchuk V.V.	absent	Shkutyak Z.V.	absent
Yushchenko P.A.	absent	Yatsenyuk A.P.	absent
Supported: 7. Didn't support: 0. Abstained: 0. Didn't vote: 0. Absent: 65			

**The Lytvyn Bloc Faction (People's party, Labour party of Ukraine)  
in the Verkhovna Rada of Ukraine**

*Quantity of deputies: 20*

Baranov V.O.	supported	Belousova I.A.	supported
Vashchuk K.T.	supported	Gerasymchuk V.V.	supported
Golovchenko I.B.	supported	Gryvkovskyy V.O.	supported
Grinevetskiy S.R.	supported	Derkach M.I.	supported
Zarubinskyy O.O.	supported	Lytvyn V.M.	supported
Litvin U.O.	supported	Pavlenko S.G.	supported
Polishchuk O.V.	supported	Rudchenko M.M.	supported
Sinchenko V.N.	supported	Tereshchuk S.M.	supported
Sharov I.F.	supported	Shershun M.H.	supported
Shmidt M.O.	supported	Shpak V.F.	supported
Supported: 20. Didn't support: 0. Abstained: 0. Didn't vote: 0. Absent: 0			

**Extra-factional**

*Quantity of deputies: 16*

Bogoslovska I.G.	supported	Vasyutin S.I.	supported
Gusarov S.M.	supported	Demchyshyn V.V.	supported
Egorov O.M.	supported	Zubarov V.O.	supported
Kasyanyuk O.R.	supported	Kyselov V.O.	supported
Kovalevska Yu.S.	supported	Muts O.P.	supported
Rybakov I.O.	didn't vote	Romanyuk M.P.	supported
Stolar V.M.	supported	Fomin O.V.	absent
Tsyurko P.I.	supported	Chornovil T.V.	absent
Supported: 13. Didn't support: 0. Abstained: 0. Didn't vote: 1. Absent: 2.			

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## About Authors

**Leshchenko Leonid** – Professor of the Diplomatic Academy of Ukraine under the Ministry of Foreign Affairs of Ukraine, Doctor of Historical Sciences.

**Matsko Viktor** – Chief of Division on International Military Cooperation at the Department on Control over Arms and Military-Technical Cooperation.

**Movchan Veronika** – Director on Scientific Work of the Institute of Economic Researches and Political Consultations.

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**FOREIGN POLICY OF UKRAINE –  
2009/2010:  
Strategic Assessments,  
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