

The Situation in Ukraine and Its Implications for the European Union's Common Foreign and Security Policy

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by
John Dunn

Introduction: Aims of the Paper

This paper examines the interaction of two recent, but complex developments in Europe: the establishment of an independent Ukrainian state and the response of the European Union (EU) to this development in the context of the recently inaugurated Common Foreign and Security Policy (CFSP).

To achieve this, the paper examines Ukraine's internal and external security configuration and highlights the significance of Ukraine's problems for the Union. In a subsequent section, it tests the relevance and effectiveness of the major CFSP competences and instrumentalities to the Ukrainian situation. Having analysed these competences, the paper goes on to draw some general implications and conclusions about the CFSP and to suggest some general guidelines that could inform a broader EU policy towards Ukraine.

1. The State of the Nation

1.1. Political

In a referendum on 1 December 1991, some 90% of Ukrainians voted in favour of independence. For many, however, independence came so quickly that they were ill prepared to accommodate it. Even nationalists in the "Rukh" (Popular Movement of Ukraine) had given little consideration to policies that might be suitable for the post-independence situation. This failure to elaborate detailed post-independence programmes meant that there was initially little opposition to the communist elite (nomenklatura) which, having effected an apparently effortless transition from communist internationalism to Ukrainian nationalism, remained in power.

Although the ex-communist nomenklatura — or "party of power" as it was sometimes called — was not a organised political entity, it managed to retain a political, administrative and economic influence disproportionate to its numbers both at the centre and in many regions. The concerns of this elite were two-fold.

First, with the historical experience of previous, abortive attempts at independence in mind (1654 and 1920), the "party" developed an initial consensus with nationalists on the desirability of "state-building", i.e. securing territorial integrity, countering outside interference and establishing the attributes of statehood. Further, independence was to be consolidated by avoiding policies that might disrupt the social order. In particular, there was a determination to avoid any form of economic reform that could exacerbate the problems of the industrialised east and south and thus accentuate Ukraine's latent regional differences.

This programme of "state-building" was, of course, minimalist and conservative in economic terms and thus fitted well with the second major concern of the nomenklatura: the preservation of their own privilege. From the start, therefore, Ukraine avoided both radical political change and the economic "shock therapy" which reformers under Yegor Gaidar were attempting to introduce in the neighbouring Russian Federation.

Initial consensus on "state-building" soon began to collapse, however. On the nationalist side, there was concern that independence had brought little change in either personnel or policies, but had been accompanied by a precipitous economic decline. Meanwhile, in the industrialised east, which inclined politically to the left, the same economic decline was prompting disquiet about falling living standards, government ineffectiveness, centralised control and ruptured relations with Russia. Ironically, therefore, the conservative policy of "state-building" eventually produced the very regional disquiet that it was designed to prevent.

The most potent expression of growing eastern disquiet was a miners' strike in the Donbas in June 1993, which linked protests against sharply rising prices with demands for economic

autonomy and referenda to test public confidence in both president and parliament. Quickly the Kiev government acceded to the economic demands of the strikers, but it tried to avoid the proposed referenda on political competence. Only later, in September 1993, possibly under the influence of contemporaneous political violence in Moscow, did the sitting Parliament agree to hold pre-term parliamentary and presidential elections in March and June 1994, respectively. In preparation for these elections, the Parliament passed a Law on the Election of Peoples' Deputies of Ukraine. By facilitating the registration of independent and workers' collective candidates (many of whom were sympathetic to the concerns of the sitting nomenklatura), this law did little to encourage the development of a stable, multi-party political system in Ukraine.

In the subsequent parliamentary elections in March and April 1994, nationalists and reformists fared badly. Out of a total of 338 deputies elected,¹ "Rukh" won only 20 seats, while the centrist Inter-Regional Reform Block, led by ex-Prime Minister and current President Leonid Kuchma, got four. The biggest single party in Parliament became the reconstituted Ukrainian Communist Party with 86 seats, followed by its allies, the Peasant and Socialist parties. The most significant result, however, was the election of 163 unaffiliated deputies who owe allegiance to no particular party, but who often lean towards the communists and socialists. Given that these 163 unaffiliated deputies are not subject to any party discipline, it seems unlikely that the new Parliament will be more decisive on issues of reform than the previous one.

Similarly, the June and July presidential elections were dominated by figures from the communist past. The incumbent, Leonid Kravchuk, managed to deflect popular attention from precipitous economic decline by concentrating on issues of national sovereignty. In the first round of voting, he beat his main rival, Leonid Kuchma, by polling 37.7% of the vote against Kuchma's 31.3%. In the second round, however, Kuchma acquired the votes of socialists and communists from the East and beat Kravchuk to become Ukraine's second post-independence President.

¹ There remained 112 seats unfilled.

1.2. Economic

The results of the parliamentary elections held in 1994 indicate that among Ukrainian voters radical economic reform was not a primary concern. One opinion poll conducted shortly before the 27 March parliamentary election suggested that 55% of Ukrainians were opposed to price liberalisation,² a step usually considered essential to economic reform. It is, therefore, hardly surprising given this coincidence of interests (the wish of the nomenklatura to protect its position, the desire not to disrupt the regions and popular ambivalence about reform) that economic reform in Ukraine did not make significant progress in the first years after independence.

Certainly, Ukraine began its independence in the most difficult economic circumstances. Although it had inherited some major industrial assets,³ disrupted trade links with Russia and the other ex-Soviet republics meant that the country lost one-fifth of its export markets on independence.⁴ At the same time, it had to continue to import Russian energy at prices which increasingly approximated world levels. This combination of factors produced both falling income and rising costs and thus serious liquidity problems in Ukraine's antiquated (and still state-owned) industries. To meet these costs, the government increased taxation to punitive levels (thus inducing domestic entrepreneurs to move their activities into the underground economy and simultaneously reducing the tax base) and made up deficits by simply printing money.

Thus, as independence progressed without systematic or systemic reform, Ukraine witnessed an explosion in the money supply and a huge rise in government spending. Between November 1992 and November 1993, the amount of currency in circulation increased from 462 billion coupons to 12.5 trillion. The result was "hyper-stagflation": at one stage,

² *The Economist*, 19 March 1994, p. 52.

³ In 1989, Ukraine produced 34% of the Soviet Union's steel, 46% of its iron ore, 36% of its televisions and 53% of its sugar. See "Ukraine", *The Economist*, Special Report, 7 May 1994, p. 3. (In future abbreviated to "Ukraine", p. 3, etc.)

⁴ *Ibid.*, p. 6.

inflation reached around 100% per month, while industrial production fell 20-30% during 1993 alone.⁵ Official figures from the Economics Department of the Cabinet of Ministers indicate that the decline in GDP was even steeper in the first months of 1994.⁶ Despite the adoption of no less than eight plans for structural reform since January 1992, Ukraine's economy continued on a path of apparently inexorable decline.

Not surprisingly, the macroeconomic collapse that accompanied independence had a devastating effect on those who depended on the official economy for their livelihood. In spring 1994, average Ukrainian pay was about \$9-\$10 per month, i.e. about ten times lower than that of the average Russian,⁷ and around 85% of the population was estimated to be living below the poverty level.⁸ However, official statistics take little account of a significant and growing private, "black" economy. This sector was stimulated by the decline in the official economy and, since winter 1993, by a credit squeeze designed to rein in inflation. In some cases, this meant that wages were not paid for months. Workers were thus forced to look beyond their official jobs to cover their basic needs. Thus, private (and sometimes criminal) initiative, combined with work in garden plots, barter activity and a significant dollar and D-Mark turnover, meant that despite the travails of the official economy, some (but certainly not all) Ukrainians were better off than before independence. On the one hand, this means that many Ukrainians associate private enterprise with crime, corruption and growing income differentials, and thus call for tighter state control. On the other hand, it also means that there now is a small but growing constituency in favour of the macroeconomic discipline which might underpin a market economy.

Historical precedent suggests that no country can live long with "hyper-stagflation": either

⁵ D. Vydrin, "Economic War between Russia and Ukraine - To Win is to Lose", *Kievskie Vedomosti*, 19 March 1994, p. 4.

⁶ UNIAN News Agency, Kiev, 21 May 1994, 1130. (Also, BBC Summary of World Broadcasts SU/2005 D/7ff. In future, abbreviated to: SWB ...)

⁷ J. Kipp, "The Ukraine's Socio-Economic Crisis", *Military Review*, March 1994, p. 33.

⁸ R. Solchanyk, "Ukraine: A Year of Crisis", *Radio Free Europe/Radio Liberty (RFE/RL) Research Report*, 7 January 1994, p. 38.

politics become radicalised as citizens turn to populist politicians offering radical solutions, or the state becomes effectively ungovernable, or government finds the political will to impose painful reform. There are now signs that, with the election of President Leonid Kuchma, Ukraine may have found the political will to adopt the latter course.

1.3. Regional Divisions

Whatever his failures in economic policy, most Ukrainians give former President Kravchuk credit for the fact that with a policy of dogged centrism he held Ukraine together and preserved peace. This peace was by no means a matter of course, and cannot be taken for granted in the future. Parliamentary and presidential elections have all underlined the regional character of Ukrainian politics: the west is predominantly nationalist, constitutionally unitarian and more open to market reform; the eastern and south-eastern oblasts, on the other hand, are broadly socialist, Russophone, federalist and more sceptical about independence. These differences of vision have led to much political invective, but so far no violent confrontation.

Only in one region have these tensions become critical. In Crimea, strong popular pro-Russian sympathies have been a consistent feature for generations and have survived several wars. Here, the region's Russian orientation is reinforced by an ethnic Russian majority and by the presence of the formerly Soviet Black Sea Fleet, which has its headquarters at Sebastopol and is dominated by crews keen to preserve their subordination to the Russian Federation. In peninsular presidential elections in January 1994, a Russian nationalist, Yuriy Meshkov, was elected President with 73% of the popular vote. Subsequently, in the March 1994 elections to the Crimean Parliament, Meshkov's party also won a large majority, showing that the policies of distancing Crimea from Ukraine and upgrading relations with Russia had wide popular support.

For most of 1994, Meshkov followed a populist policy of distancing Crimea from Ukraine, and thus provoking fears of clashes with Ukrainian security forces and western nationalist para-militaries. Subsequently, however, Meshkov and his erstwhile supporters in the Crimean Parliament clashed over the division of powers and thus weakened their own

separatist cause. The feud between Meshkov and the Crimean Parliament left Kiev an observer. However, when the current confusion clears, Kiev will probably enjoy stronger control than at present without having to resort to force to restore its influence. Crimea thus set a separatist precedent which could be replicated in other regions, for example, among the Rusyns in Transcarpathia or the Romanian minority in Bukovina and Bessarabia.

It is incorrect, however, to equate Crimean separatism with tensions in other eastern oblasts, especially in the Donbas. Here there is no significant ethnic component; the concerns of the Russian minority (totalling approximately 11 million and concentrated in this region) are largely shared by the local Ukrainian population. Also, the threat of secessionism is limited; local leaders recognise that the heavily industrialised Donbas has political clout within Ukraine, but would lose out to more efficient areas such as the Kuzbas were it to join the Russian Federation. Thus, disputes with Kiev centre on the desire for greater local control, a federalist as opposed to a unitary constitutional order, better contacts with Russia and a rejection of Ukrainian as the only official state language.

The regional polarities described above mean that tensions in Ukraine could develop along several fault lines. First, tensions between the pro-integrationist east and nationalist west cannot be discounted. Here, however, the absence of contiguity between potentially inimical regions limits the conflict potential. (Russophone areas in the east and south do not border on nationalist, Ukrainian-speaking Galicia in the west. Between them are areas with ill-defined and diverse political, linguistic and cultural sympathies which represent a significant stabilising factor in Ukraine's regional patchwork.) Secondly, and more likely, tension between the central government and the outlying regions remains a threat. The lack of common perceived interests or a unifying political ideology may mean that the central government will find it difficult to govern effectively.

1.4. The Kuchma Presidency: A New Era?

The tensions that built up within the Ukrainian body politic from independence in 1991 led many observers to predict the impending demise of the new state. In particular, Ukraine's

rapid economic decline and regional tensions seemed to threaten national coherence.⁹ The scenario was one of declining central control and growing regional ungovernability. This, combined with the strong attractive power of Russia and the latter's determination to increase its influence throughout the Commonwealth of Independent States seemed to indicate that some Ukrainian oblasts would drift back to Russian control. Ukrainian statehood would be lost in all but name.

In fact, the election of Leonid Kuchma in July 1994, makes this scenario less likely. Kuchma's presidency has heralded a significant change of course in domestic politics, in economic thinking and in foreign policy. His election completes a decisive "shift eastwards" in politics. Political thought is no longer dominated by a western, nationalist agenda; "state-building" is declining in importance as the needs of the eastern industrial base come more sharply into focus. The old communist ruling class has been largely removed from power and replaced by a second-echelon, eastern industrial elite. Increasingly, the elaborate networks of patronage, established by the first, ex-Soviet administration which did so much to impede reform, are crumbling. Under Kuchma's leadership, old systems of corruption are coming under attack, and in Leonid Kuchma the Parliament has an eastern industrialist who at least understands the concerns of its eastern members. This may facilitate cooperation, although turf-wars remain to be fought over the constitutional division of powers.

It is, however, in economic thinking that Leonid Kuchma has introduced the most startling change. Kuchma appears to have appreciated the unsustainability of Ukraine's previous economic course. He has thus emphasised the need for change, insisting in particular on agricultural reform, privatisation, tax reductions and exchange-rate liberalisation.¹⁰ Most significantly, his government has concluded a preliminary deal with the International Monetary Fund (IMF) which could open the way to aid worth \$4 billion, as promised by

⁹ See, for example, the US government's National Intelligence Estimate of January 1994, reported in D. Williams and R. Jeffrey, "US Intelligence Sees Economic Plight Leading to Breakup of Ukraine", *The Washington Post*, 25 January 1994, p. A7.

¹⁰ SWB SU/2051 D/I and *The Economist*, 16 July 1994, p. 33.

the G-7. In return for the liberalisation of prices and trade policy, the unification of exchange rates, cuts in the budget deficit (from a current level of around 20% of GDP) and the introduction of structural reform, Ukraine would receive an initial tranche of \$365 million. Later, if reform proceeds successfully, Ukraine would benefit from a further stand-by agreement which could be worth an additional \$1.24 billion. In addition, Ukraine could receive a further \$400 million rehabilitation loan from the World Bank.¹¹

Of course economic reform will be difficult. It will face opposition in Parliament (indeed constitutional unclarity makes it unclear precisely who has responsibility for economic policy). Even from within government there is opposition; Prime Minister Masol is known to be sceptical. Also, reducing the deficit will mean reducing subsidies to key industries and thus to those very enterprises whose workers brought the president to power. Nevertheless, Mr. Kuchma seems to have appreciated the need for radical change; he has signalled his reformist determination by returning to government Viktor Pynzenyk, a well known radical. The hope must be that the President can convince the population and Parliament of the inadmissibility of further procrastination.

Mr. Kuchma's election will also mean significant changes in the configuration of regional politics in Ukraine. Under the previous presidency, alienation from central government reached dangerous levels in the eastern oblasts. In Crimea, the determination of the peninsular government to distance itself from Kiev was matched by an equal determination on the part of Kravchuk to uphold Ukrainian territorial integrity. Dangerous stand-offs occurred on several occasions. Under Kuchma, however, tensions have abated significantly. In both the Donbas and in Crimea significant majorities voted for Kuchma, making it much more difficult to sustain opposition to Kiev. Of course, the new danger will be of alienating the nationalist west, but it is much less significant in terms of population and thus of political and economic influence. Contrary to the expectations of some western nationalists, the election of Leonid Kuchma may actually have saved Ukraine as a coherent political entity.

¹¹ *The Economist*, 24 September 1994, p. 44.

2. Relations with Russia

The election of Leonid Kuchma has also heralded significant change in the conduct of relations with Russia. Not surprisingly, relations with Russia have consistently dominated Ukrainian foreign policy; under Kravchuk those relations were never easy. Ukrainian politicians and officials frequently accused Russia of being unwilling to come to terms with Ukrainian independence or to accept Ukraine as an equal partner. Russians, they argued, displayed a persistent neo-imperialist attitude which was, allegedly, characteristic not only of national patriots but of reformists and liberals too.

Advocates of this line found it easy to adduce proof. They pointed to Russia's hesitancy about recognising Ukraine's borders¹² and to Russia's declared intention to protect the 25 million Russians and Russian-speakers living outside the Russian Federation. They further pointed to President Boris Yeltsin's February 1993 appeal to the UN to grant Russia "special powers to act as a guarantor of peace and stability" in the former Soviet Union. They believed that Russian "peacekeeping" activities in the "near abroad" (Georgia/Abkhazia, Moldova/Trans-Dnestria and Tajikistan, etc.) and a growing number of Russian military cooperation agreements with other ex-Soviet republics were merely a cover to legitimise a Russian troop presence in pursuit of Russian hegemony. They referred to Russia's use of economic leverage against Moldova and the Baltic states as evidence of Russia's willingness to put pressure on its neighbours to conform to Russian geo-strategic plans.

Ukraine is of course particularly exposed to Russian influence. In addition to its large Russophone minority, Ukraine suffers from a significant structural trade deficit with its northern neighbour. Much of this relates to energy; Ukraine is dependent on Russia for some 90% of its supplies. Reports suggest that in the first quarter of 1994, Ukraine consumed (but did not pay for) Russian oil and gas worth \$900 million.¹³ Energy debts

¹² See, for example, the comments of Russian Foreign Minister Andrei Kozyrev, reported in J. Krauze, "Andrei Kozyrev n'exclut pas de rectifier les frontières", *Le Monde*, 8 June 1992.

¹³ "Ukraine", p. 15.

are now estimated at 732 billion rubles and total debt to Russia at \$2.5 billion.¹⁴ Two further issues bedeviled bilateral relations: the Black Sea fleet and nuclear weapons. The Russian-dominated Black Sea fleet remains stationed in the Crimean port of Sebastopol. Despite repeated attempts to agree on a division of this rusting asset (Dagomys, 1992; Yalta, 1992; Moscow, 1993; Massandra, 1993), ultimate agreement has eluded the parties so far. Likewise, arguments over nuclear weapons were often intemperate. Largely because of deteriorating relations with Russia, Ukraine began to equivocate on its original decision to eliminate nuclear weapons from its territory. It only agreed to their complete removal at the 14 January 1994 Moscow tripartite meeting with Russia and the US, and only in November did it accede to the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear weapons state.

Even before July 1994, however, there was a growing appreciation of interdependence with Russia. This recognition was reinforced by the growing political influence of Ukraine's russophone east, and demonstrated by the 24 September 1993 decision to accede to the CIS Economic Union as an Associate Member. Under Kuchma, this recognition was made explicit. Kuchma criticised his predecessors "romantic" notion of Ukraine's place in the (Western) world and stressed that while there would be no political union with Russia, Ukraine had to recognise its position as part of cultural and economic Eurasia. Ukraine needed to develop a "strategic partnership" with Russia in which mutually beneficial economic contacts would contribute to Ukraine's long-term stability and independence.¹⁵

Obviously, there are dangers in this policy of rapprochement with Russia. First, Kuchma must convince Ukrainian nationalists of the utility of the policy; failure to do so will increase domestic political tension and internal instability. Secondly, Kuchma must hope that Russia's express ambitions to exert influence within the "near abroad" will be limited. At the very least, Russia seems set to use economic and diplomatic leverage in pursuit of

¹⁴ *Country Report: Ukraine, Belarus, Moldova* (London: The Economist Intelligence Unit, 1st quarter 1994), p. 21.

¹⁵ See, Kuchma's speech to the Verkhovna Rada of 11 October 1994 (Reprinted in *Golos Ukrainy*, 13 October 1994).

its goals and interests as a regional great power. The danger for Ukraine is that Russia may treat the CIS, and therewith also Ukraine, as a zone of special interest in which it tries to develop exclusive influence. (This scenario seems particularly plausible in conditions where Western relations with Russia deteriorate — e.g. as a result of NATO expansion — and where Russia was then inclined to consolidate its regional control in response to a perceived Western threat.) Alternatively, as Motyl argues, popular "great power" ideologies within a still unstable Russia could yet spur Russian generals and policy-makers to favour forms of military intervention in order to protect Russian interests.¹⁶ Such intervention would have repercussions well beyond the borders of the CIS.

3. Relevance to the European Union

The preceding description of Ukraine and its relations with Russia shows that it presently fulfils Freedman's criteria for a "weak state":

States are weak because of the fragile nature of the civil society upon which they have been built, their undeveloped institutional structures, which are often unable to contain and channel political tensions, and their problems of poverty and economic adjustment. These weaknesses can lead to breakdowns of law and order, to secessionist movements, to outright civil war.¹⁷

In his article, Freedman goes on to explain that during the Cold War both East and West had a strong strategic interest in supporting and wooing weak states. However, with the demise of East-West confrontation, the relevance of these states to Western interests is no longer immediately obvious. Indeed, experience in formulating policy towards the states of former Yugoslavia indicates that perceptions of relevance (and thus policy prescriptions) may diverge significantly, even among established partners. In many Western democracies, the lack of a clear strategic interest has therefore produced an unwillingness to become involved and a preference to ignore, or at best contain (rather than resolve), the problems

¹⁶ A. Motyl, *Dilemmas of Independence: Ukraine after Totalitarianism*, New York, 1993, p. 121.

¹⁷ L. Freedman, "Weak States and the West", *The Economist*, 11-17 September 1993, (Special Supplement: "The Future Surveyed"), p. 49.

and/or conflicts of weak states. However, Freedman also points out that the absence of "strategic" interests does not mean that the West does not have "vital" interests in some weak states, and that their problems, if unresolved, may eventually impinge on Western interests and security.¹⁸

Admittedly, Ukraine's current ability to impinge on the West directly is limited. Ukraine is now giving up its inherited nuclear weapons. Earlier, these gave Ukraine a form of nuclear capability, and the capacity to disrupt the global non-proliferation regime by which the West set so much store. Furthermore, while Ukraine's armed forces are large, they are of uncertain combat effectiveness and thus of limited relevance to Western military planners. Also, Ukraine plays a minimal role in global trade and competition¹⁹; its cultural and historical attachment to the West is limited; and, like other ex-Soviet republics, it is simply a long way away. Assuming these arguments to be correct, a hard-headed assessment of Western interests might indicate that a policy of minimal exposure to Ukraine is advisable.

Notwithstanding the above, a dispassionate analysis indicates that Ukraine's fate is of considerable, possibly even "vital interest" to Western Europe. The events of April 1986, i.e. the Chernobyl explosion which spread nuclear contamination over Europe, are a striking indication of Ukraine's wider relevance. If Ukraine's socio-economic problems continue, the difficulty of maintaining adequate supervision of this and other nuclear reactors can only increase. Further, were instability in Ukraine, or tension between Russia and Ukraine to increase, this could pose a threat to the supply of natural gas to Western Europe; 16.5% of the EU's natural gas comes via Ukraine. Alternatively, instability or even continued economic decline could provoke a flow of migrants which would create significant political

¹⁸ Ibid., p. 50. See also, L. Freedman, "The Politics of Military Intervention within Europe," in "War and Peace: European Conflict Prevention", *Chaillot Papers* 11, Paris, October 1993, p. 39 ff.

¹⁹ EC Commission figures indicate that in the first three quarters of 1993 EC imports from Ukraine amounted to only 0.18%, and EC exports to Ukraine to only 0.31% of total EC trade. *Commission Information Document IP/94/244*, "Ukraine and European Commission Initial New Partnership Agreement", London, 23 March 1994, p. 4.

and economic pressures in the recipient countries.

Undoubtedly, however, the most important reason for Ukraine's significance lies in its relations with Russia. As indicated above, a degeneration in Russo-Ukrainian relations cannot be ruled out, even under the leadership of Presidents Kuchma and Yeltsin. As Ukraine and Russia come to define themselves on their own terms as independent states with different national interests, tensions and disagreements will inevitably arise. Unfortunately, a significant number of potentially clashing interests remain, e.g. minorities, basing rights in Crimea, differing visions of the CIS, etc. Between advanced, stable democracies such differences might be coordinated, negotiated and managed. Unfortunately, neither Russia nor Ukraine is yet stable or fully democratic. Motyl may therefore be right when he asserts that the Russo-Ukrainian relationship could degenerate as far as armed conflict and that "the impact on West European security and thus on global stability would be enormous".²⁰

Further, in a critique of US policy towards the former Soviet Union, former US National Security Adviser Zbigniew Brzezinski argued that Ukraine is particularly relevant to Western interests because it is a test case for Russia's willingness to set aside its imperial past and to join the community of modern states:

It cannot be stressed strongly enough that without Ukraine, Russia ceases to be an empire, but with Ukraine suborned and then subordinated, Russia automatically becomes an empire.²¹

Further, Brzezinski insists that Russia can be "either an empire or a democracy, but it cannot be both."²² He argues that:

... efforts to recreate and maintain an empire by coercion or economic

²⁰ Motyl, op. cit., p. 4.

²¹ Z. Brzezinski, "The Premature Partnership", *Foreign Affairs*, March/April 1994, Vol. 73, No. 2, p. 80.

²² Ibid., p. 72.

subsidy would condemn Russia not only to dictatorship but to poverty."²³

Since it was partly the cost of maintaining the Soviet empire that impoverished Russia, the best hope for prosperity and stability throughout the former Soviet Union is, according to Brzezinski, the creation of a system of "geo-political pluralism",²⁴ for which the linchpin would be a politically stable and economically viable Ukraine. If, on the other hand, Russia manages to reassert imperial control over Ukraine, it will essentially have re-established the empire and thus become a renewed threat to both regional and pan-European security.

Although the arguments above have concentrated on the negative reasons for Ukraine's significance to the West (i.e. on its disruptive potential), these should not obscure the many benefits that will accrue to the European Union and the Western community as a whole, if Ukraine evolves positively and peacefully into a successful, modern state. In terms of geopolitics, a stable Ukraine would be a significant factor for regional stability. In this context, it is significant that Ukraine has expressed its support for the Partnership for Peace initiative²⁵ and a willingness to accept an eventual expansion eastwards by NATO. It would therefore be a considerable asset to an enlarging Western European economic, political and defence community. Finally, even if its current difficulties make the day seem distant, Ukraine is also a huge potential buyer from and supplier to EU markets. Because of its geographical position, its size and wealth in human and natural resources, Ukraine's future development will have a powerful influence on the economic, political and security landscape of the entire region.

4. The Provisions for a CFSP and Their Relevance to Ukraine

The European Union's Common Foreign and Security Policy (CFSP), as instituted by Title V of the Treaty on European Union (TEU) was conceived as a qualitative advance in the

²³ Ibid.

²⁴ Ibid., p. 79.

²⁵ Foreign Minister Zlenko on a visit to NATO in September 1993. Reported by P. van Ham, "Ukraine, Russia and European Security: Implications for Western Policy", *Chaillot Papers* 13, February 1994, p. 48.

system of the EU's relations with its global partners. The old system of cooperation on foreign policy, European Political Cooperation (EPC), was to be upgraded to reflect the Union's emerging political identity. The CFSP was thus to be a new political and diplomatic driving force, which would be complemented by traditional Community instruments such as trade and aid policy.

4.1. Aims

Article J1 of the TEU defines the broad objectives of the CFSP. These include safeguarding common values and the fundamental interests of the Union; strengthening the security of the Union and the member states; preserving peace and international security; promoting international cooperation; and developing and consolidating the rule of law, respect for human rights and fundamental freedoms. These provisions may be criticised as excessively vague, but in the context of the threats to regional stability established earlier in this paper, it is clear that they have a broad relevance for the Union's relations with Ukraine. If Brzezinski was correct in identifying Ukraine as central to US interests and "the consolidation of geopolitical pluralism",²⁶ simple propinquity must make EU interest in the region even greater.

Given these general CFSP objectives, the aim of the EU in the case of Ukraine must be to facilitate the establishment of a stable, liberal democracy in the context of a balanced, market-based economy, and to maintain Ukraine's position as an independent actor between Russia and the West. However, as shown above, significant obstacles to the achievement of these objectives remain. Thus, Ludlow and Gros' modesty about the EU's ability to influence events beyond our eastern borders is appropriate:

We would not wish to exaggerate the EU's — or anybody else's — capacity to influence developments in a political and economic process which is complex, fast moving and uncertain. It may indeed prove to be the case that the best we can hope for is damage limitation.²⁷

²⁶ Brzezinski, *op. cit.*, p. 79.

²⁷ P. Ludlow and D. Gros, "The European Union, Russia and the Former Soviet Union: Proposal for a Joint Action", Discussion paper prepared at CEPS, 3 March 1994, p. 4.

The prerequisite for a successful EU policy that would go beyond "damage limitation" is the willingness of the Ukrainian body politic to help itself. Only recently, with the election of President Kuchma and his proposals for radical reform, has Ukraine demonstrated such a willingness, and thus laid a foundation on which the Union could hope to build an effective partnership.

Success vis-à-vis Ukraine would have obvious benefits for Western security. The implementation of a successful policy would reinforce the Union itself. As Ludlow has pointed out, the former Soviet Union is "highly visible externally and in terms of public opinion".²⁸ Thus, success in this area would enhance Union credibility (much needed after the Yugoslav disaster). Moreover, as Ludlow further points out, EU and US policies towards this region do not diverge significantly; therefore successful CFSP action here could complement US activities and reinforce a global partnership for stability.²⁹

4.2. Instruments

The "Common Position". The major instrument available to the Union as part of the CFSP is "systematic cooperation between member states in the conduct of policy".³⁰ The Member States are required to "inform and consult one another within the Council ... in order to ensure that their combined influence is exerted as effectively as possible by means of concerted and convergent action" (§J.2.1). Further, "whenever it deems it necessary, the Council shall define a common position". Once defined the common position is binding; Member States must then "ensure that their national policies conform to the common position" (§J.2.2).

As pointed out above, the uncertainties of post-cold war Europe have often made it difficult for Western partners and allies to agree common approaches to regional problems. Agreement is most elusive when dealing with violent conflict or war, or when the "vital

²⁸ P. Ludlow, "Implementing the CFSP", Discussion paper prepared at CEPS, 30 September 1993, p. 4ff.

²⁹ Ibid., p. 5.

³⁰ TEU §§J.1.3 and 2.2. (In future, references to TEU paragraphs will be given in brackets in the text.)

interests" of a partner state are involved (cf. former Yugoslavia). Divergences of opinion over Ukraine are therefore possible among the Twelve. The TEU contains no provisions that would force the member states to arrive at a "common position". In the case of Ukraine, member states's interests have not yet diverged significantly³¹: all agree on the importance of regional stability, economic reform, the ratification of the NPT and the elimination of the remaining inter-continental ballistic missiles (ICBMs).

On this latter point, the member states have demonstrated how they can cooperate through the Union to good effect, by encouraging and rewarding positive behaviour. Ukraine's relations with the West were long bedeviled by the former's reluctance to relinquish the ICBMs that it inherited from the Soviet Union. However, the 14 January 1994 Moscow tripartite summit and subsequent full ratification of START I were thought to mark real progress. In response, the General Affairs Council issued a statement welcoming the Ukrainian move and stated its willingness to upgrade relations.³² This received concrete expression in a decision to upgrade the Partnership and Cooperation Agreement (PCA) which the Union had been negotiating with Kiev since October 1992.³³

Significantly, however, the Council has not yet been able to adopt a "common position" vis-à-vis Ukraine under the CFSP which would define EU objectives and priorities and thus require conformity in national policies. The adoption of such a "common position" has proved difficult, not for reasons of bilateral dispute with Ukraine, but for internal, EU-institutional reasons: in Council meetings, it proved impossible to clarify the inter-relationship between the operational content of a decision taken under the CFSP and the

³¹ For an overview of German, French and British views on Ukraine, see P. van Ham, pp. 41-44.

³² Europe, *Agence Internationale d'Information pour la Presse*, Luxembourg-Bruxelles, 9 February 1994, p. 5. (In future abbreviated to *Agence Europe*, p. 5, etc.)

³³ The PCA was finally signed on 14 June 1994. The PCA provides a framework for cooperation on both political and economic levels. To oversee the agreement a Cooperation Council was established and more bilateral dialogue is encouraged by setting up a Parliamentary Cooperation Committee. The agreement does not recognise Ukraine as "an economy in transition" (contrast the PCA with Russia), but does significantly liberalise trade in goods, investment, cross-border services, payments and capital. Both sides offer each other most-favoured-nation (MFN) treatment in trade. A future free-trade area may be established, although this is conditional on a review in 1998 of Ukraine's progress towards a market economy.

Commission's powers, in particular its right to initiate legislation and its executive powers.³⁴ As will be argued below, this inability may be symptomatic of a wider institutional weakness in the CFSP as currently instituted, which will affect the Union's ability to respond quickly and effectively to events in and around Ukraine.

Joint Action. The real innovation associated with the CFSP was the introduction of possible "joint action (JA) in areas in which the Member States have important interests in common" (§J.1.3). The provisions for adopting JAs are cautious (the treaty talks of "gradual" implementation — (§J.1.3), and complicated (the voting and decision-making procedure has numerous exit clauses — (§J3.1-3). Once established, however, a JA would be subject to qualified majority voting rather than unanimity and would "commit the member states in the positions they adopt and in the conduct of their activity" (§J.3.4). Although the TEU did not enumerate areas of JA, subsequent deliberations and decisions led to the implementation of five JAs,³⁵ and to the identification of Ukraine as a field suitable for JA attention.³⁶

The report of the Ministers of Foreign Affairs to the Lisbon European Council on CFSP defined a JA as an "additional instrument which implies a strict discipline among member states and enables the Union to make full use of the means at its disposal."³⁷ As an "additional instrument", a JA would be part of an overall Union strategy towards Ukraine in which both CFSP and traditional Community measures would play a role. Commission strategists have recommended that by political and diplomatic means a JA should aim to: strengthen Ukrainian independence, sovereignty and territorial integrity; consolidate democracy and civil society; contribute to further improvements in Ukrainian-Russian

³⁴ *Agence Europe*, 3 November 1994, pp. 3-4.

³⁵ These are: i) observer missions at elections in the Russian Federation; ii) help with the transition process in South Africa; iii) support for the Middle East peace process; iv) humanitarian aid for Bosnia and the administration of Mostar; and v) the Stability Pact.

³⁶ April 1994 Foreign Ministers meeting in Luxembourg. Also, the European Council summit of 24-25 June 1994 in Corfu.

³⁷ *Europe Information Service, Dossier Euro-East*, 18 October 1993, No. 15, p. 6.

relations; etc.³⁸

It is significant, however, that although the TEU sets the procedures for adopting JAs, it allows flexibility as to their substance. Thus, JAs may be both complex and extended policies (as suggested above) or limited operations in both time or scope. So, in the case of Ukraine, it has been suggested that a JA could also focus on dealing with the limited (but extremely important) issue of the Chernobyl nuclear power station. The suggestion was that the Union should contribute to the resolution of Ukraine's chronic energy crisis by helping with the construction of new nuclear plants on the condition that Chernobyl, which was widely acknowledged to be unsafe, be closed down.³⁹

This ability of JAs to concentrate on long-term goals or on short-term priorities may be important in the case of Ukraine. Despite recent reform initiatives, there is still a danger that Ukraine's immediate problems could so weaken social and national cohesion that longer-term projects (such as TACIS⁴⁰ and the PCA) could be wasted. Given the need to devote special attention to short-term priorities, it may be argued that, at least in the case of Ukraine, a JA should concentrate on limited and particular sets of urgent problems. Furthermore, it will almost certainly will be easier to get agreement among the Twelve, if it is clear that the proposed JA is limited in scope and addresses a pressing issue, the resolution of which is demonstrably and immediately in the common European interest.

This latter point illustrates, however, a persistent weakness in the CFSP. It is clear that the CFSP represents not so much a policy or a strategy as a process and a procedure. Political will is required to use the procedure — and that has frequently been lacking. Despite negotiations and discussion papers, the Union has found it difficult to find agreement

³⁸ Communication from the Commission to the Council, "EU-Ukraine: Options for Enhanced Co-operation and Assistance", 29 April 1994, pp. 2-3.

³⁹ *Agence Europe*, 28 April 1994, pp. 5-6. Also speech by Sir Leon Brittan QC to the Ukrainian Academy of Sciences, Kiev, 6 May 1994.

⁴⁰ Since 1991, Ukraine has benefited from the Union's "Technical Assistance to the CIS" (TACIS) assistance programme. TACIS provides know-how transfer and assistance with long-term restructuring.

among the member states and to implement quickly its new competences. In the case of JAs it has often set itself minimalist goals. Furthermore, although the CFSP is meant to be "common", the policy is in fact negotiated among member governments which may act together on some issues, but separately on others. This makes consistency, coherence and, above all, quick responses difficult to achieve, and will in future limit the effectiveness of the CFSP vis-à-vis Ukraine.

Since December 1991, the EC/EU prosecuted its relations with independent Ukraine primarily by means of technical assistance, bilateral aid programmes and occasional, reactive declarations in support of Ukrainian territorial integrity and independence. This pattern of activity has not changed radically since the introduction of CFSP.

5. Conclusion: Implications and Policy Options

Despite the limitations of the CFSP, Ukraine's strategic importance to the interests of the EU and its member states suggests that the Union should be proactive in its relationship with Ukraine. Thus, the Union can use traditional Community competences ("pillar one") and, given political will, the new CFSP procedures to have a positive effect on Ukraine's internal and external security and thus to work towards the goals set out for the CFSP in §J.1 of the TEU.

The immediate goal must be to promote stability within Ukraine. One of the most encouraging developments associated with the Kuchma presidency has been a willingness in Kiev to accept that the most immediate threats to stability are endogenous. In particular, the success or failure of the current economic reform programme will probably decide Ukraine's fate and thus possibly the balance of peace and stability throughout the wider region. It follows that, for the Union, the encouragement of Ukraine's political and economic reform programme should be a priority.

Such encouragement can be realised by various means. In addition to programmes of technical assistance such as TACIS, the Union can establish political contacts. These are important as a means of establishing a strong political relationship with reformers at a

central level. Such contacts can be used to plead the case for reform and to lend support to those, such as President Kuchma, who have openly espoused it. Visits by the Troika at Foreign Minister or other appropriate level may be effective; contact could be institutionalised at the level of Political Director or above (in anticipation of the relevant provisions in the PCA). On a regional level, contacts with regional councils and officials may also encourage reform by providing information on democracy and the working of the market economy.

To help with Ukraine's economic reform, the Union could encourage contacts with the relevant departments of the Ukrainian government, provide advisers and facilitate training for Ukrainian officials in EU member states. Most importantly, however, Ukraine requires effective financial help, especially balance-of-payments assistance in order to minimise the social and economic strains that will inevitably accompany reform. A major goal of the CFSP must therefore be to achieve agreement among the member states on the nature, extent and duration of the Union's financial assistance. Moreover, assistance needs to be coordinated with the wider international community, especially the US, Japan and Russia. Since Russia remains Ukraine's most important creditor, the Union could join the US in urging Russia to provide favourable terms for debt repayment.

Despite its limitations, the CFSP also enhances the Union's ability to positively affect Ukraine's security environment. Obviously, the most important factor is Ukraine's relationship with Russia. Here the Union can promote good bilateral relations, for example, by diplomatic missions or — as a part of a possible JA — by offering to mediate in areas of dispute. It can also reaffirm the territorial integrity of the republic. Undoubtedly, however, the best way to reinforce Ukraine's security is by promoting continued reform within Russia itself. For this reason, the Union should promote the same contacts and pursue in equal measure the same reform objectives in both countries. The growth of the institutions of democracy and a market economy in Russia are a vital component of Ukraine's national security.

Further, the Union can also improve Ukraine's security by ensuring that it is not in future

abandoned to exclusive Russian influence or control. Few in the West would disagree with the contention that Ukraine lies within Russia's natural sphere of interest and that Russia has an enduring and legitimate concern about Ukraine's future development. For this reason, there is currently no discussion of Ukrainian membership of Western security organisations from which Russia remains effectively excluded; membership would be seen as a provocative move by Moscow. Thus, for the foreseeable future, Russia will remain the dominant force on Ukraine's political, economic and security horizon. Nevertheless, the Union can build on existing political, economic and institutional networks and thus cumulatively improve its contacts with Ukraine. Such networks could help prevent Ukraine returning to exclusive Russian domination, and, if Brzezinski is correct, would also prevent Moscow from returning to its past imperialist and expansionist habits.

Linked with this, the Union may contribute to Ukraine's security by encouraging its integration into other global and pan-European institutions. While membership of the EU/WEU or NATO seems unlikely (and arguably undesirable, as it would alienate Russia), Ukraine can be encouraged to establish more intensive dialogue and cooperation with these organisations and to become a full member of others. Thus, support could be given for Ukraine's accession to the World Trade Organisation and to the Council of Europe. Assistance could be given in its participation in UN or OSCE activities such as peace-keeping. The Union can also encourage Ukraine's active participation in the Stability Pact.

Ukraine plays a pivotal role in the future of Eastern Europe. If it makes a successful transition from its Soviet past, it will be a significant factor of regional stability and will encourage all those neighbouring states that have embarked upon reform. Conversely, if Ukraine slips backwards, falls into instability or comes into conflict with its larger northern neighbour, the impact on regional and Western security and thus on global stability would be enormous.

At least in theory, the competences which the Union currently has under the CFSP improve the EU's ability to meet these challenges. However, the complications of the CFSP procedures and the evidence of events since its introduction indicate that the Union cannot

yet be sure of an ability to react quickly and coherently to crisis situations. Unfortunately, Ukraine's internal situation remains volatile and its external environment occasionally threatening. If only for this reason, it is in the interests of the Union and its member states to give further consideration to the goals and mechanisms of its existing "common" policy. Thus, the decisions of the 1996 Intergovernmental Conference will be important not only for the Union's institutional structure; they may also be relevant to Ukraine's future stability.

