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Russia and Eurasia Summary

Ukraine after the Elections

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This is a summary of an event held at Chatham House on 3 December 2012. A roundtable of experts discussed the political situation in Ukraine following the parliamentary elections of October 2012.

IMPACT ON INTERNAL SITUATION

Ukraine remains a democracy in the making – an arena of democratic contestation through which opposition forces periodically challenge incumbents. Four sub-arenas are particularly important: the electoral arena, the legislature, civil society and the media. Incumbents' authoritarian control over politics and society should not be exaggerated, as current scenarios for Ukraine's political development have proven more dynamic and optimistic than initially predicted.

The 2012 parliamentary elections were flawed. The popular vote was heavily tilted in favour of incumbent President Viktor Yanukovich's Party of Regions. The abuse of governmental resources, the party's dominance of media coverage and the jailing of two prominent opposition leaders dented the election's credibility. It is estimated that despite electoral protocols, some 40,000 votes were either falsified or ignored – a development anticipated by Ukrainian intellectuals. In the period leading up to October 2012 several employers made it known that if employees failed to vote for the Party of Regions, their jobs were at risk. According to public opinion polls in early October 2012 only 9 per cent of Ukrainians felt that the upcoming elections would be free and fair. 40 per cent of respondents felt that the parliamentary elections would not produce any important changes in Ukraine's political landscape.

In the period leading up to October 2012 changes in oligarchic groups' control of the national media reflected changes in the overall political balance of power. In early September, the parties of the opposition were receiving more favourable coverage in print and TV media compared to the Party of Regions. By mid-September however, the balance in the Firtash-Yanukovich nexus shifted. In early October the coverage of the Party of Regions increased and by the end of that month, television coverage was balanced for the first time. Unlike the print and TV media however, the information available on the Internet remained objective throughout the presidential campaign. That the electronic media landscape escapes Yanukovich's control should not be underestimated as it prevents consolidation of full-scale authoritarianism. Uncensored media create a playing field for the opposition to project its own positions and challenge incumbents.

The re-emergence of a strong opposition has been the most important outcome of the elections as the Party of Regions failed to secure a stable two-thirds majority in parliament. Such a majority seems even more difficult to assemble, as Ukraine is heading towards constitutional changes that would give parliament the power to elect its own president. The votes of the 43 independent MPs remain contested. Yanukovich lost substantial support in the Kiev oblast, while the parties of the opposition, put together, gained more votes than the Party of Regions. Voting behaviour has also changed; voters are no longer exclusively split along the east-west divide. Voter turnout remained low.

Domestic stability and economic performance remain contingent upon Ukraine's foreign policy choices. Yanukovich cannot be re-elected in 2015 unless he demonstrates a genuine commitment to engage with the European Union, offering full political backing to the EU-Ukraine comprehensive trade agreement. According to the EU, however, the agreement will not be signed until Ukraine has demonstrated its commitment to European standards, set out in the document.

The two leading parties of the opposition, *Udar* and *Svoboda*, embody a promise for political change. *Udar's* popularity has increased as voters have turned towards the middle parties to bring about decisive political change. The party also has a moderate political leadership as well as the potential to embody national values, in a period during which other parties have become increasingly populist. Issues of language legislation remain at the top of the agenda.

This is the first time that the nationalist *Svoboda* party will be represented in the national parliament as it gained 41 seats. Although it is still early to determine whether the party's representation in parliament will have any effect on Jewish life in Ukraine, its electoral success is expected to have an impact on political developments. *Svoboda* leaders could represent the only credible alternative to Yanukovich in the second round of the presidential elections. The party's potential to unite the oppositional elites will, to a great extent, determine the post-electoral political landscape. That said, *Svoboda* is already performing to its maximum potential. The support it received was not strong and it is likely to remain so as *Svoboda* fails to shape a coherent ideological programme.

However, it should be emphasized that the opposition remains unpredictable. The opposition movement mainly consists of business groups that seek to enter parliament in order to isolate their interests from the rule of law. The

institutionalization of the opposition movement remains vital if it is to successfully manage and productively channel the anger in society. Checks and balances and counterbalancing trends remain absent from the social and political landscape.

Civic activism in Ukraine has not declined. Society is not so passive and it is evident that the middle classes embody the promise of a more prosperous and democratic future.

UKRAINE AND THE UNITED STATES

Resolution 466 of the US Senate raised the possibility of sanctions against officials who may have been involved in jailing opposition activists or rigging elections (similar to the Magnitsky Act). Is such legislation necessary? Vice President Joe Biden has recently telephoned Viktor Yanukovich, indicating a higher level of interest in Ukraine though it is still relatively low level. Some want to increase the US influence on energy issues and in Ukraine generally. Can the United States play a significant role in Ukraine?

The first speaker opened by pointing out that Ukraine has rarely been a strong US priority. Relations warmed after Ukraine signed the nuclear non-proliferation treaty; Kyiv was a large recipient of US foreign assistance. A Ukraine-NATO action plan was signed, but no security guarantees were provided. However, in Ukraine's media there was a campaign against NATO. Still, President Leonid Kuchma saw NATO as a way of balancing against Russia. The relationship entered a new phase after the Orange Revolution – Ukraine's progress towards NATO membership was considered irreversible and there was broad support for Viktor Yushchenko in the US Congress. When Yushchenko's failure set the stage for Yanukovich's election, the United States kept the faith in Ukraine's progress; some felt Yanukovich would be no worse than Kuchma, and would aim to operate a multi-vector foreign policy. The post-election developments led to a regression in Ukraine-US relations. At the same time, the United States has decided to shift its focus to Asia, thus paying less attention to Eastern Europe. It has become more difficult for the Ukrainian government to get the attention of Washington policy-makers and the Ukraine lobby in the United States is dwindling. Obama does not see Europe as central, although he does recognize its importance. Even though Barack Obama's presidency is transitory, the global shift of attention to Asia affects Ukraine.

The second speaker argued that Ukraine feels increasingly abandoned and it may try to move closer to the Russian and Belarusian political model. It was

hoped that there would be a renaissance in the relations with the West, but this has so far been prevented by Ukraine's own failings, the EU's problems and US strategic disinterest. Obama's re-election means that Ukraine has lost its status as a secondary priority and is becoming a tertiary one (unless there is a crisis). The whole of the Central and Eastern European region has taken a back seat, not just Ukraine. Washington has discarded its intention to enlarge NATO. Obama's approach is likely to remain subtle, unless Yanukovich does something really outrageous. This gives Russia more flexibility; there is little interest in strengthening the mutual relationship from either Kyiv or Washington. Common values and interests are evaporating, and strategic interests have diverged from the Euro-Atlantic path. The relationship with Ukraine is not an irritant though (as it is with Moscow). America would prefer Ukraine to be in the European camp, even if it is under a Russian umbrella as well. Some in the United States support the ratification of the EU Association Agreement. The fact that NATO membership is not on the cards may encourage Moscow to be more assertive towards Kyiv. Ukraine needs to reset its relationship with NATO, else it sends wrong signals to Washington and Moscow.

A participant noted that US interest in Russia has dropped too. Once Yanukovich realized that his government had miscalculated the relationship with the United States, his team tried to repair relations via back channels but they were rebuffed. Yanukovich is probably less interested in the connection today and Ukraine is not willing to take the steps necessary for closer ties with the United States anyway. The problem with NATO membership for Ukraine was not Russia, it was Ukraine. However, the possibility of a Membership Action Plan for Ukraine made important discussions with Russia more difficult – Russia was more concerned about Ukraine than about Georgia. Neutrality strengthens Russia's hand. In order to get more popular support for NATO membership in Ukraine, the issue should be marketed better. At the same time, 85 per cent of Georgians were in favour of joining NATO and Georgia was still refused.

It was noted that leadership change is often seen as a panacea for solving problems; there is a lot of nostalgia for Kuchma's first term. Ukraine still has a long way to slide back and it provides opportunities, not just problems. However, there is nothing to stop its slide at the moment; the country needs a significantly stronger rule of law to attract foreign investment. Economic relations with the United States were never very deep. It was also noted that marginal voices – e.g. lobbyists, PR companies – tend to be louder in a

dysfunctional relationship. Still, lobbying works only if one has a product to sell, and that is not the case with Ukraine at the moment.

UKRAINE AND THE EU

The electoral falsification and human rights' abuse have affected Ukraine's relationship with the West and the EU, where concerns about democracy under President Yanukovich are growing. Key EU member states remain sceptical and emphasize that without progress on the reform agenda, they are unlikely to ratify the Association Accord.

Ukraine's European perspective has lost momentum, as EU member states remain divided over the Association Agreement. Ratification of an agreement whose concepts will never be respected by one of the concluding parties, will negatively impact on Europe's normative agenda. The Nordic countries oppose the signing, while Germany and the United Kingdom have not yet adopted formal positions on the issue. Poland's support for Ukraine's European perspective is also waning, as the Poles' Ukrainian strategy has been primarily guided by the need to keep Ukraine out of Russian influence. As the ratification of the Association Accord will need the approval of all member states' national parliaments, Ukrainian ambassadors across the EU need to work to convince EU governments of their commitment to Europe.

Elite and public support is also waning. There is a pervasive sense of EU fatigue in the country. This stems from the vague nature of the EU membership perspective. Europe's 'placebo policies' have failed to provide the EU with sufficient leverage over Ukrainian politics. A political impasse has been reached as Ukraine has been repeatedly used as a mirror to test Europe's own power of attraction. At the same time however, the Ukrainian authorities try hard to gain legitimacy by persuading the EU of their respect for the rule of law and genuine commitment to free and fair electoral procedures. The conditionality aspects of the Association Agreement need to be respected. The position of the Ukrainian government over EU integration has changed several times over the past few months. State officials argue that an Association Agreement can increase Ukraine's negotiating leverage vis-à-vis Russia. Although the opposition parties support Ukraine's European integration, they nonetheless oppose the signing of the agreement, which they suggest should be postponed until 2015. Nonetheless, Ukraine's civil society remains strongly pro-European.

While European influence over Ukraine's domestic politics is waning, Russia is overplaying its hand through the Eurasian Customs Union (ECU). President

Putin has promised the Ukrainian authorities \$8 billion in energy subsidies if Ukraine were to join the ECU. Russia is trying to increase its political leverage, using the pro-Russian segments of society as a means for asserting influence. EU member states should continue their active interest in Ukraine's integration and Ukraine's existing privileges need to be maintained. Ukraine's membership in the OSCE and the Council of Europe creates contractual and normative obligations for the country and helps to keep Ukraine in the path for democratisation.

Ukraine's foreign policy remains opaque as both Russia and the EU attempt to expand their influence over the country. Ukraine lacks international partnerships that would enable its leadership to promote national priorities in international fora. However, domestic stability ensures that Ukraine maintains some leverage over Russia as well. The equilibrium of political power in Ukraine is maintained by the balancing role of the Ukrainian president who attempts to keep the oligarchs happy by rent-sharing. This is becoming increasingly difficult as economic performance is deteriorating and the country's 'oligopolistic' economy is shrinking. Clan politics can, to a large extent, explain shifts in Ukraine's foreign policy as the 'family' and the oligarchs shift their arena of competition to the international scene. Constructive change remains unlikely.

UKRAINE AND RUSSIA

In recent years, Russian political leverage over Ukraine has waned because of the absence of strong pro-Russian parties that could convince the Ukrainian government to pursue pro-Russian policies. Even at a cultural and civic level, Russia is unable to maintain its influence. The Russian leadership tries to compensate for this through increased assertiveness. Bringing Ukraine into the ECU is an important task for Putin. The supply of energy subsidies is the most important leverage Russia possesses for exercising influence. Gazprom can still afford to provide Ukraine with cheaper gas but the realities of the energy market will soon need to be taken into account. The global natural gas market will continue to be a buyer's one. Constructing and sustaining new pipelines is expensive, but Russia is not really interested in whether new pipeline projects are viable or not.

However, providing Ukraine with increased energy subsidies is not an easy task for Putin, as this will generate domestic tensions. Russian nationalists are likely to bring extreme pressure to bear upon the Putin regime if Russia 'finances' Ukraine's accession into the ECU – even for geopolitical gains.

Russia needs to be selective in its foreign investments as it is no longer in a position to pay the financial costs of the Empire. However, it has learnt the wrong lessons from the Orange Revolution and it is unlikely that its leverage over Ukrainian domestic politics will increase.

At this moment, Putin cannot re-orient the domestic political campaign so that his foreign policy can make him a 'hero' again. Scoring points on the Ukrainian front cannot divert peoples' attention from what is happening domestically. Public opinion polls suggest that since last August Putin has been held personally responsible for the deterioration of human rights and failures in both domestic and foreign policy. His anti-corruption campaign has been unable to increase the government's popularity, as anti-corruption arrests are targeting some of the people Putin himself has appointed.

Nonetheless, Putin does not yet feel that Russia is losing Europe as most of its bilateral relations are funded on pragmatic, trade-based grounds. At the same time, by offering Cyprus a financial bailout in 2012, well before the recent Cyprus crisis in March 2013, Russia ensured that any potential EU-Ukrainian agreement would not be ratified by the Cypriot parliament. The Kremlin is indeed getting weaker, but it will not surrender without a fight.

The Canadian government's decisive engagement with Ukraine continues. Canadian doctors have assessed Timoshenko's health, while the Canadian government created a 500-member electoral commission to observe the 2012 parliamentary elections. Direct bilateral negotiations and increased Canadian investment in support of NGOs and civil society organizations will continue, despite budgetary constraints. The Canadian government will also negotiate a free visa agreement for Ukrainian nationals.

Ukraine's 2013 chairmanship of the Organization for Security and Cooperation in Europe presents Kyiv with a major opportunity to demonstrate its commitment to cooperation with the West and to the protection of human rights. It was correct to offer the organization's chairmanship to Ukraine, as this was an expression of the West's support for civil society. The number of active NGOs in Ukraine is growing and so is the number of people who belong to political organizations. This should be applauded. Maintaining contacts with Ukraine will be an important task over the coming period. The EU and Western parliaments should maintain contacts with Ukrainian Deputies in order to promote cooperation. Western governments should make the best out of a bad situation and turn it into an opportunity to bring Ukraine back on the democratic track.