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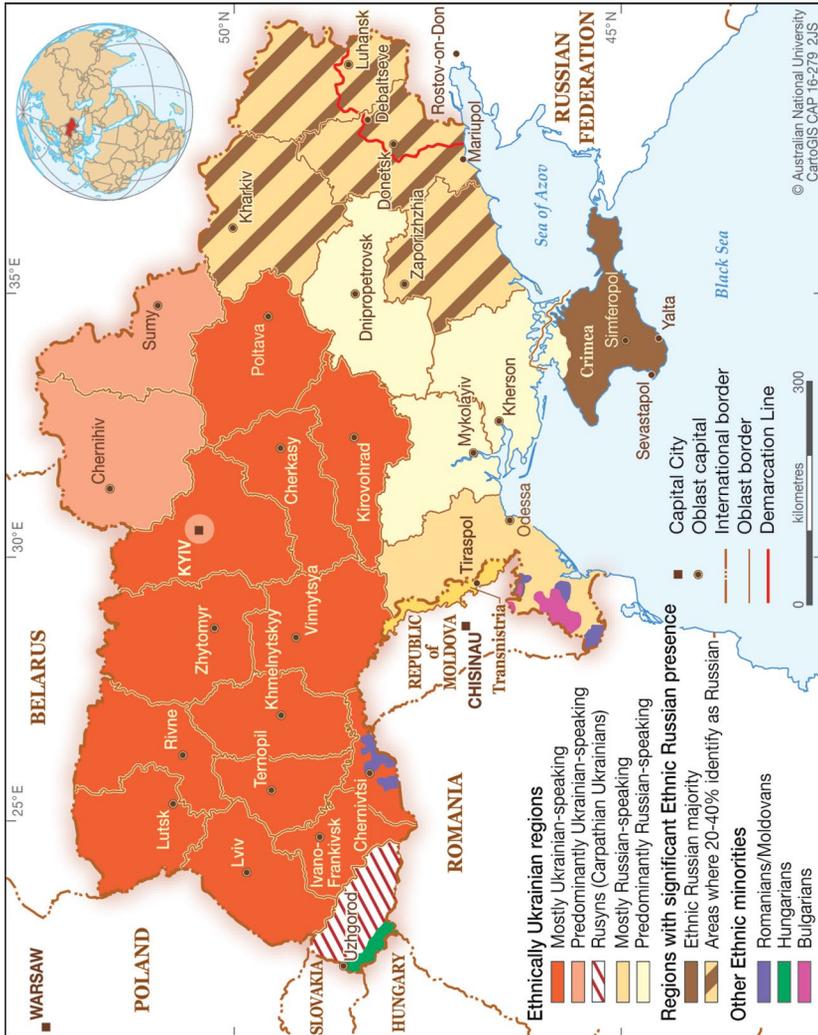
Ukraine: A sharp turn eastwards?¹

The victory of the pro-Russian candidate Viktor Yanukovich in the recent Ukrainian presidential elections elicited curiously little concern in the West. Senior Western figures, from President Barack Obama down, were quick to offer their congratulations. NATO and EU representatives expressed confidence that they would work together with the new president to build on the strong cooperation that already exists. And the markets reacted favourably.²

In Moscow the reaction was euphoric, but discreetly so. After then President Vladimir Putin's counterproductive intervention in the 2004 election that helped trigger the Orange Revolution, Russian leaders were especially careful not to call the race until others had done so. They had been studiously neutral before the first round, except towards outgoing President Viktor Yushchenko, who by then was so low in the opinion polls as to present little danger to them. And, during the run-off campaign between Yanukovich and Prime Minister Yulia Tymoshenko, they maintained their decorum. Tymoshenko had herself tilted towards Moscow in the months leading up to the poll and, from Moscow's point of view, either candidate would represent improvement. But it was clear that Yanukovich's ultimate success was very welcome.

1 First published in *ANU Centre for European Studies Briefing Paper Series*, vol. 1, no. 1 (May 2010), politicsir.cass.anu.edu.au/sites/politicsir.anu.edu.au/files/documents/2010-1_A-Sharp-Turn-Eastwards-Besemeres.pdf.

2 'Ukraina razvernulas' reitingom vverkh', *Kommersant*, 15 Mar. 2010.



Map 2: Ethno-linguistic map of Ukraine.

Source: CartoGIS, College of Asia and the Pacific, The Australian National University.

Some commentators have suggested that the outcome will not greatly affect the Russian–Ukrainian relationship one way or the other.³ And Western leaders are saying that they look forward to full cooperation with the new president, implying that that is their

3 See, for example, the appraisal by the experienced Ukraine observer Adrian Karatnycky, ‘Reintroducing Viktor Yanukovych’, Atlantic Council, 8 Feb. 2010, www.acus.org.

judgement also. The fact that the new president travelled to Brussels ahead of his first trip to Moscow has been widely cited as confirmation of his declarations that he will seek to have equally good relations with Russia, the European Union and the United States. But he has said very different things to his East Ukrainian constituents and Moscow interlocutors.

Why did the Orange Revolution fail? Why has its defeat evoked so little dismay in the West? And is it true that Yanukovich will not change Ukraine's strategic direction?

'Ukraine fatigue'

By the end of the Orange period, there was considerable impatience with Ukraine in most Western capitals; a sentiment often referred to, including by officials, as 'Ukraine fatigue'.⁴ It must be acknowledged that the Orange forces had done themselves few favours. From the outset, their two leaders, Yushchenko and Tymoshenko, were at loggerheads. Within months of the Orange Revolution, Yushchenko seemed to find more in common with Yanukovich and his Party of Regions than with Tymoshenko, the crowd-stirring heroine of the Orange events. Having appointed her as prime minister, he dismissed her again within a year. Tymoshenko had adopted populist policies that Yushchenko, the former central banker, rightly feared would be disastrous. But there was also an element of jealous rivalry that grew as time passed until, in his last months in office, Yushchenko seemed to be expending much if not most of his remaining capital on ensuring that their erstwhile common adversary Yanukovich would win the presidency.

In the run-off campaign in 2010, Yushchenko called on all his supporters to vote against both the run-off candidates (which the ballot papers facilitated). Over a million did so, more than Yanukovich's winning margin. And many voters in Orange strongholds stayed at home. It's plausible to argue that Yushchenko's campaign against Tymoshenko made the crucial difference. When Yanukovich used a coalition he had cobbled together in the fractious Ukrainian parliament to move

4 See 'Curing "Ukraine fatigue"', by former US ambassador to Kyiv, Steven Pifer, in *New York Times*, 9 Feb. 2010.

the goalposts by revising the electoral laws three days before the poll, Yushchenko signed the bill with indecent alacrity. Earlier there had been not entirely implausible suggestions that Yushchenko had done a deal with Yanukovych⁵ to support him in the run-off, in exchange, it was claimed, for high office for Yushchenko himself and for some of his followers after Yanukovych's victory.

Yushchenko's actions can be explained partly by his reservations about Tymoshenko's at times populist and economically irresponsible policies as prime minister. But Yushchenko has himself been inclined to populism and, in the last phase of his presidency in particular, he pursued divisive, nationalist policies on sensitive issues relating to language and recent history. It can be argued it was reasonable for him to push the question of Stalin's possibly genocidal intent in instigating the Ukrainian famine of the early 1930s that killed millions (the order of magnitude as well as the precise motives remain disputed); to try to advance the cause of Ukrainian as the national language (it had long been discriminated against by rulers from Moscow); and perhaps also to push for some re-evaluation of the role of the Ukrainian nationalist groups involved in the bloody events of the 1930s, and 1940s in western Ukraine and prewar Eastern Poland.⁶ But the way Yushchenko went about these objectives was divisive and, ultimately, self-defeating.

His decree in the dying days of his, by then, deeply unpopular presidency proclaiming the western Ukrainian nationalist leader Stepan Bandera a Hero of Ukraine was a case in point. Militias associated with Bandera (who was then in German detention) had been involved in massacres of civilians during World War II. While Bandera's personal responsibility for these events is disputed, he is viewed with great hostility in much of Russian-speaking Ukraine.⁷ The main short-term effect of the award was to damage Ukraine's international standing in influential quarters and to stir bitter controversy within Ukraine itself.

5 See, for example, Taras Kuzio, 'Yushchenko and Yanukovych forge an electoral alliance', *Jamestown Foundation Eurasia Daily Monitor*, 5 Jan. 2010.

6 On these developments, see Orest Subtelny, *Ukraine: A history* (Toronto, 1988), chpts 22–23; Timothy Snyder, 'The causes of Ukrainian–Polish ethnic cleansing 1943', *Past and Present*, vol. 179, no. 1 (May 2003): 197–234.

7 For a more sympathetic view of Bandera's career and context, see Andriy Semotiuk, 'The Stepan Bandera quandary', www.kyivpost.com/news/opinion/op_ed/detail/64386. See also, on Yushchenko's approach to the Bandera issue, Snyder's *New York Review of Books* blog article at blogs.nybooks.com/post/409476895/a-fascist-hero-in-democratic-Kyiv.

The European Parliament passed a resolution in which it condemned Yushchenko's decree.⁸ And steps were quickly undertaken in the Yanukovich camp to reverse it.

While Yushchenko may have done more to launch their feud, Tymoshenko responded in kind, at times herself cooperating with Yanukovich to frustrate the President. Her populism reached its apogee during 2009 when her failure as prime minister to meet the terms of an International Monetary Fund (IMF) bailout led to its suspension. During that same period, she also made a lurch towards Moscow, at one point negotiating for a US\$5 billion loan. The talks fell through, but she gave ammunition to Yushchenko's attempts to discredit her as a stooge of Putin.

Tymoshenko can certainly claim extenuating circumstances. Ukraine was in diabolical trouble as a result of the global financial crisis: its economy shrank in 2009 by 15 per cent. Any prime minister in her place would have been desperate to get money anywhere and have felt tempted to keep turbulent voters happy by maintaining unaffordable social security handouts – any prime minister, and particularly one who was a frontrunner in a forthcoming presidential election. But during all this she, like Yushchenko, sorely tested the patience of her Western partners and creditors. In their prompt endorsement of Yanukovich's narrow win (despite his notorious track record), one sensed not only a desire to affirm promptly their recognition of an election result deemed basically fair by the many international observers present,⁹ but also a wish to forestall or undercut the expected challenge to the result by the Tymoshenko campaign.

The Orange forces have been justifiably blamed by outside observers for the dismal state of the economy, and particularly for their populist resistance to the rigours being demanded of them by the IMF. But, despite its relatively modest resource endowment (nothing like Russia's), Ukraine's economic growth had outstripped that of its larger neighbour almost throughout the noughties.¹⁰ The nosedive in 2009

8 European Parliament P7_TA-PROV(2010)0035, 'Situation in Ukraine', 25 Feb. 2010.

9 See, for example, 'Ukraine: l'OSCE reconnaît la bonne tenue de l'élection', *Le Monde*, 8 Mar. 2010. The OSCE and Council of Europe expressed full support, as did key Western leaders, including EU High Representative for Foreign Affairs Catherine Ashton. Given the closeness of the result and the winner's track record, the speed and unanimity of the response was striking.

10 Andrew Wilson, *The Ukrainians: Unexpected nation*, 3rd edn (Yale University Press, 2009), p. 313.

was an extreme product of the global crisis, but not without parallels elsewhere, both west and east (Ireland, Latvia). Orange Ukraine was particularly at risk because of the rapid – and political – increase in the cost of its oil and gas imports from Russia, and the deep slump in the price of steel, its staple export. Even if one were to accept Russia's argument that its gas prices were merely being raised to market levels (although other customers have been paying much less, especially former Soviet republics), the hikes were abrupt and particularly hard on Ukraine, whose economy is heavily gas-dependent. In brief, the Orange forces were a bit unlucky to be caught when the music stopped.

Western governments and creditors have been hoping that, if Yanukovych takes over decisively, pursuing consistently the stability he has proclaimed as his prime objective, the basket case may start to recover, requiring less external attention and largesse. And gas deliveries to Western Europe should continue, undisturbed by the gas wars that had become almost an annual event during the Orange ascendancy. Some Western commentators have suggested that the one essential and lasting legacy of the Orange forces is that they were themselves deposed by a free and fair election. Yanukovych's make-over as an EU-friendly democrat (substantially the work of his US public relations advisers)¹¹ encourages them to pronounce him a safe pair of hands for restoring rational governance, while – as they cautiously hope – carrying forward the democratic transformation of Ukraine.

Enlargement fatigue

More broadly, much of Western Europe feels that the reasonable limits of EU and NATO expansion have now been reached. The poor performance of some countries involved in the most recent large expansion of the European Union, in particular Romania and Bulgaria, has led to impatience and cynicism in Brussels. Hostility towards enlargement has seeped into many EU electorates as well, sometimes because of fears of uncontrolled immigration, some of which has come from or through Eastern Europe. The United States under President George W. Bush urged further expansion, in particular to

11 Yanukovych has had a number of make-overs in his career. See Konrad Schuller, 'Neuer Schnee auf altem Schmutz', *Frankfurter Allgemeine Zeitung*, 15 Feb. 2010.

NATO, and had support for this in a few European countries, but the predominant mood in Europe has become markedly more sceptical. And governments have become less inhibited about expressing their scepticism. Exceptions may ultimately be made for some small Western Balkan countries, largely for security reasons, but not quickly. The disruptions caused by the global crisis in core Europe have reinforced the mood, and the recent sharp economic downturns in the Baltic states and Hungary have added to it.

The fact that the troubles have now affected the long-term EU member Greece, and are threatening to spread to other existing members, does nothing for the status of supplicants further east. In the absence of any realistic prospects for eager would-be members like Georgia or Ukraine, the EU has offered various halfway houses. NATO is even warier – membership action plans for Ukraine and Georgia have been firmly deflected into the blue beyond.¹² The prospects for absorption of more members into Euro-Atlantic structures currently look bleak.

This broader scepticism about enlargement has contributed to the souring of attitudes towards Ukraine and the pro-Western Orange forces. Similar considerations apply to countries like Moldova and Georgia. Many Western Europeans see the Georgian war as a warning against further eastern entanglements. In that respect, Ukraine raises even more worrying possibilities than Georgia. Yanukovych's victory will offer reassurance that no alarming crises over the Russian Black Sea Fleet or similar Crimean issues are now likely to arise. In fact, not the least of Yanukovych's advantages is that, while he says he wants to join the European Union at some point, he may be less committed to it than he claims. And as for NATO, he has made it clear that he won't be seeking an entrance ticket.

There is in fact, since the Georgian war, a strengthening feeling in some key European governments that flirting with Kyiv or Tbilisi about possible NATO membership will damage relations with Russia, engagement with which should have priority.¹³ This kind of

12 See, for example, Andrew Wilson, 'Dealing with Yanukovych's Ukraine', *European Council on Foreign Relations Policy Memo*, Mar. 2010, p. 4.

13 As a former senior State Department official in the Clinton administration wrote recently, 'you don't have to go very far in Europe to hear whispers that some kind of new "Finlandization" might be a good compromise for countries like Ukraine and Georgia'. Ronald Asmus, 'Finlandization of Georgia and Ukraine', *Moscow Times*, 3 Mar. 2010.

thinking, together with domestic economic considerations, has led the French Government to negotiate to sell four advanced Mistral-class amphibious assault vessels to Russia. The prospective sale of these ships, of which a senior Russian military commander has said that having them in its armoury would have enabled Russia to deal with Georgia much more expeditiously, is causing acute alarm not only in Georgia but also in new NATO members located on the Baltic Sea.¹⁴ Meanwhile, a group of former senior German officials (including a defence minister) has called for Russia to be invited to join NATO.¹⁵

The United States, for its part, is keen to secure the support of Russia on issues of prior concern to the Obama administration like Iran, Afghanistan and nuclear disarmament, and does not wish to antagonise it unnecessarily. So, pressure from that quarter for enlargement is much diminished. And Ukrainian public opinion itself seems to be reciprocating. The West's growing scepticism towards them did not help the Orange forces domestically or in its pro-Western foreign policy aspirations. Support for NATO membership was always in the minority, something that Yushchenko's ineffective and divisive leadership may have accentuated. But public support for EU membership has also been declining and is for the moment a minority preference.¹⁶

Yanukovych's mandate

Some misplaced commentary about a stunning victory notwithstanding, Yanukovych's starting position seemed weak. He is the first Ukrainian president to have been elected with less than 50 per cent of the votes cast, and that in an election where turnout was well below 2004 levels. His total vote was down on last time by hundreds of thousands and his majority of 3.5 per cent was much less than had once seemed likely, given the impact of the GFC on the

14 Pavel Felgenhauer, 'France fears the loss of Mistral sale', *Eurasia Daily Monitor*, 4 Mar. 2010; J. Marone, 'Russia's interest in warships worrisome', *Kyiv Post*, 4 Mar. 2010, www.kyivpost.com/article/content/ukraine/russias-interest-in-warships-worrisome-61057.html.

15 Walter Mayr, 'Walking the thin line with Catherine Ashton', *Spiegel Online*, 8 Mar. 2010, www.spiegel.de/international/europe/european-union-foreign-policy-walking-the-thin-line-with-catherine-ashton-a-682339.html.

16 A survey by the European Council on Foreign Relations showed only 34 per cent of Ukrainians supporting EU membership in 2009. See Alina Inayeh, 'Ukraine and the EU: A family portrait', The German Marshall Fund of the United States *Focus on Ukraine*, 27 Jan. 2010, www.gmfus.org/publications/ukraine-and-eu-family-portrait.

economy. Tymoshenko was evidently gaining on him. In her, he has a determined opponent, who has promised to fight him at every turn. Moreover, the powers of the presidency had been reduced by the constitutional deal that accompanied the Orange victory¹⁷ – and which, in large measure, led to the unproductive internecine political struggles of the Orange period.

Yanukovich's win is, in any case, the proverbial poisoned chalice. While the economy is showing signs of stabilising after its freefall, there is a long way to go, and he will have to meet some tough (though very different) demands from the IMF and Moscow if he is to get the help he will need to overcome the crisis. The necessary measures will be hard to get through the fractious parliament, and politically damaging to anyone attempting to implement them.

More generally, any Ukrainian leader has to reckon with the tribal divisions in Ukrainian society and politics. Voting patterns in this election were as regionally divided as ever, with Yanukovich winning big in the Russophone east and south, and Tymoshenko easily carrying the Ukrainian-speaking west and centre, winning 17 of Ukraine's 27 administrative regions. Yanukovich also has to keep sweet the strongly pro-Moscow Communist Party within his coalition (this is essential to his majority), while continuing to balance the various clans and more and less Russophile factions within his Party of Regions.

What can we expect from a Yanukovich presidency?

The early portents suggest that Yanukovich will consolidate his authority by liberal use of what in Moscow is called 'political technology'. After changing the electoral laws just before the run-off in his own favour, he then used his improvised majority to have himself and his chosen government confirmed by essentially that

17 See Wilson, *The Ukrainians*, pp. 320–21, for domestic aspects of the compromise; International Centre for Policy Studies, 'Yanukovich uncovered', *Inside Ukraine* [special issue], Feb. 2010, pp. 8–9, for the foreign policy aspects.

same majority, in a way that was widely seen as unconstitutional.¹⁸ The tainted majority – achieved by seducing defectors away from other parties by alleged bribery¹⁹ – was also used to postpone inconvenient local elections that were scheduled for May. And the new ministers and presidential administration staff whom he has put in place offer little encouragement to those who expected him to make concessions to the strong opposition forces in parliament.²⁰

The opposition appealed to the Constitutional Court against the way in which the new government was formed. To no one's great surprise, the court rapidly reached the conclusion that the new government's formation was in keeping with the constitution, despite having previously ruled against allowing single deputies to defect to form a government. Tymoshenko had claimed that Yanukovych was exerting heavy pressure against the court. If so, he would not have been the first president to do so. Similarly, this is not the first time that the court has seemingly capitulated to political pressure.²¹

Many have expected Yanukovych to be a president like Leonid Kuchma (president from 1994 to 2004). Kuchma won the presidency by campaigning 'from the east', but then made elaborate efforts to rule from the centre, including by making efforts to improve his Ukrainian.

The curious thing is that all three of the current protagonists are actually easterners by birth and upbringing. Yushchenko came from the east but, after studying in western Ukraine, was bitten by the nationalist bug, acquired good Ukrainian and later used it and advanced it officially wherever possible. Tymoshenko comes from

18 The 2004 constitutional compromise included provision for an 'imperative mandate' prescribing that parliamentary deputies who left the party on whose proportional representation ticket they had been elected would cease to serve. This was meant to prevent the kind of cross-recruitment that had been taking place up to then, often with a strong hint of corrupt inducements. This was the provision that Yanukovych almost certainly breached in putting together his coalition just before and after the presidential run-off. For a discussion see Andreas Umland, "'Tushki" and the decline of Ukrainian representative democracy', *Kyiv Post*, 24 Mar. 2010, www.kyivpost.com/article/opinion/op-ed/tushki-and-the-decline-of-ukraines-representative-62429.html.

19 The leader of the People's Self-Defence party, Yuriy Lutsenko, one of the more honest of the Orange politicians, described the process as one of 'buying deputies both wholesale and retail': 'Lutsenko o koalitsii: Pokupka deputatov optom i v rozniitsu"', glavred.info/print/news/274642.prn (accessed April 2010, article no longer available).

20 See the section 'Towards a Donetsk "power vertical"?' below.

21 Taras Kuzio, 'Judges mock justice with their useless or corrupt rulings', *Kyiv Post*, 8 Apr. 2010, www.kyivpost.com/article/opinion/op-ed/judges-mock-justice-with-their-useless-or-corrupt-63477.html.

Russophone Dnepropetrovsk (the home base of Leonid Brezhnev's leadership clique) but she, too, earnestly enhanced her Ukrainian and uses it widely. This was a winning card for her in the Orange events, and has helped moor her main base in the centre and west, despite her periodic conciliation of Moscow.

By contrast, Yanukovych is an Easterner in sentiment, style and language. Many Ukrainians of Russian heritage in the east see themselves as both Russian and Ukrainian and perceive no difficulty in doing so. A minority identify simply as Russians. It would not be politically wise for Ukrainian politicians of national ambitions to present themselves as Russian in this latter sense, and Yanukovych of course does not. He has made some efforts to improve his Ukrainian, but orally challenged in general, he seems not to relish speaking it. He has little rapport with the over 20 million who prefer to speak Ukrainian, many of them militant nationalists in the western provinces. He appears comfortable in the company of his Russian counterpart, Dmitry Medvedev, and certainly will be much more at home in Moscow than in Brussels or Washington. He may even feel more comfortable in his native Donetsk than in Kyiv, where Western sentiment and the Ukrainian language have made some inroads since Soviet times, when Russian was dominant both officially and unofficially.

Yanukovych has been presenting himself as a competent pragmatist, who is not Moscow's man but, rather, a European who wants to have good relations with Moscow and the West alike. He says he will put an end to the political squabbling, ineffective economic management and corruption that have cost the average voter so dearly. In his inauguration speech on 25 February, Yanukovych lamented the present state of the nation and the dismal economic outlook. He promised reform of governance with a cabinet of professionals, working transparently in tandem with the president. On foreign policy he pledged neutrality, and said he would seek the best and most advantageous relationships equally with Russia, the European Union and the United States.²²

Consistent with this even-handed pitch, his first foreign trip was to Brussels on 1 March, four days before his first visit to Moscow, a fact that was widely commented on with satisfaction in the West. But, according to the liberal Moscow paper, *Kommersant*, already on 13 February,

22 Ol'ga Allenova, 'Viktor Yanukovich vzoidet na zapade', *Kommersant*, 26 Feb. 2010.

the head of the Russian Presidential Administration (and reportedly former KGB official), Sergey Naryshkin, had visited Yanukovich in Kyiv and spent six hours with him one on one, discussing matters of mutual and evidently urgent interest.²³ Naryshkin is a longstanding colleague of Prime Minister Putin and is seen by some as Putin's man in Medvedev's entourage.

Some of Yanukovich's other actions and pronouncements on the campaign trail and since the election have been less reassuring than his Brussels visit, where he certainly talked the EU talk (though he did not visit NATO). He said, for example, he would renegotiate the gas contract with Russia in a way that seemed likely to restore murky middlemen to the transactions, one of the murkiest of whom, Dmytro Firtash, is one of his key backers. Firtash's allies have now been appointed to high office. Yanukovich also said he would seek to create a consortium, including a one-third share for Gazprom, to run Ukraine's gas transit system. (It is a basic principle of Putin's 'energy diplomacy' that Gazprom should gain control of as much as possible of other key countries' oil and gas infrastructure.) Both of these Yanukovich policies were ones that Tymoshenko, to her credit, had opposed.

Yanukovich was obviously hoping that such concessions to Russia would give Ukraine's desperately cash-strapped gas importer Naftohaz some pricing relief and make it easier for the national economy to stay afloat. He also hoped these moves might dissuade Russia from diverting much of its gas exports from the Ukrainian pipelines (through which 80 per cent of Russia's exports to Europe are currently channelled) to the controversial Nord Stream and South Stream pipeline projects, which seem aimed at bypassing Ukraine. These projects represent a severe economic and strategic threat to Ukraine, and advance Russia's policy of seeking a potentially coercive stranglehold over energy supplies to Europe whilst gaining greater leverage over former vassal states to its west. It always seemed unlikely that Russia would agree to any such quid pro quo.

Yanukovich also indicated more than once that he would consider favourably extension of the lease of the Russian Black Sea Fleet in Crimea, which is due to expire in 2017; an extension that Yushchenko

23 'Konfeta po-Kyivski', *Kommersant Vlast*, 22 Feb. 2010, www.kommersant.ru/doc/1323691.

had vigorously opposed. The Crimea is strongly Russophone and Russophile, and the issue has been a source of great tension in bilateral relations and within Crimea. For many Russians, especially those in Crimea, there is bitter regret that, in 1954, the Soviet leadership decided to mark a historic anniversary of Russo–Ukrainian unification by transferring the Crimean province from the Russian to the Ukrainian republic within the USSR. The move seemed purely symbolic at the time, but acquired a new significance with the collapse of the Soviet Union, and the emergence of Ukraine as a sovereign state in its existing borders.

The gas price and Black Sea Fleet issues have now apparently been resolved in tandem by a package deal announced by Yanukovich and Medvedev at a bilateral summit in Kharkiv on 21 April. Under the agreement, Ukraine extended the lease by 25 years from 2017 and, in return, received a rebate on its gas purchases of 30 per cent on the current (above-market) price contracted by then Prime Minister Tymoshenko with Putin in early 2009 to bring an end to the gas wars. There will be European countries who will share Moscow's satisfaction at this development. But some observers worry that any such deal as that now struck could threaten Ukraine's sovereignty.²⁴

On NATO, Yanukovich has envisaged continuing existing cooperation in the near term, while ruling out accession. But, despite the frequent comparisons, he seems to have much less enthusiasm for NATO than President Kuchma did. In fact, he has recently dismantled some long-standing governmental structures that were meant to prepare for any possible future accession by Ukraine to NATO. On the European Union he has been much more positive, and clearly hopes to benefit as much as possible from economic cooperation with it. Whether he is seriously intent on becoming a member is less clear. His declared readiness in the past to consider joining Moscow's rival customs union between Russia, Belarus and Kazakhstan (for which Putin suddenly last year demanded the right to negotiate entry into the World Trade Organization (WTO) as a unit) threw some doubt on his personal commitment to either the European Union or even the WTO, of which

24 James Sherr, 'Ukraine's elections: Watershed or new stalemate?', *Chatham House REP Paper* 2010/01 (Feb. 2010), www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/pp0210ukraine.pdf. For further discussion of the deal, see the section entitled 'A sharp turnaround?', below.

Ukraine is already a member. Despite this, some EU members and the European Parliament, for their part, have held out the prospect of future membership and, in the meantime, offer the possibility of an Association Agreement (AA), with a free-trade deal and visa-free travel for Ukrainians, which are all big attractions.

On the campaign trail, Yanukovich indicated that he wished to make Russian the second official state language. To quietly reverse some of Yushchenko's vigorous boosting of Ukrainian, including in areas where Russian is strongly dominant, would ease tensions in Party of Regions constituencies and be not unreasonable. Elevating it to the status of a second official language is more controversial and, as the extension of the Black Sea Fleet's lease appeared to be, on the face of it politically and constitutionally difficult. While the constitution as such may not be a major obstacle for Yanukovich, since becoming president he has distanced himself from any such formal proposal, whilst trying to reassure his Russophone supporters that their expectations will be met in other ways. But that is probably a change of tactic rather than a change of heart. Certainly the opposition expects that, in government circles, Russian will become the *de facto* official language.

On the day of his inauguration, Yanukovich accepted a blessing from the Moscow Orthodox Patriarch Kirill, a provocative gesture towards Ukraine's Greek Catholics and followers of the two Ukrainian Orthodox churches. Kirill has been an active and adroit supporter of the Russian imperial interest in Ukraine and, despite his large following there, especially in the east, his visits to the country have not been uncontroversial. Symbols like these may point to Yanukovich's likely choices over the longer term. They may also be damaging to the country's fragile internal balance.

Very controversially, Yanukovich has in the past intimated that his government might recognise the 'independence' of South Ossetia and Abkhazia. If it were indeed to do so, Ukraine would join a select group of countries that includes (apart from Russia) Venezuela, Nicaragua and Nauru. It would not thereby improve its own international standing, and be unlikely to do much for that of the two breakaway statelets sponsored by Russia. In particular, any such move would damage Ukraine's relations with Western countries from which it needs and will seek financial and other support. Moscow has been lobbying hard and offering substantial rewards to countries prepared to offer recognition. Compared with the other three recognising states,

Ukraine would be a huge prize. Not even Alexander Lukashenka's Belarus has yet succumbed to Moscow's blandishments. Recognition by Kyiv, if it happens, would certainly be confirmation of a new strategic trajectory for Ukraine.

Yanukovych will probably offer Russia other opportunities. Russian businesses and investors will be favoured more than at present, provided that they do not walk all over Yanukovych's Ukrainian oligarch backers, who are increasingly interested in Western markets. Purveyors of Russian language and culture will be made very welcome in the media and elsewhere. Yushchenko's efforts to check Russian espionage and penetration are likely to become a thing of the past. Military access in the Crimea and elsewhere, despite Yanukovych's professions of neutrality, may be extended. Ukraine's links with Georgia and other Russian *bêtes noires* will be phased down or out. Security cooperation with NATO will be scrutinised far more critically than under Yushchenko. And so on.

Finally, and more broadly, there is the question of the extent to which Yanukovych will preserve the gains of the Orange Revolution. Notwithstanding some recent commentary, these are actually considerable, and can't be reduced to the judgement that the presidential and other elections on Yushchenko's watch have been pretty clean. On a range of international indices of sociopolitical progress, Ukraine has improved its position in the first years after the Orange Revolution, whereas Russia declined.

On the Bertelsmann Transformation Index (which examines a range of socioeconomic and governance issues), Ukraine went from 44th place in 2003 to 37th in 2010 (Russia from 41st to 65th). On Freedom House's freedom of the press index, Ukraine went from 68th in 2004 to 55th in 2009 (Russia from 67th to 80th), and other related indices recorded a similar pattern. For comparison, Reporters without Borders indices had Ukraine on 51 in 2004 (0 would be ideal), and 22 in 2009 (whilst Russia declined from 51 to 61). Even on one index of corruption, for which Ukraine is acquiring proverbial status, not without reason, Ukraine comes out ahead of Russia, with Georgia, incidentally, markedly better again.²⁵

25 On all of the indices cited above, see 'Russland in politikbezogenen länderrankings', *Russland-analysen*, no. 197, 26 Feb. 2010, www.laender-analysen.de/russland/pdf/Russland-analysen197.pdf.

The point of adducing these various findings is not to suggest that they are free of all bias and 100 per cent reliable. But, clearly, they depict a pattern that is similar to the pattern agreed on by a variety of less systematic observers. While Ukraine is corrupt and chaotic (though not uniquely so), it has made great progress in the last few years in important respects. It is for this reason that a number of prominent Russian journalists, who have been frozen out of the public space in Russia, have departed to Ukraine to practice their craft. And it is also for this reason that Putin has seemed chronically worried about the threat that Russian politics may become 'Ukrainianised'.

Putin's worries may be over. Despite some of his recent pronouncements, Yanukovich is not one of nature's democrats. He is also facing difficult problems. The temptation to cut corners will be great. Already he has been doing so, by riding rough-shod over constitutional restraints. More such manoeuvres by Yanukovich seem likely to follow. He is, for example, talking about preparing a package of constitutional measures to resolve the conflicts between executive and legislature of recent years. Clearly he thinks they shouldn't be hard to get through by one means or another. Yanukovich was, after all, the man who sought to steal the 2004 presidentials and has never expressed any regret for having done so. At the very least, it seems a safe bet that the next presidential elections will be less democratic than the ones just past.

Towards a Donetsk 'power vertical'?

Despite the structural pluralism of Ukrainian society, Yanukovich is already more in charge than anyone has been for a number of years. While his Party of Regions has its own clans and factions, it is operating with more cohesion than the other Ukrainian parties. All the key instruments of power appear now to be in the president's hands or those of his close allies.

Yanukovich is often presented as being the creature of his patrons and handlers. And he is routinely mocked for his gaffes and inarticulate presentation, not only in his laboured Ukrainian, but also in Russian. He once referred to the great Russian playwright Anton Chekhov as a Ukrainian poet, and identified the equally celebrated Russian poet Anna Akhmatova publicly as Anna Akhmetova (the tasty irony in this being that his biggest backer is Ukraine's richest man Rinat

Akhmetov). But all the gibes about Yanukovich overstate the case. He is clearly a capable politician, who has successfully maintained the cohesion of his diverse party. Given that diversity, where Russophile zealots mingle with pragmatic moderates, his choices of key officials are important as pointers to his intentions, to the strength of different factions and thus to likely policy directions.

Yanukovich's first appointments (on the day of his inauguration) were to his Presidential Administration (PA).²⁶ His first nominee, Serhiy Lyovochkin as head of the PA was not encouraging. Lyovochkin has links to Firtash and the intermediary companies formerly involved as middlemen in the gas trade from Russia through Ukraine to Europe, in murky arrangements that are widely seen as facilitating corruption and damaging to Ukraine. Yanukovich had wanted to return to those old arrangements, which Tymoshenko finally succeeded in dismantling, but they may have been bypassed in the Kharkiv deal. Yanukovich's choice of Iryna Akimova as a first deputy head of the PA may be a more favourable signal. Only 40, she is a respected economist who has worked in Poland and Germany, and has publicly rejected suggestions that Ukraine should join Putin's Eurasian Customs Union. She is linked to Ukraine's most powerful oligarch, Rinat Akhmetov, one of those who favour nurturing trade with the European Union. But Yanukovich's new Premier, Nikolai Azarov, has declared, to the outrage of women's groups, that economic reform is not women's business. He has no women in his cabinet of 29.

Other senior appointees to the PA are a mixed bunch. Most are, like Lyovochkin, veterans of the later, more autocratic and Russian-leaning Kuchma period, and/or old mates of the president, one of them reportedly having had a role in Yanukovich's electoral headquarters at the time and place where the fraudulent results were manufactured in 2004. The most surprising choice is that of former journalist Hanna Herman, who has an unusual component in her background for a Regions politician, namely a period working in Radio Free Europe/Radio Liberty in Germany, from which she was recruited by Yanukovich after she had interviewed him in 2004. Feisty, articulate

26 For a description of the initial appointees, see www.kyivpost.com/content/ukraine/yanukovichs-top-management-team-60473.html.

and fluent in Western languages, she is likely to be a more liberal voice and called on to serve as the public face of the new administration in Western capitals. But she is unlikely to mould policy.

After winning the run-off, Yanukovich named Serhiy Tyhypko, Nikolai Azarov and Arseny Yatseniuk as his three preferred frontrunners for the prime minister's position. Tyhypko and Yatseniuk are both political technocrats with past exposure at the top, who performed strongly in the first round of the presidential elections, presenting themselves as a 'third force' between the opposing sides. Either as prime minister would have been a sign that Yanukovich indeed wished to rule from the centre. Tyhypko was given a deputy prime ministership, despite having freely criticised his former ally, the new president, on a number of issues.²⁷

But Yanukovich's choice for the top job fell on his very close and long-standing ally, Azarov, a diehard Regions politician, and Soviet-style financial manager. He came to Ukraine from his native Russia only in his 30s, does not speak Ukrainian and, as a deeply pro-Russian figure, has alienated the Orange constituencies.

The cabinet appointed to serve under Azarov is uninspiring. Few appointees are remarkable for their competence. Thirteen of the 29 ministers are either from Donetsk province (Yanukovich's home base) or the neighbouring Donbas province of Luhansk in the Russian-speaking east. Eastern oligarchs are particularly heavily represented, including the Gazprom-friendly Firtash group, to which the gas sector has been entrusted. Bizarrely, the gas lobby has also been given charge of the State Security Service. The new head has denounced his Orange predecessor for having opened too many Soviet-era files, declaring that under his control the agency will concentrate on guarding secrets, not exposing them. And he has called for radical extension of his right to tap phones, without the need for court approval.²⁸ The new Minister

27 Tyhypko had even condemned the unconstitutional way in which the government he joined had been constituted. Like Akimova, he has been criticised by Regions stalwarts and, although he has a strong public following, may not last long in the government. He has claimed to the media that one of the conditions he stipulated on joining the government was openness. He promised he would continue to state his views publicly, and virtually foreshadowed his own future departure from the government. 'Tyhypko poprosiv, shtob iomu ne zakrivali rot', *Unian*, 16 Mar. 2010.

28 'Bad decisions', *Kyiv Post*, 18 Mar. 2010, www.kyivpost.com/opinion/editorial/bad-decisions-62055.html.

for Education, Dmytro Tabachnyk, is a well-known pro-Moscow figure who has declared in the past that the west Ukrainians are not really Ukrainians at all. His appointment has predictably outraged the western provinces. And the Deputy Prime Minister for Humanitarian Affairs has called for discussion of a possible union of Russia, Belarus and Ukraine.²⁹

None of this looks like ruling from the centre. In fact, Yanukovych's appointments and his government's first steps and pronouncements look very much like a sharp turn towards both Moscow and winner take all. The Orange opposition, meanwhile, true to form, is fragmenting and squabbling with itself, as the steady trickle of defectors into Yanukovych's generous embrace continues.

Better to rule in hell than serve in heaven

Yanukovych's native Donbas was a loyal region of the Soviet Union, and Yanukovych a typical product of it. His instincts, behaviour and most of his policy declarations thus far all point to his origins. And Russia will be directing all its efforts towards drawing him into a close, cooperative and preferably subordinate relationship. Few Russians can accept the idea of Ukraine as a separate country.³⁰ As Zbigniew Brzezinski has written, Russia without Ukraine ceases to be an empire. But with an eastern-led Ukraine more or less obediently at its side, nationalists in Russia, who include many in the present regime, could again aspire to imperial status. Theirs would be an entity of nearly 200 million, with much of its old Soviet-era military potential again fully under its control. Belarus, and other fragments of Moscow's former domains – and not just South Ossetia, Abkhazia and Transnistria – might then feel more impelled to fully embrace its leadership. The geopolitics of the region could be transformed in Moscow's favour.

29 'Semynozhenko wants discussion of idea of union of Ukraine, Russia, Belarus', *Kyiv Post*, 28 Mar. 2010, www.kyivpost.com/content/ukraine/semynozhenko-wants-discussion-of-idea-of-union-of--62662.html.

30 As Putin is widely reported to have said to George W. Bush, 'You don't understand, George, that Ukraine is not even a state'. James Marson, 'Putin to the West: Hands off Ukraine!', *Time*, 25 May 2010, www.time.com/time/world/article/0,8599,1900838,00.html. Many Russians, including senior political figures like Moscow mayor Yury Luzhkov, share Putin's opinion.

There can be no doubt that many in Russia and a smallish but active minority in Ukraine feel drawn to this vision. Even if he nurtured such impulses himself, however, Yanukovych would understand that to set off down that path could lead to serious turbulence within his domain that could threaten his own undoing. Cordial fraternal ties with Russia would seem to be as much as the market could comfortably bear.

In any case, few in positions of power wish to embrace a diminution of their own role. Even Lukashenka, the dictator of Belarus (who calls his KGB the KGB, who for most of his tenure has run his country like a Soviet theme park, and whose population is much more Russified than Ukraine's), has been increasingly defiant towards Moscow of late.³¹

But Ukraine's economic frailty and Yanukovych's own ethno-political inclinations present Russia with serious possibilities for strategic gains. Given this prospect, Western leaders are offering some belated gestures of hospitality, welcoming the new president with elaborate respect and the prospect of economic and political advantage if he measures up to their expectations. The European Union quickly responded to the election outcome by declaring its readiness to work with the new administration towards greater Euro integration. The US administration, though its focus is elsewhere, has also been positive. President Obama made time in his schedule to meet Yanukovych during the nuclear summit in Washington on 12–13 April. Hence the paradox that the removal of the ardently pro-Western Orange forces has led to a warmer welcome in the West for their pro-Russian opponents than they themselves have ever received.

Russia knows its target far more intimately than its Western rivals ever will. Provided it can restrain its frequent impulse to treat its prodigal little brothers with imperial arrogance, it should be able to make some solid headway over the next few years. One thing it will not be doing is encouraging the new Ukrainian leadership to lovingly preserve the fragile democratic gains of the Orange Revolution.

31 Lukashenka's latest gesture of defiance towards Moscow was to offer hospitality to the ousted dictator of Kyrgyzstan, Kurmanbek Bakiyev, who infuriated Moscow by accepting a large Russian loan, on the understanding that he would expel the United States from the air base at Manas (which is vital for resupply into Afghanistan), then allowing it to remain there for a much higher rent. For more background on Lukashenka's anti-Moscow manoeuvres, see David Marples, 'The great game', *Eurasia Daily Monitor*, 31 Mar. 2010.

A sharp turnaround?

Yanukovych's first official visit to Moscow on 5 March produced few immediately visible results. But he struck a different tone to the one he had adopted in Brussels a few days before, foreshadowing a 'sharp turnaround' (*krutoi povorot*) in bilateral relations.³² He reaffirmed that joining NATO was off the agenda, that he looked forward to strategic partnership with Russia, and that the question of the Black Sea Fleet could be resolved to the mutual satisfaction of both countries. He also promised to rescind Yushchenko's decrees declaring Bandera and a key associate Heroes of Ukraine. Rather ominously he praised Russia's political stability and spoke disparagingly of Ukrainian politics and politicians.³³ And he issued an invitation for President Medvedev to visit Ukraine before mid-year. The sides agreed to set up a joint commission to examine bilateral issues in the meantime.

Both Yanukovych and Azarov (on a subsequent visit) desperately sought lower gas prices for Ukraine, which is currently paying more than most other European customers in the east or west. Recently, Gazprom has felt obliged to relax its tough contractual terms to meet the needs of key Western clients, in recognition of the fact that the spot price has declined markedly and that the European market is increasingly influenced by falling demand and greater and more diversified supply. But Russian responses offered little encouragement. Putin at one point suggested publicly that to get better gas prices Ukraine should join his Customs Union. Clearly Moscow felt they could hold out for more.

According to *Kommersant*, the Ukrainian side was already under pressure to move on a number of 'delicate' questions during Yanukovych's first visit.³⁴ The Russians reportedly raised the matter of an agent of the Russian Federal Security Service (FSB – the KGB's

32 'Vyrvi gaz', *Kommersant*, 5 Mar. 2010.

33 'I think that the Russian people probably do not yet completely understand the price of the stability that exists in Russia ... I am deeply convinced that there are sufficient numbers of instigators and – as they are called – politicians everywhere, including in Russia. If we gave you a small number of these politicians from Ukraine, you would understand what political maneuvering means.' The quote is from a conversation with Putin recorded on Putin's official website, as quoted in *Kyiv Post*, www.kyivpost.com/content/politics/yanukovych-envioux-of-political-stability-in-russi-61162.html.

34 'Viktor Yanukovych vygliadel vazhnyim i politicheskim', *Kommersant*, 6 Mar. 2010.

domestic successor organisation) being held in a special security prison in Kyiv. And Moscow was said to be seeking the removal of CIA agents from Ukraine, of whom, according to an unnamed Ukrainian diplomat quoted by the paper, 'we have many'. At the same time, according to the paper, the Russian side wanted the FSB to be able to resume its work with the Black Sea Fleet (Yushchenko ordered the FSB's expulsion late last year), and made clear to the Ukrainian delegation that it expected all military cooperation with Georgia to cease. Earlier, even before Yanukovych's inauguration, it was reported in Russia that in the northern autumn of this year, Russia and Ukraine would conduct their first joint air and air defence exercises for a long time.³⁵ How Kyiv handles these matters will further test Yanukovych's purported 'neutrality'.

Reporting on the spate of bilateral visits in both directions that followed Yanukovych's first trip, despite the Russian hardball, seemed to reflect a growing intimacy between the two governing milieus – hardly surprising given the formal relationship of partnership that exists between the Party of Regions and the ruling United Russia party. On 5 April, a week ahead of his first trip to Washington, Yanukovych made another, supposedly private visit to Moscow, where he again met with President Medvedev.

Then on 21–22 April, Yanukovych met with Medvedev in Kharkiv and unexpectedly announced that, in effect, Kyiv was selling some surplus sovereignty for a gas discount. This development again seems to be in breach of the Ukrainian constitution, which precludes the stationing of foreign forces on Ukrainian soil. There is, however, also a 'transitional' provision that permits the use of an existing base for temporary stationing of foreign forces.³⁶ Stretching this provision, which was seemingly meant to tide the Russians over after the break-up of the Soviet Union to as far ahead as 2042 with an option for at least a further five years, seems a bit radical. Despite that, the sides agreed further that their respective parliaments would ratify the accord in unison on 27 April, expeditious even by Soviet rubber-stamping standards. Clearly they wished to forestall any discussion of the strategic surprise by the Ukrainian population. This agreement,

35 Mariusz Zawadzki, 'Janukowycz: Ukraina będzie bliżej UE', *Gazeta Wyborcza*, 11 Feb. 2010, citing the Moscow paper *Komsomol'skaia Pravda* and sources in the Russian Defence Ministry.

36 'Viktor Yanukovych razrubaet morskoi uzel', *Kommersant*, 23 Apr. 2010.

now ratified without dissent in Moscow but amid turbulent and not always edifying scenes in Kyiv, seems likely to be seen as a major turning point in the bilateral relationship over the two decades since the collapse of the Soviet Union.

Continuing the fast pace, Putin travelled to Kyiv for a working visit on 26 April. Whilst there he continued to press for more radical measures to closely align the two countries' nuclear energy, aviation and shipyards industries. On his form to date, Yanukovich would seem likely to respond positively to these proposals if the commercial interests of his key oligarch backers are safeguarded.

The Kharkiv deal suits Yanukovich's short-term interests. It gives him enough relief to be able to present the IMF with a plausible budget without the need to resort to serious austerity or reforms. It keeps him sweet with his gas-guzzling oligarch supporters, whose main products are rendered profitable again. It may contribute to Ukraine's incipient recovery and make average voters see the new president as having brought about palpable improvements to their lives; already he is offering to increase salaries and pensions. And it closes off any question of NATO membership for several decades.

For his part, Medvedev was scarcely able to contain his delight. As a Moscow newspaper commented, it enabled Russia to extract a geopolitical concession from Ukraine of which until recently it could not have even dreamed. The same newspaper quoted Yanukovich as saying that if all bilateral meetings were going to end with such decisions as these, the recent freeze in bilateral relations would soon be compensated for. At this point one of the Ukrainian journalists present was reportedly heard to whisper 'and we'll become part of Russia'.³⁷

The Russian media had reported shortly before the agreement that Russia's defence ministry was planning to strengthen the Black Sea Fleet presence in Crimea with new submarines and other vessels.³⁸ The earlier 'temporary' agreement on a 20-year lease, which was agreed in 1997 in Kuchma's time, did not permit replacement of existing vessels

37 Vladimir Solovoyov, 'Iz Ukrainosti v krainost', *Kommersant*, 22 Apr. 2010.

38 *Nezavisimaia Gazeta*, 21 Apr. 2010.

in the fleet without Kyiv's consent.³⁹ While the Ukrainian Foreign Minister has declared that Russia would continue to be bound by that requirement, Yanukovich is hardly likely to withhold his consent.

Early discussion of the very non-transparent gas deal includes suggestions that the murky middlemen will be allowed to return to the process; and that the cost to Russia will be modest when all factors are taken into account. According to one source, Moscow is allegedly seeking that Kyiv offer concessional access to Ukraine's entire oil and gas infrastructure to a degree amounting to 'energy occupation'.⁴⁰ And there have been media reports of rumours of further concessions having been offered and deals struck in addition to the gas-for-base accord. The chair of Ukraine's parliamentary committee on European integration (and twice its foreign minister in the past) Borys Tarasiuk has claimed that the Russians are still insisting that Ukraine join Russia's Customs Union, integrate with the Commonwealth of Independent States, and make further concessions on national values and historical memory.⁴¹

Attending a meeting of the Parliamentary Assembly of the Council of Europe (PACE) after Putin's visit, Yanukovich publicly rejected the Customs Union as inconsistent with Ukraine's WTO membership. But, on the same occasion, he hinted again at possible recognition of Abkhazia and South Ossetia, effectively withdrew from active PACE consideration Yushchenko's thesis of genocide against Ukraine during the famine of the 1930s, and declared that he favoured strategic relations with Russia 'in all spheres'.⁴² On another front, he has gladdened Moscow's heart by agreeing to joint celebrations of Victory Day with Russia in Moscow, Kyiv and the Crimea on 9 May.

After such divisive measures and pronouncements as these, Yanukovich may find it expedient over the coming months to allay the fury of the Orange forces by some conciliatory gestures. But he probably feels at this point that he has their measure. For its part, to

39 Pavel Felgenhauer, 'Jubilant Medvedev praises Yanukovich and threatens Lukashenka', *Eurasia Daily Monitor*, 22 Apr. 2010.

40 See Andrzej Kublik, 'Rosja podbija Ukrainę', *Gazeta Wyborcza*, 28 Apr. 2010.

41 'Tarasiuk: Russia proposes terms contradicting Ukraine's interests in exchange for reduction in gas price', *Kyiv Post*, 20 Apr. 2010, www.kyivpost.com/content/ukraine/tarasiuk-russia-proposes-terms-contradicting-ukrai-64522.html.

42 'Viktor Yanukovich proyavil mnogovektornuyu priznatel'nost', *Kommersant*, 28 Apr. 2010.

ensure that the Black Sea Fleet deal sticks and is not denounced by a future Ukrainian government of different persuasion, Russia is now likely to make an even bigger investment in ensuring that Yanukovych stays in power. This may not always take the form of conciliatory gestures. From Russia's point of view, an acrimoniously divided and even unstable Ukraine is not necessarily a bad thing. Moscow has been operating on a similar basis to keep pro-Western forces in check in Georgia and Moldova, and in general often finds instability in its former vassals creates a congenial terrain for pursuing its interests.

Yanukovych seems prepared to meet Moscow much more than halfway on matters relating to hardcore security, language, culture, sentimental ties and what might be loosely termed identity politics. On economic issues, though conciliatory, he will not be such a soft touch, and will want to keep the door open to Western trade and investment. The West's best option at this stage – perhaps its only one – for maintaining a foothold in Kyiv may be to talk nicely, offer incentives, and hope that Putin oversteps again, as he did in 2004.

This text is taken from *A Difficult Neighbourhood: Essays on Russia and East-Central Europe since World War II*, by John Besemeres, published 2016 by ANU Press, The Australian National University, Canberra, Australia.